

ANNUAL REPORT 2003



PRESIDENT CHAIN STORE CORPORATION



PCSC Spokesman

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I.LETTER TO SHAREHOLDERS

Dear Shareholders,

Although negatively affected from the impacts of War on Iraq and the SARS outbreak in the first half of 2003, President Chain Store Corporation(PCSC) managed to transform the apparent crisis into opportunities while the whole company became a more unified team. PCSC achieved excellent results on all fronts such as new product development or new product promotions. The total number of PCSC stores reached 3,470 with sales reaching NT\$77.6 billion. On a consolidated basis, total number of stores (including affiliates) reached 4,066 with consolidated revenues of NT\$91.9 billion. Net profit grew by 42% over the previous year to reach NT\$3.68 billion, which translated into a historical high EPS of NT\$4.29. In addition, PCSC was ranked eighth in "Top Ten Most Influential Corporations" in Commonwealth Magazine, signifying that PCSC's management were appreciated by the public.

The main performance results of PCSC's core business in 2003 were as follows:

a. Improve same store performance and introduce power centers

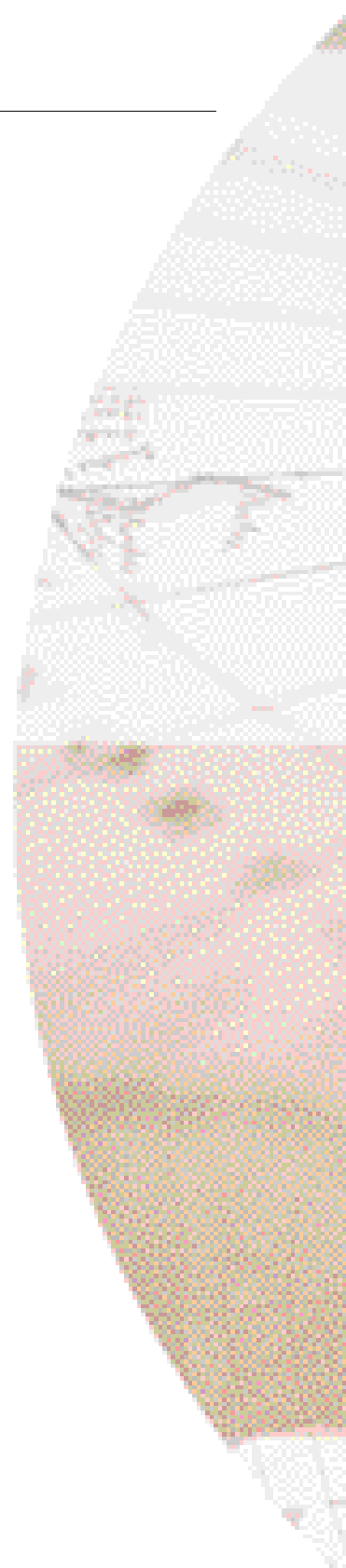
In addition to aggressive store network expansion, PCSC deployed strategies such as store relocation, store quality upgrade, and product mix management to improve same store performance. Furthermore, besides developing new channels like MRTs, schools and hospitals, we formed 12 power centers along with our affiliates to better serve different customers. These power centers were located in the Dong Shan Rest Stop on the Southern Second Freeway, Ching-Chin Recreational Area, Taichung Veteran's Hospital, Wan-Fang Hospital and Shih-Chen University.

b. Enhance services to lead a new life trend

PCSC strived to enhance food services to make differentiation. We provided various products and services, including lunch boxes, rice balls, fast foods, desserts, bill collecting services, e-commerce, pre-order services, IT related products, and ATM services. All our aim was to build a community service center and lead a life trend towards high quality. Every product and service to meet customers' needs drove our growth of gross profit rate.

Besides excellent performance of core business, PCSC's affiliates have begun to show improved profitability after years of hard work and perseverance. This resulted from successful experience transfer and common resources sharing consist of finance and accounting, information systems, human resources and purchasing. This also proved that the growth strategy of expanding business geographic areas and product lineups based on retailing is correct and synergy begun to emerge. For example, Philippine Seven Corp. and Books.com have turned profitable; President Drugstore Business(Cosmed) set up a milestone while achieving over 100 stores and 32% sales growth; Shanghai Starbucks has expanded into Nanking, Kuenshan and Ningbo areas; President Transnet has recorded 60% growth in number of parcels handled and was expected to perform even better in 2004.

For the year of 2004, PCSC hopes that under the direction and support of our shareholders, we will be successful in our quest for growth by holding on to our creative spirits and providing the best products, quality and services. This year we expect to reach total 3,696 stores in the end of year 2004. PCSC believes that with the new POS II system, we will be able to enhance information utilizing and product management to improve gross margins and ensure core business growth. Moreover, the PCSC retail group will continue to strengthen its infrastructure, improve synergy and expand the reach of the retail group to maximize returns and create value for our shareholders.





Chairman

C Y Fao



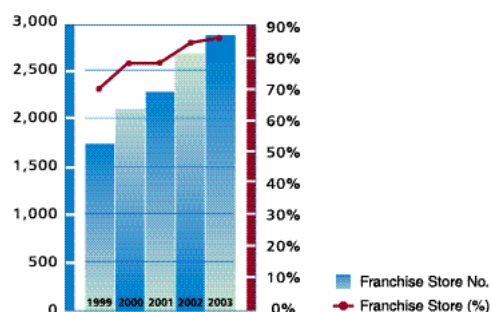
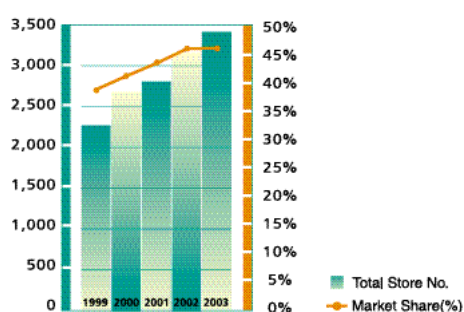
President

Chng Joo Kuan

Overall Performance

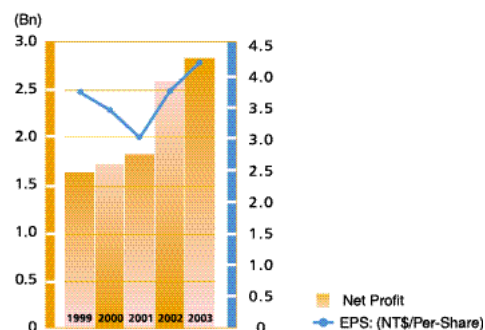
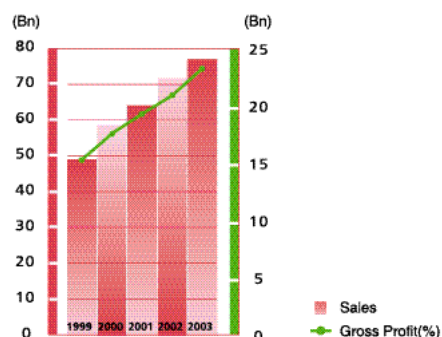
Item / Year	2002	2003	Growth Rate (%)
Overall Performance			
Total Store No.	3,187	3,470	8.88%
Market Share by Store No. (Note 1)	46.53%	46.19%	-
Total Franchise Store No.	2,704	2,979	10.17%
Franchise Store Proportion	84.84%	85.85%	-

Note 1 : source from Retailing Mart Magazine.

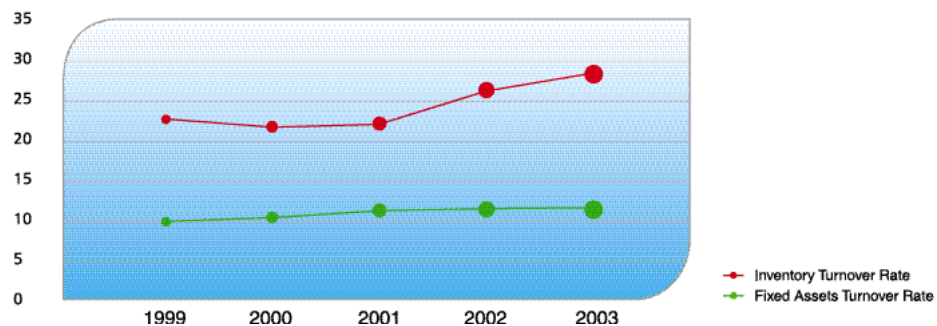
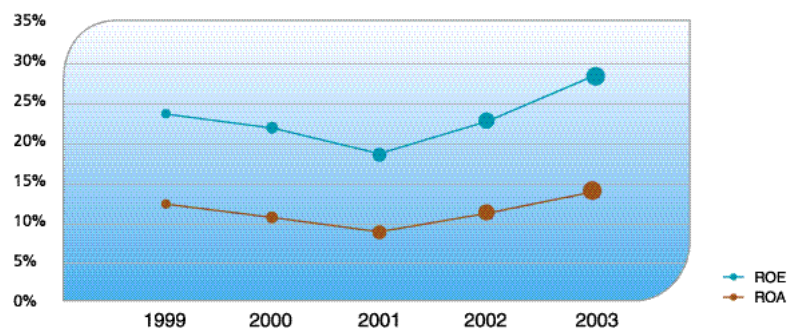
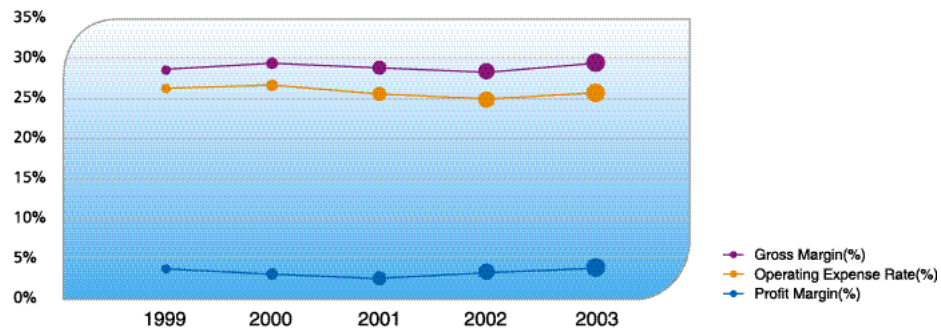


Item / Year	2002	2003	Growth Rate (%)
Annual Profit & Loss : (NT\$ '000)			
Sales Revenue	72,014,761	77,634,490	7.80%
Gross Profit	21,328,689	23,144,818	8.51%
Operating Profit	2,948,625	3,094,278	4.94%
Pre-tax Profit	3,091,068	3,934,732	27.29%
Net Profit	2,592,340	3,681,606	42.02%
EPS : (NT\$)			
Weighted Average Outstanding Shares	772,031,899	858,499,471	-
EPS(undiluted)	3.36	4.29	-
EPS(diluted by stock dividend (Note 2))	3.02	4.29	-

Note 2 : EPS calculation is according to total outstanding shares after stock dividend paid out in the year of 2003.



Item / Year	2002	2003
Financial Ratios:		
Gross Margin (%)	29.62%	29.81%
Operating Expenses rate (%)	25.52%	25.83%
Net Profit Margin (%)	3.60%	4.74%
ROA (%)	11.54%	14.28%
ROE (%)	23.90%	28.86%
Inventory Turnover (times)	25.23	28.25
Fixed Asset Turnover (times)	11.50	11.70



.CORPORATE OVERVIEW

1. Company Profile

1-1 Established on June 10th, 1987

1-2 Corporate Milestones

- 1987 ▶ PCSC became an independent entity from its former status as a business unit under Uni-President
- 1988 ▶ Introduced Electronic Ordering System (EOS) to improve the efficiency of distribution and sales network
- 1989 ▶ The 300th store opened, PCSC became the third largest 7-Eleven chain in the world
- 1990 ▶ Entered joint venture with Ryoshoku Ltd from Japan to form Retail Support International Corp.
 - ▶ Opened Franchise applications to public individuals and employees
- 1991 ▶ The 100th franchise store opened
- 1992 ▶ Awarded the second annual "Social Movement Leader" Award
- 1993 ▶ The "30 Hours Famine" promotion campaign was awarded MCEI Marketing Excellence Award
- 1994 ▶ Entered joint venture with Duskin Japan and established Duskin Serve Taiwan Co., Ltd.
 - ▶ The "Anti-Child Prostitution" campaign was awarded MCEI Marketing Excellence Award
- 1995 ▶ The 1000th store opened
 - ▶ Established President Drugstore Business Corp. and President Direct Marketing Corp.
- 1996 ▶ POS I system implemented to enhance market data gathering to improve customer service
- 1997 ▶ Implemented new accounting system to enhance efficiency and provide real-time information search
 - ▶ PCSC listed on the Taiwan Stock Exchange
 - ▶ Granted the area agreement with Starbucks Coffee Inc. and established President Coffee Corporation, Starbucks Taiwan.
- 1998 ▶ First entrant to Eastern Taiwan and started phone bill collecting services with Chunghwa Telecom
- 1999 ▶ Opened stores on off-shore islands such as Penghu and Kinmen
 - ▶ The 2000th store opened
 - ▶ Established Wisdom Distribution Services Corp., President Transnet Corp., President Musashino Corp., Uni-President Cold Chain Corp.



- 2000 ▶ Granted the perpetual area license agreement with 7-Eleven Inc.
- ▶ Established Shanghai President Coffee Co. Ltd.
- ▶ Granted Philippine Seven Corp. and extended convenience store businesss to overseas market
- 2001 ▶ Established President Technology Corp., President Engineering Technology Corp., and Uni-President Takashimaya Co. Ltd.
- ▶ Established "PCSC Group"
- 2002 ▶ Issued first secured corporate bond in the amount of NT\$700 mn
- ▶ The first in the industry to receive CAS certificate for 18 lunch box
- 2003 till 2004 Printing Date
- ▶ "7-Eleven Lunch Box" received MCEI Marketing Excellence Award
- ▶ Formed power centers as a new retail format
- ▶ Ranked 4th in "Top 500 Service Businesses" in Common Wealth Magazine and ranked 8th in "Top Ten Most Influential Corporations" in Business Weekly Magazine.
- ▶ Established Muji Taiwan Co. Ltd., as a joint venture with Muji Japan
- ▶ Issued second secured corporate bond in the amount of NT\$ 1.5 bn
- ▶ Awarded the "Model Corporate Citizen" award by the Consumer Fairness Council for the second consecutive year
- ▶ Implemented second generation POS system
- ▶ President Drugstore Business Corp.(Cosmed) opened 100th store
- ▶ Shanghai President Coffee Co. Ltd.(Shanghai Starbucks) extended operations to Nanking, Kuenshan and Ningbo areas

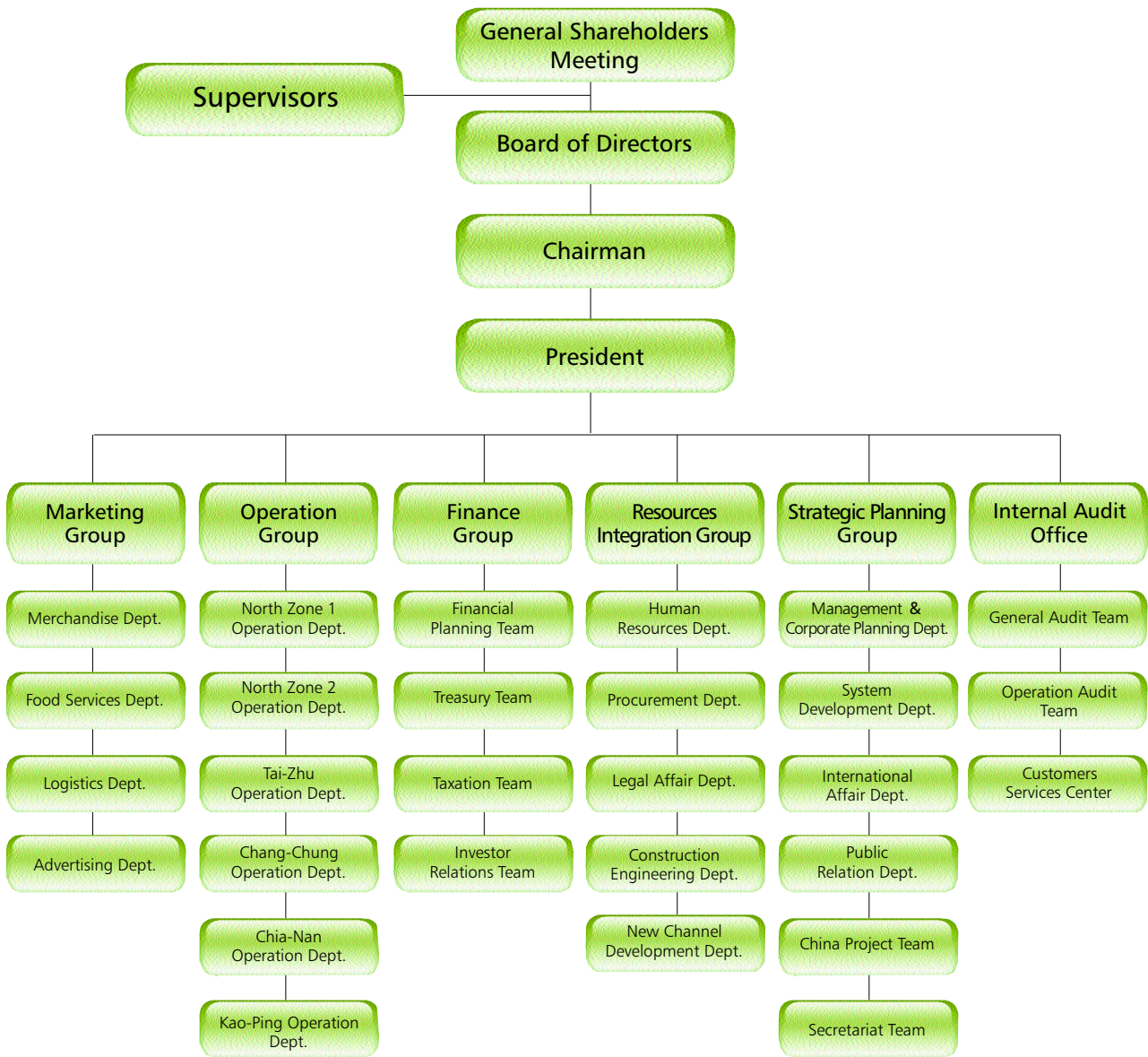


2. Organization

2-1 Organizational Chart

As of April 30, 2004

(1) Chart



(2) Function Description

- Marketing Group : product development & merchandise.
- Operation Group : store development and operation.
- Finance Group : corporate finance and accounting services.
- Resource Integration Group : PCSC group resource integration and operation.
- Strategic Planning Group : corporate planning and strategies development.
- Internal Audit Office : internal control and process compliance.



Uni-President
Organics Corp.



T&T Supermarket Inc.



President
Pharmaceutical Corp.



BankPro E-Service
Technology Company



Uni-President
Takashimaya Co., Ltd.



Yellow Hat
Uni-President
Yellow Hat Co., Ltd.



Books.com Co., Ltd.



President
Technology Corp.



President Engineering
Technology Corp.



Mech-President Corp.



Wisdom Distribution
Service Corp.



President
Direct Marketing Corp.



President Yamako Corp.



President Drugstore
Business Corp.



Capital Inventory
Services Corp.



President Chain Store Corporation

PCSC
GROUP

DUSKIN

Duskin Serve Taiwan Co., Ltd.



Retail Support
International Corp.



President International Corp.



President
Coffee Corp.



Uni-President
Cold-Chain Corp.



President Transnet Corp.



Shanghai President
Coffee Corp.



Uni-President
Oven Bakery Corp.



Muji Taiwan Co., Ltd.



Philippine Seven Corp.



President
Collect Service Co., Ltd.

2-2 Information of Directors, Supervisors, and Management Team

(1) Directors & Supervisors:

Title	Name	Elected Date	Term	First Elected Date	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experiences (Note 4)	Position in other Affiliates	Managers are Spouse or Within Second-degree Relative of Consanguinity to Each Other			The Aggregate Compensation Paid and Benefits in Kind Granted in 2003
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Kao, Chin Yen (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	1,015,506	0.12%	-	-	Lincoln University Honorary Ph.D.; Sun Yat-Sen University Honorary Ph.D.; Cheng Kung University Honorary Ph.D.	(Note 5)	Director	Lo, Chin Hsieh	Son in Law	(Note 6)
Managing Director	Lin, Chang Sheng (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	-	-	-	-	Cheng Kung University	(Note 5)	-	-	-	(Note 6)
Managing Director	Hsu, Chung Jen (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	-	-	-	-	Waseda University, MBA	(Note 5)	-	-	-	(Note 6)
Director	Lin, Lung Yi (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	1,999	-	-	-	Cheng Kung University	(Note 5)	-	-	-	(Note 6)
Director	Lo, Chih Hsieh (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	837,602	0.10%	-	-	UCLA, MBA	(Note 5)	Chairman	Kao, Chin Yen	Father in Law	(Note 6)
Director	Huang, Xian Yan (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	-	-	-	-	US Baker University, Master of Computer Information System	(Note 5)	-	-	-	(Note 6)
Director	Yang, Wen Long (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	-	-	-	-	National Chung Hsing University	(Note 5)	-	-	-	(Note 6)
Director	Tsuei, Jung (Note 2)	2003.06.24	3	2003.06.24	189,862	0.02%	111,200	0.01%	-	-	-	-	Massachusetts Institute of Technology, MBA	(Note 5)	-	-	-	(Note 6)
Director	Huang, Tsing Yuan (Note 3)	2003.06.24	3	2000.06.15	1,494,981	0.19%	1,662,418	0.19%	492,373	0.06%	-	-	Nihon University, Ph. D.	(Note 5)	-	-	-	(Note 6)
Supervisor	Tu, Te Cheng (Note 1)	2003.06.24	3	1987.06.10	344,831,064	44.67%	388,407,895	45.24%	-	-	-	-	Houston University, MBA	(Note 5)	-	-	-	(Note 6)

(Note 1) Representative of Juridical Person Shareholders of Uni-President Enterprise Corp. (Note 2) Representative of Juridical Person Shareholders of Yuan Wei Investment Co. Ltd. (Note 3) Representative of Juridical Person Shareholders of We Heng Co. Ltd. (Note 4) Directors' and Supervisors' other experiences, please refer to p.44. (Note 5) Directors' and Supervisors' position in other affiliates, please refer to p.44.

(Note 6) Directors' and Supervisors' Remuneration:

Unit: NT\$ '000

Title	Juridical Shareholders	Representative	Remuneration in 2003	Representatives' Attendance Fee	Salary and other Compensation
Chairman, Directors, Supervisor	Juridical Shareholder	Uni-President Enterprise Corp.	-	40,311	-
Director, Juridical Shareholder	Yuan Wei Investment Co. Ltd.	-	3,839	-	-
Director, Shareholder	Wei Heng Co. Ltd.	-	3,839	-	-
Chairman	Uni-President Enterprise Corp.	Kao, Chin Yen	-	600	-
Managing Director	Uni-President Enterprise Corp.	Lin, Chang Sheng	-	300	-
Managing Director / President	Uni-President Enterprise Corp.	Hsu, Chung Jen	-	300	10,631
Director	Uni-President Enterprise Corp.	Lin, Lung Yi	-	300	-
Director	Uni-President Enterprise Corp.	Lo, Chih Hsieh	-	300	-
Director	Uni-President Enterprise Corp.	Huang, Xian Yan	-	300	-
Director	Uni-President Enterprise Corp.	Yang, Wen Long	-	300	-
Director	Yuan Wei Investment Co. Ltd.	Tsuei, Jung	-	300	-
Director	Wei Heng Co. Ltd.	Huang, Tsing Yuan	-	300	-
Supervisor	Uni-President Enterprise Corp.	Tu, Te Cheng	-	300	-

(2) Top Ten Shareholders of Juridical Person Shareholders, or Shareholders Owning More Than 10% of Juridical Person Shareholders:

As of 2004/04/30

Name of Juridical Person Shareholders	Major Shareholders of Juridical Person
Uni-President Enterprise Corp.	Ho Po-Yu, Ho Po-Yi, National Finance Stability Fund Committee, Ho Po-Ming, Directorate General of Postal Remittance & Saving Banks, Kao Lai-Huan, Kao Hsu-Ling, Liu Hsu Juan, Mitsubishi Investment Depositary in Standard Chartered Bank, Bureau of Labor Insurance.
Yuan Wei Investment Co. Ltd.	Xia Yi
Wei Heng Co. Ltd.	British Virgin Island Chien Rue Corp., MC Tsai, RM Huang, SH Kuo, RH Huang

(3) Independence Analysis of Board Members Under Taiwan SFC Criteria:

Name	Over five years of experience in business, finance, legal or areas required by the Company	Criteria(Note)						
		1	2	3	4	5	6	7
Kao, Chin Yen								
Lin, Chang Sheng								
Hsu, Chung Jen								
Lin, Lung Yi								
Lo, Chih Hsieh								
Huang, Xian Yan								
Yang, Wen Long								
Tsuei, Jung								
Huang, Tsing Yuan								
Tu, Te Cheng								

Note : " " indicates meeting conditions specified below:

- (1) Not an employee of the Company, nor a director, supervisor or employee of affiliated companies. (exclusive of independent directors and supervisors of the Company or affiliates.)
- (2) Not a natural person shareholder directly or indirectly owning more than 1% of the Company's outstanding shares, nor one of the Company's top ten natural person shareholders.
- (3) Neither a spouse nor first or second-degree relatives to any person specified in item 1 and 2.
- (4) Not a director, supervisor or employee of a shareholder of juridical person of the Company directly or indirectly owning more than 5% of the Company's outstanding shares, nor one of the Company's top five shareholders of juridical person.
- (5) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of certain companies or institutions that have financial or business relationship with the Company.
- (6) Not an owner, partner, director, supervisor, manager of any sole proprietor, partnership, company or institution and his / her spouse, or the specialist and his / her spouse, that provides finance, commerce, legal consultation and services to the Company or affiliated companies within one year.
- (7) Not a juridical person or its representatives as defined in Article 27 of Company Law.



(4) Management Team:

As of 2004/04/30

Title	Name	Effective Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experiences (Note 1)	Position in other Affiliates	Managers are Spouse or Within Second-degree Relative of Consanguinity to Each Other			The Aggregate Compensation Paid and Benefits in Kind Granted in 2003	Number of Employee Stock Option Granted
			Shares	%	Shares	%	Shares	%			Title	Name	Relation		
President	Hsu, Chung Jen	1987.07.01	19,230	-	-	-	-	-	Waseda University, MBA	(Note 2)	-	-	-	10,631,000	N/A
Vice President	Wu, Kuo Hsuan	1999.01.01	26,386	-	-	-	-	-	Fortune Institute of Technology	(Note 2)	-	-	-	(Note 3)	N/A
Vice President	Hsieh, Chien Nan	2000.09.01	21,993	-	1,357	-	-	-	Chung Yuan Christian University	(Note 2)	-	-	-	(Note 3)	N/A
Vice President	Chang Jen, Yun Hwei	1999.01.01	-	-	-	-	-	-	National Chung Hsing University, MBA	(Note 2)	-	-	-	(Note 3)	N/A
Chief Financial Officer	Chen, Fu Tang	1999.01.01	15,203	-	8,793	-	-	-	Kaohsiung First University of Science and Technology, MBA	(Note 2)	-	-	-	-	N/A
Chief Marketing Officer	Chen, Jui Tang	2000.01.01	9,398	-	-	-	-	-	National Taiwan University, Bachelor of Economics	(Note 2)	-	-	-	-	N/A
Chief Operation Officer	Chung, Mao Chia	2003.04.01	356	-	47,48	-	-	-	Feng Chia University, Bachelor of International Trade	(Note 2)	-	-	-	-	N/A
Chief Auditing Officer	Lin, Wen Ching	1999.01.01	270	-	3	-	-	-	Tainan Commercial Senior High School	(Note 2)	-	-	-	-	N/A
Assistant Vice-President	Zeng, Fan Bin	2003.12.01	-	-	-	-	-	-	Soo Chou University, Bachelor of International Trade	(Note 2)	-	-	-	-	N/A
Assistant Vice-President	Lee, Zhi Ming	2003.08.01	926	-	-	-	-	-	Soo Chou University, Bachelor of Accounting	(Note 2)	-	-	-	-	N/A
Assistant Vice-President	Yang, Yen Sen	2002.02.01	1,566	-	-	-	-	-	Municipal New York University, MBA	(Note 2)	-	-	-	-	N/A
Accounting Manager	Lai, Hsin Ti	2001.04.01	-	-	-	-	-	-	TamKang University, Bachelor of Economics	(Note 2)	-	-	-	-	N/A
Treasurer	Chen, Chang He	2003.10.01	500	-	759	-	-	-	Feng Chia University, Bachelor of Business Administration and Taxation	(Note 2)	-	-	-	-	N/A

(Note 1) Management Team Members' other experiences, please refer to P.47.

