

Annual Report 2005



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Overseas Stock Exchange Information	<ul style="list-style-type: none"> None
PCSC Web Site	<ul style="list-style-type: none"> http://www.7-11.com.tw

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Effectively Integrated Core Advantages, Highly Collaborative Group Enterprise

Accumulating 30 years of experience in retail chain management, opening stores, distribution, information as well as innovation, and combining with the strength of our head quarter's accounting, purchasing, as well as back-end support systems, we have established ourselves as a retail group with a competitive edge to create more than thirty retail businesses. By combining our core abilities, we are able to extend our competitive advantage. By working together hand-in-hand, our group members can expand our territory continuously.



Intrinsic Competitive Advantage

► Diverse Store Opening Model

From North to South, East to West, from Taiwan to its surrounding islands, from mountains to coasts, we have overcome the elements, broken down barriers, climbed mountains, and crossed oceans to become ubiquitous presence. Amassing 30 years of experience in channel development, we know the consumer, understand the potential of this market, and have accumulated complete retail information. Making the most of our edge in channel development, we are able to ensure all the chain stores in our group set up quickly and accurately to expand our retail territory.

► Chain and Franchise Platform

With the concepts of working hand-in-hand and creating win-win situations, we have formulated a perfect franchise platform to attract franchisees who share our ideas to join us in our endeavor. Professional retail channel management and business know-how are effectively disseminated through our franchise system, which enable us to duplicate successful models quickly and yield sustained growth for our chain system.





吃午餐

豐富口味都是堅持無添加的好味道



Creative Service

We create trends in this industry because we observe, listen and look at things from the consumer's point of view. We changed consumption habits before and we will continue to innovate to create the impetus for future growth.

- In 1998, 7-ELEVEN introduced bill collection service, marking the debut of convenience store offering finance services. Since then, the concept of convenience stores as financial services centers has taken off. At present, 7-ELEVEN works together with more than 350 businesses and the amount of money paid via our bill collection system grew for more than 50% a year.
- In 2001, 7-ELEVEN promoted the citizen lunch box and impressively sold more than 90 million lunch boxes. 7-ELEVEN changed the way people dined and prompted a revolution throughout Taiwan's fresh food products industry.
- In 2005, 7-ELEVEN commenced the first integrated marketing promotion in Taiwan CVS industry, creating a whole new purchasing experience for our customers. During the promotion in July 2005, a record breaking 30% increase in same store sales was reported.



▶ Smart Information System

Combining our retail management know-how with information technology, our POS system allows us to get a complete picture of consumer and industry information which helps stores carry out analysis and make predictions. This information system combined with reports on weather and seasonal changes helps store managers effectively control stock, increase sales opportunities and reduce the risk of waste. Year in year out compilation of market information helps the marketing department understand consumers' needs and has become the basis of product development, increasing overall competitiveness and improving operations efficiency.



► A Sound Logistics System

In order to ensure that products are delivered on time to stores and that they are fresh as well as safe to eat, we established a perfect delivery and supply chain system throughout Taiwan. The meticulously well thought out logistics system allows us to deliver products in different temperature and sizes. At the same time, we reduce the logistics cost by the economics of scale in our group and improve delivery efficiency by careful route planning.





Duplicate the Successful Business Model, Expand the PCSC Retail Territory

For the past 30 years, PCSC has already set up the diverse store opening model, chain and franchise platform, sound logistics system, smart information system, creative marketing ability as well as strong back-end support, and all of these have become the competitive edge of PCSC. With all the competitive edge and group resources, PCSC can not only expand its retail territory but also make the new subsidiaries become profitable quickly.

Overall Performance

The most stable profitability in the long run

PCSC's 10-year ROE is 24%, with the least volatility among all the public listed companies.

Best Business Award

Awarded Commonwealth Magazine's Best Performing Company for the last 11 consecutive years and ranked No.1 in the retailer sector.

Honored at the Executive Yuan's first Green Accounting Awards for pursuing sustainable growth and protecting the environment.

Item / Year	2004	2005	YOY(%)
Overall Performance			
Total Store No.	3,680	4,037	9.70%
Market Share (Note 1)	45.52%	46.35%	—
Total No. of Franchise Stores	3,104	3,293	6.09%
Franchise Store Proportion	84.35%	81.57%	—

Note 1: Source from Retailing Mart Magazine.

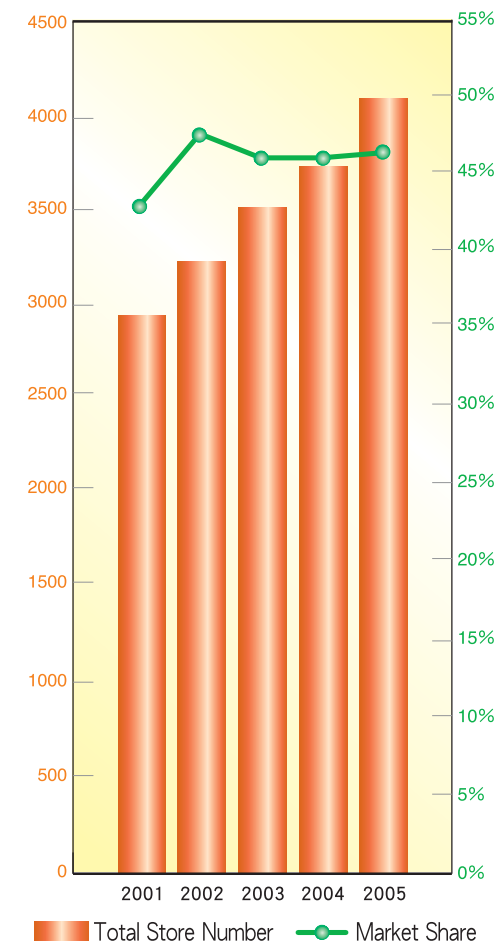
Item / Year	2004	2005	YOY(%)
Sales Revenue	80,943,099	93,673,610	15.73%
Gross Profit	24,559,257	28,159,084	14.66%
Operating Profit	3,195,912	4,177,040	30.70%
Pre-tax Profit	3,785,908	4,630,654	22.31%
Net Profit	3,047,397	3,652,685	19.86%
EPS: (NT\$)			
Weighted Average Outstanding Shares	915,160,436	915,160,436	—
EPS (undiluted)	3.33	3.99	—
EPS (diluted by stock dividend: Note 1)	3.33	3.99	—

Note 1: EPS calculation is according to outstanding shares after stock dividend was paid out in 2005.

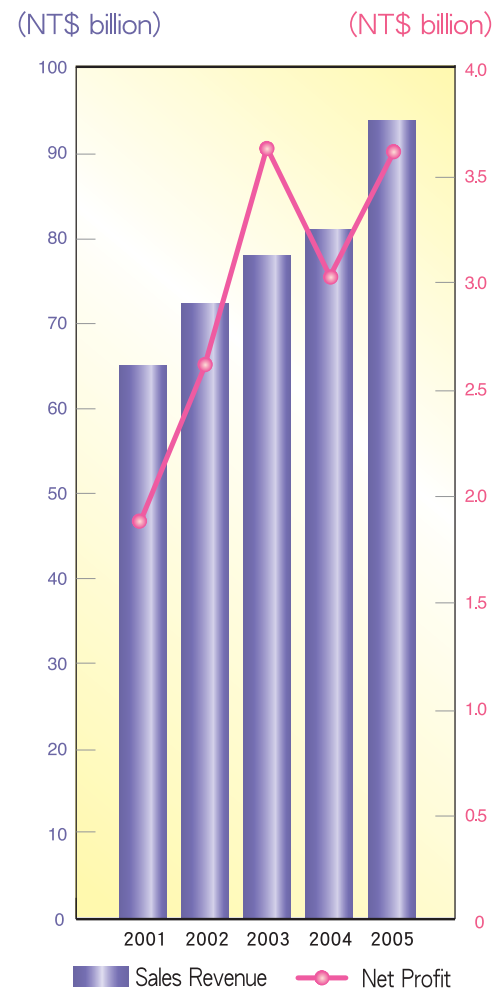
Item / Year	2004	2005
Financial Ratios:		
Gross Margin (%)	30.34%	30.06%
Operating Expenses Rate (%)	26.39%	25.60%
Operating Margin (%)	3.95%	4.46%
Net Margin (%)	3.76%	3.90%
ROA (%)	10.86%	11.81%
ROE (%)	21.63%	24.73%
Inventory Turnover(times)	26.48	26.08
Fixed Asset Turnover(times)	8.80	13.47

Total Store Number & Market Share

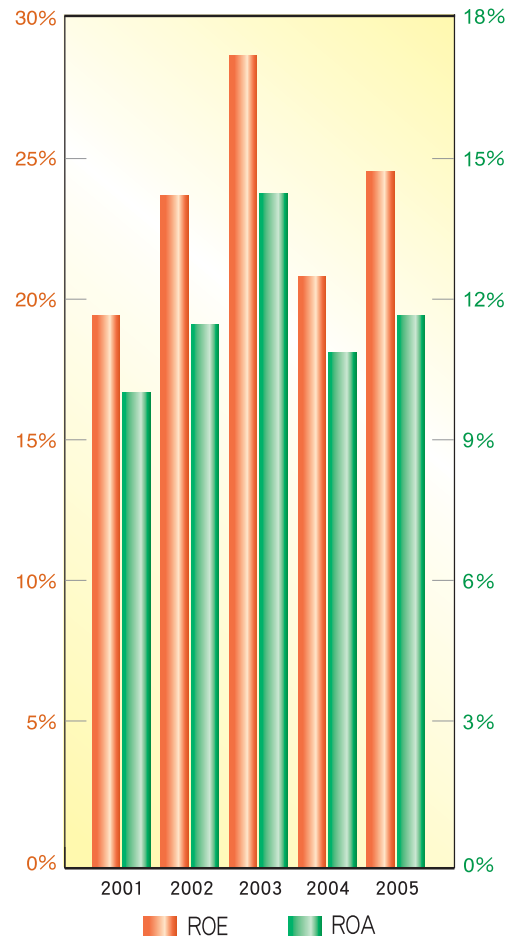
(Store Number)



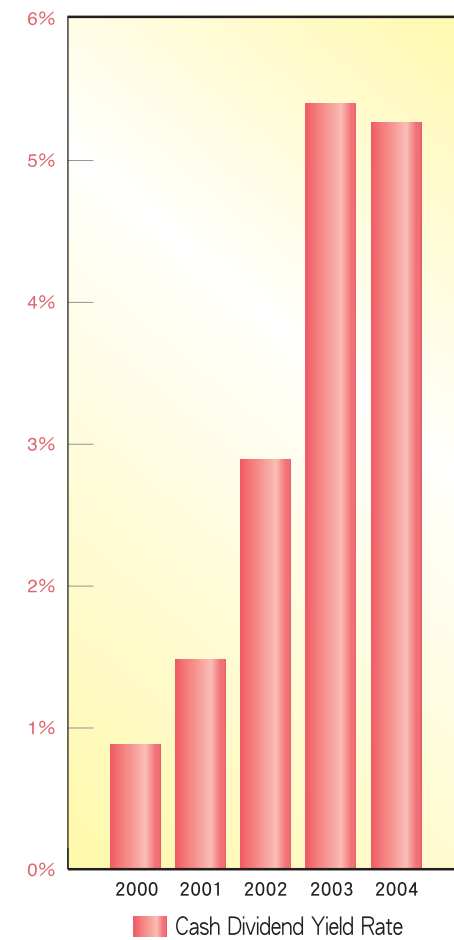
Sales Revenue & Net Profit



ROE & ROA



Cash Dividend Yield Rate



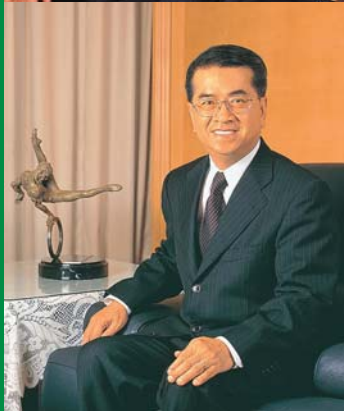
Over the past 30 years PCSC has deeply rooted itself in Taiwan and always seeks to outdo and challenge itself with athletic spirit. Moreover, with the competitive edge PCSC is able to expand its retail businesses continuously.

With deep roots in Taiwan and a presence around Asia, we have our sights set on the world. In the future for whatever the customer needs, we aim to be there, keeping up with the times and moving forward continuously improving and innovating.



I. LETTER TO SHAREHOLDERS

Dear Shareholders:



2005 is a year to remember. With the ideal of “satisfy customers’ needs wherever they are,” we set up the first 7-ELEVEN on Green Island. Situated in the liveliest part of town it is the first chain convenience store on the island conveniently serving local residents and tourists around the clock. With the opening of the 4000th store in Alishan, our presence is felt not just all over Taiwan but also in the islands of Penghu, Kinmen, and Green Island.

In 2005, 7-ELEVEN’s 4,037 stores generated operating revenue of NT\$93.7 billion, consolidated operating revenue of NT\$119.9 billion, and the net profit increased dramatically by 19.86% to NT\$3.653 billion. In Commonwealth magazine’s best businesses awards, PCSC ranked No.1 in the retail sector. This is the eleventh year that we picked up this award, which shows that the 7-ELEVEN brand image has already deeply rooted in customers’ minds. Additionally, pursuing sustainable growth and long-term environmental protection, PCSC was the only service sector business to be honored Taiwan’s first Green Accounting Award.

Faced with sluggish growth and fierce competition in the convenience store industry, PCSC strives to innovate and in 2005 launched the first integrated marketing promotion in CVS industry. It prompted significant growth and successfully reversed the impact of unfavorable environmental factors. The Hello Kitty integrated marketing promotion became not only a national pastime but also a hot topic in households everywhere, giving consumers a new shopping experience. Working in conjunction with banks to produce a credit card reward scheme as well as using international brands, worldwide purchasing, and producer-retailer alliances to produce a series of drinks and snacks all make 7-ELEVEN differentiate from competitors. In addition, leading the way in meeting legal standards, PCSC provides fresh food products free from additives, artificial flavorings, and preservatives, representing an important milestone in fulfilling our solemn promise to the consumer of sparing no effort in putting their health first. As a result, we are confident that regardless of external trends and changes, PCSC will continue to grow by focusing on innovation to satisfy all of our consumers’ potential needs.

As for our overseas businesses, PCSC has reaped many successes. Our Uni-Mart in Vietnam, Cosmed in Shenzhen China, Uni-Mart in Shandong and Sichuan China, were set up in quick succession in 2005. On the one hand it shows our plans gradually taking form in China and on the other it establishes our international base.

Looking ahead into 2006, with the support and guidance of each of our shareholders, PCSC will follow the ideal of innovation to provide value-added products, make good use of our competitive advantages, exploit new opportunities, and continue to make a more convenient, safer, happier, and even more enjoyable shopping environment for the Taiwanese people. It is predicted that at the year end 2006, PCSC will break the 4,300 store mark, business results home and abroad will improve, and the China businesses will advance stably. PCSC is confident to create even greater returns for our shareholders.

Chairman
Kao, Chin Yen

President
Hsu, Chung Jen



II. CORPORATE OVERVIEW

1. Company Profile

1-1 Established on June 10th, 1987

1-2 Corporate Milestones

- 1987 ● Formerly part of Uni-President, PCSC was established as an independent entity
- 1989 ● 300th store opened; PCSC became the third largest 7-ELEVEN chain in the world
- 1990 ● Established Retail Support International Corp.
- 1991 ● 100th franchise store opened
- 1994 ● Established Duskin Serve Taiwan Co., Ltd.
- 1995 ● 1000th store opened
 - Established President Drugstore Business Corp. and President Direct Marketing Corp.
- 1996 ● POS I system implemented
- 1997 ● PCSC listed on Taiwan Stock Exchange
 - Established President Coffee Corporation, Starbucks Taiwan
- 1999 ● 2000th store opened
 - Established Wisdom Distribution Service Corp., Uni-President Cold Chain Corp., President Musashino Corp., President Transnet Corp.
- 2000 ● Signed perpetual area license agreement with 7-ELEVEN Inc.
 - Established President Starbucks Coffee Shanghai Corp.
 - Acquired Philippine Seven Corp., extending overseas convenience store businesses
- 2002 ● Issued first secured corporate bond in the amount of NT\$700 million
 - 3000th store opened
- 2003 ● Issued second secured corporate bond in the amount of NT\$ 1.5 billion
 - Established MUJI Taiwan Co. Ltd.
 - Awarded “Superior Self-Discipline Enterprise” Award
 - President Drugstore Business Corp. (Cosmed) opened 100th store, Starbucks (Shanghai) extended operations to Nanking, Kuenshan, and Ningbo areas



Alishan



Green Island

- 2004
- Initiated Green Accounting, becoming the first major service-oriented corporation in Taiwan to do so
 - Second-generation POS system implemented
 - Debut of 7-ELEVEN icash
 - 7-ELEVEN lunch box was the first Taiwanese boxed meals to pass Consumers' Foundation inspections and be attested as free from MSG and preservatives
 - Established President YiLan Art & Culture Corp, Mister Donut Corp., and President Cosmed China Store (Shen Zhen) Co., Ltd.
 - Awarded No.1 in the Corporate Citizenship category for the first time

2005 to 2006 Annual Report Publishing Date

- 7-ELEVEN launched the first integrated marketing promotion in the convenience store industry
- 4000th store opened
- Debut of 7-ELEVEN's new franchise system
- Established PCSC (Vietnam) Supermarket Ltd., Sang Dong President Yinzuo Commercial Limited, PCSC (SICHUAN) Hypermarket Limited
- Honored with the Ministry of Economic Affairs' first Green Accounting Awards
- PCSC awarded

No.1 for the last 11 consecutive Commonwealth Magazine's Best Performing Company in the retailing industry

The Executive Yuan's National Sustainable Development Award and Global Views' Corporate Citizenship Award; three Top Service Awards by Next Magazine over the last two years including gold prize for best service and best chain store

No.5 among Commonwealth Magazine's ranking of top 500 service-oriented corporations ; Seven companies within the business group ranked : PCSC, Retail Support International Corp., Uni-President Cold-Chain Corp., Mech-President Corp., Wisdom Distribution Service Corp., President Drugstore Business Corp. (Cosmed), and Starbucks

