

President Chain Store Corporation

Financial Report

2006 and 2005

(Stock Code 2912)

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President Chain Store Corporation

2005 & 2006 Financial Statements

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Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06002877

To: President Chain Store Corporation

We have audited the President Chain Store Corporation's balance sheets prepared on December 31, 2006 and 2005, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to December 31, 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. The investment income and relevant information disclosed in Note 11 of the long-term equity investment for President Chain Store Corp., which was valued with the Equity Method in 2006 and 2005, were based on the financial statements audited and certified by another CPA appointed by the investees. We do not audit those financial statements. The net investment income recognized is based on the financial statements audited by another CPA on December 31, 2006 and 2005, and includes an investment gain of NT\$83,178 thousand and an investment loss of NT\$10,246 thousand, respectively. The relevant long-term equity investment balance was NT\$602,660 thousand and NT\$659,828 thousand respectively.

We conducted the audit in accordance with the standards of the Audit of Financial Statements and the accounting principles generally accepted in the People's Republic of China. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance that the financial statements are free of any 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.

Based on our audits and the reports of other auditors, it is our opinion that the financial statements, which are referred to in the first paragraph, fairly present all materials aspects and the financial position of President Chain Store Corporation as of December 31, 2006 and 2005, the result of its operations and its cash flows for the periods of January 1 to December 31, 2006 and 2005. The above materials conform with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation has adopted the principle under the 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 the equity method, whereby goodwill is subject to annual impairment instead of amortization.

We have also audited President Chain Store Corporation's consolidated financial statements for the periods ending in 2006 and 2005, and have expressed an amended unqualified opinion thereon.

Pricewaterhouse Coopers
CPA

Lin Tung-Chiao, CPA

Chen Mei-Tzu, CPA

Approval Document issued by
the Securities and Futures
Commission (now Securities
and Futures Bureau) of the
Ministry of Finance: (81) Tai-Tsai-Cheng (VI) No. 79059
(82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corporation
Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

	December 31 2006		December 31 2005			December 31 2006		December 31 2005	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Shareholders' Equity				
Current Assets					Current liability				
1100 Cash and cash equivalents (Note IV(1))	\$ 3,238,414	9	\$ 2,706,066	6	2120 Note payable	\$ 1,086,381	3	\$ 635,020	2
1310 Financial assets, which change in fair values are recognized as gains or losses – current	131,073	-	4,953	-	2130 Notes payable – related parties (Note V)	1,457,735	4	874,655	3
1360 Investments in bonds with no public quotations – current	20,000	-	40,000	-	2140 Accounts payable	191,285	-	219,022	1
1140 Net accounts receivable (Note V)	301,572	1	382,262	1	2150 Accounts payable – related parties (Note V)	4,992,827	14	4,213,792	12
1160 Other accounts receivable (Note V)	427,335	1	389,869	1	2160 Income taxes payable (Note IV(12))	662,224	2	607,843	2
120X Inventories (Note IV (2))	2,880,782	8	2,755,466	8	2170 Accrued expenses (Notes IV (8) and V)	2,421,968	7	2,055,289	6
1280 Other current assets (Notes IV (12), V and VII)	<u>885,144</u>	<u>3</u>	<u>818,307</u>	<u>3</u>	2210 Other accounts payable (Note IV (9))	4,557,458	13	3,786,256	11
11XX Total current assets	<u>7,884,320</u>	<u>22</u>	<u>6,466,923</u>	<u>1</u>	2260 Advance receipts	1,023,146	3	845,605	2
Funds and investments					2270 Current portion of long-term liabilities (Note IV(10))	900,000	2	<u>200,000</u>	<u>1</u>
1450 Financial assets that are available for sale – non current (Note IV (3))	514,718	1	140,534	-	21XX Total current liabilities	<u>17,293,024</u>	<u>48</u>	<u>13,437,482</u>	<u>40</u>
1480 Financial assets measured at cost – non current (Note IV(4))	12,381,271	34	11,994,727	36	2430 Long-term liability				
1490 Bond portfolios with no active market – non current	-	-	20,000	-	2430 Derivative financial liabilities for hedging-non current (Note X)	14,994	-	-	-
1421 Long-term investments (Equity method) (Note IV(5))	<u>6,352,509</u>	<u>18</u>	<u>5,509,166</u>	<u>16</u>	2410 Corporate bonds (Note IV (10))	1,100,000	3	2,000,000	6
14XX Total funds and investments	<u>19,248,498</u>	<u>53</u>	<u>17,664,427</u>	<u>52</u>	2420 Long-term debt	-	-	<u>1,320,000</u>	<u>4</u>
Fixed assets (Note V)					24XX Total long-term liabilities	<u>1,114,994</u>	<u>3</u>	<u>3,320,000</u>	<u>10</u>
Costs					2810 Other liability				
1501 Lands	1,534,725	4	1,538,231	5	2810 Accrued pension liabilities (Note IV (11))	358,480	1	359,752	1
1521 Building	930,971	3	931,193	3	2820 Guarantee deposit received	<u>1,569,094</u>	<u>4</u>	<u>1,345,066</u>	<u>4</u>
1571 Machinery and equipment	8,486,401	23	8,078,982	24	28XX Total other liabilities	<u>1,927,574</u>	<u>5</u>	<u>1,704,818</u>	<u>5</u>
1631 Lease improvement	3,986,263	11	3,549,768	10	2XXX Total liabilities	<u>20,335,592</u>	<u>56</u>	<u>18,462,300</u>	<u>55</u>
1681 Other equipment	<u>13,241</u>	-	<u>13,411</u>	-	Shareholders' Equity				
15XY Cost and revaluation	14,951,601	41	14,111,585	42	3110 Capital (Note IV (13))	9,151,604	25	9,151,604	27
15X9 Less: accumulated depreciation (Note IV (6))	(8,101,857)	(22)	(7,157,200)	(21)	3310 Retained earnings (Note IV (14))				
1670 Construction in process and prepayment for equipment	<u>1,578</u>	-	-	-	3310 Legal reserve	2,543,649	7	2,178,381	7
15XX Net fixed assets	<u>6,851,322</u>	<u>19</u>	<u>6,954,385</u>	<u>21</u>	3320 Special reserve	531	-	55,758	-
Other assets					3350 Unassigned retained earnings	3,921,243	11	3,787,913	11
1800 Assets leased to others (Notes IV (7) and VII)	999,648	3	1,014,082	3	3450 Other adjustments in SH's equity				
1810 Idle Assets	321,498	1	325,232	1	3420 Unrealized revaluation gains (Note III)	359,191	1	-	-
1820 Refundable deposit (Note VII)	937,603	2	878,875	3	3420 Cumulative translation adjustment	<u>6,956</u>	-	(531)	-
1880 Other assets –other (Note IV(12))	<u>75,877</u>	-	<u>331,501</u>	<u>1</u>	3XXX Total shareholders' equity	<u>15,983,174</u>	<u>44</u>	<u>15,173,125</u>	<u>45</u>
18XX Total other assets	<u>2,334,626</u>	<u>6</u>	<u>2,549,690</u>	<u>8</u>	Undertakings or contingent liabilities (Notes V and				
1XXX Total Assets	<u>\$ 36,318,766</u>	<u>100</u>	<u>\$ 33,635,425</u>	<u>100</u>	1XXX Total liabilities and shareholders' equity	<u>\$ 36,318,766</u>	<u>100</u>	<u>\$ 33,635,425</u>	<u>100</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Income Statements
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000
(EPS: NT\$)

	2006		2005	
	Amount	%	Amount	%
Operating revenue				
4110 Net sales	\$ 96,628,741	97	\$ 90,671,647	97
4800 Other operating revenue (Note V)	<u>3,350,877</u>	<u>3</u>	<u>3,001,963</u>	<u>3</u>
4000 Total operating revenue	99,979,618	100	93,673,610	100
Operating cost				
5110 Cost of goods sold (Note V)	<u>(69,736,937)</u>	<u>(70)</u>	65,514,526	(70)
5910 Gross Profit	<u>30,242,681</u>	30	<u>28,159,084</u>	<u>30</u>
Operating expenses (Notes IV (16), (17) and V)				
6100 Selling expenses	(22,789,148)	(23)	21,003,015	(23)
6200 General and administration exp.	<u>(2,939,532)</u>	<u>(3)</u>	2,979,029	(3)
6000 Total operating expenses	<u>(25,728,680)</u>	<u>(26)</u>	23,982,044	(26)
6900 Operating income	<u>4,514,001</u>	<u>4</u>	<u>4,177,040</u>	<u>4</u>
Non-operating incomes				
7310 Gain on valuation of financial assets (Note III)	7,734	-	65,492	-
7122 Dividend Income	191,251	-	192,709	-
7130 Gain on disposal of fixed assets (Note V)	-	-	18,816	-
7210 Rent revenue (Note V)	46,059	-	28,563	-
7480 Miscellaneous incomes (Note V)	<u>658,910</u>	<u>1</u>	<u>515,914</u>	<u>1</u>
7100 Total non-operating income	<u>903,954</u>	<u>1</u>	<u>821,494</u>	<u>1</u>
Non-operating expenses				
7510 Interest expenses	(68,770)	-	(76,657)	-
7521 Loss on investment (equity method) (Notes III and IV (5))	(79,287)	-	(56,311)	-
7530 Loss on disposal of fixed assets	(20,516)	-	-	-
7540 Loss on disposal of investments	(17,984)	-	(42,897)	-
7570 Allowance for reduction of inventory to market	-	-	(66,429)	-
7630 Impairment (Note IV (4))	(127,297)	-	(85,480)	-
7880 Other expenses	<u>(46,513)</u>	<u>-</u>	<u>(40,106)</u>	<u>-</u>
7500 Total non-operating expenses	<u>(360,367)</u>	<u>-</u>	<u>(367,880)</u>	<u>-</u>
7900 Income before tax	5,057,588	5	4,630,654	5
8110 Income Tax (Note IV (12))	<u>(1,235,633)</u>	<u>(1)</u>	<u>(977,969)</u>	<u>(1)</u>
8900 Earnings of continued operations	3,821,955	4	3,652,685	4
9300 Accumulated effects from changes in accounting principles (Note III)	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>
9600 Net Income After Tax	<u>\$ 3,822,328</u>	<u>4</u>	<u>\$ 3,652,685</u>	<u>4</u>
	pre-tax	after tax	pre-tax	after tax
Earnings per share (Note IV (15))				
9750 Net income	<u>\$ 5.53</u>	<u>\$ 4.18</u>	<u>\$ 5.06</u>	<u>\$ 3.99</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment	
<u>2005</u>							
Balance at January 1, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,785)	\$ -
Appropriation of earnings:							
Legal reserve	-	304,587	-	(604,587)	-	-	-
Special reserve	-	-	55,758	(55,758)	-	-	-
Employee bonus	-	-	-	(107,421)	-	-	(107,421)
Remuneration to Directors & Supervisors	-	-	-	(53,710)	-	-	(53,710)
Cash dividends	-	-	-	(2,745,481)	-	-	(2,745,481)
Earnings in 2005	-	-	-	3,652,685	-	-	3,652,685
Adjustments of conversion	=	=	=	=	=	<u>55,227</u>	<u>55,227</u>
Balance at December 31, 2005	<u>\$ 9,151,604</u>	<u>\$ 2,178,381</u>	<u>\$ 55,758</u>	<u>\$ 3,787,913</u>	=	<u>(\$ 531)</u>	<u>\$ 15,173,125</u>
<u>2006</u>							
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	-	(\$ 531)	\$ 15,173,125
Appropriation of earnings:							
Legal reserve	-	365,268	-	(365,268)	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	(200,559)
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	(66,853)
Cash dividends	-	-	-	(3,111,545)	-	-	(3,111,545)