(Note 2) Management Team Members' position in other affiliates, please refer to P.47.

(Note 3) The Aggregate Compensation Paid and Benefits in Kind Granted in 2003 for three Vice-President is total NT\$ 11,859,000.

2-3 Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Management and Shareholders of 10% Shareholdings or More

(1) Status of Changes:

Unit: shares

Title	Name	2003		As of 2004/04/30	
		Net Change in Shareholding	Net Change in Share Pledged	Net Change in Shareholding	Net Change in Share Pledged
Directors, Supervisors, Juridical Person Shareholders & Major Shareholder	Uni-President Enterprise Corp.	44,171,831	-	-	-
Director & Juridical Person Shareholder	Yuan Wei Investment Co. Ltd.	(78,622)	-	-	-
Director & Juridical Person Shareholder	Wen Heng Company Ltd.	167,437	-	-	-
Chairman	Kao, Chin Yen	2,480	-	-	-
Managing Director	Lin, Chang Sheng	2,565	-	-	-
Managing Director	Hsu, Chung Jen	1,936	-	-	-
Director	Lin, Lung Yi	1,560	-	-	-
Director	Huang, Xian Yan	-	-	-	-
Director	Lo, Chih Hsieh	85,851	-	-	-
Director	Yang, Wen Long	-	-	-	-
Director	Tsuei, Jung	-	-	-	-
Director	Huang, Tsing Yuan	49	-	-	-
Supervisor	Tu, Te Cheng	-	-	-	-
President	Hsu, Chung Jen	1,936	-	-	-
Vice-President	Wu, Kuo Hsuan	2,657	-	-	-
Vice-President	Hsieh, Chien Nan	(24,879)	-	-	-
Vice-President	Chang Jen, Yun Hwei	-	-	-	-
Chief Financial Officer	Chen, Fu Tang	1,531	-	-	-
Chief Marketing Officer	Chen, Jui Tang	4,946	-	-	-
Chief Operation Officer	Chung, Mao Chia	35	-	-	-
Chief Auditing Officer	Lin, Wen Ching	27	-	-	-
Assistant Vice-President	Lee, Zhi Ming	93	-	-	-
Assistant Vice-President	Zeng, Fan Bin	-	-	-	-
Assistant Vice-President	Yang, Yen Sen	157	-	-	-
Accounting Manager	Lai, Hsin Ti	-	-	-	-
Treasurer	Chen, Chang He	50	-	-	-



(2) Stock Trade with Related Party:None.

(3) Stock Pledge with Related Party:None.

2-4 Long-Term Investment Ownership

Unit:Shares,% / As of 2004/04/30

Long-Term Investment	Ownership by PCSC(1)		Direct / Indirect Ownership by Directors, Supervisors, and Management (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
President Chain Store (BVI) Holding Corp.	1,520,766,411	100.00	-	-	1,520,766,411	100.00
President Drugstore Business Corp.	19,800,000	100.00	-	-	19,800,000	100.00
Ren-Hui Investment Corp.	85,303,733	100.00	-	-	85,303,733	100.00
Wisdom Distribution Service Corp.	9,432,540	100.00	-	-	9,432,540	100.00
President Direct Marketing Corp.	7,000,000	100.00	-	-	7,000,000	100.00
Capital Inventory Services Corp.	4,549,380	100.00	-	-	4,549,380	100.00
President Transnet Corp.	80,000,000	80.00	20,000,000	20.00	100,000,000	100.00
President Engineering Technology Corp.	3,500,000	70.00	-	-	3,500,000	70.00
President Collect Services Corp.	1,050,000	70.00	-	-	1,050,000	70.00
President Information Corp.	10,626,000	70.00	4,554,000	30.00	15,180,000	100.00
Mech-President Corp.	28,253,850	62.95	8,976,000	20.00	372,298,850	82.95
President Musashino Corp.	31,374,000	60.00	-	-	31,374,000	60.00
Uni-President Cold-Chain Corp.	19,563,272	60.00	6,521,090	20.00	26,084,362	80.00
Uni-President Oven Bakery Corp.	5,400,000	60.00	3,600,000	40.00	9,000,000	100.00
BankPro E-Service Technology Co. Ltd.	7,200,000	53.33	675,000	5.00	7,875,000	58.33
Duskin Serve Taiwan Co. Ltd.	15,300,000	51.00	-	-	15,300,000	51.00
Books. Com Co. Ltd.	10,000,000	50.03	-	-	10,000,000	50.03
Uni-President Takashimaya Co. Ltd.	37,500,000	50.00	-	-	37,500,000	50.00
MUJI (Taiwan) Co. Ltd.	4,100,000	41.00	1,000,000	10.00	5,100,000	51.00
Uni-President Organics Corp.	3,800,000	31.67	6,199,200	51.66	9,999,600	83.33
President Coffee Corp.	5,940,000	30.00	3,960,000	20.00	9,900,000	50.00
Uni-President Yellow Hat Co. Ltd.	5,700,000	30.00	-	-	5,700,000	30.00
Retail Support International Corp.	5,000,000	25.00	4,000,000	20.00	9,000,000	45.00
Quick Service Restaurant Corp.	6,825,000	20.00	-	-	68,250,000	20.00
President Pharmaceutical Corp.	3,960,000	20.00	10,640,520	53.74	14,600,520	73.74
Tung Ho Development Co. Ltd.	19,926,242	19.93	68,936,001	68.94	88,866,001	88.87
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67	-	-	20,000,000	16.67
Copres Corp.	10,500,000	15.00	13,300,000	19.00	23,800,000	34.00
President Technology Corp.	750,000	15.00	-	-	750,000	15.00
Tong Jeng Development Corp.	50,000,000	14.29	150,000,000	42.86	200,000,000	57.15
Allianz President Life Insurance Co. Ltd.	24,166,817	10.10	24,166,854	10.10	48,333,671	20.20
PresiCarre Corp.	36,208,230	10.00	74,226,872	20.50	23,800,000	30.50
President Yamako Corp.	650,000	10.00	-	-	650,000	10.00
Uni-Outdoor Aloha Oxygen Travel Services Corp.	60,000	10.00	-	-	60,000	10.00
President Investment Trust Corp.	2,280,000	7.60	480,000	1.60	2,760,000	9.20
Latin America Development Co. Ltd.	2,500,000	7.14	2,500,000	7.14	5,000,000	14.28
PK Venture Capital Corp.	10,000,000	6.67	10,000,000	6.67	20,000,000	13.34
Allianz President General Insurance Co. Ltd.	11,000,000	5.50	14,437,000	7.22	25,437,000	12.72
Career Inpek Co.	1,112,000	5.43	-	-	1,112,000	5.43
Tonpal Optoelectronics Co. Ltd.	146,448,927	4.90	146,194,130	4.89	292,643,057	9.79
Digital United Inc.	6,000,000	3.41	5,000	-	6,005,000	3.41
President International Development Corp.	50,000,000	3.33	877,500,000	58.50	927,500,000	61.83
President Securities Corp.	29,328,669	2.57	302,081,359	26.48	331,410,028	29.05
KaoHsiung Rapid Transit Corp.	20,000,000	2.00	20,000,000	2.00	40,000,000	4.00
Broadcasters Market Research Co. Ltd.	200,000	0.55	-	-	200,000	0.55
New Century Info Comm Co. Ltd.	42,400,000	0.89	126,825,000	2.67	168,225,000	3.56
Grand Bills Finance Co.	108,160	0.02	78,219,035	14.46	78,327,195	14.48

3. Capital & Shares

3-1 History of Capitalization

(1) Information of Capitalization:

Unit: NT\$, Shares / As of 2004/04/30

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Expansion by Assets other than Cash	Approval Document No.
07/2002	10	900,000,000	9,000,000,000	772,031,899	7,720,318,990	Capitalization of Profits	None	07.19.2002(2002)Tai-Tsai Cheng No.0910140565
09/2003	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of Profits	None	09.02.2003(2003)Tai-Tsai Cheng No.0920126082

Note: Company's initial paid-in capital was NT\$100,000,000, after number of years' capitalization, the current paid-in capital is NT\$8,584,994,710.

(2) Capital and Shares:

Unit: Share

Type of Stock	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Share	858,499,471	41,500,529	900,000,000	-

3-2 Status of Shareholders

Unit: Shares; % / As of 2004/05/01

	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	106	23,411	307	23,825
Shareholding	5,066,881	0	482,423,493	64,901,383	306,107,714	858,499,471
Holding Percentage (%)	0.59%	0.00%	56.19%	7.56%	35.66%	100.00%

3-3 Distribution Profile of Shareholder Ownership

As of 2004/05/01

Shareholder Ownership (Unit: Share)		Number of Shareholders	Total Shares Owned (Unit: Share)	Ownership (%)
1	~ 999	10,702	2,602,799	0.30%
1,000	~ 5,000	10,426	22,216,569	2.59%
5,001	~ 10,000	1,338	9,843,596	1.15%
10,001	~ 15,000	436	5,384,803	0.63%
15,001	~ 20,000	213	3,789,333	0.44%
20,001	~ 30,000	211	5,251,726	0.61%
30,001	~ 50,000	131	5,039,804	0.59%
50,001	~ 100,000	97	6,834,739	0.80%
100,001	~ 200,000	62	8,654,360	1.01%
200,001	~ 400,000	57	16,351,124	1.90%
400,001	~ 600,000	37	18,247,702	2.13%
600,001	~ 800,000	20	14,365,741	1.67%
800,001	~ 1,000,000	13	11,446,776	1.33%
Over 1,000,001		82	728,470,399	84.85%
Total		23,825	858,499,471	100.00%

3-4 Major Shareholders

As of 2004/05/01

Shareholders	Total Shares Owned (Unit:Share)	Ownership (%)
Unit-President Enterprise Corp.	388,407,895	45.24%
JP Morgan Chase Bank, Taipei Branch in Custody for Emerging Markets Growth Fund.	39,171,217	4.56%
Directorate General of Postal Remittance & Saving Banks	31,663,847	3.69%
Government Official Pension Fund Committee	31,464,590	3.67%
Nan Shan Life Insurance	12,029,845	1.40%
HSBC Bank, in Custody for Goldman Satche International Fund Inc.	11,180,824	1.30%
JP Morgan Chase Bank, in Custody for US Capital International Emerging Market Fund	9,339,819	1.09%
Central Trust of China in Custody for Bill Gates Westwood Global Fund.	9,120,000	1.06%
JP Morgan Chase Bank, in Custody for Standard Life Investments Ltd.	8,855,098	1.03%
JP Morgan Chase Bank, in Custody for Oppenheimer Fund	7,123,000	0.83%

3-5 Other Share Information

Unit:NT\$

Item		2002	2003	As of 2003/03/31
Market Price Per Share	Highest Market Price	74.00	60.00	69.00
	Lowest Market Price	50.50	38.70	54.00
	Average Market Price	61.20	48.50	62.70
Net Worth Per Share	Before Distribution	15.17	16.08	16.77
	After Distribution	13.64	16.08	-
Earnings Per Share	Weighted Average Shares	772,031,899	858,499,471	858,499,471
	Earning Per Share (Undiluted)	3.36	4.29	0.74
	Earning Per Share (Diluted)	3.02	4.29	-
Dividend Per Share	Cash Dividends	1.78 / Shares	(Note)	-
	Stock Dividends	1.12 / Shares	(Note)	-
	Stock Dividends from Retained Earnings	-	(Note)	-
	Stock Dividends from Capital Surplus	-	(Note)	-
	Accumulated Undistributed Dividends	-	(Note)	-
Return on Investm	Price / Earning Ratio	18.21	11.31	84.73
	Price / Dividend Ratio	34.38	-	-
	Cash Dividend Yield Rate	2.91%	-	-

Note:Subject to resolution of Annual Meeting of Shareholders



3-6 Dividend Policy and Profit Distribution

(1) Dividend Policy:

Annual Meeting of Shareholders on June 24th, 2003 approved the following:

The dividend policy shall be proposed by the Board of Directors in regard to current industry conditions, the company's future operations and investment plans. The proposed profit distribution will be in effect upon the approval of Annual Meeting of Shareholders. The directors' and supervisors' remuneration is set at 2% and employees' bonus may not be any less than 0.2% of net profit. The proportion of dividends paid out ranges from 80% to 100% of earnings, which deducted directors' & supervisors' remuneration and employees' bonus, with the remainder booked as undistributed earnings. Besides, cash dividend paid out ratio ranges from 50% to 80%. Dividend and bonus policies may be reviewed and adjusted as necessary, which will be in effect upon the approval of Annual Meeting of Shareholders.

(2) The Board of Directors on April 13th, 2004 adopted the proposal for year 2003 profit distribution, which will be effected upon the approval at Annual Meeting of Shareholders on June 29th 2004.:

- a) Total cash dividends to be paid out is NT\$2,266,438,603 (NT\$2.64 per share), to be distributed with the date proposed by the Board of Directors and upon the approval of Annual Meeting of Shareholders.
- b) Stock dividends to be paid out is NT\$566,609,650(issued 66 shares per thousand shares). The stock dividends are new rights issues and retain the same rights as original common shares. The ex-rights date will be proposed after the approval of Annual Meeting of Shareholders and the SEC.

3-7 Impact on Business Performance and EPS Resulting from Stock Dividend Distribution

According to Guidelines for Disclosure of Financial Forecasts by Public Companies, PCSC is not required to publically release a 2004 financial forecast.

3-8 Employees' Bonus and Directors' & Supervisors' Remuneration

- (1) According to PCSC's Articles of Incorporation, the total dividend is net profit after taxes, previous losses and 10% legal reserve, adjusted by any special reserve in shareholders' equity and retained earnings from the previous year. Profit distribution is proposed by the Board of Directors and effected upon the shareholders' approval at the Annual Meeting of Shareholders. The directors & supervisors remuneration is 2% and employees bonus is no less than 0.2% of net profit.
- (2) Year 2003 employees' bonus and directors' & supervisors' remuneration proposed by the Board of Directors states as follows:

	Proposed profit distribution on 2003 earnings
Employees' bonus	NT\$64,992,233
Directors' and Supervisors' Remuneration	NT\$64,992,233
EPS before bonus and remuneration	NT\$4.29
EPS after bonus and remuneration	NT\$4.14

2002 employees' bonus, directors' and supervisors' remuneration was as follows:

	Resolution of the Annual Meeting of Shareholders
Employees' bonus	NT\$47,989
Directors' and Supervisors' Remuneration	NT\$47,989
EPS before bonus and remuneration	NT\$3.36
EPS after bonus and remuneration	NT\$3.23

3-9 Buyback of Treasury Stock:None

4. Issuance of Corporate Bonds, Preference Shares, Global Depository Receipts, Employee Stock Option Plan, Mergers and Acquisitions

4-1 Corporate Bonds

Types of Corporate Bonds		First Corporate Bond Issuance	Second Corporate Bond Issuance
Issuing Date		2002/01/16 ~ 2002/01/18	2003/06/10 ~ 2003/06/13
Par Value		NT\$ 1 million	NT\$ 1 million
Issuance Location		-	-
Offering Price		Company bond issued at par value	Company bond issued at par value
Total Amount		Total amount of NT\$ 700 million divided into issuance of A, B, and C classes due to different issuance dates; total amount for issuance A is NT\$ 300 million, Issuance B and C is NT\$ 200 million each.	Total amount of NT\$ 1.5 billion divided into issuance of Aa, Ab, Ac, Ad, Ba, Bb, Bc classes due to different issuance dates; the amount for each issuance of Aa, Ab, Ac, Ad is NT\$ 200 million, Issuance Ba, Bb is 200 million each, Issuance Bc is 300 million .
Coupon Rate		2.8% p.a.	Issue A:1.4% Issue B:4% minus 6 months term LIBOR or 4% minus 180 days commercial interest rate, adjusted per six months.
Term		The terms of each class of corporate bond is 5 years, the issuance detailed as follow: Issue A:2002/01/16 ~ 2007/01/16 Issue B:2002/01/17 ~ 2007/01/17 Issue C:2002/01/18 ~ 2007/01/18	The terms of each class of corporate bond is 5 years, the issuance detailed as follow: Issue Aa, Ba:2003/06/10~2008/06/10 Issue Ab, Bb:2003/06/11~2008/06/11 Issue Ac, Bc:2003/06/12~2008/06/12 Issue Ad : 2003/06/13~2008/06/13
Guarantor		Issue A :China Development Industrial Bank Issue B&C :Chunglun Branch of the Bank of Taiwan	Issue A:Taipei Bank Issue B:Chunglun Branch of the Bank of Taiwan
Trustee		Grand Commercial Bank	Chinatrust Commercial Bank
Underwriter		None	None
Legal Counsel		Su Yan-Wei, Esq.	Su Yan-Wei, Esq.
Auditor		PriceWaterhouseCoopers: Accountants Lai, Chun-Tian & Yang Ming-Chu	PriceWaterhouseCoopers: Accountants Lai, Chun-Tian & Lin, Tong-Qiao
Repayment		Bullet	Bullet
Outstanding		NT\$ 700 million	NT\$ 1.5 billion
Redemption or Early Repayment Clause		None	None
Covenants		None	None
Credit Rating		None	None
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities as of Printing Date	None	None
	Conversion Right	None	None
Dilution Effect and Other Adverse Effects on Existing Shareholders from Bond Issuance, Conversion and Trading		None	None
Custodian		None	None

4-2 Preference Shares:None

4-3 Global Depository Receipts:None

4-4 Employee Stock Option Plan:None

4-5 Mergers and Acquisitions:None

III. OPERATIONAL HIGHLIGHTS

1. Business Activities

1-1 Business Scope

(1) Official Register Business Items

- a. Operation of convenience stores and supermarkets
- b. Specialty goods, tobacco, wine and grocery
- c. Photocopy, mail order, flower, phone card, cassette, video cassette, publication, newspaper and magazines as well as rental business.
- d. Consignment of cultural and sporting event tickets; public transportation ticket sales; classified advertisement, fax, inventory auditing services; sale of mobile phone hand-sets, pre-paid mobile phone card, CT2, pager and mobile phone service contracts.
- e. Toys, fertilizer, clocks and watches, glasses, photography equipment and film development. Stamps (not including postal services), coins, clothes, lights, bulbs and fluorescent tubes, potted plants, rice, cosmetics, video games, cassettes, models and targets.
- f. Medical equipment, kitchen & bathroom accessory, pens, stationary and office supplies.
- g. Leather goods (purses, briefcases, wallets and belts), accessories (neckties, tie bars, cuff links, suspenders, handkerchiefs, hats, sunglasses, watches, silk scarves and shawls).
- h. Deodorants, cleaners, foyer supplies, lavatory cleaning equipment sales and rental.
- i. Import and export, merchandise and mail order business of aforementioned products
- j. k. JA01010 Automotive repair services.
- k. JA01030 Automotive services.
- l. F214030 Automobile and motorcycle accessories and merchandise.
- m. G202010 Parking lot operation.
- n. IZ14011 Lottery ticket.
- o. JZ99050 Agency services.
- p. IZ99990 Other services (agent for school enrollment, application, ticket sales, receiving goods on behalf of customers and bills collection on behalf of other businesses).
- q. F401161 Importing of tobacco.
- r. F401171 Importing of liquor.
- s. Any business activity unless otherwise restricted by law.

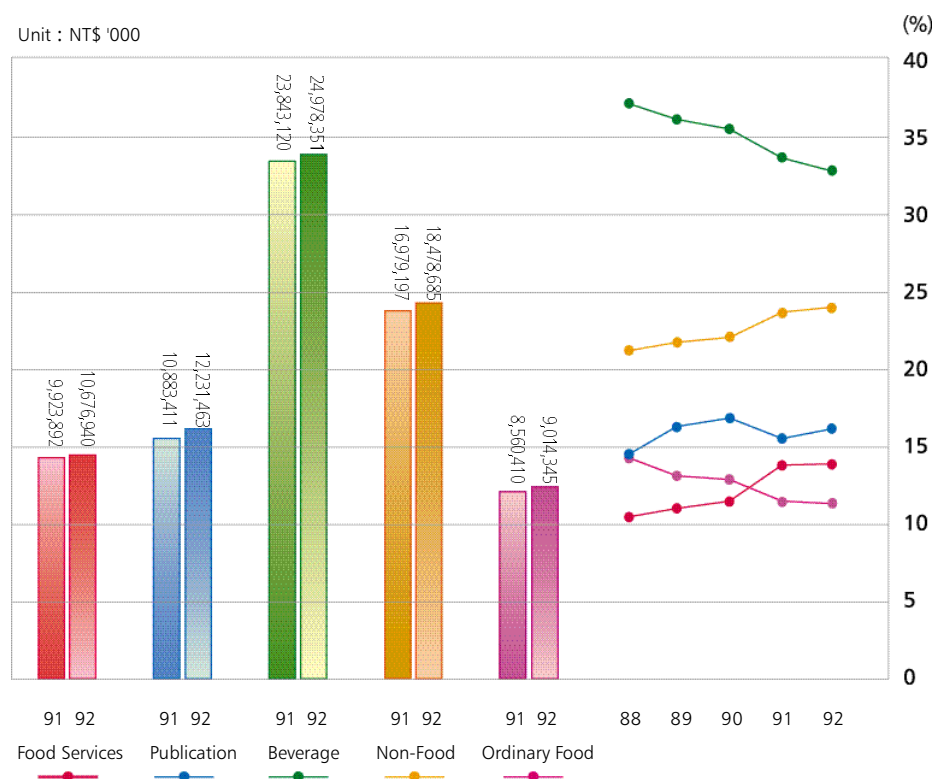


(2) Sales Breakdown by Categories in Year 2002 & 2003

Unit: NT\$ '000

Product Category	2002		2003	
	Amount	%	Amount	%
Food Services	9,923,892	14.07%	10,676,940	14.09%
Publication	10,883,411	15.43%	12,231,463	16.14%
Beverage	23,843,120	33.81%	24,978,351	32.97%
Non-Food	16,979,197	24.08%	18,478,685	24.39%
Ordinary Food	8,560,410	12.14%	9,014,345	11.90%
Others	330,782	0.47%	388,413	0.51%
Gross Sales	70,520,812	100.00%	75,768,197	100.00%
Sales Discount	(9,427)	-	(23,716)	-
Net Sales	70,511,385	-	75,744,481	-
Other Operating Sales	1,503,376	-	1,890,009	-
Total Sales	72,014,761	-	77,634,490	-

Unit : NT\$ '000



(3) New Product Development

In accordance to PCSC's mission to meet customers' needs and create brand value, we provide best services 24 hours a day, 365 days a year with solid logistics and fresh food production. Based on the core value of convenience and aim to be a community service center, our services cover fresh food, general merchandise, agency services, photocopy, ATM financial services and parcel delivery services. For the year of 2004, our main business focus will be on enhancing the fresh food category with main products such as "Super Citizen Lunch Box", "Hamburger King", "S.H.E. Gourmet Foods" and "Royal Dinner Cuisine".

Riding on the sensational success of our "Citizen Lunch Box" in 2002 and "New Citizen Lunch Box" in 2003; we will formally introduce a "Super Citizen Lunch Box" in 2004 based on the dual satisfaction concept. Aside from the value-added of "Citizen Lunch Box", we will further emphasize "two main dishes with more vegetables" to satisfy our customers. We believe that our product quality, superb taste and product refinements will be key factors that will attract customers.

Hamburgers can be viewed as the most symbolic of general western food in Taiwan. Currently, many of local fast food restaurants do not have a nation-wide presence, do not operate 24-hours a day, do not offer hamburgers around the clock in the day and do not offer full product range. As PCSC introduces "Hamburger King", we will not only be the benchmark of the fast-food business in terms of taste and quality, but also provide nation-wide presence, 24-hour availability that provides customers more convenient and wider variety of product range.

PCSC will introduce the gourmet food products endorsed by the popular S.H.E., a well-known teen idol group in Taiwan. We will bring together 10 large food manufacturers and work under a manufacturing-sales alliance on this new project that encompasses eight product categories and 26 product items. We expect this new gourmet food series will attract a large following of S.H.E. fans. Going forward, PCSC plans to develop other products with other pop-media icons in order to provide products that meet the demands of different customers.

"Royal Dinner Cuisine" will be the main focus of our fresh food category in 2004. Our R&D team has selected 30 famous dishes from the hundreds that they had tasted. Being in development for more than a year, these products will be introduced according to consumer preferences and seasonal trends. Furthermore, no MSG is added during any part of the production process, thus providing customers a healthy alternative.

1-2 Industry Highlights

The overall economic trend and employment situation began to improve in 2003, thus generating stronger domestic consumption. In 2003, general merchandise retail sales reached NT\$644.8 billion, which was 3.53% YoY growth. Except for the department store sector showing negative growth, supermarkets, convenience store chains and hypermarts showed strong growth, especially strong in convenience store sector. Total convenience store sector sales reached NT\$153.8 billion, which grew 8.48% YoY, and accounted for 23.85% of general merchandise retail sales. Main convenience store operators' store information for this year:



Operators	PresidentChain Store	Family Mart	Hi-Life	OK	Nikko Mart	SJ Express	Others(4 smaller chains)	Total stores
Number of Stores	3,470	1,500	942	743	331	214	313	7,513

1-3 Research and Development

- (1) PCSC completed its cooperative research and development of the first phase POS system in 1996 as an effort to better utilize consumer data thus enhancing distribution network to maintain competitiveness. In 2001, President Technology Co. Ltd. was formed to continue research and development of POS system applications. President Technology completed its development on phase two of the POS system (POS II) and expects to completely implement the new system by August 2004. POS II is more efficient in information gathering and will provide real-time inventory and sales information on an hourly basis, provide weather information four times a day and deliver multi-media product information on a centralized basis. These characteristics shall quickly reflect consumer demands and improve operating efficiency.
- (2) PCSC has invested a total of NT\$773.6 million on POS II equipment, research and development in 2003. The company has invested a further NT\$450.4 million by April 30, 2004.

1-4 Short-term and long-term operating plans

(1) Short-term operating focus

Further implement PCSC group's strategic development and operation, integrate group resources
 Proactively develop various types of power centers (such as in hospitals, tourist areas, transportation hubs, and college campus areas)
 Enhance store quality and implement item by item management to improve gross margins
 Accelerate communication and workflow between store and area consultants to improve store efficiency and guidance
 Continue improving and create differentiation to increase leadership gap and profitability
 Implement layout quality and workflow and create new store layout plans
 Implement supply chain quality control mechanism
 Enhance brand management and marketing strategy to further impress on communication with customers
 Full implementation of POS II system

(2) Long-term operating focus

Back to basic on convenience store operating principles to improve single store operating efficiency
 Create brand value and continue developing differentiating products and services to become the most convenient, warm and safe community service center
 Implement store innovation and enhance IT efficiency to improve core operating competitiveness
 Continue creating, sharing, excelling by leveraging on the Group's resources
 Fully utilize PCSC group's competencies, continue to introduce leading international brands and expand into retail market in Mainland China



2. Market Analysis and Merchandise

2-1 Market Analysis

(1) Main product (services) sales areas:

Due to rapidly changing market environment, PCSC will continuously develop new products and services to enhance convenience as the main consumption concept. Future operational focus will be on creating product differentiation and elevating brand value. These focuses include introduction of new fresh food products, satisfying ever-changing consumer tastes, improvement in service quality, expanding bill collecting services and financial services to save time for busy consumers, and creating a rich virtual shopping mall to allow boundary-less consumption. Combining retail operations with financial services, information technology and general consumption, we strive to develop a wholesome community service center that operates 24 hours a day, 365 days per year while providing warm, convenient and safe services.

As of year-end 2003, PCSC has 3,470 stores throughout Taiwan and off-shore islands. We are proactively developing power centers – new retail spaces that combine affiliate retail operations, such as the Dong Shan rest stop, Ching-Chin recreational area, Kaohsiung Train Station. Future focus will be on developing similar complexes in schools, hospitals, recreational areas, art centers, and business districts.

(2) Market share analysis and industry outlook:

a. Market share

In terms of store numbers, PCSC has a 46% market share in the convenience store sector as of year-end 2003. PCSC is the leader in the sector and the leading consumer brand.

b. Industry outlook

The retail sector faced many significant transitions in 2003, such as the introduction of new retail format, new modes of operation, industry consolidation and competition. Furthermore, the increasing proportion of consumers dining-out pushes forth demand for better services, products and quality. The appearance of large scale transportation has lead the way to expand logistics. The rise of e-commerce has brought greater opportunities in virtual retailing: all of those provide growth drivers for the convenience store industry.

(3) Competition and competitive advantages:

Even as the retail industry in Taiwan undergoes rapid changes with the introduction of new retail format and increasing competition, convenience stores now face competition on all fronts from various types of competitors. PCSC is confident in its solid strides going forward, combining the following competitive advantages to develop the business:

Strong brand image: PCSC is proud of its upright management style which attracts customers with solid operations, quality products and services, contributing to strong customer loyalty.