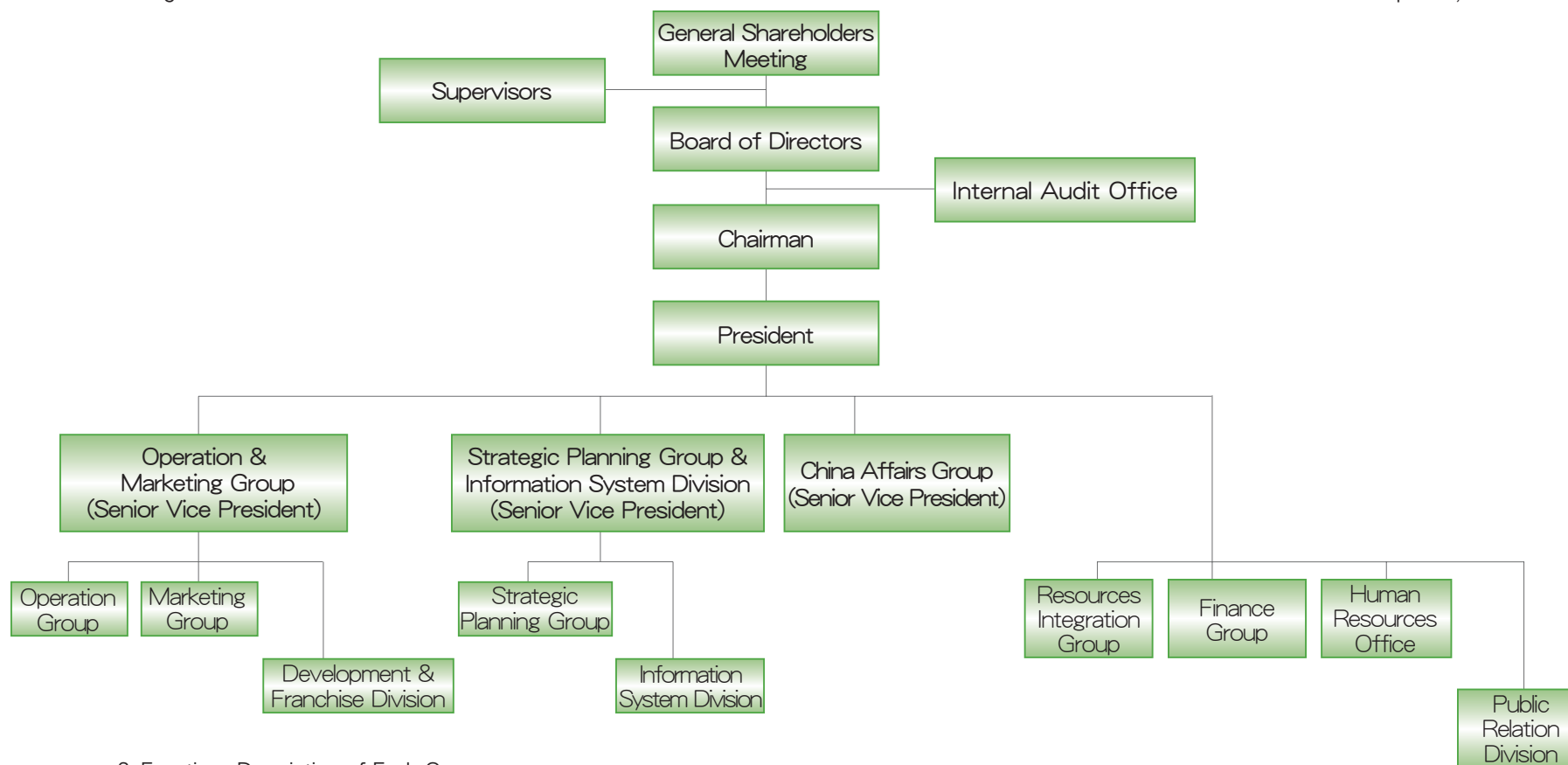


2. Organization

2-1 Organizational Chart

1. Organizational Chart

As of April 25, 2006



2. Functions Description of Each Group

- Operation Group: Operation management & planning of stores
- Marketing Group: Product development & merchandise
- Finance Group: Finances, accounting, investor relations & planning
- Human Resources Office: Human resources arranging & cultivating

- Strategic Planning Group: Corporate planning and strategies development
- Resources Integration Group: PCSC group resources integration and operation
- Internal Audit Office: Internal audit, internal control, and process compliance

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

1. Directors & Supervisors

(1) Directors & Supervisors Information:

As of March 31, 2006

Title	Name	Elected Date	Term (year)	First Elected Date	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experience (Note 1)	Position in other Companies	Directors or Supervisors who are Spouses or Within Second-degree Relatives of Consanguinity		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director, Juridical Person Shareholder	Uni-President Enterprise Corp.	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	—	—	—	—	—
Representative of Uni-President Enterprise Corp.:																	
Chairman	Kao, Chin Yen	92.06.24	3	76.06.10	22,149	—	26,254	—	1,082,529	0.12%	—	—	Lincoln University Honorary Ph.D.; Sun Yat-Sen University Honorary Ph.D.; Cheng Kung University Honorary Ph.D.	(Note 2)	Director	Lo, Chin Hsieh	Son-in-Law
Managing Director	Lin, Chang Sheng	92.06.24	3	76.06.10	22,903	—	27,148	—	—	—	—	—	Cheng Kung University	(Note 2)	—	—	—
Managing Director	Hsu, Chung Jen	92.06.24	3	76.06.10	—	—	20,499	—	—	—	—	—	Waseda University, MBA	President (Note 2)	—	—	—
Director	Lin, Lung Yi	92.06.24	3	76.06.10	13,932	—	16,514	—	22,130	—	—	—	Cheng Kung University	(Note 2)	—	—	—
Director	Lo, Chin Hsieh	92.06.24	3	76.06.10	766,532	0.10%	908,640	0.10%	892,883	0.10%	—	—	UCLA, MBA	(Note 2)	Chairman	Kao, Chin Yen	Father in Law
Director	Wu, Kuo Hsuan	94.08.24	10 months	76.06.10	28,127	—	28,127	—	—	—	—	—	Fortune Institute of Technology	Senior Vice President (Note 2)	—	—	—
Director	Yang, Wen Long	92.06.24	3	76.06.10	—	—	—	—	—	—	—	—	National Chung Hsing University	(Note 2)	—	—	—
Director, Juridical Person Shareholder	Yuan Wei Investments Co. Ltd.	92.06.24	3	92.06.24	100,000	0.01%	158,539	0.02%	—	—	—	—	—	—	—	—	—
Representative of Yuan Wei Investments Co. Ltd.:																	
Director	Tsuei, Jung	92.06.24	3	92.06.24	—	—	—	—	—	—	—	—	Massachusetts Institute of Technology, MBA	(Note 2)	—	—	—
Director, Juridical Person Shareholder	We Heng Co. Ltd.	92.06.24	3	89.06.15	1,494,981	0.19%	1,772,137	0.19%	—	—	—	—	—	—	—	—	—
Representative of We Heng Co. Ltd.:																	
Director	Huang, Tsing Yuan	92.06.24	3	89.06.15	439	—	520	—	524,869	0.06%	—	—	Nihon University, Ph. D.	(Note 2)	—	—	—
Supervisor, Juridical Person Shareholder	Uni-President Enterprise Corp.	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	—	—	—	—	—
Representative of Uni-President Enterprise Corp.:																	
Supervisor	Tu, Te Cheng	92.06.24	3	76.06.10	—	—	—	—	—	—	—	—	Houston University, MBA	(Note 2)	—	—	—
Supervisor, Juridical Person Shareholder	Kao Chyuan Inv. Co. Ltd.	93.06.29	2	93.06.29	2,732,526	0.32%	2,912,872	0.32%	—	—	—	—	—	—	—	—	—
Representative of Kao Chyuan Inv. Co. Ltd.:																	
Supervisor	Ying, Chien Li	93.06.29	2	93.06.29	—	—	—	—	—	—	—	—	National Chung Hsing University	(Note 2)	—	—	—

(Note 1) For more on Directors' and Supervisors' experiences, please refer to the attached 2005 annual report disc.

(Note 2) For Directors' and Supervisors' positions in other companies, please refer to the attached 2005 annual report disc.



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

Name	Possess over five years of experience in business, finance, legal or areas as required by Company	Criteria (Note)						
		1	2	3	4	5	6	7
Kao, Chin Yen	■		■				■	
Lin, Chang Sheng	■		■				■	
Hsu, Chung Jen	■		■				■	
Lin, Lung Yi	■		■				■	
Wu, Kuo Hsuan	■		■				■	
Lo, Chih Hsieh	■						■	
Yang, Wen Long	■		■				■	
Tsuei, Jung	■	■	■	■	■	■	■	
Huang, Tsing Yuan	■	■	■		■	■	■	
Tu, Te Cheng	■		■	■	■		■	
Ying, Chien Li	■		■	■			■	

Note "■" indicates meeting conditions specified below:

- (1) Not an employee of the company, nor a director, supervisor or employee of affiliated companies (excluding Independent directors and supervisors of the mother company or subsidiaries.)
- (2) Not a individual shareholder directly or indirectly owning more than 1% of the Company's outstanding shares, nor one of the Company's top ten individual shareholders.
- (3) Neither a spouse nor first or second degree relative of any person specified in items 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 specified companies or institutions that have financial or business relationships with the Company.
- (6) Not an owner, partner, director, supervisor, manager of any sole proprietor, partnership, company, institution or spouse of such person, or specialist or spouse of such person providing finance, commerce, legal consultation and services to the company or affiliated companies within past year.
- (7) Not a juridical person or its representative as defined in Article 27 of Company Law.

(3) List of Major Shareholders of PCSC's Juridical person Directors and Supervisors

As of March 31, 2006

Name of Juridical Person Shareholders	Major Juridical Person Shareholders
Uni-President Enterprise Corp.	Ho Po-Yi; Chung-Hwa Post Co. Ltd; National Finance Stability Fund Committee; Kao Chyuan Inv. Co. Ltd.; Ho Po-Ming; Ho Po-Yu; JP Morgan in custody of Templeton Emerging Markets Investment Trust Public Ltd investment account; Kao Hsu-Ling; Liu Hsu Juan; Standard Chartered Bank in custody of Mitsubishi investment account
Yuan Wei Investment Co. Ltd.	Xia Yi
Wei Heng Co. Ltd.	British Virgin Island Chien Rue Corp.; MC Tsai; Huang Tsing Yuan
Kao Chyuan Inv. Co. Ltd.	Kao Hsu-Ling; Lo Chih Hsieh; Kao Lai-Huan

(4) List of Major Shareholders of companies showed on the above chart (Major Juridical Person Shareholders)

As of March 31, 2006

Name of Juridical Person Shareholders	Major Shareholder of Juridical Person
Kao Chyuan Inv. Co. Ltd.	Ko Hsu Ling; Lo Chih Hsieh; Kao Lai-Huan
British Virgin Island Chien Rue Corp.	Tom Huang; Nancy Tsai

2. Information on Management Team :

As of March 31, 2006

Title	Name	Elected Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experiences (Note 1)	Position in other Companies	Managers who are Spouse or within Second-degree Relatives of Consanguinity		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Hsu, Chung Jen	76.07.01	20,499	—	—	—	—	—	Waseda University, MBA	(Note 2)	—	—	—
Senior Vice President	Chang Jen, Yun Huei	88.01.01	—	—	—	—	—	—	Chinese Culture University, Bachelor of Chemistry	(Note 2)	—	—	—
Senior Vice President	Wu, Kuo Hsuan	88.01.01	28,127	—	—	—	—	—	Fortune Institute of Technology, Bachelor of Business Administration	(Note 2)	—	—	—
Senior Vice President	Hsieh, Chien Nan	89.09.01	8,850	—	3,446	—	—	—	Chung Yuan Christian University, Bachelor of Business Administration	(Note 2)	—	—	—
Vice President	Chen, Fu Tang	88.01.01	9,206	—	1,373	—	—	—	National Kaohsiung First University of Science and Technology, MBA	(Note 2)	—	—	—
Vice President	Lin, Wen Ching	88.01.01	287	—	—	—	—	—	National Tainan Commercial Vocational Senior High School	(Note 2)	—	—	—
Vice President	Chen, Jui Tang	89.01.01	12,018	—	—	—	—	—	National Taiwan University, Bachelor of Economics	(Note 2)	—	—	—
Vice President	Yang, Yen Sen	91.02.01	1,669	—	—	—	—	—	The City University of New York, MBA	(Note 2)	—	—	—
Vice President	Chung, Mao Chia	92.04.01	379	—	50,616	—	—	—	Feng Chia University, Bachelor of International Trade	(Note 2)	—	—	—
Vice President	Zeng, Fan Bin	92.12.01	—	—	—	—	—	—	Soochow University, Bachelor of International Trade	(Note 2)	—	—	—
Vice President	Wang, Wen Kui	93.10.01	13,450	—	—	—	—	—	National Kaohsiung First University of Science and Technology, MBA	(Note 2)	—	—	—
Accounting Division Manager	Lai, Hsin Ti	90.04.01	—	—	809	—	—	—	Tamkang University, Bachelor of Accounting	(Note 2)	—	—	—
Finance Division Manager	Wu, Wen-chi	94.12.06	490	—	1,462	—	—	—	University of Missouri, Bachelor of Accounting	(Note 2)	—	—	—

(Note 1) For more on managers' experiences, please refer to the attached 2005 annual report disc.

(Note 2) For managers' positions in other companies, please refer to the attached 2005 annual report disc.

3. Compensation for Directors, Supervisors, President, and Vice Presidents:

(1) Compensation for Directors

As of December 31, 2005

Unit: NT\$'000

Title	Name	Transportation Expenses		Compensation		Directors Remuneration from Earnings Distributions		Employee Bonus from Earnings Distributions								Subtotal of Previous Four Items		Subtotal / Net Income (%)		Amount Obtained: Employee Stock Option Plan		Other Compensation	
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC				All consolidated companies				PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies
								Cash Bonus	Shares	Market Price	Amount	Cash Bonus	Shares	Market Price	Amount								
Director & Judicial Person Shareholder	Uni-President Enterprise Corp.																						
Chairman	Uni-President Enterprise Corp. (Representative: Kao, Chin Yen)																						
Managing Director	Uni-President Enterprise Corp. (Representative: Lin, Chang Sheng)																						
Managing Director	Uni-President Enterprise Corp. (Representative: Hsu, Chung Jen)																						
Director	Uni-President Enterprise Corp. (Representative: Lin, Lung Yi)																						
Director	Uni-President Enterprise Corp. (Representative: Lo, Chin Hsieh)	3,000	3,910	5,400	5,671	56,949	58,660	—	—	—	—	—	—	—	—	65,349	68,241	1.79%	1.77%	—	—	—	—
Director	Uni-President Enterprise Corp. (Representative: Wu, Kuo Hsuan)																						
Director	Uni-President Enterprise Corp. (Representative: Yang, Wen Long)																						
Director & Judicial Person Shareholder	Yuan Wei Investments Co. Ltd.																						
Director	Yuan Wei Investments Co. Ltd. (Representative: Tsui, Jung)																						
Director & Judicial Person Shareholder	Wei Heng Co. Ltd.																						
Director	Wei Heng Co. Ltd. (Representative: Huang, Tsing Yuan)																						



Compensation for Directors	No. of Directors	
	2005	
	PCSC	All consolidated companies
Less than NT\$2,000,000	—	—
NT\$2,000,000 (inc) ~NT\$5,000,000	—	—
NT\$5,000,000 (inc) ~NT\$10,000,000	8	8
NT\$10,000,000 (inc) ~NT\$50,000,000	1	1
Over NT\$50,000,000	—	—
Total	9	9

(2) Compensation for Supervisors

As of December 31, 2005

Unit: NT\$'000

Title	Name	Transportation Expenses		Compensation		Supervisors Remuneration from Earnings Distributions		Subtotal of Previous Three Items		Subtotal / Net Income (%)		Other Compensation	
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies
Supervisor & Juridical Person Shareholder	Uni-President Enterprise Corp.	600	600	—	—	9,904	9,904	10,504	10,504	0.29%	0.27%	—	—
Supervisor	Uni-President Enterprise Corp. (Representative: Tu, Te Cheng)												
Supervisor & Juridical Person Shareholder	Kao Chyuan Inv. Co. Ltd.	600	600	—	—	9,904	9,904	10,504	10,504	0.29%	0.27%	—	—
Supervisor	Kao Chyuan Inv. Co. Ltd. (Representative: Ying, Chien Li)												

Compensation for Supervisors	No. of Supervisors	
	2005	
	PCSC	All consolidated companies
Less than NT\$2,000,000	—	—
NT\$2,000,000 (inc) ~NT\$5,000,000	—	—
NT\$5,000,000 (inc) ~NT\$10,000,000	2	2
NT\$10,000,000 (inc) ~NT\$50,000,000	—	—
Over NT\$50,000,000	—	—
Total	2	2

(3) Compensation for President and Senior Vice Presidents

As of December 31, 2005

Unit: NT\$'000

Title	Name	Salary		Cash Awards & Special Allowances		Employee Bonus from Earnings Distributions								Subtotal of Previous Three Items		Subtotal / Net Income (%)		Amount Obtained: Employee Stock Option Plan		Other Compensation (Note)	
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC				All consolidated companies				PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies
						Cash Bonus		Stock Bonus		Cash Bonus		Stock Bonus									
						Shares	Market Price	Amount		Shares	Market Price	Amount		Shares	Market Price	Amount					
President	Hsu, Chung Jen	9,442	11,002	5,045	5,045	2,100	—	—	—	2,100	—	—	—	16,587	18,147	0.45%	0.47%	—	—	5,194	—
Senior Vice President	Chang Jen, Yun Huei																				
Senior Vice President	Wu, Kuo Hsuan																				
Senior Vice President	Hsieh, Chien Nan																				

Note : Vehicle Purchase cost in the year of 2004

Compensation for President & Senior Vice Presidents	No. of President & Senior Vice Presidents	
	2005	
	PCSC	All consolidated companies
Less than NT\$2,000,000	—	—
NT\$2,000,000 (inc) ~NT\$5,000,000	3	3
NT\$5,000,000 (inc) ~NT\$10,000,000	1	1
NT\$10,000,000 (inc) ~NT\$50,000,000	—	—
Over NT\$50,000,000	—	—
Total	4	4

(4) Managers Personnel Receiving Employee Bonus

As of December 31, 2005

Unit: NT\$'000

	Title	Name	Stock Bonus			Cash Bonus	Total Amount	Total Amount / Net Income (%)
			Share	Market Price	Amount	Amount		
Manager	President	Hsu, Chung Jen	—	—	—	4,781	4,781	0.16%
	Senior Vice President	Chang Jen, Yun Hwei						
	Senior Vice President	Wu, Kuo Hsuan						
	Senior Vice President	Hsieh, Chien Nan						
	Vice President	Chen, Fu Tang						
	Vice President	Lin, Wen Ching						
	Vice President	Chen, Jui Tang						
	Vice President	Yang, Yen Sen						
	Vice President	Chung, Mao Chia						
	Vice President	Zeng, Fan Bin						
	Vice President	Wang, Wen Kui						
	Accounting Division Manager	Lai, Hsin Ti						
	Finance Division Manager	Wu, Wen-chi						

(5) Compensation Policy

- Compensations for directors and supervisors, paid by all consolidated companies, are NT\$78.75 million (2.05% to consolidated net income) in 2005 and NT\$ 60.08 million (1.92% to consolidated net income) in 2004. PCSC directors and supervisors compensation principles are specified in the Articles of Incorporation and are in accordance with general norms.
- Compensations for president and senior vice presidents, paid by all consolidated companies, are NT\$18.15 million (0.47% to consolidated net income) in 2005 and NT\$18.64 million (0.60% to consolidated net income) in 2004. PCSC's payment policy is in accordance with the company management strategy, employment policy and ability to pay. Compensation amounts are paid in accordance with PCSC salary rules. PCSC regularly participates in the salary surveys and refers to reports of salary survey for adjustment. PCSC also takes into account personal performance, contribution, and market levels to pay to president and senior vice presidents.



