

President Chain Store Corporation

Consolidated Balance Sheet

June 30, 2005

Unit : NT\$ '000

	<u>2005</u>			<u>2005</u>	
Assets			Liabilities and Shareholders' equity		
Current assets			Liability		
Cash and cash equivalents	4,104,753	9.3%	Short-term debt	641,074	1.5%
Short-term investments	1,479,246	3.3%	Short-term notes and bills payable	464,948	1.1%
Net accounts receivable	1,006,159	2.3%	Notes payable	894,133	2.0%
Other receivable	1,151,007	2.6%	Accounts payable	8,823,962	20.0%
Inventories	5,114,491	11.6%	Accounts payable-affiliates	1,794,743	4.1%
Other current assets	<u>1,810,411</u>	<u>4.1%</u>	Income taxes payable	623,227	1.4%
Total current assets	<u>14,666,067</u>	<u>33.2%</u>	Accrued expenses	2,722,906	6.2%
			Other accounts payable	6,463,462	14.6%
Long-term investments (Equity method)	469,442	1.1%	Cash in advance	944,933	2.1%
Long-term investments (Cost method)	<u>12,747,765</u>	<u>28.8%</u>	Current portion of long-term liabilities	<u>383,753</u>	<u>0.9%</u>
Long-term investments	<u>13,217,207</u>	<u>29.9%</u>	Total current liabilities	<u>23,757,141</u>	<u>53.8%</u>
Fixed assets			Long-term liabilities		
Cost:			Corporate bond	2,000,000	4.5%
Land	2,120,792	4.8%	Long-term loans	1,502,466	3.4%
Building	1,931,891	4.4%	Long-term notes and accounts payable-affiliates	<u>181,527</u>	<u>0.4%</u>
Transportation equipment	1,532,903	3.5%	Total long-term liabilities	<u>3,683,993</u>	<u>8.3%</u>
Operating equipment	10,202,891	23.1%			
Lease improvement	4,678,190	10.6%	Other liabilities		
Other equipment	<u>852,431</u>	<u>1.9%</u>	Provision for retirement plan	477,840	1.1%
Cost and revaluation	21,319,098	48.2%	Deposits-in	<u>1,421,189</u>	<u>3.2%</u>
Less: accumulated depreciation	<u>(9,718,252)</u>	<u>-22.0%</u>	Total other liabilities	<u>1,899,029</u>	<u>4.3%</u>
Construction in progress and prepayments for equipment	<u>78,023</u>	<u>0.2%</u>	Total liabilities	<u>29,340,163</u>	<u>66.4%</u>
Total fixed assets	<u>11,678,869</u>	<u>26.4%</u>			
			Shareholders' equity		
Intangible assets			Capital		
Other intangibles	<u>40,813</u>	<u>0.1%</u>	Common stock	9,151,604	20.7%
			Retained earnings		
Other assets			Legal reserve	2,178,381	4.9%
Rent assets	837,887	1.9%	Special reserve	55,758	0.1%
Idle assets	1,060,383	2.4%	Unappropriated earnings	1,991,481	4.5%
Deposit-out	1,443,227	3.3%	Cumulative translation adjustment	<u>(55,758)</u>	<u>-0.1%</u>
Other assets-other	<u>1,244,482</u>	<u>2.8%</u>	Minority interest	<u>1,527,306</u>	<u>3.5%</u>
Total other assets	<u>4,585,979</u>	<u>10.4%</u>	Total shareholders' equity	<u>14,848,772</u>	<u>33.6%</u>
Total assets	<u>\$44,188,935</u>	<u>100.0%</u>	Liabilities and shareholders' equity	<u>\$44,188,935</u>	<u>100.0%</u>

President Chain Store Corporation
Consolidated Income Statement
For the period ended 30th June, 2005