Leader of new lifestyle trends: PCSC actively seeks to create new products and services and continually introduces high quality, convenient and satisfactory products that lead consumer behavior and lifestyles.

Differentiated store expansion: actively expand into areas that still have inconvenience, shorten PCSC's distance to the consumer to provide convenience every second and every minute.

Solid network structure: with 3,500 retail stores across Taiwan and off-shore islands, PCSC is the only retail operation with the most number of automatic-teller machines (2,000 ATMs), which provides total satisfaction for consumers needs.

Advanced and complete information system:After investing NT\$4 billion to develop the POS II information system, PCSC will benefit from a complete information infrastructure to help improve single store operating efficiency and satisfy consumers' needs for convenience.

Professional management capabilities:PCSC has the most complete retail supply chain from product design, development, production, distribution to sales, which is meticulously managed by our solid management team.

Rich group resources:With vertically and horizontally integrated business affiliates that share the group's resources, PCSC group is able to reduce overall operating costs and enhance operating advantages.

PCSC will fully utilize the culmination of its retail business knowledge, leveraging on its healthy franchise infrastructure, excellent product development, highly efficient operations support system, efficient logistics, world-class information system and solid, honest management style to continue fostering core operation growth and new opportunities.



(4) Advantages and disadvantages to future development

a. Advantages

- Strong brand recognition and corporate image
- High market share and excellent distribution network
- Solid financial performance, rich funding and solid management
- Active research and development in products, services and systems
- Benefits of POS II application going forward
- Development of new retail centers
- Resource sharing among group affiliates
- A continually learning and creative organization
- Consumers' increasing reliance on convenience
- Emergence of gender specific market opportunities such as products catered to women
- Strong potential in recreational markets
- Synergy between physical and virtual retail distribution and development
- Pre-order market opportunities coupled with home delivery services
- Alliance with other corporation for future development

b. Disadvantages

- Migration of consumers to mainland China
- Television shopping channel and web retailers increasingly gain acceptance
- Competitors are quick to follow
- Potential threat from mass infectious diseases



c. Growth Strategy

PCSC's main short-term strategy is to deeply embed the corporation in the Taiwan retail market and begin to invest in other regions globally. PCSC will fully utilize the culmination of its retail business knowledge, leveraging on its healthy franchise infrastructure, excellent product development, highly efficient operations support system, efficient logistics, world-class information system and solid, honest management style to continue fostering core operation growth and new retail opportunities globally.

2-2 Customer Applications and Production

(1) Customer Application: daily necessity goods

(2) Production: None.

2-3 Major Raw Material Supply: NA

2-4 Information of Purchases and Sales over 10% of Net Sales

(1) List of Customers Who Have Purchase over 10% of Net Sales in Last Two Years:

PCSC is type of daily retail business and customers are general public.

(2) List of Suppliers Who Have Transaction Amount over 10% of Net Sales in Last Two Years:

a) List of suppliers who have amount over 10% of net sales:

Unit: NT\$ '000

Name of Suppliers	2002		2003	
	Amount	%	Amount	%
Retail Support International Corp.	31,875,551	63.1%	35,110,524	64.1%
Uni-President Cold-Chain Corp.	7,582,428	15.0%	9,714,506	17.7%

b) Special Note: variation not over 10%

2-5 Production over the Last Two Years: N/A

2-6 Merchandise Sales over the Last Two Years: Please refer to p.19 Sales Breakdown by Categories in Year 2002 & 2003.

3. Personnel Information

Year		2002	2003	As of 2004/04/30
Number of Employees	Store	1,975	1,961	1,805
	Headquarter	1,298	1,346	1,249
	Part-time	2,283	2,156	2,231
	Total	5,556	5,463	5,285
Average Age		26	27	27
Average Years of Services		4.4 years	4.4 years	4.5 years
Education Level by Percentage (%)	Ph. D.	-	-	-
	Master	2.7	3.3	3.6
	Bachelor	39.6	41.0	44.4
	High School	56.8	55.1	51.0
	Others	0.9	0.6	1.0

4. Environmental Protections

4-1 Company Environmental Policy

PCSC is engaged in daily necessity and grocery retail business. Any perished goods are disposed in compliance with relevant regulation and follow the recycle procedures.

4-2 Environmental Protection & Expenditures

From year 2003 and as of April year 2004, some stores have violated the regulation of noise pollution control and waste disposal management. Total fines for each period are NT\$ 272,000 and NT\$ 159,000.

Unit:NT\$ '000

Year / Item	Pollution Violations	Total Fines
2003	Noise pollution control and waste disposal management	272
As of 2004/04/30	Noise pollution control and waste disposal management	159

4-3 Improvement:All the stores are request and completed standards in compliance with Taiwan Environmental Protection Regulation.

5. Employee Relations

5-1 Employee Benefits

(1) Integrated human resources:

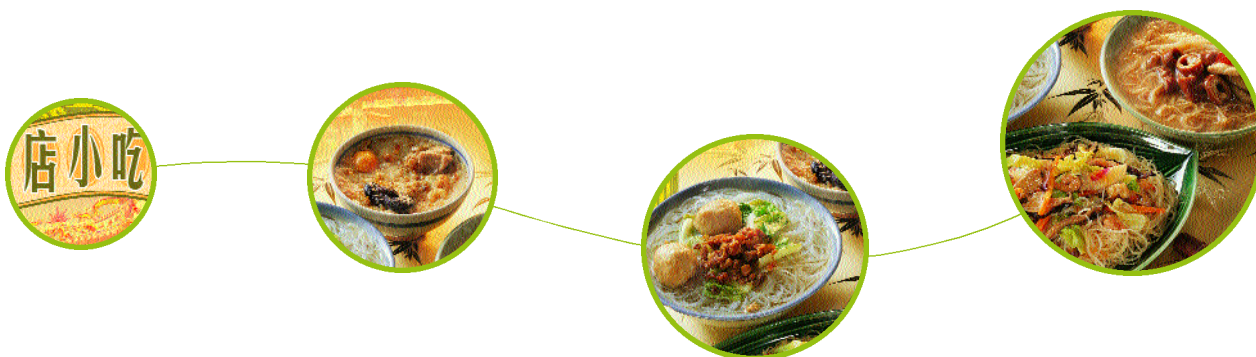
PCSC and its affiliates are continually revising and reviewing related human resources policies in order to build a fair, reasonable environment for the Group employees' career development.

(2) Comprehensive employee benefits:

As of Dec. 21, 1987, by the decree of Taipei Municipal Social Services Office, an Employee Benefits Committee was established with regularly scheduled events and meetings. The committee also provides benefits such as health check-ups and on-the-job training for employees. Employee benefits that PCSC provides include benefit package options, off-site for senior employees, health check-ups, financial trust services, community groups, library, group purchase benefits, wedding and funeral allowance, paid maternity leave, women-only employee dormitory, group insurance, employee travel allowance and other benefits as provided by the Benefits Committee.

(3) Integration of training resources:

PCSC has established a "PCSC Group Training Program", organized by Capital Inventory Service and Management Corporation. The program is divided into six major sections:customer service, foreign language, professional skills, logistics management, leadership training and basic employee training. PCSC hopes to provide its Group companies professional training courses to foster future management and employee self-satisfaction from goal actualization.



(4) Special Franchise Program

PCSC has provided an incentive program for employees to become franchisees with special benefits programs.

(5) Safe and Secure Working Environment:

PCSC provides employees a safe and secure working environment for employees of both sexes, thus eliminating work place safety concerns.

(6) Retirement Plan:

PCSC's retirement plan is in compliance with local labor laws and applies to all formally hired employees. The plan begins on employees' official employment date, with 15 years (inclusive) seniority will use one year as calculation basis. Employee with less than six months employment will be counted on a half year basis while those employed over six months will be counted on a one year basis, with the highest possible accrual basis at 45 accrual basis. Employee retirement payout will depend on the length of employment and the average month salary prior to retirement.

5-2 Employee Relations**(1) Open Communication Channel:**

Aside from the service center and the email suggestion box to answer employees' questions, PCSC established a web-based discussion area to serve as a communication bridge amongst all employees.

(2) Labor Negotiations:

PCSC has always valued its human resources as the most significant asset, and has worked to combine the company and employees' visions. PCSC understands the importance of employees' career development goals and works toward maintaining good relations with its employees. Employee relations have been well-balanced at PCSC.

(3) Losses as a result of labor disputes:None**6. Important Contracts**

As of 2004/04/30

Contract Type	Contracting Party	Term of Agreement	Summary	Restrict Clause
Area Licensing Agreement	7-ELEVEn Inc.	2000/07/20~Perpetual	1.PCSC is authorized by 7-ELEVEn Inc. with the special right to operate "convenience chain store" business in the licensed area, and right to use 7-ELEVEn franchise systems, logos, business know-how, trademarks and services. 2.PCSC shall pay royalty fees to 7-ELEVEn Inc. with % of sales states in the contract in monthly basis.	PCSC is obligated to well manage and operating the convenience store business within the authorized area. PCSC is not allowed to operate the convenience store business outside the authorized area and operate convenience store business within one-year after terminating the contract.
Long-Term Debt	Bank of Taiwan	2002.01.17~2007.01.18	NT\$ 400 million corporate bond endorsement	None
Long-Term Debt	China Development Industrial Bank	2002.01.16~2007.01.16	NT\$ 300 million corporate bond endorsement	None
Long-Term Debt	Bank of Taiwan	2003.06.10~2008.06.12	NT\$ 700 million corporate bond endorsement	None
Long-Term Debt	Taipei Bank	2003.06.10~2008.06.13	NT\$ 800 million corporate bond endorsement	None
Long-Term Debt	Bank of Taiwan	2003.06.02~2005.06.02	NT\$ 300 million credit loan	None
Long-Term Debt	Taipei Bank	2003.04.25~2005.04.24	NT\$ 500 million credit loan	None
Long-Term Debt	The Shanghai Commercial & Saving Bank	2002.07.21~2004.07.20	NT\$ 400 million credit loan	None
Long-Term Debt	Chinatrust Commercial Bank	2001.05.30~2004.07.31	NT\$ 500 million credit loan	None
		2003.01.24~2005.01.24	NT\$ 300 million credit loan	None
Long-Term Debt	Taishin International Bank	2002.12.19~2004.12.31	NT\$ 300 million credit loan	None
		2003.04.15~2004.12.31	NT\$ 180 million credit loan	None
Long-Term Debt	E.Sun Commercial Bank	2003.08.28~2006.08.28	NT\$ 300 million credit loan	None
Long-Term Debt	Citi Bank	2003.09.05~2005.09.05	US\$ 8 million credit loan	None
Long-Term Debt	Cathay United Bank	2003.04.17~2006.04.17	NT\$ 300 million credit loan	None
Long-Term Debt	Hua Nan Commercial Bank	2004.03.19~2006.03.19	NT\$ 500 million credit loan	None
Long-Term Debt	The International Commercial Bank of China	2003.09.20~2005.09.19	NT\$ 500 million credit loan	None

7. Litigation Proceedings:None

8. Acquisition or Disposal of Assets

8-1 Acquisition of Assets

Unit:NT\$ '000 / As of 2004/04/30

Name of Marketable Securities	Acquisition Date	Price	Counterparties	Relation	Purpose
Name of the Company : President Chain Store Corp.					
Asia Pacific Bond Fund	92.01~92.03	314,900	Asia Pacific Securities Investment Trust Co. Ltd.	None	Short-Term Investment
JF (Taiwan) Bond Fund	92.01~93.04	4,335,000	Jardine Fleming Investment Trust Co. Ltd.	None	Short-Term Investment
Polaris De-Li Fund	92.01~93.03	800,000	Polaris International Securities Investment Trust Co. Ltd.	None	Short-Term Investment
James Bond Fund	92.01~93.02	4,334,000	President Investment Trust Corp.	None	Short-Term Investment
President Home Run Bond Fund	92.01~92.07	8,662,000	President Investment Trust Corp.	None	Short-Term Investment
NITC Bond Fund	92.01~93.01	3,296,000	National Investment Trust Co. Ltd.	None	Short-Term Investment
Trustwell Dashin Bond Fund	92.02~92.04	309,000	Trustwell Securities Investment Trust Co. Ltd.	None	Short-Term Investment
TIIM Bond Fund	92.02~93.04	675,000	Taiwan International Investment Management Co. Ltd.	None	Short-Term Investment
JTH Sun Bond Fund	92.01~93.04	1,390,000	Jih Sun Securities Investment Trust Co. Ltd.	None	Short-Term Investment
Cathay Bond Fund	92.03~93.04	555,000	Cathay Investment Trust Co. Ltd.	None	Short-Term Investment
ShinKong Chi-Shin Fund	92.04~93.04	4,539,000	ShinKong Investment Trust Co. Ltd.	None	Short-Term Investment
JF (Taiwan) First Bond Fund	92.08~92.10	635,000	Jardine Fleming Investment Trust Co. Ltd.	None	Short-Term Investment
The Forever Fund	92.07~93.02	350,000	Reliance Securities Investment Trust Co. Ltd.	None	Short-Term Investment
United Taiwan Bond Fund	92.11~93.02	1,450,000	UBS Global Asset Management (Taiwan) Ltd.	None	Short-Term Investment
Union Bond Fund	92.03~93.04	1,460,000	Union Securities Investment Trust Co. Ltd.	None	Short-Term Investment
Ta Chong Bond Fund	92.12~93.04	600,000	Ta Chong Investment Trust Corp.	None	Short-Term Investment
Dresdner Taiwan Dam Fund	92.10~93.02	400,000	Allianz Dresdner Securities Investment Consulting Co. Ltd.	None	Short-Term Investment
Grand Cathay Bond Fund	92.04~93.04	680,000	Grand Cathay Investment Management Co. Ltd.	None	Short-Term Investment
Ren-Hui Investment Corp.(Note 1)	92.12	690,037	Major Shareholder	None	Long-Term Investment
Sub-total		34,974,937			
Name of the Company : Retail Support International Corp.					
President Home Run Bond Fund	92.01~92.07	3,341,500	President Investment Trust Corp.	None	Short-Term Investment
James Bond Fund	92.01~93.04	5,110,408	President Investment Trust Corp.	None	Short-Term Investment
NITC Bond Fund	92.01~93.04	2,774,249	National Investment Trust Co. Ltd.	None	Short-Term Investment
Ta Chong Bond Fund	92.05~93.04	4,140,425	Ta Chong Investment Trust Corp.	None	Short-Term Investment
Sub-total		15,366,582			
Name of the Company : Wisdom Distribution Service Corp.					
Union Bond Fund	92.01~93.04	1,452,000	Union Securities Investment Trust Co. Ltd.	None	Short-Term Investment
James Bond Fund	92.01~92.08	355,000	President Investment Trust Corp.	None	Short-Term Investment
ABN Amro Bond Fund	92.01~93.04	1,429,004	ABN Amro Asset Management Taiwan Ltd.	None	Short-Term Investment
JTH Sun Bond Fund	92.02~93.04	957,000	Jih Sun Securities Investment Trust Co. Ltd.	None	Short-Term Investment
Barits Bond Fund	92.03~93.04	979,000	Barits Securities Investment Trust Co. Ltd.	None	Short-Term Investment
Sub-total		5,172,004			
Name of the Company : President Musashino Corp.					
President Home Run Bond Fund	92.01~92.09	1,359,652	President Investment Trust Corp.	None	Short-Term Investment
James Bond Fund	92.01~92.09	1,699,653	President Investment Trust Corp.	None	Short-Term Investment
Sub-total		3,059,306			
Name of the Company : Uni-President Cold Chain Corp.					
James Bond Fund	92.01~93.04	2,401,000	President Investment Trust Corp.	None	Short-Term Investment
The First Global Investment Trust Duo Li-2 Bond Fund	92.01~93.04	696,000	First Global Investment Trust Co. Ltd.	None	Short-Term Investment
Prudential Bond Fund	92.01~93.04	597,000	Prudential Financial Securities Investment Trust Enterprise	None	Short-Term Investment
Ta Chong Bond Fund	92.01~93.04	655,000	Ta Chong Investment Trust Corp.	None	Short-Term Investment
JTH Sun Bond Fund	92.08~93.04	460,000	Jih Sun Securities Investment Trust Co. Ltd.	None	Short-Term Investment
TIIM Bond Fund	92.05~93.04	520,000	Taiwan International Investment Management Co. Ltd.	None	Short-Term Investment
Sub-total		5,329,000			
Name of the Company : Mech-President Corp.					
James Bond Fund	92.07~93.04	537,000	President Investment Trust Corp.	None	Short-Term Investment
Sub-total		537,000			
Name of the Company : Ren-Hui Investment Corp.					
Tonpal Optoelectronics Inc.		690,037	President Chain Store Corp.	Parent Company	Long-Term Investment
Sub-total	92.12	690,037			

Note 1: Disposal Price is capitalized into Ren-Hui's capital.

8-2 Disposal of Assets

Unit:NTD\$ '000 / As of 2004/04/30

Name of Marketable Securities	Acquisition Date	Disposal Date	Ending Balance	Disposal Price	Gain (Loss) from Disposal	Counterparties	Relation
Name of the Company : President Chain Store Corp.							
Asia Pacific Bond Fund	92.01~92.03	92.01~92.03	0	315,802	182	Asia Pacific Securities Investment Trust Co. Ltd.	None
JF (Taiwan) Bond Fund	92.01~93.04	92.01~93.04	200,000	4,356,753	21,696	Jardine Fleming Investment Trust Co. Ltd.	None
Polaris De-Li Fund	92.01~93.03	92.01~93.03	0	800,467	467	Polaris International Securities Investment Trust Co. Ltd.	None
James Bond Fund	92.01~93.02	92.01~93.04	0	4,336,616	2,616	President Investment Trust Corp.	None
President Home Run Bond Fund	92.01~92.07	92.01~92.07	0	8,668,477	6,477	President Investment Trust Corp.	None
NITC Bond Fund	92.01~93.01	92.01~93.01	0	3,299,375	3,375	National Investment Trust Co. Ltd.	None
Trustwell Dashin Bond Fund	92.02~92.04	92.02~92.04	0	309,199	199	Trustwell Securities Investment Trust Co. Ltd.	None
TIIM Bond Fund	92.02~93.03	92.02~93.03	100,000	575,544	544	Taiwan International Investment Management Co. Ltd.	None
JTH Sun Bond Fund	92.01~92.08	92.01~92.08	200,000	931,147	1,147	Jih Sun Securities Investment Trust Co. Ltd.	None
Cathay Bond Fund	92.03~93.03	92.03~93.03	200,000	395,202	202	Cathay Investment Trust Co. Ltd.	None
ShinKong Chi-Shin Fund	92.04~93.04	92.04~93.04	0	4,543,295	4,186	ShinKong Investment Trust Co. Ltd.	None
JF (Taiwan) First Bond Fund	92.08~92.10	92.08~92.10	0	635,238	238	Jardine Fleming Investment Trust Co. Ltd.	None
The Forever Fund	92.07~93.02	92.07~93.02	0	350,484	484	Reliance Securities Investment Trust Co. Ltd.	None
United Taiwan Bond Fund	92.11~93.02	92.11~93.02	0	1,450,480	480	UBS Global Asset Management (Taiwan) Ltd.	None
Union Bond Fund	92.03~93.03	92.03~93.03	130,000	1,131,102	1,102	Union Securities Investment Trust Co. Ltd.	None
Ta Chong Bond Fund	92.12~93.03	92.12~93.03	150,000	450,297	297	Ta Chong Investment Trust Corp.	None
Dresdner Taiwan Dam Fund	92.10~93.02	92.10~93.02	200,000	400,214	214	Allianz Dresdner Securities Investment Consulting Co. Ltd.	None
Grand Cathay Bond Fund	92.04~93.03	92.04~93.03	0	480,445	445	Grand Cathay Investment Management Co. Ltd.	None
Tonpal Optoelectronics Inc. (Note 1)	88.12	92.12	29,896,550	690,037	-	Ren-Hui Investment Corp.	Long-Term Investment
Sub-total			31,076,550	34,120,174	44,351		
Name of the Company : Retail Support International Corp.							
President Home Run Bond Fund	92.01~92.07	92.01~92.07	0	3,629,417	1,659	President Investment Trust Corp.	None
James Bond Fund	92.01~93.03	92.01~93.03	9,500	5,261,599	2,460	President Investment Trust Corp.	None
NITC Bond Fund	92.01~93.04	92.01~93.04	4,019	2,897,653	1,442	National Investment Trust Co. Ltd.	None
Ta Chong Bond Fund	92.05~93.04	92.06~93.04	0	4,088,506	1,763	Ta Chong Investment Trust Corp.	None
Sub-total			13,519	15,877,175	7,324		
Name of the Company : Wisdom Distribution Service Corp.							
Union Bond Fund	92.01~93.04	92.01~93.04	72,000	1,424,439	1,439	Union Securities Investment Trust Co. Ltd.	None
James Bond Fund	92.01~92.08	92.01~92.08	0	404,548	548	President Investment Trust Corp.	None
ABN Amro Bond Fund	92.01~93.04	92.02~93.04	24,000	1,377,460	1,328	ABN Amro Asset Management Taiwan Ltd.	None
JTH Sun Bond Fund	92.02~93.04	92.04~93.04	0	1,248,564	1,191	Jih Sun Securities Investment Trust Co. Ltd.	None
Barits Bond Fund	92.03~93.04	92.05~93.04	72,000	718,897	897	Barits Securities Investment Trust Co. Ltd.	None
Sub-total			168,000	5,173,908	5,403		
Name of the Company : President Musashino Corp.							
President Home Run Bond Fund	92.01~92.09	92.01~92.09	0	1,662,153	2,501	President Investment Trust Corp.	None
James Bond Fund	92.01~92.09	92.01~92.09	0	1,702,180	2,527	President Investment Trust Corp.	None
Sub-total			0	3,364,333	5,028		
Name of the Company : Uni-President Cold Chain Corp.							
James Bond Fund	92.01~93.04	92.01~93.04	0	2,564,574	2,928	President Investment Trust Corp.	None
The First Global Investment Trust Duo Li-2 Bond Fund	92.01~93.04	92.01~93.04	10,095	686,301	396	First Global Investment Trust Co. Ltd.	None
Prudential Bond Fund	92.01~92.07	92.01~92.07	30,000	567,332	332	Prudential Financial Securities Investment Trust Enterprise	None
Ta Chong Bond Fund	92.01~93.03	92.01~93.03	30,000	625,391	391	Ta Chong Investment Trust Corp.	None
JTH Sun Bond Fund	92.08~93.04	92.08~93.04	0	560,261	261	Jih Sun Securities Investment Trust Co. Ltd.	None
TIIM Bond Fund	92.05~93.04	92.05~93.04	5,080	515,218	298	Taiwan International Investment Management Co. Ltd.	None
Sub-total			75,175	5,459,077	4,606		
Name of the Company : President Chain Store (BVI) Corp.							
President Coffee (Cayman) Holdings Ltd.	89.07	92.06	1,480,000	9,468,000	8,686,000	Starbucks Corporation (US)	Area Licensing Agreement
Sub-total			1,480,000	9,468,000	8,686,000		

Note 1 : Disposal Price is capitalized into Ren-Hui's capital.

IV. CAPITAL PROJECTION AND IMPLEMENTATION

1. Capital Projection

Information of incomplete share issuance or private placement or capital projection has not been effectively in the past three years:None.

2. Status of Implementation

By the end of first quarter, year 2003, the status of implementation : None.



V. FINANCIAL INFORMATION

1. Condensed Balance Sheet and Income Statement

1-1 Condensed Balance Sheet

Unit::NT\$ '000

Year / Item		Five Years Balance Sheet Summary (Note 1)					As of 2004/03/31 (Note 1)
		1999	2000	2001	2002	2003	
Current Assets		\$5,643,427	\$ 5,254,155	\$ 7,030,734	\$ 4,227,259	\$ 6,583,792	\$ 5,894,898
Long-Term Investments		2,517,858	6,164,126	7,712,817	12,693,029	12,788,841	13,286,243
Fixed Assets		5,712,483	5,919,020	6,090,404	6,438,890	6,833,018	6,910,914
Intangible Assets		-	-	-	-	-	-
Other Assets		553,334	630,801	697,004	1,462,411	1,634,198	1,777,684
Total Assets		14,427,102	17,968,102	21,530,959	24,821,589	27,839,849	27,869,739
Current Liabilities	Before Distribution	5,856,109	6,912,483	8,047,110	9,168,310	10,428,885	9,818,290
	After Distribution	6,494,536	7,579,046	8,860,337	10,128,964	Note 2	Note 2
Long-Term Debt		-	1,204,415	2,400,000	2,700,000	2,200,000	2,200,000
Other Debt		958,087	1,053,077	1,134,103	1,244,322	1,404,175	1,450,300
Total Liabilities	Before Distribution	6,814,196	9,169,975	11,551,213	13,112,632	14,033,060	13,468,590
	After Distribution	7,452,623	9,836,538	12,394,440	14,073,286	Note 2	Note 2
Common Stock		5,164,157	6,031,735	6,936,495	7,720,319	8,584,995	8,584,995
Capital Reserve		50,071	74,871	73,005	308	-	-
Retained Earnings	Before Distribution	2,398,678	2,653,517	2,882,998	3,917,335	5,193,144	5,825,907
	After Distribution	892,673	1,082,194	1,255,947	2,956,681	Note 2	Note 2
Unrealized Loss from Long-Term Investment		-	-	-	-	-	-
Transaction Adjustment		-	38,004	87,248	70,995	28,650	(9,753)
Total Equity							
	Before Distribution	7,612,906	8,798,127	9,979,746	11,708,957	13,806,789	14,401,149
	After Distribution	6,974,479	8,131,564	9,136,519	10,748,303	Note 2	Note 2

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2004 is reviewed by External Auditors.

Note 2: As of printing date, year 2003 profit has not yet been resolved by Annual Meeting of Shareholders.



1-2 Condensed Income Statement

Unit: NT\$ '000 (EPS=NT\$)

Year Item	Five Years Income Statement Summary (Note 1)					As of
	1999	2000	2001	2002	2003 (Note 2)	2004/03/31 (Note 1)
Net Sales	\$49,719,254	\$57,282,098	\$64,787,924	\$72,014,761	\$77,634,490	\$ 19,473,459
Gross Profit	14,654,121	17,359,058	19,237,510	21,328,689	23,144,818	5,593,971
Operating Income	1,520,281	2,242,278	2,390,722	2,948,625	3,094,278	626,959
Non-Operating Income	750,638	798,747	693,640	582,938	1,171,045	230,718
Non-Operating Expenses	106,147	606,399	685,988	440,495	330,591	71,389
Income from Continuing Operations before Income Taxes	2,164,772	2,434,626	2,398,374	3,091,068	3,934,732	786,288
Income from Continuing Operations	1,674,692	1,785,644	1,842,748	2,572,451	3,681,606	632,763
Extraordinary Profit (Loss)	-	-	-	-	-	-
Transaction Adjustment	-	-	-	19,889	-	-
Net Income	1,674,692	1,785,644	1,842,748	2,592,340	3,681,606	632,763
EPS (NT\$)						
Undiluted	3.24	2.96	2.66	3.36	4.29	0.74
Diluted	2.17	2.31	2.39	3.02	4.29	-

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2004 is reviewed by External Auditors.

Note 2: As of printing date, year 2003 profit has not yet been resolved by Annure Meeting of Shareholders.

1-3 Auditors' Opinion in Recent Five Years

Year	Audit Firm	Name of CPA		Auditors' Opinion
1999	Price Waterhouse Coopers	Huang, Ming-Yu	Yang, Ming-Chu	Unqualified
2000	Price Waterhouse Coopers	Lai, Chun-Tien	Yang, Ming-Chu	Modified Unqualification
2001	Price Waterhouse Coopers	Lai, Chun-Tien	Yang Ming-Chu	Modified Unqualification
2002	Price Waterhouse Coopers	Lai, Chun-Tien	Yang, Ming-Chu	Modified Unqualification
2003	Price Waterhouse Coopers	Lai, Chun-Tien	Lin, Tong-Qiao	Modified Unqualification
2004.1Q	Price Waterhouse Coopers	Lai, Chun-Tien	Lin, Tong-Qiao	Opinion Reserve (Note 1)

Note 1: The opinion was reserved due to the profit and loss in "long term investment" not audited by the same auditing firms. Items are only reviewed and provided by Company's subsidiaries.

Note 2: The total non-auditing fee paid to External Auditors in Year 2003 was NT\$ 440,000. The payments are mainly for business registration fee and tax rebate application fee.

1-4 External Auditors Rotation in Recent Five Years

Due to the job rotation in PriceWaterhouseCoopers Taiwan, External Auditors had been replaced by Lai, Chun-Tien and Lin, Tong-Qiao since year 2003.

