

President Chain Store Corporation
Consolidated Income Statement
For the period ended 31st December, 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	\$ 113,500,342	94.6%	\$ 92,001,931	96.6%
Other operating revenue	6,440,544	5.4%	3,273,426	3.4%
Total operating revenue	119,940,886	100.0%	95,275,357	100.0%
<u>Operating cost</u>				
Cost of goods sold	(83,225,037)	-69.4%	(66,486,131)	-69.8%
Gross profit	36,715,849	30.6%	28,789,226	30.2%
<u>Operating expenses</u>				
Selling expenses	(25,745,594)	-21.5%	(22,370,412)	-23.5%
General and administration expenses	(6,140,914)	-5.1%	(3,033,050)	-3.2%
Total operating expenses	(31,886,508)	-26.6%	(25,403,462)	-26.7%
Operating income	4,829,341	4.0%	3,385,764	3.6%
<u>Non-operating income</u>				
Dividends Income	193,520	0.2%	224,133	0.2%
Gain on disposal of investments	0	0.0%	140,592	0.1%
Gain on market price recovery of short-term investment	79,382	0.1%	49,531	0.1%
Others	601,326	0.5%	484,846	0.5%
Total non-operating income	874,228	0.7%	899,102	0.9%
<u>Non-operating expenses</u>				
Interest expenses	(158,227)	-0.1%	(127,448)	-0.1%
Loss on investments (equity method)	(81,726)	-0.1%	(31,600)	0.0%
Loss on investments (cost method)	(85,480)	-0.1%	(131,385)	-0.1%
Loss on disposal of fixed assets	(98,994)	-0.1%	(42,830)	0.0%
Loss on disposal of investments	(51,344)	0.0%	0	0.0%
Allowance for reduction of inventory to market	(75,231)	-0.1%	0	0.0%
Others	(90,319)	-0.1%	(63,366)	-0.1%
Total non-operating expenses	(641,321)	-0.5%	(396,629)	-0.4%
Income before tax	5,062,248	4.2%	3,888,237	4.1%
Income Tax	(1,215,249)	-1.0%	(765,700)	-0.8%
Net Income After Tax	<u>\$3,846,999</u>	<u>3.2%</u>	<u>\$3,122,537</u>	<u>3.3%</u>
Attributed to:				
Consolidated Net Income	\$3,652,685	3.0%	\$3,047,397	3.2%
Minority Interests	194,314	0	75,140	0.1%
	<u>\$3,846,999</u>	<u>3.2%</u>	<u>\$3,122,537</u>	<u>3.3%</u>
Earnings per share (in NT \$ dollars)				
	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net Income After Tax	\$ 5.53	\$ 4.20	\$ 4.25	\$ 3.41
Minority Interests	(0.32)	(0.21)	(0.09)	(0.08)
Net income	<u>\$ 5.21</u>	<u>\$ 3.99</u>	<u>\$ 4.16</u>	<u>\$ 3.33</u>

President Chain Store Corporation
Consolidated Statement of Cash Flows
For the period ended 31st December, 2005 and 2004

Unit : NT\$ '000

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Consolidated Net Income:	\$ 3,846,999	\$ 3,122,537
Minority Interests	(194,314)	(75,140)
Adjustments to reconcile net income to net cash provided by operating activities:		
Unrealized gain from short-term investments	(79,382)	(49,531)
Bad debts	3,969	3,513
Allowance for reduction of inventory to market	75,231	0
Depreciation	2,542,783	2,036,814
Amortization-rebt assets	3,879	0
Amortization	510,203	421,645
Investment loss recognized under equity method	81,726	31,600
Loss on permanent decline in value of long-term investments	85,480	131,385
Cash dividends from equity subsidiaries	0	68,276
Gain on disposal of long-term investments	0	(96,734)
Loss on disposal of fixed assets	98,994	50,036
Changes in assets and liabilities:		
Accounts receivable	(885,964)	(180,130)
Other accounts receivable	(317,557)	314,704
Inventories	(3,049,465)	(337,643)
Other current assets	(297,719)	42,619
Deferred income tax	(40,170)	(24,942)
Notes payable	(9,691)	(159,533)
Accounts payable	3,898,940	294,823
Income tax payable	339,270	(110,953)
Accrued expenses	803,828	234,708
Other accounts payables	1,718,231	508,136
Cash in advance	421,516	216,513
Provision for retirement plan	123,256	(22,981)
Net cash provided by operating activities	<u>9,680,043</u>	<u>6,419,722</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
(Increase) Decrease in short-term investments	(\$353,113)	(\$45,849)
(Increase) Decrease in loan receivable	30,000	(30,000)
Acquisition of long-term investments - affiliates	0	(374,832)
Acquisition of long-term investments - non-affiliates	(4,511,453)	(1,250,750)
Proceeds due to the subsidiaries' capital reduction	123,500	49,399
Disposal of long-term investment on cash	0	454,625
Disposal of long-term corporate bonds	100,000	(120,000)
(Increase) Decrease in long-term bond investment	0	20,000
Acquisition of fixed assets	(4,749,351)	(4,261,062)
Proceeds from disposal of fixed assets	887,967	126,410
(Increase) Decrease in intangible assets	(76,171)	(39,096)
Increase in deposits-out	(366,035)	(11,093)
Acquisition of other assets	(390,465)	(273,396)
Net cash used for investing activities	<u>(9,305,121)</u>	<u>(5,755,644)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase (Decrease) in short-term debt	\$ 203,403	(\$93,334)
Increase in short-term notes and bills payable	104,795	109,744
Increase in long-term loans	1,047,459	715,301
Increase in deposits-in	409,922	136,665
Payments of cash dividends	(2,745,481)	(2,266,439)
Payment of directors' remuneration	(161,131)	(129,984)
Payments of property, plant and equipment acquired in prior year	(312,015)	(612,048)
Payment of long-term installment in prior year	0	(150,774)
Payments of other assets acquired in prior year	0	(10,500)
Increase in minority interest	<u>1,062,437</u>	<u>30,798</u>
Net cash provided by financing activities	<u>(390,611)</u>	<u>(2,270,571)</u>
Cumulative translation adjustment	55,227	(84,408)
Adjustment from subsidiaries consolidated for the first time	<u>2,691,544</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	2,731,082	(1,690,901)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	1,834,935	3,525,836
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$4,566,017</u>	<u>\$1,834,935</u>
 <u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$122,201</u>	<u>\$127,619</u>
Income tax paid	<u>\$855,484</u>	<u>\$898,749</u>