

President Chain Store Corp.
Consolidated Financial Statements and Independent Auditor's Report
2011 and 2010
(Stock Code 2912)

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President Chain Store Corp. and Subsidiaries
Consolidated Financial Statements & Independent Auditor's Report of 2011 and 2010
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President Chain Store Corp.

Declaration on the consolidated financial statements of related party

The companies to be included in the related party's consolidated financial statements in 2011 (January 1 ~ December 31, 2011) by the Company in accordance with the "Rules Governing the composition of related party's consolidated business report, related party's consolidated financial statements, and related party's relationship" are the companies to be included in the parent's and subsidiary's consolidated financial statements in accordance with Finance and Accounting Standard No. 7. Moreover, the information to be disclosed in the related party's consolidated financial statements are disclosed in the parent's and subsidiary's consolidated financial statements; therefore, no related party's consolidated financial statements will be composed separately.

Sincerely yours

Company Name: President Chain Store Corp.

Person in charge: Kao Chin-Yen

March 23, 2012

Independent Auditor's Report

(101) MOF.FS.Tzi No. 11003549

To: President Chain Store Corporation

We have audited the accompanying balance sheet of President Chain Store Corporation and subsidiaries as of December 31, 2011 and 2010 and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. The subsidiary's financial statements included in the consolidated financial statements were audited by other CPAs instead of us. Therefore, the amount of the financial statements reported is based on the audit reports of other CPAs. The subsidiary's total assets amounted to NT\$3,043,155,000 and NT\$2,531,900,000 representing 4.09 % and 3.66% of total consolidated assets on December 31, 2011 and 2010, respectively. The net operating income amounted to NT\$7,401,412,000 and NT\$6,292,617,000 representing 3.91% and 3.70% of total consolidated net operating income in 2011 and 2010, respectively. The 2011 long-term equity investment gain and loss valued with Equity Method of President Chain Store Co., Ltd. and subsidiaries is recognized in accordance with the financial statements audited by the accounting firm contracted by the invested company instead of this CPA firm. The net investment loss recognized in 2011 in accordance with the financial statements audited by other accounting firm amounted to NT\$4,343,000 and with a relevant long-term equity investment balance of NT\$81,637,000 booked.

We have planned and conducted our audit in accordance with "Guidelines Governing the audit of financial statements by CPA" and generally accepted accounting principle of the R.O.C. to ensure the financial statements are presented without material errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the audit report issued by other CPAs, the financial statements of President Chain Store Corporation and its subsidiaries as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China.

PRICEWATERHOUSECOOPERS

Chen Mei-Tzu

CPA

Tseng Hui-Chin

Former SEC, Ministry of Finance

Certificate No.: (82) Tai-chai-Jen (VI) No. 39230

(79) Tai-chai-Jen (I) No. 27815

March 23, 2012

President Chain Store Corp. and Subsidiaries
Consolidated Balance Sheet
December 31, 2011 and 2010

Currency unit: NT\$1,000

	Assets	Note	December 31, 2011		December 31, 2010	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalence	IV(I)	\$ 16,380,040	22	\$ 10,806,847	16
1310	Financial assets-current-whose changes in fair value are recognized in earnings	IV(II)	7,520,591	10	10,143,908	15
1140	Net accounts receivable	V	3,609,497	5	2,730,017	4
1164	Other receivables	V	1,884,593	3	1,806,147	2
120X	Inventories	IV(III)	10,468,975	14	9,259,690	13
1260	Prepayments	VII	1,042,895	1	1,127,994	2
1281	Other current assets	IV(XVI)	278,285	-	579,543	1
11XX	Total current assets		<u>41,184,876</u>	<u>55</u>	<u>36,454,146</u>	<u>53</u>
Funds and long-term investments						
1450	Financial assets in available-for-sale—non current	IV(IV)	995,325	1	1,854,622	3
1480	Financial assets measured at cost - noncurrent	IV(V)	7,751,278	11	8,699,938	12
1421	Long-term investments (Equity method)	IV(VI)	769,031	1	681,540	1
14XX	Total funds and investments		<u>9,515,634</u>	<u>13</u>	<u>11,236,100</u>	<u>16</u>
Fixed assets						
		IV(VIII)(X), VI and (VII)				
Costs						
1501	Land		2,208,284	3	2,207,181	3
1521	Building		2,974,959	4	2,699,539	4
1551	Transportation equipment		3,543,743	5	2,920,296	4
1571	Operating equipment		18,160,000	24	17,086,770	25
1631	Lease improvement		10,844,236	15	9,832,917	14
1681	Other equipment		3,801,210	5	3,664,469	6
15X8	Revaluation increments		55,374	-	55,374	-
15XY	Total costs		<u>41,587,806</u>	<u>56</u>	<u>38,466,546</u>	<u>56</u>
15X9	Less: accumulated depreciation		(23,532,544)	(32)	(22,101,394)	(32)
1599	Less: accumulated impairment		(92,182)	-	(12,405)	-
1670	Construction in progress and prepayments for equipment		800,764	1	344,715	-
15XX	Total net fixed assets		<u>18,763,844</u>	<u>25</u>	<u>16,697,462</u>	<u>24</u>
Intangible assets						
		IV(X)				
1750	Cost of computer software		370,400	1	300,953	-
1760	Goodwill		588,472	1	397,800	1
1780	Other intangible assets		182,706	-	222,719	-
17XX	Total intangible assets		<u>1,141,578</u>	<u>2</u>	<u>921,472</u>	<u>1</u>
Other assets						
1800	Assets leased to others	IV(IX)	960,844	1	971,735	2
1810	Idling assets		171,706	-	177,306	-
1820	Refundable deposits	VI and VII	2,047,623	3	1,970,447	3
1888	Other assets - others	VI (XVI)	587,554	1	659,664	1
18XX	Total other assets		<u>3,767,727</u>	<u>5</u>	<u>3,779,152</u>	<u>6</u>
1XXX	Total Assets		<u>\$ 74,373,659</u>	<u>100</u>	<u>\$ 69,088,332</u>	<u>100</u>

(To be continued)

President Chain Store Corp. and Subsidiaries
Consolidated Balance Sheet
December 31, 2011 and 2010

Currency unit: NT\$1,000

Liabilities and Shareholders' Equity	Note	December 31, 2011		December 31, 2010	
		Amount	%	Amount	%
Current liabilities					
2100 Short-term debt	IV(XI)	\$ 2,759,583	4	\$ 1,460,587	2
2110 Short-term notes and bills payable		240,000	-	395,919	-
2120 Notes payable	V	1,849,533	3	1,018,570	1
2140 Accounts payable		15,299,066	21	13,602,095	20
2150 Accounts payable-related parties	V	2,557,973	3	2,524,931	4
2160 Income tax payable	IV(XVI)	962,191	1	1,116,953	2
2170 Accrued expenses	IV(XII) and V	6,392,853	9	5,584,840	8
2228 Other accounts payable-other	IV(XIII)	9,752,068	13	8,687,694	13
2260 Unearned receipts		2,870,726	4	2,485,707	4
2270 Long-term liabilities - current portion	IV(XIV) and V	161,930	-	161,906	-
21XX Total current liabilities		<u>42,845,923</u>	<u>58</u>	<u>37,039,202</u>	<u>54</u>
Long-term liabilities					
2420 Long-term debt payable	IV(XIV)	3,795,015	5	5,387,704	8
2450 Long-term notes payable and accounts payable – related party	V	163,759	-	138,834	-
24XX Total long-term liabilities		<u>3,958,774</u>	<u>5</u>	<u>5,526,538</u>	<u>8</u>
Other liabilities					
2810 Accrued pension liabilities	IV(XV)	734,302	1	624,265	1
2820 Guarantee Deposit received		2,165,781	3	2,087,816	3
2888 Other liabilities-other		445,075	-	413,288	-
28XX Total other liabilities		<u>3,345,158</u>	<u>4</u>	<u>3,125,369</u>	<u>4</u>
2XXX Total liabilities		<u>50,149,855</u>	<u>67</u>	<u>45,691,109</u>	<u>66</u>
Shareholders' equity					
Capital Stock	IV(XVII)				
3110 Capital-common stock		10,396,222	14	10,396,222	15
Additional paid-in capital					
3240 Gain from assets disposed		5,082	-	5,082	-
Retained earnings	IV(XVIII)				
3310 Legal reserve		4,618,579	6	4,046,004	6
3320 Special reserve		-	-	4,660	-
3350 Retained earnings-unappropriated		6,443,247	9	5,752,901	8
Other adjustments in SH's equity					
3420 Cumulative translation adjustment		(51,876)	-	(222,559)	-
3430 Net loss not recognized as pension cost	IV(XV)	(132,771)	-	(55,514)	-
3450 Unrealized gain or loss on financial instrument	IV(IV)	(634,091)	(1)	234,124	-
3460 Unrealized revaluation gains		49,917	-	51,281	-
361X Total shareholders' equity of the parent company		<u>20,694,309</u>	<u>28</u>	<u>20,212,201</u>	<u>29</u>
3610 Minority Interests		3,529,495	5	3,185,022	5
3XXX Total shareholders' equity		<u>24,223,804</u>	<u>33</u>	<u>23,397,223</u>	<u>34</u>
Commitment or contingency	V and VII				
Materiality after the period	IX				
Total Liabilities and Shareholders' Equity		<u>\$ 74,373,659</u>	<u>100</u>	<u>\$ 69,088,332</u>	<u>100</u>

Please refer to the notes to consolidated financial statements and the audit report dated March 23, 2012 by CPA Chen Mei-Tzu and Tseng Hui-Chin of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chun-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Consolidated Income Statement
January 1~December 31, 2011 and 2010

Currency unit: NT\$1,000
(EPS: NT\$)

Item	Note	2011		2010	
		Amount	%	Amount	%
Operating revenue	V				
4110 Sales revenue		\$ 174,961,995	92	\$ 158,314,056	93
4800 Other operating revenue		14,289,573	8	11,602,863	7
4000 Total operating revenue		<u>189,251,568</u>	<u>100</u>	<u>169,916,919</u>	<u>100</u>
Operating cost	IV(III)(XX) and V				
5110 Cost of goods sold		(120,117,797)	(63)	(108,951,887)	(64)
5800 Operating Cost		(8,765,804)	(5)	(7,009,241)	(4)
5000 Total operating cost		<u>(128,883,601)</u>	<u>(68)</u>	<u>(115,961,128)</u>	<u>(68)</u>
5910 Gross profit		<u>60,367,967</u>	<u>32</u>	<u>53,955,791</u>	<u>32</u>
Operating expenses	IV(XX) and V				
6100 Selling expenses		(43,388,813)	(23)	(39,310,250)	(23)
6200 General & administrative expenses		(8,059,404)	(4)	(6,994,712)	(4)
6000 Total operating expenses		<u>(51,448,217)</u>	<u>(27)</u>	<u>(46,304,962)</u>	<u>(27)</u>
6900 Operating income		<u>8,919,750</u>	<u>5</u>	<u>7,650,829</u>	<u>5</u>
Non-operating income					
7110 Interest income		84,758	-	29,451	-
7122 Dividend income		112,648	-	42,572	-
7140 Gain on disposal of investments		118,918	-	335,076	-
7210 Rental income		87,387	-	83,686	-
7480 Other income		905,964	1	984,454	1
7100 Total non-operating income		<u>1,309,675</u>	<u>1</u>	<u>1,475,239</u>	<u>1</u>
Non-operating expenses					
7510 Interest expenses		(95,411)	-	(88,359)	-
7521 investment loss recognized under equity method	IV(VI)	(35,313)	-	(140,610)	-
7530 Loss on disposal of fixed assets		(74,575)	-	(44,658)	-
7630 Impairment losses	IV(VIII)(X)	(812,955)	(1)	(757,831)	(1)
7880 Other expenses		(249,513)	-	(203,724)	-
7500 Total non-operating expenses		<u>(1,267,767)</u>	<u>(1)</u>	<u>(1,235,182)</u>	<u>(1)</u>
7900 Income before tax		<u>8,961,658</u>	<u>5</u>	<u>7,890,886</u>	<u>5</u>
8110 Income Tax expenses	IV(XVI)	(1,802,739)	(1)	(1,522,471)	(1)
9600XX Net income		<u>\$ 7,158,919</u>	<u>4</u>	<u>\$ 6,368,415</u>	<u>4</u>
Attributed to:					
9601 shareholders of the company		\$ 6,352,410	3	\$ 5,725,757	3
9602 Minority Interests		806,509	1	642,658	1
		<u>\$ 7,158,919</u>	<u>4</u>	<u>\$ 6,368,415</u>	<u>4</u>
		<u>(pre-tax)</u>	<u>(after tax)</u>	<u>(pre-tax)</u>	<u>(after tax)</u>
Earnings per share	IV(XIX)				
Basic earnings per share					
9710 Net Income After Tax		\$ 8.62	\$ 6.89	\$ 7.59	\$ 6.13
9740AA Minority Interests		(0.98)	(0.78)	(0.81)	(0.62)
9750 Net Income		<u>\$ 7.64</u>	<u>\$ 6.11</u>	<u>\$ 6.78</u>	<u>\$ 5.51</u>
Diluted earnings per share					
9810 Net Income After Tax		\$ 8.61	\$ 6.88	\$ 7.58	\$ 6.12
9840AA Minority Interests		(0.98)	(0.78)	(0.81)	(0.62)
9850 Net Income		<u>\$ 7.63</u>	<u>\$ 6.10</u>	<u>\$ 6.77</u>	<u>\$ 5.50</u>

Please refer to the notes to consolidated financial statements and the audit report dated March 23, 2012 by CPA Chen Mei-Tzu and Tseng Hui-Chin of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chun-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Consolidated Statement of Retained Earnings
January 1~December 31, 2011 and 2010

Currency unit: NT\$1,000

	Retained earnings										
	Capital-common stock	Additional paid-in capital	Legal reserve	Special reserve	Retained earnings-unappropriated	Cumulative translation adjustment	Net loss not recognized as pension cost	Unrealized gain or loss on financial instrument	Unrealized revaluation gains	Minority Interests	Total
<u>2010</u>											
Balance at January 1, 2010	\$ 10,396,222	\$ 5,082	\$ 3,640,091	\$ -	\$ 4,180,357	\$ 56,081	(\$ 4,660)	\$ 595,033	\$ 52,646	\$ 2,872,934	\$ 21,793,786
Appropriation and distribution of retained earnings in 2009 (Note):											
Legal reserve	-	-	405,913	-	(405,913)	-	-	-	-	-	-
Provision of Special reserve	-	-	-	4,660	(4,660)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,742,640)	-	-	-	-	-	(3,742,640)
Changes in unrealized revaluation increment of fixed assets	-	-	-	-	-	-	-	(1,365)	-	-	(1,365)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	(360,909)	-	-	-	(360,909)
Changes in net loss not recognized as pension cost	-	-	-	-	-	(50,854)	-	-	-	-	(50,854)
Changes in translation adjustments to foreign long-term investments	-	-	-	-	-	(278,640)	-	-	-	-	(278,640)
Statement of Minority Equity	-	-	-	-	-	-	-	-	(330,570)	-	(330,570)
Net income - 2010	-	-	-	-	5,725,757	-	-	-	-	642,658	6,368,415
Balance at December 31, 2010	<u>\$ 10,396,222</u>	<u>\$ 5,082</u>	<u>\$ 4,046,004</u>	<u>\$ 4,660</u>	<u>\$ 5,752,901</u>	<u>(\$ 222,559)</u>	<u>(\$ 55,514)</u>	<u>\$ 234,124</u>	<u>\$ 51,281</u>	<u>\$ 3,185,022</u>	<u>\$ 23,397,223</u>
<u>2011</u>											
Balance at January 1, 2011	\$ 10,396,222	\$ 5,082	\$ 4,046,004	\$ 4,660	\$ 5,752,901	(\$ 222,559)	(\$ 55,514)	\$ 234,124	\$ 51,281	\$ 3,185,022	\$ 23,397,223
Appropriation and distribution of retained earnings in 2010 (Note):											
Legal reserve	-	-	572,575	-	(572,575)	-	-	-	-	-	-
Special reserve (Reverse)	-	-	-	(4,660)	4,660	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,094,149)	-	-	-	-	-	(5,094,149)
Net income - 2011	-	-	-	-	6,352,410	-	-	-	-	806,509	7,158,919
Changes in unrealized revaluation increment of fixed assets	-	-	-	-	-	-	-	(1,364)	-	-	(1,364)
Unrealized gain or loss on financial assets	-	-	-	-	-	-	(868,215)	-	-	-	(868,215)
Changes in translation adjustments to foreign long-term investments	-	-	-	-	-	170,683	-	-	-	-	170,683
Changes in net loss not recognized as pension cost	-	-	-	-	-	(77,257)	-	-	-	-	(77,257)
Statement of Minority Equity	-	-	-	-	-	-	-	-	(462,036)	-	(462,036)
Balance at December 31, 2011	<u>\$ 10,396,222</u>	<u>\$ 5,082</u>	<u>\$ 4,618,579</u>	<u>\$ -</u>	<u>\$ 6,443,247</u>	<u>(\$ 51,876)</u>	<u>(\$ 132,771)</u>	<u>(\$ 634,091)</u>	<u>\$ 49,917</u>	<u>\$ 3,529,495</u>	<u>\$ 24,223,804</u>

Note: In respect of proposals of distribution of 2010 and 2009 earnings, bonus to employees amounted to \$309,471 and \$218,913 and remuneration to directors and supervisors amounted to \$51,578 and \$36,486, respectively, which have been deducted from the statements of incomes for the years ended December 31, 2010 and 2009.

Please refer to the notes to consolidated financial statements and the audit report dated March 23, 2012 by CPA Chen Mei-Tzu and Tseng Hui-Chin of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chun-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Consolidated Statement of Cash Flow
January 1~December 31, 2011 and 2010

Currency unit: NT\$1,000

	2011		2010
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net income	\$ 7,158,919		\$ 6,368,415
Adjustments to reconcile net income to net cash provided by operating activities			
Loss on valuation of financial asset	(1,065)		2,107
Uncollectible account	32,028		5,662
Loss on market decline of inventory	33,413		28,356
Depreciation	4,099,386		3,686,102
Accumulated depreciation – assets leased to other	10,891		14,170
Amortization	324,791		330,799
Gain on disposal of financial assets measured at cost	(80,159 )	(	( 315,283)
Impairment loss of non-financial assets	812,955		757,831
Investment losses valued with the Equity Method	35,313		140,610
Cash dividend of the long-term equity investment valued with equity method	12,724		8,067
Net loss from the disposal of fixed assets	74,575		44,658
Changes in assets and liabilities			
Financial assets at fair value through income statement	2,624,382	(	( 1,847,217)
Accounts receivable	(911,508 )	(	( 501,645)
Other receivables	(78,446)		1,076,656
Inventories	(1,242,698 )	(	( 1,339,491)
Prepayments	85,099	(	( 227,072)
Deferred income tax assets	(11,763 )	(	( 13,078)
Other current assets	327,036	(	( 27,856)
Notes payable	830,963	(	( 8,684)
Accounts payable	1,730,013		2,000,597
Income tax payable	(154,762)		814,472
Accrued expenses	808,013		1,289,437
Other accounts payable	1,357,390		186,259
Unearned receipts	385,019	(	( 161,213)
Accrued pension liabilities	32,780		91,967
Net cash provided by operating activities	18,295,289		12,404,626
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets carried at cost	275,342		252,853
Proceeds refunded for the invested company's de-capitalization valued at cost	33,333		-
Acquisition of long-term investments under equity method	(134,980 )	(	( 127,070)
Proceeds from liquidation of long-term investment under equity method	-		7,355
Purchase of fixed assets	(6,813,621 )	(	( 4,452,242)
Proceeds from disposal of fixed assets	247,357		268,232
Increase in intangible assets	(425,311 )	(	( 159,060)
Increase in refundable deposits	(77,176 )	(	( 144,445)
Increase in other assets- other	(94,840 )	(	( 91,070)
Net cash used by investing activities	(6,989,896 )	(	( 4,445,447)

(To be continued)

President Chain Store Corp. and Subsidiaries
Consolidated Statement of Cash Flow
January 1~December 31, 2011 and 2010

Currency unit: NT\$1,000

	2011	2010
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in short-term loans	\$ 1,298,996	(\$ 1,497,742)
Increase (decrease) in short-term notes and bills payable	(155,919)	83,168
Increase (decrease) in long-term liabilities	16,079,321	22,382,257
Repayment of long-term borrowings	(17,669,283)	(24,615,933)
Increase (decrease) in Long-term notes payable and accounts payable	22,222	(5,270)
Increase (decrease) in guarantee deposits received	77,965	(3,913)
Cash dividend distributed	(5,094,149)	(3,742,640)
Decrease of minority Interest	(462,036)	(330,570)
Net cash outflow from financing activities	(5,902,883)	(7,730,643)
Accumulated effect of foreign exchange rate on financial statements	170,683	(278,640)
Cash and cash equivalence increase (decrease)	5,573,193	(50,104)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	10,806,847	10,856,951
ENDED BALANCE OF CASH AND CASH EQUIVALENTS	\$ 16,380,040	\$ 10,806,847
<u>Supplement disclosures of cash flow information</u>		
Interest paid	\$ 66,787	\$ 66,157
Income tax paid	\$ 2,111,596	\$ 696,616
<u>Investing activities of partial payment on cash</u>		
Total payment for purchase of fixed assets	\$ 6,520,603	\$ 5,173,390
Add: beginning balance of account payable on equipment	1,438,222	717,074
Less: ended balance of account payable on equipment	(1,145,204)	(1,438,222)
	\$ 6,813,621	\$ 4,452,242
<u>Financing activities which doesn't impact cash flow</u>		
Long-term borrowings – current portion	\$ 161,930	\$ 161,906

Please refer to the notes to consolidated financial statements and the audit report dated March 23, 2012 by CPA Chen Mei-Tzu and Tseng Hui-Chin of PRICEWATERHOUSECOOPERS

Chairman: Kao Chin-Yen

President: Hsu Chun-Jen

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. and Subsidiaries
Notes to Consolidated financial statements
December 31, 2011 and 2010

Currency unit: NT\$1,000
(Except otherwise specified)

I. Company History

(I) The Company - President Chain Store Corporation

1. The Company was incorporated on June 10, 1987 according to the Company Law of the Republic of China for the investment and business operation of chain stores, the retailing and trade of canned goods and books/newspaper/magazines, and the importing/exporting agency/distribution/trade of the aforementioned products. The Company's stock shares were authorized for listing and trade at Taiwan Stock Exchange in August 1997. There were 40,700 employees on the payroll of the Company on December 31, 2011.
2. Uni-President Enterprises Corp. is the parent company and ultimate parent company of the Company.