2. Financial Analysis

Unit: NT\$ '000 (EPS=NT\$)

Item / Year		Five Years Financial Analysis (Note 1)					As of
		1999	2000	2001	2002	2003	2004/03/31 (Note 1)
Capital Structure Analysis	Debts Ratio (%)	47.23	50.16	53.65	52.83	50.41	48.33
	Long-Term Capital to Fixed Assets (%)	133.27	168.99	203.27	223.78	234.26	240.22
Liquidity Analysis	Current Ratio (%)	96.37	74.86	87.70	46.11	63.13	60.04
	Quick Ratio (%)	60.19	37.92	51.29	17.96	36.30	32.94
	Times Interest Earned Ratio	84.67	63.63	18.93	38.23	50.80	43.74
Operating Performance Analysis	Average Account Receivable Turnover Ratio (Times) (Note 2)	-	-	-	-	-	-
	Average Collection Days (Note 2)	-	-	-	-	-	-
	Average Inventory Turnover Ratio	22.39	21.31	21.56	25.23	28.25	6.99
	Average Payment Turnover Ratio	10.37	9.60	10.21	10.53	10.03	2.44
	Average Inventory Turnover Days	16.00	17.00	17.00	14.00	13.00	12.88
	Fixed Assets Turnover Ratio	9.02	9.85	10.79	11.50	11.70	2.82
	Total Assets Turnover Ratio	3.84	3.57	3.28	3.11	2.95	0.70
Profitability Analysis	Return On Assets (%)	13.08	11.31	9.84	11.54	14.28	2.32
	Return On Equity (%)	23.89	21.76	19.63	23.90	28.86	4.49
	Operating Income to Common Stock	29.44	37.17	34.47	38.19	36.04	7.30
	Profit before Tax to Common Stock	41.92	40.36	34.58	40.04	45.83	9.16
	Profit After Tax to Net sales (%)	3.37	3.12	2.84	3.60	4.74	3.25
	Earnings Per Share (NT\$)	3.24	2.96	2.66	3.36	4.29	0.74
		2.17	2.31	2.39	3.02	4.29	0.74
Cash Flow	Cash Flow Ratio (%)	62.89	62.54	41.45	60.26	64.47	10.01
	Cash Flow Adequacy Ratio (%)	125.09	142.87	130.16	77.85	90.88	88.00
	Cash Flow Reinvestment Ratio (%)	27.43	23.75	15.14	22.72	22.82	4.04
Leverage	Operating Leverage	2.91	2.35	2.33	2.13	2.13	2.47
	Financial Leverage	1.02	1.02	1.06	1.03	1.03	1.03

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2004 is reviewed by External Auditors.

Note 2: Not Applicable, due to the entity of the retail business.

Note 3: EPS calculation is according to total outstanding shares after stock dividend paid out in the end of year 2003.

Note 4: The financial analysis calculation listed as follow:

Capital Structure:

A. Debts ratio = Total liabilities / Total assets.

B. Long-term capital to fixed assets (Shareholders' equity + Long-term liabilities) / Net fixed assets.

Liquidity Analysis:

A. Current ratio = Current assets / Current liabilities.

B. Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.

C. Times interest earned ratio = Earnings before interest and taxes / Interest expenses.

Operating Performance Analysis:

A. Average account receivable turnover ratio = Net sales / Average account receivable.

B. Average collection days = 365 / Average collection turnover.

C. Average inventory turnover = Cost of sales / Average inventory.

D. Average payment turnover ratio = Cost of sales / Average account payable.

E. Average inventory turnover days = 365 / Average inventory turnover ratio. (2003.1Q = 90 / Average inventory turnover ratio)

F. Fixed assets turnover ratio = Net sales / Net fixed assets.

G. Total assets turnover ratio = Net sales / Total assets.



Profitability:

A. Return on assets = [Net income + Interest expenses \times (1 - Effective tax rate)] / Average total assets.

B. Return on equity = Net income/Average equity.

C. Profit after tax to net sales = Net income/Net sales.

D. Earnings per share = (Net income - Preferred stock dividends) / Weighted average number of shares outstanding.

Cash Flow:

A. Cash flow ratio = Net cash provided by operating activities / Current liabilities.

B. Cash flow adequacy ratio = Five year sum of cash provided by operating activities / Five years sum of capital expenditure, changes in inventory and cash dividends.

C. Cash flow reinvestment ratio = (Cash provided by operating activities - Cash dividends) / (Gross fixed assets + Long-term investment + Other assets + Working capital)

Leverage:

A. Operating leverage = (Net sales - Variables cost) / Operating profit.

B. Financial leverage = Operating profit / (Operating profit - Interest expenses)

3. Supervisor's Report: please refer to p48

4. Year 2003 Financial Statements & Independent Auditors' Report: Please refer to p49~p77

5. Year 2003 Consolidated Financial Statements & Independent Auditors' Report: Please refer to p78~p83.

6. Financial Difficulties: None.

7. Financial Forecast and Operation Results from 2002 to 2003

7-1 Implementation of Financial Forecast in Year 2002 to 2003

Unit: NT\$ '000

Item	2002 Financial Forecast				2003 Financial Forecast				2003 Financial Forecast (Audited) (Note 1)
	2002 Financial Forecast(Audited)(Note 1)		2002 Financial Forecast(Audited)(Note 1)		2003 Financial Forecast(Audited)(Note 2)		2003 Financial Results (Audited)		
	Original	Revised	Amount	Achieved rate	Original	Revised	Amount	Achieved rate	
Sales					77,056,850	-	77,634,490	100.75	
Cost of Goods Sold					54,100,872	-	54,489,672	100.72	
Gross Profit					22,955,978	-	23,144,818	100.82	
Operating Expenses					19,906,061	-	20,050,540	100.73	
Operating Income					3,049,917	-	3,094,278	101.45	
Non-Operating Income	N / A		N / A		1,063,298	-	1,171,045	110.13	N / A
Non-Operating Expenses					312,198	-	330,591	105.89	
Pre-Tax Income					3,801,017	-	3,934,732	103.52	
Net Income					3,561,039	-	3,681,606	103.39	

Note 1: PCSC is not required for financial forecast by Taiwan Corporate Law (see " Guidelines for Disclosure of Financial Forecast by Public Listed Companies ").

Note 2: Year 2003 financial forecast was completed at 29th of August, 2003 and no further revised.

7-2 The Explanation of the Variance between Forecast and Results

The variances are below 20%, no explanations required by Taiwan Corporate Law.

VI. FINANCIAL STATUS, OPERATING RESULTS AND RISK MANAGEMENT

1. Financial Position

Unit:NT\$ '000

Year/Item	2003	2004	Variance	
			Increase(Decrease)Amount	%
Current Assets	6,583,792	4,227,259	2,356,533	55.75
Long-Term Investment	12,788,841	12,693,029	95,812	0.75
Fixed Assets	6,833,018	6,438,890	394,128	6.12
Other Assets	1,634,198	1,462,411	171,787	11.75
Total Assets	27,839,849	24,821,589	3,018,260	12.16
Current Liabilities	10,428,885	9,168,310	1,260,575	13.75
Long-Term Liabilities	2,200,000	2,700,000	(500,000)	(18.52)
Total Liabilities	14,033,060	13,112,632	920,428	7.02
Common Stock	8,584,995	7,720,319	864,676	11.20
Capital Reserve	-	308	(308)	(100.00)
Retained Earnings	5,193,144	3,917,335	1,275,809	32.57
Total Shareholders' Equity	13,806,789	11,708,957	2,097,832	17.92

1-1 Variance Analysis for Deviation over 20%

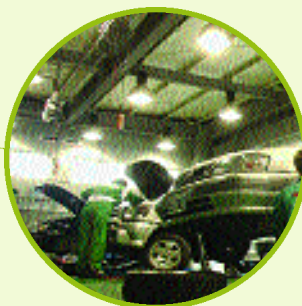
- (1) **Current Assets** : The increase was due to the increase in annual sales, which increase cash and cash equivalents.
- (2) **Capital Reserve** : The increase was due to the capitalized from retained earnings.
- (3) **Retained Earnings** : The increase was due to the increase from year 2003 annual net income .

1-2 Impact from Current Financial Variances

Current ratio and quick ratio was improved compared to year 2002.

1-3 Future Financial Projection

PCSC's operating cash flow is sufficient to support future operation requirements.



2. Operating Results

Unit: NT\$ '000

Year/Item	2003	2002	Increase(Decrease)Amount	Variance(%)
Sales Revenue	77,658,208	72,024,188	5,634,020	7.82
Less : Sales Allowances and Returns	(23,718)	(9,427)	(14,291)	151.60
Net Sales	77,634,490	72,014,761	5,619,729	7.80
Cost of Goods Sold	(54,489,672)	(50,686,072)	(3,803,600)	7.50
Gross Profit	23,144,818	21,328,689	1,816,129	8.51
Operating Expenses	(20,050,540)	(18,380,064)	(1,670,476)	9.09
Operating Income	3,094,278	2,948,625	145,653	4.94
Non-Operating Income	1,171,045	603,500	567,545	94.04
Non-Operating Expenses	(330,591)	(461,057)	130,466	(28.30)
Pre-Tax Income	3,934,732	3,091,068	843,664	27.29
Income Tax	(253,126)	(518,617)	265,491	(51.19)
Extraordinary Income	-	19,889	(19,889)	(100.00)
Net Income	3,681,606	2,592,340	1,089,266	42.02

2-1 Variance Analysis for Deviation over 20%

- (1) The reasons for Non-Operating Income to change over 20% were due to the disposal of long term investment and unrealized short- term investment gains. The gains from long-term and short-term investment is NT\$ 411,979,000 and NT\$ 170,426,000 respectively.
- (2) The reason for Non-Operating Loss to change over 20% was due to the long-term investment loss for year 2002 more than 2003. The amount of loss in year 2002 is NT\$ 286,262,000. In additional, the company also booked extra loss on permanent decline in value of long-term investment in year 2003. The amount is NT\$ 155,801,000.
- (3) The reason for decrease in tax payment was due to the large tax rebate this year.
- (4) The reason for net profit increase was due to the improvements from operation.

2-2 Reasons for changing the company's major business; explain the variance resulting from the adjustment of selling prices or costs, the combination of production and selling, or the replacement of old products. If the company's operation strategy, market situation, economic environment or other internal or external factors has changed or expects to have any significant change, explain the fact, influencing factors and the possible impacts to the company's future and responding proposal: Not Applicable

2-3 Any possible factors that might impact on sales growth in the following year: For relevant information, please refer to p.2.

2-4 Gross Profit Variance Analysis: Not applicable.

3. Cash Flow

3-1 Variance Analysis of Cash Flow

Unit: NT\$ '000

Cash Balance as of December, 2002	Net Cash Provided by Operating Activities	Net Cash Outflows from Investing and Financing Activities	Cash Balance as of December, 2003	Remedy for Cash Shortage	
				Investment Plans	Financing Plans
633,421	6,723,122	(4,627,198)	2,729,345	-	-

1. Operating Cash Flow: Net operating cash inflow is 6.72 billion, mainly comes from Company's net profit.
2. Investing Cash Flow: Net investing cash outflow is 1.28 billion, mainly due to the acquisition of operating fixed assets and long-term investments.
3. Financing Cash Flow: Net financing cash outflow is 3.34 billion, mainly are long-term debt repayment and cash dividend paid out.

3-2 Remedy for Cash Shortage and Liquidity Analysis:Not applicable

3-3 Analysis of Cash Flow for Next Year

Unit:NT\$ '000

Beginning Balance as of December 2002	Projected Net Cash Provided by Operating Activities	Projected Net Cash Outflows From Investing and Financing Activities	Projected Cash Balance as of December, 2004	Remedy for Cash Shortage	
				Investment Plans	Financing Plans
2,729,345	6,065,100	(7,490,900)	1,303,545	-	-

4. Major Capital Expenditure

4-1 Major Capital Expenditure and Source of Capital

Unit:NT\$ '000

Project	Actual or Planned Source of Capital	Date of Project Completed	Total Capital	Actual or Expected Capital Expenditures						
				2002	2003	2004	2005	2006	2007	2008
New Store Investment	Working Capital & Owner's Equity / Debt	Annual	3,631,328	333,441	640,228	775,539	470,530	470,530	470,530	470,530
POS facilities and R&D Expenses	Working Capital & Owner's Equity / Debt	Annual	2,754,135	845,363	279,337	1,209,435	105,000	105,000	105,000	105,000
Store Remodel	Working Capital & Owner's Equity / Debt	Annual	3,260,930	226,566	379,479	660,765	498,530	498,530	498,530	498,530

4-2 Estimated Possible Benefit

(1) Estimated Impacts on Sales Revenue and Gross Profit from Capital Expenditures:

Unit:NT\$ '000

Year	Item	Sales Revenue	Gross Profit
2004	New Store Investments	2,925,000	819,000
2005	New Store Investments	2,925,000	819,000
2006	New Store Investments	2,925,000	819,000
2007	New Store Investments	2,925,000	819,000
2008	New Store Investments	2,925,000	819,000

(2) Other Expected Results:

Effects from POS II system:

- Track consumers' needs and improve marketing strategies.
- Monitor inventories level and reduce stock shortage.
- Improve business competitiveness.



5. Long-Term Investment

5-1 Annual Long-Term Investment

No significant projected investments exceed will be 5% of the company's capital in year 2003, hence not applicable.

5-2 Future Investment Plan : Depending on future strategies

6. Risk Management

6-1 Analysis of Impacts from Annual Interest Rate, Foreign Exchange Rate and Inflation, and Relevant Risk Management

(1) Interest Rate Fluctuation:

PCSC's exposure to interest rate is due to interest expenses from long-term and short-term debt. PCSC has reduced the exposure to interest rate through interest rate swap. Therefore, interest rate fluctuation has no significant impact on the business.

(2) Foreign Exchange Rate Fluctuation:

PCSC only contains a small portion of imported goods, so foreign exchange rate fluctuation has no significant impact on the business.

(3) Inflation: It has no significant impacts.

6-2 Engaged in High Risk and High Leverage Investment, Lending Activities, Endorsement and Derivatives

(1) Company Policy:

PCSC is focusing on retail related business, it hasn't engaged in any high risk and high leverage investments. For internal-control purpose, PCSC has structured relevant policies in compliance with Law of Taiwan Securities and Futures Commission. The relevant policies are included "Procedures for lending funds to other counterparties", "Procedures for acquisition or disposal of assets" and "Procedures for endorsement".

Our Internal Auditing Department also has relevant evaluation standards for risk control and management in compliance with Law of Taiwan Securities and Futures Commission.

As of end of Year 2003, the status of lending to other counterparties, endorsement and derivatives are as follow :

a. Lending to other counterparties:

Unit: NT\$ '000

Name of Borrower	Relations	Interest Rate	Amount	Reason for Short-Term Leverage
Uni-President Yellow Hat Co. Ltd.	Equity method investment	2.89%	NT\$ 5,000,000	Operating Leverage

b. Detailed of Endorsement:

Parties of being Endorsed	Relations	As of 2003/12/31
Mech-President Corp.	subsidiary	NT\$ 300,000,000
President Transnet Corp.	subsidiary	NT\$ 510,000,000
President Drugstore Business Corp.	subsidiary	NT\$ 320,000,000
President Information Corp.	subsidiary	NT\$ 8,000,000
Philippines Seven Corp.	Invested through holding companys	US\$ 2,000,000 PESO 80,000,000



c. Engaged in Financial Derivatives Transaction:

Detailed information of derivatives transaction are as follow (no transaction before year 2002):

Financial Products	As of 2003/12/31	
	Amount	Credit Rating
Interest rate swap (non speculation)	NT\$ 700,000,000	-

The counterparty has high creditability.

(2) **Any Gain or Loss from the Transaction:** PCSC's interest expenses has decreased NT\$ 6,028,000 through this interest rate swap contract.

(3) **Future Strategy:** Not applicable.

6-3 Research and Development Plans

(1) Status of Recent Research and Development Plans:

In order to obtain the most up-to-date demographic information and improve our sales and distribution network to maintain competitiveness, PCSC has emphasized on research and development of POS systems. In addition to the investment in President Technology Corp. in 2001, PCSC has worked with President Information Corp (a PCSC subsidiary), Nomura Research Institute and NEC to develop a second generation POS (POS II) system.

The development of POS II, including hardware and software, was completed in first half of 2003 and began regional implementation of POS II in September 2003. We expect to fully implement POS II by September 2004.

(2) **Additional Research Costs:** PCSC expects to expend another NT\$1.06 billion in 2004 for POS II development costs.

(3) **Risks to Successful Development:** PCSC does not foresee any factors to impact POS II development and believes the progress and implementation is well within PCSC's expectations.

6-4 Financial Impacts from Government Policy and Statutory Changes

No significant impact from government policy and statutory changes

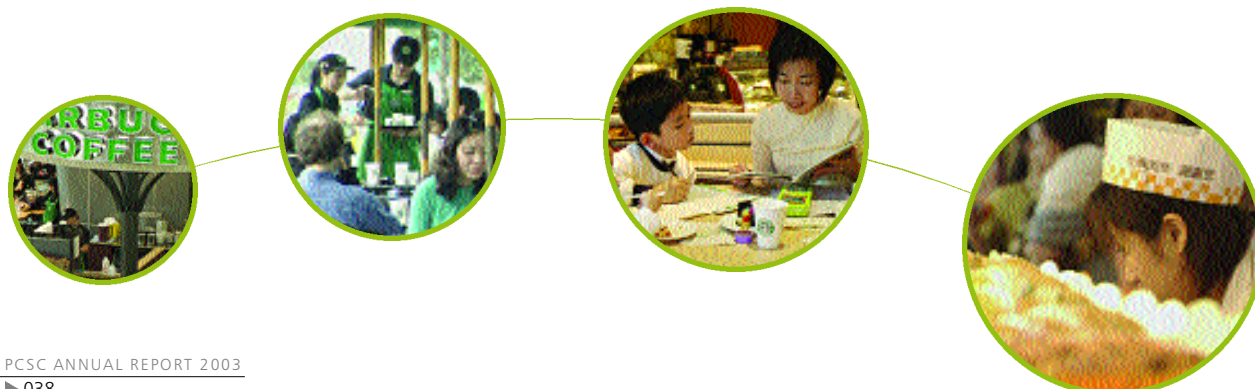
6-5 Financial Impacts from Changes in Technology

PCSC is monitoring carefully changes in recent technology trends in order to utilize the latest technology to enhance efficiency and service quality in its retail operations. No major impacts noted.

6-6 Impacts on Risk Management from Changes in Corporate Image

PCSC is active in community services and devoted to fulfilling its part as a responsible corporation. "7-Eleven is your convenient good neighbor" has been the corporate image that PCSC has impressed upon the general public.

7. Other Supplement: None



VII. CORPORATE GOVERNANCE

Corporate Governance Implementation Status and Variance from Public Listed Company Guideline:

Issues	Status	Variance from public listed company guidelines
(1) Share holding structure and shareholders, rights		
1. The Company's policy in handling-shareholders' suggestions or disputes.	PCSC has established a shareholder liaison office and has appointed specific job function to handle shareholders' issues	Complies with current regulations and will change accordingly to meet new requirements.
2. The Company's possession of the list of major shareholders and the ultimate owners of these major shareholders	PCSC has tracked over the shareholder information and can provide crossholding information among affiliate companies upon request	
3. The Company's risk control mechanism for its affiliates.	Established internal controls as required by regulation to effectively manage affiliates' business risks	
(2) Structure and responsibilities of Board of Directors		
1. Presence of independent directors		PCSC has not yet inducted independent directors; however, institutional investors' representatives with professional financial credentials are currently present and provide professional and fair assessment. PCSC will comply with regulatory requirements and changes going forward.
2. Periodically assess independence of external auditors		According to PCSC's internal evaluation on its auditors' independence, we concluded our auditors' are independent since they are not part of the board of directors, supervisors, nor shareholders, employees nor parties with conflicts of interests.
(3) Structure and responsibilities of Board of Supervisors		
1. Presence of independent supervisors		PCSC has not inducted independent supervisors; however, institutional investors' representatives with professional financial credentials are currently present and provide professional and fair assessment. PCSC will follow regulatory changes going forward.
2. Communication between supervisors and employees or shareholders		PCSC has not established clear protocol, and shall comply with regulatory requirements and changes going forward.

Issues	Status	Variance from public listed company guideline
(4) Establishing communication channels with stakeholders	<p>1.PCSC upholds an honest and open policy towards creditors and provides necessary financial and sales information for their review and assessment.</p> <p>2.PCSC has established communication channels with employees, encouraging them to communicate directly with management but also amongst each other.</p> <p>3.PCSC has established a public website to disclose company financial and sales information.</p>	
(5) Information disclosure		
1. Public website established and information disclosure about finance, business and corporate governance	PCSC has established a corporate website:www.7-11.com.tw, which is maintained and updated on a regular basis with disclosure of related public information.	PCSC has not disclosed corporate governance information, but will comply with future regulatory requirements and changes accordingly.
2. Other forms of information disclosure (i.e. English language website, company spokesperson, and disclosure of analyst meeting information on website)	PCSC has established a corporate website with English language version:www.7-11.com.tw, which is regularly maintained and updated with relevant information for foreign investors. PCSC also has established Investor Relations with substitute spokesperson.	PCSC has not yet disclosed analyst meeting results on the company website, but will comply with future regulatory requirements and changes accordingly.
(6) Presence of audit committee on the Board of Directors or other functional committee		PCSC has already established a set of appropriate internal control systems but has not yet inducted audit committees or related committees, will comply with future regulatory requirements and changes accordingly.
(7) Establishment of corporate governance directives and corporate governor, its operation and implantation status:	PCSC has not yet created corporate governance, but will comply with future regulatory requirements and changes accordingly.	
(8) Other helpful and significant information to understand the implemetation of corpoate governance (i.e. training for directors & supervisors, meeting attendance records, risk management and controls, customer and client satisfaction directives, directors' avoidance of conflict of interest and insurance for directors and supervisors).	<p>1.PCSC's chairman and president are not related by law or by blood. 2.PCSC has established a Good Neighbor Foundation as part of its charity program, with funds collected from donation boxes installed in PCSC retail stores; the Foundation provides necessary financial support to the disadvantaged. 3.PCSC is in compliance with all other corporate governance regulations and will adapt to new changes or requirments accordingly. 4.PCSC has presented operation updates and investments on a periodical basis to Board of Directors. We will arrange training programs for them in the future. 5.As of end of year 2003, PCSC has held six Board of Directors Meeting. The attendance rate of directors and supervisors is 100% and 88.88% respectively. 6.PCSC has established a "Consumer Relationship and Services Center" in purpose to faciliate the communcation between the vendors and consumers. 7.Directors' personal interest has no interfere with major resolution. 8. PCSC is planning on insurance programs for its Board of Directors and Supervisors.</p>	

VIII. SPECIAL NOTES

1. Affiliates Information

1-1 Consolidated Business Report of Affiliates, 2003:Please refer to p.84~p.94.

1-2 Affiliation Report, 2003:Please refer to p.95~p.98.

2. Internal Control System Execution Status

2-1 Statement of Internal Control System:Please refer to p.99.

2-2 The Securities & Futures Commission may request Companies to Commission CPAs to Audit the Internal Control System. Disclose of the Audit Report is Mandatory:Not applicable.

3. Major Issues of Record or Written Statements Made by any Director or Supervisor Which Specified His/Her Dissent to Important Resolutions Passed by the Board of Director:None

4. Private Placement Securities:None

5. Balance of PCSC Common Shares/ADR Acquired, Disposed of and Held by Subsidiaries:None

6. Major Decisions of Shareholders' Meetings and Board Meetings

6-1 Review of Shareholders' Meetings (the following resolutions have been completed)

The annual General Shareholders' Meeting was held on June 24th, 2003.

Major resolutions from the meeting are:

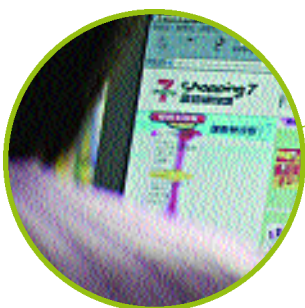
(1)Acceptance of the business report, financial statements and profit distribution for 2002. (2)Revisions to the company's Articles of Incorporation. (3) Revision of "Acquisition or Disposal of Assets" procedure. (4) Revision of endorsement procedures. (5) Revision of "Lending funds to other parties" procedures. (6) Voting for the 7th term of PCSC Directors and Supervisors.

6-2 Review of Board Meetings

(except China Shandong investment, Taipei City Government Transportation Terminal BOT Project, National Art Center in I-Lan project and Year 2003 profit distribution, all other resolutions has completed):

As of the printing date of this Annual Report, the Company held six board meetings. Important resolutions are:

Acceptance of the business report, financial statements and profit distribution for 2002. 2. Investment of 10% stake or NT\$600,000 in Uni-Outdoor Aloha Oxygen Travel Services Corp. 3. Buy out of Grand Commercial Bank's 40% stake in BankPro E-Service Technology Co. Ltd. in the amount of NT\$37,664,000. 4. Buy out of Grand Commercial Bank's aggregate stake in Tainan Spinning, Retail Support International Support Corp. President National Industrial Co. and President Pharmaceutical Corp. etc. of 15.83% for a total of NT\$35,691,976. 5. Raise investment in Tong Ho Development Co. Ltd to 19.31% stake for a total of NT\$132,445,489. 6. Approved 2002 profit distribution proposal. 7. Approved revisions to Articles of Incorporation article 29 and 33. 8. Approved revision of "Lending of funds to other parties" procedures. 9. Passed revision of endorsement





procedures. 10. Acceptance of 2002 internal control self-assessment results. 11. Approved new internal controls procedures regarding monitoring of affiliates. 12. Approved NT\$100 mn cash or funding injection to President Transnet Corp. 13. Approved establishment of a new affiliate for the Taipei City Government Transportation Terminal BOT Project. 14. Approved disposal of 41% stake in President Yamato for NT\$27,662,700. 15. Approved staffing change proposals. 16. Approved proposal for election of Directors and Supervisors as dictated by Taiwan Corporate Law, article 195. 17. Approved date and location for the 7th Annual Board of Directors meeting. 18. Approved increase of investment in Allianz President Life Insurance Company for a total of NT\$39,604,480. 19. Approved increase of investment in President Transnet Corp. for total of NT\$80 mn. 20. Approved 1.1727% investment in Bradcaster Market Research Co. Ltd. for NT\$200 mn. 21. Approved US\$6 mn credit line from ABN Amro Bank for foreign exchange hedging purposes. 22. Approved the proposal of electing Chin Yen Kao, Chang Sheng Lin and Chung Jen Hsu as Executive Directors for the 7th Annual Board of Directors Meeting. 23. Approved ex-rights date and cash dividend proposal. 24. Approved continuation of credit line contracts with financial institutions. 25. Approved disposal of 20% stake in President Starbucks Corp. for NT\$39,600,000. 26. Approved disposal of 85% stake in President Technology Corp. for NT\$60,711,000. 27. Approved 2003 first-half year external auditor's financial reports. 28. Approved investment of President Ginza Co. Ltd., through Ginza Logistics Co. Ltd (China Shandong Province), to operate retail and wholesale business. 29. Approved disposal of PCSC's entire 25.87% stake in President Packaging Corp. for NT\$162,268,113. 30. Approved subscription of BankPro E-Service Technology Co. Ltd. in the amount of NT\$27 mn. 31. Approved NT\$ 8 mn endorsement for Presidnet Information Corp. 32. Approved donation of NT\$ 5 mn for Spirit of the Future Health Foundation. 33. Approved endorsement of NT\$ 200 mn for President Transnet Corp. 34. Approved endorsement of NT\$ 50 mn for Retail Support International Corp. 35. Approved NT\$50 mn intra-company loan to President Yellow Hat Co. Ltd. 36. Approved contract renewal for credit line with financial institutions. 37. Approved subscription to Retail Support International's private placement of corporate bond. 38. Approved investment activities in China proposal (Presclere China Co. Ltd.) 39. Approved endorsement of Peso\$ 100 mn for Philippines Seven-Eleven. 40. Acceptance of 2003 business report, financial statements and profit distribution proposal. 41. Approved subscription of Uni-President Takashimaya Co. Ltd. for NT\$250 mn. 42. Approved subscription of Tong Ho Development Corp. NT\$144, 775,360. 43. Approved disposal of 2.101% stake in Tonpal Optoelectronic Co. Ltd. to Ren-Hui Investment Corp. for NT\$690,037,330 which also is a subscription to Ren-Hui Investment for the same amount. 44. Subscription of 0.43% stake for Duskin Japan through Duskin Franchise Japan for Yen 420 mn. 45. Approved subscription of Uni-President Organics Corp. For NT\$12 mn. 46. Approved 2003 stock dividend issuance. 47. Approved revisions to articles 2, 6, 24-1, 29 and 33 of Articles of Incorporation. 48. Approved loan of NT\$30 mn to President Logistics Transportation Corp. 49. Approved renewal of credit line contracts with financial institutions. 50. Approved supervisor re-election as dictated by Articles of Incorporation. 51. Approved withdrawal of endorsement for President Packaging Corp., Ren-Hui Investment Corp., Copres Corp. Kao Hsiung Rapid Transit Corp., PCSC (BVI) Holdings Ltd., President Transnet Corp., etc. 52. Approved endorsement of NT\$400 mn for Retail Support International Corp. 53. Approved investment of NT\$180 mn in the National Art Center in I-Lan to operate tourism business. 54. Approved 2003 internal audit results. 55. Approved 2004 General Shareholder meeting and the 6th Board of Director meeting dates and location.

