

President Chain Store Corporation
Consolidated Financial Statements &
Independent Auditor's Report
2006 and 2005
(Stock Code 2912)

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President Chain Store Corp. & Subsidiaries

Consolidated Financial Statements & Independent Auditor's Report for 2006 and 2005

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President Chain Store Corp. & Subsidiaries

Declaration for Consolidated Financial Statements of Affiliated Companies

We prepared the companies to be included into the affiliated companies' consolidated financial statements for fiscal year 2006 (January 1 to December 31, 2006) in accordance with the "Criteria for the Preparation of Consolidated Reports on Operation, Consolidated Financial Statements, and Report on Affiliates and Subsidiaries". These are the same as those to be included into the consolidated financial statement between parent companies and subsidiaries prepared in accordance with the Statement of Financial Accounting Standard No. 7. The relevant information to be disclosed in the affiliated companies' consolidated financial statement has already been disclosed in the consolidated financial statement between the parent company and subsidiaries and therefore no consolidated statements from the affiliated companies shall be necessary.

President Chain Store Corporation

Chairman: Kao Ching-Yuan

March 12, 2007

Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06003051

To: President Chain Store Corporation

We have reviewed the accompanying consolidated balance sheet for President Chain Store Corp. and the subsidiaries as of January 1 to December 31, 2006 and 2005 and the related statements of income and cash flows for those years. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review. Some 2006 and 2005 financial statements of the business entities in the consolidated financial statements are certified by other CPAs instead of us. Therefore, our opinion on the amount listed in the consolidated financial statements of the Company and its subsidiaries for 2006 and 2005 was based on the other CPAs' audit report. The said subsidiaries' assets amounted to NT\$1,246,196 thousand and NT\$1,074,584 thousand on December 31, 2006 and 2005, respectively, which represented a ratio of 3% and 2% to total consolidated assets. The net income in the period of January 1 to December 31, 2006 and 2005 amounted to NT\$2,845,636 thousand and NT\$2,712,408 thousand, which represented a ratio of 2% of total consolidated net income for both years. The investment income of the Company and its subsidiaries from long-term equity investments under the equity method and the relevant information about the investees, as disclosed in Note XI to these financial statements, was valued and disclosed according to the financial statements audited and certified by the other CPAs appointed by the investees respectively covering the same period. We did not audit or certify those financial statements. The investment incomes that were recognized based on the other CPAs' audited financial statements for 2006 and 2005 were NT\$53,508 thousand and NT\$3,842 thousand. Until December 31, 2006 and 2005, they had the balances of the relevant long-term equity investment, which amounted to NT\$191,519 thousand and NT\$162,291 thousand.

We conducted the audit in accordance with the standards on 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 about whether the financial statements were free of material misstatements. An audit includes examining on a test basis, and evidence supporting the amounts and disclosure listed in the financial statements. An audit also includes assessing the accounting principles used, significant estimates made by the management, and evaluating the overall financial statement presentation. We believe that our audits and the other CPAs' audit reports provide a reasonable basis for the opinion as stated.

In our opinion, which is based on our audits and the reports of other auditors, the financial statements referred to in the first paragraph fairly present the financial position of President Chain Store Corporation and its subsidiaries as of December 31, 2006 and 2005. The financial statements additionally fairly present the result of their operations and their cash flows for the periods of January 1 to December 31, 2006 and 2005, in conformity 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 People's Republic of China.

As stated in Note III, President Chain Store Corporation and its subsidiaries have adopted the principle under Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement, and No. 36 on the 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.

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 Corp. & Subsidiaries
Consolidated Balance Sheet
At the End of December 31, 2006 and 2005

		December 31, 2006		December 31, 2005				Currency expression: NTD 1,000			
		Amount	%	Amount	%			December 31, 2006	December 31, 2005		
<u>Assets</u>						<u>Liabilities and Shareholders' Equity</u>					
Current Assets						Current liability					
1100	Cash and cash equivalence (Note IV(1))	\$ 6,095,851	12	\$ 4,566,017	10	2100	Short-Term debt	\$ 1,215,758	2	\$ 742,742	2
1310	Financial assets which change in fair values are recognized as gains or losses—current (Note IV(2))	1,421,770	3	981,789	2	2110	Short-term bills payable	502,334	1	689,003	1
1140	Net accounts receivable (Note V)	2,175,152	4	1,706,340	4	2120	Notes payable (Note V)	2,744,318	5	1,599,112	4
1160	Other accounts receivable (Note V)	814,272	2	825,571	2	2140	Accounts payable	8,193,771	17	7,463,328	17
120X	Inventories (Note IV (3))	6,363,162	13	5,858,918	13	2150	Accounts payable—related parties (Note V)	1,753,803	3	1,546,827	3
1280	Other current assets (Notes IV (14) and VII)	1,427,652	3	1,277,277	3	2160	Income taxes payable (Note IV(14))	814,626	2	717,799	2
11XX	Total current assets	18,297,859	37	15,215,912	34	2170	Accrued expenses (Notes IV (10) and V)	3,639,426	7	3,153,591	7
Funds and investments						2210	Other accounts payable (Note IV (11))	5,395,770	11	4,457,693	10
1450	Financial assets that are available for sale—non current	522,623	1	140,534	-	2260	Advance receipts	1,321,644	3	1,014,629	2
1480	Financial assets measured at cost—non current (Note IV(5))	13,190,071	27	12,831,185	29	2270	Current portion of long-term liabilities (Notes IV (12) and V)	1,265,608	3	563,633	1
1421	Long-term investments (Equity method)	768,977	2	647,351	1	21XX	Total current liabilities	26,847,058	54	21,948,357	49
14XX	Total funds and investments	14,481,671	30	13,619,070	30	Long-term liability					
Fixed assets (Note IV and VI)						2430	Derivative financial liabilities for hedging-non current (Note X)	14,994	-	-	-
Costs						2410	Corporate bonds (Note IV (12))	1,100,000	2	2,000,000	4
1501	Lands	2,022,086	4	2,025,717	4	2420	Long-term debt	858,653	2	1,857,557	4
1521	Building	2,059,821	4	2,146,595	5	2450	Long-term notes and accounts payable—related parties (Note 5)	116,532	-	211,583	1
1551	Transportation Equipments	1,950,287	4	1,684,351	4	24XX	Total long-term liabilities	2,090,179	4	4,069,140	9
1571	Machinery and equipment	11,338,839	23	10,359,268	23	Other liability					
1631	Lease improvement	6,157,135	13	5,224,988	12	2810	Accrued pension liabilities (Note IV (13))	511,364	1	509,926	1
1681	Other equipment	1,687,160	3	1,472,345	3	2820	Guarantee deposit received	1,772,856	4	1,572,824	4
15XY	Cost and revaluation	25,215,328	51	22,913,264	51	28XX	Total other liabilities	2,284,220	5	2,082,750	5
15X9	Less: accumulated depreciation (Note IV (8))	(12,911,638)	(26)	(10,884,087)	(24)	2XXX	Total liabilities	31,221,457	63	28,100,247	63
1670	Construction in process and prepayment for equipment	145,488	-	73,017	-	Shareholders' Equity					
15XX	Net fixed assets	12,449,178	25	12,102,194	27	Capital Stock (Note IV (15))					
Intangible Assets						3110	Paid-in Capital	9,151,604	19	9,151,604	20
1780	Other intangibles	106,901	-	113,044	-	Retained earnings (Note IV (16))					
Other assets						3310	Legal reserve	2,543,649	5	2,178,381	5
1800	Assets leased to others (Notes IV (9) and	1,061,352	2	1,017,093	2	3320	Special reserve	531	-	55,758	-
1810	Idle Assets	321,931	1	325,232	1	3350	Unassigned retained earnings	3,921,243	8	3,787,913	8
1820	Refundable deposit (Note VII)	1,632,947	3	1,556,542	4	Other adjustment in SH's equity					
1880	Other assets—other (Note IV(14))	883,372	2	1,006,325	2	3450	Unrealized revaluation gains (Note III)	359,191	1	-	-
18XX	Total other assets	3,899,602	8	3,905,192	9	3420	Cumulative translation adjustment	6,956	-	(531)	-
1XXX	Total Assets	\$ 49,235,211	100	\$ 44,955,412	100	3610	Minority equity	2,030,580	4	1,682,040	4
						3XXX	Total shareholders' equity	18,013,754	37	16,855,165	37
						Undertakings or contingent liabilities (Notes V and VII)					
1XXX	Total Assets	\$ 49,235,211	100	\$ 44,955,412	100	1XXX	Total liabilities and shareholders' equity	\$ 49,235,211	100	\$ 44,955,412	100

