

President Chain Store Corporation

Interim Report

January 1 to June 30 2006 and 2005

(Stock Code 2912)

**【Translated Version】**

## Independent Auditor's Report

To: President Chain Store Corporation

We have audited the balance sheets of President Chain Store Corporation prepared on June 30 2006 and 2005, and the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to June 30, 2006 and 2005. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted the audit in accordance with the "Standards on the Audit of Financial Statements" and the accounting principles generally accepted in the Republic of China except those specified in subsequent paragraphs. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

Note IX (VI) in the section of Notes to Financial Statements indicated that President Chain Store Corporation return on investment recognized for the periods of January 1 to June 30, 2006 and 2005, were stated at NT\$156,216,000 and NT\$2,566,000. The Company also has balances of long-term equity investments under equity method amounting to NT\$5,620,092,000 and NT\$5,249,553,000 and, has balances of accumulated conversion adjustment on the debit side of the accounts amounting to NT\$23,213,000 and NT\$55,758,000 as of June 30, 2006 and 2005, respectively. The aforementioned financial information and related information on investees as disclosed in Note XI are based on the unaudited financial statements of relevant investees covering the same period.

In our opinion, based on our audits and the reports of other auditors with the exception of the long-term investments under equity method, the financials statements as referred to in the first paragraph present fairly, in all materials aspects, the financial position of President Chain Store Corporation, as of June 30, 2006 and June 30, 2005 and the result of its operations and its cash flows for the periods of January 2 to June 30, 2006 and 2005, in conformity with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers and accounting principles generally accepted in the Republic of China. Exceptions are the information on some of the long-term equity investments and relevant investees as mentioned in the previous paragraph, which is based on information on unaudited financial statements and shall be subject to adjustment in accordance to opinions that may be expressed by independent auditors of the said financial statements

As stated in Note III, President Chain Store Corporation has adopted the principle under Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” effective January 1 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standards No. 5 on “Long-term Investments under Equity Method” whereby goodwill is subject to annual impairment instead of amortization.

We have also audited the consolidated financial statements of President Chain Store Corporation for the period ended June 30 2005, and have expressed qualified opinion thereon also dated August 22, 2006 based on our audits and information from unaudited financial statements. We did not audit the consolidated statements of the Company for the period ended June 30, 2006, as such statements are still in preparation.

Pricewaterhouse Coopers

Lin Tung-Chiao, CPA

Chen Mei-Tzu, CPA

August 22, 2006

President Chain Store Corporation  
Balance Sheet  
June 30, 2006 & 2005

Currency expression: NTD 1,000

	(Financial statements are reviewed but not audited according to generally accepted auditing standards)								
	June 30 2006		June 30 2005		June 30 2006		June 30 2005		
Assets	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Assets</b>					<b>Liabilities and Shareholders' Equity</b>				
<b>Current Assets</b>					<b>Current Liabilities</b>				
Cash and cash equivalence (Note IV(1))	\$ 1,519,192	4	\$ 2,313,538	7	Note payables	\$ 915,060	3	\$ 439,140	1
Financial assets which change in fair values are recognized as gains or losses-current (Notes III, IV(2))	886,146	3	202,940	-	Note payables-- related parties (Note V)	664,935	2	767,322	2
Bond portfolio with no active market--current	40,000	-	40,000	-	Account payables	245,474	1	235,852	1
Net account receivables (Note V)	300,712	1	318,672	1	Account payables--stakeholders (Note V)	5,331,782	16	6,296,930	18
Other receivables (Note V)	311,625	1	551,986	2	Payable income tax (Note IV (13))	495,061	1	531,577	2
Inventory (Note IV (3))	2,708,634	8	2,392,627	7	Accrued expenses (Notes IV (9), and V)	1,770,094	5	1,660,832	5
Other current assets (Notes IV (13), V and VII)	912,066	3	769,696	2	Other payables (Note IV (10))	6,293,101	18	5,947,916	17
Total current assets	<u>6,678,375</u>	<u>20</u>	<u>6,589,459</u>	<u>19</u>	Cash received in advance	857,861	2	694,883	2
<b>Funds and investments</b>					<b>Current portion of long-term debts (Note IV (11))</b>				
Financial assets available for sales-noncurrent (Notes III · IV(4))	434,064	1	140,534	-		<u>900,000</u>	<u>3</u>	<u>200,000</u>	<u>1</u>
Financial assets estimated on basis of cost --noncurrent (Notes III, IV(5))	12,182,287	36	11,779,987	35	Total current liabilities	<u>17,473,368</u>	<u>51</u>	<u>16,774,452</u>	<u>49</u>
Financial instruments (assets) available for disposals --noncurrent	-	-	40,000	-	<b>Long-term liabilities</b>				
Long-term investments under equity method (Note IV (6))	5,620,092	16	5,249,553	15	Derivative liabilities for hedge --noncurrent (Notes III, X(4))	19,975	-	-	-
Total funds and investments	<u>18,236,443</u>	<u>53</u>	<u>17,210,074</u>	<u>50</u>	Corporate bonds (Note IV (11))	1,100,000	3	2,000,000	6
<b>Fixed assets</b>					<b>Long-term loans</b>				
Costs						-	-	<u>500,000</u>	<u>1</u>
Lands	1,534,726	4	1,593,178	5	Total long-term liabilities	<u>1,119,975</u>	<u>3</u>	<u>2,500,000</u>	<u>7</u>
Buildings and construction	927,852	3	963,402	3	<b>Other liabilities</b>				
Operating equipment	8,214,767	24	7,846,559	23	Accrued pension liabilities	358,726	1	361,980	1
Leasehold improvement	3,680,094	11	3,293,839	9	Guarantee deposit received	1,474,365	5	1,231,515	4
Miscellaneous equipment	13,356	-	20,957	-	Total other liabilities	<u>1,833,091</u>	<u>6</u>	<u>1,593,495</u>	<u>5</u>
Cost and revaluation	14,370,795	42	13,717,935	40	Total liabilities	<u>20,426,434</u>	<u>60</u>	<u>20,867,947</u>	<u>61</u>
Less: accumulated depreciations (Note IV (7))	( 7,698,424)	( 22)	( 6,700,546)	( 19)	<b>Shareholders' Equity</b>				
Construction in process and prepayment for machinery	3,200	-	20,398	-	Capital (Note IV (14))				
Net fixed assets	<u>6,675,571</u>	<u>20</u>	<u>7,037,787</u>	<u>21</u>	Common stocks	9,151,604	27	9,151,604	27
<b>Other assets</b>					<b>Retained earnings (Note IV (15)).</b>				
Assets for lease (Notes IV (8), VII)	1,004,781	3	833,528	2	Legal reserve	2,543,649	7	2,178,381	6
Idle Assets	323,450	1	1,060,383	3	Special reserve	531	-	55,758	-
Refundable deposits (Note VII)	1,040,418	3	852,197	3	Unpaid incomes	1,720,590	5	1,991,481	6
Other assets --miscellaneous (Note IV(13))	134,113	-	605,985	2	<b>Other adjustments to shareholders' equity</b>				
Total other assets	<u>2,502,762</u>	<u>7</u>	<u>3,352,093</u>	<u>10</u>	Unrealized gains from financial instruments (Note III)	273,556	1	-	-
					Cumulative translation adjustments	( 23,213)	-	( 55,758)	-
					Total shareholders' equity	<u>13,666,717</u>	<u>40</u>	<u>13,321,466</u>	<u>39</u>
					<b>Undertakings or contingent liabilities (Notes V, VII)</b>				

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated August 22, 2006.

President Chain Store Corporation  
Balance Sheet  
June 30, 2006 & 2005

Currency expression: NTD 1,000

(Financial statements are reviewed but not audited according to generally accepted auditing standards)

Assets		June 30 2006		June 30 2005		June 30 2006		June 30 2005	
		Amount	%	Amount	%	Amount	%	Amount	%
1XXX	Total Assets	\$ 34,093,151	100	\$ 34,189,413	100	\$ 34,093,151	100	\$ 34,189,413	100

Liabilities and Shareholders' Equity

Total liabilities and shareholders' equity

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated August 22, 2006.

President Chain Store Corporation  
Income Statements  
January 1 to June 30, 2006 and 2005

	Currency expression: NTD 1,000 (EPS: NT\$)			
	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue				
Sales	\$ 45,827,002	97	\$ 43,080,632	97
Other operating revenue (Note V)	<u>1,625,782</u>	<u>3</u>	<u>1,372,429</u>	<u>3</u>
Total operating revenue	47,452,784	100	44,453,061	100
Operating cost				
Cost of goods sold (Note V)	( 33,338,050)	( 70)	( 31,375,733)	( 71)
Gross Profit	<u>14,114,734</u>	<u>30</u>	<u>13,077,328</u>	<u>29</u>
Operating expenses (notes IV (17), V)				
Selling expenses	( 10,767,067)	( 23)	( 9,880,138)	( 22)
General and administration expenses	( 1,485,551)	( 3)	( 1,208,741)	( 3)
Total operating expenses	( 12,252,618)	( 26)	( 11,088,879)	( 25)
Operating income	<u>1,862,116</u>	<u>4</u>	<u>1,988,449</u>	<u>4</u>
Non-operating incomes				
Gain on valuation of financial assets	-	-	11,421	-
Investment gain (equity method) (Note IV (6))	156,216	-	2,566	-
Dividends	22,652	-	156,153	-
Gains on disposal of investment	31,221	-	-	-
Miscellaneous incomes (Note V)	<u>315,891</u>	<u>1</u>	<u>257,423</u>	<u>1</u>
Total non-operating income	<u>525,980</u>	<u>1</u>	<u>427,563</u>	<u>1</u>
Non-operating expenses				
Interest	( 35,465)	-	( 41,654)	-
Loss of value of financial instruments	( 50,816)	-	-	-
Allowance for reduction of inventory to market	( 33,744)	-	-	-
Impairment (Note IV (5))	( 89,743)	( 1)	( 15,218)	-
Miscellaneous expenses	( 47,772)	-	( 19,374)	-
Total non-operating expenses	( 257,540)	( 1)	( 76,246)	-
EBT of continued operations	2,130,556	4	2,339,766	5
Income tax expense (Note IV (13))	( 509,253)	( 1)	( 483,513)	( 1)
Earnings of continued operations	1,621,303	3	1,856,253	4
Accumulated effects from changes in accounting principles (Note III)	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporate earnings current period	<u>\$ 1,621,676</u>	<u>3</u>	<u>\$ 1,856,253</u>	<u>4</u>
	Before	After	Before	After
	<u>taxation</u>	<u>Taxation</u>	<u>taxation</u>	<u>Taxation</u>
Basic EPS (Note IV (16))				
Net EPS current period	<u>\$ 2.33</u>	<u>\$ 1.77</u>	<u>\$ 2.56</u>	<u>\$ 2.03</u>

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated August 22, 2006

President Chain Store Corporation  
Statement of Changes in Shareholders' Equity  
January 1 to June 30, 2006 and 2005

Currency expression: NTD 1,000

	Capital stock in <u>common shares</u>	<u>Retained Earnings</u>			<u>Shareholders' equity and adjustments</u>		<u>Total</u>
		<u>Statutory reserve</u>	<u>Special reserve</u>	<u>Unpaid income</u>	<u>Unrealized gains/losses of financial instruments</u>	<u>Accumulated conversion adjustments</u>	
<u>January to June 30, 2005</u>							
Balance on January 1 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,758)	\$ 14,371,825
Appropriation of earnings							
Statutory reserve	-	304,587	-	( 304,587)	-	-	-
Special reserve	-	-	55,758	( 55,758)	-	-	-
Employee bonus	-	-	-	( 107,421)	-	( 107,421)	-
Remunerations to directors and supervisors	-	-	-	( 53,710)	-	( 53,710)	-
Cash dividends	-	-	-	( 2,745,481)	-	( 2,745,481)	-
Earnings in the period of January 1 to June 30, 2005	-	-	-	1,856,253	-	-	1,856,253
Balance at June 30, 2005	<u>\$ 9,151,604</u>	<u>\$ 2,178,381</u>	<u>\$ 55,758</u>	<u>\$ 1,991,481</u>	<u>\$ -</u>	<u>(\$ 55,758)</u>	<u>\$ 13,321,466</u>
<u>January to June 30, 2006</u>							
Balance on January 1, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 15,173,125
Appropriation of earnings							
Statutory reserve	-	365,268	-	( 365,268)	-	-	-
Special reserve	-	-	-	( 200,559)	-	( 200,559)	-
Employee bonus	-	-	( 55,227)	55,227	-	-	-
Remuneration to directors and supervisors	-	-	-	( 66,853)	-	( 66,853)	-
Cash dividends	-	-	-	( 3,111,546)	-	( 3,111,546)	-
Earnings in the period of January 1 to June 30, 2006	-	-	-	1,621,676	-	-	1,621,676
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	273,556	-	273,556
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	( 22,682)	( 22,682)
Balance at June 30, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 1,720,590</u>	<u>\$ 273,556</u>	<u>(\$ 23,213)</u>	<u>\$ 13,666,717</u>

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated August 22, 2006.