II. Notes to principal accounting policy

The financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China. The major accounting policies are enumerated as follows:

(I) Consolidated financial statements basis of preparation

1. Principle for the composition of consolidated financial statements
The accompany consolidated financial statements include invested companies where the Company holds over 50% voting stock shares directly or indirectly and the Company has the controlling interest which are prepared on a quarterly basis. The Company includes income and expenses of subsidiaries into consolidated statements of income from the date when the Company owns control over the subsidiaries during the year. The Company excludes income and expense of subsidiaries from consolidated statements of income from the date when the Company loses its control over the subsidiaries during the year without having the consolidated financial statements of prior periods adjusted retroactively.
The material transactions and assets and liabilities accounts of the Company and the subsidiaries are written off against each other.
2. Subsidiaries in the consolidated financial statements and the change in shareholding ratio were as follows:

Name of investor	Name of subsidiary	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
The Company	President Chain Store (BVI) Holdings Ltd.	Professional investment company	100.00	100.00	
The Company	PCSC (China) Limited	Professional investment company	-	100.00	Note 2
The Company	PCSC (China) Drugstore Limited	Professional investment company	100.00	-	Note 2
The Company	Wisdom Distribution Service Corp.	Logistics of Magazines	100.00	100.00	
The Company	President Drugstore Business Corp.	Retailing of medicines and	100.00	100.00	

Name of investor	Name of subsidiary	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
The Company	Ren-Hui Investment Corp.	daily items Professional investment company	100.00	100.00	
The Company	Capital Inventory Services Corp.	Management consulting	100.00	100.00	
The Company	President YiLan Art and Culture Corp.	Art and cultural exhibition	100.00	100.00	
The Company	Cold Stone Creamery Taiwan Ltd.	Ice cream stores	100.00	100.00	
The Company	President Chain Store Corporation Insurance Brokers Co., Ltd. (formerly known as President FN Business Corp.)	Life Insurance	100.00	100.00	
The Company	21 Century Enterprise Co., Ltd.	Chain restaurants	100.00	100.00	
The Company	President Being Corp.	Sports	100.00	100.00	
The Company	Uni-President Oven Bakery Corp.	Bread and pastry retailer	100.00	100.00	
The Company	President Chain Store Tokyo Marketing Corporation	Management consulting	100.00	100.00	
The Company	President Musashino Corp.	Foods industry	90.00	70.00	
The Company	Q-ware Systems & Services Corp.	Business management consulting services	86.76	86.76	
The Company	President Information Corp.	Business management consulting services	86.00	56.00	
The Company	President SATO Co., Ltd.	Dietary	81.00	81.00	
The Company	Mech-President Corp.	Gas station and elevator installation	80.87	80.87	
The Company	President Pharmaceutical Corp.	Wholesaling and retailing of drugs	73.74	73.74	
The Company	President Collect Services Co., Ltd.	Bill collection service	70.00	70.00	
The Company	Uni-President Department Store Corp.	Department stores	70.00	70.00	
The Company	President Transnet Corp.	Delivery service	70.00	70.00	
The Company	Pet Plus Co., Ltd.	Pet Beauty Shop	70.00	70.00	
The Company	Uni-President Cold-Chain Corp.	Low-temperature foods logistics including frozen foods	60.00	60.00	

Name of investor	Name of subsidiary	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
The Company	Bank Pro E-Service Technology Co., Ltd.	Business management consulting services	53.33	53.33	
The Company	Duskin Serve Taiwan Co.	Selling and renting of cleaning instruments	51.00	51.00	
The Company	Afternoon Tea Taiwan Co., Ltd.	Dietary	51.00	51.00	
The Company	Books.com. Co., Ltd.	Online bookstore	50.53	50.53	
The Company	Muji (Taiwan) Co., Ltd.	Department store retailing	51.00	41.00	Note 1
The Company	Retail Support International Corp.	Room-temperature food logistics	25.00	25.00	Note 1
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investment company	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Professional investment company	100.00	100.00	
President Chain Store (BVI) Holdings Ltd.	PCSC (Vietnam) Supermarket Ltd.	Supermarkets	51.00	51.00	
PCSC (China) Limited	PCSC (China) Supermarket Limited	Professional investment company	-	100.00	Note 2
PCSC (China) Limited	PCSC (China) Drugstore Limited	Professional investment company	-	100.00	Note 2
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Retailing of medicines and daily items	65.00	65.00	
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00	20.00	
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Publisher	60.00	60.00	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	20.00	25.00	
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	Professional investment company	100.00	100.00	
Retail Support International Corp.	Retail Support Taiwan Corp.	Foods room temperature logistics & delivery	51.00	51.00	
Retail Support International Corp.	President Logistics International Corp.	Trucking	49.00	49.00	
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00	6.00	
President Logistics	Chieh-Shuen Logistics	Trucking	100.00	100.00	

Name of investor	Name of subsidiary	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
International Corp.	International Corp.				
Duskin Serve Taiwan Co.	Duskin China (BVI) Holdings Limited	Professional investment company	100.00	100.00	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation and repair and maintenance	100.00	100.00	
Mech-President Corp.	President Jing Corp.	Gas station and other Automobile services	60.00	60.00	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited.	Professional investment company	100.00	100.00	
President Pharmaceutical (Hong Kong) Holdings Limited.	President (Sanghai) Health Product Trading Company Ltd.	Merchandiser	100.00	100.00	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Shenzhen Cosmed-Livzon Pharmacy Chain Store Co., Ltd	Retailing of medicines and daily items	100.00	100.00	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corporation	Chain store operation	56.59	56.59	
Philippine Seven Corporation	Convenience Distribution Corporation	Logistics & delivery	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Chain store operation	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai President Logistic Co., Ltd.	Logistics & delivery	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	Bread and pastry retailer	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC Afternoon Tea Cayman Ltd.	Professional investment company	51.00	51.00	
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	55.00	55.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Sichuan) Hypermarket Limited	Supermarkets	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	Supermarkets	100.00	100.00	
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	Ice cream stores	100.00	100.00	
President Chain Store	Sato (Shanghai) Catering	Dietary	81.00	81.00	

Name of investor	Name of subsidiary	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
(Hong Kong) Holdings Limited	Mathematics Co., Ltd.				
President Chain Store (Hong Kong) Holdings Limited	President Royal Host (Shanghai) Ltd.	Dietary	51.00	51.00	
PCSC Afternoon Tea Cayman	PCSC Afternoon Tea Shanghai Ltd.	Dietary	100.00	100.00	

- (1) The Company controls the finance, operation, and human resources policy of Retail Support International Corp. and Muji (Taiwan) Co., Ltd.; therefore, they are deemed as subsidiaries of the Company and are included in the consolidated financial statements according to Statements of Financial Accounting Standards No. 7 "Consolidated Financial Statements". The Company increased its holdings in Muji (Taiwan) Co., Ltd. in FY2011.
 - (2) The Company has the organizational structure adjusted in 2011 with the equity of PCSC (China) Drugstore Limited held by The PCSC (China) Limited transferred to the Company and the equity of PCSC (China) Supermarket Limited transferred to President Chain Store (Hong Kong) Holdings Limited and with PCSC (China) Limited liquidated.
3. The syndicated controlled entities in the consolidated financial statements
The company and subsidiaries are the controllers of the joint ventures as follows:

Name of investor	Names of the joint venture companies	Nature of business	Shareholding Ratio		Remarks
			December 30, 2011	December 31, 2010	
The Company	Mister Donut Taiwan Corp.	Bread and pastry retailer	50.00	50.00	
The Company	President Coffee Corp.	Coffee chain store	30.00	30.00	
The Company	Uni-President Yellow Hat Corp.	Automobile stores	-	30.00	Note 2
President Chain Store (Hong Kong) Holdings Limited	Mister Donut Shanghai Co., Ltd.	Bread and pastry retailer	50.00	50.00	
President Chain Store (Hong Kong) Holdings Limited	President Coffee (Cayman) Holdings Ltd.	Professional investment company	30.00	30.00	
President Coffee (Cayman) Holdings Ltd.	Shanghai President Starbucks Coffee Corp.	Coffee chain store	100.00	100.00	
Uni-President Logistics (BVI) Holdings Limited	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics & delivery	50.00	50.00	

- (1) The aforementioned invested companies are included in the company's consolidated financial statements by account titles in accordance with Statements of Financial

Accounting Standards No. 31 “Interests in Joint Ventures” and their audited financial statements proportionally.

- (2) The Company sold entire equity interest in 2011 with the gain and loss of the invested company excluded from the consolidated income statement then.
4. Subsidiaries that are not included in the consolidated financial statements: None.
5. Adjustment and process for subsidiaries with different fiscal year: None.
6. Overseas subsidiary’s special risks: No significant operating special risk
7. The nature and level of restriction on capability of subsidiaries in transferring fund to parent company: None.
8. The parent securities held by subsidiary: None.
9. Convertible bonds and new stock shares issued by subsidiaries: Subsidiaries do not issue any convertible bonds. Please refer to Note XI(II)2.(4) and for new stock shares issued by subsidiaries in details.

(II) Translation basis for subsidiary’s financial statements in foreign currency

For the currency translation of the financial statements of subsidiaries, all assets and liabilities accounts are to be translated according to the exchange rate on the Balance Sheet date. In terms of Shareholders’ Equity, except for the beginning retained earnings are to be carried forward according to the translated ending balance from the prior period, is to be translated according to the historical exchange rate. Dividend is to be translated according to the exchange rate on the announcement date. Income Statement is to be translated according to the weighted average exchange rate. Exchange difference is booked in the “Cumulative translation adjustment” account and is debited or credited to Shareholders’ Equity.

(III) Foreign currency exchanges

1. Foreign currency transactions are booked according to the spot exchange rate and the difference with actual payment shall be recognized as current profit and loss.
2. The foreign monetary assets or liabilities are adjusted at yearend according to the spot exchange rate on the Balance Sheet date and with the difference of exchange from the adjustment debited or credited to Income Statement.
3. The foreign non-monetary assets or liabilities that are valued at the fair value and with the fluctuation booked in Income Statement are adjusted at yearend according to the spot exchange rate on the Balance Sheet date and with the difference of exchange from the adjustment debited or credited to Income Statement. The foreign non-monetary assets or liabilities that are valued at the fair value and with the fluctuation debited or credited to Shareholder’s Equity are adjusted at yearend according to the spot exchange rate on the Balance Sheet date and with the difference of exchange from the adjustment debited or credited to Shareholder’s Equity. The foreign non-monetary assets or liabilities that are not valued at the fair value are valued according to the historical exchange rate on the transaction date.

(IV) Current and noncurrent assets and liabilities

The engineering business of the subsidiary, Mech-President Corp., is usually for a period over one year; therefore, assets and liabilities related to the engineering business are classified as current and noncurrent according to the business cycle and with the other accounts classified as follows:

1. Assets that qualify any of the following are classified as current assets; assets other than current assets are classified as noncurrent assets:
 - (1) Assets for business operation that are to be cashed in, consumed, or for sale throughout the business cycle;
 - (2) Assets held for the purpose of trade;
 - (3) Assets that are to be cashed in twelve months after the Balance Sheet date;
 - (4) Cash and cash equivalent, except for the cash and cash equivalent used for exchange and debt liquidation or restrictive cash and cash equivalent for over twelve months

after the Balance Sheet date;

2. Liabilities that qualify any of the following are classified as current liabilities; liabilities other than current liabilities are classified as noncurrent liabilities:
 - (1) Liabilities from business operation that are to be liquidated in the business cycle;
 - (2) Liquidities held for the purpose of trade;
 - (3) Liabilities that are to be liquidated in twelve months after the Balance Sheet date;
 - (4) Liabilities that cannot be postponed unconditionally for over twelve months after the Balance Sheet date;

(V) Cash equivalence

Cash equivalents are short-term investments with high liquidity that conform with the following:

1. It can be converted to a rated amount of cash at any time.
2. It will be due soon and the fluctuation of interest rate has little effect on the value.

The Statement of Cash Flow of President Chain Store Corp. is prepared on the basis of cash and cash equivalents.

(VI) Financial assets and liabilities for which changes in fair value are recognized as gains and losses

1. The accounting for equity is based on the transaction date; the accounting for beneficiary certificate is based on the delivery date. Financial instrument is valued at the fair value for preliminary recognition.
2. Financial assets at fair value shall be estimated on the basis of fair value and in which changes are recognized as gains or losses. The fair value of the open-ended fund is the net asset value of the fund on the Balance Sheet date.

(VII) Financial assets in available-for-sale

1. The accounting for equity investment is based on the transaction date. Financial instrument is valued at the fair value for preliminary recognition including transaction cost for acquisition or issuance.
2. Financial assets in available-for-sale are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. Accumulated interest or loss is recognized while the financial assets are written off from the book. The fair value of the listed (OTC) stock shares is the closing price in the open market on the Balance Sheet date.
3. Recognize as impairment loss with incriminating evidence. Should there be decrease in the amount of subsequent impairment, recognize as adjustments to shareholders' equity for the decrease in impairment of equity items.

(VIII) Financial assets at cost

1. The accounting for the financial instrument valued at the cost is based on the transaction date. Financial instrument is valued at the fair value for preliminary recognition including transaction cost for acquisition or issuance.
2. Recognize as impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.

(IX) Accounts receivable, Other receivables

Notes and accounts receivable were the claims occurred from the sales of goods. Other receivables are receivables other than notes and account receivables. Notes and accounts receivable and other receivables are initially recognized at fair value.

The Company and the subsidiaries at the balance sheet date assesses whether there is objective evidence indicating the major individual financial asset with impairment and the minor individual financial assets with impairment individually or jointly. Recognize a impairment

loss with supporting evidence. The amount of impairment is the difference between the book value of financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate. If the amount of impairment decreased during the subsequent periods and the decrease significantly related to an event occurring after recognizing impairment loss, the previously recognized impairment of the financial assets amount should be reversed. The reversal should not cause the book value of financial assets greater than the cost after amortization but before recognizing impairment. The impairment amount reversed is recognized as current profit or loss.

(X) Inventories

1. Inventories are initially stated at the acquisition cost. Cost of inventories for the Company, Philippine Seven Corporation, President Drugstore Business Corp., Uni-President Yellow Hat Corp., Muji (Taiwan) Co., Ltd., and President Chain Store (Shanghai) Ltd. is determined by the retail inventory method. For other consolidated subsidiaries, cost of inventories is determined by the moving average method or weighted-average method except cost of inventories for Retail Support International Corp. and 21 Century Enterprise Co., Ltd. is determined by the FIFO method.
2. Inventory has been valued at yearend in accordance with the Lower of Cost or Net Realizable Value Method. The comparison of cost and net realizable value shall be conducted under Item by Item Method. Net Realizable Value means the estimated market value deducted by initial investment cost and marketing expense.

(XI) Long-term investments (Equity method) (including joint venture)

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. If the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to impairment test yearly. Spread being amortized in previous years cannot be adjusted retrospectively.
2. The investment loss of the invested company that is valued with Equity Method and is influential but not wholly owned is recognized to have the book value of the investment and advances of the invested company reduced to zero. However, if President Chain Store Corp. has an endorsement and guarantee made for the invested company or has intention to support the invested company continuously, investment loss is to be recognized proportionally to shareholdings.
3. If the offshore investment is valued according to the Equity Method, the “cumulative adjustment” from the conversion of the invested company’s financial statements is debited or credited to Shareholder’s Equity.
4. The Company and the subsidiaries have the joint venture of the syndicate controlled business entities processed according to Equity Method; also, they are included in the Company’s consolidated financial statements quarterly by accounting titles proportionally.

(XII) Fixed assets, Assets leased to others and non-operating assets

1. Fixed assets are booked at cost except for those items with reassessment arranged. The interest of the expense occurred in preparing the fixed assets for use is capitalized.
2. Depreciation of fixed assets is computed using the straight-line method over the estimated service lives based on the nature of assets. Buildings and constructions have 50 to 55 years of service. Other assets have 1 to 15 years of service.
3. Repairs and maintenance expense for the benefit of future periods is capitalized and depreciated. Routine repair and maintenance is expensed upon occurrence.
4. For the lease of the assets sold, the deferred gain/loss from the assets sold is booked in the account of “Unrealized gain/loss from the lease of the assets sold” and it is to be amortized in future according to the lease agreement. If the fair value of the lease assets is less than the book value at the time of sales, the gains or losses thereof shall be

recognized as current gains or losses.

(XIII) Intangible assets

1. Computer software is booked at the cost and it is amortized in accordance with the estimated useful years, maximum 3~5 years, and Straight Line Method.
2. Other intangible assets include land-use rights and charters and are stated at the acquisition cost, which is amortized on a straight-line basis over the estimated useful lives or periods agreed in the agreement. Years of amortization ranges from 20 to 30 years.

(XIV) Impairment of non-financial assets

1. The Company and the subsidiaries have the collectability of the assets with a sign of impairment loss assessed on the Balance Sheet date. If the collectable amount is less than the book value of the assets, impairment loss must be recognized. The collectable amount is the net fair value or the useful value of the asset whichever is higher. Once the condition for the recognized impairment loss disappears, the recognized loss amount is reversed within the scope of the impairment loss recognized previously.
2. The collectability of goodwill, intangible with uncertain useful years, and intangible not yet ready for use must be assessed periodically. An impairment loss should be recognized while the collectable value is less than the book value of the assets. Recognized impairment of goodwill shall not be reversed.

(XV) Pension plan

1. For Defined Benefit Pension Plan, net pension cost is recognized according to the actuary. Net pension cost includes service cost of the year, interest cost, expected return on fund assets, and unrecognized transactional net payment obligations and pension loss amortization. Unrecognized transitional net payment obligations are amortized for a period of the remaining useful amortization years.
2. Defined Contribution Pension Plan, accrual pension amount are recognized as pension cost of the year.