The accompanying notes constituted an integral part of the consolidated 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 Corp. & Subsidiaries
Consolidated Income Statement
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	\$ 125,487,012	94	\$ 113,500,342	95
4800 Other operating revenue (Note V)	<u>7,457,564</u>	<u>6</u>	<u>6,440,544</u>	<u>5</u>
4000 Total operating revenue	132,944,576	100	119,940,886	100
Cost of operation				
5110 Cost of goods sold (Notes IV(18) and V)	(<u>93,041,700</u>)	(<u>70</u>)	(<u>83,225,037</u>)	(<u>69</u>)
5910 Gross Profit	<u>39,902,876</u>	<u>30</u>	<u>36,715,849</u>	<u>31</u>
Operating expenses (Notes IV (18) and IV(19))				
6100 Selling expenses	(28,083,109)	(21)	(25,745,594)	(22)
6200 General and administration exp.	(<u>6,700,076</u>)	(<u>5</u>)	(<u>6,140,914</u>)	(<u>5</u>)
6000 Total operating expenses	(<u>34,783,185</u>)	(<u>26</u>)	(<u>31,886,508</u>)	(<u>27</u>)
6900 Operating income	<u>5,119,691</u>	<u>4</u>	<u>4,829,341</u>	<u>4</u>
Non-operating incomes				
7310 Gain on valuation of financial assets	10,744	-	79,382	-
7122 Dividend Income	191,994	-	193,520	-
7140 Gains on disposal of investment	5,675	-	-	-
7480 Miscellaneous income	<u>904,080</u>	<u>1</u>	<u>601,326</u>	<u>1</u>
7100 Total non-operating income	<u>1,112,493</u>	<u>1</u>	<u>874,228</u>	<u>1</u>
Non-operating expenses				
7510 Interest expenses	(164,284)	-	(158,227)	(1)
7521 ROI under equity method (Note IV (6))	(37,397)	-	(81,726)	-
7530 Loss on disposal of fixed assets	(40,493)	-	(98,994)	-
7540 Loss on disposal of investments	-	-	(51,344)	-
Allowance for reduction of inventory to 7570 market	(24,498)	-	(75,231)	-
7630 Impairment	(322,074)	(1)	(85,480)	-
7880 Other expenses	(<u>111,192</u>)	<u>-</u>	(<u>90,319</u>)	<u>-</u>
7500 Total non-operating expenses	(<u>699,938</u>)	(<u>1</u>)	(<u>641,321</u>)	(<u>1</u>)
7900 Income before tax	5,532,246	4	5,062,248	4
8110 Income tax expense (Note IV (14))	(<u>1,491,698</u>)	(<u>1</u>)	(<u>1,215,249</u>)	(<u>1</u>)
8900 Earnings of continued operations	4,040,548	3	3,846,999	3
Accumulated effects from changes in 9300 accounting principles (Note III)	<u>9,773</u>	<u>-</u>	<u>-</u>	<u>-</u>
9600X X Consolidated total net income (loss)	<u>\$ 4,050,321</u>	<u>3</u>	<u>\$ 3,846,999</u>	<u>3</u>
From:				
9601 Consolidated total net income (loss)	\$ 3,822,328	3	\$ 3,652,685	3
9602 Minority equity net income (loss)	<u>227,993</u>	<u>-</u>	<u>194,314</u>	<u>-</u>
	<u>\$ 4,050,321</u>	<u>3</u>	<u>\$ 3,846,999</u>	<u>3</u>
	<u>pre-tax</u>	<u>after tax</u>	<u>pre-tax</u>	<u>after tax</u>
Basic EPS (Note IV (17))				
9710 Earnings of continued operations	\$ 6.05	\$ 4.43	\$ 5.53	\$ 4.20
9740A A Minority equity	(<u>0.38</u>)	(<u>0.25</u>)	(<u>0.32</u>)	(<u>0.21</u>)
9750 Net income after tax	<u>\$ 5.67</u>	<u>\$ 4.18</u>	<u>\$ 5.21</u>	<u>\$ 3.99</u>

The accompanying notes constituted an integral part of the consolidated 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 Corp. & Subsidiaries
Consolidated 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		Minority equity	Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment		
<u>2005</u>								
Balance at January 01, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,758)	\$ 619,603	\$ 14,991,428
Appropriation of earnings								
Legal reserve	-	304,587	-	(304,587)	-	-	-	-
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)
2005 Consolidated total net income (loss)	-	-	-	3,652,685	-	-	194,314	3,846,999
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	55,227	-	55,227
Statement of Minority Equity	-	-	-	-	-	-	868,123	868,123
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>\$ -</u>	<u>(\$ 531)</u>	<u>\$ 1,682,040</u>	<u>\$ 16,855,165</u>
<u>2006</u>								
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 1,682,040	\$ 16,855,165
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)
2006 Consolidated total net income (loss)	-	-	-	3,822,328	-	-	227,993	4,050,321

The accompanying notes constituted an integral part of the consolidated 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 Corp. & Subsidiaries
Consolidated 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		Minority equity	Total	
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains			Cumulative translation adjustment
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	359,191	-	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	-	7,487
Statement of Minority Equity	-	-	-	-	-	-	120,547	120,547
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>\$ 2,030,580</u>	<u>\$ 18,013,754</u>

The accompanying notes constituted an integral part of the consolidated 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 Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
Cash flows from operating activities		
Consolidated total net income (loss)	\$ 4,050,321	\$ 3,846,999
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(10,744)	(79,382)
Increase (or decrease) of allowance for uncollectible accounts	-	3,969
Allowance for reduction of inventory to market	24,498	75,231
Depreciation	2,889,646	2,542,783
Depreciation of leased assets	18,168	3,879
Amortizations	404,672	510,203
Investment loss recognized under equity method	37,397	81,726
Goodwill-impairment loss	148,522	-
Financial assets measured at cost- impairment losses	173,552	85,480
Loss (or gain) on disposal of fixed assets	40,493	98,994
Changes in assets and liabilities		
Accounts receivable	(468,812)	(885,964)
Other accounts receivable	11,299	(317,557)
Inventories	(528,742)	(3,049,465)
Other current assets	(146,498)	(297,719)
Deferred income tax assets	(22,111)	(40,170)
Notes payable	1,145,206	(9,691)
Accounts payable	937,419	3,898,940
Income taxes payable	96,827	339,270
Accrued expenses	485,835	803,828
Other accounts payable	850,076	1,718,231
Advance receipts	307,015	421,516
Accrued pension liabilities	1,438	123,256
Net cash provided by operating activities	10,445,477	9,874,357
<u>Cash flows from investing activities</u>		
Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(429,237)	(353,113)
Decrease in loans to related parties	-	30,000
Acquisition of long-term investment-equity method	(156,870)	-
Decrease of bond investment	-	100,000
Acquisition of financial assets measured at cost	(570,000)	(4,511,453)
Decrease in financial assets on basis of cost	7,697	123,500
Cash purchase of property, plant and equipment	(3,269,556)	(5,061,366)
Proceeds from disposal of fixed assets	59,284	887,967
Increase of other intangible assets	(17,772)	(76,171)
Increase in deposits-out	(76,405)	(366,035)
Increase of other assets – others	(406,260)	(390,465)
Net cash provided by financing activities	(4,859,119)	(9,617,136)

(Continue)

President Chain Store Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	2006	2005
<u>Cash flows from financing activities</u>		
Increase of short-term loan	\$ 473,016	\$ 203,403
Increase (or decrease) of short-term bills payable	(186,669)	104,795
Increase (or decrease) in long-term loans	(1,091,980)	1,047,459
Payback of corporate bond	(200,000)	-
Increase in guarantee deposit received	200,032	409,922
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration and employees' bonus	(267,412)	(161,131)
Increase in minority interest	<u>120,547</u>	<u>868,123</u>
Net cash provided by financing activities	<u>(4,064,011)</u>	<u>(272,910)</u>
Effect of exchange rate on financial statement	7,487	55,227
Effect of subsidiary consolidated for the first time	<u>-</u>	<u>2,691,544</u>
Net increase (or decrease) in cash and cash equivalent	1,529,834	2,731,082
Beginning balance of cash and cash equivalent	<u>4,566,017</u>	<u>1,834,935</u>
End balance of cash and cash equivalent	<u>\$ 6,095,851</u>	<u>\$ 4,566,017</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 136,850</u>	<u>\$ 122,201</u>
Income tax paid	<u>\$ 1,350,447</u>	<u>\$ 855,484</u>
<u>Investing and financing activities of partial payment on cash</u>		
Acquisition of fixed assets	\$ 3,357,557	\$ 5,172,410
Less: ended balance of accounts payable on equipment	(511,060)	(423,059)
Add: beginning balance of accounts payable on equipment	<u>423,059</u>	<u>312,015</u>
Cash disbursement in current period	<u>\$ 3,269,556</u>	<u>\$ 5,061,366</u>

The accompanying notes constituted an integral part of the consolidated 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 Corp. & Subsidiaries
Notes on consolidated financial statements
At the end of December 31, 2006 and 2005

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

I. Company history

(I) President Chain Store Corp. - President Chain Store Corporation

1. President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the People’s 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, sales 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. As of December 31, 2006, the Company had 29,420 employees (including part-time workers).
2. The parent company and the ultimate parent Company are Uni-President Enterprises Corp.

(II) All subsidiaries included in the consolidated financial statements and additions, deletions and alterations thereof in the same period:

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006 December 31	2005 December 31	
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Professional investments	100.00%	100.00%	
	Wisdom Distribution Service Corp.	Magazine logistics	100.00%	100.00%	
	President Transnet Corp.	Foods and necessities freight	70.00%	70.00%	
	Mech-President Corp.	Gas station and elevatorc	62.95%	62.95%	
	Uni-President Cold-Chain Corp.	Frozen and low-temperature foods logistics	60.00%	60.00%	
	President Drugstore Business Corp.	Retailing of medicine and daily items	100.00%	100.00%	
	President Direct Marketing Corp.	Selling of household goods by catalogs	100.00%	100.00%	
	Ren-Hui Investment Corp.	Professional investments	100.00%	100.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006	2005	
			December 31	December 31	
President Chain Store Corp.	PCSC (China) Limited	Professional investments	100.00%	100.00%	
	Capital Inventory Services Corp.	Inventory consulting	100.00%	100.00%	
	FN Business Corporation	Retailing	100.00%	–	
	President Yilan Art and Culture Corp.	Art and cultural exhibition	90.00%	90.00%	
	President Collect Services Co. Ltd.	Bill collection service	70.00%	70.00%	
	President Information Corp.	Business management consulting services	56.00%	70.00%	
	President Pharmaceutical Corp.	Medicines & medical instrument retail and wholesale	73.74%	–	
	Uni-President Department Store Corp.	Department stores	70.00%	–	
	Uni-President Oven Bakery Corp.	Bread and pastry retailer	60.00%	60.00%	
	Bank Pro E-Service Technology Co., Ltd.	Business management consulting services	53.33%	53.33%	
	Duskin Serve Taiwan Co.	Selling and renting of cleaning instruments	51.00%	51.00%	
	Books.com. Co. Ltd.	Online bookstore	50.03%	50.03%	
	Gold Stone Creamery	Restaurants	100.00%	–	
	Muji Taiwan Corp.	Retailing	41.00%	41.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006	2005	
			December 31	December 31	
President Chain Store Corp.	Retail Support International Corp.	Logistics & delivery	25.00%	25.00%	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investments	100.00%	100.00%	
	PCSC (Vietnam) Supermarket Ltd.	Chained store business	51.00%	51.00%	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation and repair & maintenance	100.00%	100.00%	
	Mech-President (BVI) Corp.	General investment	100.00%	100.00%	
	President Jim Corp.	Gas station and others automobile services	60.00%	60.00%	
Mech-President (BVI) Corp.	Shanghai President Machine Corp.	Elevator, mechanical garage, and car wash production	100.00%	100.00%	
Retail Support International Corp.	Retail Support Taiwan Corp.	Foods room temperature logistics & delivery	51.00%	51.00%	
	President Logistics International Corp.	Trucking	49.00%	49.00%	2
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00%	20.00%	2
	Vision Distribution Service Corp.	Publisher	60.00%	60.00%	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00%	25.00%	2
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00%	6.00%	2
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00%	100.00%	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holding Limited	Professional investments	100.00%	–	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Professional investments	100.00%	100.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006 December 31	2005 December 31	
PCSC (China) Limited	PCSC (China) Supermarket Limited	Professional investments	100.00%	100.00%	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Retailing of medicine and daily items	65.00%	65.00%	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	Retailing of medicine and daily items	90.00%	100.00%	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	55.00%	55.00%	
	PCSC (SICHUAN) Hypermarket Limited	Supermarkets	100.00%	–	
	PCSC (CHENGDU) Hypermarket Limited	Supermarkets	100.00%	100.00%	
Uni-President Oven Bakery Corp.	Uin-President Oven Bakevy (BVI) Corp.	Professional investments	100.00%	100.00%	
President Chain Store (Labuan) Holdings Ltd.	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Bread and pastry retailer	59.59%	59.59%	
Philippine Seven corporation	Philippine Seven corporation distribution Corporation	Chained store business Logistics & delivery	100.00%	100.00%	