President Chain Store Corporation  
Statement of Cash Flow  
January 1 to June 30, 2006 and 2005

Currency expression: NTD 1,000

	January 1 to June 30, 2006	January 1 to June 30, 2005
<u>Cash flow from operations</u>		
Earnings in current period	\$ 1,621,676	\$ 1,856,253
Adjustments		
Gain on valuation of financial assets	50,816	( 11,421)
Reversal of allowance for doubtful accounts to income	10,198	-
Allowance for reduction of inventory to market	33,744	-
Depreciation	826,459	839,880
Depreciation of leased assets	7,085	-
Amortizations	196,672	192,795
Impairment loss of financial assets carried at cost	89,743	15,217
Cash dividends from long-term investments under equity method	32,500	30,000
Recognized return on long-term investments under equity method	( 156,216)	( 2,566)
Capital gains from the disposition of long-term investments under equity method	( 52,380)	-
Capital gains (losses) from the disposition of fixed assets	( 353)	3,218
Changes in asset and liability accounts		
Account receivables	81,550	( 70,153)
Other receivables	68,046	( 123,135)
Inventory	13,088	( 190,070)
Deferred income tax assets	( 3,887)	( 81,935)
Other current assets	( 93,759)	( 25,627)
Note payables	70,320	( 124,694)
Payables	1,144,442	2,348,659
Payable income tax	( 112,782)	177,506
Accrued expenses	( 285,195)	( 36,708)
Other payables	( 687,291)	796,226
Cash in advance	12,256	109,340
Accrued pension liabilities	( 1,026)	( 83)
Net cash inflows from operation	<u>2,865,706</u>	<u>5,702,702</u>
<u>Cash flows from investments</u>		
Decrease in receivable financing	-	20,000
Decrease (increase) in financial assets in which changes in fair values are recognized as gains or losses	( 932,009)	51,459
Payment for acquisition of long-term investments under equity method	( 52,500)	( 90,264)
Proceeds from dispositions of long-term investments under equity method	94,989	-
Financial assets acquired on basis of cost	( 285,000)	( 3,582,248)
Decrease of financial assets on basis of cost	7,697	-
Recovery of long-term bond investments	20,000	20,000
Increase in refundable deposits	( 161,543)	( 32,879)
Payment for the purchase of fixed assets	( 703,269)	( 751,571)
Proceeds from disposition of fixed assets	38,008	24,222
Other assets – decrease of others	8,601	-
Net cash outflows from investments	<u>( 1,965,026)</u>	<u>( 4,341,281)</u>

(Continue)

President Chain Store Corporation  
Statement of Cash Flow  
January 1 to June 30, 2006 and 2005

Currency expression: NTD 1,000

	January 1 to June 30, 2006	January 1 to June 30, 2005
<u>Cash flows from financing</u>		
Retirement of long-term debts	(\$ 1,320,000)	\$ -
Redemption of current portion of outstanding bonds	( 200,000)	-
Increase in guarantee deposit received	129,299	68,050
Remunerations to directors and supervisors	( 66,853)	( 53,710)
Net cash inflows (outflows) from financing	( 1,457,554)	14,340
Increase (decrease) in cash and cash equivalence in current period	( 556,874)	1,375,761
Balances of cash and cash equivalence at beginning	2,076,066	937,777
Balances of cash and cash equivalence at ending	\$ 1,519,192	\$ 2,313,538
<u>Supplementary information on cash flows</u>		
Interest paid in current period	\$ 51,310	\$ 57,583
Income tax paid in current period	\$ 625,921	\$ 387,941
<u>Investments through partial payment in cash</u>		
Acquisition of fixed assets	\$ 585,300	\$ 605,207
Add: payables for machinery at beginning	211,747	240,602
Less: payables for machinery at ending	( 93,778)	( 94,238)
Cash disbursement in current period	\$ 703,269	\$ 751,571

The accompanying notes constituted an integral part of the financial statements.  
Please refer to the report of independent accountants dated August 22, 2006.

President Chain Store Corporation  
Notes to Financial Statements  
January 1 to June 30, 2006 and 2005

Currency expression: NTD 1,000  
(Unless otherwise specified)

I. Company history

- (I) President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes investment and operation of convenience stores, retailing and sale of foods and canned products, books, newspapers and magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange.
- (II) The parent and the final parent of the Company is Uni-President Enterprises Corp.
- (III) As of June 30, 2006, the Company has 8,870 employees (including part-time workers).

II. Summary of significant accounting policies

This financial statement has been prepared in accordance with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and general accepted accounting principles in the Republic of China. Significant accounting policies are explained as follows:

(I) Current and noncurrent assets and liabilities

Assets that can be liquidated or consumed in one year are classified as current assets. All other assets not classified as current are noncurrent. Current liabilities are current portion of debts and liabilities not classified as current are noncurrent.

(II) Foreign currency exchanges

1. The accounts of the Company in bookkeeping are expressed in NT Dollars. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping. Differences resulting from the exchange are recognized as current gains or losses.
2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate as of the balance sheet day. Differences resulting from the exchange are recognized as current gains or losses. Differences resulting from the exchange between the Company and foreign investees through advances for payment shall be recognized as adjustments to shareholders’ equity.
3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as current gains or losses. For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders’ equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the exchange shall be recognized as adjustments to shareholders’ equity. For assets or liabilities estimated not on the basis of fair value, use the historical exchange rate for estimation.

- (III) Financial assets and liabilities in which changes in fair value are recognized as gains or losses
1. Bookkeeping shall be made as of the day of trade for equity assets or liabilities, and as of the delivery day for warrants and rights. Initial recognition of the financial instruments in bookkeeping estimation shall be made on the basis of fair value.
  2. Financial assets and liabilities in which changes in fair value are recognized as gains or losses shall be estimated on the basis of fair value and in which changes are recognized as gains or losses. For stocks with public quotations in centralized markets, the fair value shall be the price at close in open market as of the balance sheet day. For open-ended funds, the fair value shall be the net asset value of the funds as of the balance sheet day.
  3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.
- (IV) Financial assets available for sales
1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.
  2. Financial assets available for sales are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at close in the open market as of the balance sheet day.
  3. Recognize as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment, recognize as adjustments to shareholders' equity for the decrease in impairment of equity items.
  4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.
- (V) Investments in bonds with no public quotations in open market
1. The delivery day accounting principle is adopted for the bookkeeping of these investments and the estimation of which is based on fair value of the instruments plus the acquisition cost or issuance cost.
  2. For bonds with no public quotations in open market, estimation shall be made on the basis of the cost after amortization.
  3. Recognize as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment and it is obviously related to events occurred after the recognition of impairment losses, reverse as current gains or losses. Such reversal shall not cause the book value to exceed the cost after amortization under the recognition of impairment loss.
  4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.
- (VI) Financial assets carried at cost
1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
  2. Recognize as impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
  3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.
- (VII) Financial derivatives for hedges
1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trade other than options, state the fair value as zero on the day of trade. Estimation on derivatives trade shall be based on the fair value as of the balance sheet day, any change in fair value shall be recognized as assets or liabilities and current gains and losses.
  2. Derivatives for hedges: if derivatives meet all the conditions for accounting of hedging instruments, the effect of any change in the fair value of the instruments and the hedged objects after offsetting shall be recognized as follows in bookkeeping:

- (1) Hedge of fair value: Any gain or loss deriving from derivatives, or, any gain or loss in the carrying value of non-derivative instruments resulting from exchange rate fluctuations, shall be recognized as current gains or losses. Any gain or loss of the hedges resulting from hedging is the carrying value of the hedges and hence shall be immediately recognized as current gains or losses
  - (2) Hedge of cash flows: Any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.
- (VIII) Allowance for doubtful accounts  
Allowance for doubtful accounts is determined on the basis of review of the collectibility of individual receivables at the end of the period with reference to their balances.
- (IX) Inventories  
Bookkeeping of inventories is made on the basis on the actual cost and costing is made on the basis of the retailing method.
- (X) Long-term investments under equity method
1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. From 2006 onward, if the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to impairment test yearly. Spread being amortized in previous years cannot be adjusted retrospectively.
  2. For investees accounted for under the equity method since January 1, 2005, and on which the Company may exercise significant influence but is not in dominant position, their losses so recognized losses shall be limited to zero basing on the book value of investments and advances to specific investee and state for recognized loss in proportion to the investments in such investees unless the Company has acted in favor of specific investee as guarantor or attempts to continue its support of the investee. In this case, the Company shall assume all the losses of the investees even if the amount exceeds the original shareholders' equity of the investees. If such investees resume a profit position subsequently, the Company has the top priority for the entitlement to such profits until the assumed losses have been fully recovered.
  3. In making overseas investments accounted for under the equity method, the "accumulated translation adjustments" resulting from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders' equity.
  4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.
- (XI) Fixed assets and non-operating assets
1. Bookkeeping of fixed assets shall be made on the basis of the cost of acquisition. The interest accrued from the acquisition of assets to the point the assets can be available for use may be capitalized.
  2. Depreciation shall be made under the average method. With the exception of improvement in capital lease when term of lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets continued to be in service after the previous period of services, the residual value shall be subject to depreciation along the subsequent years of services. Buildings and construction have 30 to 55 years of service. Other assets have 3 to 8 years of services for depreciation purpose.

3. Spending on repair and maintenance is recognized as expenses for current period. Major additions or improvement shall be capitalized and depreciated. In disposing of assets, the cost and accumulated depreciations shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.
4. The depreciation of non-operating assets shall be recognized as non-operating expenses and losses in bookkeeping.

(XII) Deferred expenses

Deferred expenses shall be accounted for on the basis of acquisition cost and amortized under the average method for a period of three years.

(XIII) Impairment of assets

1. Effective January 1, 2005, if the recoverable amount of assets falls below the book values of such assets due to the change in economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. Recoverable amount refers to the net fair value of specific asset or its value for use, whichever is higher. Net fair value refers to the net proceeds to be received under fair trade of specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under discount value method.
2. An impairment loss in previous years could be reversed if there is a subsequent recovery after previous impairment loss was recognized and stated as current income. Recognized impairment of goodwill shall not be reversed.

(XIV) Pension Plan

1. Pension costs under defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on accrual basis shall be recognized as pension cost for current period.