(XVI) Income Tax

1. The accounting process of income tax includes the amortization in the same year and different years. The overestimated and underestimated income tax in prior periods are debited or credited to the income tax expenses in current period. Compute deferred income tax liability or assets in accordance with the newly announced tax law or amendment. The effect of deferred income tax liability and assets is recognized as the income expense (income) of the continuing department in the year.
2. The income tax credit from the purchase of equipment or technology, talents incubation, and equity investment is recognized upon occurrence.
3. The additional 10% business profit tax levied on the retained earnings-unappropriated is credited as expense once the distribution of retained earnings is resolved in Shareholder's Meeting.

(XVII) Employee bonus and remuneration to directors and supervisors

President Chain Store Corporation and subsidiaries have adopted, Effective on January 1, 2008, the principles under Accounting Research and Development Foundation in Taiwan (96) Kee.mi.tzi No. 052 Letter dated March 16, 2007 "Accounting Process for Employee Bonus and Remuneration to Directors and Supervisors" to have the expected cost of bonus to employees and remuneration to directors and supervisors recognized as an expense and liability according to the law or obligation of assumption once the amount of cost can be reasonably estimated. The amount of difference between the actual distribution authorized by the shareholder's meeting and the estimated distribution is booked in the Income Statement in the following year. The Company has based on the fair share value (closing price) on the day before the shareholder's meeting in the following year of the financial statements and the ex-right and ex-dividend amount to count stock dividend in accordance

with Accounting Research & Development Foundation (97) Kee.mi.tzi No. 127 Letter “Stock Dividend to the Employees of the Listed/OTC Companies” dated March 31, 2008.

(XVIII) Revenue and cost

Revenue shall be recognized in the process of gaining profits and recognized as realized or to be realized. Related costs are recognized with corresponding items of revenue. Expenses are stated for the current period if mean-end consequence is established.

(XIX) Delivery day accounting

In terms of delivery day accounting, the change in fair value between transaction date and delivery date/Balance Sheet date that is valued at the cost or cost net of amortization is not recognized; however, the change in value that is valued at the fair value and that is with the change in fair value recognized as gain or loss is debited or credited to Income Statement. Assets available for sales are debited or credited to Shareholder’s Equity.

(XX) Accounting estimations

The Company prepared its consolidated financial statements in accordance with generally accepted accounting principles in the Republic of China, and has made the necessary estimation, assessment and disclosures on the amount stated or contingencies, including certain assumptions and estimations. The actual results may vary from the assumptions and estimations.

(XXI) Operating segment

The information of the Company and subsidiaries operating segment and the internal management report provided to the operational decision-maker are reported in a consistent manner. The operational decision-maker is responsible for allocating resources to the operating segment and to assess its performance.

The Company has departmental information disclosed in the consolidated financial statements rather than in individual financial statements in accordance with Financial Accounting Standards No. 41 “Accounting for Operating Segment Information Disclosures.”

III. Reasons and effect of change in accounting principle

(I) Accounts receivable, Other receivables

The Company and its subsidiaries have adopted the newly amended Financial Accounting Standards No. 34 “Financial Instruments: Recognition and Measurement” since January 1, 2011, to have the claims of notes and accounts receivable and other receivables that are with objective evidence of impairment recognized as impairment loss (bad debts). The said accounting principle change does not significantly affect the company’s and subsidiary’s 2011 consolidated net income and earnings per share.

(II) Operating segment

The Company and the subsidiaries had adopted the newly published Financial Accounting Standards No. 41 “Accounting for Operating Segment Information Disclosures” since January 1, 2011 to replace the primary Financial Accounting Standards No. 20 “Accounting for Segment Information Disclosures.” The Company for the first time, when applicable, has the departmental information of prior year restated in accordance with the Standards. The change in accounting principle did not affect the consolidated net income and earnings per share of the Company and its subsidiaries in 2011 and 2010.

IV. Notes to major account titles

(I) Cash and cash equivalence

	December 31, 2011	December 31, 2010
Cash on hand and petty cash for stores	\$ 2,181,901	\$ 767,952
Current account deposits and checking account deposits	6,628,896	4,584,208
Deposit account	2,607,589	2,210,427
Cash equivalence		
Short term bills	4,961,654	3,244,260
	<u>\$ 16,380,040</u>	<u>\$ 10,806,847</u>

(II) Financial assets-current-whose changes in fair value are recognized in earnings

	December 31, 2011	December 31, 2010
Financial assets held for trading		
Open-ended funds	\$ 7,518,816	\$ 10,143,198
Valuation Adjustment	1,775	710
	<u>\$ 7,520,591</u>	<u>\$ 10,143,908</u>

The Company and subsidiaries had recognized net income for an amount of \$37,834 and \$38,968 in 2011 and 2010, respectively.

(III) Inventories

	December 31, 2011	December 31, 2010
Merchandise	\$ 10,432,905	\$ 9,203,859
Raw materials and physical materials and work-in-process goods	147,380	133,728
	10,580,285	9,337,587
Less: Allowance for inventory losses	(111,310)	(77,897)
	<u>\$ 10,468,975</u>	<u>\$ 9,259,690</u>

Inventory expenses and loss recognized in the year:

	2011	2010
Cost of goods sold	\$ 118,437,894	\$ 107,413,446
Defective products	1,370,801	1,288,491
Loss on valuation	33,413	28,356
Others	275,689	221,594
	<u>\$ 120,117,797</u>	<u>\$ 108,951,887</u>

(IV) Financial assets in available-for-sale — non current

	December 31, 2011	December 31, 2010
Listed company's stock	\$ 1,620,499	\$ 1,620,498
Valuation Adjustment	(625,174)	234,124
	<u>\$ 995,325</u>	<u>\$ 1,854,622</u>

(V) Financial assets at cost noncurrent — noncurrent

	December 31, 2011	December 31, 2010
Stocks with no public quotation	\$ 10,280,457	\$ 10,694,521
Less: accumulated impairment	(2,529,179)	(1,994,583)
Total	<u>\$ 7,751,278</u>	<u>\$ 8,699,938</u>

1. The holding of the Company and the subsidiaries are booked at the cost since there is no public quotation available and no reliable fair value for reference.
2. Some of the financial assets carried at the cost of the Company and its subsidiaries are with impairment loss occurred and without possibility of recovery; therefore, impairment losses of \$723,520 and \$751,818 were recognized for the years ended December 31, 2011 and 2010, respectively.

(VI) Long-term investments (Equity method)

<u>Investees</u>	December 31, 2011		December 31, 2010	
	Amount	Shareholding (%)	Amount	Shareholding (%)
President Development Corp.	\$ 607,466	20.00	\$ 596,175	20.00
Tien Tsuan Direct Marketing Corp.	81,637	30.00	-	-
President Organics Corp. and etc.	<u>79,928</u>	36.67~ 49.00	<u>85,365</u>	36.67~ 49.00
	<u>\$ 769,031</u>		<u>\$ 681,540</u>	

The long-term equity investment loss of the Company and subsidiaries valued with Equity Method was \$35,313 and \$140,610 in 2011 and 2010, respectively.

(VII) Investment of joint venture

The company's investment ratio in the joint venture by account title is as follows. Please refer to Note II (II)3. for the investment object of the joint venture in details.

	2011	2010
Current assets	<u>\$ 887,562</u>	<u>\$ 701,078</u>
Noncurrent assets	<u>\$ 684,295</u>	<u>\$ 541,549</u>
Current liabilities	<u>\$ 644,636</u>	<u>\$ 578,128</u>
Income	<u>\$ 3,605,344</u>	<u>\$ 2,953,504</u>
Cost and expense	<u>\$ 3,111,366</u>	<u>\$ 2,592,566</u>

(VIII) Fixed assets

<u>Assets</u>	December 31, 2011				
	Initial cost	Revaluation increments	Accumulated depreciation	Accumulated impairment	Book value
Land	\$ 2,208,284	\$ -	\$ -	\$ -	\$ 2,208,284
Building	2,974,959	55,374	(984,321)	-	2,046,012
Transportation equipment	3,543,743	-	(2,182,387)	-	1,361,356
Operating	18,160,000	-	(12,242,891)	(59,884)	5,857,225

equipment					
Lease	10,844,236	-	(6,024,187)	(4,697)	4,815,352
improvement					
Other	3,801,210	-	(2,098,758)	(27,601)	1,674,851
equipment					
Construction in	800,764	-	-	-	800,764
progress and					
prepayments					
for equipment					
	<u>\$ 42,333,196</u>	<u>\$ 55,374</u>	<u>(\$ 23,532,544)</u>	<u>(\$ 92,182)</u>	<u>\$ 18,763,844</u>

Assets	December 31, 2010				Book value
	Initial cost	Revaluation increments	Accumulated depreciation	Accumulated impairment	
Land	\$ 2,207,181	\$ -	\$ -	\$ -	\$ 2,207,181
Building	2,699,539	55,374	(880,579)	-	1,874,334
Transportation equipment	2,920,296	-	(1,972,359)	-	947,937
Operating equipment	17,086,770	-	(11,667,250)	(1,182)	5,418,338
Lease	9,832,917	-	(5,663,902)	(9,993)	4,159,022
improvement					
Other	3,664,469	-	(1,917,304)	(1,230)	1,745,935
equipment					
Prepayment for purchase of equipment	<u>344,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,715</u>
	<u>\$ 38,755,887</u>	<u>\$ 55,374</u>	<u>(\$ 22,101,394)</u>	<u>(\$ 12,405)</u>	<u>\$ 16,697,462</u>

(IX) Assets leased to others

	December 31, 2011		
	Initial cost	Accumulated depreciation	Book value
Land	\$ 726,554	\$ -	\$ 726,554
Building	309,556	(75,266)	234,290
	<u>\$ 1,036,110</u>	<u>(\$ 75,266)</u>	<u>\$ 960,844</u>

	December 31, 2010		
	Initial cost	Accumulated depreciation	Book value
Land	\$ 726,554	\$ -	\$ 726,554
Building	309,556	(64,375)	245,181
	<u>\$ 1,036,110</u>	<u>(\$ 64,375)</u>	<u>\$ 971,735</u>

(X) Impairment loss of non-financial assets

The recognized non-financial assets impairment loss of the Company and subsidiaries in 2011 and 2010 was as follows:

	<u>2011</u>	Amount debit/credit to	<u>2010</u>	Amount debit/credit to
	Amount debit/credit to Income Statement	shareholder's equity	Amount debit/credit to Income Statement	Amount debit/credit to shareholder's equity
Impairment loss –Financial assets measured at cost	\$ 723,520	\$ -	\$ 751,818	\$ -
Impairment loss – fixed assets	78,818	-	3,644	-
Impairment loss – Goodwill	10,617	-	-	-
Impairment loss – Intangible assets	<u>-</u>	<u>-</u>	<u>2,369</u>	<u>-</u>
	<u>\$ 812,955</u>	<u>\$ -</u>	<u>\$ 757,831</u>	<u>\$ -</u>

(XI) Short-term debt

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Credit loan	\$ 1,588,630	\$ 1,080,587
Collateralized borrowings	<u>1,170,953</u>	<u>380,000</u>
	<u>\$ 2,759,583</u>	<u>\$ 1,460,587</u>
Interest interval	<u>0.97%~7.625%</u>	<u>0.82%~17%</u>

(XII) Accrued expenses

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Payable salaries and bonuses	\$ 3,081,840	\$ 2,404,295
Payable incentives for franchisee	488,576	502,210
Bonus payable to employees and remuneration payable to directors and supervisors	546,689	436,742
Labor insurance and health insurance premiums payable	182,458	148,769
Accrued pension liabilities	131,452	110,996
Payable fees for system development and maintenance	159,894	59,455
Other accrued expenses	<u>1,801,944</u>	<u>1,922,373</u>
	<u>\$ 6,392,853</u>	<u>\$ 5,584,840</u>

(XIII)Other accounts payable

	December 31, 2011	December 31, 2010
Bill collection	\$ 6,789,515	\$ 5,336,688
Payable for acquisition of fixed assets	1,145,204	1,438,222
Collections of accounts receivable	706,416	480,946
Others	<u>1,110,933</u>	<u>1,431,838</u>
	<u>\$ 9,752,068</u>	<u>\$ 8,687,694</u>

(XIV)Long-term debt payable

	December 31, 2011	December 31, 2010
Credit loan	\$ 3,400,000	\$ 5,000,000
Guaranteed loan	132,912	116,874
Other long-term loans	<u>300,000</u>	<u>306,000</u>
	3,832,912	5,422,874
Less: Current portion	<u>(37,897)</u>	<u>(35,170)</u>
	<u>\$ 3,795,015</u>	<u>\$ 5,387,704</u>
Annual Interest rate	<u>0%~2.525%</u>	<u>0%~4.14%</u>

1. The credit loan of the company from First Bank is for a period of 2~3 years; also, the company may have the credit loan applied cyclically within the scope of the total loan amount.
2. The said other long-term loans are interest-free loans lent to Mech-President Corp., by China Petroleum Corporation as working capital and guaranteed by banks.

(XV) Pension Plan

1. The company and domestic subsidiaries have instituted the regulations for the defined pension plan under the "Labor Standards Law" applicable to the years of services of employees before July 1, 2005, the day that the new "Labor Pension Act" has come into full force, such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the "Labor Standard Law". Pension payment for each employee who has qualified for retirement is based on the average salary of six months prior to the retirement. Each service year within fifteen years is granted with two pension points and then one pension point for each service year thereafter is granted and with maximum 45 pension points available for each employee. The Company and domestic subsidiaries have pension fund appropriated monthly for an amount equivalent to 2%~8.9% of monthly salary and the pension reserve is deposited in the bank account of Pension Reserve Committee with the Trust Department of Bank of Taiwan. The company's subsidiary, Philippine Seven Corporation, has adopted relative defined contribution plan for pension appropriation.

Information on the Company's and subsidiaries' actuarial report:

(1) Net pension cost:

	2011	2010
Service cost	\$ 79,663	\$ 87,395
Interest cost	74,176	80,359
Expected return on investment of pension fund assets	(29,003)	(31,986)
Amortization:		
Unrecognized transitional net payment obligation	5,748	515
Unrecognized pension loss	109,463	93,043
Others	12,473	1,032
Net pension cost	<u>\$ 252,520</u>	<u>\$ 230,358</u>

(2) Statement of pension appropriation:

	December 31, 2011	December 31, 2010
Payment obligations:		
Vested payment obligations	(\$ 480,073)	(\$ 271,433)
Non-vested payment obligations	(1,982,182)	(1,932,953)
Accumulated payment obligations	(2,462,255)	(2,204,386)
Future salary increase effect	(1,632,108)	(1,644,391)
Estimated payment obligations	(4,094,363)	(3,848,777)
Fair value of pension fund assets	1,758,994	1,615,534
Appropriation	(2,335,369)	(2,233,243)
Unrecognized prior period service cost	15,235	16,084
Unrecognized transitional net payment obligation	20,497	58,024
Unrecognized pension loss	1,726,788	1,669,459
Accrued pension liabilities	(147,875)	(98,127)
Accrued pension liabilities	<u>(\$ 720,724)</u>	<u>(\$ 587,803)</u>
Minimum pension liability	<u>(\$ 104,650)</u>	<u>\$ -</u>
Vested payment	<u>(\$ 553,027)</u>	<u>\$ 349,036</u>

(3) Pension actuarial assumptions:

	December 31, 2011	December 31, 2010
Discount rate		
The Company and domestic subsidiaries	1.90%~2%	1.75%~2.25%
Overseas subsidiaries	5.80%	10.81%
Future salary increase rate		
The Company and domestic subsidiaries	2%~4%	2%~4%
Overseas subsidiaries	5.5%	6%
Expected long-term return on investment of fund assets		
The Company and domestic subsidiaries	1.9%	1.75%~2%
Overseas subsidiaries	5.5%	6%

2. The company and domestic subsidiaries have provided a defined contribution to the pension plan according to “Labor Pension Act” on July 1, 2005 for the benefit of native employees. The company and domestic subsidiaries shall contribute the amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at Labor Insurance Bureau in accordance with the “Labor Pension Act”.

The company’s subsidiaries in Mainland China have provided a defined contribution to the pension plan according to the local pension insurance policy for the benefit of employees. The subsidiaries in Mainland China shall contribute an amount equivalent to certain percentage of monthly salary that is reserved and managed by local government. The Company has no further obligation except for making pension fund contribution monthly.

The Company and its subsidiaries recognized pension cost and endowment insurance for \$737,063 and \$625,478 for the years ended December 31, 2011 and 2010, respectively, in accordance with the aforementioned pension plan.

(XVI)Income Tax

1. Income tax and Income taxes payable

	2011	2010
Income tax payable	\$ 962,191	\$ 1,116,953
Income tax refund receivable	(73)	(2,724)
Net changes of deferred income tax assets	(11,763)	23,848
Changes in net deferred income tax assets resulted from temporary difference	-	(830)
Income tax effect of income tax law amendment	-	12,681
Underestimated (overestimated) income tax in prior periods	(15,667)	5,979
Income tax for interest income of short term bills	-	907
Prepaid income tax	<u>868,051</u>	<u>365,657</u>
Income Tax expenses	<u>\$ 1,802,739</u>	<u>\$ 1,522,471</u>
Income Tax expenses:		
Income Tax expenses in current period	\$ 1,795,527	\$ 1,522,373
Additional 10% income tax expense levied on the retained earnings-unappropriated	<u>7,212</u>	<u>98</u>
	<u>\$ 1,802,739</u>	<u>\$ 1,522,471</u>

2. Deferred income tax assets:

	December 31, 2011		December 31, 2010	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (booked in the account of other current assets)				
Temporary difference				
Bad debts	\$ 151,545	\$ 25,772	\$ 95,727	\$ 16,606
Loss on market decline of inventory	142,365	24,202	95,668	16,264
Unrealized sales discount	175,430	29,823	55,925	9,507
Others	223,126	50,325	357,212	60,333

Loss carry forwards	82,691	14,468	93,737	15,935
Investment credit		<u>1,568</u>		<u>5,485</u>
		146,158		124,130
Less: allowance for reevaluation losses		<u>(14,437)</u>		<u>(18,187)</u>
		<u>\$ 131,721</u>		<u>\$ 105,943</u>

	December 31, 2011		December 31, 2010	
	Amount	Effect of income tax	Amount	Effect of income tax
Noncurrent items (booked in the account of other assets-others)				
Temporary difference				
Losses from overseas investments	\$ 1,164,286	\$ 197,929	\$ 757,060	\$ 128,700
Unrealized expense	137,088	23,304	38,605	24,439
Finance and tax difference of pension	123,849	21,383	131,170	22,579
Unrealized gain on financial instrument	(52,455)	(8,917)	-	-
Others	32,683	5,557	51,676	8,583
Loss carry forwards	3,067,511	519,113	3,396,764	582,912
Investment credit		<u>1,191</u>		<u>6,060</u>
		759,560		773,273
Less: allowance for reevaluation losses		<u>(694,920)</u>		<u>(694,618)</u>
		<u>\$ 64,640</u>		<u>\$ 78,655</u>

3. Tax Administration had the Company's business profit tax return audited up to 2009.
4. The Company's and subsidiary's investment credit resulted in accordance with Industrial Upgrade Act:

Deductible items	Total deductible amount	Unconsumed deductible balance	Last credit year
Investment in territories of poor resources or slow development	\$ 38,338	\$ -	-
Human resources training expenses	447	343	2012~2013
Automation equipment and technology	4,407	2,416	2012~2013

5. The subsidiary's loss carry forwards was for an amount of \$3,150,202 on December 31, 2011 and it can be carried forward to the year of 2021.

6. Details of retained earnings-unappropriated are shown as follows:

	December 31, 2011	December 31, 2010
1997 and before	\$ 26,823	\$ 26,823
1998 and after	<u>6,416,424</u>	<u>5,726,078</u>
Total	<u>\$ 6,443,247</u>	<u>\$ 5,752,901</u>

7. Two-in-one tax

	December 31, 2011	December 31, 2010
Balance of shareholders deduction account	<u>\$ 551,501</u>	<u>\$ 132,244</u>
	<u>2011 (estimated)</u>	<u>2010 (actual)</u>
Tax credit rate of retained earnings distributed	<u>8.6%</u>	<u>20.45%</u>

The estimated tax credit in 2011 was based on the shareholder's tax credit account balance on December 31, 2011. The Company's tax credit available to shareholders is computed in accordance with shareholder's tax credit account balance on the dividend and bonus distribution day; therefore, the tax credit ratio for the retained earnings distributed to shareholders in 1998 and thereafter was net of the potential tax credit prior to the dividend and/or earnings distribution date in accordance with Income Tax Law.

