

President Chain Store Corporation

Balance Sheet

At the End of June 30, 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	2,313,538	2,343,403	Notes payable	1,206,462	1,463,261
Short-term investments	202,940	175,085	Accounts payable	235,852	152,957
Net accounts receivable	318,672	227,414	Accounts payable-affiliates	6,296,930	4,448,746
Other receivable	551,986	549,125	Income taxes payable	531,577	363,206
Inventories	2,392,627	1,991,380	Accrued expenses	1,660,832	1,394,343
Other current assets	<u>769,696</u>	<u>723,381</u>	Other accounts payable	5,947,916	4,534,800
Total current assets	<u>6,549,459</u>	<u>6,009,788</u>	Cash in advance	694,883	393,292
			Current portion of long-term liabilities	<u>200,000</u>	=
Long-term investments (Equity method)	5,249,553	5,324,460	Total current liabilities	<u>16,774,452</u>	<u>12,750,605</u>
Long-term investments (Cost method)	11,920,521	8,723,715			
Long-term investments (Corporate bonds)	<u>80,000</u>	<u>120,000</u>	Long-term liabilities		
Long-term investments	<u>17,250,074</u>	<u>14,168,175</u>	Corporate bond	2,000,000	2,200,000
Fixed assets			Long-term loans	<u>500,000</u>	<u>0</u>
Cost:			Total long-term liabilities	<u>2,500,000</u>	<u>2,200,000</u>
Land	1,593,178	1,860,184	Other liabilities		
Building	963,402	772,202	Provision for retirement plan	361,980	374,014
Operating equipment	7,846,559	7,659,593	Deposits-in	<u>1,231,515</u>	<u>1,125,208</u>
Lease improvement	3,293,839	3,060,210	Total other liabilities	<u>1,593,495</u>	<u>1,499,222</u>
Other equipment	<u>20,957</u>	<u>21,830</u>	Total liabilities	<u>20,867,947</u>	<u>16,449,827</u>
Cost and revaluation	13,717,935	13,374,019			
Less: accumulated depreciation	(6,700,546)	(6,296,886)	Shareholders' equity		
Construction in progress and prepayments for equipment	<u>20,398</u>	<u>199,424</u>	Capital		
Total fixed assets	<u>7,037,787</u>	<u>7,276,557</u>	Common stock	9,151,604	8,584,995
Other assets			Stock dividend allotted	-	566,610
Rent assets	833,528	-	Retained earnings		
Idle assets	1,060,383	-	Legal reserve	2,178,381	1,873,794
Deposit-out	852,197	1,133,790	Special reserve	55,758	-
Other assets-other	<u>605,985</u>	<u>707,205</u>	Unappropriated earnings	1,991,481	1,791,639
Total other assets	<u>3,352,093</u>	<u>1,840,995</u>	Cumulative translation adjustment	(55,758)	<u>28,650</u>
			Total shareholders' equity	<u>13,321,466</u>	<u>12,845,688</u>
Total assets	<u>\$34,189,413</u>	<u>\$29,295,515</u>	Liabilities and shareholders' equity	<u>\$34,189,413</u>	<u>\$29,295,515</u>