(XV) Income Tax

1. The Company adopts Financial Accounting Standards No. 22 "Accounting for Income Taxes" to compute income tax and recognize the deferred tax effect from temporary differences. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities; while the tax effect of deductible temporary differences, operating loss carryforward and income tax credit are recognized as deferred income tax assets. Valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and noncurrent items in accordance with the nature of the balance sheet account and the period of expected realization.

2. The levy of 10% income tax on undistributed earnings under the new Tax Code is recognized as income tax expenses incurred in the year of shareholders meeting resolution.
3. Pursuant to Financial Accounting Standards No. 12 on “Accounting for Tax Credits”, tax credits on the acquisition of specific machinery and equipment, human resources training are accounted for as deductions for current year as income tax expenses.
4. Adjustments of tax liabilities carried forward are added to income tax expenses in current year.

(XVI) Recognition of revenue and cost

Revenue shall be recognized in the process of gaining profits and recognized as realized or to be realized. Related costs are recognized with corresponding items of revenue. Expenses shall be recognized on an accrual basis as stated as current expenses.

(XVII) Earnings per share

The Company computes the earnings per share by the weighted-average method. Earnings for additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of circulation of such additional shares. Earnings for new shares shall be computed on the basis of the outstanding period.

(XVIII) Delivery day accounting

The Company has adopted the principle of delivery day accounting where applicable. Changes in fair values of asset transactions between the transaction day and the delivery day carried at cost or cost after amortization will not be recognized. For assets whose change in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses. For assets available for disposal, such changes shall be recognized as adjustments to shareholders' equity.

(XIX) Accounting estimations

The Company prepared its financial statements in accordance with general accepted accounting principles in the Republic of China, and has made necessary estimation, assessment and disclosures on the amount stated or contingencies, including certain assumptions and estimations. The actual results may vary from the assumptions and estimations, however.

III. The reasons for changes in accounting policies and the effect of such changes

(I) Financial instruments

1. Effective January 1, 2006, the Company has adopted the principles under Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” in its accounting policies. The Company has reclassified some account titles on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers and Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation”.
2. Account titles used in bookkeeping on and before December 31, 2005:
  - (1) Short-term investments
 

Short-term investments are carried at cost under the moving average method. Valuation of investments is made under the lower of the cost and market price method at the end of the accounting period. Losses from falling prices are recognized as current losses. In comparing the cost with market price of stocks listed in centralized market, the average market price at close for the last month of the accounting period is taken as the market price. For open-end funds, the net asset value per unit as of the balance sheet day of the respective fund shall be taken as the market price.

(2) Long-term investments under cost method

The Company adopts the method of the lower of the cost and market price in the valuation of investees (listed companies) where the Company holds less than 20% of their voting shares and doesn't have significant influence. Unrealized loss resulting from the falling price or market price below the cost shall be debited to shareholders' equity. For investees not listed in the centralized market, valuation is made on the basis of cost. If however evidence suggests that the recovery of such value is unlikely due to significant impairment, it is recognized as investment loss and stated as current losses.

(3) Derivative trade – Interest Rate Swap contracts:

No actual transfer of principal in IRS trade and only a memorandum will be signed for transaction purposes. Payable or receivable interest of IRS contracts not held for trading accrued in the period from the contract settlement day and the balance sheet day shall be recognized as adjustments to interest expenses on hedging.

3. Such changes in accounting principles resulted in an increase of NT\$273,556 under the title of other adjustment to shareholders' equity as of June 30, 2006 (recognized as "unrealized income/loss of financial instrument). The effect to the income position of the Company in the period from January 1 to June 30, 2006, is explained as follows:

	<u>Amount</u>	<u>EPS (NTD)</u>
Earnings before taxation of continued operations	\$ 5,902	\$ 0.01
Income tax expense	<u>–</u>	<u>–</u>
Earnings of continued operations	\$ 5,902	\$ 0.01
Effect of changes in accounting policies (Less: Effect of income tax \$0)	<u>373</u>	<u>–</u>
Earnings current period	<u>\$ 6,275</u>	<u>\$ 0.01</u>

(II) No amortization for goodwill

1. The Company has adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization. Under such changes, total assets as of June 30, 2006 have increased by \$82,127. Similarly, net income in the period from January 1 to June 30, 2006 has also increased by \$82,127 and EPS by \$0.09.
2. The Company adopts the equity method on the accounting of investees where it holds more than 20% of voting shares or is in a dominant position. The differences between the cost as of the investment day and net worth of the investees are amortized along a period of 5 to 10 years.

(III) Impairment of non-financial assets

Effective January 1, 2005, the Company has adopted the newly announced Financial Accounting Standards No. 35 on "Impairment of Assets". Such change in accounting principles does not affect the presentation in the financial statements of the company for the period from January 1 to June 30, 2005.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>June 30 2006</u>	<u>June 30 2005</u>
Petty Cash for stores	\$ 363, 945	\$ 276, 723
Current account deposits and checking account deposits cash equivalence	1, 155, 247	1, 179, 077
Investments in Repos	<u>–</u>	<u>857, 738</u>
	<u>\$ 1, 519, 192</u>	<u>\$ 2, 313, 538</u>

(II) Financial instruments with changes in fair values  
are recognized as gains or losses -current

	<u>June 30 2006</u>	<u>June 30 2005</u>
Financial instruments held for disposals		
Stocks with public quotations	\$ 403, 302	\$ 268, 723
Open-ended funds	<u>545, 000</u>	<u>–</u>
	948, 302	268, 723
Valuation Adjustment	( <u>62, 156</u> )	( <u>65, 783</u> )
	<u>\$ 886, 146</u>	<u>\$ 202, 940</u>

(III) Inventories

	<u>June 30 2006</u>	<u>June 30 2005</u>
Merchandises	\$ 2, 805, 235	\$ 2, 392, 627
Less: Allowance for inventory losses	( <u>96, 601</u> )	<u>–</u>
	<u>\$ 2, 708, 634</u>	<u>\$ 2, 392, 627</u>

(IV) Financial instruments available  
for disposal-noncurrent

	<u>June 30 2006</u>	<u>June 30 2006</u>
Stock with public quotations	\$ 140, 534	\$ 140, 534
Valuation Adjustment	<u>293, 530</u>	<u>–</u>
	<u>\$ 434, 064</u>	<u>\$ 140, 534</u>

(V) Financial instruments carried at cost -noncurrent

	<u>June 30 2006</u>	<u>June 30 2005</u>
Stocks listed in the emerging market	\$ 1, 742, 880	\$ 1, 742, 880
Stocks with no public quotation	<u>10, 529, 150</u>	<u>10, 052, 324</u>
Subtotal	12, 272, 030	11, 795, 204
Accumulated impairment- financial assets carried at cost	( <u>89, 743</u> )	( <u>15, 217</u> )
Total	<u>\$ 12, 182, 287</u>	<u>\$ 11, 779, 987</u>

The instruments held by the Company have no public quotations in open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.

(VI) Long-term investment under the equity method

<u>Investees</u>	<u>June 30 2006</u>		<u>June 30 2005</u>	
	<u>Amount</u>	<u>Proportion of shareholding</u>	<u>Amount</u>	<u>Proportion of shareholding</u>
President Chain Store (BVI) Holdings Ltd.	\$ 1,179,412	100.00	\$ 1,138,720	100.00
PCSC (China) Limited	330,470	100.00	152,357	100.00
Ren-Hui Investment Corp.	858,914	100.00	873,871	100.00
Mech-President Corp.	420,270	62.95	402,266	62.95
Uni-President Cold-Chain Corp.	361,625	60.00	334,124	60.00
Uni-President Takashimaya Co. Ltd.	-	-	133,055	50.00
President Drugstore Business Corp.	374,280	100.00	320,518	100.00
President Yilan Art and Culture Corp.	88,220	90.00	130,514	90.00
President Information Corp.	192,905	56.00	213,675	70.00
President Transnet Corp.	219,287	70.00	198,788	70.00
Wisdom Distribution Service Corp.	187,165	100.00	164,120	100.00
Uni-President Development Corp.	180,285	20.00	184,855	20.00
Mister Donut Taiwan Corp.	135,288	50.00	104,935	50.00
Uni-President Oven Bakery Corp.	110,441	60.00	157,151	60.00
President Coffee Corp.	154,038	30.00	124,668	30.00
Q-ware Systems & services Corp.	178,338	22.68	-	-
Muji Taiwan Co. Ltd. etc	<u>649,154</u>	20.00~ 100.00	<u>615,936</u>	20.00~ 100.00
	<u>\$ 5,620,092</u>		<u>\$ 5,249,553</u>	

- Returns on long-term investments under the equity method for the Company in the periods from January 1 to June 30, 2006 and 2005, amounted to \$156,216 and \$2,566, respectively. Estimation has been made with reference to unaudited financial statements of the said investees covering the same period.
- The Company has included the financial reporting of investees where the Company is in dominant position in the consolidated financial statements in the periods from January 1 to June 30, 2006 and 2005.

(VII) Accumulated depreciation

	<u>June 30 2006</u>	<u>June 30 2005</u>
Buildings and construction	\$ 130,668	\$ 115,711
Operating equipment	5,284,351	4,687,554
Leasehold improvement	2,271,281	1,877,910
Other equipment	<u>12,124</u>	<u>19,371</u>
	<u>\$ 7,698,424</u>	<u>\$ 6,700,546</u>

(VIII) Assets for lease

	<u>June 30 2006</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 689,897	\$ -	\$ 689,897
Buildings and plant	<u>323,154</u>	<u>( 8,270)</u>	<u>314,884</u>
	<u>\$ 1,013,051</u>	<u>(\$ 8,270)</u>	<u>\$ 1,004,781</u>
	<u>June 30 2005</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Land	\$ 575,717	\$ -	\$ 575,717
Buildings and plant	<u>259,064</u>	<u>( 1,253)</u>	<u>257,811</u>
	<u>\$ 834,781</u>	<u>(\$ 1,253)</u>	<u>\$ 833,528</u>

(IX) Accrued expenses

	<u>June 30 2006</u>	<u>June 30 2005</u>
Payable salaries and bonuses	\$ 664,138	\$ 560,424
Payable incentives for franchisee	431,827	574,051
Payable for system development and maintenance	112,728	111,947
Other	<u>561,401</u>	<u>414,410</u>
	<u>\$ 1,770,094</u>	<u>\$ 1,660,832</u>

(X) Other payables

	<u>June 30 2006</u>	<u>June 30 2005</u>
Bill collected for others	\$ 2,647,440	\$ 2,611,302
Payable cash dividends	3,111,546	2,745,481
Payable employee bonuses	200,559	107,421
Payable for acquisition of fixed assets	93,778	94,238
Other	<u>239,778</u>	<u>389,474</u>
	<u>\$ 6,293,101</u>	<u>\$ 5,947,916</u>

(XI) Outstanding bonds

	<u>term</u>	<u>June 30 2006</u>	<u>June 30 2005</u>
1 <sup>st</sup> tranche of secured bonds	2002. 01. 16~2007. 01. 18	\$ 700,000	\$ 700,000
2 <sup>nd</sup> tranche of secured bonds	2003. 06. 10~2008. 06. 13	<u>1,300,000</u>	<u>1,500,000</u>
		2,000,000	2,200,000
Less: Current portion		<u>( 900,000)</u>	<u>( 200,000)</u>
		<u>\$ 1,100,000</u>	<u>\$ 2,000,000</u>

1. The issuance of the 1<sup>st</sup> tranche of secured corporate bonds  
The Company has pledged with China Development Industrial Bank and Bank of Taiwan Chun Lun Branch for the issuance of its 1st tranche of secured bonds. This issue of bonds shall be redeemed in full at maturity at coupon rate of 2.8%. Simple interest shall be payable once annually in accordance with the coupon rate from the date of issuance. According to the agreement binding the Company and Bank of Taiwan for entrusting the latter for surety in the issuance of bonds, this issue of bonds may be used only for the retirement of bank loans and reducing the spending on interest.
2. The issuance of the 2nd tranche of secured corporate bonds  
The Company has pledged with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch for the issuance of its 2<sup>nd</sup> tranche of secured bonds under the following terms and conditions:
  - (1) Issue A: amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50% respectively at coupon rate of 1.4%. Simple interest payable once annually in accordance with the coupon rate from the date of issuance.
  - (2) Issue B: amounted to NT\$700 million at coupon rate of 4% less LIBOR rate or 4% less promissory note rate for 180 days renewable semi-annually. Simple interest is payable once semi-annually.