1. 7-Eleven Inc. is able to direct the finance, business operation, and personnel policy of Retail Support International Corp. and MUJI Co., Ltd. Therefore, they are deemed as being a subsidiary of President Chain Store Corp. and are included in the consolidated financial statements in accordance with the amended Finance & Accounting Standard Communiqué No. 7 “Consolidated Financial Statements.”
2. Retail Support International Corp. Uni-President Cold Chain, Wisdom Distribution Service, and Retail Support Taiwan Corp., Ltd. together hold 100% of the stock shares of President Logistics International Corp.

3. The majority equity of President Pharmaceutical Corp. that was acquired by the Company this year was calculated based on the percentage referred to in the annual reports of President Pharmaceutical Corp., which was audited by CPAs in 2006 after the Company was in a dominant position in that company.
4. The said subsidiaries were included into these consolidated financial statements according to their financial statements audited and certified by CPAs respectively.

(III) Other subsidiaries in the consolidated financial statements

If the Company and subsidiaries thereof are the controllers of any joint venture:

Investor name	Names of the joint venture companies	Nature of Business	Shareholding rate
President Chain Store Corp.	Mister Donut Taiwan Corp.	Bread and pastry retailer	50.00%
	Uni-President Takashimaya Co., Ltd. (Liquidated in September 2005)	Necessities	50.00%
	President Coffee Corp.	Coffee chain store	30.00%
	Uni-President Yellow Hat Corp.	Automobile department stores	30.00%
	President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Professional investments
President Coffee (Cayman) Holdings Ltd.	Shanghai President Coffee Corp.	Coffee chain store	1000.00%

President Chain Store Corp. had the uncertified financial statements of the aforementioned invested companies consolidated into each account of the consolidated financial statements in accordance with the Finance & Accounting Standard Communiqué No. 31 Joint Venture Accounting Standard.

- (IV) Subsidiaries that are not included in the consolidated financial statements: None.
- (V) Adjustment and process of accounting period by subsidiary: None.
- (VI) Special business risk faced by subsidiaries overseas: No significant business risk to report.
- (VII) The restriction on the transfer of subsidiaries' funds to the parent company: None.
- (VIII) The security of the parent company held by the subsidiary: None.
- (IX) The convertible corporate bond and stock shares issued by the subsidiary: None.

II. Summary of significant accounting policies

These consolidated financial statements were prepared in accordance 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 People's Republic of China. Significant accounting policies are explained as follows:

(I) Consolidated financial statements standard

President Chain Store Corp. has subsidiaries that have over 50% of stock with voting rights held directly or indirectly or the wholly controlled subsidiaries included in the consolidated financial statements. President Chain Store Corp. has the income and expense of the subsidiaries that have become wholly owned subsidiaries of President Chain Store Corp. and consolidated into the Income Statement upon occurrence. President Chain Store Corp. has the income and expense of the wholly owned subsidiaries that have become general subsidiaries of President Chain Store Corp. and have been eliminated from the consolidated Income Statement upon occurrence, without having the consolidated financial statements of prior periods adjusted retroactively.

The major transactions between President Chain Store Corp. and the subsidiaries and the Balance Sheet accounts are written off.

(II) Exchange rate for the financial statements of subsidiaries in a foreign currency

For the currency translation of the subsidiaries' financial statements, all assets and liabilities accounts are to be translated according to the exchange rate on the date listed on the Balance Sheet. In terms of Shareholders' Equity, except for the retained earnings at the beginning that are to be carried forward according to the translated ending balance from the prior period, it is to be translated according to the historical exchange rate. Dividends should be translated according to the exchange rate on the announcement date. The Income Statement is to be translated according to the weighted average exchange rate. Any exchange difference is booked in the "Cumulative translation adjustment" account and is debited or credited to Shareholders' Equity.

(III) Current and non current assets and liabilities

The construction underwriting business of MECH-President Corp., a subsidiary of President Chain Store Corp., is usually for a business cycle over one year. Therefore, the related assets and liabilities are classified into the category of current and non current according to the business cycle while other accounts are classified according to the fiscal year.

1. Assets that are in conformity 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 listed on the Balance Sheet.
 - (4) Cash or cash equivalent, except for those used for trade, liquidating debt, or restricted after twelve months from the date listed on the Balance Sheet.
2. Liabilities that are in conformity with the following terms are classified as current liability; liabilities other than current liabilities are non current liabilities:
- (1) Debts from business operations and debts 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 listed on the Balance Sheet.
 - (4) Debts that cannot be unconditionally deferred in liquidation after twelve months from the date listed on the Balance Sheet.

(IV) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that 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 Cash Flow Statement of President Chain Store Corp. is prepared on the basis of cash and cash equivalent.

(V) Foreign currency exchanges

1. The bookkeeping accounts of the Company and Subsidiaries are expressed in NT Dollars. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping purposes. Differences resulting from the exchange are recognized as net income (or loss).
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 for the date listed on the balance sheet. Differences resulting from the exchange are recognized as net income (or loss).
3. Non-monetary assets or liabilities that are 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 date shall be made and the spread from the exchange shall be stated as net income (or 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 date. The spread from the exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities that are not estimated on the basis of fair value, the historical exchange rate as of the transaction day shall be used for estimation.

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

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

(VII) Financial assets available for sale

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 of the open market on the date listed on the balance sheet.
3. Recognize it as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment, recognize it as adjustments to shareholders' equity for the decrease in the impairment of equity items.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

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

(IX) Financial derivatives for hedges

1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trades other than options, state the fair value as zero on the day of trade. Estimation on derivative trades shall be based on the fair value as of the date listed on the balance sheet, any change in fair value shall be recognized as assets or liabilities and current gains or 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 resulting 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 immediately be 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.

(X) Allowance for doubtful accounts

Duly amortized based on the ability to receive the notes, accounts and other accounts receivable at end of the term.

(XI) Inventories

The company, Philippine Seven Corporation, Uni-President Oven Bakery Corp., President Drugstore Business Corp., Uni-President Yellow Hat Corp., Muji Taiwan Co. Ltd., President Cosmed Chain Store (Shen Zhen) Co., Ltd. and Zhuhai Livzon Drugstore Chain Company Limited

Inventory is booked at the cost. Cost is based on the Retailing Method.

Other consolidated subsidiaries

Inventory is booked at the cost. In terms of cost, Retail Support International Corp. and PCSC (SICHUAN) Hypermarket Limited adopts the First-in-First-out method while others adopt the weighted average method. Inventory is valued at the end of the year in accordance with the Total Cost or Total Market Price Method, which ever is lower. For the Lower of Cost or Market Price Method, the market price of inventory is the net cash value or replacement cost depending on the nature of inventory. Inventory that is obsolete and loss in valuation is booked in the Income Statement.

(XII) Long-term investments (equity method) (Including joint venture)

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. From 2006 onward, if the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to yearly impairment tests. The spread that has been amortized over previous years cannot be adjusted retrospectively.

2. The losses of investees 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 be limited to zero based on the book value of investments and advances to a specific investee and state for a 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 resume a profitable position subsequently, the Company has the top priority to be entitled to such profits until the assumed losses have been fully recovered.
3. While accounting for overseas investments 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 Company and its subsidiaries have a joint venture of wholly owned business entities processed with the equity method. Consolidated financial statements are prepared semi-annually and annually according to the Proportional Consolidation Method.
5. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(XIII) Fixed assets and non-operating assets

1. Bookkeeping of 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 an improvement in capital lease when the term of lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. The residual value for assets that have continued to be in service after the previous period of services shall be subject to depreciation along the subsequent years of services. Buildings and other forms of construction have 5 to 55 years of service. Other assets have 2 to 25 years of services for depreciation purposes.

3. Spending on repair and maintenance is recognized as expenses for the current period. Major additions or improvement shall be capitalized and depreciated. The cost and accumulated depreciations of assets sold or retired 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 their net fair value or book value, whichever is lower, and with the depreciation expense booked in the “non-operating expense” account.

(XIV) Deferred expenses

Deferred expenses shall be accounted for on the basis of acquisition cost and amortized under the average method for 2-5 years.

(XV) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to the change in economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. Recoverable amount refers to the net fair value of 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 there is a subsequent recovery after a previous impairment loss was recognized and should be stated as current income. Recognized impairment of goodwill shall not be reversed.

(XVI) 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 amortization of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on the accrual basis shall be recognized as pension cost for the current period.

(XVII) 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. The levy of 10% income tax on unassigned retained earnings under the new Tax Code is recognized as income tax expenses incurred in the year of the shareholders' meeting resolution.
3. Pursuant to Financial Accounting Standards No. 12 on "Accounting for Tax Credits", tax credits on the acquisition of specific machinery and equipment and human resources training are accounted for as deductions for the current year as income tax expenses.

4. Adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVIII) Recognition of revenue and cost

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

(XIX) Earnings per share

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

(XX) Delivery day accounting

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

(XXI) Accounting estimations

The company and its domestic subsidiaries prepared their consolidated financial statements in accordance with generally accepted accounting principles in the People's Republic of China, and has made necessary estimation, assessment and disclosures on the amounts 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 and its subsidiaries adopted the principles under the Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement and No. 36 on the Financial Instruments: Disclosure and Presentation in its accounting policies. The Company has reclassified some account titles on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement and No. 36 on the Financial Instruments: Disclosure and Presentation.

2. Account titles used in bookkeeping on and before December 31, 2005:

(1) Short-term investments

Short-term investments are stated at the acquisition cost. The cost is calculated under the Weighted Average Method. Valuation of short-term investments is made under the cost or market price method, whichever is lower, at the end of the accounting period. Losses from falling prices are recognized as current losses. In comparing the cost with the market price of stocks listed on 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 as of the date listed on the balance sheet for the respective fund shall be taken as the market price.

(2) Long-term investments under the cost method

The Company adopts the method of the cost or market price, whichever is lower, 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 market price below the cost shall be debited to shareholders' equity. Valuation for investees not listed in the centralized market is made on the basis of cost. However, if evidence suggests that the recovery of such value is unlikely due to significant impairment, it is recognized as investment loss and stated as current losses.

(3) Derivative trade – Interest Rate Swap contracts:

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

3. Such changes in accounting principles resulted in NT\$359,191 under the title of other adjustment in SH's equity as of December 31, 2006 (recognized as "unrealized revaluation gains"). The effect to the income position of the Company in the period of 2006 is explained as follows:

	<u>Amount</u>	<u>EPS (NTD)</u>
Income before tax	\$ 58	\$ -
Income tax expenses	-	-
Earnings of continued operations	<u>58</u>	<u>-</u>
Accumulated effects from changes in accounting principles (Less: effect of income tax \$0)	<u>9,773</u>	<u>0.01</u>
Net Income After Tax	<u>\$ 9,831</u>	<u>\$ 0.01</u>

(II) No amortization for goodwill

1. Until December 31, 2005, when it was impossible to analyze the cause of the consolidated loans generated from the differences in the acquisition cost of a subsidiary's equity and net worth of the equity, and the differences between the long-term equity investment cost as of the investment date and net worth of the equity, such differences will be equally amortized over a period of 5-10 years. The Company has adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006, whereby goodwill shall no longer be subject to amortization.
2. Under such changes, the consolidated total assets as of December 31, 2006 have increased by \$145,718. Similarly, the consolidated total income from 2006 has also increased by \$ 145,718 and EPS by \$0.16.

(III) Impairment of non-financial assets

Effective from January 1, 2005, the Company and its subsidiaries have adopted the newly announced Financial Accounting Standards No. 35 on the Impairment of Assets. Under such changes, consolidated total assets as of December 31, 2005 have decreased by \$50,457. Similarly, the consolidated total income from 2005 has also decreased by \$50,457.

- (IV) Effective from January 1, 2005, the Company and its subsidiaries have adopted the Financial Accounting Standards No. 7 on consolidated financial statements and included all subsidiaries that are in a dominant position directly and indirectly into the consolidated financial statements, and thereby changed the units specified in the consolidated financial statements. Under such changes, the total amount of consolidated assets and consolidated operational revenue as of 2005 increased by \$8,712,274 and \$9,793,417 respectively, and the consolidated total income remained unaffected.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Cash on hand and working capital of stores	\$ 2,413,636	\$ 1,490,068
Current account deposits and checking account deposits	2,538,667	2,141,098
Deposits	350,134	354,091
Cash equivalence		
Investments in Repos	793,414	580,760
	<u>\$ 6,095,851</u>	<u>\$ 4,566,017</u>

(II) Financial assets in which changes in fair value are recognized as gains or losses

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Financial instruments held for trading		
Stocks with public quotations	\$ 176,587	\$ 57,356
Open-ended funds	1,243,878	936,146
	1,420,465	993,502
Valuation Adjustment	1305	11,713
	<u>\$ 1,421,770</u>	<u>\$ 981,789</u>

(III) Inventories

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Merchandises	\$ 6,302,216	\$ 5,826,600
Raw material and physical material and work-in-process goods	121,301	135,316
	6,423,517	5,961,916
Less: Allowance for inventory losses	60,355	102,998
	<u>\$ 6,363,162</u>	<u>\$ 5,858,918</u>

(IV) Financial assets available for sale - non current

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Stock with public quotations	\$ 141,959	\$ 140,534
Valuation Adjustment	380,664	-
	<u>\$ 522,623</u>	<u>\$ 140,534</u>

(VI) Financial assets carried at cost – non current

	<u>December 31,2006</u>	<u>December 31,2005</u>
Stocks listed in the emerging market	\$ 2,432,917	\$ 2,432,917
Stocks with no public quotation	11,014,266	10,483,748
Subtotal	13,447,183	12,916,665
Accumulated impairment	257,112	85,480
Total	<u>\$ 13,190,071</u>	<u>\$ 12,831,185</u>

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

(VI) Long-term investments (equity method)

Investees	December 31, 2006		December 31, 2005	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Musashino Corp.	\$ 218,302	40.00	\$ -	-
T&T Supermarket Inc.	191,519	20.00	162,291	20.00
Uni-President Development Corp.	173,934	20.00	185,166	20.00
Q-ware Systems & services Corp.	149,499	22.68	190,982	22.68
President Organics, Co. ect.	35,723	20.00~48.41	108,912	20.00~48.41
	768,977		647,351	

The long-term equity investment loss valued with the Equity Method in 2006 and 2005 amounted to NT\$37,397 and NT\$81,726, respectively, in accordance with the financial statements certified by CPAs that were appointed by the invested companies.

(VII) Joint venture

The total amount in each account of the joint venture that belongs to President Chain Store Corp. is illustrated as follows. Please refers to Note I(3) for the details of the investment object of the joint venture.

	2006	2005
Current Assets	\$ 351,170	\$ 324,830
Non current assets	\$ 370,545	\$ 206,063
Current liability	\$ 333,186	\$ 223,923
Long-term liability	-	\$ 9,548
Income	\$ 1,640,856	\$ 1,121,632
Cost and expense	\$ 1,576,265	\$ 1,160,051

(VIII) Accumulated depreciation

	December 31, 2006	December 31, 2005
Building	\$ 372,628	\$ 360,190
Transportation Equipments	1,223,444	965,514
Machinery and equipment	6,970,795	6,112,523
Lease improvement	3,485,451	2,765,291
Other equipment	859,320	680,569
	\$ 12,911,638	\$ 10,884,087

(IX) Assets for lease

	December 31, 2006		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 730,097	\$ -	\$ 730,097
Building	396,629	(65,374)	331,255
	\$ 1,126,72	(\$ 65,374)	\$ 1,061,352
	December 31, 2005		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 690,964	\$ -	\$ 690,964
Building	329,473	(3,344)	326,129
	\$ 1,020,437	(\$ 3,344)	\$ 1,017,093

(X) Accrued expenses

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Payable salaries and bonuses	\$ 1,737,749	\$ 1,504,596
Payable incentives for franchisee	453,396	280,833
Payable fees for system development and maintenance	103,414	205,446
Others	1,344,867	1,162,716
	<u>\$ 3,639,426</u>	<u>\$ 3,153,591</u>

(XI) Other accounts payable

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Bill collected	\$ 4,262,516	\$ 3,341,374
Payable for acquisition of fixed assets	511,060	423,059
Others	622,194	693,260
	<u>\$ 5,395,770</u>	<u>\$ 4,457,693</u>

(XII) 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 upon maturity at the coupon rate of 2.8%. Simple interest shall be payable once annually in accordance with the coupon rate from the date of issuance.

According to the agreement binding the Company and Bank of Taiwan to entrust the latter with surety in the issuance of bonds, this issue of bonds may only be used 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 for 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 coupon rate of 1.4%. Simple interest is payable once annually 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.

(XIII) 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” has come into full force. Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the “Labor Standards Law”. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. One basis point will be added for each additional year of service beyond the said period of 15 years, up to the maximum of 45 basis points. The Company and its domestic subsidiaries contribute 2% to 4.42% of the employee’s total salaries to the special pension fund account with the Central Trust of China under the name of the Employee Pension Fund Reserve Supervisory Committee. The Company’s subsidiary, Philippine Seven Corporation, applies the correspondent

contribution plan as its pension rules.

The information related to the Company's and subsidiaries' actuary reports for retirement pension:

(1) The actuarial hypothesis about retirement pension is summarized as follows:

	<u>2006</u>	<u>2005</u>
Discount rate		
The Company and its domestic subsidiaries	2.75%~3.75	3.25%~3.75
Foreign subsidiaries	8.13%	11.74%
Increasing rate of future salary		
The Company and its domestic subsidiaries	2%~4	2%~3.5
Foreign subsidiaries	5%	5%
Anticipated rate of return on long-term investment in fund assets		
The Company and its domestic subsidiaries	2.5%~3.5%	2.5%~3.5
Foreign subsidiaries	10%	10%

(2) Contribution of retirement pension:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Benefit obligation:		
Vested benefit obligation	(\$ 150,839)	(\$ 150,715)
Non-vested benefit obligation	(986,995)	(889,535)
Cumulative benefit obligation	(1,137,834)	(1,040,250)
Effect of increase in future salary	(737,813)	(691,110)
Projected benefit obligation	(1,875,647)	(1,731,360)
Fair value of pension fund assets	910,622	(776,895)
Contribution	(965,025)	(954,465)
Unrecognized service cost for the previous period	25,691	3,128
Unrecognized transitional net benefit obligation	8,562	70,119
Unrecognized pension loss	427,821	406,244
Supplemented accrued pension liabilities	(8,125)	(17,889)
Accrued pension liabilities	(\$ 511,076)	(\$ 499,119)
Vested benefit	(\$ 226,355)	(\$ 187,454)

(3) Contents of net pension cost:

	<u>2006</u>	<u>2005</u>
Service cost	\$ 69,753	\$ 93,119
Interest cost	71,384	51,814
Anticipated return on fund assets	(24,272)	(15,978)
Amortization:		
Unrecognized transitional net benefit obligation	543	(2,110)
Unrecognized pension loss	28,490	19,949
Others	64	770
Net pension cost	\$ 145,962	\$ 1,47,564

2. The new law provides a defined contribution to the pension plan. Effective July 1, 2005, the Company and its domestic subsidiaries 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 payments or in lump sum. Pension costs of the Company and its domestic subsidiaries under the defined pension plan was recognized as NT\$323,568 and NT\$140,407 in 2006 and 2005.
3. The subsidiaries of President Chain Store Corp. in China have pension funds reserved for an amount equivalent to a certain percentage of their monthly salary according to the Pension Law of the People's Republic of China. The pension fund for each employee is managed and arranged by the Chinese government and the responsibility of the subsidiary is to have a pension fund reserved monthly.