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment	
Earnings in 2005	-	-	-	3,822,328	-	-	3,822,328
Adjustments on unrealized gains or losses on financial instruments	-	-	-	-	359,191	-	359,191
Adjustments of conversion from foreign long-term investments	=	=	=	=	=	<u>7,487</u>	<u>7,487</u>
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 15,983,174</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
<u>Cash flows from operating activities</u>		
Net income	\$ 3,822,328	\$ 3,652,685
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(7,734)	(65,492)
Increase (or decrease) of allowance for uncollectible accounts	(6,685)	3,969
Increase (or decrease) of allowance for reduction of inventory to market	(56,530)	66,429
Depreciation	1,657,958	1,679,882
Depreciation of leased assets	18,168	3,879
Amortizations	254,908	380,774
Cash dividend from long-term investment under equity method	234,690	135,755
Recognized return on long-term investments under equity method	79,287	56,311
Disposal gain on long-term investment under equity method	(52,380)	-
Financial assets measured at cost – impairment losses	127,297	85,480
Loss (or gain) on disposal of fixed assets	20,516	(18,816)
<u>Changes in assets and liabilities</u>		
Accounts receivable	80,690	(133,743)
Other accounts receivable	(30,781)	(98,487)
Inventories	(68,786)	(619,338)
Other current assets	(83,032)	(56,565)
Deferred income tax assets	16,911	(13,104)
Notes payable	1,034,441	178,519
Accounts payable	751,298	248,691
Income taxes payable	54,381	253,772
Accrued expenses	366,679	357,749
Other accounts payable	704,105	1,369,959
Advance receipts	177,541	260,062
Accrued pension liabilities	(1,272)	2,311
Net cash provided by operating activities	9,093,998	7,726,060

(Continue)

President Chain Store Corporation
Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
<u>Cash flows from investing activities</u>		
Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(\$ 118,386)	\$303,517
Decrease in loans to related parties	-	30,000
Acquisition of financial assets measured at cost	(570,000)	(3,947,248)
Decrease in financial assets on basis cost	7,697	255,020
Acquisition of long-term investment-equity method	(1,143,979)	(510,805)
Proceeds from disposal of long-term investment – equity method	94,989	-
Decrease of bond portfolios with no active market	40,000	40,000
Cash purchase of property, plant and equipment	(1,554,848)	(1,669,583)
Proceeds from disposal of fixed assets	46,534	875,896
Increase in deposits-out	<u>(58,728)</u>	<u>(59,557)</u>
Net cash provided by financing activities	<u>(3,256,721)</u>	<u>(4,682,760)</u>
<u>Cash flows from financing activities</u>		
Increase in guarantee deposits received	224,028	181,601
Increase (or decrease) in long-term loans	(1,320,000)	820,000
Payback of corporate bond	(200,000)	-
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration & employees'	<u>(267,412)</u>	<u>(161,131)</u>
Net cash provided by financing activities	<u>(4,674,929)</u>	<u>1,905,011</u>
Net increase (or decrease) in cash and cash equivalent	1,162,348	1,138,289
Beginning balance of cash and cash equivalent	<u>2,076,066</u>	<u>937,777</u>
Ended balance of cash and cash equivalent	<u>\$3,238,414</u>	<u>\$2,076,066</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$70,456</u>	<u>\$77,025</u>
Income tax paid	<u>\$1,164,341</u>	<u>\$737,301</u>
<u>Investing and financing activities of partial payment in</u>		
Purchase of property, plant and equipment	\$1,621,945	1,640,728
Add: beginning balance of accounts payable on	211,747	240,602
Less: ended balance of accounts payable on equipment	<u>(278,844)</u>	<u>(211,747)</u>
Acquisition of fixed assets	<u>\$1,554,848</u>	<u>\$1,669,583</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Ching-Yuan

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Notes on Financial Statements

December 31, 2006 & 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 the investment in and operation of convenience stores, the sale of foods, canned products, books, newspapers, 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 company and the ultimate parent Company are Uni-President Enterprises Corp.
- (III) As of December 31, 2006, the Company has 9,300 employees (including part-time workers).

II. Summary of significant accounting policies

The financial statement was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and the generally accepted accounting principles in the Republic of China. Significant accounting policies are explained as follows:

(I) Current and non current assets and liabilities

1. Assets that conform with the following terms are classified as current assets; assets other than current assets are non current assets:
 - (1) Assets from business operations that are expected to be cashed, depleted, or sold in the business cycle.
 - (2) It is held for trading purposes.
 - (3) It is expected to be sold within twelve months from the date on the Balance Sheet.
 - (4) Cash or cash equivalent, except for that used for trade, liquidating debt, or which is restricted after twelve months from the date on the Balance Sheet.
2. Liabilities that are in conformity with the following terms are classified as a current liability; liabilities other than current liabilities are non current liabilities:
 - (1) Debts from business operations that are expected to be liquidated in the business cycle.
 - (2) It is held for trading purposes.
 - (3) It is expected to be liquidated within twelve months from the date on the Balance Sheet.
 - (4) Debts that cannot be unconditionally deferred in liquidation after twelve months from the date on the Balance Sheet.

(II) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that is conforms with the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will not be affected by interest rate changes.

The President Chain Store Corp.'s Cash Flow Statement is prepared on the basis of cash and cash equivalent.

(III) Foreign currency exchanges

1. The Company's accounts are expressed in NT Dollars in bookkeeping. For bookkeeping, transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions. 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 to comply with the date on the balance sheet. Differences that result 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 net income (loss). 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 as of the transaction day for estimation.

(IV) Financial assets and liabilities in which changes in fair value are recognized as gains or losses

1. Bookkeeping shall be made on the day of trade for equity assets or liabilities, and on the delivery day for warrants and rights. Initial recognition of the financial instruments used for 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 the current period. The fair value for stocks with public quotations in centralized markets shall be recognized as the price at close of market on the date listed on the balance sheet. For open-ended funds, the fair value shall be the net asset value of the funds on the date listed on the balance sheet.
3. The accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(V) 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 that are available for sale 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 on the date listed on the balance sheet.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, recognize it 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.

(VI) Investments in bonds with no public quotations listed on the 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 the open market, estimations shall be made on the basis of the cost after amortization.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, and it is obviously related to events that 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 unrecognition of impairment loss.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VII) 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 this as an impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
3. The accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(VIII) 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 the trade. For derivative trades other than options, state the fair value as zero on the day of the trade. Estimation on derivative trades shall be based on the fair value on the date listed on the balance sheet. 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 the 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 in bookkeeping as follows:
 - (1) Hedge of fair value: hedging instruments are estimated according to fair value. Any gain or loss in the book value of the hedging instruments that results from exchange rate fluctuation shall be recognized as a current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value of the hedged objects and be immediately recognized as a current gain or loss.

(2) Hedge of cash flows: any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(IX) Allowance for doubtful accounts

The allowance for doubtful accounts is determined on the basis of collectability of receivable accounts and the balance of other receivables at the end.

(X) Inventories

Bookkeeping of inventories is made on the basis of the actual cost and costing is made on the basis of the retailing method. An appropriate allowance for loss has provided for obsolete inventory and inventory that might become obsolete. Obsolete inventory loss is recorded as the loss in the period.

(XI) Long-term investments (Equity method)

1. The Company adopts the equity method to account for the 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 a yearly impairment test. The spread that has been amortized in previous years cannot be adjusted retrospectively. Investees where the Company holds more than 50% of the voting shares or holds a dominant position shall be accounted for under the equity method and their annual and interim financial statements shall be consolidated with the Company.
2. Investees that have been accounted for under the equity method since January 1, 2005, which the Company may exercise significant influence but is not in a dominant position, shall have their losses limited to zero based on the book value of investments and advances to specific investees. They shall state their recognized loss in proportion to the investments in such investees unless the Company has acted in favor of a specific investee as a 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 subsequently resume a profitable position, the Company has the top priority to be entitled to such profits until the assumed losses have been fully recovered.
3. In order to make overseas investments accounted for under the equity method, the “cumulative translation adjustment ” 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 accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(XII) Fixed assets and non-operating assets

1. The bookkeeping for fixed assets shall be made on the basis of the acquisition cost. 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 the term of the 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 that continue 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 50 years of service. Other assets have 3 to 15 years of services for depreciation purposes.
3. Spending on repair and maintenance is recognized as expenses for the current period. Major additions or improvements shall be capitalized and depreciated. While 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. Fixed assets that are not used for business operations are booked in the other assets account according to the lower net fair value or book value, the price difference booked as the losses from the period, and the depreciation expense booked in the non-operating expense account.

(XIII) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to a change in the economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. The recoverable amount refers to the net fair value of a 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 a specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under the discount value method.
2. An impairment loss in previous years could be reversed if a subsequent recovery after a 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 the defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in the current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net assets 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 the current period.

(XV) Income Tax

1. The Company adopts Financial Accounting Standards No. 22, "Accounting for Income Taxes", to amortize the income tax beyond the year and for the current period. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities, while the tax effect of deductible temporary differences, operating loss that is carried forward and income tax credit are recognized as deferred income tax assets. The 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 non current items in accordance with the nature of the balance sheet account and the period of expected realization. Deferred income tax assets or liabilities are classified into current and non current items in accordance with the nature of the balance sheet account and the period of expected realization.