(XII) Pension Fund

1. The Company has instituted the regulations for defined pension plan under the “Labor Standards Law” applicable to the years of services of employees before July 1, 2005, the day that the new “Labor Pension Act” has come into full force. Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the “Labor Standards Law”. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. One basis point will be added to each additional year of service beyond the said period of 15 years up to the maximum of 45 basis points. Pension will be payable on the basis of the average basic salaries of the employee within the last six months prior to retirement and the length of service. The Company contributes 2% to 4.42% of the total salaries of the employees to the special pension fund account with the Central Trust of China supervised by the Employee Pension Fund Reserve Supervisory Committee. Accordingly, the Company has made contribution to the special account in the periods of January 1 to June 30, 2006 and 2005, amounting to \$439,153 and \$355,183 at recognized pension costs of \$40,145 and \$50,958 respectively.
2. The new law provided a defined contribution to pension plan. Effective July 1, 2005, the Company shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum. Pension cost under the defined pension plan was recognized as NT\$60,806 in the period January 1 to June 30, 2006.

(XIII) Income Tax

1. Income tax and payable income tax	January 1 to June 30, 2006	January 1 to June 30, 2005
Payable income tax	\$ 495,061	\$ 531,577
Temporary differences of net deferred income tax assets	( 3,887)	( 81,935)
Carried forward income tax liabilities	17,030	33,097
Income tax amount under the new taxation system	812	501
Prepaid income tax	237	273
Income tax expenses	<u>\$ 509,253</u>	<u>\$ 483,513</u>
Item of income tax expenses		
Income tax expenses	\$ 509,253	\$ 447,449
10% surtax on undistributed incomes	—	36,064
	<u>\$ 509,253</u>	<u>\$ 483,513</u>

2. Item of deferred income tax  
assets are shown as follows:

	June 30 2006		June 30 2005	
	amount	Effect of income tax	amount	Effect of income tax
Current items (stated as other current assets in statement)				
Temporary difference				
Inventory losses	\$ 96,601	\$ 24,150	\$ —	\$ —
Bad debts	3,478	870	13,835	3,459
Employee fringe benefits	2,863	716	4,427	1,107
		<u>\$ 25,736</u>		<u>\$ 4,566</u>
Non-current items				
Temporary differences (stated as other assets)				
Losses from overseas	\$ 456,916	\$ 114,229	\$ 677,807	\$ 169,452
Employees fringe benefits	1,133	283	3,996	999
		114,512		170,451
Less: allowance for reevaluation losses		( 114,229)		( 84,053)
		<u>\$ 283</u>		<u>\$ 86,398</u>

3. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2003.
4. The Company has the following deductions not being consumed in the period January 1 to June 30, 2006 under applicable legal rules on eligible deductible items:

<u>Legal sources</u>	<u>Deductible items</u>	<u>Total deductible</u>	<u>deductible balance</u>
Statute for the Encouragement of Industrial Upgrading	Human resources training	\$ 2,883	\$ -

5. Details of unpaid incomes are shown as follows:

	<u>June 30 2006</u>	<u>June 30 2005</u>
Unpaid incomes carried forward to 1997	\$ 31,142	\$ 31,142
Unpaid incomes carried forward from 1998	<u>1,689,448</u>	<u>1,960,339</u>
Total	<u>\$ 1,720,590</u>	<u>\$ 1,991,481</u>

6. Information on new taxation system:

	<u>June 30 2006</u>	<u>June 30 2005</u>
Balance of shareholders deduction account	<u>\$ 1,039,141</u>	<u>\$ 960,311</u>
Proportion of deduction attributable to actual income payout	<u>2005</u> <u>30.60%</u>	<u>2004</u> <u>29.93%</u>

(XIV) Capital

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of June 30, 2006 and 2005.

(XV) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as statutory reserve and special reserve may also be allocated as there is debit to shareholders' equity. The earnings net of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board and at the approval of the shareholders general meeting. Remunerations to directors and supervisors shall be at 2% of the earnings and employee bonus shall be no less than 0.2% of the earnings. Dividend and bonus to shareholders shall be 80% to 100% of the income attributable to shareholders net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividend). The shareholders general meeting of the Company resolved on June 14, 2006 for an amendment to the Articles of Incorporation of the Company whereby remunerations to directors and supervisors are reduced to 1% from the previous level of 2%.
2. Statutory reserve may be used only for offsetting losses carried forward. If the balance of statutory reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized.
3. Under the resolutions of the shareholder general meeting, cash dividend paid out for the periods of January 1 to June 30, 2006 and 2005, amounted to NT\$3.4/share and NT\$3/share, respectively.

(XVI) Earnings per share of common stock

	<u>January 1 to June 30, 2006</u>			<u>EPS</u>	
	<u>Amount</u>		Weighted average quantity of outstanding shares	(currency: NTD)	
	<u>Before taxation</u>	<u>After taxation</u>		<u>Before taxation</u>	<u>After taxation</u>
Basic EPS					
Earnings for shareholders of common stock	<u>\$ 2,130,556</u>	<u>\$ 1,621,676</u>	<u>915,160,436</u>	<u>\$ 2.33</u>	<u>\$ 1.77</u>

	<u>January 1 to June 30 2005</u>			<u>EPS</u>	
	<u>Amount</u>		Weighted average quantity of outstanding shares	(currency: NTD)	
	<u>Before taxation</u>	<u>After taxation</u>		<u>Before taxation</u>	<u>After taxatio</u>
Basic EPS					
Earnings for shareholders of common stock	<u>\$ 2,339,166</u>	<u>\$ 1,856,253</u>	<u>915,160,436</u>	<u>\$ 2.56</u>	<u>\$ 2.03</u>

(XVII) Human resources spending, depreciation, depletion and amortization

Human resources spending, depreciations, depletion and amortization are recognized as operating expenses specified as follows:

	<u>January 1 to June 30, 2006</u>	<u>January 1 to June 30, 2005</u>
Human resources expenses		
Salaries	\$ 1,754,711	\$ 1,372,276
Labor and health insurance	133,442	113,685
Pension fund	100,951	50,958
Other human resources expenses	<u>99,889</u>	<u>91,897</u>
	<u>\$ 2,088,993</u>	<u>\$ 1,628,816</u>
Depreciations	<u>\$ 826,459</u>	<u>\$ 839,880</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 196,672</u>	<u>\$ 192,795</u>

V. Related party transactions

(I) Names of related parties and their relationship with the company

Name of related parties	Relationship with the company
Uni-President Enterprises Corp.	Parent
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method
Tung Ang Enterprise Corp.	"
Presco Netmarketing Inc.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
President Securities Corp.	"
President Baseball Team Corp.	"
President Direct Marketing Corp.	Subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co.	"
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
PCSC (China) Limited	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Ren-Hui Investment Corp.	"
President Collect Services Co. Ltd.	"
Bank Pro E-Service Technology Co., Ltd.	"
Books.com. Co. Ltd.	"
President Yilan Art and Culture Corp.	"
Uni-President Department Store Corp.	"
President Coffee Corp.	Investees of the Company under equity method
Retail Support International Corp.	"
Muji Taiwan Co. Ltd.	"
Uni-President Yellow Hat Corp.	"
President Pharmaceutical Corp.	"
Q-ware Systems & services Corp.	"
Uni-President Development Corp.	"

Name of related parties	Relationship with the company
President Organics, Co.	Investees of the Company under equity method
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
Uni-President Takashimaya Co. Ltd.	(this company has been liquidated in September 2005)
President Chain Store (Labuan) Holdings Ltd.	subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	"
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	"
Zhuhai Livzon Drugstore Chain Company Limited	"
Uni-President Oven Bakery (BVI) Corp.	"
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics International Corp.	"
Chieh-Shuen Logistics International Corp.	A subsidiary of President Logistics International Corp.
President Coffee (Cayman) Holdings Ltd.	Investee of President Chain Store (BVI) Ltd.

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$109,210	14	\$ 97,986	14
Others	23,772	3	42,512	6
	<u>\$132,982</u>	<u>17</u>	<u>\$140,408</u>	<u>20</u>

2. Purchase (net of purchase incentive bonuses)

	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$20,672,974	61	\$20,122,347	63
Uni-President Cold-Chain Corp.	7,464,270	22	6,814,010	21
Wisdom Distribution Service Corp.	2,685,736	8	2,748,554	8
Uni-President Enterprises Corp.	767,225	2	588,590	2
others	500,986	1	494,914	2
	<u>\$32,091,191</u>	<u>94</u>	<u>\$30,498,415</u>	<u>96</u>

- (1) The aforementioned sales and purchases have been made under regular prices and the percentage and collection of incentive bonus for purchases are the same except for Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp.
- (2) The purchases and sales between the Company and Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. are bound by the agreements with the said parties for appointment of shipping services. According to related written agreements, the Company merchandise and retail items bought from all other suppliers are shipped and distributed by the aforementioned companies with the exception of the purchase of duty free items from Uni-President Cold-Chain Corp., and others are made with the aforementioned companies in accordance with their internal procedures. The aforementioned cost of purchase is based on the negotiated prices on the merchandise and items plus a commission in the payment.

3. Compensation on defective merchandise (debited to cost of goods sold)

	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Uni-President Cold-Chain Corp.	\$ 114,148	63	\$ 97,264	60
Retail Support International Corp.	44,611	25	46,248	29
Uni-President Enterprises Corp.	22,155	12	17,110	11
	<u>\$ 180,950</u>	<u>100</u>	<u>\$ 160,622</u>	<u>100</u>

4. Operating expenses

	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
(1) <u>Cleaning fees</u>				
Duskin Serve Taiwan Co.	\$ 31,200	38	\$ 20,743	31
(2) <u>Items for stores</u> <u>(recognized as packing and other fees)</u>				
Retail Support International Corp.	\$ 94,543	50	\$ 90,812	49
(3) <u>Stocktaking fees for the stores</u>				
Capital Inventory Services Corp.	\$ 66,713	100	\$ 57,540	100
(4) <u>Electronic ordering system processing fees</u>				
President Information Corp.	\$ 248,400	61	\$ 220,686	67

5. Non-operating incomes and benefits

(1) Subsidy to electronic ordering system processing fees  
(recognized as non-operating incomes and benefits – miscellaneous incomes)

	<u>January 1 to June 30, 2006</u>		<u>January 1 to June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
Retail Support International Corp.	\$ 102,022	64	\$ 93,931	63
Uni-President Cold-Chain Corp.	48,762	31	40,267	27
Others	6,702	4	4,305	4
	<u>\$ 157,486</u>	<u>99</u>	<u>\$ 138,503</u>	<u>94</u>

(2) Rental income  
(recognized as debit item to rental spending and miscellaneous income)

	<u>January 1 to June 30, 2006</u>	<u>January 1 to June 30, 2005</u>
President Coffee Corp.	\$ 17,905	\$ 15,932
Others	12,274	9,467
	<u>\$ 30,179</u>	<u>\$ 25,399</u>