(XVII) Capital Stock

The Company's authorized capital stock as of December 31, 2011 and 2010 amounted to \$10,500,000, respectively, representing 1,050,000,000 shares at NT\$10 par value each. The shares issued and outstanding were 1,039,622,255 shares.

(XVIII) Retained Earnings and Post Events

1. According to the Company's original Articles of Association, appropriates 10% of the annual earnings after paying all the taxes and losses as legal reserve. Also, appropriates special surplus for an amount equivalent to the amount debited to shareholders' equity of the year. The reversal of the amount debited to shareholders' equity in the subsequent years shall be transferred to the annual earnings of the year for distribution. The board of directors is to propose a plan for the distribution of the accumulated distributable earnings including the earnings of the year and the unappropriated retained earnings in the shareholders' meeting for a resolution. The distribution of the Company's accumulated distributable earnings is resolved in the shareholder's meeting as follows: Remunerations to directors and supervisors is for 1% of the annual earnings, bonuses to employees shall not be less than 0.2% of the annual earnings, shareholders' dividends and bonuses is for 80%~100% of the accumulated distributable earnings after paying remunerations to directors and supervisors and bonuses to employees, in which, 50%~100% is paid with cash dividend and the remaining amount is unappropriated earnings.

A resolution was reached in the shareholder's meeting on June 22, 2011 having the Company's Articles of Association modified with the remunerations to directors and supervisors increased from 1 % of the annual earnings to 2% of the annual earnings.

2. Legal surplus is used only for offsetting losses and distributing stock dividend or cash prorated to shareholdings, provided that the distributed stock dividend and cash is limited to 25% of the amount the legal surplus exceeding the paid-in capital.
3. In accordance with applicable laws and regulations, a special reserve must be made from after-tax earnings in the current year equivalent to the debit balance of any account

shown in shareholders' equity. The special reserve may be appropriated to the extent that the net debit balance is reversed upon approval of shareholders' meeting.

4. The Company's distribution of earnings in 2010 and 2009 was resolved in the shareholder's meeting on June 22, 2011 and June 15, 2010, respectively, as follows:

	<u>2010</u>		<u>2009</u>	
	Amount	EPS (NT\$)	Amount	EPS (NT\$)
Legal reserve	\$ 572,575		\$ 405,913	
Special reserve (Reverse)	(4,660)		4,660	
Cash dividends	5,094,149	\$ 4.90	3,742,640	\$ 3.60
Cash bonus to employees	309,471		218,913	
Remuneration to directors and supervisors	<u>51,578</u>		<u>36,486</u>	
Total	<u>\$ 6,023,113</u>		<u>\$ 4,408,612</u>	

The Company's distribution of earnings in 2010 was in conformity with the distribution proposal resolved by the Board of Directors on March 18, 2011. In which, the exact amount of the bonuses to employees and the remunerations to directors and supervisors resolved in the shareholder's meeting was deducted in the 2010 Income Statement.

5. The Board of Directors proposed the distribution of 2011 earnings on March 21, 2012 as follows:

	<u>2011</u>	
	Amount	EPS (NT\$)
Legal reserve	\$ 635,241	
Special reserve	768,822	
Cash dividends	4,990,187	\$ 4.8
Cash bonus to employees	296,901	
Remuneration to directors and supervisors	<u>98,967</u>	
	<u>\$ 6,790,118</u>	

The 2011 annual earnings distribution proposal referred to above had not yet been resolved in the Shareholders Meeting on March 23, 2012.

6. The Company's estimated bonus to employees and remuneration to directors and supervisors amounted to \$296,901 and \$98,967 in 2011, respectively; moreover, it was based on the net income on December 31, 2011 and the percentage defined in the articles of association (6% and 2% , respectively) after considering the factor of legal reserve and Special reserve. Please visit the "Market Observation Post System" for the bonus to employees and remuneration to directors and supervisors authorized by the Board of Directors and resolved in shareholder's meeting.

(XIX) Earnings per share

	2011			EPS	
	Amount		Weighted average outstanding shares	(Unit: NT\$)	
	(pre-tax)	(after tax)		(pre-tax)	(after tax)
Basic earnings (losses) per share	\$ 7,944,960	\$ 6,352,410	1,039,622,255	<u>\$7.64</u>	<u>\$6.11</u>
Impact of common stock with potential dilution on employee's bonus	-	-	1,854,471		
Diluted earnings per share	<u>\$ 7,944,960</u>	<u>\$ 6,352,410</u>	<u>1,041,476,726</u>	<u>\$7.63</u>	<u>\$6.10</u>

	2010			EPS	
	Amount		Weighted average outstanding shares	(Unit: NT\$)	
	(pre-tax)	(after tax)		(pre-tax)	(after tax)
Basic earnings (losses) per share	\$ 7,052,583	\$ 5,725,757	1,039,622,255	<u>\$6.78</u>	<u>\$5.51</u>
Impact of common stock with potential dilution on employee's bonus	-	-	2,364,175		
Diluted earnings per share	<u>\$ 7,052,583</u>	<u>\$ 5,725,757</u>	<u>1,041,986,430</u>	<u>\$6.77</u>	<u>\$5.50</u>

The option for stock dividend has been made available as a bonus to employees; therefore, bonus to employees is paid with stock dividend for the computation of earnings per share. The diluted earnings per share are computed in accordance with the common stock with potential dilution on employee's bonus and the weighted average outstanding stock shares. The basic earnings per share are computed in accordance with the common stock shares available for distribution in prior year resolved in the shareholder's meeting included in the weighted average outstanding stock shares.

(XX) Human resources spending, depreciation, depletion and amortization

Human resources spending, depreciations, depletion and amortization are recognized as operating expenses:

	2011		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 2,893,119	\$ 11,344,341	\$ 14,237,460
Labor and health insurance	246,402	965,583	1,211,985
Pension fund	146,796	885,351	1,032,147
Other human resources expenses	<u>103,249</u>	<u>1,010,542</u>	<u>1,113,791</u>
	<u>\$ 3,389,566</u>	<u>\$ 14,205,817</u>	<u>\$ 17,595,383</u>
Depreciation	<u>\$ 668,028</u>	<u>\$ 3,431,358</u>	<u>\$ 4,099,386</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 37,769</u>	<u>\$ 287,022</u>	<u>\$ 324,791</u>

	2010		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 2,553,341	\$ 10,321,641	\$ 12,874,982
Labor and health insurance	211,019	815,347	1,026,366
Pension fund	132,390	741,111	873,501
Other human resources expenses	<u>90,215</u>	<u>909,715</u>	<u>999,930</u>
	<u>\$ 2,986,965</u>	<u>\$ 12,787,814</u>	<u>\$ 15,774,779</u>
Depreciation	<u>\$ 593,138</u>	<u>\$ 3,092,964</u>	<u>\$ 3,686,102</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 31,382</u>	<u>\$ 299,417</u>	<u>\$ 330,799</u>

V. Related Party Transactions

(I) Names of related parties and their relationship with the company

<u>Name of related parties</u>	<u>Relationship with the company</u>
Uni-President Enterprises Corp.	Parent company
Presco Netmarketing Inc.	A subsidiary of Uni-President Enterprises Corp.
President Development Corp.	"
Nanlien International Corp.	"
Uni-President Dream Parks Corp.	"
President Baseball Team Corp.	"
Tong Ho Development Corp.	"

<u>Name of related parties</u>	<u>Relationship with the company</u>
President Fair Development Corp.	''
Uni-President Biotechnology Co., Ltd.	''
Tung-Yuan Corp.	''
President Tokyo Corp.	''
Tung Ang Enterprise Corp.	Secondary subsidiary of Uni-President Enterprises Corp.
Wuhan President Enterprises Food Co., Ltd.	''
Tong Hsiang Enterprise Corp.	''
Tung Guan Enterprises Co., Ltd.	''
Tung Che Enterprises Corp.	''
Lien Bo Enterprises Corp.	''
President Packaging Corp.	Investees of subsidiary of Uni-President Enterprises Corp. under the Equity Method
Kuang Chuan Dairy Co., Ltd.	''
Kanh Na Hsiung Enterprise Co., Ltd.	''
Tung Chang Enterprises Corp.	Investees of Uni-President Enterprises Corp. under the Equity Method
Chi-Chyang Corp.	''
Kuan Chang Enterprises Corp.	''
Wine-Well International Corp.	''
President Technology Corp.	The Company is a director
Q-ware Communications Co., Ltd	''
Presicarre Corp.	''
Financial Information Service Co., Ltd.	Director of Bank Pro E-Service Technology Co., Ltd.
Weilih Food Industrial Co., Ltd.	One of the Company's directors is Chairman of this company
President Organics Corp.	Investees of the Company under the Equity Method.
Hi-life International Co., Ltd.	The invested company valued with the Equity Method by Kuang Chuan Dairy Co., Ltd.
Store Sites Holdings Inc.	The invested company valued with the Equity Method by Philippine Seven Corp.
Taiwan Traditional Art and Culture Foundation	Statutory body that received over one third of fund from President YiLan Art and Culture Corp.
Cayenne Entertainment Technology Co., Ltd.	An affiliate of the Company is the company's director
Presiclerc Limited	Investees of PCSC (BVI) under the Equity Method
Presiclerc(Beijing) Supermarket Co., Ltd.	A subsidiary of Presiclerc Limited
Directors, Supervisors, President, Vice President, etc.	The main management of the Company and its subsidiaries

(II) Major transactions with related parties

1. sales

	2011		2010	
	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.
Hi-life International Co., Ltd.	\$ 291,585	-	\$ 244,324	-
Uni-President Dream Parks Corp.	90,616	-	102,555	-
Uni-President Enterprises Corp.	68,043	-	69,589	-
Others	258,178	-	295,320	-
	<u>\$ 708,422</u>	<u>-</u>	<u>\$ 711,788</u>	<u>-</u>

The aforementioned transactions with related party are processed in accordance with general sales terms and conditions.

2. Other operating revenue

	2011		2010	
	Amount	(%)	Amount	(%)
Uni-President Enterprises Corp.	\$ 473,558	3	\$ 405,005	4
Presco Netmarketing Inc.	352,118	3	246,772	2
Others	147,094	1	108,185	1
	<u>\$ 972,770</u>	<u>7</u>	<u>\$ 759,962</u>	<u>7</u>

3. Purchase (net of purchase incentives)

	2011		2010	
	Amount	Ratio to the total purchase amount (net) of the Company	Amount	Ratio to the total purchase amount (net) of the Company
Uni-President Enterprises Corp.	\$ 13,237,364	11	\$ 12,195,724	11
Tung Ang Enterprise Corp.	2,392,089	2	2,238,394	2
Lien Bo Enterprises Corp.	736,386	1	719,134	1
Cayenne Entertainment Technology Co., Ltd.	373,072	-	444,077	-
Kuang Chuan Dairy Co., Ltd.	309,517	-	317,138	-
Weilih Food Industry Co., Ltd.	291,462	-	222,616	-
President Packaging Corp.	287,564	-	328,677	-
Q-ware Communications Co., Ltd.	278,658	-	238,881	-
Tait Marketing & Distribution Co., Ltd.	274,988	-	125,386	-
Others	828,188	1	669,309	1

\$ 19,009,288 15 \$ 17,499,336 16

The terms and conditions for the purchase from the related party of President Chain Store Corp. and subsidiaries are identical to the terms and conditions for general suppliers.

4. Compensation on defective merchandise (debited to cost of goods sold)

	2011		2010	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Enterprises Corp.	\$ 29,669	8	\$ 28,470	9

5. Operating expenses

	2011		2010	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Rental expenditures</u>				
President Development Corp.	\$ 404,918	4	\$ 163,182	2
President Fair Development Corp.	109,918	1	99,636	1
Uni-President Enterprises Corp.	74,967	1	75,227	1
Others	72,363	1	36,557	-
	<u>\$ 662,166</u>	<u>7</u>	<u>\$ 374,602</u>	<u>4</u>
<u>Performance activity fund</u>				
Taiwan Traditional Art and Culture Foundation	\$ 49,762	100	\$ 50,802	100
<u>Advertisement expense</u>				
President Baseball Team Corp.	\$ 53,123	3	\$ 39,290	2
Presco Netmarketing Inc.	58,213	3	42,318	3
	<u>\$ 111,336</u>	<u>6</u>	<u>\$ 81,608</u>	<u>6</u>

6. Receivable (payable to) from related parties

	December 31, 2011		December 31, 2010	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Accounts receivable</u>				

Uni-President Enterprises Corp.	\$	127,784	4	\$	166,532	6
Hi-life International Co., Ltd.		47,210	1		39,469	2
President Fair Development Corp.		30,902	1		15,980	1
Others		60,010	1		71,073	2
	\$	<u>265,906</u>	<u>7</u>	\$	<u>293,054</u>	<u>11</u>

Other receivables

Uni-President Enterprises Corp.	\$	77,143	4	\$	71,866	4
Tung Ang Enterprise Corp.		39,311	2		37,292	2
Others		42,853	2		30,991	2
	\$	<u>159,307</u>	<u>8</u>	\$	<u>140,149</u>	<u>8</u>

	December 31, 2011		December 31, 2010	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Note and account payables</u>				
Uni-President Enterprises Corp.	\$ 1,717,683	9	1,510,432	9
Tung Ang Enterprise Corp.	203,197	1	191,157	1
Kuang Chuan Dairy Co., Ltd.	71,938	-	101,826	1
Others	717,983	4	592,550	3
	<u>\$ 2,710,801</u>	<u>14</u>	<u>\$ 2,395,965</u>	<u>14</u>

Accrued expenses

President Development Corp.	\$	70,232	1	\$	104,694	2
Uni-President Enterprises Corp.		15,764	-		14,982	-
Others		49,697	1		32,867	1
	\$	<u>135,693</u>	<u>2</u>	\$	<u>152,543</u>	<u>3</u>

7. Property trade

(1) Purchase of property, plant and equipment

Purchases of equipment by the subsidiary, President Transnet Corp., President Logistics International Corp., and Chien-Shuen Logistics International Corp. from the related parties for the years ended December 31, 2011 and 2010 are summarized as follows:

	2011	2010
President Tokyo Corp.	<u>\$ 81,138</u>	<u>\$ 92,879</u>

The aforementioned purchase of transportation equipment for business operation was with installment payment made for three years. The related installment payable on December 31, 2011 and 2010 were as follows:

	December 31, 2011	December 31, 2010
President Tokyo Corp.	\$ 296,257	\$ 284,357
Discount of installment payable	(8,465)	(18,787)
Net amount	287,792	265,570
Less: Current portion	(124,033)	(126,736)
	<u>\$ 163,759</u>	<u>\$ 138,834</u>

The aforementioned long-term installment payable must be paid accordingly before December 2016.

(2) Purchase long-term equity investment

		2011	
Counter party	Trade object	Stock shares purchased	Amount
Uni-President Enterprises Corp.	Muji (Taiwan) Co., Ltd.	1,243,000	\$ 92,090
	President Information Corp.	8,970,166	226,712
			<u>\$ 318,802</u>

		2010	
Counter party	Trade object	Stock shares purchased	Amount
Uni-President Enterprises Corp.	Q-ware Systems and Services Corp.	2,290,155	\$ 29,406
	President Musashino Corp.	10,458,000	130,725
			<u>\$ 160,131</u>

8. Information on the salary of the management

	2011	2010
Salaries and bonuses	\$ 461,671	\$ 385,303
Business practice expense	20,922	30,918
Remuneration to directors and supervisors and bonus to employees	136,662	86,809
	<u>\$ 619,255</u>	<u>\$ 503,030</u>

- (1) Salaries and bonuses include salaries, compensation, pension, severance pay, prize money, and incentives.
- (2) Business practice expense includes traveling expenses, special allowance, net allowance, room, and transportation.
- (3) Remuneration to directors and supervisors and bonus to employees is the amount estimated and booked in the Income Statement of the year.

9. Commitment

The duration of the lease contract for operating offices signed by the Company and its

subsidiaries with related parties is 5-10 years. The payment of rental is handled in accordance with the signed lease contract. As of December 31, 2011, estimated rentals payable in future years are as follows:

<u>Lease term</u>	<u>Total rents</u>
2012	\$ 378,890
2013	358,865
2014	358,865
2015	358,865
2016	378,865
2017 and thereafter	<u>1,399,986</u>
	<u>\$ 3,234,336</u>

VI. Pledged Assets

Collateral provided by the company and subsidiary on December 31, 2011 and 2010, respectively, as follows:

<u>Assets</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>Collateral</u>
Land	\$ 368,869	\$ 368,869	Long-term and short-term debt and guarantee credit
Building	316,788	440,330	Long-term and short-term debt and guarantee credit
Transportation equipment	609,318	544,779	Long-term debt payable and long-term installment payable
Operating equipment and other equipment	2,057	8,439	Long-term debt payable
Mortgaged time deposit account	<u>247,308</u>	<u>108,817</u>	Contract security deposit
	<u>\$ 1,544,340</u>	<u>\$ 1,471,234</u>	

VII. Major undertaking and contingency

Except for Note V, the Company and the subsidiaries have the following commitments made up to December 31, 2011:

- (I) The Company has a long-term technical collaboration agreement signed with Philippine Seven Corporation, President Chain Store (Shanghai) Ltd., and 7-ELEVEN Inc. in the United States. The Company and subsidiary are obliged to pay technical royalty for an amount equivalent to a percentage of store monthly sales throughout the contracted period.
- (II) President Coffee Corp. has a collaboration agreement signed with Starbucks for business operation and management of "Starbucks Coffee Chain Store." According to the said agreement, President Coffee Corp. is to have technical royalty paid throughout the contract period for an amount equivalent to certain percentage of monthly sales amount of each store.
- (III) Muji (Taiwan) Co., Ltd. has an agreement of authorization signed with Ryohin keikaku Co., Ltd. in September 2003 for the operation of "Muji Licensed Store" and the use of information and trade know-how in the designated area (Republic of China). According to the said agreement, Muji (Taiwan) Co., Ltd. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount.
- (IV) President Transnet Corp. and Yamato Transport Corporation had a trademark and technical cooperation agreement signed in January 2000 for the operation and management of "logistics service" for a period of 10 years. According to the said agreement, President Transnet Corp. is to have royalty paid throughout the contract period for an amount equivalent to certain

percentage of total sales amount that is not less than ¥1,000,000. After the aforementioned agreement is expired, the two parties resigned an authorization contract on January 26, 2010 and agreed that the contract will remain effective except that the two parties sign a written termination contract. A royalty should be paid in accordance with aforementioned terms and conditions during the duration of the agreement.

- (V) President Collect Services Co. Ltd. has a trademark and technological collaboration agreement signed with Yamato Financial Co., Ltd. in 2002 for merchandise delivery and payment collection for a period of ten years. According to the said agreement, President Collect Services Co., Ltd. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount on a monthly basis.
- (VI) Mister Donut Taiwan Corp. and Duskin Co., Ltd. had a trademark and technical cooperation agreement signed in 2004 for the operation and management of “DUSKIN Mister Donut Franchise” for a period of 10 years. According to the agreement signed, Mister Donut Taiwan Corp. is to have royalties paid throughout the contract period for an amount equivalent to certain percentage of total sales amount.
- (VII) President Sato Co., Ltd. entered in a SATO Trademark Technique Licensing Agreement with SATO Restaurant Systems Co., Ltd. in 2010, which authorizes President Sato Co., Ltd., to use the trademarks of “和食莎都” and “壽司半” and restaurant-related technique in the specified area (Republic of China) for an effective period of 30 years. According to the said agreement, Starting from the year of 2013, President Sato Co., Ltd. shall pay royalties annually for an amount equivalent to certain percentage of net sales.
- (VIII) President Yilan Art and Culture Corp. and National Center of Traditional Arts had the “National Center of Traditional Arts BOT Agreement” (referred to as “BOT Agreement” hereinafter) signed in 2004 with the terms and conditions agreed upon as follows:
1. Preparatory Office of the National Headquarters of Taiwan Traditional Arts in Yilan is the operating object entrusted. The scope of the entrustment is for the operation and management of the entrusted object; also, utilize the entrusted object for the demonstration, promotion, teaching activity, product sales, and business development of traditional arts.
 2. The durability of the entrustment is for six years from the date of the operation initiated. President YiLan Art and Culture Corp. is with the priority to have the agreement renewed for another six years on the due date if the first agreement has been performed successfully.
 3. Royalty:
 - (1) Fixed royalty
President YiLan Art and Culture Corp. shall pay the fixed royalty of NT\$5,000,000 per year.
 - (2) Operation royalty
In the duration of operation, President Yilan Art and Culture Corp. are obliged to pay a royalty for an amount equivalent to one percentage of annual operating revenue throughout the contract period.
 4. President Yilan Art and Culture Corp. are obliged to pay performance bond for an amount of NT\$30,000. The performance bond is for a term till the end of the BOT agreement and six months after President Yilan Art and Culture Corp. having assets returned and transferred.
 5. President YiLan Art and Culture Corp. agrees to have the operating assets that are acquired throughout the contract period transferred to National Traditional Art Center unconditionally upon the termination or expiration of the agreement.
President YiLan Art and Culture Corp. and the Preparatory Department of National Traditional Art Center signed a supplement agreement to the entrustment agreement mentioned above in August 2009, which extended the BOT term for twelve years from the date of the operation commencement set forth on the agreement.
- (IX) Cold Stone Creamery Taiwan Ltd. entered into a licensing agreement with Cold Stone

Creamery International LLC in 2006 and acquired the license of using “COLD STONE CREAMERY” to sell ice cream in Taiwan and Mainland for a period of 30 years. As of December 31, 2010, Cold Stone Creamery Taiwan Ltd. has fully paid royalties to US Coldstone. In accordance with the agreement, Cold Stone Creamery Taiwan Ltd. must pay a certain amount of signing bonus and store open fees and pay a royalty for an amount equivalent to the agreed percentage of sales revenue.