2. A 10% income tax on unallocated retained earnings under the new Tax Code is recognized as income tax expenses that incurred in the year of the shareholders meeting resolution.
3. Tax credits on the acquisition of specific machinery, equipment, technology and human resources training are accounted for as deductions for the current year as income tax expenses.
4. The adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVI) Recognition of revenue and cost

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

(XVII) Earnings per share

The Company computes the earnings per share by the weighted-average method. The earnings for any 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 when 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 changes in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses.

(XIX) Accounting estimations

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

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

(I) Financial instruments

1. Effective January 1, 2006, the Company adopted the principles under the Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” into its accounting policies. The Company has reclassified some account titles in the financial statements 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. The account titles used in bookkeeping are from and before December 31, 2005:

(1) Short-term investments

The short-term investment is stated at the cost of acquisition. The cost is calculated under moving-average method and valued under the lower of the cost or market price at the end of the accounting period. Losses from falling prices are recognized as current losses. While comparing the cost with the market price of stocks listed in the 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 on the balance sheet date 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 that results from the falling price or the 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. However, if some 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:

There is no actual transfer of principal in IRS trade and only a memorandum will be signed for transaction purposes. Payable or receivable interest for IRS contracts, which is not held for trading and has been 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\$359,191 under the title of other adjustments in shareholders' equity as of December 31, 2006 (recognized as "Unrealized gains or losses on financial instruments"). The effect to the income position of the Company in the period of 2006 is explained as follows:

	Amount	EPS (NTD)
Income before tax (Note)	\$6,549	\$0.01
Income tax expenses	-	-
Earnings of continued operations	\$6,549	\$0.01
Accumulated effects from changes in accounting principles		
(Less: effect of income tax \$0)	373	-
Net income	\$6,922	\$0.01

Note: The effects generated the new standard applicable to long-term equity investment evaluated under Equity Method.

(II) No amortization for goodwill

1. Until December 31, 2005, when it is impossible to analyze the cause of the differences between the long-term equity investment cost on the investment date and net worth of the equity, such differences will be equally amortized along a period of 5~10 years. The Company has adopted the principles under the amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. The said accounting policy change had caused the total assets of the Company from December 31, 2006 and 2006 earnings to go up by NT\$145,718 respectively. EPS increased by NT\$0.16.

(III) Impairment of non-financial assets

Effective January 1, 2005, the Company adopted the newly announced Financial Accounting Standards No. 35 of the "Impairment of Assets". The said accounting policy change caused the Company's long-term equity investment and shareholders' equity evaluated under the equity method on December 31, 2005 to decrease by NT\$30,957, the Company's investment loss recognized under the Equity Method in 2005 to increase NT\$30,957, and the EPS to decrease by NT\$0.03.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Petty Cash for stores	\$1,970,916	\$1,113,241
Current account deposits and checking account deposits	1,058,567	962,825
cash equivalence	208,931	-
Investments in Repos	<u>\$3,238,414</u>	<u>\$2,076,066</u>

(III) Inventories

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Merchandise	\$2,890,681	\$2,821,895
Less: Allowance for inventory losses	(9,899)	(66,429)
	<u>\$2,880,782</u>	<u>\$2,755,466</u>

(III) Financial assets that are available for sale - non current

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Stock with public quotations	\$140,534	\$140,534
Valuation Adjustment	374,184	-
	<u>\$514,718</u>	<u>\$140,534</u>

(IV) Financial assets carried at cost - non current

	<u>December 31,2006</u>	<u>December 31,2005</u>
Stocks listed in the emerging market	\$1,742,880	\$1,742,880
Stocks with no public quotation	10,851,168	10,337,327
Subtotal	12,594,048	12,080,207
Accumulated impairment	(212,777)	(85,480)
Total	<u>\$12,381,271</u>	<u>\$11,994,727</u>

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

(Blank hereunder)

(V) Long-term investments (Equity method)

Investees	December 31, 2006		December 31, 2005	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Chain Store (BVI) Holdings Ltd.	\$981,627	100.00	\$1,180,359	100.00
PCSC (China) Limited	481,140	100.00	382,817	100.00
Ren-Hui Investment Corp.	859,558	100.00	851,615	100.00
Uni-President Cold-Chain Corp.	349,094	60.00	322,217	60.00
Mech-President Corp.	420,700	62.95	406,504	62.95
President Drugstore Business Corp.	417,530	100.00	348,905	100.00
President Pharmaceutical Corp.	324,820	73.74	63,172	20.00
Uni-President Department Store Corp.	249,117	70.00	-	-
President Musashino Corp.	218,302	40.00	-	-
President Transnet Corp.	201,252	70.00	187,996	70.00
Wisdom Distribution Service Corp.	162,635	100.00	157,342	100.00
President Information Corp.	199,072	56.00	210,502	70.00
Retail Support International Corp.	117,786	25.00	112,693	25.00
President Yilan Art and Culture Corp.	103,566	90.00	100,283	90.00
Uni-President Oven Bakery Corp.	73,021	60.00	118,789	60.00
President Coffee Corp.	130,210	30.00	141,483	30.00
Mister Donut Taiwan Corp.	126,249	50.00	116,981	50.00
Q-ware Systems & services Corp.	149,499	22.68	190,982	22.68
Uni-President Development Corp.	173,934	20.00	185,166	20.00
Muji Taiwan Co. etc	611,397	20.00~	431,360	20.00~
	<u>\$6,352,509</u>	100.00	<u>\$5,509,166</u>	100.00

1. The long-term equity investment loss valued with the equity method in 2006 and 2005 amounted to NT\$79,287 and NT\$56,311, respectively, in accordance with the financial statements audited and certified by the CPA that was appointed by the invested company.

2. Effective January 1, 2005, the Company's subsidiaries have adopted the newly announced Financial Accounting Standards No. 35 on Impairment of Assets. The operational loss of the Company's investee evaluated under the equity method causes the Company to recognize the impairment loss of the long-term investment premium according to the Standard in 2005 and the Company's investment loss recognized under the equity method to increase by NT\$30,957.
3. According to Financial Accounting Standards No. 7 on Consolidated Financial Statements, the Company prepares separate consolidated financial statements for all investees where it occupies a dominant position as included in the consolidated financial statements.

(XI) Accumulated depreciation

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Building	\$139,434	\$123,163
Machinery and equipment	5,465,685	4,956,670
Lease improvement	2,484,527	2,065,365
Other equipment	12,210	12,002
	<u>\$8,101,857</u>	<u>\$7,157,200</u>

(VII) Assets leased to others

	<u>December 31, 2006</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Lands	\$689,897	\$-	\$689,897
Building	323,154	(13,403)	309,751
	<u>\$1,013,051</u>	<u>(\$13,403)</u>	<u>\$999,648</u>
	<u>December 31, 2005</u>		
	<u>Initial cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>
Lands	\$689,897	\$-	\$689,897
Building	327,172	(2,987)	324,185
	<u>\$1,017,069</u>	<u>(\$2,987)</u>	<u>\$1,014,082</u>

(VIII) Accrued expenses

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Payable salaries and bonuses	\$963,382	\$946,819
Payable incentives for franchisee	453,396	280,833
Payable fees for system development and maintenance	100,473	205,446
Others	904,717	622,191
	<u>\$2,421,968</u>	<u>\$2,055,289</u>

(IX) Other accounts payable

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Bill collected for others	\$4,012,625	\$3,177,443
Payable for acquisition of fixed assets	278,844	211,747
Others	265,989	397,066
	<u>\$4,557,458</u>	<u>\$3,786,256</u>

(X) Corporate bond

	<u>Term</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>
1 st tranche of secured bonds	2002.01.16~ 2007.01.18	\$700,000	\$700,00
2 nd tranche of secured bonds	2003.06.10~ 2008.06.13	1,300,000	1,500,000
		<u>2,000,000</u>	<u>2,200,000</u>
		(900,000)	(200,000)
Less: Current portion		<u>\$1,100,000</u>	<u>2,000,000</u>

1. The issuance of the 1st tranche of secured corporate bonds

Together with China Development Industrial Bank and Bank of Taiwan Chun Lun Branch, the Company has pledged the issuance of its 1st tranche of secured bonds. This issue of bonds shall be redeemed in full at maturity at the coupon rate of 2.8%. Simple interest shall be payable once a year 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

Together with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch, the Company has pledged the issuance of its 2nd 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 a coupon rate of 1.4%. Simple interest is payable once per year in accordance with the coupon rate from the date of issuance.
- (2) Issue B: amounted to NT\$700 million at a coupon rate of 4% less the LIBOR rate or 4% less the promissory note rate for 180 days, and is renewable semi-annually. Simple interest is payable once semi-annually.

(XI) Pension Fund

1. The Company has instituted regulations for the defined pension plan under the “Labor Standards Law”, which is applicable to the years of services of employees before July 1, 2005, the day that the new “Labor Pension Act” came 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 for 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 at the Central Trust of China supervised by the Employee Pension Fund Reserve Supervisory Committee.

The information related to the Company’s actuaries’ report for retirement pension:

- (1) The actuarial assumptions about retirement pension is summarized as following:

	<u>2006</u>	<u>2005</u>
Discount rate	3.75%	3.75%
Increasing rate of future salary	3.50%	3.50%
Anticipated rate of return on long-term investment in fund assets	2.75%	2.75%

(2) Contribution of retirement pension:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Benefit obligation :		
Vested benefit obligation	(\$109,854)	(\$88,712)
Non-vested benefit obligation	(594,597)	(531,516)
Cumulative benefit obligation	(704,451)	(620,228)
Effect of increase in future salary	(469,332)	(437,805)
Projected benefit obligation	(1,173,783)	(1,058,033)
Fair value of pension fund assets	475,454	395,942
Contribution	(698,329)	(662,091)
Unrecognized transitional net assets	(22,849)	(28,810)
Unrecognized pension loss	360,395	336,037
Accrued pension liabilities	(\$360,783)	(\$354,864)
Vested benefit	<u>\$135,705</u>	<u>112,178</u>

(3) Contents of net pension cost:

	<u>2006</u>	<u>2005</u>
Service cost	\$38,529	\$53,989
Interest cost	39,676	33,287
Anticipated return on fund assets	(10,888)	(8,292)
Amortization :		
Unrecognized transitional net assets	(5,961)	(5,961)
Unrecognized pension loss	23,023	17,008
Net pension cost:	<u>\$84,379</u>	<u>\$90,031</u>

2. The new law provides a defined contribution to the pension plan. Effective July 1, 2005, the Company shall contribute an amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at the 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. The pension cost under the defined pension plan was recognized as NT\$126,709 and NT\$52,979 in 2006 and 2005.