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

1. Status of changes:

Unit: Shares

Title	Name	2005		As of March 31, 2006	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Director, Supervisor, Juridical Person Shareholder & Major Shareholder	Uni-President Enterprise Corp.	—	—	—	—
Director & Juridical Person Shareholder	Yuan Wei Investment Co. Ltd.	—	—	40,000	—
Director & Juridical Person Shareholder	Wen Heng Company Ltd.	—	—	—	—
Supervisor & Juridical Person Shareholder	Kao Chyuan Inv. Co. Ltd.	—	—	—	—
Chairman	Kao, Chin Yen	—	—	—	—
Managing Director	Lin, Chang Sheng	—	—	—	—
Managing Director	Hsu, Chung Jen	—	—	—	—
Director	Lin, Lung Yi	—	—	—	—
Director	Wu, Kuo Hsuan	—	—	—	—
Director	Lo, Chih Hsieh	—	—	—	—
Director	Yang, Wen Long	—	—	—	—
Director	Tsuei, Jung	—	—	—	—
Director	Huang, Tsing Yuan	—	—	—	—
Supervisor	Tu, Te Cheng	—	—	—	—
Supervisor	Ying, Chien Li	—	—	—	—
President	Hsu, Chung Jen	—	—	—	—
Senior Vice President	Chang Jen, Yun Huei	—	—	—	—
Senior Vice President	Wu, Kuo Hsuan	—	—	—	—
Senior Vice President	Hsieh, Chien Nan	—	—	(5,000)	—
Vice President	Chen, Fu Tang	—	—	—	—
Vice President	Lin, Wen Ching	—	—	—	—
Vice President	Chen, Jui Tang	4,000	—	(5,000)	—
Vice President	Yang, Yen Sen	—	—	—	—
Vice President	Chung, Mao Chia	—	—	—	—
Vice President	Zeng, Fan Bin	—	—	—	—
Vice President	Wang, Wen Kui	—	—	—	—
Accounting Division Manager	Lai, Hsin Ti	—	—	—	—
Finance Division Manager	Wu Wen-chi	—	—	—	—

2. Stock Trade Agreements: None.

3. Stock Pledge Agreements: None.

2-4 Long-term Investments:

Unit: Shares; % / As of March 31, 2006

Long-Term Investment	Ownership by PCSC (1)		Direct / Indirect Ownership by Directors, Supervisors, and Management Team (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
President Chain Store (BVI) Holding Corp.	46,405,458	100.00	—	—	46,405,458	100.00
PCSC (China) Limited	14,322,000	100.00	—	—	14,322,000	100.00
President Drugstore Business Corp.	28,800,000	100.00	—	—	28,800,000	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

Unit: Shares; % / As of March 31, 2006

Long-Term Investment	Ownership by PCSC (1)		Direct / Indirect Ownership by Directors, Supervisors, and Management Team (2)		Total Ownership (1) + (2)	
	Shares	%	Shares	%	Shares	%
Capital Inventory Services Corp.	4,549,380	100.00	—	—	4,549,380	100.00
President YiLan Art & Culture Corp.	18,000,000	90.00	—	—	18,000,000	90.00
President Transnet Corp.	70,000,000	70.00	20,000,000	20.00	90,000,000	90.00
Uni-President Department Stores Corp.	5,250,000	70.00	2,250,000	30.00	7,500,000	100.00
President Collect Services Co. Ltd.	1,050,000	70.00	—	—	1,050,000	70.00
President Information Corp.	12,853,212	56.00	6,885,648	30.00	19,738,860	86.00
Mech-President Corp.	37,331,360	62.95	11,859,845	20.00	49,191,205	82.95
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.	17,400,000	60.00	11,600,000	40.00	29,000,000	100.00
Bank Pro 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
Mister Donut Taiwan Corp.	10,000,000	50.00	—	—	10,000,000	50.00
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
President Organics, Co.	1,833,333	36.67	2,833,333	56.67	4,666,666	93.34
President Coffee Corp.	9,313,920	30.00	6,209,280	20.00	15,523,200	50.00
Uni-President Yellow Hat Corp.	8,700,000	30.00	—	—	8,700,000	30.00
Retail Support International Corp.	5,000,000	25.00	4,000,000	20.00	9,000,000	45.00
Q-ware Systems & Services Corp.	19,157,720	22.68	24,084,407	28.52	43,242,127	51.20
21 Century Enterprise Co. Ltd.	2,600,000	20.00	—	—	2,600,000	20.00
President Pharmaceutical Corp.	3,960,000	20.00	10,640,494	53.74	14,600,494	73.74
Uni-President Development Corp.	20,000,000	20.00	30,000,000	30.00	50,000,000	50.00
Tong-Ho Development Corp.	19,929,929	19.93	70,244,952	70.24	90,174,881	90.17
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67	—	—	20,000,000	16.67
Copres Corp.	21,210,000	30.30	27,580,000	39.40	48,790,000	69.70
President Technology Corp.	750,000	15.00	—	—	750,000	15.00
Tong-Jeng Development Corp.	114,000,000	19.00	243,000,000	40.50	357,000,000	59.50
Allianz President Life Insurance Co. Ltd.	24,166,817	10.10	30,698,852	12.83	54,865,669	22.93
Presicarre Corp.	70,605,016	19.50	74,227,904	20.50	144,832,920	40.00
President Yamako Corp.	650,000	10.00	—	—	650,000	10.00
President Musashino Corp.	5,229,000	10.00	26,145,000	50.00	31,374,000	60.00
Uni-OAO Travel Services Corp.	60,000	2.86	—	—	60,000	2.86
President Investment Trust Corp.	2,280,000	7.60	1,820,000	6.07	4,100,000	13.67
Latin America Development Co. Ltd.	2,500,000	7.14	2,750,000	7.86	5,250,000	15.00
PK Venture Capital Corp.	10,000,000	6.67	10,000,000	6.67	20,000,000	13.34
Career Inpek Co.	1,196,790	5.37	—	—	1,196,790	5.37
Toppoly Optoelectronics Corp.	146,448,927	4.20	154,567,489	4.43	301,016,416	8.63
Digital United Inc.	6,000,000	3.41	5,000	—	6,005,000	3.41
President International Development Corp.	50,000,000	3.33	905,500,000	60.37	955,500,000	63.70
President Securities Corp.	29,328,669	2.57	318,924,988	27.96	348,253,657	30.53
Kaohsiung Rapid Transit Corp.	20,000,000	2.00	20,000,000	2.00	40,000,000	4.00
New Century Info Comm Co. Ltd.	42,400,000	0.89	126,800,000	2.67	169,200,000	3.56
Broadcasters Market Research Co. Ltd.	200,000	0.55	—	—	200,000	0.55
Duskin Co. Ltd.	60,000	0.43	—	—	60,000	0.43
Grand Bills Corp.	108,160	0.02	89,605,648	16.57	89,713,808	16.59



3. Capital & Shares

3-1 Sources of Capital

1. Shares Issued

Unit: NT\$; Shares / As of April 25, 2006

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.
2002/07	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
2003/09	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
2004/08	10	960,000,000	9,600,000,000	915,160,436	9,151,604,360	Capitalization of Profits	None	07.20.2004 Chin-Kuan Cheng No.0930132295 approved

Note : Company's initial paid-in-capital in June 1987 was NT\$100,000,000 ; the current paid-in capital as of April 25,2006 is NT\$9,151,604,360.

2. Capital and Shares

Unit: Share

Type of Stock	Authorized Capital			Remarks
	Outstanding	Non-issued	Total	
Common Share	915,160,436	44,839,564	960,000,000	Publicly Traded Stock

3-2 Shareholder Structure

Unit: Shares; % As of April 20, 2006

	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
Number of Shareholders	1	4	83	21,023	293	21,404
Shareholding	5,401,295	27,864	501,804,651	48,821,459	359,105,167	915,160,436
Holding Percentage (%)	0.59%	0.00%	54.83%	5.34%	39.24%	100%

3-3 Distribution Profile of Shareholder Ownership

NT\$10/Share As of April 20, 2006

Shareholder Ownership (Unit: Share)	Number of Shareholders	Shareholding (Unit: Share)	Holding Percentage (%)
1 ~ 999	11,548	2,813,496	0.31%
1,000 ~ 5,000	7,714	16,071,728	1.75%
5,001 ~ 10,000	1,095	7,562,358	0.83%
10,001 ~ 15,000	340	4,081,855	0.45%
15,001 ~ 20,000	173	3,036,419	0.33%
20,001 ~ 30,000	133	3,294,767	0.36%
30,001 ~ 50,000	98	3,732,950	0.40%
50,001 ~ 100,000	66	4,737,770	0.52%
100,001 ~ 200,000	64	9,511,206	1.04%
200,001 ~ 400,000	37	10,797,349	1.18%
400,001 ~ 600,000	23	11,515,275	1.26%
600,001 ~ 800,000	16	11,475,469	1.25%
800,001 ~ 1,000,000	20	17,820,354	1.95%
Over 1,000,001	77	808,709,440	88.37%
Total	21,404	915,160,436	100%

3-4 Major Shareholders

As of April 20, 2006

Shareholders	Shares	Shareholding (Unit: Share)	Holding Percentage (%)
Uni-President Enterprise Corp.		414,042,816	45.24%
HSBC in custody for Matthews International Fund		37,045,000	4.05%
Chunghwa Post Co., Ltd.		29,559,404	3.23%
Government Official Pension Fund Committee		27,020,252	2.95%
JP Morgan Chase Bank, Taipei Branch in custody for Emerging Markets Growth Fund		16,989,517	1.86%
JP Morgan in custody for TPG KPN Retirement Global Stock Fund		13,829,976	1.51%
JP Morgan Chase Bank, Taipei Branch, in custody for Oppenheimer Fund		12,892,074	1.41%
Central Trust of China in custody for Mondrian Emerging Markets Fund		12,749,000	1.39%
JP Morgan in custody for Delaware Group Global and International Funds Inc.		12,090,299	1.32%
Nan Shan Life Insurance		11,640,814	1.27%

3-5 Other Share Information for Last Two Years

Unit: NT\$

Year		2004	2005	As of March 31, 2006
Item				
Market Price Per Share	Highest	69.50	69.20	80.20
	Lowest	47.20	49.90	66.00
	Average	56.56	58.50	71.31
Net Value Per Share	Before Distribution	15.70	16.58	17.49
	After Distribution	15.70	(Note)	—
Earnings Per Share	Weighted Average Shares	915,160,436	915,160,436	915,160,436
	Earning Per Share (Undiluted)	3.33	3.99	0.73
	Earning Per Share (Diluted)	3.33	(Note)	—
Dividend Per Share	Cash Dividends	3.00/per share	(Note)	—
	Stock Dividends	Dividends from Retained Earnings	(Note)	—
		Dividends from Capital Surplus	(Note)	—
	Accumulated Undistributed Dividends		(Note)	—
Return on Investment	Price / Earning Ratio	16.98	14.66	—
	Price / Dividend Ratio	18.85	—	—
	Cash Dividend Yield Rate	5.30%	—	—

Note: Subject to resolution at general shareholders' meeting.

3-6 Dividend Policy and Implementation Status

1. Dividend Policy:

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 distributions for the year along with undistributed earnings from the previous year are considered accumulated distributable earnings whose distribution is carried out by the board of Directors in consideration of industry conditions, the company's future operations, and investment plans. The proposed profit distribution will take effect upon approval at the Annual Shareholders' Meeting. Shareholders' equity and retained earnings carried over are to be distributed along with current year net profits. Profit distribution is in accordance with the following percentage distribution as determined at the Annual Meeting of Shareholders:



- (1) Directors' and Supervisors' Remuneration: 2% of net profit
 - (2) Employees bonus: no less than 0.2% of net profit
 - (3) Stockholders' dividend: after deducting 1) and 2), ranges from 80% to 100% of net profit, with 50% to 100% distributed as cash dividend, with remainder booked as undistributed earnings.
2. The Board of Directors' 2005 profit distribution proposal is as follows: total cash dividends to be paid out total NT\$3,111,545,482 (NT\$3.4 per share), to be distributed on the date proposed by the Board of Directors and upon the approval of the Annual Shareholders' Meeting.

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 release a 2006 financial forecast.

3-8 Employees Bonus and Remuneration of Directors and Supervisors

1. 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 distributions for the year along with undistributed earnings from the previous year are considered accumulated distributable earnings whose distribution is carried out by the Board of Directors in consideration of industry conditions, the company's future operations, and investment plans. The proposed profit distribution will take effect upon approval at the Annual Shareholders' Meeting. Shareholders' equity and retained earnings carried over are to be distributed along with current year net profits. Profit distribution is in accordance with the following percentage distribution as determined at the Annual Meeting of Shareholders: The directors' and supervisors' remuneration is 2% and the employees' bonus is no less than 0.2% of net profit.
2. The Board of Directors adopted the following distribution plan for 2005 employee bonus and Board and Supervisor's remuneration:
 - (1) Employees' bonus: NT\$200,558,627; Directors' and Supervisors' Remuneration: NT\$66,852,876.
 - (2) Employees' bonus are paid in cash.
 - (3) EPS before Employees' Bonus and Directors' and Supervisors' Remuneration: NT\$3.99/share. EPS after Employees' Bonus and Directors' and Supervisors' Remuneration: NT\$3.70/share.
3. Year 2004 employees' bonus and directors & supervisors remuneration proposed by the Board of Directors is as follows:

	Proposed profit distribution on 2004 earnings		Proposed profit distribution on 2004 earnings
Employees Bonus	\$ 107,421	EPS	\$ 3.33
Directors and Supervisors Remuneration	\$ 53,710	EPS after bonus and remuneration	\$ 3.15

3-9 Buyback of Treasury Stock: None.

4. Status 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% - 6 months term LIBOR or 4% - 180 days commercial interest rate, adjusted per six months.
Term		The term 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		Chinatrust Commercial Bank	Chinatrust Commercial Bank
Underwriter		None	None
Legal Counsel		Su Yan-Wei, Esq.	Su Yan-Wei, Esq.
Auditor		PriceWaterhouseCoopers: External Auditors Lai Chun-Tian & Yang Ming-Chu	PriceWaterhouseCoopers: External Auditors Lai Chun-Tian & Lin Tung-Chiao
Repayment		Each bond is paid in full on its due date	Issue A: automatically repaid at 3rd, 4th, and 5th year terms at 25%, 50% and 50% respectively Issue B: repaid on its due date
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 Common Shares, ADPs or Other Securities as of	None	None
	Annual Report Publishing Date		
	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 Acquisition: None



III. OPERATIONAL HIGHLIGHTS

1. Business Activities

1-1 Business Scope

1. Officially Registered Business Items

a. Operation of convenience stores and supermarkets	k. JA01030 Automotive services.
b. Specialty goods, tobacco, wine and grocery	l. F214030 Automobile and motorcycle accessories and merchandise.
c. Photocopy, mail order, flower, phone card, cassette, videocassette, publication, newspaper and magazine and rental business.	m. G202010 Parking lot operation.
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.	n. IZ14011 Lottery ticket.
e. Toys, fertilizers, 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.	o. JZ99050 Agency services.
f. Medical equipment, kitchen & bathroom accessory, pens, stationery and office supplies.	p. IZ99990 Other services (agent for school enrollment, application, ticket sales, and receiving goods on behalf of customers and bill collection on behalf of other businesses).
g. Leather goods (purses, briefcases, wallets, and belts), accessories (neckties, tie bars, cuff links, suspenders, handkerchiefs, hats, sunglasses, watches, silk scarves, and shawls).	q. F401161 Importing of tobacco.
h. Deodorants, cleaners, foyer supplies, lavatory cleaning equipment and supplies sales and rental.	r. F401171 Importing of liquor.
i. Import and export, merchandise, and mail order business of aforementioned products	s. Any business activity unless otherwise restricted by law.
j. JA01010 Automotive repair services.	t. F301010 Department stores.
	u. F301020 Supermarkets.
	v. F301030 Retailers.
	w. F399010 Convenience stores.
	x. F501030 Beverage stores.
	y. F501060 Restaurants.

2. Sales Breakdown by Categories in Year 2004 & 2005

Unit: NT\$1,000

Product Category	Sales Breakdown by Categories			
	2004		2005	
	Amount	%	Amount	%
Food Services	10,462,817	13.34%	11,018,445	12.15%
Publication	12,172,633	15.52%	13,167,302	14.51%
Beverages	26,008,022	33.16%	30,169,430	33.26%
Non-Food	19,741,312	25.17%	24,353,299	26.85%
Ordinary Food	9,639,282	12.29%	11,651,670	12.84%
Others	407,846	0.52%	356,257	0.39%
Gross Sales	78,431,912	100.00%	90,716,403	100.00%
Sales Discounts	(41,849)	-	(44,756)	-
Net Sales	78,390,063	-	90,671,647	-
Other Operating Revenue	2,553,036	-	3,001,963	-
Total Operating Revenue	80,943,099	-	93,673,610	-

3. Present and Future Products and Services

Since the beginning, 7-ELEVEN made the satisfaction of its customers' needs for convenience in every aspect of their lives as its mission. Starting from consumers' needs, we seek to provide quality services that exceed expectations. Products and services such as fresh foods and drinks, everyday goods, photo development services, bill collection services, ATM and financial services, and home delivery services all manifest our innovative spirit and insistence on high quality and health-guaranteed goods. All this is backed up by a strong distribution system and fresh foods production lines to give customers the best services.

This year, 7-ELEVEN produced outstanding results in the development of high-end products. In the cold drinks area, we cooperated with Starbucks to produce refrigerated ready-to-drink coffee. It is hoped that through the cooperation with internationally renowned brands, we would be able to provide customers with products of higher value. This endeavor has paid off and enabled us to enter the luxury coffee market successfully. In the general merchandise market, breaking through the traditional convenience store business model, we successively introduced many affordable luxury branded products to the general market, and developed many high-end products. For example, we cooperated with DHC in January 2005, the Skincare and Makeup products imported from Japan were customized into smaller sizes to suit the needs of convenience store consumers. This prompted an enthusiastic response and in just four weeks 160,000 products were sold. Subsequently, we also introduced the legendary American Carmex lip-balm, Burt's Bees beauty products, and Japan's Parado cosmetics products. Following the successful producer-retailer alliance strategy, we continued to cooperate with internationally renowned brands, like Kagome, Calpis and Calbee, to develop unique and differentiated products. All the efforts aimed to provide our customers with more high-quality life. Hence, our customers can enjoy value-added products with reasonable price. 7-ELEVEN's sales continued to soar showing that we are in tune with consumers' needs.

In order to provide customers the sense of security and healthy concept, this year 7-ELEVEN made efforts to enhance the quality of fresh food products. We integrated and upgraded every link in the supply chain (from fresh ingredients, process R&D, mass production, to delivery and distribution), to ensure fresh food products are free from all additives. In fact, we guarantee that all 7-ELEVEN's fresh food products contain no additives, artificial flavorings, or preservatives. This not only takes the 18°C convenience store lunchbox into a league of its own, it also affirms 7-ELEVEN's promise to safeguard consumer's health.

Apart from healthy and security products, 7-ELEVEN also tried to provide a cheerful environment for our customers. Kicking off the "Hello Kitty integrated marketing promotion" in April 2005, 7-ELEVEN set an industry precedent. The purpose of which was not just to use cute gifts to lure customers into stores, but also to create greater interaction between the stores and the consumers; thus, making shopping at 7-ELEVEN a pleasantly surprising and happy experience. This kind of promotion provided common subjects for families, and also created interaction between people. After Hello Kitty promotion, 7-ELEVEN launched Disney Character figurines campaign in October 2005. These two integrated marketing promotions not only created successful financial performances, but also created fads for that industry.

The end of 2004 marked the debut of our new icash debit cards, which went on to create a sensation in 2005. With constant updating the appearances of the cards, and regional cross-sector promotions, three million icash debit cards were issued in just a year. This outstanding sales record proved that the revolutionary new icash was given the consumers' seal of approval, and the all-new "plastic money consumption concept" had kicked off. 7-ELEVEN will continue to feed customers' need, develop more services, and determine to be a good neighbor of customers.

In the future, 7-ELEVEN will continue to appeal to our customers' aspirations by adding value to our brand. We will strive to develop the latest and the best products and services for our customers. Looking toward 2006, we will continue to build on our already strong foundations and unlimited market potential in areas such as freshly brewed coffee, desserts, lunch boxes, and fast food. Through continually strengthening of operations, increasing profits, proactively developing new opportunities, and making the best use of business alliances domestically and internationally, we will persist in differentiating ourselves from our competitors and offering consumers diverse and refined lifestyle choices.

1-2 Industry Overview

Differing from the strong growth of 2004, economic growth stood at 4.09% domestically in 2005. General merchandise retail sales reached NT\$711.1 billion in 2005, a 3.06% increase over 2004 figures, of which hypermarkets, supermarkets, franchised convenience stores and department stores all showed growth for 2004, especially chain convenience stores which grew at an astonishing rate of 8.88%.

The convenience store sector had sales of NT\$178.3 billion in 2005, a growth rate of 8.88% from 2004, accounting for 25.08% of general merchandise retail sales. Store numbers of the major CVS operators for 2005 are as follows:

	7-ELEVEN	Family Mart	Hi-Life	OK	Nikko Mart	Others(5 smaller chains)	Total stores
Total Number of Stores	4037	1851	1160	873	360	428	8709



1-3 Research and Development

1. With the advanced of technology, 7-ELEVEN continues not only to innovate new products and services, but also strives to integrate sales know-how with technical applications in order to satisfy customers' needs. The first-generation POS information system was introduced in 1996 in order to gain a better grasp of consumers' information and strengthen overall business competitiveness. Beginning in 2001, the POS II information system was jointly developed by 7-ELEVEN, President Information Corp., President Technology Corp., NEC (Japan), NRI (Japan) and other industry leaders from the country or abroad. In the intervening three years up to August 2004, all stores in Taiwan and the offshore islands were connected to the new system. In addition, all 7-ELEVEN stores were equipped with broadband ADSL to have access to the latest information and to provide prompt services. This is another first in the convenience store industry.
2. Taking advantage of its island-wide broadband ADSL network, the instant online payment system took off in March 2005. Intended to promote efficiency in shops' information transmission, this system allows all bills collections to be confirmed promptly instead of by batch, making our bills collection service platform even more competitive.
3. In 2005, POS-related expenditures amounted to NT\$101,283,000 and NT\$5,745,000 in 2006 up to 31st March.