- (X) Uni-President Department Store Corp. entered into “Letter of Confirmation for Technological Consulting Service for the Opening of Department Stores in Kaohsiung” and the “Technological Consulting Service Agreement for the Business of Department Stores on 5th Section of Chung Hsiao East Road in Taipei City” Hankyu Hanshin Department Store Inc. According to the said confirmation letter and agreement as well as the further amended and signed confirmation letter, the Kaohsiung store and the Taipei store shall pay “Actual Technological Consulting Fee” annually and further pay a “Fixed Technological Fee” from May 2011 and October 2011, respectively.
- (XI) The Company’s subsidiaries (Afternoon Tea Taiwan Co., Ltd. and PCSC Afternoon Tea Shanghai Ltd.) entered into a licensing agreement with SAZABY LEAGUE and acquired the license to register the “Afternoon Tea” trademark in Taiwan and Mainland China Shanghai and the peripheral area (Jiangsu Province and Zhejiang Province) and Beijing for the restaurant and sundries business. According to the agreement signed, the Company is to have fixed royalty paid for an amount equivalent to certain percentage of total sales amount.
- (XII) Pet Plus Co., Ltd. and AHB International Inc. signed a joint venture agreement for the use of trademark and technology and rights by PetPlus during the effective period of the agreement. According to the agreement, PetPlus shall pay a royalty for an amount equivalent to a certain percentage of net sales.
- (XIII) The company has President International Building leased to a non-related party (Booked in the “Lease assets” account):
1. Arcade: A lease signed for 18 years and 6.5 months from June 15, 2005 and the rent is for an amount equivalent to a percentage of the monthly sales.
 2. Office: The lease is for a period of five years from November 1, 2007 to October 31, 2012. The Company has the following projections in rental incomes for the various years:
- | <u>Lease term</u> | <u>Total rents</u> |
|-------------------|--------------------|
| 2012 | <u>\$ 19,756</u> |
- (XIV) In order to build the transportation hub for home-delivery, President Transnet Corp. entered in a construction and equipment agreement with a non-related party. The total price was \$760,000. As of December 31, 2011, the unpaid (estimated) amount approximated to \$753,809.
- (XV) President Musashino Corp. had a plant construction agreement signed with an unrelated party with the construction in progress for an amount of \$611,500 and an estimated payable amount of \$301,348 on December 31, 2011.
- (XVI) The Company and the subsidiaries have stores and business sites leased from the unrelated party and with lease agreements signed for a period of 3~20 years accordingly. The Company and the subsidiaries have rent advanced and security made for an amount of \$322,997 and \$1,507,894, respectively, on December 31, 2011; moreover, they are booked in the account of “Prepayment” and “Refundable deposits” respectively. The Company and subsidiaries have the following projections in rent payable for the various years:

<u>Lease term</u>	<u>Total rents</u>
2012	\$ 8,016,259
2013	7,726,682
2014	6,973,340
2015	6,158,774
2016	6,056,187
2017 and thereafter (discounted value \$10,162,447)	<u>10,266,011</u>
	<u>\$ 45,197,253</u>

VIII. Loss from major accidents

None.

IX. Materiality after the period

- (I) Please refer to Note IV (XVIII) for the distribution proposal of the Company's 2011 earnings authorized by the board of directors on March 21, 2012.
- (II) The Company's Board of Directors authorized on March 21, 2012 to make second equity offerings in amount of US\$32,820,000 to the subsidiary, President Chain Store (BVI) Holdings Ltd. and then re-invest in the subsidiary in China.

X. Others

(I) Information on fair value

	<u>December 31, 2011</u>		
	<u>Book value</u>	<u>Fair value - Amount determined by open quotations</u>	<u>Amount estimated by valuation</u>
<u>Non-Derivatives</u>			
<u>Assets</u>			
Financial assets with equal fair value and book value	\$ 21,874,130	\$ -	\$ 21,874,130
Financial assets held for trading	7,520,591	7,520,591	-
Financial assets at cost noncurrent	7,751,278	-	-
Financial assets available for sales	995,325	995,325	-
Refundable deposits	2,047,623	-	1,972,949
<u>Liabilities</u>			
Financial liabilities with equal fair value and book value	\$ 38,851,076	\$ -	\$ 38,851,076
Long-tem notes and accounts payable	287,792	-	287,792
Long-term debt payable	3,832,912	-	3,832,912
Guarantee Deposit received	2,165,781	-	2,110,144

	December 31, 2010		
	Book value	Fair value - Amount determined by open quotations	Amount estimated by valuation
<u>Non-Derivatives</u>			
<u>Assets</u>			
Financial assets with equal fair value and book value	\$ 15,343,011	\$ -	\$ 15,343,011
Financial assets held for trading	10,143,908	10,143,908	-
Financial assets at cost noncurrent	8,699,938	-	-
Financial assets available for sales	1,854,622	1,854,622	-
Refundable deposits	1,970,447	-	1,813,892
<u>Liabilities</u>			
Financial liabilities with equal fair value and book value	\$ 33,274,635	\$ -	\$ 33,274,635
Long-term notes and accounts payable	265,570	-	265,570
Long-term debt payable	5,422,874	-	5,422,874
Guarantee Deposit received	2,087,816	-	1,975,709

The Company and subsidiaries adopted the following methods and assumptions on the valuation of the fair value of financial instruments:

1. The fair value of short-term financial instrument is valued with the book value on the balance sheet date since the effect of discount value is insignificant; therefore, it is an amount not determined by public quotation or valuation. This method is applied to cash and cash equivalence, accounts receivable, other receivables, notes payable and accounts payable (including the related party), expense payable, and other payables.
2. The fair value of financial assets in available-for-sale, such as, in the listing market, is the market price.
3. The fair market value of guarantee margin & deposit paid and guarantee margin & deposit received is based on the discount value of the expected cash flow. The relevant discount rate is the one-year time deposit interest rate of Directorate General of the Postal Remittance and Savings Bank.
4. The fair value of long-term borrowings, and long-term notes payable and accounts payable are estimated according to the carrying amount since the effect of discount value is insignificant.

(II) Material gain/loss of financial instruments and equity information

The Company and subsidiaries had financial assets in available-for-sale debited/credited to shareholder's equity for an amount of (\$868,215) and (\$360,909) in 2011 and 2010, respectively.

(III) Interest rate risk position

The Company's and subsidiary's financial assets and financial liabilities with the risk of interest rate change in fair value amounted to \$3,400,000 and \$5,000,000 on December 31, 2011 and 2010, respectively. The Company's and subsidiary's financial liabilities with the risk of interest rate change in cash flow amounted to \$3,420,287 and \$2,238,950 on December 31, 2011 and 2010, respectively.

(IV) Control of Financial Risks and Hedge strategy

1. The risk control and hedge strategy of the Company and the subsidiaries are to prevent operating risk. To this end, the Company and subsidiaries have financial hedge position denied for the operation of derivatives. The selection of financial instruments by the Company for trade must be able to prevent the interest expense, assets, and liabilities risk of business operation.
2. In terms of supervising and managing derivatives, the trade position of derivatives is managed by the Finance Department and with the market price evaluated periodically. For any nonconforming transaction and gain/loss identified, a responsive measure must be activated and the Board of Directors must be informed immediately. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy in operations and the risks so assumed are within the toleration threshold of the company.

(V) Information on primary financial risk

1. Market Risk

- (1) Investments of the Company and its subsidiaries in available-for-sale financial assets are stocks of listed/OTC companies that are influenced by market prices.
- (2) Most of investments of the Company and its subsidiaries in funds are quasi money market funds and the holding period of short-term notes is quite short. After the assessment, there should be no significant market risk.
- (3) Long-term debts of the Company and its subsidiaries bear interest at fixed rates and are deemed no significant market risks due to revolving use with short periods.
- (4) Some of businesses of the Company and its subsidiaries are denominated in certain non-functional currencies and consequently affected by fluctuation of exchange rates. Information on assets and liabilities denominated in foreign currencies significantly affected by fluctuation of exchange rates is summarized as follows:

	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Amount in</u>	<u>Exchange</u>	<u>Amount in</u>	<u>Exchange</u>
	<u>foreign</u>	<u>rate</u>	<u>foreign</u>	<u>rate</u>
	<u>currency</u>		<u>currency</u>	
Financial assets				
<u>Monetary items</u>				
HKD:NT\$	22,835	3.897	15,305	3.748
JPY:NT\$	204,423	0.3906	555,533	0.3598
<u>Non-monetary assets</u>				
JPY:NT\$	454,500	0.3906	460,200	0.3582
<u>Long-term investments</u>				
<u>(Equity method)</u>				
USD: NT\$	-	-	1,598	29.13
Financial liabilities				
<u>Monetary items</u>				
EUR: NT\$	281	39.18	417	38.92
JPY: NT\$	536,142	0.3906	1,078,494	0.358~0.360
USD: NT\$	3,020	30.28	2,073	29.13

2. Credit Risk

- (1) The Company's and subsidiary's investment in financial assets with changes in fair value debited/credited to Income Statement and financial assets in available-for-sale

are purchased from market or from creditable trade party; therefore, the trade party is expected without committing any breach of contract.

- (2) Guarantees and commitments offered by the Company and its subsidiaries for loans have been duly offered in accordance with “Regulations Governing Enforcement of Endorsements/Guarantees” and it is mainly for the Company’s subsidiaries and joint ventures. Since the Company was in a firm control over the credit standings of those corporations, the Company did not request collateral from them. If those corporations fail to fulfill contracts, the credit risks so incurred would be the amounts of guarantees.

3. Liquidity Risk

- (1) The financial assets with the change in fair value recognized as gain or loss; also, the financial assets in available-for-sale of the Company and the subsidiaries are traded actively in market; therefore, the said assets can be sold easily in market at a price close to fair value without material liquidity risk expected.
- (2) The financial assets at cost noncurrent of the Company and the subsidiaries are not traded actively in market; therefore, a material liquidity risk is expected.
- (3) Most payables of the company and subsidiaries will due in 90 days. Most loans are with quota used in cycle; therefore, the company and subsidiaries have sufficient working fund to fulfill fund demand; therefore, there is no significant risk of liquidity anticipated.

4. Cash flow risk from change in interest rate

- (1) The Company’s investments in short-term notes are fixed-interest-rate instruments with the purpose of receiving interest income. Therefore, there is no cash flow risk resulting from changes in interest rate during the holding period.
- (2) Most of the Company’s investments in funds are quasi money market funds. After assessment, there should be no significant cash flow risk resulting from changes in interest rate.
- (3) Some of loans borrowed by the Company and its subsidiaries are debts bearing interest at floating rates. Therefore, the change in market interest rate will cause changes in the effective loan interest rate. Under the circumstances, future cash flow will change too. Cash outflow of the Company and its subsidiaries will increase by \$34,203 for an increase of market interest rate by 1%.

XI. Supplementary Disclosure

(I) Information on major trade

(Disclosure required of the invested companies is made in accordance with the financial statements audited by CPAs of the invested companies; moreover, the following transactions with the following subsidiaries were written off at the time of preparation of consolidated financial statements. The following disclosure is provided for reference)

Supplementary disclosure on major trades in 2011:

1. Loans to third parties: None.
2. Endorsement and guarantee for third party:

No.	Name of Guarantee	Company Name	Affiliation	Limit of guarantee to particular enterprise (note 2)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net asset value stated in the financial statements of the most recent period	Upper limit for guarantee (note 2)	Remarks
0	President Chain Store Corp.	Uni-President Department Store Corp.	Subsidiary	\$ 4,138,862	\$ 3,512	\$ 2,385	\$ -	0.01	\$10,347,155	
0	President Chain Store Corp.	Wisdom Distribution Service Corp.	Subsidiary	4,138,862	50,000	50,000	-	0.24	10,347,155	
0	President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Subsidiary	4,138,862	60,000	-	-	-	10,347,155	
0	President Chain Store Corp.	Q-ware Communications Co., Ltd.	Note 1	4,138,862	29,978	29,978	-	0.14	10,347,155	
0	President Chain Store Corp.	Presiclerc(Beijing) Supermarket Co., Ltd.	Note 1	4,138,862	53,304	-	-	0.26	10,347,155	

Note 1: In a collective investment relationship, shareholders are held responsible for endorsement and guarantee proportionally to the shareholding ratio.

Note 2: The total external endorsement and guarantee is for an amount equivalent to 50% of the Company's net value. The guarantee amount made for one single enterprise is limited to 20% of the Company's net value.

3. Marketable securities at yearend:

Holder of securities	Type and title of marketable securities	Affiliation with security issuers	Account titles	Yearend holdings / Shares	Book value	Proportion of shareholding	Market price	Remarks
The Company	Prudential money market fund Verbatim	None	Financial assets-current-whose changes in fair value are recognized in earnings	76,289,289	\$ 1,000,000	-	\$ 1,000,000	
	UPAMC James Bond Market Money Fund	"	"	31,020,449	500,000	-	500,000	
	Prudential money market fund	"	"	32,756,170	500,000	-	500,000	
	Mega money market funds, the international Silmarullion	"	"	82,883,689	1,000,000	-	1,000,000	
	Yuanta Cosmos money market funds	"	"	92,427,136	1,350,000	-	1,350,000	
	ING Taiwan Money Market Fund	"	"	63,545,321	1,000,000	-	1,000,000	
	Jih Sun money market funds	"	"	35,064,835	500,000	-	500,000	
	Shinkong lucky-star money market funds	"	"	33,443,250	500,000	-	500,000	
					6,350,000		<u>\$ 6,350,000</u>	
			Add: adjustment valuation		-		<u>\$ 6,350,000</u>	
	President Securities Corp.	Investees of Uni-President Enterprises Corp.	Financial assets in available-for-sale -	34,567,837	\$ 140,534	2.69	\$ 494,320	

Holder of securities	Type and title of marketable securities	Affiliation with security issuers	Account titles	Yearend holdings / Shares	Book value	Proportion of shareholding	Market price	Remarks
		under the Equity Method	noncurrent					
	Duskin Co. Ltd.	None	"	300,000	125,072	0.45	177,528	
	Chimei Innolux Corporation	"	"	18,556,967	948,261	0.25	226,395	
					1,213,867		<u>\$ 898,243</u>	
			Add: adjustment valuation		(315,624)			
					<u>\$ 898,243</u>			
The Company	Presicarre Corp.	The Company is a director	Financial assets measured at cost-noncurrent	130,801,027	\$ 5,395,902	19.50	skipped	
	President Fair Development Corp.	"	"	209,000,000	1,556,478	19.00	skipped	
	President International Development Corp.	"	"	44,100,000	441,000	3.33	skipped	
	Tong Ho Development Corp., etc.	skipped	skipped	skipped	273,901	skipped	skipped	
					<u>\$ 7,667,281</u>			
	President Chain Store (BVI) Holdings Ltd.	Subsidiary	Long-term investments (Equity method)	106,575,196	\$ 2,782,507	100.00	\$ 2,782,507	
	President Drugstore Business Corp.	"	"	40,000,000	825,948	100.00	825,948	
	President Transnet Corp.	"	"	70,000,000	793,006	70.00	774,164	
	Mech-President Corp.	"	"	55,858,816	679,289	80.87	632,012	
	Uni-President Department Store Corp.	"	"	112,000,000	600,740	70.00	600,740	
	President Pharmaceutical Corp.	"	"	19,909,765	585,963	73.74	427,165	
	President Musashino Corp.	"	"	48,519,891	556,407	90.00	507,846	
	President Information Corp.	"	"	25,714,476	463,855	86.00	355,014	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	456,790	60.00	451,323	
	Q-ware Systems & Services Corp.	"	"	24,382,922	320,742	86.76	307,589	
	Muji (Taiwan) Co., Ltd.	"	"	8,431,269	270,321	51.00	217,849	
	Wisdom Distribution Service Corp.	"	"	10,847,421	258,313	100.00	261,915	
	Books.com. Co., Ltd.	"	"	10,000,000	231,464	50.03	231,464	
	President YiLan Art and Culture Corp.	"	"	15,000,000	221,442	100.00	218,294	
	Cold Stone Creamery Taiwan Ltd.	"	"	12,244,390	145,585	100.00	145,585	
	Duskin Serve Taiwan Co.	"	"	10,200,000	143,270	51.00	143,270	
	Ren-Hui Investment Corp.	"	"	53,194,997	136,750	100.00	136,750	
	Bank Pro E-Service Technology Co., Ltd.	"	"	7,200,000	109,554	53.33	101,782	
	President Development Corp.	Investees of the Company under the Equity Method.	"	72,000,000	607,466	20.00	607,466	
	President Coffee Corp.	"	"	10,691,337	263,122	30.00	263,122	
	Retail Support International Corp.	"	"	6,430,000	152,442	25.00	144,490	
	Capital Inventory Services Corp.	skipped	"	skipped	465,254	30.00%	464,168	
						~100.00%		
					<u>\$11,070,230</u>		<u>\$ 10,600,463</u>	

4. The cumulative sales amount or purchases amount of one marketable security exceeds NT\$100 million or 20% of stock capital collected:

Trade company	Type and title of marketable securities	Account titles	Counter party	Affiliation	At beginning		Bought		Sold		Carrying cost	Disposition gain	Other adjustment (Note 3)	End of current period	
					Units / number of shares	Amount	Units / number of shares	Amount	Units / number of shares	Amount				Units / number of shares	Amount
The Company	Yuanta Cosmos money market funds	Note 1	Not applicable	Not applicable	-	\$ -	297,845,031	\$ 4,340,000	205,417,895	\$ 2,992,699	\$ 2,990,000	\$ 2,699	\$ -	92,427,136	\$ 1,350,000
	Prudential money market fund	"	"	"	65,880,493	1,000,000	65,535,317	1,000,000	98,659,640	1,500,552	1,500,000	552	-	32,756,170	500,000
	UPAMC James Bond Market Money Fund	"	"	"	-	-	93,161,869	1,500,000	62,141,420	1,000,911	1,000,000	911	-	31,020,449	500,000
	Fuh-Hwa Bond Fund	"	"	"	119,727,655	1,660,000	-	-	119,727,655	1,666,068	1,660,000	6,068	-	-	-
	Capital Income Fund	"	"	"	64,675,105	1,000,000	-	-	64,675,105	1,000,336	1,000,000	336	-	-	-
	Polar Treasury Fund	"	"	"	86,838,723	1,000,000	86,725,756	1,000,000	173,564,479	2,003,774	2,000,000	3,774	-	-	-
	Jih Sun money market funds	"	"	"	169,392,235	2,400,000	70,136,065	1,000,000	204,463,465	2,905,392	2,900,000	5,392	-	35,064,835	500,000
	Cathay bond fund	"	"	"	-	-	41,605,645	500,000	41,605,645	501,194	500,000	1,194	-	-	-
	Mega money market funds, the international Silmarullion	"	"	"	-	-	165,930,511	2,000,000	83,046,822	1,001,968	1,000,000	1,968	-	82,883,689	1,000,000
	Taishin really lucky money market funds	"	"	"	-	-	168,302,945	1,800,000	168,302,945	1,802,070	1,800,000	2,070	-	-	-
	Prudential money market fund Verbatim	"	"	"	153,544,969	2,000,000	229,281,424	3,000,000	306,537,104	4,003,305	4,000,000	3,305	-	76,289,289	1,000,000
	ING Taiwan Money Market Fund	"	"	"	-	-	222,643,348	3,500,000	159,098,027	2,501,392	2,500,000	1,392	-	63,545,321	1,000,000
	Shinkong lucky-star money market funds	"	"	"	-	-	66,892,541	1,000,000	33,449,291	500,090	500,000	90	-	33,443,250	500,000
	Dayeh Takashimaya Taiwan Inc.	Note 2	Note 3	None	20,000,000	189,885	-	-	20,000,000	270,000	189,885	80,115	-	-	-
	President Information Corp.	Note 4	Note 5	Parent company	16,744,310	216,128	8,970,166	227,394	-	-	-	-	20,333	25,714,476	463,855

Note 1: Recognized as "Financial assets-current-whose changes in fair value are recognized in earnings".