7. Legal Penalties & Internal Punishment:None.

8. Other Necessary Supplement:None.

IX. CLAUSE DESCRIBED IN PART 2, SECTION 2, ARTICLE 36 OF THE SECURITIES LAW : None.

PCSC ANNUAL REPORT 2003

044	PCSC Directors and Supervisor Who Possess Positions in Other Companies
047	PCSC Managers Who Possess Positions in Other Companies
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049	Financial Statements and Report of Independent Accountants
078	Consolidated Financial Statements
084	Consolidated Business Report of Affiliated Enterprises
095	Affiliation Report
099	Internal Control Statement



PCSC Directors and Supervisors Who Possess Positions in Other Companies

PCSC Directors and Supervisors Who Possess Positions in Other Companies

Name	Current position in other companies	
Kao, Chin Yen	Chairman	: Ton Yi Industrial Corp. TTET Union Corp. President Investment Corp. Guang, Dan Commodity Corp. Kai Yu Investment Co., Ltd. Tong-Jeng Development Corp. President International Development Corp. Scinopharm Taiwan. Limited. Latin America Development Corp. Kai Nan Investment Co., Ltd. Scino Pham Biochemical Technology Tong Li Development Corp. SYNergy ScienTech Corp. Uni-President Takashimaya Co., Ltd. President Rental Services Corp. Kao Chyuan Inv. Co. President Chain Store (BVI) Holding Ltd. President Global Corp. PRCC (Bermuda) I, Ltd. Tong Yu Investment Corp. Tong Shuo Investment Corp. Tong Cheng Investment Corp.
	Director	: Prince Housing Development Co. Ltd. Tainan Spinning Co. Ltd. President Entertainment Corp. Han Tech Venture Inc. CDIB & Partner Investment Holding Corp. Tonpal Optoelectronics Inc. PK Venture Capital Corp. Presitex Co., Ltd. Hong Kong President Holding Limited Cayman President Holdings Ltd. Unisebaco S.A., Presitex. Corp., S.A Global Strategic Investment Inc., Kai-Yu (BVI) Investment Co., Ltd. UNI-Hometech Corp.
	Supervisor President	: Nan Fan Housing Development Co. Ltd. : President International Development Corp.
Lin, ChangSheng	Chairman	: President Baseball Team Corp. President Natural Industrial Co. Mospec Semiconductor Corp. President Pharmaceutical Corp. Ton Yi Pharmaceutical Corp. Allianz President General Insurance Co., Ltd. President Coffee Corp. Qware System & Services Corp. Copres Corp. President Transnet Corp. Uni-President Oven Bakery Corp. Presitex Co., Ltd. President Medical Technologies Corp., Ltd. President Biosystems Co., Ltd. President Life Sciences Co., Ltd. President Collect Service Co., Ltd. Xinjiang President Enterprises Food Co., Ltd. Tianjing President Enterprises Food Co., Ltd. Meishan President Feed & Oil Co., Ltd. Zhongshan President Enterprises Co., Ltd. Guangzhou President Enterprises Food Co., Ltd. Zhangjiagang President Nisshin Food Co., Ltd. Qingdao President Feed & Livestock Co., Ltd. Beijing President Enterprises Drink & Food Co., Ltd. Nanchang President Enterprises Co., Ltd. President Enterprises (China) Investment Co., Ltd. Chengdu President Enterprises Food Co., Ltd. Kunshan President Enterprises Food Co., Ltd. Wuhan President Enterprises Food Co., Ltd. Harbin President Enterprises Co., Ltd. Hefei President Enterprises Co., Ltd. Shenyang President Enterprises Co., Ltd. Shanghai President International Foods Co., Ltd. Tianjin President International Foods Co., Ltd. Fuchou President Co., Ltd. Shanghai Songjiang President Enterprises Co., Ltd. Zhuhai Kirin President Brewery Co., Ltd. Shanghai President Coffee Corp. Uni-President South-East Asia Holding Ltd. President Coffee (Cayman) Holdings Ltd. Presidlerc Ltd. Uni-President Vietnam., Ltd. Uni- President (USA) Inc.
	Vice Chairman	: President Nisshin Corp. President Kikkoman Inc. Tonpal Optoelectronics Inc. Beijing President Food Co., Ltd.
	Director	: Uni-President Enterprise Corp. Nanlien International Corp. President Entertainment Corp. Tone Sang Construction Corp. Tong Yee Industrial Co. Presicarre Corp. Ton Yi Industrial Corp. TTET Union Corp. Mech President Corp. President Investment Corp. Prince Housing Development Corp. Kai Yu Investment Co., Ltd. Tung Ho Development Co., Ltd. Sino-Aerospace Investment Corp. Tong-Jeng Development Corp. President International Development Corp. Scinopharm Taiwan. Limited. President Tokyo Corp. Latin America Development Corp. Kai Nan Investment Co., Ltd. PK Venture Capital Corp. Scino Pharm Biochemical Technology Tong Ting Gas Corp. Taiwan Genome Sciences, Inc. Tong Li Development Corp. President Life Sciences Co., Ltd. SYNergy ScienTech Corp. Tong Yu Investment Corp. Tong Shuo Investment Corp. Tong Cheng Investment Corp. Kanh Na Hsiung Enterprise Co., Ltd. Uni-Splendor Corp. Swenc Technology Co., Ltd. Century Quick Service Restaurant Corp. Hongtung Venture Capital Co., Ltd. Union Chinese Corp. Uni-President Takashimaya Co., Ltd. President Direct Marketing Corp. Dayeh Takashimaya Department Store Inc. Chonqing Carrefour Hypermarket Chainstore Co., Ltd. Jiafu (Tianjin) International Trading Co., Ltd. Xiang Lu Industries Ltd. Xiang Lu Petrochemicals (Xiamen) Co., Ltd. Guangzhou Jia-Guanga Supermarket Co. Ltd. Ztong Yee(Tianjin) Industrial Co., Ltd. Kuan Tang Industrial Harbor Corp. T&T Supermarket Inc. PRCC (Bermuda) Ltd. Outlook Investment Pty Ltd. EASP Net Taiwan Inc. Uni-President (Thailand) Co. Ltd. President Energy Develop.(Cayman) Ltd. President International Trade & Investment Corp. Unisebaco S.A Presitex Corp., S.A.
	President	: Uni-President Enterprises Corp. Kai Yu Investment Co., Ltd. Kai Nan Investment Co., Ltd.

PCSC Directors and Supervisors Who Possess Positions in Other Companies

Name	Current position in other companies	
Hsu, ChungJen	Chairman	: President Direct Marketing Corp. President Drugstore Business Corp. Ren-Hui Investment Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. Duskin Serve Taiwan Co. Ltd. President Engineering Technology Corp. President Musashino Corp. President Packaging Co., Books.com. Co., Ltd. President Information Corp. Uni-President Yellow Hat Corp. Retail Support International Corp. BankPro E-Service Technology Co. Muji (Taiwan) Co. Ltd.
	Director	: President Transnet Corp. President Collect Service Co. Ltd. Uni-President Cold Chain Corp. Mech-President Corp. Uni-President Oven Bakery Corp. President Coffee Corp. Tong-Ho Development Corp. President Pharmaceutical Corp. Uni-President Takashimaya Co., Ltd. Shanghai President Coffee Corp. President Coffee (Cayman) Holdings Ltd. President International Development Corp. Latin America Development Corp. Dayeh Takashimaya Department Store Inc. Presicarre Corp. Tong Shuo Investment Corp. Century Quick Service Restaurant Corp. Presiclerc Ltd. T&T Supermarket Inc. Philippine Seven Corp.
	President	: Ren-Hui Investment Corp.
Lin,Lung Yi	Chairman	: Uni-President Cold Chain Corp. Uni-President Glass Industrial Co., Ltd. Uni-President Dreamarks Corp. President Organic Corp. Uni-President (Philippines) Co., Uni-President (Thailand) Co., Ltd.
	Vice Chairman	: Uni-President (Vietnam) Co. Ltd.
	Director	: Nanlien International Corp. President Entertainment Corp. Tone Sang Construction Corp. Retail Support International Corp. President Nisshin Corp. Mech- President Corp. Prince Housing Development Corp. Mospec Semiconductor Corp. Tung Ho Development Co., Ltd. Kai Yu Investment Co. Ltd. Tong-Jeng Development Corp. President International Development Corp. Kai Nan Investment Co. Ltd. President Transnet Corp. Uni-President Oven Bakery Corp. Tong Yu Investment Corp. Tong Shuo Investment Corp. Tong Cheng Investment Corp. President Life Sciences Co., Ltd. President Biosystems Co., Ltd. Presitex Co., Ltd. Century Quick Service Restaurant Corp. President Drugstore Business Corp. Xinjiang President Enterprises Food Co., Ltd. Beijing President Food Co., Ltd. Tianjing President Enterprises Food Co., Ltd. Meishan President Feed & Oil Co., Ltd. Zhongshan President Enterprises Co., Ltd. Guangazhou President Enterprises Food Co., Ltd. Zhangjiagang President Nisshin Food Co., Ltd. Qingdao President Feed & Livestock Co., Ltd. Beijing President Enterprises Drink & Food Co., Ltd. Nanchang President Enterprises Co., Ltd. President Enterprise (Chain) Investment Co., Ltd. Chengdu President Enterprises Food Co., Ltd. Kunshan President Enterprises Food Co., Ltd. Wuhan President Enterprises Food Co., Ltd. Harbin President Enterprises Co., Ltd. Hefei President Enterprises Co., Ltd. Shenyang President Enterprises Co., Ltd. Tianjin President International Foods Co., Ltd. Fuchou President Co., Ltd. Shanghai Songjiang President Enterprises Co., Ltd. Uni-President International (HK) Co., Ltd. PT ACB President Enterprises Indonesia President Energy Development (Cayman) Ltd Ningbo Malting Co. Ltd Prospect Top Development Co. Ltd.
	Supervisor	: President Kikkoman Inc. Presicarre Corp. Ton Yi Industrial Corp. Ztong Yee Industrial Co. Grand Bills Finance Corp. Scinopharm Taiwan. Limited. President Collect Service Co. Ltd. Scino Pham Biochemical Technology Ztong Yee(Tianjin) Industrial Co., Ltd. Tong-Li Development Corp. TTET Union Corp.
	President	: Uni-President Enterprises Corp.

PCSC Directors and Supervisors Who Possess Positions in Other Companies

PCSC Directors and Supervisors Who Possess Positions in Other Companies

Name	Current position in other companies	
Lo, Chih Hsieh	Chairman	: Uni-President Foods Corp. Parabola Creative Inc. President Packaging Corp. Uni-Outdoor Aloha Oxygen Travel Services Corp. Pcyber.com. Co., Ltd. Xin Ya Enterprises Corp. Tung Sheng Enterprises Corp. Tung Shun Enterprises Corp.
	Director	: President Baseball Team Corp. President Entertainment Corp. Tong Ho Development Corp. President Organics Corp. Uni-President Cold Chain Corp. Uni-President Glass Industrial Co. Ltd. Muji Taiwan Co. Ltd. Uni-President Dream Parks Corp. President International Development Corp. President Investment Trust Corp. President Enterprises (China) Investment Co. Ltd. Tianjin President International Foods Co., Ltd. Xiang Lu Petrochemicals (Xiamen) Co., Ltd. Uni-President International (HK) Co., Ltd. Prospect Top Development Co. Ltd. Ningbo Malting Co. Ltd. Nanlien International Corp. Uni-President (Thailand) Co., Ltd.
	Supervisor	: Kao Chyuan Inv. Co.
	Executive Vice President	: Uni-President Enterprises Corp.
Huang, Xian Yan	Chairman	: AIM Service Uni-President Co., Ltd. Aetch System Integrated Co., Ltd., Professional E-Commerce Services Ltd. Ho Yi Message Technical (Shanghai) Ltd.
	Director	: Nanlien International Corp. Retail Support International Corp. President Natural Industrial Co. President Information Corp. President International Development Corp. President Coffee Corp. Qware System & Services Corp. President Organics Corp. Pcyber.com. Co., Ltd. Uni-President Dream Parks Corp. BankPro E-Service Technology Co. Uni-President Oven Bakery Corp. Century Quick Service Restaurant Corp. eASPN Taiwan Inc.
	Vice President	: Uni-President Enterprises Corp.
Yang Wei Lung	Chairman	: Uni-President Vender Corp. Tung Ang Enterprise Corp.
	Director	: Parabola Creative Inc., Ton Yi Industrial Corp, Concordant Alliance Enterprise Co. Ltd. Lian Lu Enterprise Co. Ltd. Uni-President (Thailand) Ltd.; Uni-President Marketing Co., Ltd.; PT ABC President Enterprises Indonesia
Tsuei, Jung	Chairman	: Far Eastern Air Transport Corp.
	Executive	: AIG Investment Corporation (Asia) Ltd. Taiwan Branch
	Director	
	Director	: Primax Electronics Ltd. Universal Scientific Industrial Co., Ltd. Enlight Corp. Destiny Technology Corp. Pihsiang Machinery MFG. Co. Ltd.
	Supervisor	: Yageo Corp. Elan Microelectronics Corp.
Hwang, Tsing Yuan	Director	: United Microelectronics Corp. Hon Hai Precision Industry Co., Ltd.
Tu, Te Cheng	Chairman	: President Capital Management Corp. G-Advanced Semiconductor Technology Corp.
	Director	: President International Development Corp. President Medical Technologies Corp. Lian Hsing Optoelectronic Inc. Scinopharm Taiwan. Ltd. Huairan International Corp. Scino Pham Biochemical Technology Co. TTET Union Corp. United Venture Capital Corp. C&C Laboratory Co., Ltd. Sitronix Technology Co. Ltd. Tong-Jeng Development Corp. Xiang Lu Petrochemicals(Xiamen)Co., Ltd. Super Bright Investment Inc. China Technology Venture Company Ltd.
	Supervisor	: President Coffee Corp. Copres Corp. Presitex Co., Ltd. South Epitaxy Corp. BankPro E-Service Technology Company Tong Ting Gas Corporation. President Life Sciences Co., Ltd. SYNergy ScienTech Corp. Kanh Na Hsiung Enterprise Co., Ltd. Univision Technology Inc. Swenc Technology Co., Ltd. President Biosystems Co., Ltd. Allianz President Life Insurance Co., Ltd. Tonpal Optoelectronics Inc. Kuan Tang Industrial Harbor Corp. Tong Yu Investment Corp. Tong Shuo Investment Corp. Tong Cheng Investment Corp. Trident Medical Corp.
	Executive Vice President	: President International Development Corp.

PCSC Managers Who Possess Positions in Other Companies

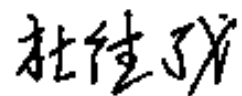
PCSC Managers Who Possess Positions in Other Companies

Name	Current position in other affiliates	
Hsu, ChungJen	Chairman	: President Direct Marketing Corp. President Drugstore Business Corp. Ren-Hui Investment Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. Duskin Serve Taiwan Co. Ltd. President Engineering Technology Corp. President Musashino Corp. President Packaging Co., Books.com. Co., Ltd. President Information Corp. Uni-President Yellow Hat Corp. Retail Support International Corp. BankPro E-Service Technology Co. Muji (Taiwan) Co. Ltd.
	Director	: President Transnet Corp. President Collect Service Co. Ltd. Uni-President Cold Chain Corp. Mech-President Corp. Uni-President Oven Bakery Corp. President Coffee Corp. Tong-Ho Development Corp. President Pharmaceutical Corp. Uni-President Takashimaya Co., Ltd. Shanghai President Coffee Corp. President Coffee (Cayman) Holdings Ltd. President International Development Corp. Latin America Development Corp. Dayeh Takashimaya Department Store Inc. Presicarre Corp. Tong Shuo Investment Corp. Century Quick Service Restaurant Corp. Presiclerc Ltd. T&T Supermarket Inc. Philippine Seven Corp.
	President	: Ren-Hui Investment Corp.
Wu, Kuo Hsuan	Director	: Ren-Hui Investment Corp. Capital Inventory Services Corp. President Engineering Technology Corp. Allianz President General Insurance Co., Ltd. Mech President Corp. President Musashino Corp. Philippine Seven Corp.
Hsieh, Chien Nan	Director	: President Drugstore Business Corp. Ren-Hui Investment Corp. Duskin Serve Taiwan Co. Ltd. President Technology Corp. President Engineering Technology Corp. Uni-President Cold Chain Corp. Uni-President Oven Bakery Corp. President Information Corp. Retail Support International Corp. President Organics Corp. Uni-President Yellow Hat Corp. Mech President Corp. President Transnet Corp. President Collect Service Co. Ltd. Century Quick Service Restaurant Corp. Presiclerc Ltd. Philippine Seven Corp. BankPro E-Service Technology Co.
	President	: President Information Corp.
Chang Jen, Yu Huei		None
Chen, Fu Tang	Director Supervisor	: Philippine Seven Corp. President Investment Trust Corp. : President Direct Marketing Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. Books.com. Co., Ltd. Uni-President Takashimaya Co. Ltd.
Chen, Jui Tang	Director Supervisor	: President Direct Marketing Corp. Wisdom Distribution Service Corp. Duskin Serve Taiwan Co. Ltd. President Organics Corp. Books.com. Co., Ltd. Philippine Seven Corp. President Yamako Corp. : President Musashino Corp. Uni-President Cold Chain Corp. Retail Support International Corp. Uni-President Oven Bakery Corp.
Chung, Mao Chia	Director Supervisor	: Capital Inventory Services Corp. : President Information Corp.
Lin, Wen Ching	Director Supervisor	: Allianz President Life Insurance Co., Ltd. : President Drugstore Business Corp. Duskin Serve Taiwan Co. Ltd. President Engineering Technology Corp. President Transnet Corp. Mech President Corp.
Lee, Zhi Ming		None
Zeng, Fan Bin		None
Yang, Yen Sen	Director	: Books.com. Co., Ltd. MUJI Taiwan Co. Ltd.
Lai, Hsin Ti		None
Chen, Chang He		None

SUPERVISORS' REPORT

The Board of Directors have prepared and submitted the Company's 2003 Operation Report, Financial Statements, and proposal for allocating profits to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

President Chain Store Corp
Supervisor: Tu, Te Cheng



April 13, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of President Chain Store Corp.

We have audited the accompanying non-consolidated balance sheets of President Chain Store Corp. as of December 31, 2003 and 2002, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We did not audit the financial statements of a long-term investment in a subsidiary accounted for under the equity method. These statements were audited by other auditors whose reports thereon have been furnished to us. Long-term investment in this subsidiary was NT\$321,551 thousand and NT\$306,419 thousand as of December 31, 2003 and 2002, respectively, and with related investment loss of NT\$1,945 thousand and NT\$6,599 thousand for the years then ended. Our opinion, expressed herein, insofar as it relates to the amounts included for this long-term investment is based solely upon the reports of the other auditors.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing principles in the Republic of China. Those rules and standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of President Chain Store Corp. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of President Chain Store Corp. and its subsidiaries for the years ended December 31, 2003 and 2002. Our report, dated March 26, 2004, on the consolidated financial statements included a modified unqualified opinion.

PriceWaterhouse Coopers
March 26, 2004

President Chain Store Corporation

Financial Statements and Report of Independent Accountants

Year, 2003 and 2002

BALANCE SHEETS DECEMBER 31 of 2003 & 2002

ASSETS	(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)	
	2003	2002
Current Assets		
Cash and cash equivalents (Note 4(1))	\$2,729,345	\$633,421
Short-term investments	98,385	257,526
Accounts receivable – net (Note 5)	240,473	243,235
Other receivables (Note 5)	717,867	512,409
Inventories (Note 4(2))	2,055,650	1,801,683
Prepayments (Notes 5 and 7)	742,072	778,985
	6,583,792	4,227,259
Long-term Investments Under the Equity Method	4,797,951	3,896,972
Long-term Investments Under the Cost Method	7,990,890	8,796,057
Long-term Investments (Notes 4(3) and 5)	12,788,841	12,693,029
Property, Plant and Equipment (Note 4(4))		
Cost:		
Land	1,860,184	1,860,184
Buildings	772,201	772,201
Operating equipment	7,042,634	6,334,901
Leasehold improvements	2,954,537	2,531,635
Other equipment	48,884	52,336
Cost and revaluation	12,678,440	11,551,257
Less: Accumulated depreciation	(6,024,237)	(5,244,720)
Construction in progress and advances to suppliers	178,815	132,353
	6,833,018	6,438,890
Other Assets		
Guarantee deposits (Note 7)	870,893	830,570
Others	763,305	631,841
	1,634,198	1,462,411
TOTAL ASSETS	\$27,839,849	\$24,821,589

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

BALANCE SHEETS DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY	2003	2002
Current Liabilities		
Short-term loans	-	\$250,000
Commercial paper payable	-	498,795
Notes payable (Note 5)	1,457,654	1,208,209
Accounts payable-third parties	181,740	404,369
Accounts payable-related parties (Note 5)	4,150,403	3,463,306
Income tax payable (Note 4(9))	461,347	234,538
Accrued expenses (Notes 4(5) and 5)	1,557,116	1,544,433
Other payables (Note 4(5))	2,264,140	1,275,739
Cash received in advance	356,485	138,921
Current portion of long-term liabilities (Note 4(8))	-	150,000
	10,428,885	9,168,310
Long-term Liabilities		
Bonds payable (Note 4(6))	2,200,000	700,000
Long-term loans (Note 4(7))	-	2,000,000
	2,200,000	2,700,000
Other Liabilities		
Provision for retirement plan (Note 4(8))	372,810	371,891
Customers' deposits	1,031,365	872,431
	1,404,175	1,244,322
TOTAL LIABILITIES	14,033,060	13,112,632
Stockholders' Equity		
Common stock (Note 4(10))	8,584,995	7,720,319
Capital reserve		
Change in equity of long-term investments due to additional stock issuance	-	308
Retained earnings (Notes 4(10) and 4(11))		
Legal reserve	1,512,726	1,250,782
Unappropriated earnings	3,680,418	2,666,553
Cumulative translation adjustment	28,650	70,995
	13,806,789	11,708,957
Contingent Liabilities and Commitments (Notes 5 and 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$27,839,849	\$24,821,589

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

President Chain Store Corporation

Financial Statements and Report of Independent Accountants

Year, 2003 and 2002

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31 of 2003 & 2002 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	2003	2002		
Operating Revenues				
Net sales	\$75,744,481	\$70,511,385		
Others (Note 5)	1,890,009	1,503,376		
	77,634,490	72,014,761		
Operating Costs				
Cost of goods sold (Note 5)	(54,489,672)	(50,686,072)		
Gross Profit	23,144,818	21,328,689		
Operating Expenses (Note 5)				
Selling expenses	(17,750,068)	(16,641,607)		
Administrative and general expenses	(2,300,472)	(1,738,457)		
	(20,050,540)	(18,380,064)		
Operating Income	3,094,278	2,948,625		
Other Income				
Investment gain under the equity method	411,979	-		
Dividends income	38,366	24,683		
Gain on sale of investments	-	24,855		
Gain on recovery of short-term investment revaluation	170,426	10,968		
Others (Note 5)	550,274	542,994		
	1,171,045	603,500		
Other Expenses				
Interest expenses	(79,007)	(83,016)		
Investment loss under the equity method (Note 4(3))	-	(286,262)		
Other investment loss	(155,801)	(36,650)		
Loss on disposal of property, plant and equipment	(48,959)	(25,248)		
Loss on sale of investments	(16,318)	-		
Others	(30,506)	(29,881)		
	(330,591)	(461,057)		
Income from continuing operations before income taxes	3,934,732	3,091,068		
Income tax expense (Note 4(9))	(253,126)	(518,617)		
Extraordinary gain (less applicable income tax of \$6,630)	-	19,889		
Net Income	\$3,681,606	\$2,592,340		
Earnings Per Common Share (in dollars) (Note 4(12))	Before Tax	After Tax	Before Tax	After Tax
Income from continuing operations	\$4.58	\$4.29	\$3.60	\$3.00
Extraordinary gain	-	-	0.03	0.02
Net income	\$4.58	\$4.29	\$3.63	\$3.02

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31 of 2003 & 2002
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital Reserve			Retained Earnings			
	Common stock	Gain on disposal of property, plant and equipment	Change in equity of long-term investments due to additional stock issuance	Legal reserve	Unappropriated earnings	Cumulative translation adjustment	Total
For the year ended December 31, 2002							
Balance at January 1, 2002	\$6,936,495	\$73,005	\$-	\$1,066,507	\$1,816,491	\$87,248	\$9,979,746
Distribution of net income from 2001 :							
Appropriation of legal reserve	-	-	-	184,275	(184,275)	-	-
Employees' bonuses	-	-	-	-	(33,169)	-	(33,169)
Directors' and supervisors' remuneration	-	-	-	-	(33,170)	-	(33,170)
Issuance of stock dividends	783,824	-	-	-	(783,824)	-	-
Issuance of cash dividends	-	-	-	-	(776,888)	-	(776,888)
Net income for 2002	-	-	-	-	2,592,340	-	2,592,340
Capital reserve transferred to retained earnings	-	(73,005)	-	-	73,005	-	-
Cumulative translation adjustment	-	-	-	-	-	(16,253)	(16,253)
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares	-	-	308	-	(3,957)	-	(3,649)
Balance at December 31, 2002	<u>\$7,720,319</u>	<u>\$ -</u>	<u>\$308</u>	<u>\$1,250,782</u>	<u>\$2,666,553</u>	<u>\$70,995</u>	<u>\$ 11,708,957</u>
For the year ended December 31, 2003							
Balance at January 1, 2003	\$7,720,319	-	\$308	\$1,250,782	\$2,666,553	\$70,995	\$11,708,957
Distribution of net income from 2002 :							
Appropriation of legal reserve	-	-	-	261,944	(261,944)	-	-
Employees' bonuses	-	-	-	-	(47,989)	-	(47,989)
Directors' and supervisors' remuneration	-	-	-	-	(47,989)	-	(47,989)
Issuance of stock dividends	864,676	-	-	-	(864,676)	-	-
Issuance of cash dividends	-	-	-	-	(1,374,217)	-	(1,374,217)
Net income for 2003	-	-	-	-	3,681,606	-	3,681,606
Cumulative translation adjustment	-	-	-	-	-	(42,345)	(42,345)
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares	-	-	(308)	-	(70,926)	-	(71,234)
Balance at December 31, 2003	<u>\$8,584,995</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,512,726</u>	<u>\$3,680,418</u>	<u>\$28,650</u>	<u>\$13,806,789</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSAND OF NEW TAIWAN DOLLARS)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$3,681,606	\$2,592,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	22,587	21,623
Depreciation	1,335,635	1,205,774
Amortization	124,638	3,601
Reversal of provision for market value decline of short-term investments	(170,426)	(10,968)
Investment (gain) loss recognized under equity method	(411,979)	286,262
Loss on permanent decline in value of long-term investments	155,801	36,650
Cash dividends from equity subsidiaries	168,770	17,500
Gain on disposal of long-term investments	(92,958)	-
Loss on disposal of property, plant and equipment	48,959	25,248
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable	2,762	46,797
Other receivables	(228,045)	53,595
Inventories	(253,967)	414,544
Prepayments	39,048	(72,163)
Increase (decrease) in liabilities		
Notes payable	249,445	422,955
Accounts payable	464,468	170,766
Income tax payable	226,809	(13,844)
Accrued expenses	292,449	438,884
Other payables	851,191	(145,509)
Cash received in advance	217,564	32,921
Deferred income tax	(2,154)	(4,180)
Provision for retirement plan	919	1,726
Net cash provided by operating activities	6,723,122	5,524,522

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2003	2002
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term investments	\$329,567	\$1,987,008
Purchase of property, plant and equipment	(1,311,135)	(1,250,802)
Proceeds from disposal of property, plant and equipment	13,249	14,920
Increase in long-term investments – subsidiaries	(805,729)	(735,942)
Increase in long-term investments – non subsidiaries	(381,704)	(4,614,151)
Return of long-term investments	179,000	9,567
Proceeds from the sale of long-term investments	979,408	-
Increase in guarantee deposits	(40,323)	(148,462)
Increase in other assets	(245,583)	(330,387)
Net cash used in investing activities	(1,283,250)	(5,068,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of cash dividends	(1,374,217)	(776,888)
(Decrease) increase in short-term loans	(250,000)	250,000
Decrease in commercial paper payable	(498,795)	(99,407)
Decrease in long-term loans	(2,150,000)	(850,000)
Increase in customers' deposits	158,934	108,493
Payment of employees' bonuses and directors' and supervisors' remuneration	(95,978)	(66,339)
Payment for property, plant and equipment purchased in prior year	(343,626)	(89,458)
Increase in bonds payable	1,500,000	700,000
	(290,266)	-
Net cash used in financing activities	(3,343,948)	(823,599)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,095,924	(367,326)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	633,421	1,000,747
CASH AND CASH EQUIVALENTS, END OF YEAR	\$2,729,345	\$633,421
Supplemental disclosures of cash flow information		
Interest paid	\$72,055	\$66,547
Income taxes paid	\$29,185	\$543,270
Investing and financing activities with partial cash payment:		
Purchase of property, plant and equipment	\$1,791,971	\$1,594,428
Less: other payables	(480,836)	(343,626)
Cash purchase of property, plant and equipment	\$1,311,135	\$1,250,802
Purchase of other assets	\$ 256,083	\$620,653
Less: other payables	(10,500)	(290,266)
Cash purchase of other assets	\$245,583	\$330,387

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31 of 2003 & 2002
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Note1.HISTORY AND ORGANIZATION

President Chain Store Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China on June 10, 1987. The Company is engaged in the operation of convenience stores and the retail sale of food, cans, household goods, and other similar products. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 1997. As of December 31, 2003, the Company had 39,901 employees.