6. Receivables (payables to) from related party

	<u>June 30, 2006</u>		<u>June 30, 2005</u>	
	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>	<u>Amount</u>	<u>Percentage of the amount under the same account title</u>
<u>Accounts receivable</u>				
Uni-President Dream Parks Corp.	\$ -	-	\$ 16,965	6
Others	<u>1,156</u>	<u>-</u>	<u>6,127</u>	<u>2</u>
	<u>\$ 1,156</u>	<u>-</u>	<u>\$ 23,092</u>	<u>8</u>
<u>Other receivables</u>				
Uni-President Enterprises Corp.	\$ 22,552	7	\$ 22,565	4
Others	<u>32,737</u>	<u>11</u>	<u>26,382</u>	<u>5</u>
	<u>\$ 55,289</u>	<u>18</u>	<u>\$ 48,947</u>	<u>9</u>
<u>Prepayment for purchase (recognized as other current assets)</u>				
Retail Support International Corp.	<u>\$ 15,960</u>	<u>2</u>	<u>\$ 66,500</u>	<u>9</u>
<u>Note and account payables</u>				
Retail Support International Corp.	\$ 3,444,066	48	\$ 4,269,518	55
Uni-President Cold-Chain Corp.	1,395,113	19	1,555,511	20
Wisdom Distribution Service Corp.	874,851	12	947,182	12
Others	<u>282,687</u>	<u>5</u>	<u>292,041</u>	<u>4</u>
	<u>\$ 5,996,717</u>	<u>84</u>	<u>\$ 7,064,252</u>	<u>91</u>
<u>Accrued expenses</u>				
President Information	\$ 80,516	5	\$ 61,524	4
Retail Support	29,339	2	43,674	3
Others	<u>125,971</u>	<u>6</u>	<u>53,015</u>	<u>3</u>
	<u>\$ 235,826</u>	<u>13</u>	<u>\$ 158,213</u>	<u>10</u>

## 7. Loans to related party

Loans to stakeholders by the Company

in the periods of January 1 to June 30, 2006 and 2005

Borrowers	Date of transaction	January 1 to June 30, 2006		Interest rate	Interest income
		Maximum balance	Balance at ending of period		
21 Century Enterprise Co., Ltd.	2006.01~			2.51%	
	2006.02	\$ 5,000	\$ -	~2.52%	\$ 19
Uni-President Yellow Hat Corp.	2006.04~				
	2006.05	20,000	-	2.82%	45
Retail Support Taiwan Corp.	2005.01~			2.34%	
	2005.04	30,000	\$ 10,000	~2.93%	\$ 266

## 8. Guarantee

The Company has acted as guarantor in favor of the following stakeholders as of June 30 2006:

President Drugstore Business Corp.	\$	235,000
Retail Support International Corp.		450,000
President Yilan Art and Culture Corp.		65,000
President Information Corp.		8,000
	\$	<u>758,000</u>
Mech-President Corp.	USD	<u>1 million</u>
Philippine Seven Corp.	USD	<u>4 million</u>
	PHP	<u>180 million</u>

## 9. Commitment

- (1) The Company has entered into an agreement with President Information Corp. on the maintenance of application software. Under this agreement, President Information Corp. shall provide services for the Company and all business locations on system operation and system maintenance of all electronic ordering systems. The contract sum amounted to \$508,966 and the contract shall expire in December 2009. As of June 30, 2006, the Company has payables of \$261,674 to President Information Corp.
- (2) The Company has leased out a portion of the headquarters building to affiliates and subsidiaries for business and as office space with lease terms ranging from 3 to 5 years. The collection of rents is based on the terms and conditions specified in respective lease agreements. As of June 30, 2006, the Company has the following projected rental incomes:

<u>Lease term</u>	<u>Total rents</u>
July 1 to December 31, 2006.	\$ 6,985
2007	13,970
2008	7,662
2009	6,401
2010 and beyond	<u>3,424</u>
	<u>\$ 38,442</u>

VI. Assets pledged under lien  
None.

VII. Materiality and Contingencies

- (I) The Company has entered into an agreement with 7- ELEVEN Inc. of the USA on long-term technology joint venture. Under this agreement, the Company shall pay the latter royalties at an agreed percentage of the monthly sales of each retail location within the term of contract.
- (II) The Company has offered a portion of the shopping arcade located at the President International Building (stated under the titles of “assets for lease”) for leasing to an unrelated party. The term of the lease became effective on June 15, 2005 and covers a period of 18 years and 6.5 months. The rent is charged at a specific percentage of the sales of such party.
- (III) The Company and Uni-President Enterprises Corp have entered into a construction engineering agreement with Ta Chen Construction & Engineering Corp. for appointing the latter to build a research center building for donation to National Cheng Kung University. The contract sum amounted to \$230,000 (tax included), and shall be paid for by the Company and Uni-President Enterprises Corp in equal halves. The Company estimated an amount of \$45,285 payable for construction in the period of January 1 to June 30, 2006 under the account title of “spending on donations”. As of June 30, 2006, the Company has recognized accumulated donations amounting to \$83,905.
- (IV) The Company has leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 years to 12 years. As of June 30, 2006, the Company has prepaid rents and refundable deposits amounting to \$615,503 and \$897,617 respectively. These two items are listed under the title of “other current assets” and “refundable deposits”. The Company has the following projections in rent payables and related spending:

<u>Lease term</u>	<u>Total rents</u>
July 1 to December 31, 2006.	\$ 2, 147, 361
2007	4, 236, 202
2008	3, 995, 972
2009	3, 516, 685
2010 and beyond	9, 110, 524
	<u>\$ 23, 006, 744</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the financial statements for the period of January 1 to June 30, 2005 have been reclassified. They are compared with the financial statements for the period of January 1 to June 30, 2006.

(II) Information on fair value

	June 30,2006		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
<b>Non-Derivatives</b>			
<b>Assets</b>			
Financial instruments whose book values are equal to fair value	\$2,131,529	Note	Note
Financial instruments held for trading	886,146	\$ 886,146	\$ -
Financial instruments carried at cost	12,182,287	-	-
Financial instruments available for disposals	434,064	434,064	-
Investments in bonds with no public quotations	40,000	-	-
Refundable deposits	1,040,418	-	953,501
<b>Liabilities</b>			
Financial liabilities whose book values are equal to fair values	15,715,507	Note	Note
Current portion of bonds	2,000,000	-	\$ 2,000,000
Guarantee deposit received	1,474,365	-	1,328,828
<b>June 30,2005</b>			
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
<b>Non-Derivatives</b>			
<b>Assets</b>			
Financial instruments whose book values are equal to fair value	\$3,184,196	Note	Note
Financial instruments held for trading	202,940	\$ 203,096	\$ -
Financial instruments carried at cost	11,779,987	-	-
Financial instruments available for disposals	140,534	458,994	-
Investments in bonds with no public quotations	80,000	-	-
Refundable deposits	852,197	-	766,596
<b>Liabilities</b>			
Financial liabilities whose book values are equal to fair value	15,879,569	Note	Note
Current portion of bonds	2,200,000	\$ -	\$ 2,200,000
Long-term loan	500,000	-	500,000
Guarantee deposit received	1,231,515	-	1,104,001

Note: The carrying values of short-term financial instruments as stated in the balance sheet have been adopted as their fair value, as the discounted values of such instruments are insignificant. These are the amounts determined not by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and account receivables, other receivables, note and account payables, income tax payables, payables and other payables.

The Company adopted the following methods and assumptions on the valuation of the fair value of financial instruments:

1. Fair value of refundable deposits and receipts in advance are estimated on the basis of anticipated discount rate with reference to the interest rate offered by Postal Savings and Remittances Bureau for 1 year time deposit.
2. The discounted value of outstanding bonds and long-term debts are insignificant, and their carrying values are adopted as fair value.

(III) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company aims at hedging off operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.
2. The Finance Department of the Company is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure resulting from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy in operations and the risks so assumed are within the toleration threshold of the Company.

(IX) Information on primary financial risks

1. Equity investment

(1) Market Risk

Financial instruments for which changes in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company are stocks issued by listed companies and they are under the influence of market price fluctuation. Financial instruments invested by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is no anticipated major market risk.

(2) Credit Risk

The orders for financial instruments for which changes in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company are placed via the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by counterparties. Further, counterparties of investments in financial instruments carried at cost have been subject to evaluation on their credit standing. Therefore, there is also no anticipated major credit risk.

(3) Liquidity Risk

Financial instruments which change in fair value are recognized as gains and losses and financial instruments available for disposal invested by the Company have public quotations in open market. As such, they are expected to be disposed of quickly at prices approximating to fair value in the market without difficulty.

Financial instruments invested by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is anticipated liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

Equity class financial instruments invested by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.

2. Bond class financial instrument liabilities

(1) Market risk

The secured bonds issued by the Company are bearing fixed rate and floating rate. For bonds bearing floating interest rate, the Company has undertaken IRS contracts for hedging off interest risk deriving from interest rate fluctuation in the market. Therefore, there is no anticipated major market risk.

(2) Credit risk

There is no credit risk.

(3) Liquidity risk

The Company has sufficient working capital to cover capital needs. As such, there is no anticipated major liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

For bonds bearing fixed rate, there is no cash flow risk deriving from interest rate fluctuation. For bonds bearing floating rate, any fluctuation of interest rate in the market affects corresponding fluctuation of the effective rate applicable to the bonds issued by the Company. As such, cash flow fluctuation is anticipated. However, the Company has undertaken IRS contract for hedging off such risk deriving from interest rate fluctuation.

3. Payables

(1) Market risk

All payables of the company are current, and therefore there is no anticipated market risk.

(2) Credit risk

There is no credit risk.

(3) Liquidity risk

All payables of the company are current, and the Company has sufficient working capital to cover all capital needs. Therefore, there is no anticipated major liquidity risk.

(4) Cash Flow Risks deriving from interest rate fluctuation

There is no cash flow risk deriving from interest rate fluctuation.

#### 4. Derivatives

The Company has entered into IRS contracts with ABN-AMRO for hedging off risks to its corporate bonds deriving from interest rate fluctuation. Within the term of the contract, the bank charges interest from the Company at 4% less LIBOR rate for 6 months or 4% less the interest for promissory note of 180 days on the basis of every six months. Fixed interest rate at 1.46% will be paid out. The nominal principals and fair value are shown as follows:

	<u>June 30,2006</u>		<u>June 30,2005</u>	
	<u>Nominal principal</u>	<u>Fair Value</u>	<u>Nominal principal</u>	<u>Fair Value</u>
Interest rate swap	<u>\$ 700, 000</u>	<u>(\$ 19, 975)</u>	<u>\$ 700, 000</u>	<u>(\$ 22, 272)</u>

##### (1) Market risk

The IRS contracts secured by the Company are for hedges only. Therefore, gains or losses resulting from interest rate fluctuation in the market will by and large be offset by the hedges of the contract and therefore no significant market risk in terms of price is anticipated.

##### (2) Credit risk

The Company deals with international financial institutions in good standing. Therefore, breach of contract by counterparties is unlikely and the possibility of credit risk is low.

##### (3) Liquidity risk

Interest rate applicable to the IRS contracts secured by the Company is determined and the Company has sufficient working capital to meet related capital needs. Therefore, there is no anticipated major liquidity risk.

##### (4) Cash Flow Risks deriving from interest rate fluctuation

The kind of IRS contracts the Company deals with is instruments bearing floating rate and fixed interest payment. Therefore, there is no anticipated cash flow risk deriving from interest rate fluctuation.

#### 5. Credit Risk of off balance sheet financial instruments

The Company acts as guarantor for a third party for loans in accordance with the "Procedure for Guarantee and Endorsement", and only acts in favor of subsidiaries and stakeholders with business transactions. Since the Company can have proper information on their credit standing, no collateral is demanded. If respective stakeholder is liable for breach of contract, the amount of possible losses may be approximately offset by the receipts in advance.