1-4 Short and Long-term Operating Strategies

1. Short-term operating strategies

- * Proactively execute store expansion strategies and increase competitive advantages
- * Enhance franchise system and increase market share
- * Strengthen cost management and promote store management efficiency
- * Promote differentiation in marketing promotions
- * Create a sound personnel training system

2. Long-term operating strategies

- * Increase operations efficiency and improve single store operating efficiency
- * Implement value-added promotions and create diversification efficiently
- * Strengthen franchise system and personnel training system
- * Fully utilize the PCSC group's competitive advantage platform, continue to introduce leading international brands and businesses.

2. Market Analysis and Merchandise

2-1 Market Analysis

1. Main product (service) sales areas:

Responding to our rapidly changing market environment, PCSC continues to develop new products and services, and fulfill customers' every need for efficiency. Throughout Taiwan, we offer consumers a complete range of products for daily use including fresh food products, beverages, general merchandise, and bill collection system. Our future operational focus is on creating product differentiation, elevating brand value and providing more value-added products. As for our customers, we will continue to offer services innovation and even more convenience. By putting into practice our quality concept we offer high-quality, flawless service. Apart from Taiwan island, Kinmen, and Penghu, our service area has been further expanded to include Green Island and Matsu. By insisting on following our mantra 7-11 for all your needs, we actively provide the consumer with the best service.

2. Market share analysis and industry outlook:

a. Market share

In terms of store numbers, PCSC had 46.35% market share in convenience store sector as of the end of 2005. PCSC is both an industry leader and a leading consumer brand.

b. Industry outlook

The Taiwan convenience store industry in recent years faced with slack market conditions. Commencing 2006, integrated marketing promotion helped reverse the falling trend which began in 2001 and also demonstrated the market's capacity for growth. As consumers' convenience demands continue to increase and new products and services are created we believe that the industry has great potential for growth.

3. Competitive advantages

There is no saturation, but redistribution in this industry. Despite fierce competition we will definitely shine if we implement training, get to grips with consumers' needs, play up our strengths. Our competitive advantages are as follows:

- * Economies of scale benefits for product development and pricing
- * Strong brand image
- * Complete distribution system and sound supply chain structure
- * A comprehensive information platform creates many business opportunities
- * Highly mobile operating team
- * High quality fresh food products
- * Rich global resources

4. Advantageous and Disadvantageous factors in regards to Future Growth

(1) Advantageous Factors

- * Family structure changes lead to people who are eating out increases
- * Lifestyle changes lead to the need for convenience increases
- * Rise of the women's and older generations' markets
- * Integration and development of real and virtual channels
- * Expansion of pre-order and home delivery businesses
- * Expanded potential for cross-sector strategic alliances

(2) Disadvantageous Factors

- * Intra-industry competitors catching up at accelerating rate
- * Increasing proportion of consumers migrating to mainland China
- * Low percentage of salary increase and high inflation rate influencing consumption
- * energy price increase influencing consumer disposable income

(3) Strategic Responses

In looking to the future, PCSC will continue to sustain creative innovation strategies in developing new products and services by customer's perspective, making full use of its accumulated know-how in the chain convenience store industry, and assisting overseas businesses to prospect for retailing worldwide.

2-2 Customer applications and productions

1. customers Applications: daily necessities
2. Production: None.

2-3 Major raw material supply: None.

2-4 Information on Merchandise and Sales Exceeding 10% of Net Sales over the Past Two Years

1. List of Customers who have purchased over 10% of Net Sales in Last Two Years:
PCSC is a daily retail business whose customers are the general public.
2. List of Suppliers with transaction amount over 10% of Net Sales in Last Two Years:
 - a) List of Suppliers Making up over 10% of Net Sales:

Unit: NT\$1000

Name of Vendor	2004		2005	
	Amount	%	Amount	%
Retail Support International Corp.	36,613,852	64%	41,630,192	63%
Uni-President Cold-Chain Corp.	11,964,388	21%	14,428,903	22%

- b) Reasons for significant changes: Not Applicable

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

2-6 Merchandise Sales over the Last Two Years: Please refer to p.28 for "Sales Breakdown by Categories in Year 2004 & 2005."



3. Personnel Information

		2004	2005	As of April 25, 2006
Number of Employees	Store Employees	2,141	2,830	2,894
	Headquarters	1,476	1,550	1,584
	Part-time	2,543	3,675	3,577
	Total	6,160	8,055	8,055
Average Age		27	27	27
Average Years of Service		4.3	3.7	3.7
Education Level by Percentage (%)	Ph. D.	—	—	—
	Master	3.8	3.3	3.4
	Bachelor	46.4	44.1	44.4
	High School	48.7	46.3	46.1
	Others	1.1	6.3	6.1

4. Environmental Protection and Expenditures

4-1 Environmental (Green) Accounting

PCSC always takes environmental protection seriously and has good results in many years of hard work. Connecting with the international standards, we released the environmental related expenditures in our financial report. In October 2004, we were the first company in Taiwan's service industry to use the green accounting principle. In November 2005, we were honored with the Ministry of Economic Affairs' first Green Accounting Award.

Through Green Accounting Principle, we classify the environmental related expenditures into the following accounting categories: products, stores, delivery, office management expenditures, internal education. Below is the statistic table of environmental related expenditures. In 2005, PCSC spent NT\$211.7 million on the aforementioned environmental related expenditures, of which the largest investments were (1) NT\$67.9 million spent on resource economizing equipments; (2) NT\$34.25million spent on environmental package materials; (3) NT\$20.06 million spent on durable equipments, and others include recycling of kitchen waste, additive-free foods, paperless environment, uniforms which are made from recycling materials, social and environmental welfare events.

4-2 Environmental Related Expenditures

1. Table of environmental related expenditures

Unit: NT\$

Type	Area	Effects and effective use of resources (amount)/HFC amount	Investment	expenditures	Total
Product	consider the safety and environmental protection during manufacturing, purchasing and selling process — 11,783,187 cardboard lunch boxes used	Resources Economization		34,248,346	43,859,843
	Our fresh food products do not contain preservatives, artificial flavorings and pesticides	Protecting health		2,905,842	
	In accordance with environmental protection laws, package materials and kitchen wastes are all been recycled and reused	Reducing Waste		6,705,655	
Stores	Purchasing of low-power facilities — 395 large low-power facilities and 485 joint engines	Resources Economization	49,001,000	18,091,943	94,515,495
	extend the time of use of equipment and materials — purchase of 813 steel check-out counters	Reducing Waste	15,987,562	4,076,251	
	Green purchasing — 39,466 environmentally friendly uniforms made from 321,210 rubbish bags	Promoting green purchasing		7,358,739	
Delivery	the delivery frequency of bread and fresh food is two times a day	Reducing the burden to the environment created by delivery loads - reduction of 15,560 delivery trips	24,780,000	2,700,000	50,846,000
	Reducing the greenhouse gases of delivery vehicles and recycling of HFCs	Reducing the burden to the environment created by deliveries - reduction of 55.37 tons of CO2 and recycling of 14kgs of HFCs		7,000	
	reversed recycle process	Reducing Waste	6,400,000	16,959,000	
Office management costs	Making offices greener and more aesthetically pleasing	Promotion of environmental controls		1,087,595	12,086,349
	Promoting a paperless environment — creation of communication platform thorough network	Reducing Waste		7,857,000	
	Green purchasing in offices	Promoting green purchasing		1,217,608	
Internal Education on the Environment	employee salaries and research fees related to environmental management system	Maintaining and promoting environmental control systems		1,924,146	293,842
	Education on environmental protection — 8,5000 copies of special publication on greenhouse gases, 5,000 copies of special handbook on recycling and cleaning	Educating employees on the environment		293,842	
	External environment related publications — 120,000 copies of sustainability report produced; maintaining of online environmental reports webpage	Dissemination of information on environmental controls		127,833	
Social Contribution	Holding or participating in social and environmental welfare events:				10,067,362
	1. 21,326 people participated in the 7 — 11 sponsored national cleaning and clean up the world activities	Recycling of waste, — 22,202 bags of waste recycled		5,070,985	
	2. Community's stories of nature photography competition and compiling of green life map	Promotion of environmental education		3,367,194	
Total	Investing in ecological conservation	Protection of Wetlands		1,501,350	211,668,891
			96,168,562	115,500,329	

2. From 2005 to 25th April, 2006, some stores violated regulations of noise pollution control and waste disposal management, and be fined NT\$ 569,000 and NT\$ 56,247 each period.

unit : NT\$

Year/Item	Pollution situation	Total Fines
2005	Violate Noise pollution control and waste disposal management	569,000
1st January - 25th April 2006	Violate Noise pollution control and waste disposal management	56,247

4-3 Benefits of Investment in Environmental Protection

1. Recycling and Reusing

One 7-ELEVEN environment-friendly uniform is made from 12 recycled bottles

In 2005, 7-ELEVEN spent NT\$6,432,958 to purchase 39,466 environment-friendly uniforms. We totally recycled 473,592 bottles to make the uniforms, and reduce pollution efficiently.

2. Benefits of low-power facilities:

Low-power facilities: A large low-power facility can average save 21,600 kw/h of electricity. In July 2005, we invested NT\$27,176,000 to install the new facilities in 395 7-ELEVEN outlets, and saved 8,532,000 kw of electricity. At NT\$1.65kw/h, this has meant a saving of NT\$14,077,800 in electricity bills.

Refitting of Heat Sinks (refrigeration units' joint engine): Stores indoor heat sinks have been refitted as external heat sinks which reduces energy consumption. In July 2005, we installed 485 units in 7-ELEVEN stores which represented an investment of NT\$21,825,000 (485 × NT\$45,000). Each device saves around 17,273kw/pa. In 2005, electricity consumption was slashed by 8,377,405kw, a saving of NT\$13,822,500.

3. Food hygiene tests: For ensuring the safety of food, we did rigorous test before selling. We make sure each fresh food product does not contain preservatives, microorganisms, and also make sure that packaging materials also been tested. In 2005, NT\$2,905,842 were spent on such testings. By March 2006, 176 free-additive fresh food have been introduced.

4-4 Measures for Improvement:

We endeavor to continue introducing environmental protection concepts and ask stores to implement completely. We also will promote and enhance the related regulations.

4-5 Information related to EU's RoHS Directive:

The products of this company and subsidiaries are not directly or indirectly exported to Europe, neither are they affected by RoHS Directive.

5. Employee Relations

5-1 Employee Benefits

1. Integration of human resources:

PCSC and its affiliates review and revise the human resource systems in order to build a fair environment for group employees' career development.

2. Comprehensive employee benefits:

As of Dec. 21, 1987, by the decree of the Taipei Municipal Social Services Office, an Employee Benefits Committee was established.

PCSC optional employee benefits include benefit package options, overseas trips for senior employees, health check-ups, financial trust services, community groups, library, group purchase benefits, wedding and funeral allowance, paid maternity leave, lady dormitory, group insurance, employee travel allowance, and other benefits as provided by the Benefits Committee.

3. Integration of training resources:

The "PCSC distribution channel learning program" means that the department's supervisor can make use of group company's professional training courses in accordance to employees' (1) work related needs and (2) development of professional skills to actualize goals and achieve effective personnel training.

4. Special Franchise Program

PCSC has provided an incentive program to encourage employees to become franchisees which allows the staff and company to grow together.

5. Safe and secure working environment:

PCSC provides employees a safe and secure working environment for employees of both sexes, and is equipped with relevant crisis management policies and teams. Aside from a harmonious working environment, PCSC regularly inspects indoor air quality, water quality, and quality of lighting in order to create the best working environment for our employees. Moreover, to assure the safety of our employees, aside from accidental and employee group insurance, PCSC and the employee benefits committee offer



employees a variety of employee injury related benefits.

6. Retirement plan:

a) Existing Policy under Labor Standards Act:

In 1987, PCSC began its employee pension program which complies with local labor laws applying to all formally hired employees. The plan begins on employee's official employment date, and those with 15 years (inclusive) seniority will use one year as calculation basis. Employees 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 length of employment and the average monthly salary prior to retirement (calculations of average salary will be made according to Employment Law Regulations).

b) Employee pension plan

Beginning 1st July 2005, in accordance with employee pension regulations, all formally hired employees were permitted to opt for either the existing option (1) or the new labor pension system. A switch to the latter system is still possible within five years after an employee has chosen the former. The payout method is according to the monthly payment schedule, in which 6% of the employee's income may be transferred over to a Bureau of Labor Insurance individual retirement account.

5-2 Labor relations:

1. Open communication channel:

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

2. Employee Code of Conduct:

Within a framework of mutual trust and ethical conduct, PCSC has set up an employees' handbook, rewards and incentives systems, and an implementation committee in order to clarify regulations on employee behavior.

3. Labor negotiations:

PCSC has always valued its human resources as its 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. Labor relations have been well-balanced at PCSC.

4. Losses as a result of labor disputes: None

6. Important Contracts

25th April 2006

Contract Type	Contracting Party	Terms of Agreement	Summary	Restriction Clause
Area Licensing Agreement	7-ELEVEN	2000.7.20~Perpetual	1. PCSC is authorized by 7-ELEVEN Inc. to operate its "convenience chain store" business in the licensed area, and has the 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 operate the convenience store business within the authorized area. PCSC is not permitted to operate its convenience store business outside the authorized area and continue operation of its convenience store business within one-year after termination of its 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	2005.08.03~2007.08.03	NT\$ 300 million credit loan	None
Long-Term Debt	Taipei Bank	2005.06.20~2008.06.19	NT\$ 500 million credit loan	None
Long-Term Debt	The Shanghai Commercial & Savings Bank	2004.07.21~2007.07.20	NT\$ 350 million credit loan	None
Long-Term Debt	Chinatrust Commercial Bank	2004.09.29~2006.09.29 2005.05.20~2007.05.20	NT\$ 500 million credit loan NT\$ 300 million credit loan	None None
Long-Term Debt	Taishin International Bank	2005.12.31~2007.12.31	NT\$ 500 million credit loan	None
Long-Term Debt	E. Sun Bank	2005.08.17~2008.08.17	NT\$ 300 million credit loan	None
Long-Term Debt	Cathay United Bank	2005.05.24~2008.05.24	NT\$ 300 million credit loan	None
Long-Term Debt	Hua Nan Commercial Bank	2006.03.15~2008.03.15	NT\$ 500 million credit loan	None
Long-Term Debt	The International Commercial Bank of China	2006.03.18~2008.03.17	NT\$ 700 million credit loan	None
Long-Term Debt	Chang Hwa Bank	2005.12.13~2007.12.13	NT\$ 500 million credit loan	None
Long-Term Debt	Chiao Tung Bank	2005.12.26~2007.01.26	NT\$ 200 million credit loan	None
Long-Term Debt	Mizuho Bank	2005.10.27~2007.10.27	NT\$ 200 million credit loan	None

IV. CAPITAL PROJECTION AND IMPLEMENTATION

1. Capital Projection

As of March 31, 2006, information on incomplete share issuance or private placement, or capital projection completed in the last three years but whose effects are not yet visible: none

2. Status of Implementation and Results

As March 31, 2006, status of implementation: None

V. FINANCIAL INFORMATION

1. Five Years Brief Balance Sheet and Income Statement

1-1 Brief Balance Sheet

Unit: NT\$1,000

Year		Five Years Balance Sheet Summary (Note 1)					As of March 31, 2006 (Note 1)
Item		2001	2002	2003	2004	2005 (Note2)	
Current Assets		\$7,030,734	\$4,227,259	\$6,583,792	\$4,704,714	\$6,426,923	\$5,720,327
Long-Term Investments		7,712,817	12,693,029	12,788,841	13,763,713	17,704,427	17,974,856
Fixed Assets		6,090,404	6,438,890	6,833,018	9,193,812	6,954,385	6,784,682
Intangible Assets		—	—	—	—	—	—
Other Assets		697,004	1,462,411	1,634,198	1,532,699	2,549,690	2,592,248
Total Assets		21,530,959	24,821,589	27,839,849	29,194,938	33,635,425	33,072,113
Current Liabilities	Before Distribution	8,017,110	9,168,310	10,428,885	10,597,585	13,437,482	13,398,559
	After Distribution	8,860,337	10,128,964	12,825,308	13,504,197	Not distributed	Not distributed
Long-Term Debt		2,400,000	2,700,000	2,200,000	2,700,000	3,320,000	1,824,777
Other Debt		1,134,103	1,244,322	1,404,175	1,525,528	1,704,818	1,778,534
Total Liabilities	Before Distribution	11,551,213	13,112,632	14,033,060	14,823,113	18,462,300	17,001,870
	After Distribution	12,394,440	14,073,286	16,429,483	17,729,725	Not distributed	Not distributed
Common Stock		6,936,495	7,720,319	8,584,995	9,151,604	9,151,604	9,151,604
Capital Reserve		73,005	308	—	—	—	—
Retained Earnings	Before Distribution	2,882,998	3,917,335	5,193,144	5,275,979	6,022,052	6,688,544
	After Distribution	1,255,947	2,956,681	2,230,112	2,369,367	Not distributed	Not distributed
Unrealized loss from Long-Term Investment		—	—	—	—	—	230,626
Total Foreign Currency Exchange Adjustment		87,248	70,995	28,650	(55,758)	(531)	(531)
Total Shareholders Equity	Before Distribution	9,979,746	11,708,957	13,806,789	14,371,825	15,173,125	16,070,243
	After Distribution	9,136,519	10,748,303	11,410,366	11,465,213	Not distributed	Not distributed

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2006 is reviewed by External Auditors.

Note 2: As of printing date, resolution regarding year 2005 profits not yet arrived at by Annual Meeting of Shareholders.



1-2 Brief Income Statement

Unit: NT\$1,000 (EPS = NT\$)

Items	Year	Five Years Brief Income Statements (Note 1)					As of March 31, 2006 (Note 1)
		2001	2002	2003	2004	2005(Note 2)	
Net Sales		\$64,988,635	\$72,193,129	\$77,861,616	\$80,943,099	\$93,673,610	\$22,637,085
Gross Profit		19,438,221	21,507,057	23,371,944	24,559,257	28,159,084	6,623,906
Operating Income		2,591,433	3,126,993	3,321,404	3,195,912	4,177,040	737,315
Non-operating Income		492,929	404,571	943,919	836,926	821,494	219,490
Non-operating Expenses		685,988	440,495	330,591	242,446	367,880	106,425
Income from Continuing Operations before Income tax		2,398,374	3,117,587	3,934,732	3,785,908	4,630,654	850,380
Income from continuing operations		1,842,748	2,572,451	3,681,606	3,047,397	3,652,685	666,119
Income from discounting operations		—	—	—	—	—	—
Extraordinary Income (Loss)		—	19,889	—	—	—	—
Accumulated Effects of Changes of Accounting Principles		—	—	—	—	—	373
Net Income		1,842,748	2,592,340	3,681,606	3,047,397	3,652,685	666,492
EPS		2.66	3.36	4.29	3.33	3.99	0.73

Note 1: All yearly financial information is audited by external auditors, and information for first quarter of year 2006 is reviewed by external auditors.

Note 2: As of printing date, resolution regarding year 2005 profit distribution not yet approved by annual meeting of shareholders.

1-3 Auditors' Opinion in Recent Five Years

Year	Audit Firm	Name of CPA		Auditors' Opinion
2001	PriceWaterhouseCoopers	Lai Chun-Tien	Yang Ming-Chu	Modified Unqualified
2002	PriceWaterhouseCoopers	Lai Chun-Tien	Yang Ming-Chu	Modified Unqualified
2003	PriceWaterhouseCoopers	Lai Chun-Tien	Lin Tung-Chiao	Modified Unqualified
2004	PriceWaterhouseCoopers	Lin Tung-Chiao	Chen Mei-Tzu	Modified Unqualified
2005	PriceWaterhouseCoopers	Lin Tung-Chiao	Chen Mei-Tzu	Modified Unqualified
2006.Q1	PriceWaterhouseCoopers	Lin Tung-Chiao	Chen Mei-Tzu	Opinion Reserve (Note 1)

Note 1: The financial information for the first quarter of year 2006 has been reviewed by external auditors. However, the opinion was reserved due to the profit and loss in "long-term investment" not audited by the same auditing firm. Items are only provided by company's subsidiaries.

Note 2: The total non-auditing fee paid to External Auditors in Year 2005 was NT\$1 million, which is about transfer pricing auditing.