(XIV) Income Tax

1. Income tax and income taxes payable

	2006	2005
Income taxes payable	\$ 814,626	\$ 717,799
Refundable income tax (stated in the other accounts receivable)	(243)	(42)
Deferred income tax assets – net	22,111	30,407
Carried forward income tax liabilities	16,770	37,538
Income tax amount under the new taxation system	3,244	6,689
Prepaid income tax	635,190	422,858
Income tax expenses	\$ 1,491,698	\$ 1,215,249
Item of income tax expenses are shown as follows:		
Income tax expenses	\$ 1,491,107	\$ 1,172,598
Levy of 10% income tax on unallocated retained earnings	591	42,651
	\$ 1,491,698	\$ 1,215,249

(Blank hereunder)

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				
Temporary difference				
Bad debts	\$ 36,717	\$ 9,180	\$ 30,184	\$ 7,546
Allowance for reduction of inventory to market	52,322	13,080	104,429	26,107
Unrealized expense	28,268	7,067	50,902	12,726
Employee fringe benefits	31,056	7,764	25,624	6,406
Loss credit	85,344	21,336	173,923	43,481
Investment credit		4,400		17,492
		<u>62,827</u>		<u>113,758</u>
Less: allowance for reevaluation losses		<u>(13,181)</u>		<u>(4,492)</u>
Deferred income tax assets – current (Stated as other current assets in statement)		<u>\$ 49,646</u>		<u>\$ 109,266</u>
Non-current items				
Temporary difference				
Losses from overseas investments	\$ 747,658	\$ 186,915	\$ 426,305	\$ 106,576
Finance and tax difference of pension	72,439	18,206	69,698	17,399
	101,268	25,317	62,354	15,589
	750,356	187,589	971,552	242,888
		49,731		20,182
		<u>467,758</u>		<u>402,634</u>
Less: allowance for reevaluation losses		<u>(360,237)</u>		<u>(332,622)</u>
Deferred income tax assets – current (Stated as other current assets in statement)		\$ 107,521		\$ 70,012

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

4. The Company and its subsidiaries have the following deductions under Statute for the Encouragement of Industrial Upgrading in 2006:

Deductible items	Total deductible amount	Unconsumed deductible balance	Final deduction year
Human resources training expenses	\$ 20,889	\$ 4,741	2007~2100
Automation equipment and technology	60,693	49,390	2007~2100
Investment in territories of poor resources or slow development	\$ 13,815	-	-

5. Up to December 31, 2006, the lost credit of the subsidiary that can be carried forward to future net income amounted to \$835,700. It expires in 2011.
6. Details of unpaid incomes are shown as follows:

	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

7. 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 tax credit rate for 2006 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 of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XV) Capital Stock

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

(XVI) Retained Earnings

1. The Company's Articles of Incorporation dictate that, earnings in the year after account settlement shall be subject to corporate income tax law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as a legal reserve and a special reserve shall also be allocated as there is debit to shareholders' equity. Upon the reverse of the debit to shareholder's equity, the reversed amount is to be converted to net income for distribution. The net earnings of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under the proposal by the Board and at the approval of the shareholders general meeting. Remunerations to directors and supervisors shall be at 2% of the earnings and employee bonus shall be no less than 0.2% of the earnings. Dividend and bonus to shareholders shall be 80% to 100% of the income attributable to the shareholders' net 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 regarding the Company resolved on June 14, 2006 for an amendment to the Company's Articles of Incorporation whereby remunerations to directors and supervisors were reduced to 1% from the previous level of 2%.

2. The legal reserve may only be used to offset losses carried forward and to increase capitalization. If the balance of the 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 shareholders' general meeting, cash dividend 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 the 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 allocation of the 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	3.70

(XVII) Earnings per share

	2006				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	pre-tax	after tax		pre-tax	after tax
Basic EPS					
Consolidated net income (loss)	\$ 5,187,608	\$ 3,822,328	915,160,436	\$5.67	\$4.18

	2005				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	pre-tax	after tax		pre-tax	after tax
Basic EPS					
Consolidated net income (loss)	\$4,630,654	\$3,652,685	915,160,436	\$5.06	\$3.99

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

Human resources spending, depreciation, depletion and amortization expenses of the Company and its subsidiaries are summarized by function as following:

	2006		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,823,311	\$ 669,252	\$ 8,522,563
Labor and health insurance	154,388	525,128	679,516
Pension fund	109,511	366,479	475,990
Other human resources expenses	77,669	583,001	660,670
	<u>\$ 2,164,879</u>	<u>\$ 8,173,860</u>	<u>\$ 10,338,739</u>
Depreciation	<u>\$ 498,529</u>	<u>\$ 2,391,117</u>	<u>\$ 2,889,646</u>
Depletions	-	-	-
Amortizations	<u>\$ 19,244</u>	<u>\$ 385,428</u>	<u>\$ 404,672</u>
	2005		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,420,434	\$ 5,887,030	\$ 7,307,464
Labor and health insurance	118,473	408,581	527,054
Pension fund	31,917	259,263	291,180
Other human resources expenses	54,883	433,952	488,835
	<u>\$ 1,625,707</u>	<u>\$ 6,988,826</u>	<u>\$ 8,614,533</u>
Depreciation	<u>\$ 476,693</u>	<u>\$ 2,066,090</u>	<u>\$ 2,542,783</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 13,684</u>	<u>\$ 496,519</u>	<u>\$ 510,203</u>

(XIX) 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. to appoint 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.	The parent of the Company
Presco Netmarketing Inc.	A subsidiary of Uni-President Enterprises Corp.
Tung Ang Enterprise Corp.	Secondary subsidiary of President Chain Store Corp.
Beingspa	"
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method
President Securities Corp.	"
Nanlien International Corp.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
Tong-Ho Development Corp.	The Company is a director
President Investment Trust Corp.	"
President Technology Corp.	"
Allianz President Life Insurance Co., Ltd.	"
President Tokyo Corp.	The Director of the company is also a Director of President Chain Store Corp.
Lien Bo Enterprises	Invested company valued with Equity Method by Nanlien International Corp.
Ryohin Keikaku Co., Ltd.	The investing company that has MUJI Co., Ltd. valued with Equity Method.
Duskin Co., Ltd.	The investing company that has Mister Donut valued with Equity Method.
Formosan Magazine Press, INC.	The investing company that has Vision Distribution Service Corp. valued with Equity Method.
President Organics, Co.	Invested company valued with Equity Method
President Musashino Corp.	"
Q-ware Systems & services Corp.	"
21 Century Enterprise Co., Ltd.	"
Uni-President Development Corp.	"
Store Sites Holdings Inc.	Invested company valued with Equity Method by Philippine Seven Corp.
Starbucks Coffee International	The investing company that has President Coffee Corp. valued with Equity Method.
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
Uni-President Enterprises Corp.	\$ 21,446	-	\$ 46,485	3
Others	6,397	-	32,952	2
	<u>\$ 27,843</u>	<u>-</u>	<u>\$ 79,437</u>	<u>5</u>

2. Purchase

	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.
Uni-President Enterprises Corp.	\$ 9,890,739	11	\$ 9,017,171	12
Tung Ang Enterprise Corp.	2,117,553	2	2,100,707	3
President Musashino Corp.	1216284	1	1,027,793	2
Lien Bo Enterprises	980694	1	665,776	1
Others	1,571,564	2	1,465,649	2
	<u>\$ 15,776,834</u>	<u>17</u>	<u>\$ 14,277,096</u>	<u>20</u>

The terms and conditions for the purchase from the related party of President Chain Store Corp. and subsidiaries are identical to the terms and conditions for general suppliers.

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 Enterprises Corp.	<u>\$ 52,529</u>	<u>14</u>	<u>\$ 42,845</u>	<u>12</u>

4. Receivables (payables to) from related parties

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Accounts receivable	\$ 77,791	4	85,394	5
Uni-President Enterprises Corp.	60,314	3	32,403	2
Others	<u>\$ 138,105</u>	<u>7</u>	<u>\$ 117,796</u>	<u>7</u>

	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>Other accounts receivable</u>				
<u>Uni-President Enterprises Corp.</u>				
Uni-President Enterprises Corp.	\$ 87,341	11	\$62,967	8
Others	15,886	2	17,400	2
	<u>\$103,227</u>	<u>13</u>	<u>\$80,367</u>	<u>10</u>
<u>Note and account payables</u>				
<u>Uni-President Enterprises Corp.</u>				
Uni-President Enterprises Corp.	\$1,270,754	\$ 10	1,145,579	11
Tung Ang Enterprise Corp.	185,595	1	204,019	2
Others	454,439	4	402,245	4
	<u>\$1,910,788</u>	<u>15</u>	<u>\$1,751,843</u>	<u>17</u>
<u>Accrued expenses</u>				
<u>Uni-President Enterprises Corp.</u>				
Uni-President Enterprises Corp.	\$ 33,744	1	\$ 44,655	1
Others	32,562	1	47,689	2
	<u>\$ 66,306</u>	<u>2</u>	<u>\$ 92,344</u>	<u>3</u>

5. Property trade

(1) Acquisition of subsidiary's equity:

In 2006, the Company's Board of Directors resolved 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 opinions of security analysts and specialists.