## XI. Disclosures

### (I) Information on major transactions

Disclosure on major transactions of the Company in the period of January 1 to June 30, 2006 is specified as follows:

#### 1. Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending	Interest range	Nature of loans	Amount of business transactions	Reasons necessary for offering short-term loans	Allowance for doubtful accounts	Collaterals		Limit of loans to particular borrower (Note 2)	Limit of total loans (Note 2)
										Name	Value		
President Chain Store corporation.	21 Century Enterprise Co., Ltd.	Other receivables	\$ 5,000	\$ -	2.51% ~ 2.52%	Note 1	\$ -	working capital	\$ -	- \$	- \$	50,000	\$ 5,466,687
	Uni-President Yellow Hat Corp.	Other receivables	\$ 20,000	-	2.82%	Note 1	-	working capital	-	-	- \$	50,000	\$ 5,466,687

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. For particular enterprise which is a business partner to the Company, maximum loans may be up to NT\$100,000 or the total amount of business

#### 2. Act as guarantor in favor of a third party

Name of Guarantor	Name of Guarantee			Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
	Company Name	Affiliation							
President Chain Store (BVI) Holdings Ltd.	President Transnet Corp.	subsidiary		\$ 2,733,343	\$ 200,000	\$ -	None	-	\$ 6,833,359
	President Drugstore Business Corp.	subsidiary		2,733,343	235,000	235,000	None	1.72%	6,833,359
	Retail Support International Corp.	business relation		2,733,343	450,000	450,000	None	3.29%	6,833,359
	President Information Corp.	subsidiary		2,733,343	8,000	8,000	None	0.06%	6,833,359
	President Yilan Art and Culture Corp.	subsidiary		2,733,343	65,000	65,000	None	0.48%	6,833,359
	Mech-President Corp.	subsidiary		2,733,343 USD	1 million USD	1 million	None	0.24%	6,833,359
	Philippine Seven Corp.	subsidiary of a subsidiary		2,733,343 USD	4 million and USD	4 million	None	1.59%	6,833,359
				PHP	260 million PHP	180 million			6,833,359
								<u>7.38%</u>	

Note: The upper limit of total guarantee undertaken by the Company is 50% of the net worth, and to particular enterprise is 20% of the net worth.

3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Ton Yi Industrial Corp.	None	Financial instruments which changes in fair values are recognized as gains or losses -current	(skipped)	\$ 403,301	-	\$ 340,877	
	UPAMC JAMES BOND Fund	"	"	"	545,000	-	545,269	
					948,301		886,146	
			Less: Allowance for valuation adjustments		( 62,155)			
					\$ 886,146			
	President Chain Store (BVI) Holdings Ltd	Investees of the Company under equity method.	Long-term investments under equity method	46,405,458	\$ 1,179,412	100%	\$ 1,179,062	
	Ren-Hui Investment Corp.	"	"	85,303,933	858,914	100.00%	858,705	
	Mech-President Corp.	"	"	37,331,360	420,270	62.95%	420,549	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	361,625	60.00%	351,898	
	President Drugstore Business Corp.	"	"	28,800,000	374,280	100.00%	375,741	
	President Yilan Art and Culture Corp.	"	"	18,000,000	88,220	90.00%	87,459	
	President Information Corp.	"	"	12,853,212	192,905	56.00%	187,337	
	President Transnet Corp.	"	"	70,000,000	219,287	70.00%	207,694	
	Wisdom Distribution Service Corp.	"	"	9,432,540	187,165	100.00%	188,299	
	PCSC (China) Limited	"	"	14,322,000	330,470	100.00%	330,533	
	Uni-President Development Corp.	"	"	20,000,000	180,285	20.00%	180,285	
	Mister Donut Taiwan Corp.	"	"	10,000,000	135,288	50.00%	134,209	
	Uni-President Oven Bakery Corp.	"	"	17,400,000	110,441	60.00%	105,931	
	President Coffee Corp.	"	"	9,313,920	154,038	30.00%	154,039	
	Retail Support International Corp.	"	"	5,000,000	97,956	25.00%	91,332	
	Q-ware Systems & services Corp.	"	"	19,157,920	178,335	22.68%	163,414	
	Muji Taiwan Co. Ltd. etc.	"	"	(skipped)	551,198	20.00%	521,392	
					\$ 5,620,092	~100.00%		
	President Securities Corp.	-	Financial instruments available for disposal – noncurrent	29,328,669	\$ 434,064	2.57%	434,064	
	Presicarre Corp.	-	Financial instruments carried at cost –noncurrent	70,605,016	\$ 6,818,529	19.50%	-	
	Toppoly Optoelectronics Corp.	-	"	146,448,927	\$ 1,609,160	4.19%	-	
	President International Development Corp.	-	"	142,500,000	1,656,500	19.00%	-	
	New Century Info Comm Co. Ltd. etc.	The Company is a director	"	50,000,000	500,000	3.33%	-	
		Skipped	"	(skipped)	1,598,098	0.02%	-	
			"		\$ 12,182,287	~19.93%	-	
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Investments in bonds with no open quotations	-	\$ 40,000	-	40,000	

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of <u>buyer_seller</u>	Types and names <u>of securities</u>	Account <u>titles</u>	Counter <u>parties</u>	<u>Affiliation</u>	<u>At beginning</u>		<u>Bought</u>		<u>Sold</u>			<u>Capital gain</u>	<u>At ending</u>		
					<u>Quantity of shares</u>	<u>Amount</u>	<u>Quantity of shares</u>	<u>Amount</u>	<u>Quantity of shares</u>	<u>Amount</u>	<u>Carrying cost</u>		<u>Quantity of shares</u>	<u>Amount</u>	
President Chain Store corporation	Upamc James Bond Fund	Note 1	Not applicable	Not applicable	-	\$ -	451,355,187	\$6,894,000	415,775,045	\$6,350,721	\$6,349,000	\$1,721	35,580,142	\$545,000	
	Jf (Taiwan) First Bond Fund	"	"	"	-	-	13,261,105	200,000	13,261,105	200,042	200,000	42	-	-	
	Taiwan	"	"	"	-	-	52,826,243	750,000	52,826,243	750,278	750,000	278	-	-	
	Shinkong Chi-Shin Fund	"	"	"	-	-	48,595,808	545,000	48,595,808	545,182	545,000	182	-	-	
	ABN AMRO SELECT BOND FUND	"	"	"	-	-	78,140,452	890,000	78,140,452	890,368	890,000	368	-	-	
	Mega Diamond Bond Fund	"	"	"	-	-	168,157,867	2,435,000	168,157,867	2,435,765	2,435,765	765	-	-	
	Prudential Financial Bond Fund	"	"	"	-	-	109,206,244	1,443,000	109,206,244	1,443,506	1,443,000	506	-	-	
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	11,432,950	145,000	11,432,950	145,065	145,000	65	-	-	
	FUHWA BOND FUND	"	"	"	-	-	22,578,988	290,000	22,578,988	290,160	290,000	160	-	-	
	GRAND CATHAY BOND FUND	"	"	"	-	-	8,600,893	100,000	8,600,893	100,176	100,000	176	-	-	
	CITC CASH RESERVES	"	"	"	-	-	114,000,000	1,371,500	28,500,000	285,000	-	-	-	-	
	Tong-jeng Development Corp.	Note 2	Raise capital by issuing new shares	"	114,000,000	1,371,500	28,500,000	285,000	-	-	-	-	-	142,500,000	1,656,500

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

Note 2: Recognized under the account title of "Financial instruments carried at cost – noncurrent".

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.  
 6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.  
 7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

<u>Buyer/seller</u>	<u>Counterparties</u>	<u>Affiliations</u>	<u>Status of trade</u>			<u>Special terms and conditions of trade and reasons</u>			<u>Account, note receivables (payables)</u>		<u>Remark</u>
			<u>Purchase (sales)</u>	<u>Amount</u>	<u>Percentage to total purchase (sales)</u>	<u>Credit term</u>	<u>Unit price</u>	<u>Credit term</u>	<u>Balance</u>	<u>Percentage to total note, account receivables (payables)</u>	
President Chain Store corporation	Retail Support International Corp.	Investees of the Company under equity method	Purchase	\$20,672,974	61	O/A settlement from 10~80 days	Note	No significant difference	\$ 3,444,066	48	
	Uni-President Cold-Chain Corp.	Subsidiary	"	7,464,270	22	O/A settlement from 15~30 days	"	"	1,935,113	19	
	Wisdom Distribution Service Corp.	"	"	2,685,736	8	O/A settlement from 20~35 days	"	"	874,851	12	
	Uni-President Enterprises Corp.	Parent	"	767,225	2	O/A settlement from 30~45 days	No significant difference	"	151,730	2	
	Q-ware Systems & services Corp.	Investees of the Company under equity method	"	117,989		O/A settlement from 30~40 days	"	"	66,952	1	
	President Transnet Corp.	Subsidiary	Cost of operation	342,636	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	55,453	1	

Note: cost of purchase with Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. is based on the agreed rates on merchandises and utensils plus commissions.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

9. Derivative trade: Note X (3)

(Blank hereunder)

## (II) Information on Investees

### 1. Information on investees:

Investor name	Name	Investees		Initial amount of investments		Holding at ending			Income status of investees	Recognized return on (loss from) investment by company	Remark	
		Location	Major business activities	End of current period	End of previous period	Quantity of shares	Proportion	Book value				
President Chain Store corporation.	President Chain Store (BVI) Holdings ltd.	BVI	Professional investments	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$ 1,179,412	\$ 15,891	\$ 15,969	Subsidiary	
	Ren-hui Investment Corp.	Taipei City	Professional investments	853,037	853,037	85,303,733	100.00%	858,914	7,299	7,299	"	
	Mech-president corp.	Tainan County	Gasoline stations, cables	364,683	364,683	37,311,360	62.95%	420,270	22,310	13,767	"	
	Uni-president Cold-chain Corp.	Tainan County	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60.00%	361,625	65,122	39,408	"	
	President Drugstore Business Corp.	Taipei City	Retailing of medicines and daily items	396,000	396,000	28,800,000	100.00%	374,280	26,836	25,374	"	
	President Yilan Art and Culture Corp.	Yilan County	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	88,220 (	13,354) (	12,063)	"	
	President Information Corp.	Taipei City	Business management consulting services	93,348	135,956	12,853,212	56.00%	192,905	37,894	25,012	"	
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	219,287	50,058	31,290	"	
	Wisdom Distribution Service Corp.	Taipei City	Magazine delivery	50,000	50,000	9,432,540	100.00%	187,165	29,261	29,823	"	
	PCSC (China) Limited	BVI	Professional investments	468,060	159,096	14,322,000	100.00%	330,470 (	46,517) (	46,580)	"	
	Uni-president Development Corp.	Taipei City	Construction of transportation depots	200,000	200,000	20,000,000	20.00%	180,285 (	24,405) (	4,881)	Note 1	
	Mister Donut Taiwan Corp.	Taipei City	Bakery	100,000	100,000	10,000,000	50.00%	135,288	34,517	18,307	"	
	Uni-president Oven Bakery corp.	Taipei City	Bread and pastry retailer	221,700	221,700	17,400,000	60.00%	110,441 (	16,192) (	8,348)	"	
	President Coffee Corp.	Taipei City	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	154,038	41,855	12,555	Note 1	
	Retail Support International Corp.	Chungli City	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	97,956	71,347	17,763	"	
	Q-ware Systems & Services Corp.	Taipei City	Internet service provider	191,577	--	19,157,720	22.68%	178,338 (	55,760) (	12,644)	"	
	Muji Taiwan co. Ltd.	-	-	808,790	756,291	Skipped	20.00% ~100%	551,198	Skipped	4,165	Note 2	
	Retail Support International Corp.etc.	President Logistics International Corp.etc.	-	-	733,724	469,365	Skipped	6.00% ~100%	633,543	Skipped	Not applicable	-

Note 1: Investee of the Company under the equity method.