1-4 External Auditors Rotation in Past Five Years

Due to job rotation at PriceWaterhouseCoopers Taiwan, Lai Chun-Tien and Lin Tong-Qiao acted as external auditors beginning 2003, and Lin Tong-Qiao and Chen Mei-Tzu beginning in 2004.

2. Five Years Financial Analysis

Items/Years		Five Years Brief Income Statements (Note 1)					As of March 31, 2006 (Note 1)
		2001	2002	2003	2004	2005	
Financial Structure Analysis	Debt Ratio (%)	53.65	52.83	50.41	50.77	54.89	51.41
	Long-Term Capital to Fixed Asset (%)	203.27	223.78	234.26	185.69	265.92	263.76
Liquidity Analysis	Current Ratio (%)	87.70	46.11	63.13	44.39	47.83	42.69
	Quick Ratio (%)	51.29	17.96	36.30	16.56	21.23	15.55
	Times Interest Earned Ratio	18.93	38.23	50.8	58.72	61.41	43.07
Operating Performance Analysis	Average Account Receivable Turnover Ratio (Notes2)	—	—	—	—	—	—
	Average Collection Days (Note 2)	—	—	—	—	—	—
	Average Inventory Turnover Ratio	21.56	25.23	28.25	26.48	26.08	5.86

Items/Years		Five Years financial analysis (Note 1)					As of March 31, 2006 (Note 1)
		2001	2002	2003	2004	2005	
Operating Performance Analysis	Average Payment Turnover Ratio	10.21	10.53	10.03	9.97	11.44	2.67
	Average Inventory Turnover Days	17	14	13	14	14	15
	Fixed Asset Turnover Ratio	10.67	11.21	11.39	8.80	13.47	3.34
	Total Asset Turnover Ratio	3.02	2.91	2.80	2.77	2.78	0.68
Profitability Analysis	Return On Asset (%)	9.84	11.54	14.21	10.86	11.81	2.04
	Return On Shareholders' Equity (%)	19.63	23.90	28.86	21.63	24.73	4.27
	Ratio to Paid-in Capital (%)	37.36	40.50	38.69	34.87	45.64	8.06
	Operating Income Pre-tax Profit	34.58	40.04	45.83	41.37	50.60	9.29
	Net Income to Net Sales (%)	2.84	3.59	4.73	3.76	3.90	2.94
Cash Flow	EPS	2.66	3.36	4.29	3.33	3.99	0.73
	Cash Flow Ratio (%)	41.45	60.26	64.47	53.15	57.50	3.70
	Cash Flow Adequacy Ratio (%)	130.16	77.85	90.85	82.50	87.68	88.05
	Cash Flow Reinvestment Ratio (%)	15.14	22.72	22.82	13.58	18.21	1.83
Leverage	Operating Leverage	2.03	1.92	2.06	2.26	2.07	2.53
	Financial Leverage	1.05	1.03	1.02	1.02	1.02	1.03

- * Long-term investments as a proportion of fixed assets: Fixed assets decreased due to disposal of the old building on Dong-Hsing Road and shift of assets for rental purpose to other asset
- * Quick Ratio: Outstanding performance brought a lot of cash and cash equivalent.
- * fixed asset turnover ratio: outstanding performance increased net sales, and the disposal of office decreased the fixed asset.
- * Ratio to paid in capital-operating income: due to outstanding performance.
- * Ratio to Paid-in Capital - Pre-tax Profit: due to outstanding performance
- * Cash Flow Reinvestment Ratio: Outstanding performance brought a lot of cash flows from operating activities

Note1: All yearly financial information including information for first quarter of year 2006 is audited and approved by External Auditors.

Note2: Not Applicable, due to the entity of the retail business

Note3: The financial analysis calculation listed as follow:

※ Financial Structure Analysis:

A. Debt ratio=Total liabilities /Total assets.

B. Long-term capital to fixed asset (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

accounts receivable.

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

C. Average inventory turnover ratio=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. (2005.1Q=90/Average inventory turnover ratio)

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

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

※ Profitability Analysis:

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

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

C. Net income 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. Supervisors' report: Please refer to the attached 2005 annual report disc.

4. Year 2005 financial statement & independent audit report: Please refer to the attached 2005 annual report disc.

5. Year 2005 consolidated financial statement & independent audit report: Please refer to the attached 2005 annual report disc.

6. Financial difficulties as of March 31, 2006: None



VI. FINANCIAL STATUS & OPERATING RESULTS AND RISK MANAGEMENT

1. Financial Position :

Unit: NT\$1,000

Items	Year	2005	2004	Variance	
				Difference	%
Current Assets		6,426,923	4,704,714	1,722,209	36.61%
Long-Term Investments		17,704,427	13,763,713	3,940,714	28.63%
Fixed Assets		6,954,385	9,193,812	(2,239,427)	(24.36%)
Other Assets		2,549,690	1,532,699	1,016,991	66.35%
Total Assets		33,635,425	29,194,938	4,440,487	15.21%
Current Liabilities		13,437,482	10,597,585	2,839,897	26.80%
Long-Term Liabilities		3,320,000	2,700,000	620,000	22.96%
Total Liabilities		18,462,300	14,823,113	3,639,187	24.55%
Common Stock		9,151,604	9,151,604	—	—
Capital Reserves		—	—	—	—
Retained Earnings		6,022,052	5,275,979	746,073	14.14%
Total Shareholders' Equity		15,173,125	14,371,825	801,300	5.58%

1-1 Variance Analysis for Deviation

- (1) Current Assets: increase of inventory primarily due to the increase of stores. The increase of cash and cash equivalents mainly due to the delay of deposit at the end of 2005.
- (2) Fixed Assets: Decrease due to disposal of the building on Dong-Hsing Road, and shift of assets for rental purpose to other asset.
- (3) Other Assets: Increase due to shift of assets for rental purpose from fixed asset.
- (4) Current Liability: increase mainly due to the growth of bill collection service, and the delay of suppliers' accounts payable.
- (5) long-term liabilities: mainly due to the increase of long-term debt.

2. Impact of Last Two Years' Financial Situation on Future Plans: The aforementioned changes have not had any serious impact on the company

2. Operating Results

2-1 Analysis of Operation Result

Unit: NT\$1,000

Items/Year	2005	2004	Difference	%
Net Sales	93,673,610	80,943,099	12,730,511	15.73%
Cost of Goods Sold	(65,514,526)	(56,383,842)	(9,130,684)	16.19%
Gross Profit	28,159,084	24,559,257	3,599,827	14.66%
Operating Expenses	(23,982,044)	(21,363,345)	(2,618,699)	12.26%
Operating Income	4,177,040	3,195,912	981,128	30.70%
Non-Operating Income	821,494	836,926	(15,432)	(1.84%)
Non-Operating Expenses	(367,880)	(246,930)	(120,950)	48.98%
Pre-Tax Income	4,630,654	3,785,908	844,746	22.31%
Income Tax Expense	(977,969)	(738,511)	(239,458)	32.42%
Net Income	3,652,685	3,047,397	605,288	19.86%

1. Explanation for Variation:

- (1) operating income: the integrated promotions stimulated the revenue, and operating income.
- (2) non-operating expenses and loss: increase mainly due to the loss of long-term investment (equity method) and the allowance for reduction of inventory to market.
- (3) income tax expense: increase mainly due to the increase of net income.

2. Factors that might impact sales in the following year:

- (1) PCSC estimates that sales continue to grow in 2006
- (2) Gross Profit Variance Analysis: Not applicable since variance was less than 20%.

3. Cash Flow

3-1 Variance Analysis of Cash Flow

Unit: NT\$1,000

Cash Balance at Beginning of Year 2005	Net Cash Income from Operating Activities	Net Cash Outflows from Investing and Financing Activities	Cash Balance as of December 2005	Remedies for Cash Shortages	
				Investment Plans	Financing Plans
937,777	7,726,060	(6,587,771)	2,076,066	—	—

1. Operating Cash Flow: Net operating cash inflow is NT\$7.726billion, mainly from company's net profit.
2. Investing Cash Flow: Net investing cash outflow is NT\$4.442 billion, mainly due to acquisition of long-term investments.
3. Financing Cash Flow: Net financing cash outflow is NT\$2.146 billion, mainly due to cash dividends paid out.

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

3-3 Cash flow analysis for the coming year.

Unit: NT\$1,000

Beginning Balance as of December 2005	Projected Net Cash Income from Operating Activities	Projected Net Cash Outflows from Investing and Financing Activities	Expected Cash Surplus 2006	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,076,066	6,238,820	(7,192,740)	1,122,146	—	—

1. Operating Activities: Stable growth in sales revenue is expected in 2006 which should cause operating activity inflow.
2. Investment Activities: Cash outflow due to long-term investment activities and fixed assets purchased.
3. Financing Activities: Cash outflow mainly due to dividend payout, directors' remuneration, and loans from banks.

4. Major Capital Expenditures

4-1 Major Capital Expenditures and Sources of Capital

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Expected of Actual Date of Project Completion	Total Capital	Actual or Expected Capital Expenditures						
				2004	2005	2006	2007	2008	2009	2010
Purchasing of Real Estate	Working Capital & Owner's Equity/ Debt	Each Year	1,639,705	1,639,705	—	—	—	—	—	—
New Store Investment	Working Capital & Owner's Equity/ Debt	Each Year	4,166,581	581,205	720,097	725,479	534,950	534,950	534,950	534,950
POS Related Expenses	Working Capital & Owner's Equity/ Debt	Each Year	1,761,360	1,004,615	152,722	129,023	118,750	118,750	118,750	118,750
Store Renovation	Working Capital & Owner's Equity/ Debt	Each Year	2,343,986	393,643	186,743	270,320	373,320	373,320	373,320	373,320
Other equipment purchased and disposed	Working Capital & Owner's Equity/ Debt	Each Year	1,264,737	146,103	243,674	371,852	132,500	132,500	132,500	132,500



4-2 Estimated Possible Benefits

1. Anticipated Increases in Value of Production and Gross Profit

Expenditures: Unit: NT\$1,000

Year	Item	Sales Revenue	Gross Profit
2006	New Store Investments	\$3,795,330	\$1,000,646
2007	New Store Investments	3,100,500	899,145
2008	New Store Investments	3,100,500	899,145
2009	New Store Investments	3,100,500	899,145
2010	New Store Investments	3,100,500	899,145

2. Other Effective Results :

Effects from POS system : a. Track consumers' needs and improve marketing strategies. b. Monitor inventory levels and minimize stock shortages. c. Improve business competitiveness

5. Long-Term Investment :

5-1 Annual Long-term Investment

Explanation Items	Amount (Note1)	Strategy	Major factors behind gain or loss	Strategy for Improvement	Other future investment
Presicare Corp.	3,382,580,000	Group Resource Integration	1. Cost method of evaluation used 2. As for the 2005 dividend revenue of NT\$123,498,000 could be attributed to a decrease in long-term investment due acquisitions at that time.	N/A	None

Note 1: Investments exceeded 5% of paid-in capital for the current year.

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. As a cash sales company, PCSC can repay debts quickly and as such interest rate fluctuations don't have significant impact on the business. For essential future long-term capital needs, PCSC will lock cost of capital on steady level by fixed-rate debts.

2. Foreign Exchange Rate Fluctuation:

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

3. Inflation: No significant impacts.

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

1. Company Policy:

PCSC focuses on retail related businesses, and does not engage in any high risk and high leverage investments. For internal control purposes, PCSC has structured relevant policies in compliance with Taiwan Securities and Futures Commission laws. The relevant policies are included under "Procedures For Lending Funds To Other Counterparties," "Procedures For Acquisition Or Disposal Of Assets" and "Procedures For Endorsement". In accordance with Taiwan Securities and Futures Commission laws, our Internal Auditing Department adheres to the relevant evaluation standards in risk control and management.

The status of loans, endorsements, and derivatives are as follows:

(1) Loans to other counterparties:

year	Recipient	Relationship	Interest rate	Amount	Reason for Short-Term Leverage
2005	Shen Hung Enterprise Co Ltd.	Subsidiary of Retail Support International Corp.	2.34%~2.93%	NT\$30,000,000	Operating Leverage
2006.1.1~2006.3.31	21st Century Enterprise Co. Ltd.	Investment according to equity method evaluation	2.51%~2.52%	NT\$5,000,000	Operating Leverage

(2) Details of Endorsement:

Companies Endorsed	Relations	Year 2005	Endorsed Amount as of March 31, 2006
President Transnet Corp.	Subsidiary	NT\$ 200 million	—
Retail Support International Corp.	Business relations	NT\$ 450 million	NT\$ 450 million
President Drugstore Business Corp.	Subsidiary	NT\$ 235 million	NT\$ 235 million
President Information Corp.	Subsidiary	NT\$ 8 million	NT\$ 8 million
President Yi Lan Art and Culture Corp.	Subsidiary	—	NT\$ 65 million
Mech-President Corp.	Subsidiary	USD 1 million	USD 1 million
Philippine Seven Corp.	Subsidiary	USD 4 million	USD 4 million
		PHP 260 million	PHP 180 million

(3) Financial Derivatives Transactions:

Detailed information of derivatives transactions during 2005 and for first quarter of 2006 as below:

a) Amount and Credit Rating:

Financial Products	As of Dec 31, 2005		As of March 31, 2006	
	Amount	Credit Rating	Amount	Credit Rating
Interest rate swap (non speculative)	NT\$ 700,000,000	—	NT\$ 700,000,000	—

The financial institution selected has good credit and anticipated default risk is low.

b) Cause of gain or loss from the transaction: In the first quarter of 2006, and 2005, interest expense decrease from interest rate swaps amounted to NT\$4.508 million and NT\$2.52 million, respectively.

c) Future strategy: Not applicable.

6-3 Research and Development Plans and Projected Investments:

The POS II system was introduced in order to effectively respond to consumers' needs and maintain competitive advantages. In February 2005, based on multi-function machine and bill collection system, Q-ware Systems & Services Corp, President Information Corp, and President Technology Corp collaborated to create Multi-Media Kiosk (MMK). This Multi-Media Kiosk (MMK) will provide consumers all kinds of handy on demand services, including paying overdue bills, ticket booking for travel, transportation, and culture activities, insurance and request on Demand services. Expected to be introduced in the Taipei Area in the third quarter of 2006, this system will give consumers a whole new shopping experience.

PCSC predicts the related costs will amount to NT\$124,019,000.



6-4 Financial Impacts from Government Policy and Statutory Changes

Appropriate measures in light of government policy and statutory changes, so there will be no significant financial impact on PCSC.

6-5 Financial Impacts from Changes in Technology

Although PCSC's is in retail industry, aside from our know-how in this area, we continue to keep abreast of developments in e-commerce, broadband applications, developmental trends in telecommunications, and retail banking services. As for major technological changes occurring in the current year, there are no major financial implications on PCSC.

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

Aside from striving to provide the public with the most secure, convenient, and high-quality goods and services, PCSC is proactively engaging in activities that benefit the public good and the environment, fulfilling its role as a good public citizen. In 2004, PCSC received, for the first time, top ranking in Commonwealth Magazine's corporate citizenship awards and in 2005 was awarded Global Views Monthly's Corporate Social Responsibility Award. For more than 20 years now, our devotion to employees' rights, customer service, participation in the community, and environmental protection have repeatedly earned us recognition. What's more for the last 11 consecutive years PCSC has come first in Commonwealth Magazine's top-ranked company in the department store, wholesaler, and retailer category. This is all testament to our ability and our drive to go forward. Aside from this, PCSC is fully prepared to deal with accidents and natural disasters such as typhoons, earthquakes, SARS, fires, and employee deaths. Experience means we are able to mobilize quickly and in the event of a serious crisis our HQs can immediately assemble an inter-departmental team who can promptly assess the situation, find the best solution, and work out the best way to minimize losses.

6-7 Possible benefits and risks from merger and acquisition plans: none.

6-8 Possible benefits and risks from expanding factories: none.

6-9 Possible risks encountered centralized purchasing and distribution of goods: none.

6-10 Possible effects and risks of board members, supervisors, or major shareholders holding more than 10% of company stock selling or transferring large quantities of shares: none.

6-11 Possible effects and risks of changes in operation rights: none.

6-12 With regards to situations arising from lawsuits or administrative lawsuits involving board members, supervisors, president, responsible party, or major shareholders (holding more than 10% of company shares) and affiliated companies; whether a decision has been made yet or proceedings are still in progress, information on the effects of the legal outcome and bearing on shareholder equity or share price, should be declared. Reports should include the nature of the matter, the monetary amount involved, date of lawsuit origination, main parties involved, and measures taken in response up until the date of the printing of the annual report.

6-13 Other main sources of risk: none.

7. Other Supplements: None

VII. CORPORATE GOVERNANCE

1. Discrepancy between Corporate Governance Principles for Public Listed Company and Company Practice:

Issues	Status	Variance from public listed company guidelines
(1) Shareholders structure and shareholders' rights a) The Company's policy in handling shareholders' suggestions or disputes.	PCSC has established an investor relations team and has appointed a specific unit to handle shareholder issues	
b) The Company's possession of the list of major shareholders and the ultimate owners of these major shareholders	PCSC has control over the shareholder information and can provide crossholding information among affiliate companies upon request	
c) 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 a) Presence of independent directors	PCSC has not yet inducted independent directors.	PCSC's directors are professional and are able to provide independent and fair assessment. PCSC will comply with regulatory requirements going forward.
b) Periodically assess independence of external auditors	According to internal evaluations on auditors' independence, PCSC concludes that auditors are independent, since they are neither part of the board of directors & supervisors, nor are they shareholders, employees or parties with conflicts of interest.	
(3) Structure and responsibilities of board of supervisors a) Presence of independent supervisors	PCSC has not inducted independent supervisors.	PCSC's supervisors are professional and are able to provide independent and fair assessment. PCSC will comply with regulatory requirements going forward.
b) Communication between supervisors and employees or shareholders	All related departments will regularly submit reports to supervisors. Supervisors may consult directors or managers with regards to any other queries.	
(4) Establishing communication channels with stakeholders	1. PCSC upholds an honest and open policy towards creditors and provides necessary financial and sales information for their review and assessment. 2. PCSC has established communication channels with employees, encouraging them to communicate directly with management and also with each other. 3. PCSC has established a public website to disclose company financial and sales information. 4. PCSC has established a "Customer Relationship and Services Center" in purpose to facilitate communication between vendors, employees, and customers.	
(5) Information Disclosure a) 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 all relevant information.	PCSC has yet to disclose corporate governance information on its website, but will comply with future regulatory requirements going forward.
b) Other forms of information disclosure (i.e. English version website, company spokesperson, and disclosure of information on investors conference on website)	PCSC has established an English language version of its corporate website: www.7-11.com.tw , which is also regularly maintained and updated with relevant information including investors conference report for foreign investors. PCSC has spokespersons and established an Investor Relations team.	Complies with current regulations and will change accordingly to meet new requirements.
(6) Presence of audit committee on the board of Directors or other functional committee	PCSC has not yet inducted audit committees.	PCSC has already established a set of appropriate internal control systems and will comply with future regulatory requirements and changes accordingly.
(7) The implementation status of corporate governance directives: PCSC has determined rules of procedure for shareholders' meetings, the process for selecting board members and supervisors, and the rules of procedures for board meetings. PCSC will comply with regulatory requirements going forward.		



(8) Systems implemented and measures taken by the company in respect to social responsibility. (i.e. human rights, employees' rights, environmental protection, participation in community)

- a) 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. Moreover, PCSC established the Green Fund, which through local community competitions is able to bring together collective efforts to work on various environmental and community projects. Our persistent efforts in the area of social responsibility have been recognized. PCSC was selected as the top-ranked company on Commonwealth Magazine's list of awardees in the category for best corporate citizen. In 2005 we were honored with Global Views Monthly's Corporate Social Responsibility Award and with the Executive Yuan's National Sustainable Development Award.
- b) In October 2004, we commenced our Green Accounting Principle, we put our environmental protection plans into fruition and have become the first company in Taiwan's service industry to implement the Green Accounting Principle. In November 2005, we were the only service sector company to be honored the Ministry of Economic Affairs' first Green Accounting Awards.
- c) We established our "Consumer Relationship and Services Center" to facilitate communication between vendors and consumers.

(9) Other helpful and significant information to understand the implementation of corporate 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).

