

President Chain Store Corporation
Balance Sheet
At the End of March 31, 2005 and 2004

Unit : NT\$ '000

	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>
Assets			Liabilities and Shareholders' equity		
Current assets			Liability		
Cash and cash equivalents	984,658	2,221,689	Commercial paper payable	199,957	0
Short-term investments	783,322	314,612	Notes payable	1,213,428	1,277,815
Net accounts receivable	313,591	324,185	Accounts payable	179,972	165,537
Other receivable	341,343	373,722	Accounts payable-related parties	4,343,452	4,129,640
Inventories	2,304,581	1,914,418	Income taxes payable	516,654	609,968
Other current assets – other	<u>738,816</u>	<u>746,272</u>	Accrued expenses	1,427,294	1,170,399
Total current assets	<u>5,466,311</u>	<u>5,894,898</u>	Other accounts payable	2,693,002	2,132,006
			Cash received in advance	<u>657,950</u>	<u>332,925</u>
Long-term investments (Equity method)	5,097,931	5,024,028	Total current liabilities	<u>11,231,709</u>	<u>9,818,290</u>
Long-term investments (Cost method)	11,944,353	8,262,215			
Long-term bond investments	<u>100,000</u>	<u>0</u>	Corporate bond	2,200,000	2,200,000
Long-term investments	<u>17,142,284</u>	<u>13,286,243</u>	Long-term debt	<u>3,200,000</u>	<u>0</u>
			Total long-term debt	<u>5,400,000</u>	<u>2,200,000</u>
Fixed assets					
Land	2,911,091	1,860,184	Other liabilities		
Building	1,362,762	772,202	Accrued pension liabilities	361,110	373,546
Machinery and equipment	7,759,649	7,324,214	Deposits-in	<u>1,186,700</u>	<u>1,076,754</u>
Lease improvement	3,188,801	2,969,491	Total other liabilities	<u>1,547,810</u>	<u>1,450,300</u>
Other equipment	<u>20,972</u>	<u>43,424</u>	Total liabilities	<u>18,179,519</u>	<u>13,468,590</u>
Total cost	15,243,275	12,969,515			
Less: accumulate depreciation	(6,477,023)	(6,263,145)	Shareholders' equity		
Prepaid machinery and equipment	<u>225,463</u>	<u>204,544</u>	Capital		
Total fixed assets	<u>8,991,715</u>	<u>6,910,914</u>	Paid-in Capital	9,151,604	8,584,995
			Retained earnings		
Other assets			Legal reserve	1,873,794	1,512,726
Deposit-out	838,499	1,088,994	Unallotted retained earnings	3,902,932	4,313,181
Other assets-other	<u>613,282</u>	<u>688,690</u>	Other adjustment in SH's equity		
Total other assets	<u>1,451,781</u>	<u>1,777,684</u>	Total exchange currency adjustment	(55,758)	(9,753)
			Total shareholders' equity	<u>14,872,572</u>	<u>14,401,149</u>
Total assets	<u>\$33,052,091</u>	<u>\$27,869,739</u>	Liabilities and shareholders' equity	<u>\$33,052,091</u>	<u>\$27,869,739</u>

President Chain Store Corporation
Income Statement
For the period ended 31th March, 2005 and 2004

