

**President Chain Store Corporation**  
**Balance Sheet**  
**At the End of March 30, 2004 and 2003**

Unit : NT\$ '000

	<u>2004</u>	<u>2003</u>		<u>2004</u>	<u>2003</u>
<b>Assets</b>			<b>Liabilities and Shareholders' equity</b>		
Current assets			<b>Liability</b>		
Cash and cash equivalents	2,221,689	1,258,049	Short-term loan	0	250,000
Short-term investments	314,612	173,617	Commercial paper payable	0	1,149,423
Net accounts receivable	324,185	283,250	Notes payable	1,277,815	804,225
Other receivable	373,722	283,532	Accounts payable	165,537	445,837
Inventories	1,914,418	1,733,722	Accounts payable-affiliates	4,129,640	3,503,086
Prepayments	<u>746,272</u>	<u>756,444</u>	Income taxes payable	609,968	386,354
Total current assets	<u>5,894,898</u>	<u>4,488,614</u>	Accrued expenses	1,170,399	1,276,182
Long-term investments (Equity method)	5,024,028	3,955,025	Other accounts payable	2,132,006	1,347,167
Long-term investments (Cost method)	<u>8,262,215</u>	<u>8,945,554</u>	Advances from customers	332,925	163,662
Long-term investments	<u>13,286,243</u>	<u>12,900,579</u>	Long-term debt (Due within a year)	0	<u>400,000</u>
Fixed assets			Total current liabilities	<u>9,818,290</u>	<u>9,725,936</u>
Land	1,860,184	1,860,184	Corporate bond	2,200,000	700,000
Building	772,202	772,201	Long-term debt	0	<u>1,650,000</u>
Machinery and equipment	7,324,214	6,510,671	Total long-term debt	<u>2,200,000</u>	<u>2,350,000</u>
Lease improvement	2,969,491	2,626,863	Other liabilities		
Other equipment	<u>43,424</u>	<u>52,328</u>	Accrued pension liabilities	373,546	372,262
Total cost	12,969,515	11,822,247	Deposits-in	<u>1,076,754</u>	<u>918,891</u>
Less: accumulate depreciation	<u>(6,263,145)</u>	<u>(5,482,764)</u>	Total other liabilities	<u>1,450,300</u>	<u>1,291,153</u>
Prepaid machinery and equipment	<u>204,544</u>	<u>138,496</u>	Total liabilities	<u>13,468,590</u>	<u>13,367,089</u>
Total fixed assets	<u>6,910,914</u>	<u>6,477,979</u>	<b>Shareholders' equity</b>		
Other assets			Capital		
Deposit-out	1,088,994	837,237	Paid-in Capital	8,584,995	7,720,319
Other assets-other	<u>688,690</u>	<u>746,558</u>	Capital reserve (long-term investment)	0	0
Total other assets	<u>1,777,684</u>	<u>1,583,795</u>	Retained earnings		
			Legal reserve	1,512,726	1,250,782
			Unallotted retained earnings	4,313,181	3,041,782
			Other adjustment in SH's equity		
			Total exchange currency adjustment	<u>(9,753)</u>	<u>70,995</u>
			Total shareholders' equity	<u>14,401,149</u>	<u>12,083,878</u>
<b>Total assets</b>	<b><u>\$27,869,739</u></b>	<b><u>\$25,450,967</u></b>	<b>Liabilities and shareholders' equity</b>	<b><u>\$27,869,739</u></b>	<b><u>\$25,450,967</u></b>