(XII) Income Tax

1. Income tax and Income taxes payable

	2006	2005
Income taxes payable	\$662,224	\$607,843
Net variation resulting from temporary differences of net deferred income tax assets	16,911	(13,104)
Carried forward income tax liabilities	17,132	33,204
Income tax amount under the new taxation system	1,793	1,054
Prepaid income tax	537,573	348,972
Income tax expenses	\$1,235,633	\$997,969
Item of income tax expenses are shown as follows:		
Income tax expenses	\$1,235,633	941,905
Levy of 10% income tax on unallocated retained earnings	-	36,064
	<u>\$1,235,633</u>	<u>\$977,969</u>

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

	December 31, 2006		December 31, 2005	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (Stated as other current assets in the statement)				
Temporary difference				
Allowance for reduction of inventory to market	\$9,899	\$2,475	\$66,429	\$16,607
Bad debts	6,991	1,747	13,677	3,419
Employee fringe benefits	2,863	716	4,427	1,107
		<u>\$4,938</u>		<u>\$21,133</u>
Non-current items (booked in the other assets account)				
Temporary difference				
Inventory losses	\$746,525	\$186,631	\$426,305	\$106,576
Employee fringe benefits	1,133	283	3,996	999
		<u>186,914</u>		<u>107,575</u>
Less: allowance for reevaluation losses		<u>(186,631)</u>		<u>(106,576)</u>
		<u>\$283</u>		<u>\$999</u>

3. The Company has the following deductions under the Statute for the Encouragement of Industrial Upgrading in 2006:

Deductible items	Total deductible amount	Unconsumed deductible balance
Human resources training expenses	\$11,921	\$-
Automation equipment and technology	6,317	-
Investment in territories of poor resources or slow development	13,815	-

4. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2004.

5. The Company has the following unallocated retained earnings before and after the new taxation system:

	December 31,2006	December 31,2005
Unassigned retained earnings carried forward to 1997	\$31,142	\$31,142
Unassigned retained earnings carried forward from 1998	3,890,101	3,756,771
Total	\$3,921,243	\$3,787,919

6. Information on new taxation system

	December 31,2006	December 31,2005
Balance of shareholders deduction account	\$560,845	\$381,190
	2006	2005
	(Estimated amount)	(Actual amount)
Tax credit rate of retained earnings distributed	14.42%	30.60%

The estimated 2006 tax credit rate was based on the tax credit account balance on December 31, 2006. The tax credit available to the shareholders of President Chain Store Corp. is based on the shareholder's tax credit account balance on the dividend and bonus distribution date. Therefore, the tax credit rate for the distribution of retained earnings to shareholders after 1998 is the net value of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XIII) Capital

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of March 31, 2006 and 2005.

(XIV) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate with income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as statutory reserve and special reserves may also be allocated as there is debit to shareholders' equity. The net earnings of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board 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. The dividend and bonus for the shareholders shall be 80% to 100% of the income attributable to the shareholders net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividends). The remainder of the earnings shall be resolved by the shareholders general meeting for distribution. The shareholders general meeting of the Company on June 14, 2006 resolved 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. Legal reserve may only be used for offsetting losses carried forward and increasing capitalization. If the balance of a Legal reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. Under the resolutions of the shareholder general meeting, cash dividends paid out for the periods of 2006 and 2005, amounted to NT\$3.4/share and NT\$3/share, respectively.
4. The Company's proposal for allocation of retained earnings in 2006 was not approved by the Board of Directors before March 12, 2007. The proposals approved by the Board of Directors and the allocation of retained earnings resolved by the shareholders' meetings may be viewed at the "M.O.P.S." of TSEC.

The information about the Company's bonus allocated to employees and remuneration paid to directors/directors in 2005:

	<u>Allocation resolved by shareholders' meetings and Board of Directors in 2006</u>
(1) Allocation	
Cash bonus to employees	\$200,559
Remuneration to Directors & Supervisors	66,853
(2) Information about EPS: (currency: NTD)	
EPS	\$3.99
Imputation EPS	<u>3.70</u>

(XV) Earnings per share

		2006				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$5,057,588	\$3,822,328	915,160,436	\$5.53	\$4.18
		2005				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$4,630,654	\$3,652,685	915,160,436	\$5.06	\$3.99

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

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

	<u>2006</u>	<u>2005</u>
Human resources expenses		
Salaries	\$3,569,815	\$3,427,781
Labor and health insurance	274,303	242,189
Pension fund	204,980	145,613
Other human resources expenses	246,727	214,671
	<u>\$4,295,825</u>	<u>\$4,030,254</u>
Depreciation	<u>\$1,657,698</u>	<u>\$1,679,882</u>
Depletions	<u>\$-</u>	<u>\$-</u>
Amortizations	<u>\$254,908</u>	<u>\$380,774</u>

(XVII) Substantial spending on donation

1. 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.
2. The said research center building was completed on December 31, 2006 and the amount payable for construction recognized by the Company in 2006 and 2005 was NT\$89,398 and NT\$20,000 respectively under the accounting of spending on donations.

V. Related Party Transactions

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

<u>Name of related parties</u>	<u>Relationship with the company</u>
Uni-President Enterprises Corp.	Parent
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under the 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 Pharmaceutical Corp.	"
FN Business Corporation	"
Cold Stone Creamery Taiwan Ltd.	"
President Coffee Corp.	Investees of the Company under equity method
Retail Support International Corp.	"
Muji Taiwan Co. Ltd.	"
Uni-President Yellow Hat Corp.	"
Q-ware Systems & services Corp.	"

Name of related parties	Relationship with the company
Uni-President Development Corp.	Investees of the Company under equity method
President Organics, Co.	"
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
President Musashino Corp.	"
Uni-President Takashimaya Co., Ltd.	" (this company was liquidated in September 2005)
President Chain Store (Labuan) Holdings Ltd.	subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	Subsidiary
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"
Zhuhai Livzon Drugstore Chain Company Limited	"
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
PCSC (CHENGDU) Hypermarket Limited	"
Safety Elevator Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
Duskin China (BVI) Holding Limited	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
President Investment Trust Corp.	"
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
President Futures Corp.	A substantial related party

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$238,957	14	\$214,838	14
Uni-President Cold-Chain Corp.	38,163	2	11,537	1
Others	35,562	3	86,587	5
	<u>\$312,682</u>	<u>19</u>	<u>\$312,962</u>	<u>20</u>

2. Purchase (net of purchase incentive bonuses)

	2006		2005	
	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.
Retail Support International Corp.	\$43,120,484	60	\$41,630,192	63
Uni-President Cold-Chain Corp.	15,828,128	22	14,428,903	22
Wisdom Distribution Service Corp.	5,508,850	8	5,156,490	8
Uni-President Enterprises Corp.	1,812,853	3	1,478,151	2
Others	983,159	-	988,670	1
	<u>\$67,253,474</u>	<u>93</u>	<u>\$63,682,406</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 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 purchase cost is based on the negotiated prices on the merchandise and items plus a commission on the payment.

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

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Cold-Chain Corp.	\$241,408	63	\$215,030	62
Retail Support International Corp.	90,722	23	91,243	26
Uni-President Enterprises Corp.	52,529	14	42,845	12
	<u>\$384,659</u>	<u>100</u>	<u>349,118</u>	<u>100</u>

4. Operating expenses

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
(1) <u>Cleaning fees</u> Duskin Serve Taiwan Co.	\$68,065	40	\$54,988	35
(2) <u>Items for stores (recognized as packing and other fees)</u> Retail Support International Corp.	\$198,762	51	\$183,808	49
(3) <u>Stocktaking fees for the stores</u> Capital Inventory Services Corp.	\$141,237	100	\$118,938	100
(4) <u>Information system process and maintenance expense</u> President Information Corp.	\$530,548	60	\$466,185	59

5. Non-operating incomes

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

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$203,831	62	\$196,294	63
Uni-President Cold-Chain Corp.	105,230	32	94,563	30
Others	15,242	5	12,016	4
	\$324,303	99	302,873	97

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

	2006	2005
President Coffee Corp. etc.	\$36,978	\$34,285
Others	25,475	22,613
	\$62,453	\$56,898

6. Receivables (payables to) from related parties

	December 31, 2006		December 31, 2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Accounts receivable</u>				
Uni-President Enterprises Corp.	\$10,951	4	\$36,819	11
Others	4,601	1	19,648	4
	<u>\$15,552</u>	<u>5</u>	<u>\$56,467</u>	<u>15</u>
<u>Other accounts receivable</u>				
Uni-President Enterprises Corp.	\$28,981	7	\$16,107	4
Others	50,508	12	34,276	9
	<u>\$79,489</u>	<u>19</u>	<u>\$50,383</u>	<u>13</u>
<u>Prepayment for purchase (recognized as other current assets)</u>				
Retail Support International Corp.	\$ -	-	\$66,500	8
<u>Note and account payables</u>				
Retail Support International Corp.	\$3,509,228	45	\$2,855,899	48
Uni-President Cold-Chain Corp.	1,643,843	21	975,695	16
Wisdom Distribution Service Corp.	875,916	11	867,807	15
Others	421,575	6	389,046	7
	<u>\$6,450,562</u>	<u>83</u>	<u>\$5,088,447</u>	<u>86</u>
<u>Accrued expenses</u>				
President Information Corp.	\$99,038	4	\$43,330	2
Retail Support International Corp.	92,182	4	56,289	3
Others	141,202	6	125,746	6
	<u>\$332,422</u>	<u>14</u>	<u>\$225,365</u>	<u>11</u>

7. Property trade

(1) Acquisition of long-term investment-equity method

The Company's Board of Directors resolved in 2006 to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. and the trade price was negotiated to be NT\$255,372 according to the opinion of security analysts and specialists.