Note 2: Recognized as "Financial valued at the cost-noncurrent"

Note 3: Sold to non-related party "Takashimaya Co., Ltd."

Note 4: Recognized as "Long-term investments (Equity method)".

Note 5: Acquired from the related party "Uni-President Enterprises Corp."

5. The purchase amount of real property exceeds NT\$100 million or 20% of stock capital collected: None.

6. The amount of real property disposed exceeds NT\$100 million or 20% of stock capital collected: None.

7. The sales amount and purchase amount with the related party exceeds NT\$100 million or 20% of stock capital collected:

Purchase (sales)	Counter party	Affiliation	Status of trade			Special terms and conditions of trade and reasons		Note receivable (payable), accounts receivable (payable)		Remarks	
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit line	Unit price	Credit line	Balance		Percentage to total note, account receivables (payables)
The Company	Retail Support International Corp.	Investees of the Company under equity method	Purchase	\$46,770,244	56	OA 10~54 days	Note 1	No significant difference	(\$5,879,315)	(50)	
	Uni-President Cold-Chain Corp.	Subsidiary	Purchase	22,221,357	27	OA 20~70 days	Note 1	No significant difference	(3,226,874)	(27)	
	Wisdom Distribution Service Corp.	Subsidiary	Purchase	10,006,527	12	OA 30~60 days	Note 1	No significant difference	(1,198,106)	(10)	
	Uni-President Enterprises Corp.	Parent company	Purchase	2,938,015	4	OA 30~40 days	No significant difference	No significant difference	(542,817)	(5)	
	Q-ware Systems & Services Corp.	Subsidiary	Purchase	358,743	-	OA 45 days	Note 2	No significant difference	(67,150)	(1)	
	Tung Guan Enterprises Co., Ltd.	Affiliate	Purchase	117,644	-	OA 55 days	No significant difference	No significant difference	(22,099)	-	

Note 1: The cost of purchase from Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp. is paid according to the classification of merchandise and products and by the agreed upon rate. Please refer to Note V(II) for details.

Note 2: The transactions between the Company and Q-ware Systems & Services Corp. are purchases from Q-ware. No applicable here.

8. The accounts receivable from the related party exceeds NT\$100 million or 20% of stock capital collected: None.

9. Trading of Derivative Products: None.

(II) Information on direct investment

1. The invested company:

Name of investor	Name of invested company	Location	Major business activities	Initial amount of investment			Holding at ending			Income status of investees			PCSC's s recognized investment gain (loss)		Remarks	
				Currency	End of current period	Currency	End of previous period	Quantity of share	Proportion	Currency	Book value	Currency	Amount	Currency		Amount
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment company	NT\$	\$ 3,931,281	NT\$	\$ 2,558,698	106,575,196	100.00	NT\$	\$ 2,782,507	NT\$	(\$ 339,701)	NT\$	(\$ 340,954)	Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Retailing of medicines and daily items	NT\$	288,559	NT\$	288,559	40,000,000	100.00	NT\$	825,948	NT\$	338,412	NT\$	338,412	Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	NT\$	711,576	NT\$	711,576	70,000,000	70.00	NT\$	793,006	NT\$	233,381	NT\$	162,811	Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station and elevator installation	NT\$	904,475	NT\$	904,475	55,858,816	80.87	NT\$	679,289	NT\$	51,702	NT\$	41,812	Subsidiary
President Chain Store Corp.	President Development Corp.	Taiwan	Operation of transportation depots and facilities	NT\$	720,000	NT\$	720,000	72,000,000	20.00	NT\$	607,466	NT\$	101,513	NT\$	11,291	Note 1
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	NT\$	1,680,000	NT\$	1,680,000	112,000,000	70.00	NT\$	600,740	NT\$	(136,868)	NT\$	(95,807)	Subsidiary
President Chain Store Corp.	President Pharmaceutical Corp.	Taiwan	Medicines & medical instrument retail and wholesale	NT\$	330,216	NT\$	330,216	19,909,765	73.74	NT\$	585,963	NT\$	271,010	NT\$	202,920	Subsidiary
President Chain Store Corp.	President Musashino Corp.	Taiwan	Foods industry	NT\$	520,141	NT\$	520,141	48,519,891	90.00	NT\$	556,407	NT\$	13,439	NT\$	11,789	Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Business management consulting services	NT\$	320,741	NT\$	93,348	25,714,476	86.00	NT\$	463,855	NT\$	73,110	NT\$	42,604	Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature foods logistics including frozen foods	NT\$	237,437	NT\$	237,437	19,563,272	60.00	NT\$	456,790	NT\$	268,200	NT\$	160,244	Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Business management consulting services	NT\$	332,482	NT\$	332,482	24,382,922	86.76	NT\$	320,742	NT\$	73,133	NT\$	63,755	Subsidiary
President Chain Store Corp.	Muji (Taiwan) Co., Ltd.	Taiwan	Japanese department store & retail	NT\$	133,367	NT\$	41,000	8,431,269	51.00	NT\$	270,321	NT\$	205,591	NT\$	96,347	Subsidiary
President Chain Store Corp.	President Coffee Corp.	Taiwan	Coffee chain store	NT\$	59,400	NT\$	59,400	10,691,337	30.00	NT\$	263,122	NT\$	424,544	NT\$	127,363	Note 1
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Logistics of Magazines	NT\$	50,000	NT\$	50,000	10,847,421	100.00	NT\$	258,313	NT\$	102,102	NT\$	98,131	Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Online bookstore	NT\$	100,400	NT\$	100,400	10,000,000	50.03	NT\$	231,464	NT\$	221,828	NT\$	110,969	Subsidiary
President Chain Store Corp.	President YiLan Art and Culture Corp.	Taiwan	Art and cultural exhibition	NT\$	150,000	NT\$	150,000	15,000,000	100.00	NT\$	221,442	NT\$	55,966	NT\$	58,501	Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature food logistics	NT\$	91,414	NT\$	91,414	6,430,000	25.00	NT\$	152,442	NT\$	182,512	NT\$	45,410	Note 1
President Chain Store Corp.	Cold Stone Creamery	Taiwan	Ice cream stores	NT\$	170,000	NT\$	170,000	12,244,390	100.00	NT\$	145,585	NT\$	21,073	NT\$	21,073	Subsidiary

Name of investor	Name of invested company	Location	Major business activities	Initial amount of investment		End of previous period	Holding at ending			Income status of investees			PCSC's s recognized investment gain (loss)		Remarks	
				Currency	End of current period		Currency	Quantity of share	Proportion	Currency	Book value	Currency	Amount	Currency		Amount
Chain Store Corp.	Taiwan Ltd.															
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning products trade and cleaning service	NT\$	102,000 NT\$	102,000	10,200,000	51.00	NT\$	143,270 NT\$		74,604 NT\$		38,023	Subsidiary	
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment company	NT\$	728,037 NT\$	728,037	53,194,997	100.00	NT\$	136,750 NT\$		77 NT\$		77	Subsidiary	
President Chain Store Corp.	Bank Pro E-Service Technology Co., Ltd.	Taiwan	Business management consulting services	NT\$	74,304 NT\$	74,304	7,200,000	53.33	NT\$	109,554 NT\$		41,750 NT\$		22,272	Subsidiary	
President Chain Store Corp.	Capital Inventory Services Corp.	Others	skipped	NT\$	1,802,369 NT\$	1,389,584	-	-	NT\$	465,254 NT\$	(	12,567) NT\$	(	43,800)	Note 2

Note 1: Investee of the Company under the equity method.

Note 2: It is a subsidiary of the Company or an investee under the equity method.

Name of investor	Name of invested company	Location Others	Major business activities skipped	Initial amount of investment			Holding at ending			Income status of investees			The Company's recognized investment gain (loss)						
				Currency NT\$	End of current period \$ 189,124	Currency NT\$	End of previous period \$ 168,400	Quantity of share	Proportion	Currency - NT\$	Book value \$ 364,903	Currency NT\$	Amount	Currency - NT\$	Amount	Remarks			
Retail Support International Corp., etc.	President Logistics International Corp., etc.																		
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Others	Professional investments	USD	20,684	USD	20,684	20,684,321	100	USD	21,951	USD	5,222	USD					- Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	H.K.	Professional investments	USD	90,088	USD	36,945	90,088,347	100	USD	62,959	USD	(10,964)	USD					- Subsidiary of a subsidiary
President Chain Store (BVI) Holdings Ltd.	Presiclerc Limit., etc.	British Virgin Islands	Professional investments	USD	18,743	USD	18,743	-	-	USD	381	USD	-	USD					- Note
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD	20,656	USD	20,656	196,160,457	57	USD	21,465	USD	4,801	USD					- Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	China	Chained convenient stores	USD	36,273	USD	14,633	-	100	USD	18,745	USD	(10,692)	USD					- Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	Mister Donut Shanghai Co., Ltd.	China	Food retailing	USD	5,437	USD	3,562	-	50	USD	3,257	USD	(2,423)	USD					- Note
President Chain Store (Hong Kong) Holdings Limited	President Coffee (Cayman) Holdings Ltd.	Cayman Island	Professional investments	USD	1,800	USD	1,800	-	30	USD	14,325	USD	23,390	USD					- Note
President Chain Store (Hong Kong) Holdings Limited	Shanghai Cold Stone Ice Cream Corporation	China	Sale of ice cream	USD	14,455	USD	14,455	-	100	USD	3,498	USD	(882)	USD					- Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	PCSC (Chengdu) Hypermarket Limited	China	Wholesaling and retailing of goods	USD	12,963	USD	12,963	-	100	USD	5,866	USD	(2,672)	USD					- Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited	Shan Dong President Yinzuo Commercial Limited	China	Supermarkets	USD	4,078	USD	4,078	-	55	USD	14,715	USD	4,373	USD					- Subsidiary of a subsidiary
President Chain Store (Hong Kong) Holdings Limited, etc.	PCSC Afternoon Tea Cayman Ltd., etc.	Others	skipped	USD	-	USD	-	-	-	USD	4,427	USD	-	USD					- skipped
President Coffee (Cayman) Holdings Ltd.	Shanghai President Starbucks Coffee Corp.	China	Coffee and accessories trade	USD	6,000	USD	6,000	-	100	USD	47,772	USD	25,237	USD					- Note
Uni-President Logistics (BVI) Holdings Limited, etc.	Zhejiang Uni-Champion Logistics Development Co., Ltd., etc.	Others	skipped	USD	-	USD	-	-	-	USD	5,659	USD	-	USD					- skipped

Note: Investees of the Company under equity method

2. Information disclosure of the invested company controlled by the Company directly or indirectly:

(1) Loans to third party:

No.	Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Allowance for bad debt	Name of collateral	Value	Limit of loans to particular borrower (Note 1)	Limit of total loans (Note 1)	Remarks
1	President Chain Store (Shanghai) Ltd.	Shanghai Cold Stone Ice Cream Corporation	Other receivables	\$ 44,446	\$ -	-	-Note 2	\$ -	-Operating cycle	\$ -	-	\$ -	\$ 50,000	\$ 227,039	Note 3
1	President Chain Store (Shanghai) Ltd.	Sato (Shanghai) Catering Mathematics Co., Ltd.	Other receivables	23,840	23,840	-	-Note 2	-	Working capital	-	-	-	50,000	227,039	Note 3

Note 1: Total loan to others is limited to an amount equivalent to 40% of net asset value: The short-term financing to one single enterprise is limited to NT\$50,000,000.

Note 2: Necessary for granting short-term loans.

Note 3: Actual amount of loan at yearend is \$0.

(2) Endorsement and guarantee for third party:

No.	Name of Guarantee	Company Name	Affiliation	Limit of guarantee to particular enterprise (note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net asset value stated in the financial statements of the most recent period	Upper limit for guarantee (note)	Remarks
1	President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	\$ 82,561	\$ 2,000	\$ -	\$ -	-	\$ 206,404	
2	Wisdom Distribution Service Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	52,384	7,000	7,000	7,000	2.67	130,960	

Note: Total endorsement amount for others is limited to an amount equivalent to 50% of net asset value: The endorsement made for one single enterprise is limited to 20% of the net asset value.

(3) Marketable securities at yearend (Ending carrying amounts less than \$100,000 were stated aggregately)

Holder of securities	Type and title of marketable securities	Relationship with the issuer	Account titles	Quantity of shares at ending	Book value	Proportion of shareholding	Market price	Remarks
Wisdom Distribution Service Corp.	UPAMC James Bond Market Money Fund	None	Financial assets-current-whose changes in fair value are recognized in earnings	8,382,099	\$ 135,169	skipped	\$ 135,169	
Vision Distribution Service Corp.	UPAMC James Bond Market Money Fund	"	"	4,414,002	71,147	"	71,147	
President YiLan Art and Culture Corp.	Yuanta Cosmos money market funds	"	"	4,822,398	70,436	"	70,436	
President Information Corp.	UPAMC James Bond Market Money Fund., etc	"	"	skipped	216,431	"	216,431	
President Coffee Corp.	Polar Treasury Fund, etc.	"	"	skipped	530,000	"	530,000	
President Logistics International Corp.	UPAMC James Bond Market Money Fund., etc	"	"	skipped	72,896	"	72,896	
Retail Support Taiwan Corp.	First Holdings Family Fund	"	"	124,186	21,368	"	21,367	
Bank Pro E-Service Technology Co., Ltd.	ING Taiwan Money Market Fund	"	"	1,332,374	15,758	"	15,758	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Market Money Fund., etc	"	"	skipped	27,559	"	27,559	
Retail Support International Corp.	First Holdings Family Fund	"	"	67,266	11,574	"	11,574	
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	199,957	34,405	"	34,405	
Capital Inventory Services Corp.	Taiwan's first gold money market funds	"	"	662,471	9,764	"	9,764	
Uni-President Oven Bakery Corp.	Fuh-Hwa Bond Fund	"	"	3,583,690	50,000	"	50,000	
Q-ware Systems & Services Corp.	Prudential money market fund Verbatim., etc	"	"	skipped	160,038	"	160,039	
President Pharmaceutical Corp.	Fuhua money market funds	"	"	8,245,776	115,046	"	115,046	
Ren-Hui Investment Corp.	Chimei Innolux Corporation	"	Financial assets in available-for-sale - noncurrent	7,957,569	97,082	"	97,082	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment., etc	"	Financial assets at cost noncurrent — noncurrent	skipped	83,997	"	skipped	
President Logistics International Corp., etc.	Chieh-Shuen Logistics International Corp., etc	"	Long-term investments (Equity method)	"	103,874	"	"	
Wisdom Distribution Service Corp.	President Logistics International Corp., etc.	"	"	"	110,677	"	112,599	
Retail Support International Corp.	Retail Support Taiwan Corp., etc.	"	"	"	163,389	"	163,389	
Uni-President Cold-Chain Corp.	President Logistics International Corp., etc.	"	"	"	133,118	"	133,576	
Duskin Serve Taiwan Co., etc	DUSKIN CHINA (BVI) HOLDING LIMITED, etc	"	"	"	58,283	"	skipped	
President Coffe (Cayman) Holdings Ltd.	Shanghai President Starbucks Coffee Corp.	"	"	"	\$ 1,446,521	100.00	\$ 1,452,334	
PCSC Afternoon Tea Cayman Ltd., etc.	PCSC Afternoon Tea Shanghai Ltd., etc.	"	"	"	136,139	skipped	skipped	
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	"	"	"	1,881,162	"	"	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	"	"	"	2,646,333	"	"	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	"	"	196,160,457	649,956	56.59	600,338	
Books.com. Co., Ltd., etc.	Books.com. Co., Ltd., (British Virgin Islands), etc.	"	"	skipped	102,930	skipped	skipped	

(4) The cumulative sales amount or purchases amount of one marketable security exceeds NT\$100 million or 20% of stock capital collected:

Trade company	Type and title of marketable securities	Account titles	Counter party	Affiliation	At beginning		Bought		Sold		Carrying cost	Disposition gain	Other adjustments (Note 2)	End of current period	
					Units / number of shares	Amount	Units / number of shares	Amount	Units / number of shares	Amount				Units / number of shares	Amount
Retail Support International Corp.	First Holdings Family Bond Fund	Note 1	Not applicable	Not applicable	119,113	\$20,366	7,044,837	\$1,209,350	7,096,684	\$1,218,324	\$1,218,143	\$181	\$ 559	67,266	\$11,574
President Coffee Corp.	Capital Income Fund	Note 1	Not applicable	Not applicable	-	-	25,771,503	400,000	25,771,503	400,042	400,000	42	-	-	-
	Prudential money market fund	Note 1	Not applicable	Not applicable	5,374,074	70,000	35,957,009	470,000	33,702,154	440,507	440,000	507	-	7,628,929	100,000
	Verbatim Shinkong lucky-star money market funds	Note 1	Not applicable	Not applicable	-	-	24,166,221	360,000	24,166,221	360,224	360,000	224	-	-	-
	ING Taiwan Money Market Fund	Note 1	Not applicable	Not applicable	-	-	20,699,085	325,000	18,792,725	295,163	295,000	163	-	1,906,360	30,000
	Mega money market funds, the international Silmarullion Capital Income Fund	Note 1	Not applicable	Not applicable	-	-	8,333,472	100,000	8,333,472	100,032	100,000	32	-	-	-
	Taishin Lucky Fund	Note 1	Not applicable	Not applicable	4,203,501	65,000	10,963,100	170,000	15,166,601	235,144	235,000	144	-	-	-
	Taiwan's first gold money market funds	Note 1	Not applicable	Not applicable	9,374,707	100,000	24,302,436	260,000	33,677,143	360,408	360,000	408	-	-	-
	Polar Treasury Fund	Note 1	Not applicable	Not applicable	-	-	42,194,104	620,000	35,408,969	520,364	520,000	364	-	6,785,135	100,000
	Yuanta Cosmos money market funds	Note 1	Not applicable	Not applicable	6,946,495	80,000	51,918,957	600,000	50,236,505	580,530	580,000	530	-	8,628,947	100,000
	Jih Sun money market funds	Note 1	Not applicable	Not applicable	6,889,425	100,000	20,611,602	300,000	27,501,027	400,624	400,000	624	-	-	-
	Fuhua money market funds	Note 1	Not applicable	Not applicable	6,352,209	90,000	28,830,997	410,000	28,170,239	400,631	400,000	631	-	7,012,967	100,000
	Union Money Market funds	Note 1	Not applicable	Not applicable	1,442,502	20,000	33,081,471	460,000	34,523,973	480,378	480,000	378	-	-	-
Vision Distribution Service Corp.	UPAMC James Bond Market Money Fund	Note 1	Not applicable	Not applicable	6,320,963	80,000	23,587,473	300,000	22,057,293	280,279	280,000	279	-	7,851,143	100,000
President Information Corp.	Fuhua money market funds	Note 1	Not applicable	Not applicable	4,998,621	80,000	18,540,186	298,000	19,124,805	307,496	307,000	496	147	4,414,002	71,147
	Yuanta Cosmos money market funds	Note 1	Not applicable	Not applicable	5,652,001	\$78,278	12,020,201	\$167,000	14,034,657	\$195,000	\$194,691	\$309	\$ 165	3,637,545	\$50,752
President Being Corp.	UPAMC James Bond Market Money Fund	Note 1	Not applicable	Not applicable	4,709,628	68,103	11,616,321	169,000	12,437,252	181,000	180,501	499	196	3,888,697	56,798
					1,362,356	21,841	-	-	1,362,356	21,852	21,841	11	-	-	-