(2) Disposition of real estate

The Company has 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 follows:

<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>

(3) Acquisition of fixed assets

The subsidiaries purchased transportation equipment from the related party in 2006 and 2005 as follows:

<u></u>	<u>2006</u>	<u>2005</u>
President Tokyo Corp.	<u>\$ 43,744</u>	<u>\$ 165,850</u>

The said transportation equipment for business was purchased by payment in installments over three to five years. The relevant installments payable before December 31, 2006 and 2005 are specified as follows:

	December 31, 2006	December 31, 2005
President Tokyo Corp.	\$ 261,304	\$ 379,637
Discount of installment payable	(19,084)	(28,550)
Net amount	242,220	351,087
Less: Current portion	(125,688)	(139,504)
	<u>\$ 116,532</u>	<u>\$ 211,583</u>

Long-term installment payables will be repaid before December 2010 accordingly

6. Financing – to related party

The Company

2006					
<u>Maximum balance</u>					
Borrowers	Date of transaction	Amount	Balance at ending of period	Interest rate	Total interest income
President Chain Store Corp.	2006.01 ~ 2006.02	\$ 5,000	\$ -	2.51% ~ 2.52%	\$ 19

Subsidiary – Ren-Hui Investment Corp.

2006					
<u>Maximum balance</u>					
Borrowers	Date of transaction	Amount	Balance at ending of period	Annual Interest rate	Total interest income in whole year
President Chain Store Corp.	2005.1 ~ 2005.9	\$ 40,000	\$ -	2.5% ~ 2.9%	\$ 587

7. Financing – from related party (booked in the “Other accounts payable” account)

Convenience Distribution Inc.

2006					
<u>Maximum balance</u>					
Borrowers	Date of transaction	Amount	Balance at ending of period	Interes t rate	Total interest income
Store Sites Holding Inc.	2006.1 ~ 2006.6	PHP 9,000,000	PHP 9,000,000	10%	\$ 640

8. Commitment

- (1) MUJI Taiwan Co., Ltd. has an Authorization Agreement signed with MUJI Co., Ltd to authorize MUJI Taiwan Co., Ltd. to manage MUJI Licensed Store in Taiwan, R.O.C. and to use the related information and sales technology. According to the signed Authorization Agreement, MUJI Taiwan Co., Ltd. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the net sales amount.
- (2) Mister Donut Taiwan Corp. has an agreement signed with Duskin for trademark and technology collaboration in 2004 to operate and manage “DUSKIN Mister Donut Franchise.” According to the signed agreement, Mister Donut Taiwan Corp. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the total sales amount.
- (3) President Coffee Corp. has an agreement signed with Starbucks Inc. to operate and manage “Starbucks.” According to the signed agreement, President Coffee Corp. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the total monthly amount of sales per store.

VI. Assets pledged under lien

The status of surety made by the Company and its subsidiaries on December 31, 2006 and 2005:

<u>Assets</u>	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Collateral</u>
Lands	\$ 314,49	\$ 314,492	Long-term and short-tem debt and endorsement
Building	214,483	390,826	Long-term and short-tem debt and endorsement
Transportation Equipments	426,426	482,560	Long-term loan and long-term installment payable
Operating instrument and other equipment	27,437	208,138	Long-term debt
Mortgaged time deposit	45,715	42,140	Contract security deposit
	<u>\$ 1,028,553</u>	<u>\$ 1,438,156</u>	

VII. Materiality and Contingencies

1. The Company and Philippine Seven Corporation have 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 upon percentage of the monthly sales of each retail location within the term of contract.
2. The Company and the affiliates of Uni-President Enterprise Inc. have leased the arcade of the President International Building (booked in the “Assets leased to others” account) to a non-related party for 18 years and 6.5 months starting from June 15, 2005. The rent is charged for an amount equivalent to a certain percentage of the sales revenue.
3. Subsidiary – President Transnet signed an agreement with YAMATO HOLDING CO., LTD. (formerly known as YAMATO TRANSPORT CORPORATION) on January 24, 2000 for trademark and technology collaboration to operate and manage “Home delivery business”. According to the signed agreement, President Transnet is to be paid with royalty throughout the contract period for an amount equivalent to a certain percentage of the total monthly logistics sales amount.
4. Subsidiary - President Yilan Art and Culture Corp. entered into the “Contract for management of operation projects participated in by private enterprises at the National Center for Traditional Arts Park” (hereinafter referred to as the “Contract for management”) with National Center for Traditional Arts in 2004. The major terms and conditions thereof are:
 - (1) The consigned objects are certain facilities of the buildings in the Yilan Park of the National Center for Traditional Arts. The consignment includes operation and management of the objects and utilization of the objects and the supply of such services for traditional arts exhibitions, promotions, educational activities and sale and development of the related products.
 - (2) The term of the consigned operation is for six years counting from the commencing date of operation. When the requirements under the Contract for management are met, President Yilan Art and Culture Corp. have the priority to renew the contract. The term of the renewed contract shall be no more than six years.

(3) Royalty:

A. Fixed royalty:

President Yilan Art and Culture Corp. shall pay a fixed royalty of NT\$5,000,000 per year.

B. Operation royalty

In the duration of operation, President Yilan Art and Culture Corp. shall pay 1% of the annual operation revenue as the operation royalty.

- (4) President Yilan Art and Culture Corp. shall pay a performance bond of NT\$3,000,000 (booked under the title of “refundable deposit”) pursuant to the Contract, which shall be effective until termination of the Contract and for six months upon President Yilan Art and Culture Corp.’s surrender and transfer of assets. As of 2006, the Company made an endorsement/guarantee of NT\$15,000,000. The National Center for Traditional Arts refunded the guarantee of NT\$15,000,000 to President Yilan Art and Culture Corp.
- (5) Within one year of signing the Contract, the investment made by President Yilan Art and Culture Corp. to decorate public service spaces and relevant operation equipment of the Project shall be no less than NT\$50,000,000 (inclusive tax). During the 1st year of operation, its total investment in the various traditional arts promotional activities shall be no less than NT\$5,000,000 (including tax).
- (6) The operational assets purchased by President Yilan Art and Culture Corp. during the consigned operation shall be unconditionally transferred to the National Center for Traditional Arts without consideration upon the expiration of the term for the consigned operation or upon the termination of the Contract.
5. The Company and Subsidiaries have leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 years to 12 years. As of December 31, 2006, the Company and its subsidiaries had prepaid rent and refundable deposits amounting to \$745,680 and \$1,515,789 respectively. These two items are listed under the title of "other current assets" and "refundable deposit". The Company has the following projections for rent payables and related spending:

Lease term	Total rents
2007	\$ 6,083,534
2008	5,773,288
2009	5,174,766
2010	4,441,883
2011 and beyond	10,234,953
	\$ 31,708,424

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 consolidated financial statements for 2005 have been reclassified. They are compared with the consolidated financial statements for 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	\$9,085,275	\$ -	\$ 9,085,275
Financial instruments held for trading	1,421,770	1,421,770	-
Financial assets carried at cost	13,190,071	-	-
Financial assets available for sales	522,623	522,623	-
Refundable deposit	1,632,947	-	1,390,549
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 23,044,048	\$ -	\$ 23,044,048
Short-Term debt	1,215,758	-	1,215,758
Corporate bond	2,000,000	-	2,000,000
Long-term debt	1,340,793	-	1,340,793
Guarantee deposit received	1,772,856		1,559,268

	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	\$ 7,097,928	\$ -	\$ 7,097,928
Financial instruments held for trading	981,789	994,835	-
Financial assets carried at cost	12,831,185	-	-
Financial assets available for sales	140,534	436,411	-
Refundable deposit	1,556,542	-	1,403,411
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 19,627,353	\$ -	\$ 19,627,353
Short-Term debt	742,742	-	742,742
Corporate bond	2,200,000	-	2,200,000
Long-term debt	2,432,773	-	2,432,773
Guarantee deposit received	1,572,824	-	1,410,990

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

1. The carrying values of short-term financial instruments, as stated on the balance sheet, have been adopted as their fair value because the discounted values of such instruments are insignificant. These amounts are not determined by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and accounts receivable, other accounts receivable, short-term notes and bills payable, notes and accounts payable, income taxes payable, expenses payable and other accounts payable.
2. The fair value of the financial assets for sale is the market price.
3. The fair value of refundable deposits 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 a short-term loan, payable corporate bond 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 and subsidiaries aims at hedging off operational risks. To this end, the Company deals with derivatives to cover 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 resulting from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report to the board. The department also evaluates the performance of the derivatives regularly to ensure that their operations conform to company policy, and the assumed risks are within the tolerated threshold of the company.
- (IV) The financial liabilities held by the Company and its subsidiaries on December 31, 2006 and 2005 were \$2,640,793 and \$3,932,773. The financial liabilities bearing a cash flow risk of change in interest rate were both \$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 in by the Company and subsidiaries are open-end funds and stocks issued by listed companies, and they are under the influence of market price fluctuation.
 - (2) For bonds bearing a fixed rate, there is no market risk bearing interest rate fluctuation upon evaluation, because the maturity date is near.
 - (3) All of the company and subsidiaries' payables are current, and therefore there is no anticipated market risk.