Note2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company were prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China. The significant accounting policies are summarised as follows:

1.Cash equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value due to changes in interest rates.

2.Foreign currency translation

The Company maintains its accounts in New Taiwan dollars. Foreign currency transactions are measured and recorded in New Taiwan dollars using the exchange rate in effect on the transaction dates. Any change in the exchange rate between the date of transactions and the settlement date which results in an exchange gain or loss is charged to income for the period. Receivables and other monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing at the balance sheet date and the unrealized exchange gain or loss is included in income for the period.

3.Short-term investments

Short-term investments are stated at the lower of cost or market value. Cost is determined using the moving-average method. Any excess of aggregate cost over the market value is recognized in the current period. The fair value of listed stocks is estimated based on the average closing price of the last month during the accounting period. The fair value of mutual funds is estimated based on the net asset value at the balance sheet date.

4.Allowance for doubtful accounts

Allowance for bad debts is determined based on an evaluation of the collectibility of accounts receivable and other receivables.

5.Inventories

Inventories are recorded at actual cost when acquired and are stated at the lower of cost, which is determined using the retail method, or market value at the balance sheet date.

6.Long-term investments

Long-term investments in which the Company owns less than 20% of the voting rights of the investee company and has no ability to exercise significant influence on the investee company's operational decisions are stated at the lower of cost or market value for listed investee companies and at cost if the investee company is not listed. The unrealized loss resulting from a decline in market value is shown under shareholders' equity. However, when it becomes evidently clear that there has been a permanent impairment in value and the chance of recovery is minimal, loss is recognized in the current year's net income. The amount of cash dividends the Company receives is recorded as a decrease in the investment carrying value when the cash dividends are distributed from the earnings retained by the investee company before the Company had invested in that investee company.

Long-term investments in which the Company owns at least 20% of the voting rights of the investee company are accounted for under the equity method unless the Company cannot exercise significant influence over the investee company. The difference

between the acquisition cost and the Company's share of the investee's net book value on the date of acquisition is amortized over 5-10 years using the straight line method.

Consolidated financial statements are prepared to include all majority owned subsidiaries under one of the following circumstances.

- (1) The subsidiaries total assets and total operating revenues constitute more than 10% of the respective accounts of the Company.
- (2) When total assets and total operating revenues of all majority owned and non-consolidated subsidiaries have exceeded 30% of those of the Company, subsidiaries with total assets and total operating revenues in excess of 3% of the respective accounts of the Company are consolidated.

The cost of disposal for long-term investments is determined using the weighted average method.

For foreign investments accounted for under the equity method, the Company's proportionate share of the foreign investee company's cumulative translation adjustment resulting from translating the foreign investee company's financial statements into New Taiwan dollars is recognized by the Company and is included in a cumulative translation adjustment account in the Company's shareholders' equity.

7. Property, plant and equipment

Property, plant and equipment are stated at cost. Interest incurred in connection with the purchase or construction required to bring the assets to the condition and location for their intended use is capitalized.

Depreciation is computed over the economic useful lives of depreciable assets using the straight-line method, except for leasehold improvements which are amortized over the lease period. The salvage value of fully depreciated assets still in use is depreciated based on the residual value over the estimated remaining useful lives. The useful lives of major fixed assets are 3~8 years, except for buildings which are 30~55 years.

Maintenance and repairs are expensed as incurred. Major renewals, betterments and additions are capitalized and depreciated. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in current non-operating income or loss.

8. Deferred expense

The booking basis for deferred expense is accounted in original cost and amortized in three years.

9. Retirement plan and cost

The Company has a funded defined benefit retirement plan covering all regular employees. Retirement benefits are based on years of service and six month average salaries before retirement. The Company makes monthly contribution based on 2%~4.42% of employees monthly salaries to Central Trust of China, the trustee of the retirement fund. The retirement fund balance is not reflected in the Company's financial report.

Net periodic pension cost is computed based on an actuarial valuation report, and minimum pension liabilities based on an actuarial valuation report are recognized on the balance sheet date.

10. Income tax

Income tax is provided based on accounting income after adjusting for permanent differences, including deferred tax resulting from temporary differences, tax credits and loss carryforwards. The tax effect of taxable temporary differences is recorded as a deferred tax liability; while the tax effect of deductible temporary differences, net operating loss carryforwards and income tax credits are recorded as deferred tax assets. A valuation allowance for deferred tax assets is provided when it is most likely that the tax benefit will not be realized. Deferred tax assets or liabilities are classified into current or non current items in accordance with the nature of the balance-sheet account or the period of expected realization.

According to SFAS No.12 of R.O.C. "Accounting for Income Tax Credits", the Company's income tax credits generated from the acquisition of automation equipment or technology, and employee training are recognized as incurred.

The 10% additional income tax on undistributed earnings is recognized on the day of the resolution of distribution by the stockholders' meeting.

Adjustments to prior years' income tax liabilities are included in current year's income tax expense.

11.Revenues and costs

Sales revenue is recognized when the earning process is completed and payment is realized or realizable; the costs and expenses associated with the revenue are recorded as incurred.

12.Derivative financial instruments

As there are no real transaction of principal existing, the contractual amounts of interest rate swaps are recorded in the memorandum account on the trading date. For hedging transactions, receipt or payment of the settlement amount of the difference between the floating interest rate and the fixed interest rate are recognized as an adjustment to the interest expense of the hedge underlying the settlement date or the balance sheet date.

13.Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those assumptions and estimates.

14.Earnings per share

Basic earning per share is calculated by dividing net income by the weighted average number of shares outstanding during the year after taking into consideration the retroactive effect of stock dividends, capital reserve capitalized, and stock bonuses to employees.

Note3.CHANGE IN ACCOUNTING PRINCIPLE

None.

Note4.DETAILS OF SIGNIFICANT ACCOUNTS

1.CASH AND CASH EQUIVALENTS

	December 31, 2003	December 31, 2002
Cash on hand	\$205,730	\$175,024
Checking deposits and demand deposits	617,352	458,397
Cash equivalents		
Commercial paper with resale agreement	1,906,263	-
	<u>\$2,729,345</u>	<u>\$633,421</u>

The annual interest rate of commercial paper is 0.70%~1.025% as of December 31, 2003 with maturity date due within three months.

2. INVENTORIES

	December 31, 2003	December 31, 2002
Merchandise	\$2,055,650	\$1,801,683
None of the inventories were pledged as of December 31, 2003 and 2002..		

3. LONG-TERM INVESTMENTS

Name of subsidiaries	December 31, 2003		December 31, 2002	
	Amount	Percentage owned	Amount	Percentage owned
Equity method:				
President Chain Store (BVI) Corp.	1,423,496	100.00	\$1,289,342	100.00
Uni-President Cold-Chain Corp.	335,927	60.00	338,606	60.00
President Musashino Corp.	333,176	60.00	327,685	60.00
Mech-President Corp.	367,612	62.95	306,095	62.95
President Drugstore Business Corp.	238,347	100.00	185,042	100.00
President Transnet Corp.	151,971	80.00	157,557	80.00
Ren-Hui Investment Corp.	859,560	100.00	141,510	100.00
Wisdom Distribution Service Corp.	136,656	100.00	130,054	100.00
President Information Corp.	169,054	70.00	127,985	54.17
President Direct Marketing Corp.	113,855	25.00	112,385	25.00
Uni-President Takashimaya Co., Ltd. and others	668,297	20.00	780,711	20.00
		100.00		100.00
	4,797,951		3,896,972	
Cost or the lower of cost or market:				
President Securities Corp.	140,534	2.57	140,534	2.48
Cost method:				
Presicarre Corp.	3,559,448	10.00	3,729,448	10.00
Tonpal Optoelectronics Corp.	1,609,160	4.89	2,299,197	9.71
Tong-Teng Development Corp.	625,000	14.29	625,000	14.29
President International Development Corp.	500,000	3.33	500,000	3.33
Allianz President General Insurance Co., Ltd. and others	1,556,748	0.02	1,501,878	0.02
		19.31		16.67
	7,850,356		8,655,523	
	\$12,788,841		\$12,693,029	

- (1)The long-term investments gain and loss recognized under the equity method based on the audited financial statements of the investee companies was \$411,979 and \$286,262 in 2003 and 2002, respectively.
- (2)Due to the capital reduction or continuous operation losses of Tung Ho Development Co., Ltd. and Copres Corp. Latin America Development Corp., the Company recognized a loss of \$155,801 and \$36,650 in 2003 and 2002, respectively.
- (3)The information related to acquisition and disposition of long-term investments from and to related parties in 2003 and 2002 is disclosed in note 5.
- (4)Uni-President Cold-Chain Corp., Mech-President Corp., President Transnet Corp., President Musashino Corp., Wisdom Distribution Service Corp. and President Chain Store (BVI) Corp. were included in the preparation of consolidated financial statements. The other companies in which the Company's voting rights exceed 50% were not included in the preparation of consolidated financial statements because these companies did not meet the criteria for consolidation.

4.ACCUMULATED DEPRECIATION

	December 31, 2003	December 31, 2002
Buildings	\$138,136	\$124,292
Operating equipment	4,232,573	3,627,561
Leasehold improvements	1,606,734	1,444,311
Other equipment	46,794	48,556
	<u>\$6,024,237</u>	<u>\$5,244,720</u>

5.ACCRUED EXPENSES AND OTHER PAYABLES

	December 31, 2003	December 31, 2002
Accrued salaries and bonuses	\$698,987	\$599,721
Accrued incentives for franchisee	321,877	314,433
Bills collected for others	1,535,858	609,581
Accrued liabilities for purchase equipment and system development and maintenance expenses	541,327	892,324
Other	723,207	404,113
	<u>\$3,821,256</u>	<u>\$2,820,172</u>

6.BONDS PAYABLE

	Term	December 31, 2003	December 31, 2002
The first secured bonds	From January 16, 2002 to January 18, 2007	\$700,000	\$700,000
The second secured bonds	From June 10, 2003 to June 13, 2008	1,500,000	-
		<u>\$ 2,200,000</u>	<u>\$700,000</u>

a.The first secured bonds are secured by Chain Development Industrial Bank and Bank of Taiwan Chunglun Branch. Lump sum payable due on maturity date with a simple interest rate of 2.8% on the face value payable annually from issuance date. According to the bond indenture agreement signed by the Company and Bank of Taiwan, the bonds payable is designated exclusively for the redemption of bank loans of the Company in order to save interest expense.

b.The second secured bonds are secured by Taipei Bank and Bank of Taiwan Chunglun Branch. The terms of issuance are shown as below:

1.A:The Company will redeem 20%, 25% and 50% of the principal amount separately at the end of 3rd, 4th and 5th year respectively from the issuance date. The annual interest rate is 1.4%, which is a simple interest. The interest will be paid annually, commencing from the issuance date.

2.B:The Company will redeem the principal amount totally at the maturity date. The interest rate is 4% less Floating Rate Index, subject to a Floor of 0%. Floating Rate Index is either 6 month USD LIBOR or 180 day CPBA, to be determined by AABTAI on 2 business days prior to the start of each semi-annual interest period. Semi-annually, the Company can choose to calculate simple interest and make payment accordingly.

7.LONG-TERM LOANS

	December 31, 2002
Credit loans	\$2,150,000
Less : Current portion of long-term loans	(150,000)
	<u>\$2,000,000</u>
Interest rates	<u>1.90%-2.20%</u>

8.RETIREMENT PLAN

(1)The funded status of the plan at December 31, 2003 and 2002 are as follows:

	December 31, 2003	December 31, 2002
Benefit obligation:		
Vested benefit obligation	(\$33,257)	(\$10,585)
Nonvested benefit obligation	(389,049)	(252,579)
Accumulated benefit obligation	<u>(422,306)</u>	<u>(263,164)</u>
Additional benefit based on future salaries	(365,354)	(273,032)
Projected benefit obligation	<u>(787,660)</u>	<u>(536,196)</u>
Plan assets at fair value	209,589	146,353
Plan funded status	<u>(578,071)</u>	<u>(389,843)</u>
Unrecognized net transition obligation	(40,731)	(46,693)
Unrecognized plan assets gain	252,739	68,121
Accrued prepaid cost	<u>(\$366,063)</u>	<u>(\$368,415)</u>
Vested benefit	<u>\$40,534</u>	<u>\$11,907</u>

The assumptions used in the actuarial calculation are as follows:

Discount rate	3.50%	4.00%
Rate of increase in compensation levels	3.75%	4.00%
Expected return on plan assets	2.75%	3.25%

(2)The details of net periodic pension cost for the period ended December 31, 2002 and 2001 are as follows:

	December 31, 2003	December 31, 2002
Service cost	\$45,982	\$9,525
Interest cost	21,448	17,618
Expected return on plan assets	(4,756)	(3,760)
Amortization of the unrecognized net obligation at transition	(5,961)	(5,961)
Amortization of the net gain of unrecognized pension assets	1,450	-
Net periodic pension cost	<u>\$58,163</u>	<u>\$47,422</u>

9.DEFERRED INCOME TAX AND INCOME TAX

(1)Adjustments for corporate income tax expenses and income tax payable are as follows:

	For the year ended December 31, 2003	For the year ended December 31, 2002
Income tax payable	\$461,347	\$234,538
Net change amount of deferred income tax assets from temporary differences	(2,154)	(4,180)
Applicable income tax of extraordinary gain	-	(6,630)
Net change amount of deferred income tax assets from investment tax credits	(216,395)	-
Under provision of prior years' income tax	1,442	(10,910)
Income tax withheld	396	1,991
Prepaid income tax	8,490	303,808
Income tax expense	<u>\$253,126</u>	<u>\$518,617</u>
The details of income tax expense:		
Current income tax expense	\$178,103	\$484,795
Applicable income tax of extraordinary gain	-	(6,630)
10% income tax on undistributed retained earnings	75,023	40,452
	<u>\$253,126</u>	<u>\$518,617</u>

(2)Deferred income tax assets as of December 31, 2003 and 2002 are as follows:

a.Deferred income tax assets (liabilities) were as follows:

	December 31, 2003		December 31, 2002	
	Amount	Income tax effect	Amount	Income tax effect
Current Items:				
Temporary Differences				
Employee welfare expenses	\$6,839	\$1,709	\$6,685	\$1,671
Provision for doubtful accounts	25,636	6,409	17,251	4,313
		<u>\$8,118</u>		<u>\$5,984</u>
Non-current Items:				
Temporary Differences				
Employee welfare expenses	\$10,127	\$2,532	\$10,048	\$2,512
Investment loss under the equity method	126,003	31,501	302,433	75,608
		34,033		78,120
Allowance for deferred income tax assets		(31,501)		(75,608)
		<u>\$2,532</u>		<u>\$2,512</u>

(3)The Company's income tax returns for the years through 2001 have been assessed and approved by the Tax Authority.

(4)The Company's investment tax credits for 2003 are as follows:

Investment tax credit	Total investment tax credit
Qualifying stockholders' equity investment tax credits	456,928
Qualifying research and development, employee training	189,404
Investment in infertile or poorly-developed area	34,718
All of the investment tax credits for 2003 could be used in 2003.	

(5)As of December 31, 2003 and 2002 the balances of unappropriated earnings are as follows:

	December 31, 2003	December 31, 2002
Unappropriated earnings during and before 1997	\$34,352	\$34,352
Unappropriated earnings during and after 1998	3,646,066	2,632,201
	<u>\$3,680,418</u>	<u>\$2,666,553</u>

(6)As of December 31, 2003 and 2002, the balances of the shareholder's creditable tax account and the actual or expected tax credit percentages of unappropriated earnings are as follows:

	December 31, 2003	December 31, 2002
The balance of the shareholders' creditable tax account	<u>\$16,552</u>	<u>\$387,805</u>
	For the year ended December 31, 2003	For the year ended December 31, 2002
The expected or actual tax credit percentages of unappropriated earnings	<u>0.45</u>	<u>19.72</u>

The amount of deductible tax distributable by the Company to its shareholders shall be limited to an amount not exceeding the amount of the imputation tax credit account balance on the date of distribution of the dividends. Accordingly, the actual creditable ratio for the distribution of 2003 undistributed earnings will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

10.COMMON STOCK

(1)On June 24, 2003, the stockholders resolved to capitalize unappropriated retained earnings. This was approved by the Securities and Futures Commission (SFC) on July 17, 2003 and was registered with the Ministry of Economics Affairs (MOEA) on September 2, 2003.

(2)The Company's authorized common stock was 900,000,000 shares, and issued outstanding common stock was 858,499,471 and 772,031,899 shares with a par value of \$10 (dollar) per share as of December 31, 2003 and 2002, respectively.

11.RETAINED EARNINGS

- (1)Under the Company's Articles of Incorporation, as amended on June 12, 2001, after paying all taxes and dues and offsetting prior year's losses, 10% of the Company's current earnings shall be set aside as legal reserve and an amount equal to the total of the cumulative translation adjustment, unrealized loss on long-term investments, etc, that resulted in a net reduction of the shareholders' equity as of the end of the current year shall be set aside as special reserve. The remaining current year's earnings and the accumulated unappropriated earnings from prior years shall be distributed in accordance with a resolution passed by a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount distributed by the Company, 2% of the remaining current year's earnings should be allocated for directors' and supervisors' remuneration, not less than 0.2% of that should be allocated for employees' bonuses and 80% to 100% of the accumulated unappropriated earnings after deducting directors' and supervisors' remuneration and employees' bonuses will be distributed as dividends to stockholders, of which 20% to 50% shall be distributed in the form of cash. The Company's articles were amended on June 24, 2003. The distributed proportion of cash dividend has been changed from 20% - 50% to 50% - 80%. The article which stated that the rate could be adjusted and distributed by stockholders' meeting, if it was necessary, has been deleted.
- (2)In accordance with ROC Company Law, 10% of annual earnings should be appropriated as a legal reserve until the accumulated legal reserve equals the total paid-in capital of the Company. The legal reserve may only be used to offset deficits or increase capital.
- (3)In June 2002, the stockholders resolved to transfer the capital reserve transferred from gains on disposal of property, plant and equipment prior to 2002 to retained earnings in the amount of \$73,005.
- (4)The per share dividends information decided by stockholders' meeting are as follow:

	December 31, 2003	December 31, 2002
Cash Dividend	\$1.78	\$1.12
Stock Dividend	1.12	1.13

- (5)As of March 26, 2004, the resolution for the distribution of 2003 earnings has not been adopted by the Board of Directors. The resolution in relation to the Company's distribution of earnings, which have been adopted by the Board of Directors and approved in the stockholders' meetings, are posted on the official website of the Taiwan Stock Exchange.
- (6)The information on the 2002 earnings distributed in 2003 for employees' bonuses and directors' and supervisors' remuneration based on the resolution adopted by the board of directors and approved in the shareholders' meetings were as follows:

- (1)The amount of the retained earnings distributed

A.Employees' cash bonuses	\$47,989
B.Directors' and supervisors' remuneration	\$47,989

- (2)Information regarding earnings per common shares (in dollars) as of 31st December, 2002

A.Original earnings per common share	\$3.36
B.Adjusted earnings per common share	\$3.23

12. EARNINGS PER COMMON SHARE

For the year ended 31st December, 2003					
	Amount		Weighted average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share					
Net income	\$3,934,732	\$3,681,606	858,499,471	\$4.58	\$4.29

For the year ended 31st December, 2002					
	Amount		Weighted average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share					
Net income	\$3,117,587	\$2,592,340	858,499,471	\$3.63	\$3.02

13. PERSONNEL, DEPRECIATION AND AMORTIZATION

The personnel, depreciation, amortization expenses were classified according to their functions as follows:

Item	For the year ended 31st December,	
	2003	2002
Personnel expenses		
Salaries and wages	\$2,532,824	\$2,553,380
Insurance expense	185,772	170,389
Pension expense	61,383	51,224
Others	192,839	229,989
Depreciation	1,335,635	1,205,774
Amortization	124,638	3,601
	<u>\$4,433,091</u>	<u>\$4,214,357</u>

14. ACCOUNTS CLASSIFICATION

Certain accounts in the financial statements as of and for the year ended 31 December 2002 were reclassified to conform with the presentation adopted in the financial statements as of and for the year ended 31 December 2003.

Note5.RELATED PARTY TRANSACTIONS

1.Related parties and their relationship with the Company

Name of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Shareholder of the Company
Nanlien International Corp.	A subsidiary of Uni-President Enterprises Corp. (accounted by equity method)
Tung Ang Enterprises Corp.	"
President Kikkoman Inc.	"
Pcyber.com Co., Ltd.	"
Uni-President Dream Park Corp.	"
President Natural Industrial Corp.	"
President Direct Marketing Corp.	Subsidiary accounted for under the equity method
President Drugstore Business Corp.	
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co., Ltd.	"
President Coffee Corp.	"
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
Uni-President Yellow Hat Co., Ltd.	"
President Pharmaceutical Corp.	"
President Musashino Corp.	"
President Chain Store (BVI) Corp.	"
Retail Support International Corp.	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp., etc.	"
President Engineering Technology Corp.	"
Ren-Hui Investment Corp.	"
President Collect Service Corporation	"
Uni-President Takashimaya Co., Ltd.	"
Books.com Co., Ltd.	"
Bank Pro E-Service Technology Co., Ltd.	"
Muji (Taiwan) Co., Ltd.	"

Name of related parties	Relationship with the Company
21 Century Enterprise Co., Ltd.	Subsidiary accounted for under the equity method
President Packaging Co., Ltd.	"
President Technology Corp.	"
President Chain Store (Labuan) Holdings Ltd.	Indirect subsidiary of the Company
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
Shanghai President Machine Corp.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp. (accounted by equity method)
President Logistics Transportation Corp	"
Allianz President Life Insurance Co., Ltd.	The company has a seat on the related party's board of directors
Allianz President General Insurance Co., Ltd.	"
President International Development Corp.	"
Copres Corp.	"
Life Information Services Co., Ltd. Associated Company	"
President Construction Corporation	"
Grand Commercial Bank	The Company has a seat on the related party's board of directors (The relationship was terminated on 30 September 2003)

2. Significant transactions with related parties are as follows:

(1) Other operating revenue-sales bonus

	For the years ended 31st December,			
	2003		2002	
	Amount	Percentage	Amount	Percentage
Retail Support International Corp.	\$137,308	11%	\$216,053	23%
Uni-President Enterprises Corp.	19,951	2%	18,015	2%
Others	54,486	5%	34,603	3%
	<u>\$211,745</u>	<u>18%</u>	<u>\$268,671</u>	<u>28%</u>

(2) Purchases (net of purchase bonus, etc.)

	For the years ended 31st December,			
	2003		2002	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Retail Support International Corp.	\$35,110,524	64%	\$31,875,551	63%
Uni-President Cold-Chain Corp.	9,714,506	18%	7,582,428	15%
Uni-President Enterprises Corp.	1,373,965	3%	2,487,904	5%
Wisdom Distribution Service Corp.	3,782,202	7%	2,867,407	6%
Others	1,221,523	1%	1,219,753	2%
	<u>\$51,202,720</u>	<u>93%</u>	<u>\$ 46,033,043</u>	<u>91%</u>

Except for Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp., the Company's purchase prices from other related parties are at regular prices, and the terms for purchase bonus and delivery subsidies are same as those with non-related suppliers. All payment terms for related parties are at regular terms.

The terms and conditions for purchases and delivery from Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. were based on the delivery contracts. Under the agreements, all the merchandise and retail items, except for tax free goods, delivered by Uni-President Cold-Chain Corp. are purchased on behalf of the Company. The cost for goods purchased are based on cost plus basis.

(3) Merchandise transformation subsidies (accounted as deduction of cost of goods sold)

	For the years ended 31st December,			
	2003		2002	
	Amount	Percentage	Amount	Percentage
Uni-President Cold-Chain Corp.	\$138,028	49%	\$143,688	51%
Uni-President Enterprises Corp.	17,973	6%	64,876	23%
Retail Support International Corp.	102,367	36%	49,277	17%
	<u>\$258,368</u>	<u>91%</u>	<u>\$257,841</u>	<u>91%</u>

(4) Operating Expenses

	For the years ended 31st December,			
	2003		2002	
	Amount	Percentage	Amount	Percentage
1. Freight expense				
Retail Support International Corp.	\$12,387	23%	\$11,837	25%
2. Cleanliness service expense				
Duskin Serve Taiwan. Co., Ltd.	<u>\$44,624</u>	<u>44%</u>	<u>\$39,367</u>	<u>40%</u>
3. Retail items (accounted as packing and other expense)				
Retail Support International Corp.	<u>\$186,024</u>	<u>49%</u>	<u>\$251,353</u>	<u>66%</u>
4. Retail checking expense				
Capital Inventory Services Corp.	<u>\$108,952</u>	<u>100%</u>	<u>\$106,873</u>	<u>100%</u>
5. Electronic ordering system management charges				
President Information Corp.	\$273,793	53%	\$325,980	62%
President Technology Corp.	63,901	12%	107,791	21%
	<u>\$337,694</u>	<u>65%</u>	<u>\$433,771</u>	<u>83%</u>
6. Repair and professional service charges				
President Engineering Technology Corp.	\$429,324	88%	\$399,780	81%
7. Training expense				
Capital Inventory Services Corp.	\$19,773	37%	\$50,059	57%

(5)Other Income

	For the years ended 31st December,			
	2003		2002	
	Amount	Percentage	Amount	Percentage
1.Subsidy for electronic ordering system (accounted for as other income-others)				
Retail Support International Corp.	\$125,208	62%	\$105,065	63%
Uni-President Cold-Chain Corp.	59,537	30%	33,446	20%
Others	5,353	2%	12,893	7%
	\$190,098	94%	\$151,404	90%

The calculation and the collection terms are the same as those with other suppliers.

(6)Assets (Liabilities) Accounts

	December 31,2003		December 31,2002	
	Amount	Percentage	Amount	Percentage
1.Accounts receivable				
Retail Support International Corp.	\$14,109	6%	\$11,684	5%
Others	10,449	5%	5,793	3%
	\$24,558	11%	\$17,477	8%

	December 31, 2003		December 31, 2002	
	Amount	Percentage	Amount	Percentage
2. Other receivables				
Retail Support International Corp.	\$331,447	33%	\$251,657	49%
Uni-President Cold-Chain Corp.	71,162	7%	68,201	13%
Uni-President Enterprises Corp.	11,245	1%	24,296	5%
Others	26,389	3%	10,090	2%
	<u>\$440,243</u>	<u>44%</u>	<u>\$354,244</u>	<u>69%</u>
3. Prepayment for goods				
Retail Support International Corp.	\$70,300	8%	\$81,700	39%
4. Notes and accounts payable				
Retail Support International Corp.	\$3,391,440	58%	\$2,519,436	49%
Uni-President Cold-Chain Corp.	908,025	16%	580,454	11%
Wisdom Distribution Service Corp.	600,724	10%	436,322	8%
Uni-President Enterprise Corp.	82,905	1%	314,470	6%
Others	199,828	4%	160,735	4%
	<u>\$5,182,922</u>	<u>89%</u>	<u>\$4,011,417</u>	<u>78%</u>
5. Accrued expenses				
President Information Corp.	\$56,291	4%	\$157,462	10%
Others	95,738	6%	87,142	6%
	<u>\$152,029</u>	<u>10%</u>	<u>\$244,604</u>	<u>16%</u>

(7)Property transactions

1.The Company acquired and disposed long-term investments from and to related parties in 2003 and 2002 with acquisition prices based on book value or appraised value.