Investor name	Investees			Initial amount of investments				Holding at ending				Recognized return on (loss from) investment by company	Remark
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of shares	Proportion	Book value	Income status of investees				
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investments	USD 1,800,000	USD 1,800,000	1,800,000	30.00%	USD 2,728,000	USD 963,000	Not applicable	Not applicable	Note	
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD 26,684,000	USD 20,687,000	20,684,321	100.00%	USD 13,189,000	(USD 6,000)	"	subsidiary of a subsidiary	Note	
	Presiclere Limited	BVI	Professional investments	USD 11,649,000	USD 9,476,000	10,594,600	48.33%	USD 1,064,000	(USD 1,805,000)	"	"	Note	
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20.00%	CAD 5,414,000	CAD 4,992,000	"	"	"	
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	674,200	51.00%	USD 505,000	VND 1,048,906,000	"	subsidiary of a subsidiary	"	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD 20,656,000	USD 20,656,000	134,257,625	56.59%	USD 13,179,000	(PHP 172,000)	"	"	"	
Philippine Seven Corp.	Convenience Disribution Inc.	Philippines	-	PHP 87,742,000	PHP 87,742,000	-	40.00% ~100.00%	PHP 80,661,000	Skipped	"	Skipped	"	
PCSC (China) Limited	PCSC (China) Drugstore Limited	BVI	Professional investments	USD 14,272,000	USD 4,982,000	-	100.00%	USD 10,165,000	Skipped	"	subsidiary of a subsidiary	"	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	China	Household goods retailing	USD 3,932,000	USD 3,932,000	-	65.00%	USD 2,523,000	(RMB 5,622,000)	"	"	"	
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB 4,200,000	-	-	100.00%	RMB 7,355,000	RMB 400,000	"	"	"	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD 10,278,000	-	-	55.00% ~100.00%	USD 7,586,000	Skipped	"	"	"	

Note: Investee of the subsidiary under the equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties

<u>Lenders</u>	<u>Borrowers</u>	<u>Account titles</u>		<u>Maximum balance at the end of current period</u>	<u>Balance at ending</u>	<u>Interest range</u>	<u>Nature of loans</u>	<u>Amount of business transactions</u>	<u>Reasons necessary for offering short-term loans</u>	<u>Allowance for doubtful accounts</u>	<u>Collateral</u>		<u>Limit of loans to particular borrower (Note 2)</u>	<u>Limit of total loans (Note 2)</u>
											<u>Name</u>	<u>Value</u>		
Philippine Seven Corp.	Convenience Distribution Inc.	Other receivables	PHP	17,500,000	-	10%	Note 1	-	working capital	\$ -	-	\$ -	Note 2	Note 2
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other receivables	PHP	9,000,000	PHP 9,000,000	10%	Note 1	-	working capital	-	-	-	Note 3	Note 3
Mech-President Corp.	Shanghai President Machine Corp.	Other receivables	USD	1,000,000	-	3.5%	Note 1	-	working capital	-	-	-	Note 4	Note 4

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. Short-term loan to particular enterprise for necessity is up to PHP\$50 million

Note 3: The Company limits its loans to external parties at 40% of its net worth. Short-term loan to particular enterprise for necessity is up to PHP\$10 million

Note 4: The Company limits its loans to external parties at 40% of its net worth. For particular enterprise which is a business partner of the Company, maximum loans may be up to NT\$100,000 or the total amount of business transaction, whichever is lower. Short-term loan to particular enterprise for necessity is up to \$50,000.

(2) Act as guarantor in favor of a third party

<u>Name of Guarantor</u>	<u>Name of Guarantee</u>			<u>Limit of guarantee to particular enterprise (Note)</u>	<u>Maximum balance</u>	<u>Balance at ending</u>	<u>Guarantee with collateral</u>	<u>Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period</u>	<u>Upper limit for guarantee (note)</u>
	<u>Company Name</u>	<u>Affiliation</u>							
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store corp		Note	\$ 2,000	\$ 2,000	\$ -	0.68%	Note
Mech-President Corp.	President Jing Corp.	Subsidiary		Note	21,700	-	-	-	Note

Note: Upper limit of guarantee undertaken by the Company at 50% of its net work and to particular enterprise at 20% of its net worth.

## (3) Holding of marketable securities at ending:

<u>Holder of securities</u>	<u>Types and names of securities</u>	<u>Affiliation with security issuers</u>	<u>Account titles</u>	<u>Quantity of shares at ending</u>	<u>Book value</u>	<u>Proportion of shareholding</u>	<u>Market price</u>	<u>Remarks</u>
President Coffee Corp.	CAPITAL INCOME FUND etc.	None	Financial instruments which changes in fair values are recognized as gains or losses -current	-	\$ 210,000	-	\$ 210,294	
Wisdom Distribution Service Corp.	Fuh-Hwa Fund	-	"	-	139,000	-	139,363	
President Direct Marketing Corp.	Cathay Bond Fund etc.	-	"	-	627,801	-	630,492	
President Jing Corp.	Ta Chong Bond Fund	-	Financial instruments available for disposal – current	-	1,000	-	1,000	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	-		62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp. etc.	President Logistics International Corp. etc.	-	Financial instruments carried at cost – noncurrent	-	5,720	-	5,720	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc. etc.	-	"	-	USD 4,318,000	-	USD 4,318,000	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	-	"	-	123,323	-	124,673	
Wisdom Distribution Service Corp.etc.	President Logistics International Corp. etc.	-	Long-term investments under equity method	-	474,857	-	475,468	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	-	"	-	USD 22,900,000	-	USD 32,497,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	subsidiary	"	134,257,625	USD 13,179,000	56.59%	PHP 332,731,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	-	"	-	PHP 80,661,000	-	PHP 88,640,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited. etc.	subsidiary	"	-	USD 10,165,000	-	USD 10,165,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	subsidiary	"	-	USD 2,523,000	65.00%	RMB 23,664,000	
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	subsidiary	"	-	RMB 7,355,000	100.005	RMB 3,599,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited etc.	subsidiary	"	-	USD 7,586,000	-	RMB 52,634,000	

(4) The amount of the same security cumulatively bought or sold exceeding NT\$100 million or 20% of the paid-in capital:

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold				At ending	
					Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount	Carrying cost	Capital gain	Quantity of shares	Amount
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	1,496,687	\$ 22,781	8,045,728	\$ 122,980	8,624,031	\$ 131,789	\$ 131,688	\$ 101	918,384	\$ 14,073
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	1,934,122	29,388	9,218,814	140,747	11,022,381	168,300	168,136	164	130,555	1,999
Vision Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	1,753,122	26,000	7,036,813	105,000	5,427,729	81,077	81,000	77	3,362,206	50,000
	JIH SUN BOND FUND	"	"	"	3,200,637	43,000	742,208	10,000	3,942,845	53,290	53,000	290	-	-
	Barits Bond Fund	"	"	"	3,735,603	44,500	-	-	3,022,061	36,347	36,000	347	713,542	8,500
	Fuh-Hwa Bond Fund	"	"	"	-	-	6,206,777	82,000	4,314,647	57,068	57,000	68	1,892,130	25,000
President Logistics International Corp.	ABN AMRO BOND FUND	"	"	"	1,473,698	22,433	9,057,410	138,350	10,292,974	157,240	157,134	106	238,134	3,649
	UPAMC HOME RUN BOND Fund	"	"	"	3,091,564	42,772	9,095,148	126,370	11,997,508	166,670	166,505	165	189,204	2,637
Retail Support International Corp.	ABN AMRO BOND FUND	"	"	"	1,391,323	21,184	41,453,913	633,156	42,845,236	654,625	654,340	285	-	-
	NITC Bond Fund	"	"	"	-	-	6,161,696	1,003,261	5,984,225	974,683	974,260	423	177,471	29,001
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	3,642,659	54,000	44,407,557	662,000	46,767,022	697,590	697,000	590	1,283,194	19,000
	JIH SUN BOND FUND	"	"	"	4,760,199	64,000	30,548,932	412,000	30,928,546	417,241	417,000	241	4,380,585	59,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	55,074,025	728,000	50,464,660	667,364	667,000	364	4,609,366	61,000
President Coffee Corp.	FUH-HWA ALBATROSS FUND	"	"	"	2,882,699	32,100	11,815,341	132,100	14,698,040	164,540	164,200	340	-	-
	Fuh-Hwa Bond Fund	"	"	"	1,189,363	15,000	7,499,493	95,000	8,688,856	110,064	110,000	64	-	-
Mech-President Corp.	FUBON	"	"	"	-	-	20,007,545	210,000	20,007,545	210,055	210,000	55	-	-
	CHI-HSIANG FUND	"	"	"	-	-	10,821,920	130,000	10,821,920	130,033	130,000	33	-	-
	Union Bond Fund	"	"	"	-	-	8,624,587	120,000	8,624,587	120,038	120,000	38	-	-
	JF (Taiwan) First Bond Fund	"	"	"	-	-	12,028,909	140,000	12,028,909	140,034	140,000	34	-	-
	CITC CASH RESERVES	"	"	"	-	-	7,738,112	100,000	7,738,112	100,034	100,000	34	-	-
	Ta Chong Bond Fund	"	"	"	-	-	10,030,575	140,000	10,102,517	140,033	141,000	33	-	-
	NITC Taiwan Bond Fund	"	"	"	71,942	1,000	-	-	-	-	-	-	-	-

Note: Recognized under the account title of "financial instruments in which changes in fair value are recognized as gains or losses –current"

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counterparties	Affiliations	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remark
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method	Purchase	\$ 3,140,065	46%	O/A settlement from 30~45 days	No significant difference	No significant difference	\$ ( 841,646)	(45%)	
	President Musashino Corp.	A subsidiary of Uni-President Enterprises Corp.	"	552,744	1%	O/A settlement from 25~30 days	"	"	( 103,788)	( 6%)	
	President Chain Store corp.	Parent	sales	7,532,227	99%	O/A settlement from 15~30 days	"	"	1,443,330	97%	
Retail Support International Corp.	President Chain Store corp.	Investor of this company under the equity method	"	20,893,649	91%	O/A settlement from 10~18 days	"	"	3,428,108	87%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method	Purchase	548,142	3%	O/A settlement from 20~40 days	"	"	( 111,722)	( 2%)	
	Lien Bo Enterprises	Affiliate	"	458,297	2%	O/A settlement from 20~70 days	"	"	( 108,619)	( 2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	906,381	5%	O/A settlement 30 days	"	"	( 173,642)	( 3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store corp	sales	1,224,151	5%	O/A settlement 50 days	"	"	440,188	11%	
	President Pharmaceutical Corp.	Investees of President Chain Store (BVI) Holdings Ltd. under equity method	Purchase	105,492	1%	O/A settlement from 30~60 days	"	"	( 40,203)	( 1%)	
	President Coffee Corp.	Investees of President Chain Store (BVI) Holdings Ltd. under equity method	sales	122,152	1%	O/A settlement 30 days	"	"	22,157	1%	
President Information Corp.	President Chain Store corp.	Parent	Service income	256,026	78%	O/A settlement 30 days	"	"	87,141	77%	
President Transnet Corp.	President Chain Store corp.	Parent	sales	343,602	22%	O/A settlement 65 days	"	"	55,737	17%	
Wisdom Distribution Service Corp.	President Chain Store corp.	Parent	"	2,706,833	98%	O/A settlement from 20~35 days	"	"	902,963	98%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Stor corp. under equity method	Purchase	1,473,243	98%	O/A settlement 50 days	"	"	( 424,680)	(97%)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	sales	104,771	83%	O/A settlement from 15~20 days	"	"	18,732	67%	
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent	"	154,084	50%	O/A settlement 40 days	"	"	42,982	41%	
President Logistics International Corp.	Retail Support International Corp.	Parent	"	213,408	37%	O/A settlement 20 days	"	"	45,956	30%	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store (BVI) Holdings Ltd.	"	191,051	34%	O/A settlement 45 days	"	"	72,002	47%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store (BVI) Holdings Ltd.	sales	137,520	73%	O/A settlement 65 days	"	"	46,905	83%	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counterparties	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Overdue Receivables with Related Party		Receivables with Related Party After Period Collection	Allowance for doubtful accounts
					Amount	Processing by		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,433,330	6	\$ -	- \$	1,438,335	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	440,188	3	-	-	290,732	-
	President Chain Store Corp.	Investor of this company under the equity method	3,428,108	7	-	-	1,347,018	-
Wisdom Distribution Service Corp.	President Chain Store corp.	Parent	902,963	3	-	-	902,963	-

(9) Trading of Derivative Products: None.