(2) Disposition of real estate

The Company moved to the newly acquired headquarters building in June 2005 and the old office building was sold to the following related party in August 2005. The trading price was negotiated according to the assessment of the appraisal institute: The disposition of real estate is specified as following:

<u>Related party</u>	<u>Total trade amount</u>	<u>Gain from disposal</u>
President Securities Corp.	\$500,067	\$14,404
President Investment Trust Corp.	176,454	5,083
President Futures Corp.	145,023	4,177
	<u>\$821,544</u>	<u>\$23,664</u>

8. Loans to third parties

2006					
<u>Maximum balance</u>					
<u>Borrowers</u>	<u>Date of transaction</u>	<u>Amount</u>	<u>Balance at ending of period</u>	<u>Interest rate</u>	<u>Total interest income</u>
Uni-President Yellow Hat Corp.	2005.04~2006.05	\$20,000	\$ -	2.82%	\$45
21 Century Enterprise Co., Ltd.	2005.01~2006.02	5,000	-	2.51%~ 2.52%	19
			<u>\$ -</u>		<u>\$64</u>
2005					
<u>Maximum balance</u>					
<u>Borrowers</u>	<u>Date of transaction</u>	<u>Amount</u>	<u>Balance at ending of period</u>	<u>Interest rate</u>	<u>Total interest income</u>
Retail Support Taiwan Corp.	2005.01~2005.04	\$30,000	\$ -	2.34%~ 2.93%	\$317

9. Guarantee

The Company has acted as a guarantor in favor of the following stakeholders as of December 31, 2006:

	<u>Amount</u>
Retail Support International Corp.	NTD 450,000
President Yilan Art and Culture Corp.	65,000
President Information Corp.	8,000
	<u>NTD 523,000</u>
Mech-President Corp.	USD 2,000,000
Philippine Seven corp.	USD 4,000,000
	<u>PHP 180,000,000</u>

10. Commitment

- (1) The Company has leased out a portion of the headquarters building to affiliates and subsidiaries as business and office space with lease terms ranging from 3 to 5 years. The collection of rent is based on the terms and conditions specified in respective lease agreements. As of December 31, 2006, the Company has the following projected rental incomes:

Lease term	Total rents
2007	\$14,507
2008	8,199
2009	6,893
2010	3,424
	\$33,023

- (2) 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 online ordering systems. The total contract sum amounted to \$669,127 and the contract shall expire in December 2009. As of December 31, 2006, the Company has outstanding payment in the amount of \$88,682.

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 a 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) President Chain Store Corp. and the other six related parties of Uni-President Enterprise Inc. have the arcade of President International Building (booked in the “Assets leased to others” account) leased to a non-related party for 18 years and 6.5 months starting from June 15, 2005 on. The rent charge is for an amount equivalent to a certain percentage of sales revenue.
- (III) The Company has leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 to 12 years. As of December 31, 2006, the Company has prepaid rents and refundable deposits amounting to \$649,185 and \$934,738 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:

Lease term	Total rents
2007	\$4,506,105
2008	4,364,021
2009	3,958,940
2010	3,424,126
2011 and thereafter	7,887,253
	\$24,140,445

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 2005 financial statements have been reclassified. They are compared with the financial statements for the period of 2006.

(II) Information on fair value

	December 31, 2006		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$3,967,321	\$ -	\$3,967,321
Financial instruments held for trading	131,073	131,073	-
Financial assets carried at cost	12,381,271	-	-
Financial assets available for sales	514,718	514,718	-
Investments in bonds with no public quotations in open market	20,000	-	20,000
Refundable deposit	937,603	-	841,760
Liabilities			
Financial liabilities whose book values are equal to fair values	\$15,369,878	\$ -	\$15,369,878
Corporate bond	2,000,000	-	2,000,000
Guarantee deposit received	1,569,094	-	1,398,451

	December 31, 2005		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$2,848,197	\$ -	\$2,848,197
Financial instruments held for trading	4,953	5,326	-
Financial assets carried at cost	11,994,727	-	-
Financial assets available for sales	140,534	436,411	-
Investments in bonds with no public quotations in open market	60,000	-	60,000
Refundable deposit	878,875	-	790,079
Liabilities			
Financial liabilities whose book values are equal to fair values	\$12,391,877	\$ -	\$12,391,877
Corporate bond	2,200,000	-	2,200,000
Long-term debt	1,320,000	-	1,320,000
Guarantee deposit received	132,000	-	1,204,855

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

1. The carrying values of short-term financial instruments, which are stated in the balance sheet, have been adopted as their fair value because the discounted values of such instruments are insignificant. These are the amounts that are not determined by open quotations or estimation. This method is applicable to cash and cash equivalents, notes and accounts receivable, other accounts receivable, notes and accounts payable, Income taxes payable, accrued expenses and other accounts payable.
2. The fair value of the financial assets for sale is the market price.
3. The fair value of the refundable deposit and receipts in advance are estimated on the basis of the anticipated discount rate with reference to the interest rate offered by the Postal Savings and Remittances Bureau for a 1 year time deposit.

4. The discounted value of corporate bonds and long-term debt 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 Company's Finance Department is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure that results 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 them to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy for operations and that the risks so assumed are within the toleration threshold of the company.
- (IV) The Company's financial assets with fair value risk that were subject to interest rate fluctuation on December 31, 2006 and 2004 were \$20,000 and \$60,000 respectively, and the financial liabilities were \$1,300,000 and \$2,820,000. The financial liabilities with cash flow risk bearing interest rate fluctuation were \$700,000 and \$700,000.
- (V) Information on primary financial risks
1. Market Risk
 - (1) Financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for disposal that are invested by the Company are stocks issued by listed companies and open-ended funds. They are under the influence of market price fluctuation.
 - (2) There is no market risk bearing interest rate fluctuation upon evaluation of bonds bearing a fixed rate because the maturity date is near.
 - (3) All of the Company's payables are due within one year. Therefore, the Company is assessed as having no significant risks in the markets.
 2. Credit Risk
 - (1) The orders for financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for disposal that are invested in by the Company are placed on the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by counterparties.

- (2) The Company has undertaken IRS contracts with the international financial organizations that have a good credit rating. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The Company acts as guarantor for third party 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 access proper information on their credit standing, no collateral is demanded. If a respective stakeholder is liable for breach of contract, the amount of possible credit risk may be approximately offset by the receipts in advance.

3. Liquidity Risk

- (1) 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.
- (2) Financial instruments that are invested in by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is an anticipated liquidity risk.
- (3) Payable or receivable interest from IRS contracts engaged in by the Company is based on the nominal principal multiplying by the difference of the interest rate. The amount is not material or due, there is no cash inflow or outflow, and the Company's working fund affords to cope with it. Therefore, there is no fund raising risk.

4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments that are invested in by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company bear the floating rate. Therefore, the bond effective rate will change along with the market rate and will cause future cash flow to fluctuate. However, the Company has undertaken an IRS contract for hedging off such risk deriving from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.

(VI) Hedge of cash flows

The payable corporate bonds issued by the Company bear the floating rate. Therefore, the future cash flow of the liability might fluctuate along with market rate and cause a risk. Upon assessment, the Company entered into the IRS contracts separately for hedging:

Hedged objects	Financial products designated to be hedging instruments	Designated hedging instruments fair value		Period in which cash flow is anticipated to be generated	Time at which the relevant loss is anticipated to be recognized in the statement of income
		March 31,2006	March 31,2005		
Corporate bond	Interest rate SWAP	(\$14,994)	(\$23,816)	2003.6~2008.6	2006~2008

Item	December 31, 2006
Adjustments to shareholders' equity	(\$ 14,994)
Reversal from shareholders' equity to income and loss	\$ -
Reversal from shareholders' equity to non-financial assets (liabilities)	\$ -

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in 2006 is specified as follows:

1. Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	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 Corp.	21 Century Enterprise Co., Ltd.	Other accounts receivable	\$5,000	\$ -	21.51%~2.52%	Note 1	\$ -	Working capital	\$ -	-	\$ -	\$50,000	\$6,393,270
	Uni-President Yellow Hat Corp.	Other accounts receivable	\$20,000	\$ -	2.82%	Note 1	-	Working capital	-	-	-	50,000	\$6,393,270

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 a 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 transaction, whichever is lower. A short-term loan to a particular enterprise for necessity may be up to NT\$50,000.

2. Act as a 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		USD	PHP				
President Chain Store Corporation	President Transnet Corp.	Subsidiary	\$3,196,635		\$200,000	\$ -	None	-	\$ 7,991,587
	President Drugstore Business Corp.	Subsidiary	3,196,635		235,000	-	None	-	7,991,587
	Retail Support International Corp.	business relation	3,196,635		450,000	450,000	None	2.82%	7,991,587
	President Information Corp.	Subsidiary	3,196,635		8,000	8,000	None	0.05%	7,991,587
	President Yilan Art and Culture Corp.	Subsidiary	3,196,635		65,000	65,000	None	0.41%	7,991,587
	Mech-President Corp.	Subsidiary	3,196,635	USD	2,000,000	USD 2,000,000	None	0.41%	7,991,587
	Philippine Seven Corp.	subsidiary of a subsidiary	3,196,635	USD	4,000,000 and PHP 260,000,000	USD 4,000,000 PHP 180,000,000	None	0.82%	7,991,587
								0.75%	
							5.26%		

Note: The upper limit of the total guarantee undertaken by the Company is 50% of the net worth, and to a 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 assets which change in fair values are recognized as gains or losses-current	skipped	\$134,680		\$131,073	
	"	"	Less: Allowance for valuation adjustments		(3,607)			
	"	"			<u>\$131,073</u>			
	President Chain Store (BVI) Holdings Ltd.	Investees of the Company under equity method.	Long-term investments (Equity method)	46,405,458	\$981,627,	100.00%	\$981,627	
	Ren-Hui Investment Corp.	"	"	85,303,733	859,558	100.00%	859,558	
	Mech-President Corp.	"	"	38,712,620	420,700	62.95%	420,700	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	349,094	60.00%	339,983	
	President Drugstore Business Corp.	"	"	33,100,000	417,530	100.00%	412,795	
	President Yilan Art and Culture Corp.	"	"	18,000,000	103,566	90.00%	103,963	
	President Information Corp.	"	"	15,025,405	199,072	56.00%	195,445	
	President Transnet Corp.	"	"	70,000,000	201,252	70.00%	182,409	
	Wisdom Distribution Service Corp.	"	"	9,432,540	162,635	100.00%	164,311	
	PCSC (China) Limited	"	"	20,722,000	481,140	100.00%	481,140	
	Uni-President Development Corp.	"	"	20,000,000	173,934	20.00%	173,934	
	Mister Donut Taiwan Corp.	"	"	10,000,000	126,249	50.00%	126,852	
	President Coffee Corp.	"	"	9,313,920	130,210	30.00%	130,210	
	Retail Support International Corp.	"	"	5,000,000	119,786	25.00%	111,665	
	Q-ware Systems & services Corp.	"	"	19,157,720	149,499	22.68%	130,664	
	President Pharmaceutical Corp.	"	"	14,600,494	324,820	73.74%	166,022	
	Uni-President Department Store Corp.	"	"	35,000,000	249,117	70.00%	249,638	
	President Musashino Corp.	"	"	20,916,000	218,302	40.00%	218,144	
	Muji Taiwan Co. etc.	"	"	skipped	684,418	20.00%	606,684	
		"			<u>\$6,352,509</u>	~100.00%		
	President Securities Corp.	—	Financial assets that are available for sale — non current	29,328,669	\$514,718	2.57%	\$514,718	
	Presicarre Corp.	—	Financial assets measured at cost — non current	70,605,016	\$6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	—	"	146,448,927	1,609,160	3.46%	"	
	Tong-Jen Development Corp.	—	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	The Company is a director	"	50,000,000	500,000	3.33%	"	
	New Century Info Comm Co., Ltd. etc.	skipped	"	skipped	1,512,082	0.02%	"	
					<u>12,381,271</u>	~19.93%		
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Bond portfolios with no active market — non current		\$20,000		\$20,000	