A.Acquisition of marketable securities

Name of related parties	Name of marketable securities	Number of shares	Transaction amount	
			2003	2002
Grand Commercial Bank	Bank Pro E-Service Technology Co., Ltd.	3,600,000	37,764	
	President Information Corp.	759,500	11,271	
Retail Support International Corp.	President Information Corp.	1,012,000	15,028	
Uni-President Enterprises Corp.	President Pharmaceutical Corp.	3,960,000		\$74,844
	Presicarre Corp.	36,208,230	-	3,729,448
President International Development Corp.	Uni-President Yellow Hat Co., Ltd.	2,850,000	-	30,552
President Chain Store (BVI) Corp.	Digital United Inc. (Seednet)	2,400,000	-	USD3,909

B.Disposal of marketable securities in 2003

Name of related parties	Name of marketable securities	Number of shares	Transaction amount	Gain from disposal
Uni-President Enterprises Corp.	President Packaging Co., Ltd.	6,473,808	\$161,781	\$ 75,098
Ren-Hui Investment Corp.	Tonpal Optoelectronics Corp.	62,800,000	See below	

The Company transferred 62,800,000 shares of Tonpal Optoelectronics Corp. in book value to 69,003,733 shares of Ren-Hui Investment Corp. in 2003.

2.The Company acquired \$33,880 and \$195,181 of computer equipment from the President Information Corp. in 2003 and 2002, respectively. As of December 31, 2003, the unpaid amount was \$22.

(8)Endorsement and guarantee

The amount endorsed and guaranteed for related parties as of December 31, 2003 are as follows:

Mech-President Corp.	\$300,000
President Transnet Corp.	510,000
President Drugstore Business Corp.	320,000
President Information Corp.	8,000
	<u>\$1,138,000</u>
Philippine Seven Corp	USD2,000
	<u>PESO80,000</u>

(9)Loans of related parties

	The highest amount in 2003		Balance in December 31, 2003	Rate	Interest revenue in 2003
	Date	Amount			
Uni-President Yellow Hat Co., Ltd.	2003.3~2003.12	\$5,000	\$5,000	2.89%	\$111

(10)Commitments

1.According to the "PEC National Building Construction Contract" dated November 1998, the Company and seven companies (including Uni-President Enterprises Corp.) will construct PEC National Building at an estimated cost of \$5,566,188. The Company's commitment is 5% of the total cost. As of December 31, 2003, the unpaid amount of the Company's commitment is \$155,900.

2.The Company entered into an agreement with President Construction Corporation dated January 3, 2004 to negotiate a real-estate trading arrangement. This agreement would expire on June 30, 2004. The Company had paid President Construction Corporation \$200,000 as deposit.

Note6.PLEDGED ASSETS : None.

Note7.CONTINGENT LIABILITIES AND COMMITMENTS

(1)According to the franchise agreement with 7-Eleven.Inc. the monthly franchise payment to 7-Eleven.Inc. is based on monthly sales.

(2)The Company signed rental agreements with non-related parties to rent store space with lease periods ranging from 3 to 12 years. As of December 31, 2003, the Company has prepaid rent and guaranteed deposits in the amount of \$565,834 and \$709,521, respectively.

Summary of the estimated annual rental expense of the Company are as follows:

Year	Total rental expense
2004	\$3,657,076
2005	3,542,369
2006	3,262,576
2007	2,833,420
2008 and thereafter	6,181,207
	<u>\$19,476,648</u>

Note8.SIGNIFICANT CASUALTY LOSS: None.

Note9.SIGNIFICANT SUBSEQUENT EVENTS: Note 5.

Note10.OTHERS:

(1)INFORMATION OF INVESTMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

The Company has derivative financial instrument transactions in 2003. (Non-transaction in 2002)

a.Amount of agreement or nominal principal and risk of credit

Financial instrument	December 31, 2003	
The interest swap contract in non-transaction purpose	Amount of agreement	
	or nominal principal	Credit risk
	<u>\$700,000</u>	<u>\$-</u>

The financial institutions that the Company deals with are all in good credit standing and as such the credit risk of defaulting the contract is rather low.

b. Market price risk:

The interest swap contract belongs to a hedged transaction. The market price risk is deemed to be low, as the hedged subjects offset the income/loss from variation in market interest.

c. The liquid risk, cash flow risk and the amount, period and the, uncertainty of cash demand in the future:

The interest swap contract belongs to a hedged transaction. The liquid risk and cash flow risk is deemed to be low as the interest or exchange rate had been assured in the contract. The working capital of the Company would be enough to support the contract.

d. The type and purpose of derivative financial instruments:

The major purpose was to avoid the interest variation risk on bonds. In the contracted period, the Company decided to get or pay the interest difference between the floating rate and the fixed rate with ABN AMRO Bank every 6 months. The contract term was designed for 5 years.

5. The presentation on derivative financial instruments in the financial statements:

Financial instrument	December 31, 2003	
	Book value	Fair value
Interest swap contract	\$ -	(\$5,453)

At the end of year 2003, the net amount receivable from the interest swap were \$2,521 thousand, which was booked as "Other receivables" and the credit side as "Interest expense". The interest swap resulted in decreasing interest expense of \$6,028 in total for the year 2003.

(2) FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2003	
	Book value	Fair value
Financial assets		
Financial assets of the same book and fair value	\$3,687,685	\$3,687,685
Short-term investments	98,385	98,066
Long-term investments	12,788,841	12,534,582
Guaranteed deposits	870,893	806,052

	December 31, 2003	
	Book value	Fair value
Financial liabilities		
Financial liabilities with book value equal to fair value	\$12,272,400	\$12,272,400
Customers deposits	1,031,365	942,519
Provision for retirement plan	372,810	578,071

	December 31, 2002	
	Book value	Fair value
Financial assets		
Financial assets of the same book and fair value	\$1,389,065	\$1,389,065
Short-term investments	257,526	249,012
Long-term investments	12,693,029	12,557,504
Guaranteed deposits	830,570	776,259

	December 31, 2002	
	Book value	Fair value
Financial liabilities		
Financial liabilities with book value equal to fair value	\$11,729,389	\$11,729,389
Customer deposits	872,431	800,725
Provision for retirement plan	371,891	389,843

- a. The fair values of the short-term financial instruments, bonds payable, long-term liabilities are their book values at the balance sheet date due to their short maturities.
- b. The fair values of short-term investments in listed stocks are estimated based on the closing price at the balance sheet date. The fair value of short-term open-end funds is based on the fund's net asset value at the balance sheet date.
- c. The fair values of long-term investments in listed stocks are estimated based on the closing price at the balance sheet date. The fair values of long-term investments in equity securities without market prices accounted for under the equity method are their underlying equity in the net assets based on the audited financial statements of the investee companies. The fair values of long-term investments in equity securities without market prices accounted for at cost are their underlying equity in the net assets based on the unaudited financial statements of the investee companies.
- d. The fair values of guaranteed deposits and customers' deposit are based on the discounted value of expected future cash inflow and the discount rate is based on the fixed rate of one year time deposit in the post office as of December 31, 2003.
- e. The fair values of provision for retirement plan is based on the funding status presented in the actuarial report measured as of December 31, 2003.

(3) EXTRAORDINARY GAIN

The Company recognized a gain on a transaction with a director in accordance with Article 157 of the Securities and Exchange Law in 2002. The claim included the recovery of profit realized and interest income incurred amounting to \$26,519.

As of December 31, 2002, the claim amount has been received and accounted for as extraordinary gain. The details are as follows:

The recovery of profit realized from the director	\$25,409
Add: Interest income incurred	1,110
Extraordinary gain	26,519
Deduct: Income tax	(6,630)
	<u>\$19,889</u>

President Chain Store Corporation

Consolidated Financial Statements

Year, 2003 and 2002

CONSOLIDATED BALANCE SHEETS DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	2003		2002	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalent (Note 4(1))	\$3,576,622	11	\$ 1,212,713	4
Short-term investments	453,914	1	846,046	3
Accounts receivable-third parties (Note 5)	642,150	2	558,070	2
Other receivables-third parties (Note 5)	829,506	3	617,417	2
Inventories (Note 4(2))	2,560,468	8	2,160,563	8
Prepayments (Notes 5 and 7)	969,649	3	980,587	3
Total Current Assets	9,032,309	28	6,375,396	22
Long-term Investments (Notes 4(3) and 5)	10,733,816	33	10,933,008	38
Property, Plant and Equipment (Note 4(4))				
Cost:				
Land	2,324,689	7	2,324,689	8
Buildings	1,503,561	5	1,491,645	5
Operating equipment	7,761,971	24	7,061,833	24
Leasehold improvement	3,503,914	11	2,988,831	10
Other equipment	1,646,838	5	1,348,381	5
Cost and revaluation	16,740,973	52	15,215,379	52
Less: Accumulated depreciation	(7,241,364)	(23)	(6,050,760)	(21)
Construction in progress and advance to suppliers	525,219	2	150,913	1
	10,024,828	31	9,315,532	32
Intangible Assets				
Other Intangible Assets	19,188	-	34,942	-
Other Assets				
Guarantee deposits (Note 7)	1,185,522		1,105,999	4
Others	1,293,624		1,291,641	4
	2,479,146		2,397,640	8
TOTAL ASSETS	\$32,289,287		\$29,056,518	100

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY	2003		2002	
	Amount	%	Amount	%
Current Liabilities				
Short-term Loan	\$681,442	2	\$684,275	2
Commercial paper payable	499,403	2	873,039	3
Notes payable – third parties (Note 5)	1,783,395	5	1,503,245	5
Accounts payable – third parties	1,878,659	6	1,742,902	6
Accounts payable – related parties (Note 5)	2,967,749	9	2,784,826	10
Income tax payable (Notes 4(9))	492,058	1	262,942	1
Accrued expenses (Notes 4(5) and 5)	2,156,401	7	2,058,656	7
Other payables (Note 4(5))	2,429,889	8	1,311,487	5
Cash in advance	376,600	1	145,568	-
Current portion of long-term liabilities (Note 4(7))	308,676	1	518,190	2
Total Current Liabilities	13,574,272	42	11,885,130	41
Long-term Liabilities				
Bonds payable (Note 4(6))	2,200,000	7	700,000	2
Long-term loans (Note 4(7))	376,720	1	2,546,250	9
Long-term payables – related parties (Note 8)	86,056	-	148,191	1
Total Long-term Liabilities	2,662,776	8	3,394,441	12
Other Liabilities				
Provision for retirement plan (Notes 4(8))	407,157	2	415,396	1
Customers' deposits	1,032,545	3	872,943	3
Total Other Liabilities	1,439,702	5	1,288,339	4
TOTAL LIABILITIES	17,676,750	55	16,567,910	57
Stockholders' Equity				
Common stock (Note 4(10))	8,584,995	27	7,720,319	27
Capital reserve				
Long-term investments		-	308	-
Retained earnings (Notes 4(10) and 4(11))				
Legal reserve	1,512,276	5	1,250,782	4
Unappropriated earnings	3,680,418	11	2,666,553	9
Cumulative translation adjustment	28,650	-	70,995	-
Minority Interest in Subsidiaries	805,748	2	779,651	3
Total Stockholders' Equity	14,614,537	45	12,488,608	43
Contingent Liabilities and Commitments(Notes 5 and 7)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$32,289,287	100	\$29,056,518	100

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

President Chain Store Corporation

Consolidated Financial Statements

Year, 2003 and 2002

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31 of 2003 & 2002 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	2003		2002	
	Amount	%	Amount	%
Operating Revenues				
Net sales	\$87,291,455	97	\$ 79,419,372	98
Others (Notes 5)	2,506,738	3	1,630,642	2
	89,798,193	100	81,050,014	100
Operating Costs				
Cost of goods sold (Note 5)	(63,000,715)	(70)	(56,578,130)	(70)
Gross Profit	26,797,478	30	24,471,884	30
Operating Expenses (Note 5)				
Selling expenses	(20,931,607)	(23)	(19,141,608)	(23)
Administrative and general expenses	(2,678,783)	(3)	(2,548,528)	(4)
	(23,610,390)	(26)	(21,690,136)	(27)
Operating Income	3,187,088	4	2,781,748	3
Other Income				
Investment gain under the equity method	101,618	-	-	-
Dividends income	38,366	-	25,890	-
Gain on sale of investments (Note 5)	294,257	-	42,851	-
Gain on recovery of short-term investment revaluation	170,648	-	10,912	-
Others (Note 5)	655,699	1	628,356	1
	1,260,588	1	708,009	1
Other Expenses				
Interest expenses	(144,634)	-	(173,845)	-
Investment loss under the equity method (Notes 4(3))	-	-	(64,368)	-
Other investment loss	(155,801)	(1)	(36,650)	-
Loss on disposal of property, plant and equipment	(63,966)	-	(28,354)	-
Others	(53,111)	-	(53,558)	-
	(417,512)	(1)	(356,775)	-
Income from continuing operations before income taxes	4,030,164	4	3,132,982	4
Income taxes expenses(Notes 4(9))	(264,527)	-	(538,222)	(1)
Income from continuing operations	3,765,637	4	2,594,760	3
Extraordinary gain (less applicable income tax of \$6,630) (Note 10)	-	-	19,889	-
Minority Interest in Loss of Subsidiaries	(84,031)	-	(22,309)	-
Net Income	\$3,681,606	4	\$2,592,340	3
Earnings Per Common Share (in dollars) (Note 4(12))	Before Tax	After Tax	Before Tax	After Tax
Income from continuing operations	\$4.69	\$4.39	\$3.65	\$3.02
Extraordinary gain	-	-	0.03	0.02
Minority interest in subsidiaries	(0.10)	(0.10)	(0.03)	(0.02)
Net Income	\$4.59	\$4.29	\$3.65	\$3.02

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31 of 2003 & 2002
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Reserve		Retained Earnings				
	Common stock	Gain on disposal of property, plant and equipment	Change in equity of long-term investments due to additional stock issuance	Legal reserve	Unappropriated earnings	Cumulative translation adjustment	Minority interest in subsidiaries	Total
For the year ended December 31, 2002								
Balance at January 1, 2002	\$6,936,495	\$73,005	\$-	\$1,066,507	\$1,816,491	\$87,248	\$620,268	\$10,600,014
Distribution of net income from 2001 :								
Appropriation of legal reserve	-	-	-	184,275	(184,275)	-	-	-
Employees' bonuses	-	-	-	-	(33,169)	-	-	(33,169)
Directors' and supervisors' remuneration	-	-	-	-	(33,170)	-	-	(33,170)
Issuance of stock dividends	783,824	-	-	-	(783,824)	-	-	-
Issuance of cash dividends	-	-	-	-	(776,888)	-	-	(776,888)
Net income for 2002	-	-	-	-	2,592,340	-	-	2,592,340
Capital reserve transferred to retained earnings		(73,005)			73,005			
Cumulative translation adjustment	-	-	-	-	-	(16,253)	-	(16,253)
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares								
	-	-	308	-	(3,957)	-	-	(3,649)
Minority interest in subsidiaries	-	-	-	-	-	-	159,383	159,383
Balance at December 31, 2002	\$7,720,319	\$-	\$308	\$1,250,782	\$2,666,553	\$70,995	\$779,651	\$12,488,608

		Capital Reserve		Retained Earnings				
	Common stock	Gain on disposal of property, plant and equipment	Chang in equity of long-term investments due to additional stock issuance	Legal reserve	Unappropriated earnings	Cumulative translation adjustment	Minority interest in subsidiaries	Total
For the year ended December 31,2003								
Balance at January 1, 2003	\$7,720,319	\$ -	\$308	\$1,250,782	\$2,666,553	\$70,995	\$779,651	\$12,488,608
Distribution of net income from 2002 :								
Appropriation of legal reserve	-	-	-	261,944	(261,944)	-	-	-
Employees' bonuses	-	-	-	-	(47,989)	-	-	(47,989)
Directors' and supervisors' remuneration	-	-	-	-	(47,989)	-	-	(47,989)
Issuance of stock dividends	864,676	-	-	-	(864,676)	-	-	-
Issuance of cash dividends	-	-	-	-	(1,374,217)	-	-	(1,374,217)
Net income for 2003	-	-	-	-	3,681,606	-	-	3,681,606
Cumulative translation adjustment	-	-	-	-	-	(42,345)	-	(42,345)
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares								
	-	-	(308)	-	(70,926)	-	-	(71,234)
Minority interest in subsidiaries	-	-	-	-	-	-	26,097	26,097
Balance at December 31, 2003	\$8,584,995	\$ -	\$ -	\$1,512,726	\$3,680,418	\$28,650	\$805,748	\$14,612,537

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

President Chain Store Corporation

Consolidated Financial Statements

Year, 2003 and 2002

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31 of 2003 & 2002

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$3,681,606	\$2,592,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	25,301	26,137
Depreciation	1,793,138	1,588,426
Amortization	250,199	163,316
Reversal of provision for market value decline of short-term investments	(170,648)	(10,912)
Unrealized loss of inventory decline in market value		4,645
Investment (gain) loss recognized under equity method	(101,618)	64,368
Loss on permanent decline in value of long-term investments	155,801	36,650
Cash dividends from equity subsidiaries	204,985	17,500
Gain on disposal of long-term investments	(388,023)	-
Loss on disposal of property, plant and equipment	63,966	28,354
Changes in assets and liabilities:		
Accounts receivable	(88,711)	(102,295)
Other receivables	(234,676)	30,447
Inventories	(440,660)	328,416
Prepayments	78,232	(105,458)
Deferred income tax	(29,967)	(21,356)
Deferred retirement pension	(13,693)	(17,674)
Notes payable	341,219	608,842
Accounts payable	331,758	345,633
Income tax payable	229,116	(21,879)
Accrued expenses	391,375	622,869
Other payables	912,837	(178,740)
Cash received in advance	231,032	50,325
Provision for retirement plan	(7,220)	3,732
Net cash provided by operating activities	7,242,735	6,124,929

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

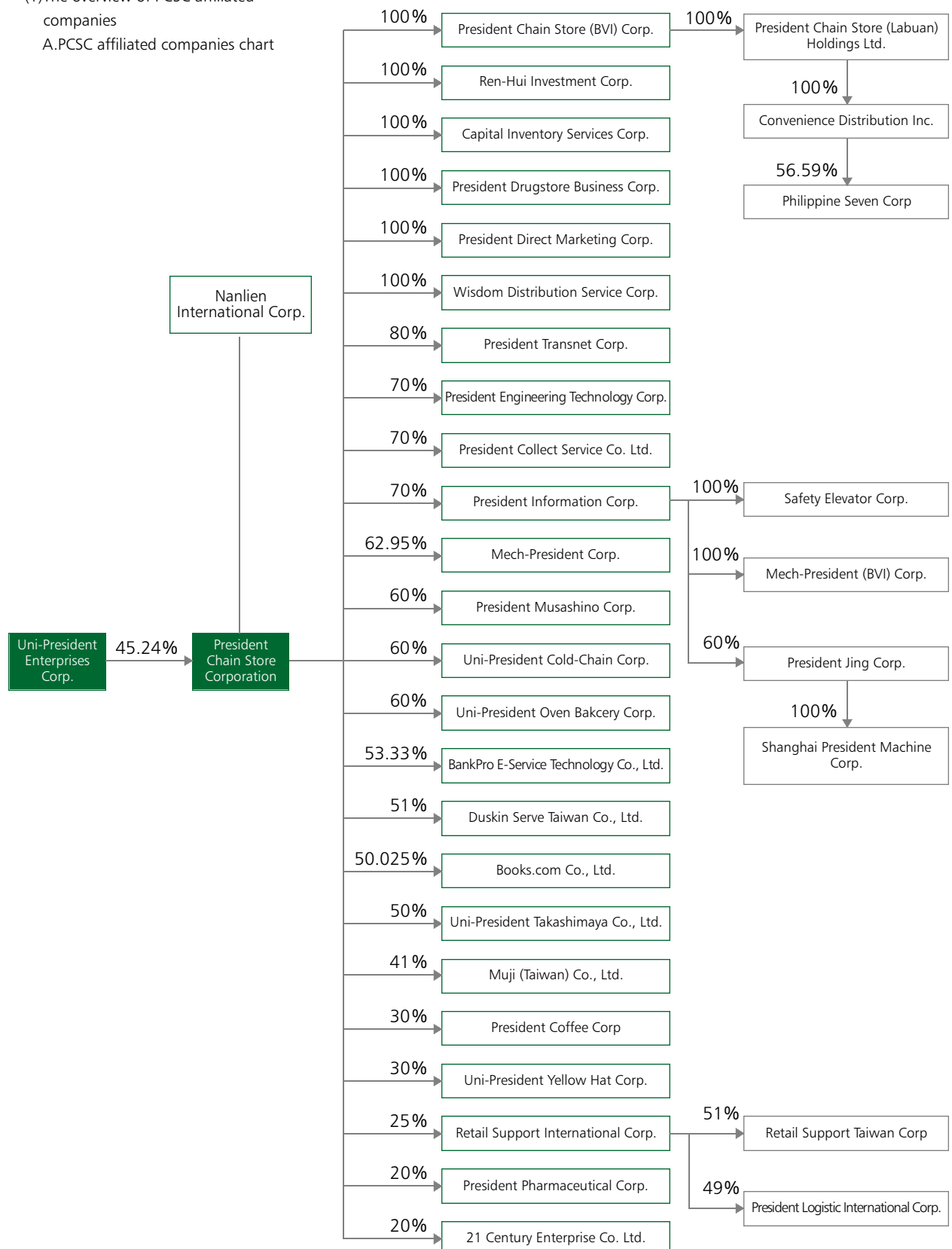
	2003	2002
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term investments	\$562,780	\$1,532,499
Purchase of property, plant and equipment	(1,955,373)	(1,972,134)
Proceeds from disposal of property, plant and equipment	40,047	47,639
Increase in long-term investments – subsidiaries	(806,729)	(101,083)
Increase in long-term investments – non-subsidiaries	(426,158)	(5,005,101)
Return of long-term investments	179,000	9,567
Proceeds from the sale of long-term investments	1,307,052	17,064
Increase in guarantee deposits	(79,523)	(256,063)
Increase in pledged term deposits	-	(3,500)
Increase in other assets	(269,158)	(350,420)
Increase in consolidated debit	2,205	495,463
Net cash used in investing activities	(1,445,857)	(6,081,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in commercial paper payable	(373,636)	(44,620)
Decrease in long-term loans	(2,336,441)	(721,486)
Increase in customers' deposits	159,602	108,338
Payments of cash dividends	(1,374,217)	(776,888)
Payments of employees' bonuses and directors' and supervisors' remuneration	(95,978)	(66,339)
Payments of property, plant and equipment purchased in prior year	(521,353)	(157,416)
Increase in bonds payable	1,500,000	700,000
Payments of installments of long-term accounts payables	(84,432)	(183,645)
Payments of other assets	(290,266)	
Increase in minority interest in subsidiaries	26,097	159,383
Net cash used in financing activities	(3,390,624)	(487,210)
Adjustment of currency exchange	(42,345)	(16,253)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	2,363,909	(460,066)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	1,212,713	1,672,779
CASH AND CASH EQUIVALENT, END OF YEAR	\$3,576,622	\$1,212,713
Supplemental disclosures of cash flow information		
Interest paid	\$141,553	\$157,712
Income taxes paid	\$78,333	\$584,847
Investing and financing activities with partial cash payment:		
Purchase of property, plant and equipment	\$2,591,534	\$2,493,487
Less: other payables	(636,161)	(521,353)
Cash purchase of property, plant and equipment	\$1,955,373	\$1,972,134
Purchase of other assets	\$256,083	\$640,686
Less: other payables	(10,500)	(290,266)
Cash purchase of other assets	\$245,583	\$350,420

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 26, 2004.

1. Affiliates Information

(1) The overview of PCSC affiliated companies

A. PCSC affiliated companies chart



B.PCSC presumed to have a relationship of control and subordination under Article 369-3 of the Company Law with the following companies, and the details are as follows:

Affiliated enterprises	Name of shareholders or directors in common	Total shareholding%
Nanlien International Corp.	Lin, Chang Sheng ; Hsu, Chung Jen ; Huang, Xian Yan ; Lin, Lung Yi ; Lo Chin Hsien	100%

C.PCSC has a direct or indirect control over the management of the personnel, financial or business operation of the following companies, and is considered to be the controlling company under Article 369-2 of the Company Law.

Affiliated Enterprises	Relationship
President Coffee Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
President Drugstore Business Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
21 Century Enterprise Co. Ltd.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
Uni-President Takashimaya Co., Ltd.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Uni-President Yellow Hat Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Retail Support International Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Muji (Taiwan) Co., Ltd.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.

(2)PCSC affiliated companies

Company	Date of incorporation	Place of Registration	Capital stock	Business Activities
President Chain Store (BVI) Corp.	1998.07.09	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 46,405 (Note)	Professional Investment
Ren-Hui Investment Corp.	1996.12.20	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	853,037	Professional Investment
Capital Inventory Service Corp.	1998.04.13	1F, No.8 Tung Hsing Rd., Taipei, Taiwan	45,494	Inventory consulting
President Drugstore Business Corp.	1995.07.27	7F, No.8 Tung Hsing Rd., Taipei, Taiwan	198,000	Selling of drugs and cosmetics
President Direct Marketing Corp.	1995.09.18	10F, No.163, Keelung Rd., Sec. 1, Taipei, Taiwan	70,000	Selling of household goods by catalogs
Wisdom Distribution Service	1999.01.11	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	94,325	Delivery of magazine
President Transnet Corp.	2000.01.24	13F, No.137 Cheng Kung Rd., Sanchung, Taipei Taiwan	1,000,000	Delivery and selling of food and merchandise
President Engineering Technology Corp.	2001.08.02	8F, No.8 Tung Hsing Rd., Taipei Taiwan	50,000	Installment of electric products and machines
President Collect Service Co. Ltd.	2002.06.13	8F, No.8 Tung Hsing Rd., Taipei Taiwan	15,000	Collect service
Mech-President Corp.	1991.12.09	No.112, Hai-Liao, Hai-Liao Tsuen, An-Din Hsiang, Tainan Hsien, Taiwan	448,800	Gas station and electric wire
President Musashino Corp.	1999.03.11	8F, No.8 Tung Hsing Rd., Taipei Taiwan	522,900	Food cooking and research
Uni-President Cold-Chain Corp.	1999.01.22	No.340, Tzu Chiang Rd., Yungkang City, Tainan, Taiwan	326,055	Delivery of cold or frozen food

President Chain Store Corporation

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Company	Date of incorporation	Place of Registration	Capital stock	Business Activities
Uni-President Oven Bakery Corp.	2000.11.20	12F, No.8 Tung Hsing Rd., Taipei, Taiwan	90,000	Selling of bread
President Information Corp.	1997.08.27	6F, No.8 Tung Hsing Rd., Taipei, Taiwan	151,800	Information consulting
Duskin Serve Taiwan Co., Ltd.	1994.10.28	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	300,000	Selling and renting of cleaning instruments
Muji (Taiwan) Co., Ltd.	2003.10.01	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	100,000	General merchandise trading sector
Books. Com Co., Ltd.	1995.12.27	5F, No.219, Tun-Hua South Road, Sec 1, Taipei, Taiwan	199,900	Internet bookstore
President Coffee Corp.	1997.11.03	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	198,000	Selling of coffee
Uni-President Takashimaya Co., Ltd.	2001.10.08	9F, No.560, Chung Hsiao E. Rd., Sec. 4 Taipei, Taiwan	250,000	Department stores and restaurants
BankPro E-Service Technology Co., Ltd	2000.10.25	7F, No.261, Sec. 3, Nanjing E. Rd., Taipei, Taiwan	135,000	E-commerce and software service sector
Uni-President Yellow Hat Corp.	2001.01.03	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	190,000	Wholesale and retailing of automotive accessory
Retail Support International Corp.	1990.09.13	10F-1, No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	200,000	Delivery of food
President Pharmaceutical Corp.	2000.09.03	B2, No.8 Tung Hsing Rd., Taipei, Taiwan	198,000	Pharmacy and medical equipment retailing
21 Century Enterprise Co. Ltd.	1995.11.18	B2, No.8 Tung Hsing Rd., Taipei, Taiwan	341,250	Fast food chain store
President Chain Store (Labuan) Holding Ltd.	2001.10.24	Level 7(E), Main Office Tower, Financial Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	USD 20,684 (Note)	Professional investment
Philippine Seven Corp.	1982.11.24	7/F The Columbia Tower, Ortigas Avenue Mandaluyong City 1501, Philippines	PESO 237,252 (Note)	Selling of household goods
Convenience Distribution Inc.	1988.09.17	No. 8 Mercury Avenue Libis, Quezon City, Philippines	PESO 38,000 (Note)	Delivery and storage
Safety Elevator Corp.	1998.10.29	6F, No.16-21, Lane 10, Chung-Hwa Rd., Yung-Kang City, Tainan, Taiwan	5,000	Installment of elevators and machine
Mech-President (BVI) Corp.	1997.07.24	P. O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD 2,500 (Note)	Professional investment
Shanghai President Machine Corp.	2001.11.09	No. 3839, Hu Chi Ping Rd., Yue Gang Town, Shanghai, P.R.C	RMB 20,693	Producing of elevators
President Jing Corp.	2003.10.07	No 138, Huan Dao North Rd, Shi Men area, Gincheng County, Kingmen	15,000	Gas station
Retail Support Taiwan Corp.	1997.04.16	11F-1, No.815, Sec. 5, Zhongxiao E. Rd., Nangang District, Taipei, Taiwan	40,000	Delivery of food
President Logistics Transportation Corp	1998.02.11	No.22 Alley 2, Lane 1, Long Hsiang St, Chung Li, Tao Yuan	100,000	Delivery of food
Nanlien International Corp.	1979.04.04	12F, No.560 Sec. 4 Chang Hsiao E. Rd., Taipei, Taiwan	1,000,000	Trading

Note: The exchange rates as of Dec. 31, 2003 are as follows: USD:NT = 1:33.97 and PESO:NT = 1:0.6121 and RMB:NT = 1:4.3759.