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 and its subsidiaries are placed on the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by the counterparties.
- (2) The Company has undertaken IRS contracts with international financial organizations that have good credit ratings. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The company and subsidiaries act as guarantors for a third party for loans in accordance with the "Procedure for Guarantee and Endorsement". They only act in favor of subsidiaries and stakeholders with business transactions. No collateral is demanded because the Company can access proper information on their credit standing. 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 that are invested in by the Company and its subsidiaries have public quotations on the 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 invested in by the Company and its subsidiaries and carried at cost have no open quotation in the centralized market. Therefore, there is anticipated liquidity risk.
- (3) Payable or receivable interest of IRS contracts engaged in by the Company and its subsidiaries is based on the nominal principal multiplied by the difference in 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 a floating rate. Therefore, the effective bond rate will change along with the market rate, which will cause future cash flows to fluctuate. However, the Company has undertaken an IRS contract for hedging off the 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 a floating rate. Therefore, the future cash flow of the liability might fluctuate along with the market rate and cause a risk. Upon assessment, the Company separately entered into IRS contracts for hedging:

Hedged objects	Designated hedging instruments		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
	Financial products designated to be hedging instruments	fair value		
		March 31,2007	March 31,2006	
Corporate bond	Interest rate SWAP	<u>(\$ 14,994)</u>	<u>(\$ 23,816)</u>	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)			\$ -	

(VII) Offset transactions between parent company and subsidiary
2006

Trading counterparts	Transactions			
	Offset of long-term investment and shareholders' equity	Offset among credit and obligation titles		Other income titles
		Payable/receivable accounts	Purchase/sales transactions	
President Chain Store Corp.	(\$ 5,952,051)	(\$ 6,377,297)	\$ 65,171,617	\$ 661,995
President Drugstore Business Corp.	417,530	(524,871)	2,498,738	231,335
President Direct Marketing Corp.	16,842	(6,443)	(50,793)	30,993
Capital Inventory Services Corp.	73,850	16,004	(145,492)	9,684
Ren-Hui Investment Corp.	859,558	-	-	-
President Yilan Art and Culture Corp.	103,566	2,852	3,248	2,751
President Information Corp.	199,072	105,061	(622,829)	18,169
President Transnet Corp.	201,252	(179,135)	(487,115)	62,612
President Collect Services Co. Ltd.	23,813	193,559	(1,599)	55,968
Uni-President Cold-Chain Corp.	349,094	1,567,686	(15,745,826)	418,812
Bank Pro E-Service Technology Co., Ltd.	79,900	11,849	(69,874)	-
Duskin Serve Taiwan Co.	94,551	10,276	(84,232)	7,999
Books.com. Co. Ltd.	70,870	36,955	-	44,380
Uni-President Yellow Hat Corp.	21,298	(9)	(242)	(46)
President Coffee Corp.	130,210	22,034	(38,676)	65,463
Muji Taiwan Co. Ltd.	57,622	(6,982)	-	40,253
Mister Donut Taiwan Corp.	126,249	(2,259)	-	23,412
FN Business Corp.	96,838	(1,961)	-	-
Cold Stone Creamery Taiwan Ltd.	70,000	-	-	-
President Pharmaceutical Corp.	324,820	46,855	(199,224)	(2)
Uni-President Department Store Corp.	249,117	(1,300)	-	-
Wisdom Distribution Service Corp. & Subsidiaries	223,521	847,962	(5,391,948)	203,197
Mech-President Corp. & Subsidiaries	420,700	(537)	3,562	321
Retail Support International Corp. & Subsidiaries	205,990	4,230,476	(46,689,557)	607
Uni-President Oven Bakery Corp. & Subsidiaries	73,021	9,225	(33,155)	5,494
PCSC (China) Limited & Subsidiaries	481,140	-	-	-
President Chain Store (BVI) Holdings Ltd. & Subsidiaries	981,627	-	-	-

Trading counterparts	Transactions			
	Offset of long-term investment and shareholders' equity	Offset among credit and obligation titles		Other income titles
		Payable/receivable accounts	Purchase/sales transactions	
President Chain Store Corp.	(\$ 5,005,963)	(\$ 4,906,436)	\$ 63,215,426	\$ 787,747
President Drugstore Business Corp.	348,905	(495,712)	2,253,196	12,727
President Direct Marketing Corp.	55,026	4,085	(110,503)	36,808
Capital Inventory Services Corp.	64,421	34,808	(124,105)	-
Ren-Hui Investment Corp.	851,615	-	-	-
Wisdom Distribution Service Corp.	157,342	861,698	(4,815,165)	23,630
President Yilan Art and Culture Corp.	100,283	-	21,925	-
President Information Corp.	210,502	80,242	(565,238)	-
President Transnet Corp.	187,996	(128,217)	(661,927)	19,755
President Collect Services Co. Ltd.	20,074	125,744	-	-
Uni-President Cold-Chain Corp.	322,217	902,893	(14,533,358)	428,762
Bank Pro E-Service Technology Co., Ltd.	71,594	17,151	(176,745)	-
Duskin Serve Taiwan Co.	78,220	11,290	(68,267)	6,665
Books.com. Co. Ltd.	44,355	(10,204)	-	53,814
Uni-President Yellow Hat Corp.	36,520	-	-	-
President Coffee Corp.	141,483	3,341	(116,067)	27,491
Muji Taiwan Co. Ltd.	52,495	(5,239)	-	27,491
Mister Donut Taiwan Corp.	116,981	-	-	9,836
Mech-President Corp. & Subsidiaries	404,606	-	-	-
Retail Support International Corp. & Subsidiaries	112,693	3,504,556	(46,417,039)	690,540
Uni-President Oven Bakery Corp. & Subsidiaries	118,789	-	(18,742)	-
PCSC (China) Limited & Subsidiaries	380,431	-	-	-
President Chain Store (BVI) Holdings Ltd. & Subsidiaries	1,129,415	-	-	-

(VIII) The following relevant information is disclosed in accordance with Article 14 of the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”:

1. Transactions that have been eliminated between the controlling company and subordinate companies: please see Note X(7).
2. Information regarding financing: please refer to Notes V(2), VI and XI.
3. Information regarding endorsements and guarantees: please refer to Note XI.
4. Information regarding trading derivative products: please Note X(6).
5. Significant contingent matters: please refer to Note XI.
6. Significant subsequent events: none.
7. Names of bills and securities held: please refer to Notes IV(2), IV(4), IV(5), IV(6) and XI.

(Blank hereunder)

XI. Disclosures

(I) Information on major transactions

The investees' information to be disclosed was prepared in accordance with the financial statements of the investees as audited and certified by CPAs, and the following transactions with subsidiaries have been written off when the consolidated financial statement was prepared. The following information is disclosed for reference.)

The major transactions of the Company in 2006 are disclosed as following:

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							
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	USD 2,000,000	None	0.41%	7,991,587
	Philippine Seven Corp.	subsidiary of a subsidiary	3,196,635	USD 4,000,000 PHP 260,000,000	USD 4,000,000 PHP 180,000,000	USD 4,000,000 PHP 180,000,000	None	0.82% 0.75% 5.26%	7,991,587 7,991,587 7,991,587

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)			
		"			\$ 131,073			
	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	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	
						~100.00%		
					\$ 6,352,509			
	President Securities Corp.	—	Financial assets that are available for sale— non current	2 9,328,669	\$ 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	5 00,000	3.33%	"	
	New Century Info Comm Co., Ltd. etc.	skipped	"	skipped	1,512,082	0.02%	"	
						~19.93%		
					\$ 12,381,271			
	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	"	114,000,000	1,371,500	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	"	14,322,000	382,817	6,400,000	211,736	-	-	-	-	(113,413)	20,722,000	481,140
	President Pharmaceutical Corp.	"	Note 4	Note 4	3,960,000	63,172	10,640,494	255,372	-	-	-	-	6,276	14,600,494	324,820
	President Musashino Corp.	"	Note 5	None	5,229,000	48,462	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	"	"	(1,643,84)	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	"	(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	
	Presiclere 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. etc.	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 PHP50million

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 PHP10million

Note 4: 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 \$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			At ending		
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost	Gain from disposal	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)	-	
	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%	
President Logistics International Corp.	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%)	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	112,529	12%	O/A settlement 20 days	"	"	15,201	10%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Sales	(276,170)	(70%)	O/A settlement from 40-65 days	"	"	45,834	79%	
President Pharmaceutical Corp.	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%	
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.	President Chain Store 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%)	
	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%	
	Retail Support International Corp.	A subsidiary of President Chain Store Corp.	Purchase	284,895	29%	O/A settlement 30 days	"	"	(33,216)	(21%)	
President Musashino Corp.	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)

(IV) The business relation, transactions and transaction amount conducted between the parent company and subsidiary and among the subsidiaries
2006

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets	
			Account	Amount	Trade terms and conditions		
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Purchase	\$ 43,120,484	O/A settlement 32 days	32%	
			Other operating incomes	238,957		0%	
			Purchase discount	90,722		0%	
			Packaging expense	198,762		0%	
			Miscellaneous income	203,831		0%	
			Prepayment for purchase				
			Notes payable	388,711		1%	
			Accounts payable	3,120,517		6%	
			Accrued expenses	92,182		0%	
			Purchase	15,828,128	O/A settlement from 15~31 days	12%	
			Purchase discount	241,408		0%	
			Miscellaneous income	105,230		0%	
			Other operating incomes	38,163		0%	
	Notes payable	492,831		0%			
	Accounts payable	1,151,012		2%			
	Accrued expenses	10,396		0%			
	Wisdom Distribution Service Corp.			Purchase	5,508,850	O/A settlement 35 days	4%
				Notes payable	384,853		1%
				Accounts payable	491,063		1%
	President Transnet Corp.			Purchase	660,907	O/A settlement 15 days	0%
				Accounts payable	54,620		0%
	President Information Corp.			Information system process and maintenance expense	530,548	O/A settlement 30 days	0%
				Accrued expenses	99,038		0%
				Inventory count expense	141,237	O/A settlement 15 days	0%
	Capital Inventory Services Corp.			Accrued expenses	27,950		0%
				Accrued expenses	18,127	O/A settlement 30 days	0%
	President Coffee Corp.			Miscellaneous income	61,285		0%
Other accounts payable				43,333	O/A settlement 30 days	0%	
Books.com. Co. Ltd.			Miscellaneous income	21,256		0%	
			Cleaning fees	68,065	O/A settlement 30 days	0%	
Retail Support International Corp.	President Direct Marketing Corp. President Drugstore Business Corp.	Subsidiary vs. subsidiary	Cost of goods sold	44,015	O/A settlement 30 days	0%	
			Net sales	3,217,880	O/A settlement 50 days	2%	
			Sales discount	658,479		0%	
			Other operating incomes	18,682		0%	
			Accounts receivable	559,730		1%	
			Other accounts payable	24,297		0%	