- a) PCSC's chairman and president are not related by law or by blood.
 - b) PCSC regularly submits financial and other related reports for the attention of directors and supervisors.
 - c) For the period of 2005 to the date of printing of this annual report, PCSC convened 9 board meetings, with an attendance rate of 100% (including proxy attendance) for directors and 78% for supervisors.
 - d) PCSC has established a "Consumer Relationship and Services Center," which consumers can call toll-free: 0800-008-711 or email: public@mail.7-11.com.tw with their opinions.
 - e) Directors have no personal interests that could interfere with major resolutions.
 - f) PCSC is planning insurance programs for its board of directors and supervisors.
 - g) In regard to other matters relating to corporate governance, PCSC will continue to comply with relevant laws and regulations.
-

2. Auditor Information

2-1 In the following circumstances companies should disclose their Auditor fees:

- (1) If non-audit fees paid to accounting firm and its affiliates are greater than 25% of audit fees, the amount of audit and non-audit fees and the details of non-audit service must be disclosed.
 - (2) If audit fees are less than the previous year's because of auditors' switch, the reduction amount and the reason must be disclosed.
 - (3) In instances where audit fees are less than 85% of the previous year's, the reduction amount and the reason must be disclosed.
- Not applicable to PCSC.

2-2 Switching of Auditors: if a company has changed its auditors within the last two years or intends to do so in the immediate future, all related information should be disclosed: Not applicable.

2-3 Should the company's Chairman, President, or managers responsible for financial affairs have held the post in the Chartered accounting firm or in its affiliates, his full name, position, and the period that he held the post for must be disclosed: Not applicable.

VIII. SPECIFIC NOTES

1. Affiliates Information

1-1 Consolidated Business Report of Affiliates, 2005: Please refer to the attached 2005 annual report disc.

1-2 Affiliation Report, 2005: Please refer to the attached 2005 annual report disc.

2. Internal Control System Execution Status

2-1 Internal Control Statement: Please refer to the attached 2005 annual report disc.

2-2 The Securities & Futures Commission may request Companies to Commission CPAs to audit the internal control system. Disclosure of the Audit Report is Mandatory: Not applicable.

3. Dissent to Important Resolutions Passed by Board of Directors: From the period comprising 2005 until this report's publication, no directors or supervisors expressed opposition in writing or orally with regard to any major decisions made in the course of meetings held.

4. Private Placement of Securities from 2005 to date: 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):

For the period comprising most recent year till date of publication of 2005 annual report, one shareholder meeting was held, on June 14, 2005. Summary of major resolutions: Acceptance of financial statements and profit distribution for 2004 and revisions to the company's Articles of Incorporation.

6-2 Review of Board Meetings (apart from director and supervisor reelections, all other resolutions have been implemented):

As of the printing date of this Annual Report, the Company held nine board meetings. Important resolutions include the following:

Approval of buying 9.5% stake in Carrefour Ltd. from ABN AMRO Bank N.V. in the amount of NT\$3,382,579,935; acceptance of 2004 business report, financial statements and profit distribution for 2004; approval of increased investment of NT\$17,750,000 in 21st Century Enterprise Co. Ltd.; approval of 2004 profit distribution proposal; approval of proposal for investment in PCSC (SICHUAN) Hypermarket Limited; approval of credit line limitation of NT\$50 million to Uni-President Yellow Hat Corp.; approval of credit line limitation of NT\$50 million to Retail Support Taiwan Corp.; approval of rules of procedure for board meeting; approval of internal audit results; approval of dates and locations for 7th annual board meeting and 2005 shareholders meeting; approval of revisions to articles 23 and 33 of Articles of Incorporation; approval of increased investment of NT\$100 million in Uni-President Development Corp; approval of proposal for the sale of properties at Jiantan and Chiu-Ting at a total amount of NT\$19,258,552; approval of endorsement of US\$1 million for Philippine Seven Corp.; approval of proposal to allow Chairman to decide Ex-Dividend date; approval of proposal for Letter of Undertaking and Letter of Support for Uni-President Development Corp.; approval of proposal to increase in the financial organization's loan amount and application for contract extension; approval of credit line limitation of NT\$50 million to 21 Century Enterprise Co., Ltd.; approval of proposal for rules of managers' remuneration; approval of increased investment of Presiclrc (Beijing) Ltd.; approval of increased investment of NT\$99,668,080 in Tong-Ho Development Corp; approval of increased investment of NT\$285 million in Tong-Jeng Development Corp.; approval of financial statements and audit report for first half of 2005; approval of credit line limitation of NT\$100 million to President Information Corp.; approval of buying part ownership



of PEC national building in Taipei from Chinatrust Financial Holding Company; approval of sale of office at Dong Hsing Road; approval of consolidated financial statements and audit report for first-half of 2005; approval of sale of a property at Taichong City in the amount of NT\$15.61 million; approval of credit line limitation to affiliated companies (President Musashino Corp., NT\$100 million; Uni-President Yellow Hat Corp., NT\$50 million; Ren-Hui Investment Corp, NT\$50 million); approval of endorsement of NT\$30million to President YiLan Art & Culture Corp.; approval of increased investment in Presiclarc (Qingdao) Ltd. ; approval of 2005 business report, financial statements, and profit distribution proposals; approval of NT\$191,577,200 investment in Q-ware Systems & Services Corp.; approval of NT\$52.5 million investment in Uni-President Department Store Corp.; approval of 2005 profit distribution proposal; approval of credit line limitation of NT\$50 million to Retail Support Taiwan Corp.; approval endorsement of NT\$50 million to President YiLan Art & Culture Corp.; approval of amendment to endorsement procedures; approval of amendments to articles 2,6,29 and 33 of Articles of Incorporation; approval of proposal for 2006 shareholders' meeting for the election of directors and supervisors; approval of internal audit results; approval of dates and locations for 8th annual board meeting and 2006 shareholders meeting; approval of 2005 Consolidated Financial Statements and Audit Reports.

7. Legal Penalties and Internal Disciplinary Actions: None

8. Other Necessary Supplements: None

IX. CLAUSE DESCRIBED IN PART 2, SECTION 2, ARTICLE 36 OF THE SECURITIES LAW

X. ADDITIONAL INFORMATION

1. Industry Overview

The global economic situation suffered from a surge of oil price, contraction of major countries' policy, and continual increase of interest rates in US. Due to the sluggish global economy situation and increase of raw material prices in the first half of 2005, Taiwan's economic growth rate in the first half of the year was only 2.78%, which is lower than US and other Asian countries. Thanks to the recovery of global economy, growth rate reached 4.09% in 2005, which was lower than that of 2004 by 1.27%. Service industry was still the main contributor to Taiwan economic growth. However, the growth rate of the service industry in 2005 was only 3.8%, which was lower than manufacture industry. This meant that consumption in the private sector declined. In addition, consumer confidence index in 2005 continued to decline, showing that a conservative consumption trend persists.

The general merchandise retail sales in 2005 was NT\$711.1 billion, an increase of 3.06% from the year 2004. Hypermarkets, supermarkets, convenience store chains and department stores showed growths from 2004. Convenience store chains had the highest growth rate of 8.88%. The main reason was 7-ELEVEN introduced the integrated marketing campaigns and brought outstanding performance. After that, other convenience store chains followed that kind of promotion. Consumers now had totally new shopping experiences in convenience stores. Consumer enthusiasm significantly brought up the growth rate of convenience store chain industry.

At the end of 2005, Taiwan's credit card crunch emerged gradually. The issue revealed the seriousness of banks' bad debt problems, and also impacted on consumer spending and the domestic retail market. Department store and hypermarket were worst affected and declines 4% to 7% in sales in the first quarter of 2006. The general merchandise retail trade therefore grew merely 0.03% in the first quarter of 2006. Although the credit card crunch had a strong

impact on the domestic retail market, it had only a minimal impact on the convenience store industry, which provides daily necessities and operates differently than the department store industry.

2. Key Performance Index

	2004	2005
Operating Capacity & Profitability		
Net Operating Margin (%)	3.95%	4.46%
Net Profit Margin(%)	3.76%	3.90%
EPS (undiluted)	3.33	3.99
ROE (%)	21.63%	24.73%
Inventory Turnover Rate (times)	26.48	26.08
Debt Solvency Capacity		
Current Ratio (%)	44.39%	47.83%
Quick ratio (%)	16.56%	21.23%

3. Accounting Principles of Asset Value Impairment

- 3-1 Effective January 1, 2005, the Company recognizes impairments loss whenever event occurs or evidence indicates the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.
- 3-2 An impairment loss recognized in prior years is reversed if, there has been an change in the estimates used to determined recoverable amount since the last impairment loss was recognized, or the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur. However, the impairment loss may be recovered only to the extent not to exceed the loss recognized in prior years. Recovery of impairment loss on goodwill is not allowed.
- 3-3 Effective January 1, 2005, the Company adopted the R.O.C. SFAS No. 35, "Accounting for Impairment of Assets" . As a result of the adoption of SFAS No. 35, total long-term investment was decreased by NT\$30,957,000 as of December 31, 2005 and investment loss under the equity method was increased by NT\$30,957,000 for the year ended December 31, 2005.

4. Methods and Principles of Listing Items of Balance Estimation

4-1 Inventory

Inventories are stated at cost. Cost is determined using the retail method.

4-2 Financial Assets

Effective January 1, 2006, the company adopted the R.O.C SAFS No. 34, "Accounting for Financial Instruments." Consequently, since January 1, 2006, the company practices the following principles in estimating its financial assets (for accounting procedures on and before December 31, 2005, see the attached 2005 annual report disc-Financial statements & Independent Audit Report):

1. Financial Assets whose Changes in Fair Value are recognized in earnings

- (1) Trade date accounting is practiced on equities. Settlement date accounting is practiced on beneficiary certificates, and financial assets are measured in terms of fair values during original recognition.
- (2) Financial assets whose changes in fair value are recognized in earnings are measured in terms of fair values and their value changes are recognized



as period gains or losses. The fair values of listed shares are measured by the closing prices on the balance sheet date in open market. The fair values of open-end funds are measured by the net asset of the funds on the balance sheet date.

2. Available-for-Sale Financial Assets

- (1) Trade date accounting is practice on equities. During original recognition, the financial assets are measured by their fair values plus the transaction costs of acquisition or issuing.
- (2) Available-for-sale financial assets are recognized by their fair values and the changes in their values are recognized as adjustments to shareholders' equities. The fair values of listed shares are measured by the closing price in the open market on the balance sheet date.
- (3) Impairments are recognized when there is objective evidence of impairment. When the amount of the impairment decreases afterwards, the decrease in equity product impairments are recognized as adjustments to shareholders' equities.

3. No Active Market Bonds

- (1) Settlement date accounting is practiced. During original recognition, financial assets are measured by their fair values plus transaction costs of acquisition or issuing.
- (2) No active market bonds are measured by allocated costs.
- (3) Impairments are recognized when there is objective evidence of impairment. When the amount of the impairment decreases afterwards and the decrease is evidently related to the events that occur after the impairment, the company shall reverse the impairment loss and recognize it as period gains (loss). The reversal shall not render the book value larger than the post-allocation costs without the recognition of the impairment.

4. Financial Assets Measured at Cost

- (1) Trade date accounting is practiced. During original recognition, financial assets are measured by their fair values plus transaction costs of acquisition or issuing.
- (2) Impairments are recognized when there is objective evidence of impairment. The amount of impairment is irreversible.

5. Derivative Financial Products

- (1) For trading purposes: the values of the option products are recognized by their fair value on trade date.
- (2) For hedging purposes: when the products qualify for hedge accounting. The accounting principles varies with hedging relations, mutual offsetting of recognition of hedging instruments, and the gains (loss) adjustments engendered by the fluctuation in the fair values of hedged items.
 - (a) Fair Value Hedging: when hedging instruments are re-measured by their fair values or when their book values are adjusted to exchange rate fluctuations, the resulting gains (loss) are immediately recognized as period gains (loss). Then hedged items produce gains or loss due to hedged risks, the book values of the hedge items should be adjusted and the resulting gains (loss) are immediately recognized as period gains (loss).
 - (b) Cash Flow Hedging: the gains (loss) of the hedging instruments are recognized as adjustments to shareholders' equities.

6. The Long-term Investments Under the Equity Method

- (1) 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 has no ability to exercise significant influence over the investee. If the acquisition cost is more than the Company's share of the investee's net book value on the date of acquisition, the surplus is recognized as goodwill. Impairment tests are carried out annually. Recovery of impairment loss on goodwill is not allowed.
- (2) Long-term Investments in which the company exercises significant influence but not owns more than 50% of the voting rights of the investee company, the recognition of investment losses is meant to keep the book balance of invested and advanced amounts to a minimum of zero. If the company has endorsement to the investee or intends to continue supporting the investee, investment losses will be recognized in proportion to stockholding ratio.
- (3) 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.

5. Risk Management Policies and Organizational Structure

Our company devoted to maintaining a complete risk management system, and included the whole organization and its affiliates into the risk management field. The board of director, executives and employees all carry out and promote the policies.

In addition to obeying the regulations, we also identify, analyze, measure, monitor, respond, report, and improve all potential risks. We categorize, and classify risk, and control the risk within safe ranges to ensure the achievement of the company's policies and goals.

The main organization of risk management and related departments are as follows:

- 5-1 Strategic Operation Risk: the entire enterprise and its affiliates evaluate risks before carrying out strategic operations. Business Planning Division conducts index analyses and keeps track of operational performance through PCSC group meeting to make sure the strategies match the vision.
- 5-2 Financial risks, liquidity risk, and credit risk: financial groups formulate various strategies, procedures and indexes, while evaluating and analyzing risks and taking actions according to regulations, policies and market changes.
- 5-3 Market risks: all units of the enterprise formulate and carry out various strategies, evaluate and analyze market changes, and decide on responding measures at the regular Regulation Identification Meeting. Moreover, the administrators of various departments form the Crisis Management Team, which manages, controls and tackles latent or evolving market risks and crises.
- 5-4 Internal Audit Office designs an audit principle according to risk evaluation and law regulations. Examinations of the above-mentioned risk items are carried out and the findings are presented to the board of director.

6. Certificates of Employees Related to Financial Information Transparency

Number of employees who own professional certificates:

Certified Internal Auditors (CIA): one.

Professional training of employees:

Accounting administrators: Openly Listed and Traded Company Financial and Accounting Administrator Professional Certification course (12hrs)

7. Staff Behavior and Ethics Principles

The company keeps four promises to consumers: diversity of products, excellence of quality, sanitary condition and friendly service. As for its employees, the company has the following requirements regarding conduct and ethics.

- 7-1. Employees should not bribe, embezzle funds, involve in illegal dealings, violate contracts, vandal or damage company reputation.
- 7-2 Employees should not infringe on the rights of other people, affect their work performance, or promise them contracts, recompense, promotion, prizes, by asking for sexual favors or using sexist language.
- 7-3 Employees should not give gifts to managers or hold banquets for them. Managers may give gifts to employees or hold banquets for them as an acknowledgement of their hard work.
- 7-4 Employees should not engage in non-business monetary transaction with manufacturers or other business-related parties.
- 7-5 Employees should not accept benefits from manufacturers or other business-related parties.
- 7-6 Employees should not make speeches or demonstrations in the name of the company.
- 7-7 Employees have the responsibility to keep company operations secret. Company secrets should never be revealed to the competitors of the company.
- 7-8 The attendance of the employees and their behavioral codes should comply with the personnel compendium



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1. Directors and Supervisors who Possess Positions in other Companies
2. Chief Officers who Possess Positions in other Companies
3. Supervisors' Report
4. Financial Statements & Independent Audit Report
5. Consolidated Financial Statements
6. Consolidated Business Report of Affiliated Enterprises
7. Affiliation Report
8. Internal Control Statement



● **PCSC Directors and Supervisors who Possess Positions in other Companies**

Name	Current Position in other Companies
Kao, Chin Yen	<p>Chairman: Uni-President Enterprises Corp.; Ton Yi Industrial Corp.; TTET Union Corp.; Guang Dan Commodity Corp.; Tong-Jeng Development Corp.; President International Development Corp.; Scino Pharm Taiwan Ltd.; Scino Pham Biochemical Technology Co., Ltd.; Tung Li Development Corp.; Kao Chyuan Inv. Co.; Uni-President Assets Management Co., Ltd.; Uni-President Development Corp.; Latin American Development Co., Ltd.</p> <p>Director: Prince Housing Development Co. Ltd.; Ta Chen Construction & Engineering Corp.; Tainan Spinning Co. Ltd.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Synergy Sciencetech Corp.; Han Tech Venture Capital Corporation.; CDIB & Partners Investment Holding Corp.; Toppoly Optoelectronics Corp.; PK Venture Capital Corp.; Uni-President Takashimaya Co., Ltd.; Presitex. Corp.; S.A. Global Strategic Investment Inc.; President Energy Development (Cayman) Ltd.; Cayman President Holdings Ltd.; UNI-Hometech Corp.; Kai-Yu (BVI) Investment Co. Ltd.</p> <p>Supervisor: Nan Fan Housing Development Co., Ltd.</p>
Lin, Chang Sheng	<p>Chairman: President Baseball Team Corp.; President Natural Industrial Corp.; Mospec Semiconductor Corp.; President Pharmaceutical Corp.; Ton Yi Pharmaceutical Corp.; President Coffee Corp.; Qware System & Services Corp.; President Transnet Corp.; Uni-President Oven Bakery Corp.; President Medical Technologies Corp.; President Biosystems Co., Ltd.; President Life Sciences Co., Ltd.; President Collect Service Co., Ltd.; Kainan Plywood & Wood Mfg. Co., Ltd.; Uni-President Biotechnologies Co., Ltd.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Synergy Sciencetech Corp.; Uni-President Department Store Corp.; Uni-President Takashimaya Co., Ltd.; Copres Corp.; 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 Co., Ltd.; Zhengzhou President Enterprises Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Beijing President Enterprises Drinks & 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 Food Co., Ltd.; Fuzhou President Enterprises Co., Ltd.; Shanghai Songjiang President Enterprises Co., Ltd.; Wuhan Uni-president Oven Fresh Bakery Co., Ltd.; Kunshan President Kikkoman Biotechnology Co., Ltd.; Guangzhou President Healthy Food Technology Co., Ltd.; President (Shanghai) Trading Co.,LTD.; President Starbucks Coffee Shanghai Corp.; President Global Corp.; Uni-President Oven Bakery (BVI) Investment Co., Ltd.; President Coffee (Cayman) Holdings Ltd.; President Chain Store (BVI) Holdings Ltd.; PCSC (China) Limited; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited; PCSC (China) Supermarket Limited; Presiclerc Ltd.; Uni-President (Vietnam) Co. Ltd.</p> <p>Vice Chairman: President Nisshin Corp.; President Kikkoman Inc.; Toppoly Optoelectronics Corp.; Beijing President Food Co., Ltd.</p> <p>Director: Uni-President Enterprises Corp.; Nanlien International Corp.; President Entertainment Corp.; Tone Sang Construction Corp.; Ztong Yee Industrial Co., Ltd.; Presicarre Corp.; Ton Yi Industrial Corp.; TTET Union Corp.; Mech-President Corp.; Ta Chen</p>