Trade company	Type and title of marketable securities	Account titles	Counter party	Affiliation	At beginning		Bought		Sold		Carrying cost	Disposition gain	Other adjustments (Note 2)	End of current period	
					Units / number of shares	Amount	Units / number of shares	Amount	Units / number of shares	Amount				Units / number of shares	Amount
Retail Support Taiwan Corp.	First Holdings Family Fund	Note 1	Not applicable	Not applicable	123,658	21,137	1,123,379	192,650	1,122,851	192,521	192,427	93	8	124,186	21,367
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Market Money Fund	Note 1	Not applicable	Not applicable	1,085,162	17,396	12,862,735	206,700	12,673,574	213,660	213,564	96	8	1,274,323	10,540
	Prudential money market fund	Note 1	Not applicable	Not applicable	1,219,254	15,874	22,727,173	296,950	22,648,099	295,970	295,811	159	5	1,298,328	17,018
President Drugstore Business Corp.	Jih Sun money market funds	Note 1	Not applicable	Not applicable	-	-	9,342,176	\$133,000	9,342,176	\$133,033	\$133,000	33	-	-	-
	Mega money market funds, the international Silmarullion	Note 1	Not applicable	Not applicable	-	-	13,751,772	165,000	13,751,772	165,034	165,000	34	-	-	-
	First Bank Holdings Family Money Market Fund	Note 1	Not applicable	Not applicable	-	-	2,667,807	458,000	2,667,807	458,128	458,000	128	-	-	-
	Fuhua money market funds	Note 1	Not applicable	Not applicable	4,981,028	69,000	43,713,863	607,000	48,694,891	676,294	676,000	294	-	-	-
President Logistics International Corp.	UPAMC James Bond Market Money Fund	Note 1	Not applicable	Not applicable	395,671	6,343	33,949,511	545,390	31,208,587	519,935	519,828	107	7	3,136,595	31,912
	Prudential money market fund	Note 1	Not applicable	Not applicable	2,692,087	35,058	58,960,156	770,160	58,525,571	764,450	764,242	208	8	3,126,672	40,984
President Pharmaceutical Corp.	Fuhua money market funds	Note 1	Not applicable	Not applicable	1,442,658	20,000	62,329,564	867,000	55,526,446	772,209	771,980	230	25	8,245,776	115,046
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Note 3	Second Equity Offerings	Not applicable	36,945,112	542,636	53,143,236	1,609,177	-	-	-	-	(245,417)	90,088,347	1,906,396
President Chain Store (Hong Kong) Holdings Limited	President Chain Store (Shanghai) Ltd.	Note 3	Second Equity Offerings	Not applicable	-	216,381	-	655,245	-	-	-	-	(304,029)	-	567,597

Note 1: Recognized as “Financial assets-current-whose changes in fair value are recognized in earnings”.

Note 2: It is the changes in valuation adjustment of the financial assets that are with changes in fair value booked as profit and loss and the current investment gain and loss and accumulated translation adjustment valued with Equity Method.

Note 3: Recognized as “Long-term investments (Equity method)”.

(5) The purchase amount of real property exceeds NT\$100 million or 20% of stock capital collected: None.

Previous transfer data for counterparties who are related parties

Acquirity company	Real Property	Transaction date or event date	Trade amount	Payment	Counter party	Affiliation	Owner	Relationship with the issuer	Transfer date	Amount	Pricing criteria	Purpose of acquisition and application	Other provisions
President Musashino Corp.	Building	2011.5.1	\$278,500	An amount of \$174,063 has been paid	Chuan-Hsin Construction	None	Not applicable	Not applicable	Not applicable	Not applicable	Reference to the market condition and negotiation between the two parties	Operation purpose	None
President Transnet Corp.	Building	2011.9.1	\$135,643	Fully paid	Lih Hwa Construction Co., Ltd. and Shinryo Engineering Co., Ltd.	"	"	"	"	"	"	Transfer center and for operation purpose	"

(6) The amount of real property disposed exceeds NT\$100 million or 20% of stock capital collected: None.

(7) The sales amount and purchase amount with the related party exceeds NT\$100 million or 20% of stock capital collected:

Purchase (sales)	Counter party	Affiliation	Purchase (sales)	Status of trade		Special terms and conditions of trade and reasons		Ratio of accounts and notes receivable (payable) to total AR/AP		
				Amount	Percentage to total purchase (sales)	Credit line	Unit price	Credit line	Balance	
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Parent company	Purchase	\$ 7,910,912	38	OA 30~55 days	No significant difference	No significant difference	(\$ 870,087)	(26)
	President Musashino Corp.	A subsidiary of President Chain Store Corp.	"	1,541,609	7	OA 45 days	"	"	(269,813)	(8)
	21 Century Enterprise Co., Ltd.	Incorporation	"	124,615	1	OA 50 days	"	"	(34,545)	(1)
	Tung Ang Enterprise Corp.	Incorporation	"	108,287	1	OA 30 days	"	"	(9,641)	-
	Uni-President Oven Bakery Corp.	A subsidiary of President Chain Store Corp.	"	130,768	1	OA 50 days	"	"	(26,067)	(1)
	Kuang Chuan Dairy Co., Ltd.	Affiliate	"	162,716	1	OA 65 days	"	"	(41,904)	(1)
	President Chain Store Corp.	Parent company	sales	(22,559,849)	(99)	OA 20~70 days	"	"	3,396,395	98
	Hi-life International Co., Ltd.	Incorporation	"	(278,053)	(1)	OA 45 days	"	"	45,107	1
	Tait Marketing & Distribution Co., Ltd.	Affiliate	Purchase	143,768	1	OA 30~40 days	"	"	(25,527)	(1)
President Information Corp.	President Chain Store Corp.	Parent company	Services	(651,655)	(72)	OA 30 days	"	"	113,082	71
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Subsidiary	Purchase	503,806	5	OA 65 days	"	"	(122,351)	(5)
	Q-ware Communications Co., Ltd.	An affiliate of the Company is the company's director	"	268,162	3	OA 60 days	"	"	(45,058)	(2)
	Cayenne Entertainment Technology Co., Ltd.	An affiliate of the Company is the company's director	"	373,072	4	OA 60 days	"	"	(35,081)	(1)
	President Chain Store Corp.	Parent company	sales	(10,341,864)	(92)	OA 30~60 days	"	"	1,187,300	95
President Musashino Corp.	Uni-President Cold-Chain Corp.	Affiliate	"	(1,537,641)	(100)	OA 45 days	"	"	269,852	100
President Coffee Corp.	President Yamako Corp.	Affiliate	Purchase	111,645	10	OA 60 days	"	"	(23,819)	(8)
	Tung Chang Enterprises Corp.	Affiliate	"	580,238	28	OA 30 days	"	"	(53,786)	(23)
	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	"	477,247	23	OA 30 days	"	"	(46,405)	(20)
	President Chain Store Corp.	Parent company	sales	(256,101)	(5)	OA 30 days	"	"	35,255	18
President Logistics International Corp.	Uni-President Cold-Chain Corp.	Affiliate	Logistics income	(874,290)	(44)	OA 20 days	"	"	73,480	38
	Retail Support International Corp.	Parent company	"	(637,421)	(32)	OA 20 days	"	"	61,254	32
	Wisdom Distribution Service Corp.	Affiliate	"	(243,127)	(12)	OA 20 days	"	"	35,548	18
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent company	"	(258,573)	(78)	OA 15~20 days	"	"	27,282	73
Vision Distribution	Wisdom Distribution	Parent company	sales	(455,322)	(34)	OA 65 days	"	"	137,220	37

Purchase (sales)	Counter party	Affiliation	Purchase (sales)	Status of trade		Special terms and conditions of trade and reasons		Balance	Ratio of accounts and notes receivable (payable) to total AR/AP
				Amount	Percentage to total purchase (sales)	Credit line	Unit price			Credit line
Service Corp.	Service Corp.								
Q-ware Systems & Services Corp.	President Chain Store Corp.	Parent company	"	(464,180)	(76) OA 40 days	"	"	99,125	82
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Services	(202,274)	(90) OA 60 days	"	"	18,707	78
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Logistics income	(470,675)	(75) OA 40 days	"	"	93,726	82
	President Logistics International Corp.	Parent company	"	(133,735)	(21) OA 20 days	"	"	19,057	17
President Transnet Corp.	Retail Support International Corp.	Affiliate	Sales revenue	(197,796)	(3) OA 30~45 days	"	"	24,487	3
President Drugstore Business Corp.	Retail Support International Corp.	Affiliate	Purchase	5,666,199	98 OA 52 days	"	"	(759,028)	(98)
Retail Support International Corp.	President Chain Store Corp.	Parent company	sales	(\$46,280,743)	(87) OA 10~54 days	No significant difference	No significant difference	\$3,852,138	80
	President Drugstore Business Corp.	Affiliate	"	(5,408,314)	(10) OA 45~60 days	"	"	760,362	16
	Tung Ang Enterprise Corp.	Affiliate	Purchase	2,389,379	5 OA 30 days	"	"	(193,557)	(3)
	Uni-President Enterprises Corp.	Parent company	"	2,366,358	5 OA 30~95 days	"	"	(290,459)	(4)
	Lien Bo Enterprises Corp.	Affiliate	"	736,386	1 OA 15~70 days	"	"	(93,117)	(1)
	President Pharmaceutical Corp.	A subsidiary of President Chain Store Corp.	"	1,307,903	3 OA 30~70 days	"	"	(334,941)	(4)
	President Coffee Corp.	Affiliate	sales	(536,201)	(1) OA 15~28 days	"	"	59,463	10
	President Packaging Corp.	Affiliate	Purchase	284,358	1 OA 30~50 days	"	"	(52,528)	(1)
	Weilih Food Industry Co., Ltd.	Affiliate	"	291,462	1 OA 30~60 days	"	"	(45,157)	(1)
	Kuang Chuan Dairy Co., Ltd.	Affiliate	"	145,472	- OA 30~65 days	"	"	(29,939)	-
	President Transnet Corp.	Affiliate	"	192,295	- OA 30~45 days	"	"	(23,157)	-
	Tait Marketing & Distribution Co., Ltd.	Affiliate	"	129,495	- OA 30~90 days	"	"	(20,338)	-
21 Century Enterprise Co., Ltd.	Uni-President Cold-Chain Corp.	Affiliate	sales	(155,947)	(20) OA 50 days	"	"	35,121	36
Books.com. Co., Ltd.	President Pharmaceutical Corp.	Incorporation	Purchase	114,673	3 OA 60 days	"	"	(11,359)	(2)
Duskin Serve Taiwan Co.	President Chain Store Corp.	Parent company and subsidiary	Services	(137,132)	(23) OA 45 days	"	"	40,503	46
Uni-President Oven Bakery Corp.	Uni-President Cold-Chain Corp.	Incorporation	sales	(130,588)	(36) OA 50 days	"	"	26,188	80
President Pharmaceutical Corp.	Retail Support International Corp.	Affiliate	"	(1,556,609)	(51) OA 75 days	"	"	323,621	51
	Books.com. Co., Ltd.	Affiliate	"	(105,253)	(3) OA 30~90 days	"	"	13,140	2
Shanghai President Starbucks Coffee Corp.	Kunshan President	Affiliate	Purchase	185,950	11 OA 45 days	"	"	9,329	(3)

(8) The accounts receivable from the related party exceeds NT\$100 million or 20% of stock capital collected:

Company of receivables on book	Counter party	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Overdue Receivables with Related Parties		Receivables with Related Party After Period Collection	Allowance for bad debt
					Amount	Processing by		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent company	\$ 3,396,395	6.75	\$ -	-	\$ 3,396,395	\$ -
Retail Support International Corp.	President Chain Store Corp.	Investee of the company with Equity Method	3,852,138	12.81	-	-	2,199,044	-
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	760,362	7.26	-	-	760,362	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent company	1,187,300	5.30	-	-	1,187,300	-
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	269,852	6.24	-	-	269,852	-
President Collect Services Co., Ltd.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	563,339	1.00	-	-	563,339	-
President Transnet Corp.	President Chain Store Corp.	A subsidiary of President Chain Store Corp.	106,140	-	-	-	106,140	-
President Information Corp.	President Chain Store Corp.	A subsidiary of President Chain Store Corp.	113,082	7.34	-	-	16,353	-
Books.com. Co., Ltd.	President Chain Store Corp.	Parent company	222,821	16.39	-	-	180,011	-
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent company	137,220	3.35	-	-	29,608	-
President Pharmaceutical Corp.	Retail Support International Corp.	A subsidiary of President Chain Store Corp.	323,621	4.33	-	-	323,621	-

(9) Trading of Derivative Products: None.

(III) Information on investment in Mainland China

1. Investment in Mainland China:

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Holding Ratio	Investment Profit or Loss for Current Period (Note 7)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term	Remarks
					Remittance	Regain						
Shanghai President Starbucks Coffee Corp.	Coffee and accessories trade	\$ 373,169	Invest in Mainland China by the invested company in third country (Note 1)	\$ 60,560	-	-	\$ 60,560	30.00	\$ 223,668	\$ 433,956	-	Note 7
Presiclerc(Beijing) Supermarket Co., Ltd.	Food processing, packing and sales	240,500	Invest in Mainland China by the invested company in third country (Note 2)	-	-	-	-	36.94	(30,021)	(116,608)	-	Note 6
President Chain Store (Shanghai) Ltd.	Chain store operation	1,154,400	Invest in Mainland China by the invested company in third country (Note 3)	443,100	655,245	-	1,098,345	100.00	(323,767)	567,597	-	Note 6
Mister Donut Shanghai Co., Ltd.	Food retailing	499,620	Invest in Mainland China by the invested company in third country (Note 3)	107,863	56,775	-	164,638	50.00	(36,690)	98,624	-	Note 6
PCSC Afternoon Tea Shanghai Ltd.	Food retailing	268,886	Invest in Mainland China by the invested company in third country (Note 4)	77,214	59,918	-	137,132	51.00	(28,711)	42,024	-	Note 6
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Household goods retailing	481,000	Invest in Mainland China by the invested company in third country (Note 5)	263,315	-	-	263,315	65.00	(28,930)	53,190	-	Note 7
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	Food retailing	274,170	Invest in Mainland China by the invested company in third country (Note 3)	145,193	-	-	145,193	100.00	(15,618)	(91,280)	-	Note 7
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	288,600	Invest in Mainland China by the invested company in third country (Note 3)	123,482	-	-	123,482	55.00	60,690	445,584	-	Note 7
PCSC (Sichuan) Hypermarket Limited	Wholesaling and retailing of goods	384,800	Invest in Mainland China by the invested company in third country (Note 3)	307,342	-	-	307,342	100.00	(40,523)	26,598	-	Note 7
PCSC (Chengdu) Hypermarket Limited	Wholesaling and retailing of goods	481,000	Invest in Mainland China by the invested company in third country (Note 3)	394,034	-	-	394,034	100.00	(80,908)	177,634	-	Note 7
Shanghai Cold Stone Ice Cream Corporation	Sale of ice cream	437,686	Invest in Mainland China by the invested company in third country (Note 3)	437,697	-	-	437,686	100.00	(26,708)	105,918	-	Note 6
Shanghai President Logistic Co., Ltd.	Logistics	60,560	Invest in Mainland China by the invested company in third country (Note 3)	60,560	-	-	60,560	100.00	(14,295)	32,453	-	Note 6
Sato (Shanghai) Catering Mathematics Co., Ltd.	Japanese cuisine	119,524	Invest in Mainland China by the invested company in third country (Note 3)	16,224	37,431	-	53,655	81.00	(21,771)	32,948	-	Note 6
President (Sanghai) Health Product Trading	Trade of commodities	16,351	Invest in Mainland China by the invested company in	16,351	15,443	-	31,794	74.00	(23,252)	258	-	Note 6

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period (Note 7)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term	Remarks
					Remittance	Regain						
Company Ltd. President Royal Host (Shanghai) Ltd.	Japanese cuisine	60,590	third country Invest in Mainland China by the invested company in third country (Note 3)	30,901	-	-	30,901	51.00	(15,660)	8,547	-	Note 6
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	192,400	Invest in Mainland China by the invested company in third country	43,694	46,783		90,477	30.00	(9,084)	78,122	-	Note 7
Duskin (Shanghai) Cleaning Products Rental Co.	Sale of cleaning products	135,261	Invest in Mainland China by the invested company in third country	20,288	-		20,288	8.00	-	20,288	-	Note 7

Note 1: The investment in Mainland China is by the transfer invested company, President Coffee (Cayman) Holdings Ltd., of B.V.I.

Note 2: The investment in Mainland China is by the transfer invested company, Preciclerc Limited, of B.V.I.

Note 3: The investment in Mainland China is by the transfer invested company, President Chain Store (Hong Kong) Holdings Limited, of B.V.I.

Note 4: The investment in Mainland China is by the transfer invested company, PCSC Afternoon Tea Cayman Ltd., of B.V.I.

Note 5: The investment in Mainland China is by the transfer invested company, PCSC (China) Drugstore Limited, of PCSC (China) Limited.

Note 6: It is valued in accordance with the financial statements audited by international CPA firms that hold a cooperative relation with the CPA firms of the Republic of China.

Note 7: It is recognized in accordance with the financial statements audited by the CPA firms of the parent company in Taiwan.

Company Name	Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
President Chain Store Corp.	\$ 2,576,919	\$ 4,183,061	\$ 12,416,585
President Pharmaceutical Corp.	90,840	91,748	257,452
Duskin Serve Taiwan Co.	21,196	21,196	168,553
Uni-President Cold-Chain Corp.	89,923	89,923	451,323

2. The information of the Company's direct and indirect investment in Mainland China by the invested company in third country, the price, payment term, unrealized gain and loss, and others that is helpful to understand the impact of investment in Mainland China on financial statements:

(1) Purchase amount and ratio; also, the corresponding payables yearend balance and ratio: None.

(2) Sales amount and ratio; also, the corresponding receivables yearend balance and ratio: None.

(3) Property trade amount and the corresponding gain and loss amount: None.

(4) Note endorsement & guarantee and balance and purpose of collateral: Please refer to Note XI (I) Material Transactions 2 .

(5) Maximum balance, yearend balance, interest rate interval, and total interest amount of fund financing: Please refer to Note XI(II) Transfer investment business information 2(1) for details.

(6) Other transactions that have a significant impact on the net income or financial status of the year: None.