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 buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Chain Store Corporation	UPAMC JAMES BOND Fund	Note 1	Not applicable	Not applicable	—	\$ —	751,506,323	\$11,508,000	751,506,323	\$11,512,369	\$11,508,000	\$4,369	\$ —	—	\$ —
	Jf (Taiwan) First Bond Fund	"	"	"	—	—	13,261,105	200,000	13,261,105	200,042	200,000	42	—	—	—
	Shinkong Chi-Shin Fund	"	"	"	—	—	80,907,951	1,150,000	80,907,951	1,150,428	1,150,000	428	—	—	—
	ABN AMRO SELECT BOND FUND	"	"	"	—	—	48,595,808	545,000	48,595,808	545,182	545,000	182	—	—	—
	Mega Diamond Bond Fund	"	"	"	—	—	194,449,187	2,222,000	194,449,187	2,222,822	2,222,000	822	—	—	—
	Prudential Financial Bond Fund	"	"	"	—	—	570,933,697	8,295,000	570,933,697	8,297,465	8,295,000	2,465	—	—	—
	Fuh-Hwa Bond Fund	"	"	"	—	—	209,510,767	2,773,000	209,510,767	2,773,993	2,773,000	993	—	—	—
	Fuh-Hwa Global Bond Fund	"	"	"	—	—	58,489,715	745,000	58,489,715	745,219	745,000	219	—	—	—
	GRAND CATHAY BOND FUND	"	"	"	—	—	38,110,676	490,000	38,110,676	490,272	490,000	272	—	—	—
	CITC CASH RESERVES	"	"	"	—	—	8,600,893	100,000	8,600,893	100,176	100,000	176	—	—	—
	NITC Taiwan Bond Fund	"	"	"	—	—	20,699,648	290,000	20,699,648	290,462	290,000	462	—	—	—
	JIH SUN BOND FUND	"	"	"	—	—	39,682,776	540,000	39,682,776	540,147	540,000	147	—	—	—
	HSBC Taiwan Money Management	"	"	"	—	—	16,860,677	250,000	16,860,677	250,057	250,000	57	—	—	—
	Hon Hai Precision stocks	"	"	"	—	—	566,000	109,034	566,000	113,562	109,034	4,528	—	—	—
	Tong-jeng Development Corp.	Note 2	Raise capital by issuing new shares	"	—	—	57,000,000	570,000	—	—	—	—	—	171,000,000	1,941,500.
	Uni-President Department Store Corp.	Note 3	Initial subscription to the shares	"	—	—	35,000,000	350,000	—	—	—	—	(100,883)	35,000,000	249,117
	FN Business Corporation	"	"	"	—	—	10,000,000	100,000	—	—	—	—	(3,162)	10,000,000	96,838
	PCSC (China) Limited	"	Raise capital by issuing new shares	"	—	—	6,400,000	211,736	—	—	—	—	(113,413)	20,722,000	481,140
	President Pharmaceutical Corp.	"	Note 4	Note 4	—	—	10,640,494	255,372	—	—	—	—	6,276	14,606,494	324,820
	President Musashino Corp.	"	Note 5	None	—	—	15,687,000	156,870	—	—	—	—	12,970	20,916,000	218,302

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 – non current".

Note 3: Booked in the "Long-term investments (Equity method)" account

Note 4: Acquired the stock shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. that is the parent company of President Chain Store Corp.

Note 5: Acquired the stock shares of President Musashino Corp. from Musashino Corp.

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	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks	
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance		Percentage to total note, account receivables (payables)
President Chain Store Corporation	Retail Support International Corp.	A subsidiary of an investee under the equity method	Purchase	\$43,120,484	60	O/A settlement from 10~80 days	Note	No significant difference	(\$3,509,228)	45	
	Uni-President Cold-Chain Corp.	Subsidiary	"	15,828,128	22	O/A settlement from 15~30 days	"	"	(1,643,843)	21	
	Wisdom Distribution Service Corp.	"	"	5,508,850	8	O/A settlement from 20~35 days	"	"	(875,916)	11	
	Uni-President Enterprises Corp.	Parent	"	1,812,853	3	O/A settlement from 30~45 days	No significant difference	"	(303,517)	4	
	Q-ware Systems & services Corp.	A subsidiary of an investee under the equity method	"	225,365	-	O/A settlement from 30~40 days	"	"	(37,099)	-	
	President Transnet Corp.	Subsidiary	"	Cost of operation	660,907	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	(54,620)	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 (6)

(Blank hereunder)

(II) Information on Investees

1. Information on investees:

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (or loss from) investment by company		Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	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%	\$ 981,627	(\$ 204,223)		202,343	Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100.00%	859,558	8,152		7,943	"
	Mech-President Corp.	Tainan	Gasoline stations, cables	364,683	364,683	38,712,620	62.95%	420,700	22,833		14,986	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low-temperature logistics	364,683	237,437	19,563,272	60.00%	349,094	177,224		103,174	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	33,100,000	100.00%	417,530	65,890		68,625	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	103,566	4,984		3,282	"
	President Information Corp.	Taipei	Business management consulting services	93,348	135,956	15,025,405	56.00%	199,072	54,448		31,178	"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	201,252	13,514		13,255	"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100.00%	162,635	49,656		47,834	"
	PCSC (China) Limited	BVI	Professional investments	679,796	468,060	20,722,000	100.00%	481,140	(117,877)	(117,877)	"
	Uni-President Development Corp.	Taipei	Construction of transportation depots	200,000	200,000	20,000,000	20.00%	173,934	(56,159)	(11,232)	Note 1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	126,249	50,302		24,517	"
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	130,210	92,980		26,914	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	119,786	152,677		39,593	"
	Q-ware Systems & services Corp.	Taipei	Internet service provider	191,577	191,577	19,157,720	22.68%	149,499	(201,035)	(41,483)	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	74,844	14,600,494	73.74%	324,820	24,990		8,653	Subsidiary
	Uni-President Department Store Corp.	Taipei	Department stores	350,000	-	35,000,000	70.00%	249,117	(143,374)	(100,883)	"
	President Musashino Corp.	Tainan	Bakery foods industry	195,525	-	20,916,000	40.00%	218,302	59,391		12,969	Note 1
	Muji Taiwan co., Ltd. ect.	—	—	1,073,146	850,146	skipped	20.00% ~100%	684,418	skipped	(8,392)	Note 2

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

Note 2: Is a subsidiary of the Company and an investee under the equity method.

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (or loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value			
Retail Support International Corp. etc.	President Logistics International Corp.etc.	—	—	\$ 783,000	\$ 612,222	skipped	6.00% ~100%	\$ 546,443	skipped	Not applicable	—
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 3,196,000	USD 2,805,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD 20,684,000	USD 20,684,000	20,684,321	100.00%	USD 9,819,000	(USD 3,953,000)	"	subsidiary of a subsidiary
	Presiclerc Limited	BVI	Professional investments	USD 12,212,000	USD 10,837,000	11,969,000	48.41%	USD 918,000	(USD 3,277,000)	"	Note
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD 12,000,000	CAD 12,000,000	200	20.00%	USD 5,876,000	CAD 9,496,000	"	"
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD 461,000	USD 461,000	674,220	51.00%	USD 532,000	VND1,296,767,000	"	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 9,812,000	PHP 20,144,000	"	"
Philippine SevenCorp.	Convenience Distribution Inc. etc.	Philippines	—	PHP 87,742,000	PHP 87,742,000	skipped	40.00% ~100.00%	PHP 89,770,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited ect.	BVI	Professional investments	USD 20,672,000	USD 14,272,000	skipped	100.00%	USD 14,869,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,	China	Household goods retailing	USD 3,932,000	USD 3,932,000	skipped	65.00%	USD 2,162,000	(RMB 11,230,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co.,	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB 8,280,000	RMB 4,200,000	skipped	90.00%	RMB 2,125,000	(RMB 1,835,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD 16,668,000	USD 10,278,000	skipped	55.00% ~100.00%	USD 12,676,000	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

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Collaterals		Limit of loans to particular borrower	Limit of total loans	
									Allowance for doubtful accounts	Name Value			
Philippine Seven Corp.	Convenience Distribution Inc.	Other accounts receivable	PHP17,500,000	-	10%	Note1	-	Working capital	\$ -	—	\$ -	Note 2	Note 2
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other accounts receivable	PHP 9,000,000	PHP 9,000,000	10%	Note1	-	Working capital	-	—	-	Note 3	Note 3
Mech-President Corp.	Shanghai President Machine Corp.	Other accounts receivable	USD 1,000,000	-	3.5%	Note1	-	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. A short-term loan to a particular enterprise for necessity may be up to PHP 50million

Note 3: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to PHP 10million

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

(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 Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Note	\$ 2,000	\$ 2,000	\$ 2,000	0.57%	Note
Mech-President Corp.	Mech-President Corp.	Subsidiary	Note	21,700	-	-	-	Note
Mech-President Corp.	Shanghai President Machine Corp.	Subsidiary of a subsidiary	Note	65,998	65,998	-	9.88%	Note

Note: The upper limit of a guarantee undertaken by the Company at 50% of its net work and to a particular enterprise at 20% of its 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 at ending	Book value	Proportion of shareholding	Market price	Remarks
President Coffee Corp.	CAPITAL INCOME FUND etc.	None	Financial assets which change in fair values are recognized as gains or losses—current	-	\$ 162,000	-	\$ 162,038	
Ren-Hui Investment Corp.	NITC Bond Fund etc.	None	"	-	169,413	-	169,413	
Wisdom Distribution Service Corp.	JIH SUN BOND FUND	"	"	-	139,190	-	139,240	
Retail Support International Corp.	Fuh-Hwa Fund	"	"	-	400,082	-	400,259	
Vision Distribution Service Corp.	Cathay Bond Fund	"	"	-	130,146	-	130,146	
President Information Corp. etc.	Cathay Bond Fund	"	"	-	401,115	-	401,319	
President Transnet Corp.	UPAMC QUALITY GROWTH Fund	"	"	200,000	2,152	-	2,152	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	None	Financial assets carried at cost—noncurrent	62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp.	President Logistics International Corp.etc.	Skipped	"	-	27,255	-	26,965	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc.	"	"	-	USD 2,974,000	-	USD 3,737,000	
President Chain Store (BVI) Holdings Ltd.	Corporate bond of President Transnet Corp.	"	Investments in bonds with no public quotations—current	-	\$ 50,000	-	\$ 50,000	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	"	Long-term investments (Equity method)	-	133,598	-	133,013	
Wisdom Distribution Service Corp. etc.	President Logistics International Corp. etc.	"	"	-	361,395	-	361,111	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	-	USD 20,341,000	-	USD 18,888,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	-	USD 9,182,000	56.59%	PHP 397,352,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Skipped	"	-	PHP 89,770,000	-	PHP 89,770,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Subsidiary	"	-	USD 14,869,000	-	USD 14,869,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Subsidiary	"	-	USD 2,162,000	65.00%	USD 2,162,000	
President Cosmed Chain Store (Shen Zhen) Corp.	Zhuhai Livzon Drugstore Chain Company Limited	Subsidiary	"	-	RMB2,125,000	90.00%	RMB 2,125,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Subsidiary	"	-	USD 12,676,000	-	USD 11,605,000	

