

President Chain Store Corporation

Balance Sheet

At the End of December 30, 2003 and 2002

Unit : NT\$ '000

	<u>2003</u>	<u>2002</u>		<u>2003</u>	<u>2002</u>
Assets			Liabilities and Shareholders' equity		
Current assets			Liability		
Cash and cash equivalents	2,729,345	633,421	Short-term loan	0	250,000
Short-term investments	98,385	257,526	Commercial paper payable	0	498,795
Net accounts receivable	240,473	243,235	Notes payable	1,457,654	1,208,209
Other receivable	717,867	512,409	Accounts payable	181,740	404,369
Inventories	2,055,650	1,801,683	Accounts payable-affiliates	4,150,403	3,463,306
Prepayments	<u>742,072</u>	<u>778,985</u>	Income taxes payable	461,347	234,538
Total current assets	<u>6,583,792</u>	<u>4,227,259</u>	Accrued expenses	1,557,116	1,544,433
Long-term investments (Equity method)	4,797,951	3,896,972	Other accounts payable	2,264,140	1,275,739
Long-term investments (Cost method)	<u>7,990,890</u>	<u>8,796,057</u>	Advances from customers	356,485	138,921
Long-term investments	<u>12,788,841</u>	<u>12,693,029</u>	Long-term debt (Due within a year)	0	<u>150,000</u>
Fixed assets			Total current liabilities	<u>10,428,885</u>	<u>9,168,310</u>
Land	1,860,184	1,860,184	Corporate bond	2,200,000	700,000
Building	772,201	772,201	Long-term debt	0	<u>2,000,000</u>
Machinery and equipment	7,042,634	6,334,901	Total long-term debt	<u>2,200,000</u>	<u>2,700,000</u>
Lease improvement	2,954,537	2,531,635	Other liabilities		
Other equipment	48,884	52,336	Accrued pension liabilities	372,810	371,891
Total cost	12,678,440	11,551,257	Deposits-in	<u>1,031,365</u>	<u>872,431</u>
Less: accumulate depreciation	<u>(6,024,237)</u>	<u>(5,244,720)</u>	Total other liabilities	<u>1,404,175</u>	<u>1,244,322</u>
Prepaid machinery and equipment	<u>178,815</u>	<u>132,353</u>	Total liabilities	<u>14,033,060</u>	<u>13,112,632</u>
Total fixed assets	<u>6,833,018</u>	<u>6,438,890</u>	Shareholders' equity		
Other assets			Capital		
Deposit-out	870,893	830,570	Paid-in Capital	8,584,995	7,720,319
Other assets-other	<u>763,305</u>	<u>631,841</u>	Capital reserve (long-term investment)	0	308
Total other assets	<u>1,634,198</u>	<u>1,462,411</u>	Retained earnings		
			Legal reserve	1,512,726	1,250,782
			Unallotted retained earnings	3,680,418	2,666,553
			Other adjustment in SH's equity		
			Total exchange currency adjustment	<u>28,650</u>	<u>70,995</u>
			Total shareholders' equity	<u>13,806,789</u>	<u>11,708,957</u>
Total assets	<u>\$27,839,849</u>	<u>\$24,821,589</u>	Liabilities and shareholders' equity	<u>\$27,839,849</u>	<u>\$24,821,589</u>

President Chain Store Corporation
Income Statement
For the period end of December, 2003 and 2002