Name	Current Position in other Companies
	<p>Construction & Engineering Corp.; Prince Housing Development Corp.; Uni-President Development Corp.; Tung-Ho Development Corp.; Tong-Jeng Development Corp.; President International development Corp.; Latin America Development Co., Ltd.; Scino Pharm Taiwan Ltd.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; PK Venture Capital Corp.; Presitex Co., Ltd.; Scino Pham Biochemical Technology Co., Ltd.; Tong Ting Gas Corp.; Taiwan Genome Sciences, Inc.; Tung Li Development Corp.; Kuan Tang Industrial Harbor Corp.; Kanh Na Hsiung Enterprise Co., Ltd.; Uni-Splendor Corp.; 21 Century Enterprise Co., Ltd.; Hontung Venture Capital Co., Ltd.; Union Chinese Corp.; President Direct Marketing Corp.; Dayeh Takashimaya Department Store Inc.; Uni-President Assets Management Co., Ltd.; Chongqing Carrefour Hypermarket Chainstore Co., Ltd.; Jiafu (Tianjin) International Trading Co., Ltd.; Xiang Lu Industrie Ltd.; Xiang Lu Petrochemicals (Xiamen) Co., Ltd.; Guangzhou Jiaguang Supermarket Co., Ltd.; Ztong Yee (Tianjin) Industrial Co.; Kai Nan (BVI) Investment Co., Ltd.; Uni-President Southeast Asia Holdings Ltd.; President International Trade & Investment Corp.; Outlook Investment Pte Ltd.; eASPNet Inc.; eASPNet Taiwan Inc.; President Energy Development (Cayman) Ltd.</p> <p>President: Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.</p>
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp.; President Direct Marketing Corp.; Ren-Hui Investment Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; President YiLan Art & Culture Corp.; President Information Corp.; BankPro E-Service Technology Co.; Duskin Serve Taiwan Co. Ltd.; Books.com. Co., Ltd.; Mister Donut Taiwan Corp.; Muji Taiwan Co. Ltd.; Uni-President Yellow Hat Corp.; Retail Support International Corp.; President Cosmed Chain Store (Shen Zhen) Co. Ltd.; T&T Supermarket Inc.; PCSC (SICHUAN) Hypermarket Limited</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Department Store Corp.; Mech-President Corp.; Uni-President Oven Bakery Corp.; Uni-President Takashimaya Co., Ltd.; President Coffee Corp.; President Pharmaceutical Corp.; 21 Century Enterprise Co., Ltd.; Uni-President Development Corp.; Tong-Ho Development Corp.; Presicarre Corp.; Tong-Jeng Development Corp.; Toppoly Optoelectronics Corp.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; Uni-President Dreamarks Corp.; Philippine Seven Corp.; President Coffee (Cayman) Holdings Ltd.; President Starbucks Coffee Shanghai Corp.; President International Development Corp.; Dayeh Takashimaya Department Store Inc.; Nanlien International Corp.; Copres Corp.; Latin American Development Co., Ltd.; Shan Dong President Yinzuo Commercial Limited; Presiclerc Ltd.</p> <p>President: Ren-Hui Investment Corp.</p>
Lin, Lung Yi	<p>Chairman: Uni-President Glass Industrial Co., Ltd.; President Organics Co.; Uni-President Dreamarks Corp.; President Investment Corp.; President Leasing Corp.; Qingdao President Feed & Livestock Co., Ltd.</p> <p>Vice Chairman: Uni-President (Vietnam) Co. Ltd.; President Enterprise (China) Investment Co., Ltd.</p> <p>Director: Nanlien International Corp.; President Entertainment Corp.; President Baseball Team Corp.; Tone Sang Construction Corp.; Retail Support International Corp.; President Nisshin Corp.; Mech-President Corp.; Prince Housing Development Corp.; Ta Chen Construction & Engineering Corp.; Mospec Semiconductor Corp.; Tung-Ho Development Co., Ltd.; President Kikkoman Inc.; Kai Yu Investment Co. Ltd.; Tong-Jeng Development Corp.; President International Development Corp.; Kai Nan Investment Co. Ltd.; President Transnet Corp.; Uni-President Development Corp.; Uni-President Oven Bakery Corp.; Tong Yu Investment Corp.; Tong Shuo Investment Corp.; Tong Cheng Investment Corp.; President Life Sciences Co., Ltd.; President</p>



Name	Current Position in other Companies
	<p>Biosystems Co., Ltd.; Presitex Co., Ltd.; Uni-Splendor Corp.; 21 Century Enterprise Co., Ltd.; President Drugstore Business Corp.; Uni-President Assets Management Co., Ltd.; Kainan Plywood & Wood Mfg. Co., Ltd.; 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.; Guangzhou President Enterprises Co., Ltd.; Zhengzhou President Enterprise Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Beijing President Enterprises Drink & Food Co., Ltd.; Nanchang President Enterprises 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.; Fuchou President Co., Ltd.; Shanghai Songjiang President Enterprises Co., Ltd.; Guangzhou President Heathly Food Technology Co.,Ltd.; President Cosmed Chain Store(Shen Zhen) Co., Ltd.; Xiang Lu Petrochemicals (Xiamen) Co., Ltd.; President Energy Development (Cayman) Ltd.; Prospect Top Development Co. Ltd.; Ningbo Malting Co. Ltd.</p> <p>Supervisor: Presicarre Corp.; Ton Yi Industrial Corp.; Ztong Yee Industrial Co.; Grand Bills Finance Corp.; Scinopharm Taiwan. Limited.; President Collect Service Co. Ltd.; Tong-Li Development Corp.; Scino Pham Biochemical Technology Co., Ltd.; Ztong Yee(Tianjin) Industrial Co., Ltd.</p> <p>President: Uni-President Enterprises Corp.</p>
Lo, Chih Hsieh	<p>Chairman: Presco Netmarketing Inc.; Uni-President Cold Chain Corp.; Parbola Creative Inc.; President Packaging Corp.; President Musashino Corp.; Uni-OAO Travel Service Corp.; XinYa Enterprises Corp.; Tung Hsiang Enterprises Corp.; Tung Shun Enterprises Corp.; Uni-President International (HK) Co., Ltd.; Suzhou President Packaging Co., Ltd.; Uni-President (Thailand) Ltd.; Uni-President Foods Corp.; Uni-President (Philippines) Corp.</p> <p>Vice Chairman: President Enterprises (China) Investment Co. Ltd.</p> <p>Director: President Baseball Team Corp.; Nanlien International Corp.; President Entertainment Corp.; Tong-Ho Development Corp.; President Organics Co.; Uni-President Dream Parks Corp.; President International Development Corp.; Uni-President Glass Industrial Co. Ltd.; Retail Support International Corp.; President Nisshin Corp.; President Kikkoman Inc.; Muji Taiwan Co. Ltd.; President Coffee Corp.; Uni-President Vender Corp.; President Investment Trust Corp.; Kuang Chuan Dairy Co., Ltd.; Kuang Chuan Foods Co., Ltd.; Uni-President Assets Management Co., Ltd.; Sino-Aerospace Investment Corp.; 21 Century Enterprise Co., Ltd.; Guangzhou President Heathly Food Technology Co.,Ltd.; Xinjiang President Enterprises Food Co., Ltd.; Beijing President Enterprises Drinks & Food Co., Ltd.; Wuhan President Enterprises Food Co., Ltd.; Kunshan President Enterprises Food Co., Ltd.; Chengdu President Enterprises Food Co., Ltd.; Meishan President Feed & Oil Co., Ltd.; Guangzhou President Enterprises Co., Ltd.; Shenyang President Enterprises Co., Ltd.; Changjiagang President Nisshin Food Co., Ltd.; Qingdao President Feed & Livestock Co., Ltd.; Harbin President Enterprises Co., Ltd.; Hefei President Enterprises Co., Ltd.; Shanghai President International Food Co., Ltd.; Kunshan President Kikkoman Biotechnology Co., Ltd.; Beijing President Enterprises Drink & Food Co., Ltd.; Fuchou President Co., Ltd.; Nanchang President Enterprises Co., Ltd.; Cargill-President (Dongguan) Feed Protein Technology Co., Ltd.; Beijing President Kirin Beverage Co., Ltd.; President (Shanghai) Trading Co.,LTD.; Zhengzhou President Enterprise Co., Ltd.; Yantai North Andre Juice Co., Ltd.; Prospect Top Development Co. Ltd. Ningbo Malting Co. Ltd.; Uni-President (Vietnam) Co. Ltd.; PT ABC President Enterprises Indonesia Sino Swearingen Aircraft Corporation</p>



Name	Current Position in other Companies
	<p>Supervisor: Kao Chyuan Inv. Co.; President Energy Development (Cayman) Ltd.</p> <p>Exective Vice President: Uni-President Enterprises Corp.</p>
Wu, Kuo Hsuan	<p>Director: Ren-Hui Investment Corp.; Capital Inventory Services Corp.; President YiLan Art and Culture Corp.; Mech-President Corp.; Mister Donut Taiwan Corp.; Uni-President Yellow Hat Corp.</p>
Yang, Wen Lung	<p>Chairman : Uni-President Vender Corp.; Tung Ang Enterprise Corp.; Tung Min Tea Corp.</p> <p>Director : Parabola Creative Inc.; Ton Yi Industrial Corp.; Tung Yuan Corp.; Lien Lu Enterprises Co. Ltd.; Chi-Chyang Corp.; Tung-Li Enterprises Corp.; Mao-Tung Corp.; Jian Hua Enterprises Corp.; President Enterprise (China) Investment Co., Ltd.; Uni-President (Thailand) Ltd.; Uni-President Marketing Co., Ltd.; Uni-President Foods Corp.; PT ABC President Enterprises Indonesia</p> <p>Supervisor: Yuan-Shin Enterprises Corp.; Yuan Tai Enterprises Corp.; Tung Yi Enterprises Corp.</p>
Tsuei, Jung	<p>Chairman: Far Eastern Air Transport Corp.</p> <p>Director: Primax Electronics Ltd.; Universal Scientific Industrial Co., Ltd.; Destiny Technology Corp.; Pihsiang Machinery MFG. Co. Ltd.</p> <p>Supervisor: Yageo Corp.</p>
Hwang, Tsing Yuan	<p>Director: Hon Hai Precision Industry Co., Ltd.; Design for Innovation Co.</p> <p>Managing Director: Taiwan Television Enterprise, Ltd.</p> <p>Supervisor: United Microelectronics Co.</p>
Tu, Te Cheng	<p>Chairman: President Capital Management Corp.</p> <p>Director: President Medical Technologies Corp.; Scinopharm Taiwan. Ltd.; Huairan International Corp.; Scino Pham Biolchemical Technology Co., Ltd.; United Venture Capital Corp.; Swenc Technology Co., Ltd.; C&C Laboratory Co., Ltd.; Sitronix Technology Co. Ltd.; Tong-Jeng Development Corp.; Xiang Lu Petrochemicals (Xiamen) Co., Ltd.; Accuray Incorporated; Super Bright Investment Inc.; China Technology Venture Company Ltd.</p> <p>Supervisor: President Coffee Corp.; Allianz President Life Insurance Co., Ltd.; President Development Corp.; Toppoly Optoelectronics Corp.; Presitex Co., Ltd.; Tong Ting Gas Corporation.; President Life Sciences Co., Ltd.; Kuan Tang Industrial Harbor Corp.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Uni-Splendor Corp.; Synersy Sciencetech Corp.; Kanh Na Hsiung Enterprise Co., Ltd.; Univision Technology Inc.; President Biosystems Co., Ltd.; Latin American Development Co., Ltd.; Copres Corp.</p> <p>President: President International Development Corp.</p>
Ying, Chien Li	<p>Director: Grand Bills Finance Co.</p> <p>Supervisor: President Entertainment Corp.; Tone Sang Construction Corp.; Parabola Creative Inc.; President Natural Industrial Co.; Mospec Semiconductor Corp.; President Packaging Corp.; President Musashino Corp.; President Investment Trust Corp.; Kai Yu Investment Co.; President Pharmaceutical Corp.; Tung-Ho Development Co.,</p>



Name	Current Position in other Companies
	<p> Ltd.; Tong-Jeng Development Corp.; President International Development Corp.; President Organics Co.; Uni-President Dream Parks Corp.; Kai Nan Investment Co. Ltd.; President Nisshin Corp.; President Kikkoman Inc.; Uni-President Glass Industrial Co. Ltd.; Uni-President Biotechnologies Co., Ltd.; Uni-President Vender Corp.; 21 Century Enterprise Co., Ltd.; Uni-OAO Travel Service Corp.; President Medical Technologies Corp.; Kainan Plywood & Wood Mfg. Co., Ltd.; Uni-President Assets Management Co., Ltd.; President Investment Corp.; President Leasing Corp. </p>



● **PCSC Chief Officers who Possess Positions in other Companies**

Name	Current Position in other Companies
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp.; President Direct Marketing Corp.; Ren-Hui Investment Corp.; Capital Inventory Services Corp.; Wisdom Distribution Service Corp.; President YiLan Art & Culture Corp.; President Information Corp.; BankPro E-Service Technology Co.; Duskin Serve Taiwan Co. Ltd.; Books.com. Co., Ltd.; Mister Donut Taiwan Corp.; Muji Taiwan Co. Ltd.; Uni-President Yellow Hat Corp.; Retail Support International Corp.; President Cosmed Chain Store (Shen Zhen) Co. Ltd.; T&T Supermarket Inc.; PCSC (SICHUAN) Hypermarket Limited</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Department Store Corp.; Mech-President Corp.; Uni-President Oven Bakery Corp.; Uni-President Takashimaya Co., Ltd.; President Coffee Corp.; President Pharmaceutical Corp.; 21 Century Enterprise Co., Ltd.; Uni-President Development Corp.; Tong-Ho Development Corp.; Presicarre Corp.; Tong-Jeng Development Corp.; Toppoly Optoelectronics Corp.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; Uni-President Dreamarks Corp.; Philippine Seven Corp.; President Coffee (Cayman) Holdings Ltd.; President Starbucks Coffee Shanghai Corp.; President International Development Corp.; Dayeh Takashimaya Department Store Inc.; Nanlien International Corp.; Copres Corp.; Latin American Development Co., Ltd.; Shan Dong President Yinzuo Commercial Limited; Presiclerc Ltd.</p> <p>President: Ren-Hui Investment Corp.</p>
Chang Jen, Yu Huei	<p>Director: President Cosmed Chain Store (Shen Zhen) Co.,Ltd.; Shan Dong President Yinzuo Commercial Ltd.; PCSC (SICHUAN) Hypermarket Ltd.; Presiclerc Ltd.</p> <p>President: Shan Dong President Yinzuo Commercial Ltd.; PCSC (SICHUAN) Hypermarket Ltd.</p>
Wu, Kuo Hsuan	<p>Director: Ren-Hui Investment Corp.; Capital Inventory Services Corp.; President YiLan Art & Culture Corp.; Mech-President Corp.; Mister Donut Taiwan Corp.; Uni-President Yellow Hat Corp.</p>
Hsieh, Chien Nan	<p>Chairman: Retail Support Taiwan Corp.; President Logistics International Corp.; Chieh-Shuen Logistics International Corp.</p> <p>Director: President Drugstore Business Corp.; Ren-Hui Investment Corp.; President Transnet Corp.; President Collect Service Co. Ltd.; President Information Corp.; Uni-President Department Store Corp.; Mech-President Corp.; Uni-President Cold Chain Corp.; Uni-President Oven Bakery Corp.; BankPro E-Service Technology Co., Ltd.; Books.com. Co. Ltd.; President Organics Co.; Uni-President Yellow Hat Corp.; Retail Support International Corp.; Q-ware Systems & services Corp.; President Technology Corp.; Philippine Seven Corp.; President Cosmed Chain Store (Shen Zhen) Co.,Ltd.; PCSC (Vietnam) Supermarket Ltd.; Shan Dong President Yinzuo Commercial Ltd.; PCSC (SICHUAN) Hypermarket Ltd.</p> <p>Supervisor: T&T Supermarket Inc.; Wisdom Distribution Service Corp.; Muji Taiwan Co. Ltd.</p> <p>President: President Information Corp.</p>
Chen, Fu Tang	<p>Director: Philippine Seven Corp.; President Investment Trust Corp.</p> <p>Supervisor: President Direct Marketing Corp.; Capital Inventory Services Corp.; President YiLan Art & Culture Corp.; Uni-President Department Store Corp.; Books.com. Co., Ltd.; Mister Donut Taiwan Corp.; Uni-President Takashimaya Co. Ltd.</p>



Name	Current Position in other Companies
Lin, Wen Ching	Director: Allianz President Life Insurance Co., Ltd.; PCSC (SICHUAN) Hypermarket Limited.; Philippine Seven Corp. Supervisor: President Drugstore Business Corp.; President Transnet Corp.; Mech-President Corp.; Duskin Serve Taiwan Co. Ltd. President: Capital Inventory Services Corp.
Chen, Jui Tang	Director: President Direct Marketing Corp.; Wisdom Distribution Service Corp.; President YiLan Art & Culture Corp.; Uni-President Cold-Chain Corp.; Books.com. Co., Ltd.; President Musashino Corp.; President Organics Co.; Philippine Seven Corp.; President Yamako Corp. Supervisor: Uni-President Oven Bakery Corp.; Retail Support International Corp.
Yang, Yen Sen	Director: Duskin Serve Taiwan Co.; 21 Century Enterprise Co., Ltd.; Philippine Seven Corp.
Chung, Mao Chia	Director: Capital Inventory Services Corp. Supervisor: President Information Corp.; Uni-President Cold-Chain Corp.
Zeng, Fan Bin	None
Wang, Wen Kui	Director: Capital Inventory Services Corp.; Duskin Serve Taiwan Co.
Lai, Hsin Ti	None
Wu, Wen Chi	None



President Chain Store Corporation

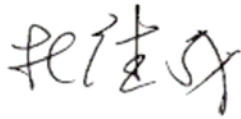
Supervisors' Report

The Board of Directors have prepared and submitted the Company's 2005 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



March 31, 2006



President Chain Store Corporation

Supervisors' Report

The Board of Directors have prepared and submitted the Company's 2005 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:

Ying, Chien Li



March 31, 2006



PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2005 AND 2004

The non-consolidated financial statements and report of independent accountants have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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, 2005 and 2004, 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. The financial statements of certain investee companies accounted for under the equity method as of and for the years ended December 31, 2005, were audited by other auditors, whose reports thereon were furnished to us. Long-term investment in these investee companies amounted to NT\$659,828 thousand and NT\$307,857 thousand as of December 31, 2005 and 2004, respectively, and the related investment loss and investment income recognized amounted to NT\$10,246 thousand and NT\$2,458 thousand for the years then ended, respectively. Our opinion, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 11 relating to these long-term investment, are based solely on 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 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 non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of President Chain Store Corp. as of December 31, 2005 and 2004, 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 of Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements (not presented therein) of President Chain Store Corp. and its subsidiaries for the years ended December 31, 2005 and 2004. Our reports on those consolidated financial statements were unqualified.

March 6, 2006

The accompanying non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such non-consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	DECEMBER 31,	
	2005	2004
Current Assets		
Cash and cash equivalents (Note 4(1))	\$ 2,076,066	\$ 937,777
Short-term investments	4,953	242,978
Accounts receivable-net (Note 5)	382,262	248,519
Other receivables (Note 5)	389,869	325,351
Inventories (Note 4(2))	2,755,466	2,202,557
Others current assets (Notes 4(9), 5 and 7)	<u>818,307</u>	<u>747,532</u>
	<u>6,426,923</u>	<u>4,704,714</u>
Long-term Investments (Notes 3, 4(3) and 5)		
Investments - equity method	5,509,166	5,086,723
Investments - cost method	12,135,261	8,576,990
Investment in debt securities	<u>60,000</u>	<u>100,000</u>
	<u>17,704,427</u>	<u>13,763,713</u>
Property, Plant and Equipment (Notes 4(4) and 5)		
Cost:		
Land	1,538,231	2,911,090
Buildings	931,193	1,362,762
Operating equipment	8,078,982	7,689,213
Leasehold improvements	3,549,768	3,188,712
Other equipment	<u>13,411</u>	<u>21,154</u>
Cost and revaluation	14,111,585	15,172,931
Less: Accumulated depreciation	(7,157,200)	(6,189,521)
Construction in progress and advances to suppliers	<u>-</u>	<u>210,402</u>
	<u>6,954,385</u>	<u>9,193,812</u>
Other Assets		
Assets leased to others (Note 5)	1,014,082	-
Idle assets(Note 5)	325,232	-
Guarantee deposits (Note 7)	878,875	819,318
Others(Notes 4(9))	<u>331,501</u>	<u>713,381</u>
	<u>2,549,690</u>	<u>1,532,699</u>
TOTAL ASSETS	<u>\$ 33,635,425</u>	<u>\$ 29,194,938</u>

(Continued on next page)

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>
Current Liabilities		
Notes payable	635,020	417,474
Notes payable-related parties (Note 5)	874,655	913,682
Accounts payable-third parties	219,022	160,490
Accounts payable-related parties (Note 5)	4,213,792	4,023,633
Income tax payable (Note 4(9))	607,843	354,071
Accrued expenses (Notes 4(5) and 5)	2,055,289	1,697,540
Other payables (Note 4(6))	3,786,256	2,445,152
Cash received in advance	845,605	585,543
Long-term liabilities-current portion (Note 4(7))	<u>200,000</u>	<u>-</u>
	<u>13,437,482</u>	<u>10,597,585</u>
Long-term Liabilities		
Bonds payable (Note 4(7))	2,000,000	2,200,000
Long-term loans	<u>1,320,000</u>	<u>500,000</u>
	<u>3,320,000</u>	<u>2,700,000</u>
Other Liabilities		
Provision for retirement plan (Note 4(8))	359,752	362,063
Customers' deposits	<u>1,345,066</u>	<u>1,163,465</u>
	<u>1,704,818</u>	<u>1,525,528</u>
TOTAL LIABILITIES	<u>18,462,300</u>	<u>14,823,113</u>
Stockholders' Equity		
Common stock (Note 4(10))	9,151,604	9,151,604
Capital reserve		
Retained earnings (Note 4(11))		
Legal reserve	2,178,381	1,873,794
Special reserve	55,758	-
Unappropriated earnings	3,787,913	3,402,185
Cumulative translation adjustment	(<u>531</u>)	(<u>55,758</u>)
	<u>15,173,125</u>	<u>14,371,825</u>
Contingent Liabilities and Commitments (Notes 5 and 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 33,635,425</u>	<u>\$ 29,194,938</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 6, 2006.