Expressed in NT '000

	2005	
	Amount	%
<u>Operating revenue</u>		
Net sales	53,573,279	95.11%
Other operating revenue	<u>2,753,190</u>	<u>4.89%</u>
Total operating revenue	56,326,469	100.00%
<u>Operating cost</u>		
Cost of goods sold	<u>(39,179,559)</u>	<u>-69.56%</u>
Gross profit	<u>17,146,910</u>	<u>30.44%</u>
<u>Operating expenses</u>		
Selling expenses	<u>(12,454,776)</u>	<u>-22.11%</u>
General and administration expenses	<u>(2,434,019)</u>	<u>-4.32%</u>
Total operating expenses	<u>(14,888,795)</u>	<u>-26.43%</u>
Operating income	<u>2,258,115</u>	<u>4.01%</u>
<u>Non-operating income</u>		
Dividends Income	156,153	0.28%
Gain on disposal of investments	2,722	0.00%
Unrealized gain from short-term investments	21,912	0.04%
Others	<u>396,722</u>	<u>0.70%</u>
Total non-operating income	<u>577,509</u>	<u>1.03%</u>
<u>Non-operating expenses</u>		
Interest expenses	<u>(72,710)</u>	<u>-0.13%</u>
Loss on investments (equity method)	<u>(44,013)</u>	<u>-0.08%</u>
Loss on investments (cost method)	<u>(15,217)</u>	<u>-0.03%</u>
Loss on disposal of fixed assets	<u>(90,419)</u>	<u>-0.16%</u>
Others	<u>(42,523)</u>	<u>-0.08%</u>
Total non-operating expenses	<u>(264,882)</u>	<u>-0.47%</u>
Income before tax	2,570,742	4.56%
Income Tax	<u>(584,569)</u>	<u>-1.04%</u>
Net Income After Tax	<u>\$1,986,173</u>	<u>3.53%</u>
Attributed to:		
Consolidated Net Income	\$1,856,253	3.30%
Minority Interests	<u>\$129,920</u>	<u>0.23%</u>
	<u>\$1,986,173</u>	<u>3.53%</u>
Earnings per share (in NT \$ dollars)	(pre-tax)	(after tax)
Net Income After Tax	\$ 2.81	\$ 2.17
Minority Interests	<u>(0.19)</u>	<u>(0.14)</u>
Net income	<u>\$ 2.62</u>	<u>\$ 2.03</u>

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

Unit : NT\$ '000

2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Consolidated Net Income:	\$	1,856,253
Minority Interests		129,920
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		1,341,190
Amortization		264,311
Unrealized gain from short-term investments		(21,912)
Investment loss recognized under equity method		44,013
Loss on permanent decline in value of long-term investments		15,217
Loss on disposal of fixed assets		90,419
Changes in assets and liabilities:		
Accounts receivable		(187,261)
Other accounts receivable		(444,046)
Inventories		(2,229,806)
Other current assets		(902,498)
Deferred income tax		83,244
Notes payable		(714,670)
Accounts payable		5,507,490
Income tax payable		244,698
Accrued expenses		373,143
Other accounts payables		1,105,024
Cash in advance		351,820
Provision for retirement plan		97,428
Net cash provided by operating activities		<u>7,003,977</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

(Increase) Decrease in short-term investments		(908,040)
(Increase) Decrease in loan receivable		(40,000)
Acquisition of long-term investments - non-affiliates		(4,034,710)
(Increase) Decrease in long-term corporate bonds		100,000
Acquisition of fixed assets		(3,069,830)
Proceeds from disposal of fixed assets		54,732
(Increase) Decrease in intangible assets		(3,940)
Increase in deposits-out		(252,720)
Acquisition of other assets		(400,189)
Net cash used for investing activities		<u>(8,554,697)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase in short-term debt	\$ 101,735
Decrease in short-term notes and bills payable	(119,260)
Increase in long-term loans	482,432
Increase in deposits-in	252,029
Payments of property, plant and equipment acquired last year	(312,015)
Payment of directors' remuneration	(53,710)
Increase in minority interest	<u>777,783</u>
Net cash provided by financing activities	<u>1,128,994</u>
Adjustment from subsidiaries consolidated for the first time	<u>2,691,544</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	2,269,818
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	<u>1,834,935</u>
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u><u>\$4,104,753</u></u>
 <u>Supplement disclosures of cash flow information</u>	
Interest paid	<u><u>\$68,894</u></u>
Income tax paid	<u><u>\$565,941</u></u>