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
Uni-President Cold-Chain Corp.	President Coffee Corp.		Net sales	\$ 83,274	O/A settlement 30 days	0%
			Accounts receivable	12,013		0%
	Wisdom Distribution Service Corp.		Net sales	152,244	O/A settlement 30 days	0%
			Sales discount	13,466		0%
			Accounts receivable	31,581		0%
	Bank Pro E-Service Technology Co., Ltd.		Cost of goods sold	60,092	O/A settlement 30 days	0%
			Retail Support Taiwan Corp.	Storage & delivery expense	213,470	O/A settlement from 15~20 days
	President Logistics International Corp.		Other accounts payable	21,811		0%
			Miscellaneous income	15,292		0%
			Freight charge	473,939	O/A settlement from 15~20 days	0%
	President Pharmaceutical Corp.		Other accounts payable	49,623		0%
			Cost of goods sold	75,080	O/A settlement 25 days	0%
	President Information Corp.	President Coffee Corp.	Accounts payable	48,238		0%
			Cost of goods sold	36,322	O/A settlement from 30~45 days	0%
			President Logistics International Corp.	Freight charge	401,097	O/A settlement 45 days
Wisdom Distribution Service Corp.	President Pharmaceutical Corp.	Accrued expenses	71,421		0%	
		Accrued expenses	16,791	O/A settlement 30 days	0%	
		President Transnet Corp.	Service income	31,894	O/A settlement 60 days	0%
President Transnet Corp.	Vision Distribution Service Corp.	Cost of goods sold	339,381	O/A settlement 40 days	0%	
		Accounts payable	33,403		0%	
		Notes payable	20,748		0%	
		President Logistics International Corp.	Freight charge	152,522	O/A settlement from 20~30 days	0%
		Accrued expenses	13,851		0%	
Retail Support Taiwan Corp.	President Direct Marketing Corp.	Operating revenue	21,666	O/A settlement 90 days	0%	
		President Collect Services Co., Ltd.	Operating revenue	52,594	O/A settlement 90 days	0%
		Other accounts payable	207,624		0%	
Retail Support Taiwan Corp.	Chieh-Shuen Logistics International Corp.	Cost of goods sold	275,990	O/A settlement from 40~65 days	0%	
		Accrued expenses	45,645		0%	
		President Logistics International Corp.	Freight charge	72,889	O/A settlement 20 days	0%

2005

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
President Chain Store Corp.	Retail Support International Corp.	Purchase	Purchase	\$ 41,630,192	O/A settlement from 10~80 days	35%
	"	"	Other operating incomes	214,838		-
	"	"	Purchase discount	91,243		-
	"	"	Packaging expense	183,808		-
	"	"	Miscellaneous income	196,294		-
	"	"	Other accounts receivable	2,437		-
	"	"	Prepayment for purchase	66,500		-
	"	"	Notes payable	247,317		1%
	"	"	Accounts payable	2,608,581		6%
	"	"	Accrued expenses	56,289		-
	Uni-President Cold-Chain Corp.	"	Purchase	14,428,903	O/A settlement from 15~30 days	12%
	"	"	Purchase discount	215,030		-
	"	"	Miscellaneous income	94,563		-
	"	"	Accounts payable	975,695		2%
	Wisdom Distribution Service Corp.	"	Purchase	5,156,490	O/A settlement from 20~35 days	4%
	"	"	Notes payable	428,714		1%
	"	"	Accounts payable	439,093		1%
	President Transnet Corp.	"	Purchase	625,377	O/A settlement 15 days	1%
	"	"	Accounts payable	59,109		-
	"	"	Freight charge	2,083		-
	President Information Corp.	"	Information system process and maintenance expense	466,185	O/A settlement 30 days	-
"	"	Notes payable	28,362		-	
"	"	Accrued expenses	43,330		-	
Capital Inventory Services Corp.	"	Inventory count expense	118,938	O/A settlement 30 days	-	
"	"	Accrued expenses	34,808		-	
President Coffee Corp.	"	Purchase	161,360	O/A settlement 15 days	-	
"	"	Accrued expenses	21,460		-	
"	"	Other incomes-rent	34,285		-	
"	"	Other income - other sales	27,928		-	
President Drugstore Business Corp.	"	sales	128,996	O/A settlement 30 days	-	
Retail Support International Corp.	President Drugstore Business Corp.	Subsidiary vs. subsidiary	Net sales	2,136,503	O/A settlement 50 days	2%
			Accounts receivable	495,712		1%

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
Retail Support International Corp.	President Coffee Corp.	Subsidiary vs. subsidiary	Net sales	\$ 261,307	O/A settlement 30 days	-
		"	Sales discount	833		-
		"	Accounts receivable	38,541		-
		"	Purchase	18,068	O/A settlement 30 days	-
		"	Logistics income	25,004		-
	Wisdom Distribution Service Corp.	"	Net sales	536,980	O/A settlement 30 days	-
		"	Sales discount	2,533		-
		"	Accounts receivable	14,884		-
	Bank Pro E-Service Technology Co., Ltd.	"	Purchase	119,733	O/A settlement 30 days	-
		"	Accounts payable	7,563		-
	Retail Support Taiwan Corp.	"	Storage & delivery expense	223,504	O/A settlement from 15~20 days	-
		"	Accrued expenses	18,728		-
	President Logistics International Corp.	"	Freight charge	344,155	O/A settlement from 15~20 days	-
		"	Accrued expenses	31,053		-
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	Freight charge	103,883	O/A settlement from 15~20 days	-
		"	Accrued expenses	10,489		-
President Logistics International Corp.	Uni-President Cold-Chain Corp.	"	Net sales	372,457	O/A settlement from 40~65 days	-
		"	Accounts receivable	65,750		-
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	"	Net sales	237,745	O/A settlement from 40~65 days	-
		"	Accounts receivable	58,659		-

XII. Financial information by department

(I) By industry

The financial information of the Company and its subsidiaries by industry in 2006 and 2005 is specified as follows:

2006

	<u>Chain stores</u>	<u>Logistics & delivery</u>	<u>Others</u>	<u>Adjustment and offset</u>	<u>Merge</u>
Revenue from customers other than the Company	\$ 111,178,730	\$ 2,636,103	\$ 19,129,743	\$ -	\$ 132,944,576
Revenue from the Company and other departments	322,940	69,132,710	2,052,818	(71,508,468)	-
Total revenue	<u>\$ 111,501,670</u>	<u>\$ 71,768,813</u>	<u>\$ 21,182,561</u>	<u>(\$ 71,508,468)</u>	<u>\$ 132,944,576</u>
Department income	<u>\$ 4,274,228</u>	<u>\$ 477,347</u>	<u>\$ 229,199</u>		\$ 4,980,774
Investment loss under the Equity Method					(37,397)
Interest expenses					(164,284)
General revenue					1,295,482
General expenses					(542,329)
Income before tax					<u>\$ 5,532,246</u>
Recognizable assets	<u>\$ 34,347,443</u>	<u>\$ 5,568,551</u>	<u>\$ 7,166,957</u>		<u>\$ 47,082,951</u>
Long-term investments (equity method)					768,977
General assets					1,383,283
Total Assets					<u>\$ 49,235,211</u>
Depreciation	<u>\$ 1,998,631</u>	<u>\$ 399,615</u>	<u>\$ 491,400</u>		<u>\$ 2,889,646</u>
Amortizations	<u>\$ 332,012</u>	<u>\$ 40,510</u>	<u>\$ 32,150</u>		<u>\$ 404,672</u>
Capital expenditure	<u>\$ 2,353,917</u>	<u>\$ 325,174</u>	<u>\$ 590,465</u>		<u>\$ 3,269,556</u>

2005

	<u>Chain stores</u>	<u>Logistics & delivery</u>	<u>Others</u>	<u>Adjustment and offset</u>	<u>Merge</u>
Revenue from customers other than the Company	\$ 102,834,005	\$ 1,565,964	\$ 15,540,917	\$ -	\$ 119,940,886
Revenue from the Company and other departments	157,537	64,932,264	1,894,107	(66,983,908)	-
Total revenue	<u>\$ 102,991,542</u>	<u>\$ 66,498,228</u>	<u>\$ 17,435,024</u>	<u>(\$66,983,908)</u>	<u>\$ 119,940,886</u>
Department income	<u>\$ 4,139,869</u>	<u>\$ 451,781</u>	<u>\$ 110,010</u>		\$ 4,701,660
Investment loss under the Equity Method					(81,726)
Interest expenses					(158,227)
General revenue					1,152,204
General expenses					(551,663)
Income before tax					<u>\$ 5,062,248</u>
Recognizable assets					\$ 42,965,736
Long-term investments (equity method)	<u>\$ 31,413,712</u>	<u>\$ 5,055,037</u>	<u>\$ 6,496,987</u>		647,351
General assets					1,342,325
Total Assets					<u>\$ 44,955,412</u>
Depreciation	<u>\$ 1,876,662</u>	<u>\$ 194,613</u>	<u>\$ 471,508</u>		<u>\$ 2,542,783</u>
Amortizations	<u>\$ 454,270</u>	<u>\$ 36,305</u>	<u>\$ 19,628</u>		<u>\$ 510,203</u>
Capital expenditure	<u>\$ 4,094,439</u>	<u>\$ 488,704</u>	<u>\$ 478,223</u>		<u>\$ 5,061,366</u>

The Company and its subsidiaries are primarily engaged in the operation of convenience chain stores, logistic services, carrying foods and supplies, gas stations, manufacturing and the sale of elevators. The department revenue listed in the said table displays the sale revenue of the departments from customers other than the enterprise and the sale and appropriation revenues of other departments in the enterprise. The sales, appropriation revenues and purchases among departments shall be calculated at the rate agreed upon in the transportation of commodities contract, articles and retailing location collection contract provided that the department revenue does not include the following:

1. General revenues irrelevant to the department.
2. Investment income recognized by equity investment valued under the equity method.

Department income means the balance after department revenue is included less the department cost and expenses. Department cost and expense means the cost and expense related to the revenue of the department incurring it. The department cost and expense do not include the following:

1. General expenses irrelevant to the department;
2. Interest.
3. Investment loss recognized by equity investment valued under the equity method.

Recognizable assets mean the tangible and intangible assets directly recognized to be vested in the department, provided that they do not include the following:

1. Assets other than those held for any specific department's operation.
2. External equity investment valued under the equity method.

(2) By district

The revenue from off-shore operational departments of the Company and its subsidiaries, from customers other than the enterprise, and recognizable assets in 2006 and 2005 did not reach more than 10% of the consolidated revenues and assets.

(3) By export sales

The Company and its subsidiaries had no export sales revenue that reached more than 10% of the revenue in the consolidated income statement in 2006 and 2005.

(4) By important customers

The Company and its subsidiaries had no important customers from which the revenue accounted for more than 10% of the revenue specified in the income statement in 2006 and 2005.