### (III) Information on investments in China

#### 1. Basic information on direct investments in China

Names of investees in Mainland China	Main Operations	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for the Current Period (Note 5)	Book Value of Investment at the End of Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 4,000,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 365,000	USD 3,035,000	-
Presiclerc(Shautou) Ltd.	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.33%	(USD 95,000)	(USD 968,000)	-
Presiclerc(Qingdao) Ltd.	Food processing, packing and sales	USD 5,000,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.33%	(USD 496,000)	(USD 1,655,000)	-
Presiclerc(Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	USD -	-	-	USD -	36.40%	(USD 249,000)	(USD 253,000)	-
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 468,000)	USD 2,523,000	-
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 278,000	USD 4,031,000	-
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,200,000	-	-	USD 6,200,000	100%	(USD 1,249,000)	USD 3,555,000	-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC	
USD 20,865,000	USD 23,928,000	NTD	4,233,343

Note 1: Invested through President Coffee (Cayman) Holdings Ltd., the investee of President Chain Store (BVI) Holdings Ltd.

Note 2: Invested through Presiclerc Limited, the investee of President Chain Store (B.V.I.) Holding Limited..

Note 3: Invested through PCSC(China)Drugstore Ltd., the subsidiary of PCSC(China) Ltd.

Note 4: Invested through PCSC(China)Supermarket Ltd., the subsidiary of PCSC(China) Ltd.

Note 5: These figures were based on unaudited financial statements of investees covering the same period.

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.

(1) Amount and percentage of purchase made and the balances of related payables at the ending of period and percentage: None.

(2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.

(3) Amount of asset trade and the resulting gains and losses: None.

(4) Balances of guarantee or collaterals pledged at ending of period and the purposes: None.

(5) Upper limit of loans, balance at ending of period, interest range and total interests: None.

(6) Other gains and losses or significant financial issues in current period: None.

## XII. Financial information by department

Not applicable

(Blank hereunder)

President Chain Store Corporation  
Inventory List  
June 30 2006

Currency expression: NTD 1,000

Item	Summary	Amount		Remarks
		Cost	Market price	
Merchandises in stores		\$ 2,805,235	\$ <u>3,037,172</u>	
Less: Allowance for reduction of inventory to market		( <u>96,601</u> )		
		<u>\$ 2,708,634</u>		

(Blank hereunder)

President Chain Store Corporation  
Statement of changes in financial instruments (assets) available for sales –noncurrent  
January 1 to June 30, 2006

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		At ending		Facts of pledge or collateralization	Remarks
	Quantity of shares	Fair values	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Fair values		
President Security Corp.	29,328,669	<u>\$ 140,534</u>	-	<u>\$293,530</u>	-	<u>\$ -</u>	29,328,669	<u>\$ 434,064</u>	None	

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President Chain Store Corporation  
Statement of changes in financial instruments (assets) carried at cost  
January 1 to June 30, 2006

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		At ending		Facts of pledge or collateralization	
	Quantity of shares	Book value	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Book value		
Presicarre Corp.	70,605,016	\$ 6,818,529	-	\$ -	-	\$ -	-	70,605,016	\$ 6,818,529	None
Toppoly Optoelectronics Corp.	146,448,927	1,609,160	-	-	-	-	-	146,448,927	1,609,160	"
Tong-Jeng Development Corp.	114,000,000	1,371,500	28,500,000	285,000	-	-	-	142,500,000	1,656,500	"
President International Development Corp.	50,000,000	500,000	-	-	-	-	-	50,000,000	500,000	"
New Century Info Comm Co. Ltd. etc.	-	1,695,538	-	-	-	( 97,440)	-	-	1,598,098	"
		\$ 11,994,727		\$ 285,000		(\$ 97,440)		\$ 12,182,287		

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President Chain Store Corporation  
Statement of changes in long-term investments under the equity method  
January 1 to June 30, 2006

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		At ending			Market price of net equity value		Facts of pledge or collateralization
	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Amount	Quantity of shares	Proportion of shareholding	Amount	unit price	Total	
President Chain Store (BVI) Holdings Ltd.	46,405,458	\$ 1,180,359	-	\$ 15,968	-	(\$ 16,915)	46,405,458	100.00%	\$ 1,179,412	\$ 25.41	\$ 1,179,062	None
PCSC (China) Limited	14,322,000	382,817	-	-	-	( 52,347)	14,322,000	100.00%	330,470	23.08	330,553	"
Ren-Hui Investment Corp.	85,303,733	851,615	-	7,299	-	-	85,303,733	100.00%	858,914	10.07	858,705	"
Mech-President Corp.	37,331,360	406,504	-	13,766	-	-	37,331,360	62.95%	420,270	11.27	420,549	"
Uni-President Cold-Chain Corp.	19,563,272	322,217	-	39,408	-	-	19,563,272	60.00%	361,625	17.99	351,898	"
President Drugstore Business Corp.	28,800,000	348,905	-	25,375	-	-	28,800,000	100.00%	374,280	13.05	375,741	"
President YiLan Art and Culture Corp.	18,000,000	100,283	-	-	-	( 12,063)	18,000,000	90.00%	88,220	4.86	87,459	"
President Information Corp.	16,066,512	210,502	-	25,011	(3,213,300)	( 42,608)	12,853,212	56.00%	192,905	14.58	187,337	"
President Transnet Corp.	70,000,000	187,996	-	31,291	-	-	70,000,000	70.00%	219,287	2.97	207,694	"
Retail Support International Corp.	5,000,000	112,693	-	17,763	-	( 32,500)	5,000,000	25.00%	97,956	18.27	91,332	"
Wisdom Distribution Service Corp.	9,432,540	157,342	-	29,823	-	-	9,432,540	100.00%	187,165	19.96	188,299	"
President International Development Corp.	20,000,000	185,166	-	-	-	( 4,881)	20,000,000	20.00%	180,285	9.01	180,285	"
President Coffee Corp.	9,313,920	141,483	-	12,555	-	-	9,313,920	30.00%	154,038	16.54	154,039	"
Uni-President Oven Bakery Corp.	17,400,000	118,789	-	-	-	( 8,348)	17,400,000	60.00%	110,441	6.09	105,931	"
Mister Donut Taiwan Corp.	10,000,000	116,981	-	18,307	-	-	10,000,000	50.00%	135,288	11.90	118,959	"
Q-ware Systems & services Corp.	19,157,720	190,982	-	-	-	( 12,644)	19,157,720	22.68%	178,338	8.53	163,414	"
Muji Taiwan Co. Ltd. etc.	-	494,532	-	102,795	-	( 46,129)	-	-	551,198	Skipped	513,192	"
		<u>\$ 5,509,166</u>		<u>\$ 339,361</u>		<u>\$ 228,435</u>			<u>\$ 5,620,092</u>			

President Chain Store Corporation  
Statement of changes in fixed assets  
January 1 to June 30, 2006

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	End of Period Balance	Facts of pledge or collateralization	Remark
Land	\$ 1,538,231	\$ -	(\$ 3,505)	\$ 1,534,726	None	
Buildings and construction	931,193	-	( 3,341)	927,852	"	
Operating equipment	8,078,982	385,192	( 249,407)	8,214,767	"	
Leasehold improvement	3,549,768	196,908	( 66,582)	3,680,094	"	
Miscellaneous equipment	13,411	-	( 55)	13,356	"	
Construction under process and prepayment for machinery	-	3,200	-	3,200	"	
	<u>\$ 14,111,585</u>	<u>\$ 585,300</u>	<u>(\$ 322,890)</u>	<u>\$ 14,373,995</u>		

President Chain Store Corporation  
Statement of changes in accumulated depreciations of fixed assets  
January 1 to June 30, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Beginning Balance</u>	<u>Increase in current period</u>	<u>Decrease in current period</u>	<u>End of Period Balance</u>	<u>Remark</u>
Buildings and construction	\$ 123,162	\$ 8,743	(\$ 1,237)	\$ 130,668	
Operating equipment	4,956,670	555,727	( 228,046)	5,284,351	
Leasehold improvement	2,065,365	261,813	( 55,897)	2,271,281	
Miscellaneous equipment	<u>12,002</u>	<u>176</u>	<u>( 54)</u>	<u>12,124</u>	
	<u>\$ 7,157,199</u>	<u>\$ 826,459</u>	<u>(\$ 285,234)</u>	<u>\$ 7,698,424</u>	

(Blank hereunder)

President Chain Store Corporation  
Statement of Corporate Bonds  
June 30, 2006

Currency expression: NTD 1,000

Name of securities	Consignor	Date of issuance	Date of interest disbursement	Interest Rate	Amount					Method of retirement	Status of surety	Remark
					Outstanding amount	Retired amount	End of Period Balance	Unamortized allowance	Book Value			
1 <sup>st</sup> tranche of secured domestic bonds	Trust Department, Head Office, China Trust Commercial Bank	2002. 1. 16~ 2007. 1. 18	Note	2. 8%	\$ 700,000	\$ -	\$ 700,000	-	\$ 700,000	Note	Note	-
2 <sup>nd</sup> tranche of secured domestic bonds	Trust Department, Head Office, China Trust Commercial Bank	2003. 6. 10~ 2008. 6. 13	Note	Note	1,500,000	( 200,000)	1,300,000	-	1,300,000	"	"	
					<u>\$ 2,200,000</u>	<u>(\$ 200,000)</u>	2,000,000		<u>\$ 2,000,000</u>			
Less: amount due within one year							( 900,000)					
												<u>\$ 1,100,000</u>

Note: Please refer to Note IV (11).

President Chain Store Corporation  
List of Operating Revenue  
January 1 to June 30, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>	<u>Remark</u>
Sales	\$ 45,827,002	These are the incomes from the sales of food products, canned foods, beverages, and daily utensils.
Other operating revenue	<u>1,625,782</u>	These are the incomes from commissions from collection services and marketing bonuses from suppliers.
	<u>\$ 47,452,784</u>	

(Blank hereunder)

President Chain Store Corporation  
List of Cost of Goods Sold  
January 1 to June 30, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Inventory at beginning	\$ 2,821,895
Purchase current period	34,070,781
Purchase incentive bonuses from suppliers	( 568,436)
Subsidizes for defected merchandizes	( 180,955)
Inventory at ending	( <u>2,805,235</u> )
Cost of Goods Sold	<u>\$ 33,338,050</u>

(Blank hereunder)

President Chain Store Corporation  
List of sale expenses  
January 1 to June 30, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Incentives for franchisee	\$ 4,659,250
Rental expenditures	2,161,768
Salary expenses	1,364,500
Depreciations	748,030
Utilities	527,780
Other expenses	<u>1,305,739</u>
	<u>\$ 10,767,067</u>

(Blank hereunder)