(IV) Business relationship, transaction, and transaction amount between parent company and subsidiary
2011

			Business transactions				
Name of trade party	Corresponding trade party	Relation with the trade party	Account	Amount	Trade terms and conditions	Ratio to consolidated sales revenue or total assets	
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Cost of goods sold	\$ 46,770,244	OA 10~54 days	25%	
		"	Note and account payables	5,879,315		8%	
		"	Other receivables	64,791		-	
		"	Other operating revenue	525,332		-	
		"	Other income	211,310		-	
	"	Packaging expense and other expense	243,330		-		
	Uni-President Cold-Chain Corp.	"	Cost of goods sold	22,221,357		OA 20~70 days	12%
		"	Note and account payables	3,226,874			4%
		"	Other receivables	66,423			-
		"	Other income	157,066			-
		"	Freight charge	40,318			-
	Wisdom Distribution Service Corp.	"	Cost of goods sold	10,006,527		OA 30~60 days	5%
		"	Note and account payables	1,198,106			2%
	Books.com. Co., Ltd.			Other operating revenue	172,674		-
	President Transnet Corp.	"	Accounts payable	92,122		OA 30 days	-
		"	Other operating revenue	68,636			-
	President Information Corp.	"	Information system process and maintenance expense	562,322		OA 30 days	-
		"	Accrued expenses	102,761			-
	Capital Inventory Services Corp.			Inventory count expense	142,890	OA 60 days	-
	Duskin Serve Taiwan Co.			Cleaning fees	129,562	OA 30 days	-
	Bank Pro E-Service Technology Co., Ltd.			Service charges	70,676	OA 30 days	-
Presco Netmarketing Inc.			Other operating revenue	351,547	OA 30 days	-	
President Chain Store (BVI) Holdings Ltd.	"	Other income	132,377			-	
	"	Other receivables	51,465			-	
	"	Freight charge	646,169		OA 20 days	-	
	"	Other accounts payable	62,313			-	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary vs. subsidiary	Accounts receivable	760,362	OA 45~60 days	1%	
		"	Sales revenue	5,408,314		3%	
	President Drugstore Business Corp.	"	Other expenses	267,825		-	
		"	Sales revenue	536,201		OA 15~28 days	-
	Retail Support Taiwan Corp.		Subsidiary vs. subsidiary	Accounts receivable	59,463		-

			Business transactions			
Name of trade party	Corresponding trade party	Relation with the trade party	Account	Amount	Trade terms and conditions	Ratio to consolidated sales revenue or total assets
	President Pharmaceutical Corp.	"	Cost of goods sold	1,307,903	OA 30~70 days	1%
		"	Accounts payable	334,941		-
Uni-President Cold-Chain Corp.	President Musashino Corp.	"	Cost of goods sold	1,541,609	OA 45 days	1%
		"	Accounts payable	269,813		-
	President Logistics International Corp.	"	Freight charge	890,933	OA 20 days	-
		"	Accrued expenses	74,580		-
	21 Century Enterprise Co., Ltd.	"	Cost of goods sold	124,615		-
		"	Accounts payable	34,545		-
	Uni-President Oven Bakery Corp.	"	Cost of goods sold	130,768		-
		"	Accounts payable	26,067		-
President Information Corp.	President Transnet Corp.	"	Services	98,685		-
Books.com. Co., Ltd.	President Pharmaceutical Corp.	"	Cost of goods sold	114,673		-
		"	Accounts payable	11,359		-
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	"	Note and account payables	122,258	OA 65 days	-
		"	Cost of goods sold	503,806		-
	President Logistics International Corp.	"	Freight charge	250,810		-
President Transnet Corp.	Retail Support International Corp.	"	Sales revenue	197,796		-
		"	Accounts receivable	24,487		-
	President Collect Services Co., Ltd.	"	Operating revenue	147,384	OA 45 days	-
		"	Other accounts payable	564,559		1%
	Chieh-Shuen Logistics International Corp.	"	Cost of goods sold	477,766	OA 40~65 days	-
		"	Accrued expenses	87,588		-
	President Information Corp.	"	System service charges	78,107		-
	Mech-President Corp.	"	Fuel expense	49,537	OA 45 days	-

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions		Trade terms and conditions	Ratio to consolidated sales revenue or total assets
			Account	Amount		
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Cost of goods sold	\$ 40,365,498	OA 10~54 days	24%
		"	Note and account payables	4,101,463		6%
		"	Other operating revenue	451,912		-
		"	Other income	223,224		-
	"	"	Packaging expense and other expense	247,277		-
	Uni-President Cold-Chain Corp.	"	Cost of goods sold	20,584,012	OA 20~70 days	12%
		"	Note and account payables	3,116,100		4%
		"	Other income	144,204		-
		"	Other receivables	61,146		-
	Wisdom Distribution Service Corp.	"	Cost of goods sold	10,989,223	OA 30~60 days	6%
		"	Note and account payables	1,637,483		2%
	Books.com. Co., Ltd.	"	Other operating revenue	148,421	OA 30 days	-
	President Transnet Corp.	"	Cost of goods sold	538,270	OA 30 days	-
		"	Accounts payable	47,218		-
	President Information Corp.	"	Information system process and maintenance expense	560,138	OA 30 days	-
		"	Accrued expenses	58,335		-
	Capital Inventory Services Corp.	"	Inventory count expense	140,112	OA 60 days	-
	President Coffee Corp.	"	Cost of goods sold	215,173	OA 30 days	-
	Duskin Serve Taiwan Co.	"	Cleaning fees	109,259	OA 30 days	-
	Bank Pro E-Service Technology Co., Ltd.	"	Service charges	75,428	OA 30 days	-
Presco Netmarketing Inc.	"	Other operating revenue	263,887	OA 30 days	-	
President Chain Store (BVI) Holdings Ltd.	"	Other income	90,440		-	
	"	Other receivables	40,832		-	
	President Logistics International Corp.	Subsidiary vs. subsidiary	Freight charge	588,701	OA 20 days	-
	"	Other accounts payable	55,152		-	
President Drugstore Business Corp.	"	Accounts receivable	729,567	OA 45~60 days	1%	
	"	Sales revenue	4,448,102		2%	
	"	Other expenses	251,494		-	
	President Coffee Corp.	"	Sales revenue	458,563	OA 15~28 days	-
"		Accounts receivable	53,198		-	

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions		Trade terms and conditions	Ratio to consolidated sales revenue or total assets
			Account	Amount		
Retail Support International Corp.	President Pharmaceutical Corp.	Subsidiary vs. subsidiary	Cost of goods sold	\$ 892,476	OA 30~70 days	-
		"	Accounts payable	209,746		-
Uni-President Cold-Chain Corp.	President Musashino Corp.	"	Cost of goods sold	1,402,882	OA 45 days	1%
		"	Accounts payable	244,561		-
	President Logistics International Corp.	"	Freight charge	730,219	OA 20 days	-
		"	Accrued expenses	132,624		-
President Information Corp.	President Transnet Corp.	"	Services	90,120		-
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	"	Note and account payables	118,875	OA 65 days	-
		"	Cost of goods sold	494,406		-
	President Logistics International Corp.	"	Freight charge	189,737	OA 30 days	-
	President Information Corp.	"	System maintenance fees	45,584	OA 30 days	-
President Transnet Corp.	President Collect Services Co., Ltd.	"	Operating revenue	123,367	OA 45 days	-
		"	Other accounts payable	268,519		-
President Transnet Corp.	Chieh-Shuen Logistics International Corp.	"	Cost of goods sold	396,636	OA 40~65 days	-
		"	Accrued expenses	78,704		-
	President Information Corp.	"	System service charges	74,797		-

XII. Operating segment information

(I) General information

The company management has based on the reported information used by the operational decision-maker for decision-making to identify the departments to be reported.

The Company's operating decision-makers operate the business from industrial and regional views. As to the industrial view, the Company focuses on operation of convenience stores, distribution and logistics. As to the regional view, since main operations are located in Taiwan and Mainland China, the Company concentrates on these two areas. The Convenience Store Business operated in Taiwan area is the main operating focus of the Company, for which a separate operating segment is set for performance review. All operations in Mainland China are deemed a single operating segment.

The Convenience Store Business, Distribution Business Group and Logistics Business Group are the main source of revenue among operating segments disclosed by the Company. Other operating segments include the Food and Beverage Business Group, China Business Group and Support Business Group. The Support Business Group mainly offer service related to businesses of the Company and its subsidiaries, such as system maintenance and development service and fresh food production and supply service, etc.

(II) The measurement of departmental information

The Company's operating decision-makers evaluate the performance of operating segments based on operating revenue and income before tax for performance review.

(III) Information of departmental profit and loss, assets

Reportable segment information provided to main operating decision-makers is as follows:

	2011					
	Convenient stores	Distribution Business Group	Logistics Business Group	Other operating segments	Adjustment and elimination	Total
Net external revenue	\$ 122,240,774	\$ 49,978,219	\$ 3,448,139	\$ 13,584,436	\$ -	\$ 189,251,568
Internal segment revenue	471,951	4,269,734	88,671,929	4,901,998	(98,315,612)	-
Departmental income	<u>\$ 122,712,725</u>	<u>\$ 54,247,953</u>	<u>\$ 92,120,068</u>	<u>\$ 18,486,434</u>	<u>(\$ 98,315,612)</u>	<u>\$ 189,251,568</u>
Departmental income and expense	<u>\$ 7,430,465</u>	<u>\$ 2,193,393</u>	<u>\$ 787,781</u>	<u>(\$ 398,020)</u>	<u>(\$ 1,051,961)</u>	<u>\$ 8,961,658</u>
Depreciation and amortization	<u>\$ 2,049,029</u>	<u>\$ 1,014,311</u>	<u>\$ 405,382</u>	<u>\$ 955,455</u>	<u>\$ -</u>	<u>\$ 4,424,177</u>
Investment loss with equity method	<u>\$ 1,173,243</u>	<u>\$ 143,814</u>	<u>\$ 73,579</u>	<u>\$ -</u>	<u>(\$ 1,425,949)</u>	<u>(\$ 35,313)</u>
Interest income	<u>\$ 38,670</u>	<u>\$ 20,284</u>	<u>\$ 1,295</u>	<u>\$ 24,519</u>	<u>(\$ 10)</u>	<u>\$ 84,758</u>
Interest expense	<u>(\$ 32,084)</u>	<u>(\$ 28,836)</u>	<u>(\$ 19,786)</u>	<u>(\$ 14,705)</u>	<u>\$ -</u>	<u>(\$ 95,411)</u>

	2010					Total
	Convenient stores	Distribution Business Group	Logistics Business Group	Other operating segments	Adjustment and elimination	
Net external revenue	\$ 114,366,712	\$ 41,058,442	\$ 2,794,579	\$ 11,697,186	\$ -	\$ 169,916,919
Internal segment revenue	297,181	3,143,023	80,467,306	4,372,972	(88,280,482)	-
Departmental income	<u>\$ 114,663,893</u>	<u>\$ 44,201,465</u>	<u>\$ 83,261,885</u>	<u>\$ 16,070,158</u>	<u>(\$ 88,280,482)</u>	<u>\$ 169,916,919</u>
Departmental income and expense	<u>\$ 6,628,936</u>	<u>\$ 1,555,305</u>	<u>\$ 723,224</u>	<u>(\$ 82,350)</u>	<u>(\$ 934,229)</u>	<u>\$ 7,890,886</u>
Depreciation and amortization	<u>\$ 1,890,705</u>	<u>\$ 892,393</u>	<u>\$ 376,949</u>	<u>\$ 856,854</u>	<u>\$ -</u>	<u>\$ 4,016,901</u>
Investment loss with equity method	<u>\$ 861,330</u>	<u>\$ 117,061</u>	<u>\$ 67,800</u>	<u>\$ -</u>	<u>(\$ 1,186,801)</u>	<u>(\$ 140,610)</u>
Interest income	<u>\$ 11,859</u>	<u>\$ 12,172</u>	<u>\$ 870</u>	<u>\$ 4,553</u>	<u>(\$ 3)</u>	<u>\$ 29,451</u>
Interest expense	<u>(\$ 34,005)</u>	<u>(\$ 29,843)</u>	<u>(\$ 13,904)</u>	<u>(\$ 10,607)</u>	<u>\$ -</u>	<u>(\$ 88,359)</u>

(Note) In accordance with the requirement of (99) Chi-Mi-Tzu No. 151 stipulated by Accounting Research and Development Foundation in Taiwan dated June 28, 2010, corporations should disclose the measured amount of assets of reportable segments in accordance with requirements set forth in Section 24 of "Disclosure of Information on Operating Segments" in SFAS No. 41. Since the Company's measured amounts of assets was not provided to operating decision-makers, the measured amount of assets for assets to be disclosed was zero.

(IV) Information on reconciliation of profit/loss and assets of segments

Since external revenue and profit/loss of segments provided to main operating decision-makers are measured in the same way where revenue and income before tax in the financial statements are measured, no reconciliation is required.

(V) Information by products and services

Income is mainly generated from the retail business and services. The balance of income is as follows:

	2011	2010
Convenience store income	\$ 130,281,861	\$ 120,623,547
Sundries trade income	28,916,527	23,358,304
Gas station income	13,218,827	11,804,751
Catering income	5,522,317	4,656,556
Delivery freight income	4,930,851	4,098,632
Logistics service income	3,448,139	2,794,579
Other income	2,933,046	2,580,550
Total	<u>\$ 189,251,568</u>	<u>\$ 169,916,919</u>

(VI) Information on regional operation

Information on regional operation in 2010 and 2009 as follows:

	2011		2010	
	Income	Noncurrent assets	Income	Noncurrent assets
Taiwan	\$ 172,151,576	\$ 18,833,553	\$ 153,520,075	\$ 17,098,730
Other regional	17,099,992	2,727,333	16,396,844	2,250,254
Total	<u>\$ 189,251,568</u>	<u>\$ 21,560,886</u>	<u>\$ 169,916,919</u>	<u>\$ 19,348,984</u>

(VII) Information on key customers

There was no income generated from one major customer amounted to over 10% of the total income in 2011 and 2010.

XIII. Adopt IFRSs related matters

According to the requirements of Financial Supervisory Commission of the Executive Yuan (referred to as "the FSC" hereinafter), public companies that have stock traded on a stock exchange market or securities dealer's business premises must have financial statements composed in accordance with the international financial reporting standards (IFRSs), international accounting standard, interpretations, and announcements authorized by the FSC since the fiscal year of 2013.

The Company will have the following information disclosed before implementing IFRSs in accordance with the FSC.Decree.Review No. 0990004943 Order of the FSC dated February 2, 2010:

(I) Contents and implementation of IFRSs plan

The Company has a work team organized and the IFRSs conversion plan implemented with the content and implementation detailed as follows:

Work items of the conversion plan	Implementation of the conversion plan
1. Organize a work team	Have been completed
2. Define the implementation of IFRSs conversion plan	Have been completed
3. Complete identifying the difference between the existing accounting policies and IFRSs	Have been completed
4. Complete identifying IFRSs consolidated entity	Have been completed
5. Complete assessing the impact of IFRS 1 “Initial implementation of International Financial Reporting Standards” exemptions and options on the company	Have been completed
6. Complete assessing the necessary adjustments to the information system	Have been completed
7. Complete assessing the necessary adjustment to the internal control	Have been completed
8. Establish IFRSs accounting policies	Have been completed
9. Determine the exemptions and options of IFRS 1 “Initial implementation of International Financial Reporting Standards.”	Have been completed
10. Complete composing financial statement on the IFRSs billing date	It is ongoing in accordance with the project schedule.
11. Complete composing comparative financial information of the IFRSs 2012	It is ongoing in accordance with the project schedule.
12. Complete adjusting relevant internal control (including financial reporting process and related information systems)	Have been completed

- (II) The significant difference between the existing accounting policies and the accounting policies governing the financial statements composed in accordance with the IFRSs and “Regulations Governing the Preparation of Financial Reports by Securities Issuers”. The Company has assessed the significant variation of accounting policies in accordance with the IFRSs authorized by the SFC and the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” that is expected to be in effect in 2013. However, the current assessment result of the Company could be affected by the announcement or amendment of the international financial reporting standards (IFRSs), international accounting standard, interpretations, and announcements authorized by the FSC and the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” amendment; therefore, it could be different from the actual variation of the accounting policies resulted from the implementation of the IFRSs. The significant difference between the existing accounting policies and the accounting policies governing the financial statements composed in accordance with the IFRSs and “Criteria Governing the Preparation of Financial Reports by Securities Firms” is as follows:

1. Financial assets: Equity instruments

The unlisted/OTC stock held by the Company is valued at the cost in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” before amendment on July 7, 2011 and booked in the account of “Financial assets

valued at cost.” According to International Accounting Standards No. 39 “Financial Instruments: Recognition and Measurement”, the equity instrument that is without an active market but the fair value can be measured reliably (meaning the variability of the reasonable fair value estimation interval of the equity instrument is insignificant, or the probability of the various estimates in the interval can be assessed reasonably and can be used to estimate the fair value) should be measured at the fair value.

2. Investment property

The Company’s real estate for lease is booked as “Other assets” in accordance with the Accounting Standards of the R.O.C. According to International Accounting Standard No. 40 “Investment Property”, the real estate in compliance with the definition of investment real estate should be booked as “Investment Property”.

3. Customer loyalty programmes

For the sales incentive plan signed between the Company and customers (the Company provides customers with gift points or the equivalents for the purchase of certain goods for a certain amount), all related fair value collected or receivable of the merchandises sold should be recognized in accordance with the Accounting Standards of the R.O.C. including the estimated cost and liabilities related to the free gifts and the equivalents. According to International Financial Reporting Standards Interpretation No. 13 “Customer Loyalty Programmes”, the gift points provided to customers at the time of sales for exchanging free goods or discounted goods in the future is a transaction type that contains a number of identifiable items. Enterprises sell two types of products to customers including merchandise or labor service and gift points. In terms of gift points, enterprises shall estimate and defer the corresponding fair value by referring to the historical records of the probability of customer’s exchanging gift points and with the revenue recognized when it is exchanged by customers.

4. Revenue recognition

(1) Net / total revenue recognition (according to the judgment of the principal and agent)

The Company operates chained convenience stores and sundries retailing business. According to (94) Kee.mi.tzi No. 138 Letter, enterprise is the indicators of judgment to the principal or agent and the total amount of money charged to the customer is recognized as revenue. According to International Accounting Standards No. 18 “Revenue”, some of the Company’s trades are not exposed to the significant risks and compensations related to the sale of goods or services that is in compliance with the definition of an agent; therefore, revenue shall be recognized on a net basis.

(2) The Company operates chained convenience stores. According to (85) Kee.mi.tzi No. 017 Letter, shelf display income collected from vendors is a regular operating activity. Therefore, it shall be recognized as Other operating income. According to International Accounting Standards No. 18 “Revenue”, if the transaction referred to above and purchase transaction are interrelated, it should be deemed as purchase discount from vendor.

5. Pension

(1) The discount rate used to calculate pensions shall be determined with reference the factors illustrated in paragraph 23 of R.O.C. Financial Accounting Standards (SFAS) No. 18. However, according to International Accounting Standard No. 19 “Employee Benefits”, discount rate is implemented by referring to the currency and period at the end of the reporting period and the market yields of quality corporate bond consistent with pension plan. In a nation where is not a decent market in place for this type of bond, the market yields of government bond shall be used instead (at the end of the reporting period).

(2) According to the Accounting Standard of the R.O.C., the excess of the accumulated

benefit obligation on the Balance Sheet Date over the fair value of pension fund assets should be recognized as the floor limit of pension liability; however, the said floor limit is not defined in International Accounting Standards No. 19 “Employee Benefits”.

- (3) According to the Accounting Standards of the R.O.C. the Company’s pension actuarial gains and losses is recognized as current net pension cost in accordance with the buffer-zone method. However, according to International Accounting Standard No. 19 “Employee Benefits,” the Company may choose to immediately recognize it as “Other comprehensive net income.”
 - (4) According to the Company’s accounting policies, the unrecognized net transitional benefit obligation is amortized in accordance with the average remaining service lives of the employees who expect to receive pension benefits and a Straight Line Method. The Company has qualified for the implementation of International Financial Reporting Standards for the first time without the application of International Accounting Standard No. 19 “Employee Benefits” transitional provisions; therefore, there is not any unrecognized transactional liability.
6. Employee benefits

The current accounting standards of the R.O.C. do not expressly regulate the recognition of the accumulated unused vacation bonuses. The Company recognizes the expense at the time of payment made. According to International Accounting Standard No. 19 “Employee Benefits”, the accumulated unused vacation bonus expenses shall be estimated at the end of the reporting period.

7. Lease

The Company’s long-term lease contract is signed with the variable rent adjusted annually. According to the Accounting Standards of the R.O.C., the rent expense agreed upon for each term is recognized as expense accordingly. According to International Accounting Standards No. 17 “Leases”, the Company shall have the agreed rent recognized as expense throughout the lease period in accordance with the Straight Line Method.

8. Income tax

- (1) According to the Accounting Standards of the R.O.C., deferred income tax assets and liabilities are classified into the current and noncurrent category in accordance with the classification of the related liabilities or assets. The deferred income tax liabilities or assets that are not classified as the assets or liability on the financial statements are classified as current or noncurrent in accordance with the expected deferred income tax liabilities or assets settlement or realization period. According to International Accounting Standard No. 1 “Presentation of Financial Statements”, enterprises shall not have deferred income tax assets or liabilities classified as current assets or liabilities.
- (2) According to the Accounting Standards of the R.O.C., if there is evidence suggested that part or all of the deferred income tax assets has more than 50% chance will not be realized, the entity shall reduce deferred income tax assets with the account of allowance for valuation. According to International Accounting Standards No. 12 “Income Taxes”, deferred tax assets are recognized only in respect of the scope that is likely to realize.

Some of the variations referred to above will not have any impact resulted during conversion since the Company is entitled to the exemption of International Financial Reporting Standard No. 1 “First-time Adoption of International Financial Reporting Standards”.