President Chain Store Corporation
Income Statement
For the period ended 30th June, 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	43,080,632	96.91%	38,525,096	96.97%
Other operating revenue	<u>1,372,429</u>	<u>3.09%</u>	<u>1,202,823</u>	<u>3.03%</u>
Total operating revenue	44,453,061	100.00%	39,727,919	100.00%
<u>Operating cost</u>				
Cost of goods sold	<u>(31,375,733)</u>	<u>-70.58%</u>	<u>(27,951,399)</u>	<u>-70.36%</u>
Gross profit	<u>13,077,328</u>	<u>29.42%</u>	<u>11,776,520</u>	<u>29.64%</u>
<u>Operating expenses</u>				
Selling expenses	<u>(9,880,138)</u>	<u>-22.23%</u>	<u>(8,978,525)</u>	<u>-22.60%</u>
General and administration expenses	<u>(1,208,741)</u>	<u>-2.72%</u>	<u>(1,381,033)</u>	<u>-3.48%</u>
Total operating expenses	<u>(11,088,879)</u>	<u>-24.95%</u>	<u>(10,359,558)</u>	<u>-26.08%</u>
Operating income	<u>1,988,449</u>	<u>4.47%</u>	<u>1,416,962</u>	<u>3.57%</u>
<u>Non-operating income</u>				
Investment gain on investment (equity method)	2,566	0.01%	41,955	0.11%
Dividends Income	156,153	0.35%	184,560	0.46%
Unrealized gain from short-term investments	11,421	0.03%	46,043	0.12%
Others	<u>257,423</u>	<u>0.58%</u>	<u>194,603</u>	<u>0.49%</u>
Total non-operating income	<u>427,563</u>	<u>0.96%</u>	<u>467,161</u>	<u>1.18%</u>
<u>Non-operating expenses</u>				
Interest expenses	<u>(41,654)</u>	<u>-0.09%</u>	<u>(35,463)</u>	<u>-0.09%</u>
Loss on investments (cost method)	<u>(15,217)</u>	<u>-0.03%</u>	<u>0</u>	<u>0.00%</u>
Loss on disposal of fixed assets	<u>(3,218)</u>	<u>-0.01%</u>	<u>(18,530)</u>	<u>-0.05%</u>
Loss on disposal of investments	<u>(449)</u>	<u>0.00%</u>	<u>(34,669)</u>	<u>-0.09%</u>
Others	<u>(15,708)</u>	<u>-0.04%</u>	<u>(20,618)</u>	<u>-0.05%</u>
Total non-operating expenses	<u>(76,246)</u>	<u>-0.17%</u>	<u>(109,280)</u>	<u>-0.28%</u>
Income before tax	2,339,766	5.26%	1,774,843	4.47%
Income Tax	<u>(483,513)</u>	<u>-1.09%</u>	<u>(339,521)</u>	<u>-0.85%</u>
Net Income After Tax	<u>\$1,856,253</u>	<u>4.18%</u>	<u>\$1,435,322</u>	<u>3.61%</u>
Earnings per share (in NT \$ dollars)	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net income	<u>2.56</u>	<u>2.03</u>	<u>1.94</u>	<u>1.57</u>

President Chain Store Corporation
Statement of Cash Flows
For the period ended 30th June, 2005 and 2004

Unit : NT\$ '000

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income:	\$ 1,856,253	\$ 1,435,322
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	839,880	741,494
Amortization	192,795	146,610
Unrealized gain from short-term investments	(11,421)	(46,043)
Account receivable (collect from doubt for bad debt)	-	(420)
Investment gain (loss) recognized under equity method	(2,566)	(41,956)
Loss on permanent decline in value of long-term investments	15,217	-
Cash dividend from long-term investment under equity method	30,000	57,447
Loss on disposal of fixed assets	3,218	18,530
Changes in assets and liabilities:		
Accounts receivable	(70,153)	13,059
Other accounts receivable	(123,135)	201,162
Inventories	(190,070)	64,270
Deferred income tax	(81,935)	3,191
Other current assets	(25,627)	16,776
Notes payable	(124,694)	5,607
Accounts payable	2,348,659	269,560
Income tax payable	177,506	(98,141)
Accrued expenses	(36,708)	(162,773)
Other accounts payables	796,226	194,626
Cash in advance	109,340	36,807
Provision for retirement plan	(83)	1,204
Net cash provided by operating activities	<u>5,702,702</u>	<u>2,856,332</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
(Increase) Decrease in short-term investments	51,459	(30,657)
(Increase) Decrease in loan receivable	20,000	(32,000)
Acquisition of long-term investments - affiliates	(90,264)	(180,000)
Acquisition of long-term investments - non-affiliates	(3,582,248)	(1,094,825)
Acquisition of long-term corporate bonds	20,000	(120,000)
Acquisition of fixed assets	(510,969)	(1,022,521)
Proceeds from disposal of fixed assets	24,222	44,397
Increase in deposits-out	(32,879)	(262,897)
Acquisition of other assets	-	(91,786)
Net cash used for investing activities	<u>(4,100,679)</u>	<u>(2,790,289)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase in deposits-in	68,050	93,843
Payment of directors' remuneration	(53,710)	(64,992)
Payments of property, plant and equipment acquired last year	(240,602)	(480,836)
Net cash provided by financing activities	(226,262)	(451,985)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	1,375,761	(385,942)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	937,777	2,729,345
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$2,313,538</u>	<u>\$2,343,403</u>

Supplement disclosures of cash flow information

Interest paid	\$57,583	\$51,726
Income tax paid	\$387,941	\$434,470

Investing and financing activities of partial payment on cash:

Purchase of property, plant and equipment	\$605,207	\$1,247,960
Less: ended balance of account payable on equipment	(94,238)	(225,439)
Cash purchase of property, plant and equipment	<u>\$510,969</u>	<u>\$1,022,521</u>