(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 buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	1,496,687	\$ 22,781	16,386,096	\$ 251,220	17,052,295	\$ 261,392	\$ 261,195	\$ 197	830,488	\$ 12,806
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	1,934,122	29,388	20,239,090	310,247	21,319,043	326,800	326,473	327	854,169	13,162
	Fuh-Hwa Bond Fund	"	"	"	-	-	6,492,413	86,184	5,000,709	66,500	66,343	157	1,491,704	19,841
Vision Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	1,753,122	26,000	9,629,784	144,000	8,051,297	120,479	120,000	479	3,331,609	50,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	15,714,710	208,000	12,622,855	167,276	167,000	276	3,091,855	41,000
President Logistics International Corp.	Sheng Hua 5599 Bond Fund	"	"	"	-	-	9,747,454	108,900	8,685,031	97,065	96,995	70	1,062,423	11,905
	UPAMC JAMES BOND Fund	"	"	"	1,473,698	22,433	17,963,658	275,300	18,691,630	286,399	286,232	167	745,726	11,501
	UPAMC HOME RUN BOND Fund	"	"	"	3,091,564	42,772	9,095,148	126,370	12,186,712	169,310	169,142	168	13,342,157	205,770
Retail Support International Corp.	UPAMC JAMES BOND Fund	"	"	"	1,391,323	21,184	77,428,274	1,186,962	65,477,440	1,002,906	1,002,376	530	1,181,591	194,311
	NITC Bond Fund	"	"	"	-	-	9,728,886	1,588,517	8,547,295	1,394,964	1,394,206	758	4,051,364	61,000
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	3,642,659	54,000	62,104,224	928,000	61,695,519	921,000	921,000	1,231	5,728,574	78,000
	JIH SUN BOND FUND	"	"	"	4,760,199	64,000	37,455,709	506,000	36,487,334	492,000	492,000	815	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	94,032,740	1,245,000	94,032,740	1,245,000	1,245,000	1,119	-	-
President Coffee Corp.	FUH-HWA ALBATROSS FUND	"	"	"	2,882,699	32,100	11,815,342	132,100	14,698,041	164,200	164,200	340	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	1,189,363	15,000	10,644,940	135,000	11,834,303	150,000	150,000	91	-	-
	Prudential Financial Bond Fund	"	"	"	1,040,872	15,000	7,932,900	115,000	8,973,772	130,000	130,000	99	1,311,716	20,000
	JF (Taiwan) First Bond Fund	"	"	"	997,195	15,000	10,882,156	165,000	10,567,635	160,000	160,000	152	4,432,446	55,000
	Fu Hua You Li Fund	"	"	"	2,043,736	25,000	14,546,522	180,000	12,157,812	150,000	150,000	318	2,484,855	37,000
	CAPITAL INCOME FUND	"	"	"	2,046,259	30,000	7,690,446	114,000	7,251,850	107,000	107,000	490	-	-
Mech-President Corp.	FUBON CHI-HSIANG FUND	"	"	"	-	-	23,801,532	250,000	23,801,532	250,000	250,000	65	-	-
	Union Bond Fund	"	"	"	-	-	18,252,121	220,000	18,252,121	220,000	220,000	60	-	-
	JF (Taiwan) First Bond Fund	"	"	"	-	-	8,624,587	120,000	8,624,587	120,000	120,000	38	-	-
	CITC CASH RESERVES	"	"	"	-	-	34,307,620	400,000	34,307,620	400,000	400,000	106	-	-
	Ta Chong Bond Fund	"	"	"	-	-	53,611,959	695,000	53,611,959	695,000	695,000	218	-	-
	NITC Taiwan Bond Fund	"	"	"	71,942	1,000	10,030,575	140,000	10,102,517	141,000	141,000	33	-	-
	NITC Bond Fund	"	"	"	-	-	1,281,813	210,000	1,281,813	210,000	210,000	58	-	-
	ABN AMRO BOND FUND	"	"	"	-	-	19,349,092	290,000	19,349,092	290,000	290,000	68	-	-
	CITC CASH RESERVES	"	"	"	-	-	12,527,998	170,000	12,527,998	170,000	170,000	51	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	12,466,800	165,287	12,466,800	165,287	165,287	48	-	-
	Capital Income Fund	"	"	"	-	-	12,005,670	178,000	12,005,670	178,000	178,000	63	-	-
	Fubon Ching Hsiang Fund	"	"	"	-	-	1,719,633	170,000	11,719,633	170,000	170,000	52	-	-
	Treasury Bond	"	"	"	-	-	-	1,001,147	-	1,001,147	1,001,147	256	-	-

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal	Quantity of share	Amount
Uni-President Oven Bakery Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	5,441,062	\$ 81,906	7,797,246	\$ 119,588	11,965,863	\$ 183,500	\$ 181,896	\$ 1,604	1,272,445	\$19,598
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	"	556,645	90,160	1,198,586	195,500	732,611	119,090	118,800	290	1,022,620	166,860
Chieh-Shuen Logistics International Corp.	UPAMC JAMES BOND Fund	"	"	"	599,950	9,128	7,216,042	110,450	7,503,318	114,844	114,756	88	312,674	4,822
Duskin Serve Taiwan Co.	UPAMC JAMES BOND Fund	"	"	"	-	-	6,784,507	104,000	4,062,253	62,608	62,000	608	2,722,254	42,000

Note 1: 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.

(Blank hereunder)

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

Buyer/seller	Counter parties	Affiliation	Status of trade			Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks	
			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 A subsidiary of Uni-President Enterprises Corp.	Purchase	\$ 6,674,657	46%	O/A settlement from 30~45 days	No significant difference	No significant difference	(\$ 796,581)	(46%)	
	President Musashino Corp.	Investees of President Chain Store Corp. under equity method	"	1,216,284	8%	O/A settlement from 25~30 days	"	"	(108,798)	(6%)	
	Tung Ang Enterprise Corp.	Affiliate	"	193,598	1%	O/A settlement 30 days	"	"	(36,456)	2%	
	President Chain Store Corp.	Parent	Sales	(16,059,231)	(99%)	O/A settlement from 15~31 days	"	"	1,804,928	96%	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Purchase	121,072	1%	O/A settlement 30 days	"	"	(20,801)	(1%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under equity method	"	139,692	1%	O/A settlement 30 days	"	"	(27,830)	(2%)	
	HiLife Co., Ltd.	Affiliate	Sales	(18,726)	(1%)	O/A settlement 55 days	"	"	30,196	2%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(43,479,299)	(93%)	O/A settlement 32 days	"	"	3,598,014	84%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	1,209,316	3%	O/A settlement from 20~40 days	"	"	(138,650)	(2%)	
	Lien Bo Enterprises	Affiliate	"	1,022,474	2%	O/A settlement from 20~70 days	"	"	(128,404)	(2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	2,000,004	4%	O/A settlement 30 days	"	"	(168,174)	(3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	(2,578,629)	(6%)	O/A settlement 50 days	"	"	564,642	13%	
	President Pharmaceutical Corp.	A subsidiary of President Chain Store Corp.	Purchase	247,762	1%	O/A settlement from 30~60 days	"	"	(48,238)	(1%)	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Sales	(303,488)	(1%)	O/A settlement 30 days	"	"	40,520	1%	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	(139,786)	-	O/A settlement 40 days	"	"	31,859	1%	
	President Packing Inc. Corp. (PPI)	Investees of Uni-President Enterprises Corp under equity method	Purchase	138,534	-	O/A settlement from 15~40 days	"	"	(30,152)	-	
President Information Corp.	President Chain Store Corp.	Parent	Service income	(570,549)	(80%)	O/A settlement 30 days	"	"	92,780	83%	
President Transnet Corp.	President Chain Store Corp.	Parent	Sales	(662,776)	(22%)	O/A settlement 15 days	"	"	55,305	16%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	"	(5,714,493)	(99%)	O/A settlement 35 days	"	"	948,477	98%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	3,105,251	(98%)	O/A settlement 50 days	"	"	(534,980)	(100%)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	Sales	(233,103)	(85%)	O/A settlement from 15~20 days	"	"	21,886	72%	

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent	Sales	(\$ 335,468)	(48%)	O/A settlement 35 days	No significant difference	No significant difference	\$ 59,167	40%	
	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(114,474)	(16%)	O/A settlement 60 days	"	"	16	-	
	Wisdom Distribution Service Corp.	Parent	Purchase	444	-	O/A settlement 35 days	"	"	(260)	-	
President Logistics International Corp.	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	23,413	5%	O/A settlement 60 days	"	"	(9,112)	40%	
	Retail Support International Corp.	Parent	Purchase	472,223	38%	O/A settlement 20 days	"	"	(49,636)	(31%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	398,191	32%	O/A settlement 45 days	"	"	(71,421)	(44%)	
Chieh-Shuen Logistics International Corp.	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	112,529	12%	O/A settlement 20 days	"	"	15,201	10%	
	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Sales	(276,170)	(70%)	O/A settlement from 40-65 days	"	"	45,834	79%	
	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	"	(247,820)	(45)	O/A settlement from 30-60 days	"	"	74,067	44%	
President Pharmaceutical Corp. Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	176,222	96%	O/A settlement 60 days	"	"	(12,056)	(45%)	
	President Coffee Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(144,436)	(5%)	O/A settlement 30 days	"	"	23,521	18%	
	Starbucks Corporation	Parent	Purchase	279,325	29%	O/A settlement 30 days	"	"	(35,787)	(23%)	
President Tung Chang Enterprises Corp.	Tung Chang Enterprises Corp.	A substantial related party	"	109,177	11%	O/A settlement 30 days	"	"	(11,914)	(7%)	
	Uni-President Enterprises Corp.	Investees of Uni-President Enterprises Corp under equity method	"	101,114	10%	O/A settlement 30 days	"	"	(19,792)	(12%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(121,126)	(4%)	O/A settlement 30 days	"	"	20,834	16%	
President Musashino Corp.	Retail Support International Corp.	A subsidiary of President Chain Store Corp.	Purchase	284,895	29%	O/A settlement 30 days	"	"	(33,216)	(21%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(1,216,327)	(98%)	O/A settlement 25 days	"	"	108,253	99%	