Expressed in NT '000

	<u>2003</u>		<u>2002</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Operating revenue</u>				
Net sales	75,744,481	97.57%	70,511,385	97.91%
Other operating revenue	1,890,009	2.43%	1,503,376	2.09%
Total operating revenue	77,634,490	100.00%	72,014,761	100.00%
<u>Operating cost</u>				
Cost of goods sold	(54,489,672)	-70.19%	(50,686,072)	-70.38%
Gross profit	23,144,818	29.81%	21,328,689	29.62%
<u>Operating expenses</u>				
Selling expenses	(17,750,068)	-22.86%	(16,641,607)	-23.11%
General and administration expenses	(2,300,472)	-2.96%	(1,738,457)	-2.41%
Total operating expenses	(20,050,540)	-25.83%	(18,380,064)	-25.52%
Operating income	<u>3,094,278</u>	<u>3.99%</u>	<u>2,948,625</u>	<u>4.09%</u>
<u>Non-operating income</u>				
Investment gain on investment (equity method)	411,979	0.53%	0	0.00%
Cash dividend income	38,366	0.05%	24,683	0.03%
Gain on disposal of investments	0	0.00%	24,855	0.03%
Unrealized gain from short-term investments	170,426	0.22%	10,968	0.02%
Net other income	550,274	0.71%	542,994	0.75%
Total non-operating income	<u>1,171,045</u>	<u>1.51%</u>	<u>603,500</u>	<u>0.84%</u>
<u>Non-operating expenses</u>				
Interest expenses	(79,007)	-0.10%	(83,016)	-0.12%
Loss on investments (equity method)	0	0.00%	(286,262)	-0.40%
Loss on investments (others)	(155,801)	-0.20%	(36,650)	-0.05%
Loss on disposal of fixed asset	(48,959)	-0.06%	(25,248)	-0.04%
Loss on disposal of investments	(16,318)	-0.02%	0	0.00%
Other expenses	(30,506)	-0.04%	(29,881)	-0.04%
Total non-operating expenses	<u>(330,591)</u>	<u>-0.43%</u>	<u>(461,057)</u>	<u>-0.64%</u>
Income before tax	3,934,732	5.07%	3,091,068	4.29%
Income Tax	(253,126)	-0.33%	(518,617)	-0.72%
Extraordinary income	<u>0</u>	0.00%	<u>19,889</u>	<u>0.03%</u>
Net Income After Tax	<u>\$3,681,606</u>	<u>4.74%</u>	<u>\$2,572,451</u>	<u>3.57%</u>
Earnings per share				
	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net income	<u>4.58</u>	<u>4.29</u>	<u>3.63</u>	<u>3.02</u>

President Chain Store Corporation
Statement of Cash Flows
For the period end of December, 2003 and 2002

Unit : NT\$ '000

	<u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Income:	3,681,606	2,592,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt	22,587	21,623
Depreciation	1,335,635	1,205,774
Amortization	124,638	3,601
Unrealized gain from short-term investments	(170,426)	(10,968)
Investment gain (loss) recognized under equity method	(411,979)	286,262
Loss on permanent decline in value of long-term investments	155,801	36,650
Cash dividends received from equity method subsidiaries	168,770	17,500
Gain on disposal of long term investments	(92,958)	0
Loss on disposal of fixed assets	48,959	25,248
Changes in assets and liabilities:		
Accounts receivable	2,762	46,797
Other accounts receivable	(228,045)	53,595
Inventories	(253,967)	414,544
Prepayments	39,048	(72,163)
Notes payable	249,445	422,955
Accounts payable	464,468	170,766
Income tax payable	226,809	(13,844)
Accrued expenses	292,449	438,884
Other accounts payables	851,191	(145,509)
Cash in advance	217,564	32,921
Deferred income tax	(2,154)	(4,180)
Provision for retirement plan	919	1,726
Net cash provided by operating activities	<u>6,723,122</u>	<u>5,524,522</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
(Increase) Decrease on short-term investments	329,567	1,987,008
Increase in deposits-out	(40,323)	(148,462)
Increase in long-term investments - affiliates	(805,729)	(735,942)
Increase in long-term investments - non-affiliates	(381,704)	(4,614,151)
Decrease in long-term investments	179,000	9,567
Proceeds from disposal of long-term investments	979,408	0
Purchase of fixed assets	(1,311,135)	(1,250,802)
Proceeds from disposal of fixed assets	13,249	14,920
Increase in other assets	(245,583)	(330,387)
Net cash flow in investing activities	<u>(1,283,250)</u>	<u>(5,068,249)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Decrease in short-term loans	(250,000)	250,000
Decrease in commercial paper payable	(498,795)	(99,407)
Increase (Decrease) in long-term loans	(2,150,000)	(850,000)
Increase in corporate bonds	1,500,000	700,000
Increase in deposit-in	158,934	108,493
Payments of directors' and supervisors' remuneration	(95,978)	(66,339)
Payments of cash dividends	(1,374,217)	(776,888)
Payments of property, plant and equipment purchased	(343,626)	(89,458)
Payments of other assets	(290,266)	0
Net cash provided by financing activities	(3,343,948)	(823,599)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	2,095,924	(367,326)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENT	633,421	1,000,747
ENDED BALANCE OF CASH AND CASH EQUIVALENT	<u>\$2,729,345</u>	<u>\$633,421</u>

Supplement disclosures of cash flow information

Interest paid	\$72,055	\$66,547
Income tax paid	\$29,185	\$543,270
Investing and financing activities of partial payment on cash:		
Purchase of property, plant and equipment	\$1,797,971	\$1,594,428
Less: ended balance of account payable on equipment	(486,836)	(343,626)
Cash purchase of property, plant and equipment	<u>\$1,311,135</u>	<u>\$1,250,802</u>
Purchase of other assets	\$256,083	\$620,653
Less: ended balance of account payable on other assets	(10,500)	(290,266)
Cash purchase of other assets	<u>\$245,583</u>	<u>\$330,387</u>