**President Chain Store Corporation**  
**Income Statement**  
**For the period end of March, 2004 and 2003**

Expressed in NT '000

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Operating revenue</u></b>				
Net sales	18,944,829	97.29%	17,356,938	97.74%
Other operating revenue	<u>528,630</u>	<u>2.71%</u>	<u>400,597</u>	<u>2.26%</u>
<b>Total operating revenue</b>	19,473,459	100.00%	17,757,535	100.00%
<b><u>Operating cost</u></b>				
Cost of goods sold	<u>(13,879,488)</u>	<u>-71.27%</u>	<u>(12,715,114)</u>	<u>-71.60%</u>
<b>Gross profit</b>	5,593,971	28.73%	5,042,421	28.40%
<b><u>Operating expenses</u></b>				
Selling expenses	<u>(4,363,398)</u>	<u>-22.41%</u>	<u>(4,121,554)</u>	<u>-23.21%</u>
General and administration expenses	<u>(603,614)</u>	<u>-3.10%</u>	<u>(420,491)</u>	<u>-2.37%</u>
<b>Total operating expenses</b>	<u>(4,967,012)</u>	<u>-25.51%</u>	<u>(4,542,045)</u>	<u>-25.58%</u>
<b>Operating income</b>	<u>626,959</u>	<u>3.22%</u>	<u>500,376</u>	<u>2.82%</u>
<b><u>Non-operating income</u></b>				
Investment gain on investment (equity method)	14,480	0.07%	0	0.00%
Rent revenue	2,479	0.01%	17,019	0.10%
Unrealized gain from short-term investments	66,585	0.34%	12,816	0.07%
Net other income	<u>147,174</u>	<u>0.76%</u>	<u>143,476</u>	<u>0.81%</u>
<b>Total non-operating income</b>	<u>230,718</u>	<u>1.18%</u>	<u>173,311</u>	<u>0.98%</u>
<b><u>Non-operating expenses</u></b>				
Interest expenses	<u>(18,399)</u>	<u>-0.09%</u>	<u>(24,139)</u>	<u>-0.14%</u>
Loss on investments (equity method)	0	0.00%	<u>(21,583)</u>	<u>-0.12%</u>
Loss on disposal of investments	<u>(37,676)</u>	<u>-0.19%</u>	<u>(21,769)</u>	<u>-0.12%</u>
Other expenses	<u>(15,314)</u>	<u>-0.08%</u>	<u>(15,443)</u>	<u>-0.09%</u>
<b>Total non-operating expenses</b>	<u>(71,389)</u>	<u>-0.37%</u>	<u>(82,934)</u>	<u>-0.47%</u>
<b>Income before tax</b>	<b>786,288</b>	<b>4.04%</b>	<b>590,753</b>	<b>3.33%</b>
<b>Income Tax</b>	<u>(153,525)</u>	<u>-0.79%</u>	<u>(153,762)</u>	<u>-0.87%</u>
<b>Net Income After Tax</b>	<b><u>\$632,763</u></b>	<b><u>3.25%</u></b>	<b><u>\$436,991</u></b>	<b><u>2.46%</u></b>
<b>Earnings per share</b>				
	(pre-tax)	(after tax)	(pre-tax)	(after tax)
<b>Net income</b>	<u>0.92</u>	<u>0.74</u>	<u>0.69</u>	<u>0.51</u>

**President Chain Store Corporation**  
**Statement of Cash Flows**  
For the period end of March, 2004 and 2003

Unit : NT\$ '000

	<u>2004</u>	<u>2003</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Net Income:	632,763	436,991
Account receivable (collect from doubt for bad debt)	420	0
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	358,274	325,658
Amortization	73,339	1,067
Unrealized gain from short-term investments	(66,586)	(12,816)
Investment gain (loss) recognized under equity method	(14,480)	21,583
Loss on disposal of fixed assets	5,549	4,590
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(83,712)	(40,015)
Other accounts receivable	343,725	228,878
Inventories	141,232	67,961
Prepayments	(6,116)	22,023
Deferred income tax	3,192	1,795
Notes payable	(179,839)	(476,551)
Accounts payable	(36,966)	81,248
Income tax payable	148,621	151,816
Accrued expenses	(375,869)	(89,117)
Other accounts payables	62,361	273,722
Cash in advance	(23,560)	24,741
Provision for retirement plan	<u>736</u>	<u>371</u>
Net cash provided by operating activities	<u>983,084</u>	<u>1,023,945</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
(Increase) Decrease on short-term investments	(149,641)	96,725
Increase in long-term investments - affiliates	(250,000)	(35,692)
Increase in long-term investments - non-affiliates	(271,325)	(255,512)
Purchase of fixed assets	(157,115)	(156,679)
Proceeds from disposal of fixed assets	1,389	1,241
Increase in deposits-out	(218,101)	(6,667)
Increase in other assets	<u>0</u>	<u>(117,061)</u>
Net cash flow in investing activities	<u>(1,044,793)</u>	<u>(473,645)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Increase in deposit-in	45,389	46,460
Decrease in commercial paper payable	0	650,628
Increase (Decrease) in long-term loans	0	(100,000)
Payments of property, plant and equipment purchased	(480,836)	(522,760)
Payments of other assets	(10,500)	0
Net cash provided by financing activities	(445,947)	74,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(507,656)	624,628
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	2,729,345	633,421
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$2,221,689</u>	<u>\$1,258,049</u>

**Supplement disclosures of cash flow information**

Interest paid	\$23,255	\$39,201
Income tax paid	\$999	\$150
Investing and financing activities of partial payment on cash:		
Purchase of property, plant and equipment	\$443,107	\$370,578
Less: ended balance of account payable on equipment	(285,992)	(213,899)
Cash purchase of property, plant and equipment	<u>\$157,115</u>	<u>\$156,679</u>