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

Company of receivables on book	Counter parties	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Amount	Processing by	Receivables with Related Party After Period Collection	Allowance for doubtful accounts
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,804,928	11	\$ -	-	\$ 1,804,928	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	564,642	5	-	-	483,105	-
	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	3,598,014	13	-	-	1,855,689	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	948,477	6	-	-	948,477	-

(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	Major business activities	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 Current Period (Note 5)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 5,110,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 931,000	USD 3,916,000	—
Presiclerc (Shantou) 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	48.41%	USD 2,000	USD 874,000	—
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	48.41%	USD 147,000	USD 1,305,000	—
Presiclerc (Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	-	-	-	-	36.55%	USD 51,000	USD 54,000	—
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 907,000	USD 2,162,000	—
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 561,000	USD 4,413,000	—
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 3,087,000	USD 1,818,000	—
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	-	USD6390,000	-	USD 6,390,000	100%		USD 6,445,000	—

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 27,255,000	USD 37,020,00	NTD 4,696,635

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 (BVI) Holdings Ltd.

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 audited financial statements of the investees.

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.

(Blank hereunder)

XII. Financial information by department

(I) By industry

The Company, which is primarily engaged in the investment and operation of convenience chain stores, the sale of foods and canned products, books, newspapers, magazines, and household items, is a single-industry company. Therefore, it is necessary to disclose the information by industry.

(II) By district

The Company had no off-shore operational departments in 2006 and 2005. Therefore, it is necessary to disclose the information by district.

(III) By export sales

The Company had no export sales in 2006 and 2005. Therefore, it is not necessary to disclose the information by export sales.

(IV) By important customers

The Company had no important customers from which the revenue accounted for more than 10% of the revenue specified in the income statement of 2006 and 2005. Therefore, it is not necessary to disclose the information of important customers.

(Blank hereunder)

President Chain Store Corporation

Cash and cash equivalence List

December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Petty Cash for stores		\$1,970,916
Bank Deposit	Deposits in NTD	1,058,567
cash equivalence		<u>208,931</u>
Investments in Repos	Matured on Jan. 2, 2006 at interest rate of 1.690%	<u><u>\$3,238,414</u></u>

(Blank hereunder)

President Chain Store Corporation

Inventory List

December 31 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Costs</u>	<u>Market price</u>	
Merchandises		\$2,890,681	<u>\$3,232,211</u>	
Less: Allowance for inventory losses		<u>(9,899)</u>		
		<u>\$2,880,782</u>		

(Blank hereunder)

President Chain Store Corporation
Statement of changes in available-for-sale financial assets-non current
January 1 to December 31, 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 share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Fair value		
President Investment Trust Corp.	29,328,669	\$140,534	-	\$374,184	-	\$ -	29,328,669	\$514,718	None	

(Blank hereunder)

President Chain Store Corporation
Statement of changes in financial instruments (assets) carried at cost
January 1 to December 31, 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 share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Book value	
Presicarre Corp.	70,605,016	\$6,818,529	-	\$ -	-	\$ -	70,605,016	\$6,818,529	None
Toppoly Optoelectronics Corp.	146,448,927	6,818,529	-	-	-	-	146,448,927	1,609,160	
Tong-jeng Development Corp.	114,000,000	1,371,500	57,000,000	570,000	-	-	171,000,000	1,941,500	
President International Development Corp.	114,000,000	500,000	-	-	-	-	50,000,000	500,000	
New Century Info Comm Co., Ltd.		1,781,018	-	-	-	(56,159)	-	1,724,859	
		12,080,207		570,000		(56,159)		12,594,048	
Accumulated impairment		(85,480)		-		(127,297)		(212,777)	
Total		\$11,994,727		\$570,000		(\$ 183,456)		\$12,381,271	

(Blank hereunder)

President Chain Store Corporation

Statement of changes in long-term investments under the equity method

January 1 to December 31, 2006

Currency expression: NTD 1,000

Name	Beginning Balance		Increase in current period		Decrease in current period		Balance at ending of period			Market price of net equity value		Facts of pledge or collateralization
	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Proportion of shareholding	Amount	unit price	Total	
President Chain Store (BVI) Holdings Ltd.	46,405,458	\$1,180,359	-	\$ -	-	(\$ 198,732)	46,405,458	100.00%	\$981,627	\$ 21.00	\$981,627	None
PCSC (China) Limited	14,322,000	382,817	6,400,000	211,736	-	(113,413)	20,722,000	100.00%	481,140	23.00	481,140	"
Ren-Hui Investment Corp.	85,303,733	851,615	-	7,943	-	-	85,303,733	100.00%	859,558	10.00	859,558	"
Mech-President Corp.	37,331,360	406,504	1,381,260	14,196	-	-	38,712,620	62.95%	420,700	11.00	420,700	"
Uni-President Cold-Chain Corp.	19,563,272	322,217	-	26,877	-	-	19,563,272	60.00%	349,094	17.00	339,983	"
President Drugstore Business Corp.	28,800,000	348,905	4,300,000	68,625	-	-	33,100,000	100.00%	417,530	12.00	412,795	"
President Yilan Art and Culture Corp.	18,000,000	100,283	-	3,283	-	-	18,000,000	90.00%	103,566	6.00	103,963	"
President Information Corp.	16,066,512	210,502	2,172,193	31,178	(3,213,300)	(42,608)	15,025,405	56.00%	199,072	13.00	195,445	"
President Transnet Corp.	70,000,000	187,996	-	13,256	-	-	70,000,000	70.00%	201,252	3.00	182,409	"
Retail Support International Corp.	5,000,000	112,693	-	7,093	-	-	5,000,000	25.00%	119,786	22.00	182,409	"
Wisdom Distribution Service Corp.	9,432,540	157,342	-	5,293	-	-	9,432,540	100.00%	162,635	17.00	164,311	"
Uni-President Development Corp.	20,000,000	185,166	-	-	-	(11,232)	20,000,000	20.00%	173,934	9.00	173,934	"
President Coffee Corp.	9,313,920	141,483	-	-	-	(11,273)	9,313,920	30.00%	130,210	14.00	130,210	"
Mister Donut Taiwan Corp.	10,000,000	116,981	-	9,268	-	-	10,000,000	50.00%	126,249	13.00	126,852	"
Q-ware Systems & services Corp.	19,157,720	190,982	-	-	-	(41,483)	19,157,720	22.68%	149,499	7.00	130,664	"
Uni-President Department Store Corp.	-	-	35,000,000	350,000	-	(100,883)	35,000,000	70.00%	249,117	7.00	249,638	"
President Pharmaceutical Corp.	3,960,000	63,172	10,640,494	261,648	-	-	14,600,494	73.74%	324,820	11.00	166,022	"
President Musashino Corp.	-	-	20,916,000	218,302	-	-	20,916,000	40.00%	218,302	10.00	218,144	"
Muji Taiwan Co., Ltd. etc	-	550,149	-	267,699	-	(133,430)	-	-	684,418	Skipped	-	"
		<u>\$5,509,166</u>		<u>\$1,496,397</u>		<u>(\$ 653,054)</u>			<u>\$6,352,509</u>			"

President Chain Store Corporation
Statement of changes in accumulated depreciations of fixed assets
January 1 to December 31, 2006

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	Balance at ending of period	Facts of pledge or collateralization	Remarks
Lands	\$1,538,231	-	(\$3,506)	\$ 1,534,725	None	
Building	931,193	3,119	(3,341)	930,971	"	
Machinery and equipment	8,078,982	1,048,783	(641,364)	8,486,401	"	
Lease improvement	3,549,768	568,465	(131,970)	3,986,263	"	
Other equipment	13,411	-	(170)	13,241	"	
Construction in process and prepayment for equipment	-	1,578	-	1,578	"	
	<u>\$14,111,585</u>	<u>\$1,621,945</u>	<u>(\$780,351)</u>	<u>\$14,953,179</u>	"	

President Chain Store Corporation

Statement of changes in accumulated depreciations of fixed assets

January 1 to December 31, 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>Balance at ending of period</u>	<u>Remarks</u>
Building	\$123,163	\$17,509	(\$1,237)	\$139,435	
Machinery and equipment	4,956,670	1,110,522	(601,507)	5,465,685	
Lease improvement	2,065,365	529,577	(110,415)	2,484,527	
Other equipment	12,002	351	(143)	12,210	
	<u>\$7,157,200</u>	<u>1,657,959</u>	<u>(\$713,302)</u>	<u>\$8,101,857</u>	

(Blank hereunder)

President Chain Store Corporation
Statement of Redeemable Bonds
December 31 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	Remarks	
					Outstanding amount	Retired amount	Balance at ending of period	Unamortized allowance				Book value
1st 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	—
2nd 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>	<u>2,000,000</u>		<u>\$2,000,000</u>			
Less: Current portion							<u>(900,000)</u>					
							<u>\$1,100,000</u>					

Note: Please refer to Note IV (10).

(Blank hereunder)

President Chain Store Corporation

List of Operating Cost

January 1 to December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Store revenues	\$96,628,741	These are the incomes from the sales of food products, canned foods, beverages, and daily utensils.
Other operating incomes	3,350,877	These are the incomes from the commissions on collection services and marketing bonuses from suppliers.
	<u>\$99,979,618</u>	

(Blank hereunder)

President Chain Store Corporation

List of Operating Cost

January 1 to December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Inventory at beginning	\$2,821,895
Purchase current period	72,067,331
Purchase bonuses from suppliers	(1,876,949)
Subsidizes for defected merchandizes	(384,659)
Inventory at ending	<u>(2,890,681)</u>
Cost of operation	<u>\$69,736,937</u>

(Blank hereunder)

President Chain Store Corporation

Itemized bill of sale expenses

January 1 to December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Performance bonuses for chain stores	\$9,813,807
Rental expenditures	4,403,671
Salary expenses	2,781,086
Depreciations	1,506,669
Utilities (expense)	1,335,336
Other expenses	2,948,579
	<u>\$22,789,148</u>

(Blank hereunder)