(3)The information of companies presumed to have a relationship of control and subordination:

Subordinate company	Reason that affiliation is presumed	Name of common directors	Shareholding	status	Date of incorporation	Place of Registration	Capital stock	Business Activities
			Shares	%				
Nanlien International Corp.	Majority of directors of the subordinate company are the same with those of President Chain Store Corp.	Uni-President Enterprises Corp. Representatives : Lin, Chang Sheng; Hsu, Chung Jen; Huang, Xian Yan; Lin, Lung Yi; Lo, Chih Hsien	388,407,895 (Note)	45.24%	1979.04.04	12F No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	1,000,000	Trading

Note: Since the directors are all representatives appointed by the juristic person, the number of shares indicates hold by the juristic person.

(4)Business scope of PCSC and its affiliated companies.

The business scope of President Chain Store Corp. and its affiliated enterprises includes: retailing, investment services, distribution, freight and manufacture, etc. The mutual dealings and devision of work among each affiliate are as follows:

- 1.Capital Inventory Service : The company provides President Chain Store Corp. with store inventory audit services and staff training programs, etc.
- 2.Wisdom Distribution Service Corp. : The company sells and distributes magazine and software merchandises to President Chain Store Corp.
- 3.President Information Corp. : The company provides President Chain Store Corp. and its affiliated enterprises with information system services.
- 4.Retail Support International Corp. : The company is the supplier and distributor of President Chain Store Corp.
- 5.President Musashino Corp. : The company is the supplier and distributor of President Chain Store Corp.
- 6.Uni-President Cold-Chain Corp. : The company is the supplier and distributor of President Chain Store Corp.
- 7.President Engineering Technology Corp. : The company decorates the stores and maintains the leasehold improvement for President Chain Store Corp.

(5) Rosters of directors, supervisors, presidents of PCSC affiliated companies.

Company	Title	Representative	Shareholding status	
			Amontnt	%
President Chain Store (BVI) Corp.				
	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	46,405,437	100.00
Ren-Hui Investment Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	85,303,733	100.00
	Director	Representatives of President Chain Store Corp.: Hsien, Chien Nan, Wu, Kuo Hsuan	85,303,733	100.00
	Supervisor	Representative of President Chain Store Corp.: Huang, Chien Li	85,303,733	100.00
	President	Hsu, Chung Jen	-	-
Capital Inventory Service Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu Chung, Jen	4,549,380	100.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan, Wu, Kuo Hsuan, Chung Mao Chia ,Wang, Wen Kue	4,549,380	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	4,549,380	100.00
	President	Wang, Wen Kue	-	-
President Drugstore Business Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu Chung, Jen	19,800,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Lung Yi, Tsai Du Chuan, Hsieh Chien Nan	19,800,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	19,800,000	100.00
	President	Tsai, Du Chuan	-	-
President Direct Makreting Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Chang Sheng, Chen, Jui Tang, Victor Lai	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	President	Victor Lai	-	-
Wisdom Distribution Service Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	9,432,540	100.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Po Chung; Chen, Jui Tang	9,432,540	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	9,432,540	100.00
	President	Hsieh, Po Chung	-	-
President Transnet Corp.				
	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	20,000,000	20.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi	20,000,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen;; Hung, Jin Gu; Huang, Chien Li; Hsieh, Chien Nan	80,000,000	80.00
	Supervisor	Representatives of President Chain Store Corp.: Lin, Wen Ching	80,000,000	80.00
	President	Huang, Chien Li	-	-

Company	Title	Representative	Shareholding status	
			Amount	%
President Engineering Technology Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	3,499,995	70.00
	Director	Representatives of Sanden Corporation: Takabashi Hajime, Tadenuma Akira	1,500,000	30.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Wu, Kuo Hsuan; Huang, Chien Li; Yokomuro Isao	3,499,995	70.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	3,499,995	70.00
	Supervisor	Representative of Sanden Corporation: Tsukada Masataka	1,500,000	30.00
	President	Yokomuro Isao	-	-
President Collect Service Co. Ltd.				
	Chairman	Representative of President Chain Store Corp.: Lin, Chang Sheng	1,050,000	70.00
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Hung, Jin Gu; Huang, Chien Li	1,050,000	70.00
	Director	Representative of Yamato Transport Co., Ltd. : Kuniyuki Koshijima; Kurihara Nobuyuki	450,000	30.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Lung Yi	1,050,000	70.00
	Supervisor	Representative of Yamato Transport Co., Ltd. : Toshizo Kurisu	450,000	30.00
	President	Huang, Chien Li	-	-
Mech-President Corp.				
	Chairman	Y.L. Fang	141,251	0.31
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; M. J. Liou; Hsieh, Chien Nan; Wu, Kuo Hsuan	28,253,850	62.95
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Lin, Lung Yi	8,976,000	20.00
	Director	Representative of Da Ya Cable Corp.: S.Y. Shen	3,116,626	6.94
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	28,253,850	62.95
	President	M.J. Liou	176,546	0.39
President Musashino Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	31,374,000	60.00
	Director	Representative of Asia Frozen Food Corp.: Lin, Chang Chi	5,229,000	10.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Chen, Dong Ho; Huang, Chien Li	31,374,000	60.00
	Director	Representatives of Musashino Corp.: Yukio Kobayashi, Kumagai Junichi	15,687,000	30.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	15,687,000	30.00
	Supervisor	Representative of Musashino Corp.: Yasuda Novayuki	31,374,000	60.00
	President	Kumagai Junichi	-	-
Uni-President Cold-Chain Corp.				
	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Lung Yi	6,521,090	20.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chin Hsien	6,521,090	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Chen, Dong Ho	19,563,272	60.00
	Director	Representatives of Nanlien International Corp.: Tu, Ju Ken	6,521,090	20.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	19,563,272	60.00
	President	Chen, Dong Ho	-	-

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Company	Title	Representative	Shareholding status	
			Amonnt	%
Uni-President Oven Bakery Corp.				
	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	3,600,000	40.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Li; Huang, Xian Yan	3,600,000	40.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Arther Cheng	5,400,000	60.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	5,400,000	60.00
	President	Arther Cheng	-	-
President Information Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,626,000	70.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Chien Nan; Fukami Yasuo	10,626,000	70.00
	Director	Representative of Uni-President Enterprises Corp.: Huang, Xian Yan; Fang, Mu Xing	4,554,000	30.00
	Supervisor	Representative of President Chain Store Corp.: Chung Mao Chia	10,626,000	70.00
	President	Hsieh, Chien Nan	-	-
Duskin Service Taiwan Co., Ltd.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	15,299,995	51.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan Huang, Chien Li; Chen, Jui Tang	15,299,995	51.00
	Director	Representatives of Duskin Co., Ltd.:Yoichi Ito; Komai Teruo; Oka i Kazuo; Ohkuma Keisuke	14,700,000	49.00
	Supervisor	Representative of Duskin Co., Ltd.:Hiroshi Yamagishi	14,700,000	49.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	15,299,995	51.00
	President	Okai Kazuo	-	-
Books.com Co., Ltd.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.025
	Director	Representatives of President Chain Store Corp.: Hsieh, Po Chung; Yang, Yen Sen; Chen, Jui Tang	10,000,000	50.025
	Director	Representative of Clever Investment Co., Ltd.: Chan, Hung Chin	363,000	1.82
	Director	Di-Jung Lin	2,081,000	10.41
	Director	Terry Chang	1,579,000	7.93
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.025
	Supervisor	Representative of Clever Investment Co., Ltd.: Li-Ching Lin	363,000	1.82
	President	Terry Chang	1,579,000	7.93
President Coffee Corp.				
	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	3,960,000	20.00
	Director	Representative of Uni-President Enterprises Corp.: Huang, Xian Yan	3,960,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen	5,940,000	30.00
	Director	Representative of Starbucks Coffee International Inc.:Man , Yiu Kwong, Orin Clayton Smith, Christine Helen Day	9,900,000	50.00
	Supervisor	Representative of Starbucks Coffee International Inc.: Troy Alstead	9,900,000	50.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Tu, Te Cheng	3,960,000	20.00
	President	K.Y. John Hsu	-	-

Company	Title	Representative	Shareholding status	
			Amontt	%
Uni-President Takashimaya Co., Ltd.				
	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	12,500,000	50.00
	Director	Representatives of President Chain Store Corp.: Lin, Chang Sheng; Hsu, Chung Jen; Yeh, Chih Chung	12,500,000	50.00
	Director	Representative of Takashimaya Co., Ltd.: Asauchi Tsutomu, Sho Masayoshi, Shinichi Hagiwara, Matsuoka Joji	12,500,000	50.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	12,500,000	50.00
	Supervisor	Representative of Takashimaya Co., Ltd.: Onishi Norio	12,500,000	50.00
	President	Shinichi Hagiwara	-	-
Uni-President Yellow Hat Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,700,000	30.00
	Director	Representatives of President Chain Store Corp.: M. J. Liou; Hsieh, Chien Nan	5,700,000	30.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	3,799,999	20.00
	Director	Representative of Yellow Hat : Hiroshi Ninomiya; Shimizu Katsutaro	5,795,000	30.50
	Director	Representative of Itochu Corp. : Kenji Murai, Osamu Onu ma	2,755,000	14.50
	Supervisor	Representative of Nanlien International Corp: Tsai, Jing Ming	3,799,999	20.00
	Supervisor	Representative of Yellow Hat : Tokutomi Akira	5,795,000	30.50
	President	Shimizu Katsutaro	-	-
Retail Support International Corp.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,000,000	25.00
	Director	Representative of Uni-President Enterprises Corp.: Lin, Lung Li; Huang, Xian Yan	4,000,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan	5,000,000	25.00
	Director	Representatives of Mitsubishi Corp.: Tsunao Kijima; Kaneko Noboru	3,000,000	15.00
	Director	Representative of RYOSHOKU Ltd.: Chikafusa Shimizu	2,000,000	10.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	4,000,000	20.00
	Supervisor	Representatives of President Chain Store Corp.: Chen, Jui Tang	5,000,000	25.00
	Supervisor	Representative of Mitsubishi Corp. (Taiwan) Ltd: Shishuke Tokue	2,000,000	10.00
	President	Sheu, Jinn Bin	-	-
President Chain Store (Labuan) Holding Ltd.				
	Director	President Chain Store (BVI) Corp.	19,910,000	100.00
Philippine Seven Corp.				
	Chairman	Vicente T. Pationo	24,380,500	10.28
	Director	Representatives of President Chain Store (Labuan) Holding Ltd: Hsu, Chung Jen; Ye, Yong Siang; Hsieh, Chien Nan; Chen, Jui Tang; Chen, Fu Tang; Wu, Kuo Hsuan	119,575,002	50.40
	Director	Representative of Asian Holdings Corp.: Diana P. Aguilar	29,208,750	12.31
	Director	Representative of Progressive Development Corp.: Jorge L. Araneta	20,163,080	8.50
	Director	Representative of Agus Philippine Holdings Corp.: Manuel U. Agustines	4,912,178	2.07
	Director	Representative of Anglo Philippine Holdings Corp.: Alfredo C. Ramos	4,333,380	1.83
	President	Ye, Yong Siang	1	-
Convenience Distribution Inc.				
	Chairman	Representative of Philippine Seven Corp. : Ye, Yong Siang	3,795,000	100.00
	Director	Representatives of Philippine Seven Corp. : Jose Victor P. Pationo; Sam Liu; Maaaie T. JAO; Eduardo P. Bataclan	3,808,000	100.00
	President	Jose Victor P. Pationo	1,000	0.026

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Company	Title	Representative	Shareholding status	
			Amonnt	%
Safety Elevator Corp.				
	Chairman	Representative of Mech-President Corp.: C.M. Wong	500,000	100.00
	Director	Representatives of Mech-President Corp.: M.J. Liou; Wang, Yin Yu; Huang, Long Cai ; Chen, Ming Cong ; Syue, Yu Ren	500,000	100.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	500,000	100.00
	President	C.M. Wong	-	
Mech-President (BVI) Corp.				
	Chairman	Representative of Mech-President Corp.: M.J. Liou Shanghai President Machine Corp.	2,500,000	100.00
	Chairman	Representative of Mech-President (BVI) Corp.: M.J. Liou	-	100.00
	Director	Representative of Mech-President (BVI) Corp.: Jheng, Jyun Yi; Huang, Long Cai	-	100.00
President Jing Corp.				
	Chairman	Representative of Mech-President Corp.: Y.L. Fang	900,000	60.00
	Director	Representative of Mech-President Corp.: Chen, Ming Cong	900,000	60.00
	Director	M.J. Liou	900,000	60.00
	Director	Cai, Tian Song	375,000	25.00
	Director	Lin, Shui Qian	225,000	15.00
	Supervisor	Jheng, Jyun Yi	900,000	60.00
Retail Support Taiwan Corp.				
	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	2,295,000	51.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Komori Yutaka	2,295,000	51.00
	Director	Representative of FSG Co.: Lin Ming Fang	1,323,000	29.40
	Director	Representative of Grand Fountain Co., Ltd.: Huang, Wei Yu	882,000	19.60
	Supervisor	Representative of Grand Fountain Co., Ltd.: Cheng, Yueh Kuei	882,000	19.60
	Supervisor	Representative of Retail Support International Corp: Huang, Teng Tay	2,295,000	51.00
	President	Lin, Ming Fang	-	-
BankPro E-Service Technology Co., Ltd.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,200,000	53.33
	Director	Representative of President Chain Store Corp.: Hsieh, Chien Nan Chen, Zhang Zheng	7,200,000	53.33
	Director	Representative of Uni-President Enterprises Corp.: Huang, Xian Yan	675,000	5.00
	Director	Representative of Financial Information Service Co., Ltd. : Chen, Ze Li	1,800,000	13.33
	Director	Representative of Bank Of Taiwan : Song, Xiao Xuao	450,000	3.33
	Director	Representative of E.SUN Financial Holding Co., Ltd. : Chen, Jia Zhong	450,000	3.33
	Supervisor	Representative of President Chain Store Corp.:Chang, Jia Hua	7,200,000	53.33
	Supervisor	Representative of Uni-President Enterprises Corp.:Mao, Jing Da	1,800,000	13.33
	President	Chen, Zhang Zheng		-
Muji (Taiwan) Co., Ltd.				
	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,100,000	41.00
	Director	Representative of President Chain Store Corp.: Tsai Du Chuan, Sheu, Jinn Bin	4,100,000	41.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chin Hsien	1,000,000	10.00
	Director	Representatives of Ryohin Keikaku Co.,Ltd. : Huruda Masanobu, Azami Hiroyoshi	3,900,000	39.00
	Director	Representatives of Mitsubishi Corp.: Yoshida Ziro	1,000,000	10.00
	Supervisor	Representative of President Chain Store Corp. Yang, Yen Sen	4,100,000	41.00
	Supervisor	Representatives of Mitsubishi Corp.: Mitsuki Hiroshi	1,000,000	10.00

Company	Title	Representative	Shareholding status	
			Amount	%
President Logistics Transportation Corp.				
	Chairman	Representatives of Retail Support International Corp: Hsieh, Chien Nan	5,595,800	49.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Perng, Shyan Show; Wu, Tsan Shyan	5,595,800	49.00
	Director	Representative of Uni-President Cold-Chain Corp: Chen, Dong Ho	2,855,000	25.00
	Director	Representatives of Wisdom Distribution Service Corp: Hsieh, Po Chung; Chiu, Te Chi	2,284,000	20.00
	Director	Representative of Retail Support Taiwan Corp.: Lin, Ming Fang	685,200	6.00
	Supervisor	Representative of Retail Support International Corp: Huang, Feng Tay	5,595,800	49.00
	Supervisor	Representative of Uni-President Cold-Chain Corp: Su, Kun Pin	2,855,000	25.00
	President	Perng, Shyan Show	-	-
Nanlien International Corp.				
	Chairman	Representative of Uni-President Enterprises Corp.: Lee, Tong Liang	99,999,380	100.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Hsu, Chung Jen; Huang, Xian Yan; Tu, Ju Ken; Lin, Lung Yi; Lo, Chih Hsien	99,999,380	100.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Su, Chong Ming	99,999,380	100.00
	President	Tu, Ju Ken	-	-
President Pharmaceutical Corp.				
	Chairman	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng	10,640,494	53.74
	Director	Representatives of Uni-President Enterprises Corp.:Lee, Hua Yang; Gao, Min Hang	10,640,494	53.74
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Tsai Du Chuan	3,960,000	20.00
	Director	Representatives of Tung Rui Investment Corp. : Lin, Tian Mao; Wu, Chung Cheng	382,199	1.93
	Director	Representatives of Taipo Investment Corp. : Wu, Ping Chih	1,980,000	10.00
	Supervisor	Representative of Uni-President Enterprises Corp.:Yin, Jian Li	10,640,494	53.74
	President	Gao, Min Hang	3,960,000	20.00
21 Century Enterprise Co. Ltd.				
	Chairman	Chien Chin holding company representative : Deng, A Hua	2,702,700	7.92
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan	6,825,000	20.00
	Director	Representative of Kai Yu Investment Co., Ltd. : Lin, Chang Sheng; Huang, Xian Yan; Lin, Lung Yi; Yang, Fu Shan	20,475,000	60.00
	Director	Liu, Shu Hsin	1,365,000	4.00
	Director	Tseng, Wen Lung	13,650	0.04
	President	Huang, Ku Lin	6,825,000	20.00

President Chain Store Corporation

Consolidated Business Report of Affiliated Enterprises

DECEMBER 31, 2003

2. Operating Highlights for PCSC Affiliated Companies.

Unit: NT\$000, except EPS (\$)

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Income (net of tax)	EPS (net of tax)
President Chain Store (BVI) Corp. (Note)	1,576,393	1,424,432	-	1,424,432	86,530	-	179,159	-
Ren-Hui Investment Corp.	853,037	859,873	313	859,560	29,032	28,029	28,012	0.33
Capital Inventory Services Corp.	45,494	96,724	35,098	61,627	155,458	13,547	12,152	2.67
President Drugstore Business Corp.	198,000	698,868	458,610	240,258	2,379,821	9,209	55,459	2.80
President Direct Marketing Corp.	70,000	274,434	175,512	94,922	495,999	4,547	19,669	2.84
Wisdom Distribution Service Corp.	94,325	1,074,770	938,114	136,656	4,250,889	34,493	33,919	3.60
BankPro E-Service Technology Co., Ltd.	135,000	124,411	23,015	101,396	67,541	331	1,063	0.08
President Transnet Corp.	1,000,000	1,026,677	949,769	76,909	1,650,860	(48,775)	(63,913)	(0.64)
President Engineering Technology Corp.	50,000	118,090	59,683	58,407	438,229	10,667	7,621	1.52
President Collect Service Co. Ltd.	15,000	88,124	74,836	13,288	24,682	2,819	3,354	2.24
Mech-President Corp.	448,800	1,785,995	1,202,590	583,405	8,006,862	64,587	119,915	2.67
President Musashino Corp.	522,900	727,432	185,073	542,358	656,765	12,402	14,669	0.28
Uni-President Cold-Chain Corp.	326,055	2,085,051	1,607,336	477,715	10,224,008	144,060	122,639	3.76
Uni-President Oven Bakery Corp.	90,000	165,099	94,734	70,365	307,161	(19,641)	(17,474)	(1.94)
President Information Corp.	151,800	455,539	234,760	220,779	685,263	58,290	59,996	3.95
Duskin Serve Taiwan Co., Ltd.	300,000	136,708	48,357	88,351	259,320	16,926	17,356	0.58
Muji (Taiwan) Co., Ltd.	100,000	98,167	962	97,205	-	(2,945)	(2,795)	(0.28)
Books.com Co., Ltd.	199,900	108,939	75,231	33,708	493,005	8,481	10,076	0.50
President Coffee Corp.	198,000	881,721	643,233	238,488	2,054,463	137,005	73,284	3.70
Uni-President Takashimaya Co., Ltd.	250,000	153,745	21,100	132,645	-	(67,872)	(66,937)	(2.68)
Uni-President Yellow Hat Corp.	190,000	142,436	47,107	95,329	223,672	(24,932)	(25,704)	(1.35)
Retail Support International Corp.	200,000	5,143,356	4,758,875	384,480	35,200,493	118,029	123,861	6.19
President Pharmaceutical Corp.	198,000	827,190	665,804	161,386	2,054,249	81,771	88,020	4.45
21 Century Enterprise Co. Ltd.	341,250	47,371	90,247	(42,876)	160,854	(51,095)	(80,015)	(2.34)
President Chain Store (Labuan Holding Co., Ltd.) (Note)	702,646	513,049	-	513,049	-	(119,099)	(46,213)	-
Philippine Seven Corp.(Note)	145,642	815,109	434,364	380,745	1,983,208	13,598	5,674	-
Convenience Distribution Inc.(Note)	23,309	32,310	5,866	26,444	49,049	449	43	-
Safety Elevator Corp.	5,000	11,308	5,921	5,386	13,712	156	156	0.31
Mech-President (BVI) Corp. (Note)	84,925	78,471	68	78,403	-	(68)	(3,737)	-
Shanghai President Machine (Note)	90,550	88,477	5,501	82,976	12,218	(4,682)	(4,621)	-
President Jing Corp.	15,000	24,220	9,351	14,869	3,724	(131)	(131)	(0.09)
Retail Support Taiwan Corp.	45,000	125,118	63,453	61,665	163,761	16,153	12,705	2.82
President Logistic International Corp.	114,200	433,142	292,989	140,153	706,160	36,858	23,356	2.05
Nanlien International Corp.	1,000,000	2,720,929	1,573,195	1,147,734	2,106,277	(69,084)	34,796	0.35

Note : The numbers are transferred into NTD using the foreign exchange rate as of Dec. 31, 2003 (USD:NTD=1:33.97、PESO:NTD=1:0.6121 and RMB:NTD = 1:4.3759)

THE DECLARATION OF AFFILIATION REPORT

The affiliation report of President Chain Store Corporation for the year ended December 31, 2003 was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the information disclosed in the report is in accordance with the notes to the financial statements for the year ended December 31, 2003.



Kao, Chin Yen
Chairman
President Chain Store Corporation
March 26, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

March 26, 2004

To: The Board of Directors and Shareholders of
President Chain Store Corporation

We have reviewed the financial information included in the affiliation report of President Chain Store Corporation for the year ended December 31, 2003. Our review was made in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" .

Based on our review, we are not aware of any material modifications that should be made to the financial information included in the affiliation report for it to be in conformity with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" .

PriceWaterhouse coopers

1.The relationship between the subordinate company and the controlling company

(1)President Chain Store Corp. is the subordinate company of Uni-President Enterprise Corp., and the details are as follows:

Name of the controlling company	Reason for the control	Details of shareholding and pledges			Directors/supervisors/managerial officers appointed by the controlling company	
		Number of shares	Percentage	Number of shares pledged	Title	Name
Uni-President Enterprises Corp.	Uni-President Enterprises Corp. obtains a majority of directorships of President Chain Store Corp.	388,407,895	45.24%	-	Chairman	Kao, Chin Yen
					Managing Director	Lin, Chang Sheng
					Managing Director President	Lin, Chang Sheng
					Director	Lin, Lung Yi
					Director	Huang, Xian Yan
					Director	Lo, Chih Hsieh
					Director Supervisor	Yang, Wen Long Tu, Te Cheng

(2)President Chain Store Corp. is presumed to have a relationship of control and subordination with Nanlien International Corp., and the details are as follows:

Name of the controlling company	Reason for the control	Details of shareholding and pledges			Directors/supervisors/managerial officers appointed by the controlling company	
		Number of shares	Percentage	Number of shares pledged	Title	Name
Nanlien International Corp.	Majority of directors of Nanlien International Corp. are directors of President Chain Store Corp.	-	-	-	Director	Lin, Chang Sheng
					Director	Hsu, Chung Jen
					Director	Huang, Xian Yan
					Director	Lin, Lung Yi
					Director	Lo, Chih Hsien

2. President Chain Store Corp. has the following transactions with Uni-President Corp. and Nanlien International Corp.:

(1) Purchases (sales) of goods

Name of the controlling Company	Description of the transactions				Transaction terms with the controlling company		Ordinary transaction terms		Disclosure of non-standard terms	Accounts or notes receivable (payable)		Overdue accounts receivables		
	Purchases (sales)	Amount	% of total purchases (sales)	Gross profit	Price	Credit terms	Price	Credit terms		Balance	% of total accounts or notes receivable (payable)	Amount	Method of treatment	Allowances set aside for bad debt
Uni-President Enterprises Corp.	Purchases	1,373,965	3%	-	Note	30-40 days after the month of billing	Note	Note	No Significant difference	(82,905)	1%	-	-	-

Note : No significant difference

(2) Property transactions: None

(3) Financing: None.

(4) Asset leasing: None.

(5) Other significant business transactions:

Name of the controlling Company	Description of the transactions			Transaction terms with the controlling company		Ordinary transaction terms		Disclosure of non-standard terms	Note
	Account	Account	% of total the Account	Price	Credit term	Price	Credit term		
Uni-President Enterprises Corp.	Other operating income	19,951	1.67%	Note 1	Credit term 30-45 days after the month of billing	Note 2	Note 3	Note 3	-
Uni-President Enterprises Corp.	Other revenue	3,053	1.51%	Note 1	30-45 days after the month of billing	Note 2	Note 3	Note 3	-
Uni-President Enterprises Corp.	EOS process revenue	17,973	6.33%	Note 2	30-45 days after the month of billing	Note 2	Note 2	Note 3	-

Note 1: Bonus for new product promotion. Not applicable.

Note 2: Certain percentage of merchandise amount based on the contract. Not applicable.

Note 3: No significant difference

3. Endorsements and guarantees: None.

4. Other significant information that had an impact on financial or business operation: None.

PCSC inspected its internal control system through self-evaluation from January 1, 2003 to December 31, 2003. The results are presented in the following statements.

- 1.PCSC recognizes the establishment, implementation and maintenance of the internal control system are the responsibility of top management. Hence we established the system to achieve reasonable assurance for effective operation (including profitability, performance and asset security), reliability of financial reports and compliance to laws and regulations.
- 2.Internal control system has its limitation, regardless of how well the system is planned. It may only provide reasonable assurance to the three objectives described above. Furthermore, the internal control system may be affected in accordance to the changes of circumstances and conditions. The internal control has self-monitor function to detect the system, once the malfunction is identified, company will make instant modification.
- 3.PCSC follows the guideline set by the Ministry of Finance - the Securities and Futures Commission, which established Internal Control System for Listed Companies (hereinafter referred to as Guideline). The internal control system is to determine the effectiveness of the company design and execution. The Guideline employs criteria that categorize internal control into 5 comprising elements based on the process. They are 1) control environment; 2) risk review; 3) control operations; 4) information and communications; and 5) supervision. Each element is comprised of several items. Please refer to the Guideline for item details.
- 4.The company has adopted the internal control criteria to review the effectiveness of design and implementation of the internal control system.
- 5.Based on the review, the company believes the design and implementation of internal control system for the period described, including operating effectiveness and efficiency, reliability of financial reports and compliance to laws and regulations, was effective so as to provide reasonable assurance for meeting the aforementioned objectives.
- 6.The statement constitutes the key part of annual corporate prospectus and is open to the public. Frauds and non-disclosure in the published statement is punishable based on Article 20, 32, 171 and 147 of the Securities Regulation.
- 7.The Statement has been approved by the Board of Directors on April 13, 2004 with 9 attending directors unanimously agreeing with this Statement.

President Chain Store Corporation (PCSC)

Chairman:



Kao, Chin Yen

President:



Hsu, Chung Jen

President Chain Store Corporation (PCSC)



Chairman Kao, Chin Yen





PRESIDENT CHAIN STORE CORP.
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