	Expressed in NT '000			
	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Operating revenue</u>				
Net sales	19,094,956	96.6%	18,944,829	97.0%
Other operating revenue	663,371	3.4%	583,825	3.0%
Total operating revenue	19,758,327	100.0%	19,528,654	100.0%
<u>Operating cost</u>				
Cost of goods sold	(13,961,813)	-70.7%	(13,879,488)	-71.1%
Gross profit	5,796,514	29.3%	5,649,166	28.9%
<u>Operating expenses</u>				
Selling expenses	(4,612,394)	-23.3%	(4,363,398)	-22.3%
General and administration expenses	(587,944)	-3.0%	(603,614)	-3.1%
Total operating expenses	(5,200,338)	-26.3%	(4,967,012)	-25.4%
Operating income	596,176	3.0%	682,154	3.5%
<u>Non-operating income</u>				
Investment gain on investment (equity method)	11,209	0.1%	14,480	0.1%
Unrealized gain from short-term investments	6,600	0.0%	66,585	0.3%
Net other income	103,152	0.5%	94,458	0.5%
Total non-operating income	120,961	0.6%	175,523	0.9%
<u>Non-operating expenses</u>				
Interest expenses	(20,003)	-0.1%	(18,399)	-0.1%
Loss on investments (cost method)	(15,217)	-0.1%	0	0.0%
Loss on disposal of investments	(3,703)	0.0%	(37,676)	-0.2%
Other expenses	(13,009)	-0.1%	(15,314)	-0.1%
Total non-operating expenses	(51,932)	-0.3%	(71,389)	-0.4%
Income before tax	665,205	3.4%	786,288	4.0%
Income Tax	(164,458)	-0.8%	(153,525)	-0.8%
Net Income After Tax	<u>\$500,747</u>	<u>2.5%</u>	<u>\$632,763</u>	<u>3.2%</u>
Earnings per share	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net income	<u>0.73</u>	<u>0.55</u>	<u>0.86</u>	<u>0.69</u>

President Chain Store Corporation
Statement of Cash Flows
For the period ended 31th March, 2005 and 2004

Unit : NT\$ '000

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income:	500,747	632,763
Account receivable (collect from doubt for bad debt)	-	420
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	418,778	358,274
Amortization	94,096	73,339
Unrealized gain from short-term investments	(6,600)	(66,586)
Investment gain (loss) recognized under equity method	(11,209)	(14,480)
Loss on permanent decline in value of long-term investments	15,217	-
Loss on disposal of fixed assets	4,857	5,549
Changes in assets and liabilities:		
Accounts receivable	(65,072)	(83,712)
Other accounts receivable	(15,992)	343,725
Inventories	(102,024)	141,232
Prepayments	11,381	(6,116)
Deferred income tax	(1,559)	3,192
Notes payable	(11,691)	(1,038,345)
Notes payable – related parties	(106,037)	858,506
Accounts payable	339,301	(36,966)
Income tax payable	162,583	148,621
Accrued expenses	(270,246)	(375,869)
Other accounts payables	392,367	62,361
Cash in advance	72,407	(23,560)
Provision for retirement plan	(953)	736
Net cash provided by operating activities	<u>1,420,351</u>	<u>983,084</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
(Increase) Decrease on short-term investments	(533,744)	(149,641)
Increase in deposits-out	(19,181)	(218,101)
Increase in long-term investments - subsidiaries	-	(250,000)
Increase in long-term investments - non-subsiararies	(3,382,580)	(271,325)
Purchase of fixed assets	(127,509)	(157,115)
Proceeds from disposal of fixed assets	2,057	1,389
Increase in other assets	4,897	0
Net cash flow in investing activities	<u>(4,056,060)</u>	<u>(1,044,793)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase in commercial paper payable	199,957	-
Increase in long-term loans	3,200,000	-
Decrease in long-term loans	(500,000)	-
Increase in deposit-in	23,235	45,389
Payments of property, plant and equipment purchased	(240,602)	(480,836)
Payments of other assets	-	(10,500)
Net cash provided by financing activities	<u>2,682,590</u>	<u>(445,947)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	46,881	(507,656)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	937,777	2,729,345
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$984,658</u>	<u>\$2,221,689</u>

Supplement disclosures of cash flow information

Interest paid	<u>\$27,412</u>	<u>\$23,255</u>
Income tax paid	<u>\$316</u>	<u>\$999</u>
Investing and financing activities of partial payment on cash:		
Purchase of property, plant and equipment	\$223,594	\$443,107
Less: ended balance of account payable on equipment	(96,085)	(285,992)
Cash purchase of property, plant and equipment	<u>\$127,509</u>	<u>\$157,115</u>