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED STATEMENTS OF INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS
EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	YEARS ENDED DECEMBER 31,			
	2005		2004	
Operating Revenues				
Net sales	\$	90,671,647	\$	78,390,063
Others (Note 5)		<u>3,001,963</u>		<u>2,553,036</u>
		93,673,610		80,943,099
Operating Costs				
Cost of goods sold (Note 5)	(	<u>65,514,526)</u>	(	<u>56,383,842)</u>
Gross Profit		28,159,084		24,559,257
Operating Expenses (Notes 4(13) and 5)				
Selling expenses	(	21,003,015)	(	18,668,680)
Administrative and general expenses	(	<u>2,979,029)</u>	(	<u>2,694,665)</u>
	(	<u>23,982,044)</u>	(	<u>21,363,345)</u>
Operating Income		<u>4,177,040</u>		<u>3,195,912</u>
Other Income				
Investment gain under the equity method (Notes 3 and 4 (3))		-		28,638
Dividends income		192,709		224,133
Gain on disposal of assets (Note 5)		18,816		-
Gain on sale of investments (Note 5)		-		140,592
Gain on recovery of short-term investment revaluation		65,492		49,311
Others (Note 5)		<u>544,477</u>		<u>394,252</u>
		<u>821,494</u>		<u>836,926</u>
Other Expenses				
Interest expenses	(	76,657)	(	65,588)
Investment loss under the equity method (Note 4(3))	(	56,311)		
Other investment loss	(	85,480)	(	91,885)
Loss on disposal of property, plant and equipment		-	(	42,082)
Loss on sale of investments	(	42,897)		-
Loss on inventory obsolescence and market price decline	(	66,429)		-
Others	(	<u>40,106)</u>	(	<u>47,375)</u>
	(	<u>367,880)</u>	(	<u>246,930)</u>
Income from continuing operations before income taxes		4,630,654		3,785,908
Income tax expense (Note 4(9))	(	<u>977,969)</u>	(	<u>738,511)</u>
Net Income	\$	<u>3,652,685</u>	\$	<u>3,047,397</u>
Earning per share (In dollars)				
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Net income (Note 4(12))	\$ 5.06	\$ 3.99	\$ 4.14	\$ 3.33

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 6, 2006.

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Retained Earnings			Cumulative	
	Common Stock	Legal Reserve	Special Reserve	Unappropriated Earnings	Translation Adjustment	Total
Balance at January 1, 2004	\$ 8,584,995	\$ 1,512,726	\$ -	\$ 3,680,418	\$ 28,650	\$ 13,806,789
Distribution of net income from 2003:						
Appropriation of legal reserve	-	361,068	-	(361,068)	-	-
Employees' bonuses	-	-	-	(64,992)	-	(64,992)
Directors' and supervisors' remuneration	-	-	-	(64,992)	-	(64,992)
Issuance of stock dividends	566,609	-	-	(566,609)	-	-
Issuance of cash dividends	-	-	-	(2,266,439)	-	(2,266,439)
Net income for 2004	-	-	-	3,047,397	-	3,047,397
Cumulative translation adjustment	-	-	-	-	(84,408)	(84,408)
Adjustment due to change in ownership of subsidiaries	-	-	-	(1,530)	-	(1,530)
Balance at December 31, 2004	9,151,604	1,873,794	-	3,402,185	(55,758)	14,371,825
Distribution of net income from 2004:						
Appropriation of legal reserve	-	304,587	-	(304,587)	-	-
Appropriation of Special reserve	-	-	55,758	(55,758)	-	-
Employees' bonuses	-	-	-	(107,421)	-	(107,421)
Directors' and supervisors' remuneration	-	-	-	(53,710)	-	(53,710)
Issuance of cash dividends	-	-	-	(2,745,481)	-	(2,745,481)
Net income for 2005	-	-	-	3,652,685	-	3,652,685
Cumulative translation adjustment	-	-	-	-	55,227	55,227
Balance at December 31, 2005	<u>\$ 9,151,604</u>	<u>\$ 2,178,381</u>	<u>\$ 55,758</u>	<u>\$ 3,787,913</u>	<u>(\$ 531)</u>	<u>\$ 15,173,125</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 6, 2006.

PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
	YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSAND OF NEW TAIWAN DOLLARS)

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 3,652,685	\$ 3,047,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	3,969	3,254
Loss on inventory obsolescence and market price decline	66,429	-
Depreciation	1,679,882	1,561,532
Depreciation-assets leased to others	3,879	-
Amortization	380,774	304,880
Reversal of provision for market value decline of short-term investments	(65,492)	(49,311)
Investment loss (gain) recognized under equity method	56,311	(28,638)
Loss on permanent decline in value of long-term investments	85,480	91,885
Cash dividends from equity subsidiaries	135,755	159,056
Gain on disposal of long-term investments	-	(167,555)
(Gain) loss on disposal of property, plant and equipment	(18,816)	42,082
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable	(133,743)	(8,046)
Other receivables	(98,487)	419,262
Inventories	(619,338)	(146,907)
Other current assets	(56,565)	(6,657)
Deferred income tax	(13,104)	1,622
Increase (decrease) in liabilities		
Notes payable	178,519	(126,498)
Accounts payable	248,691	(148,020)
Income tax payable	253,772	(107,276)
Accrued expenses	357,749	150,924
Other payables	1,369,959	421,246
Cash received in advance	260,062	229,058
Provision for retirement plan	(2,311)	(10,747)
Net cash provided by operating activities	<u>7,726,060</u>	<u>5,632,543</u>

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PRESIDENT CHAIN STORE CORP.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease (increase) in short-term investments	303,517	(\$ 95,282)
Purchase of property, plant and equipment	(1,428,981)	(3,802,620)
Proceeds from disposal of property, plant and equipment	875,896	78,814
Increase in long-term investments-subsiidiaries	(399,228)	(368,832)
Increase in long-term investments-non subsidiaries	(4,058,825)	(1,250,750)
Return of long-term investments	255,020	49,399
Proceeds from the sale of long-term investments	-	554,625
Increase in guarantee deposits	(59,557)	51,575
Increase in other receivable from loans to related parities	30,000	(30,000)
Increase in long-term investments in debt securities	-	(120,000)
Return of long-term investments in debt securities	40,000	20,000
Increase in other assets	-	(255,381)
Net cash used in investing activities	(4,442,158)	(5,168,452)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payment of cash dividends	(2,745,481)	(2,266,439)
Increase in long-term loans	820,000	500,000
Increase in customers' deposits	181,601	132,100
Payment of employees' bonuses and directors' and supervisors' remuneration	(161,131)	(129,984)
Payment for property, plant and equipment purchased in prior year	(240,602)	(480,836)
Payment for other assets in prior year	-	(10,500)
Net cash used in financing activities	(2,145,613)	(2,255,659)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,138,289	(1,791,568)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	937,777	2,729,345
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,076,066</u>	<u>\$ 937,777</u>
<u>Supplemental disclosures of cash flow information</u>		
Interest paid	<u>\$ 77,025</u>	<u>\$ 66,161</u>
Income taxes paid	<u>\$ 737,301</u>	<u>\$ 844,166</u>
Investing and financing activities with partial cash payment:		
Purchase of property, plant and equipment	\$ 1,640,728	\$ 4,043,222
Less: other payables	(211,747)	(240,602)
Cash purchase of property, plant and equipment	<u>\$ 1,428,981</u>	<u>\$ 3,802,620</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 6, 2006.

PRESIDENT CHAIN STORE CORP.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004
(EXPRESSED IN THOUSANDS OF NEW TAIWAN
DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Note 1. HISTORY AND ORGANIZATION

1. 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.
2. Uni-President Enterprises Corp. is the parent company of the Company.
3. As of December 31, 2005, the Company had 8,780 employees.

Note 2. 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. Classification of current and non current assets and liabilities

Current assets are the assets that are expected to be converted into cash or consumed within one year. Assets other than current assets are non current assets. Current liabilities are the obligations that are expected to be settled within one year. Liabilities other than current liabilities are non current liabilities.

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 stated at the lower of cost or market value. Cost is determined using the retail method.

6. Long-term investments

(1) 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 over the investee are accounted for under the cost method and stated at the lower of cost or market value for listed companies and at cost for non-listed companies. 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.

(2) 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 has no ability to exercise significant influence over the investee. 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.

(3) Prior to January 1, 2004, majority owned subsidiaries meeting following requirements were consolidated:

A. Subsidiaries with individual amounts of total assets or operating revenues exceeding 10% of the Company's respective unconsolidated amounts, or

B. If combined total assets or operating revenues of all such remaining unconsolidated subsidiaries exceed 30% of the Company's unconsolidated totals, each individual subsidiary with total assets or operating revenues greater than 3% of the Company's respective unconsolidated totals.

Effective January 1, 2004, under the amended R.O.C. SFAS No. 7, “Consolidated Financial Statements”, all majority owned subsidiaries and controlled entities are consolidated.

(4)The Company’s long-term investments in joint ventures are accounted for under the equity method and are consolidated in the consolidated financial statements in accordance with the amended R.O.C SFAS No. 7, “Consolidated Financial Statements”.

(5)The cost of long-term investments is determined using the weighted average method.

(6)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

(1)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.

(2)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. Fully depreciated assets still in use are 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.

(3)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.

(4)Property, plant and equipment that are idle are reclassified to “other assets” at the lower of the fair value less costs to sell or book value. Depreciation provided on these assets is charged to non-operating expense and loss.

8. Deferred expense

Deferred expense are amortized under the straight method over three years.

9. Impairment of asset

- (1) Effective January 1, 2005, the Company recognizes impairment loss whenever event occurs or evidence indicates the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.
- (2) An impairment loss recognized in prior years is reversed if, there has been a change in the estimates used to determine recoverable amount since the last impairment loss was recognized, or the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur. However, the impairment loss may be recovered only to the extent not to exceed the loss recognized in prior years. Recovery of impairment loss on goodwill is not allowed.

10. Pension plan

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 15 years. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

11. Income tax

- (1) In accordance with R.O.C. SFAS No. 22 "Accounting for 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.
- (2) The 10% additional income tax on undistributed earnings is recognized on the day of the resolution of distribution by the stockholders' meeting.

(3) In accordance with R.O.C. SFAS No. 12 "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.

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

12. Revenues and costs

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

13. Derivative financial instruments

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.

14. 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.

15. 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.

Note 3. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 2005, the Company adopted the R.O.C. SFAS No. 35, "Accounting for Impairment of Assets". As a result of the adoption of SFAS No. 35, total long-term investment was decreased by \$30,957 as of December 31, 2005 and investment loss under the equity method was increased by \$30,957 for the year ended December 31, 2005.

Note 4. DETAILS OF SIGNIFICANT ACCOUNTS

1. CASH AND CASH EQUIVALENTS

	December 31,	
	2005	2004
Cash on hand	\$ 1,113,241	\$ 260,124
Checking deposits and demand deposits	962,825	677,653
	<u>\$ 2,076,066</u>	<u>\$ 937,777</u>

2. INVENTORIES

	December 31,	
	2005	2004
Merchandise	\$ 2,821,895	\$ 2,202,557
Allowance for loss on obsolescence and decline in market value	(66,429)	-
	<u>\$ 2,755,466</u>	<u>\$ 2,202,557</u>

3. LONG-TERM INVESTMENTS

LONG-TERM INVESTMENTS IN STOCKS

Name of subsidiaries	December 31, 2005		December 31, 2004	
	Amount	Percentage owned	Amount	Percentage owned
<u>Equity method:</u>				
President Chain Store (BVI) Corp.	\$ 1,180,359	100.00	\$ 1,189,163	100.00
(PCSC) China Ltd.	382,817	100.00	68,832	100.00
Ren-Hui Investment Corp.	851,615	100.00	872,440	100.00
Uni-President Cold-Chain Corp.	322,217	60.00	300,465	60.00
Mech-President Corp.	406,504	62.95	389,537	62.95
President Drugstore Business Corp.	348,905	100.00	301,345	100.00
President Transnet Corp.	187,996	70.00	194,631	70.00
Wisdom Distribution Service Corp.	157,342	100.00	142,294	100.00
President Information Corp.	210,502	70.00	189,496	70.00
Retail Support International Corp.	112,693	25.00	113,853	25.00
Uni-President Yi-Lan Art and Culture Corp.	100,283	90.00	154,572	90.00
Uni-President Oven Bakery Corp.	118,789	60.00	160,665	60.00
President Coffee Corp.	141,483	30.00	105,539	30.00
Mister Donut Taiwan Corp.	116,981	50.00	92,398	50.00
Q-Ware System&Services Corp.	190,982	22.68	-	-
President Development Corp.	185,166	20.00	94,486	20.00
Uni-President Takashimaya Co.Ltd.	-	-	228,886	50.00
Muji Taiwan Co. Ltd. and others	494,532	20.00	488,130	20.00
		~100.00		~100.00
	<u>5,509,166</u>		<u>5,086,723</u>	
<u>Cost or the lower of cost or market:</u>				
President Securities Corp.	<u>140,534</u>	2.57	<u>140,534</u>	2.57
<u>Cost method:</u>				
Presicarre Corp.	6,818,528	19.50	3,559,448	10.00
Tonpal Optoelectronics Corp.	1,609,160	4.89	1,609,160	4.89
Tong-Jeng Development Corp.	1,371,500	19.00	1,086,500	19.00
President International Development Corp.	500,000	3.33	500,000	3.33
Allianz President Life Insurance Ltd. and others	<u>1,695,539</u>	0.02	<u>1,681,348</u>	0.02
		~19.93		~19.93
	<u>11,994,727</u>		<u>8,436,456</u>	
	<u>\$17,644,427</u>		<u>\$13,663,713</u>	

LONG-TERM INVESTMENT IN DEBT SECURITIES

	December 31,	
	2005	2004
Bonds of Retail Support International Corp.	\$ 60,000	\$ 100,000

- (1) The Company recognize long-term investments loss of \$56,311, under the equity method, based on the audited financial statements and income of \$28,638 in 2005 and 2004, respectively.
- (2) The Company's subsidiaries adopted the R.O.C. SFAS No. 35, "Accounting for Impairment of Assets", effective January 1, 2005. Such an impairment loss was recognized for the write-offs of the excess of investment cost over the net assets acquired in their investee companies accounted for under the equity method which had been in loss position for years. As a result, the Company's long-term investment loss was increased by \$30,957 in 2004.
- (3) The Board of Directors passed a resolution to acquire 34,396,786 shares of Presicarre Corp. at 98.34 dollars per share from ABN AMRO BANK NV. in 2005. The purchase price of \$3,382,580 was based on an appraisal report.
- (4) Uni-President Cold-Chain Corp., Mech-President Corp., President Transnet Corp., Wisdom Distribution Service Corp. and President Chain Store (BVI) Corp., majority owned subsidiaries, were consolidated in the 2004 consolidated financial statements. The other majority owned subsidiaries were not consolidated because these companies did not meet the criteria for consolidation. Effective January 1, 2005, under the amended R.O.C. SFAS No. 7, "Consolidated Financial Statements", all majority owned subsidiaries and controlled entities are consolidated.

4. ACCUMULATED DEPRECIATION

	December 31,	
	2005	2004
Buildings	\$ 123,163	\$ 151,387
Operating equipment	4,956,670	4,276,842
Leasehold improvements	2,065,365	1,741,902
Other equipment	12,002	19,390
	<u>\$ 7,157,200</u>	<u>\$ 6,189,521</u>

5. ACCRUED EXPENSES

	December 31,	
	2005	2004
Accrued salaries and bonuses	\$ 946,819	\$ 764,446
Accrued incentives for franchisee	280,833	339,491
System development and maintenance expenses	205,446	147,640
Other	622,191	445,963
	<u>\$ 2,055,289</u>	<u>\$ 1,697,540</u>

6. OTHER PAYABLES

	December 31,	
	2005	2004
Bills collected for others	\$ 3,177,443	\$ 1,903,586
Accrued liabilities for purchase equipment	211,747	240,602
Other	397,066	300,964
	<u>\$ 3,786,256</u>	<u>\$ 2,445,152</u>

7. BONDS PAYABLE

	Term	December 31,	
		2005	2004
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	1,500,000
		2,200,000	2,200,000
Less : Current portion		(200,000)	-
		<u>\$ 2,000,000</u>	<u>\$ 2,200,000</u>

a. The first secured bonds are secured by Chain Development Industrial Bank and Bank of Taiwan Chunglun Branch. with principal due on maturity and annual interest rate of 2.8% payable annually. Under the indenture agreement between the Company and Bank of Taiwan, the proceeds from the bonds are to be used exclusively for the repayment of bank loans.

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

1. A: Eight Hundred Million. The Company will redeem 25%, 25% and 50% of the principal amount, at the end of 3rd, 4th and 5th year respectively from the issuance date, with annual interest rate of 1.4%. The interest will be paid annually, commencing from the issuance date.

2. B: Seven Hundred Million. The Company will redeem the principal amount in full on maturity. 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 2 business days prior to the start of each semi-annual interest period. Semi-annually, the Company has the option to use either Floating Rate Index for interest determination.

8. RETIREMENT PLAN

- (1) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2%~4.42% of the employees' monthly salaries and wages to the retirement fund deposited with Central Trust of China, the trustee, under the name of the independent retirement fund committee.

The following sets forth the pension information based on the actuarial report:

a. Actuarial assumptions

	<u>For the years ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Discount rate	3.75%	3.75%
Rate of increase in compensation levels	3.50%	3.50%
Expected return on plan assets	2.75%	2.75%

b. The funded status of the plan at December 31, 2005 and 2004 are as follows:

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Benefit obligation:		
Vested benefit obligation	(\$ 88,712)	(\$ 70,604)
Nonvested benefit obligation	(531,516)	(437,021)
Accumulated benefit obligation	(620,228)	(507,625)
Additional benefit based on future salaries	(437,805)	(380,029)
Projected benefit obligation	(1,058,033)	(887,654)
Plan assets at fair value	<u>395,942</u>	<u>301,518</u>
Plan funded status	(662,091)	(586,136)
Unrecognized net transition obligation	(28,810)	(34,772)
Unrecognized plan assets gain	<u>336,037</u>	<u>258,845</u>
Accrued prepaid cost	<u>(\$ 354,864)</u>	<u>(\$ 362,063)</u>
Vested benefit	<u>\$ 112,178</u>	<u>\$ 90,829</u>

c. The details of net periodic pension cost are as follows:

	<u>For the years ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Service cost	\$ 53,989	\$ 52,169
Interest cost	33,287	27,568
Expected return on plan assets	(8,292)	(5,764)
Amortization of the unrecognized net obligation at transition	(5,961)	(5,961)
Amortization of the net gain of unrecognized pension assets	<u>17,008</u>	<u>17,398</u>
Net periodic pension cost	<u>\$ 90,031</u>	<u>\$ 85,410</u>

- (2) Pursuant to the new “Labor Pension Act” enacted on July 1, 2005, the Company established a defined contribution pension plan covering all domestic employees (the “New Plan”). For employees who elect to participate in the New Plan, the Company contributes monthly 6% of the employees’ salaries and wages paid each month to the employees’ individual pension accounts at the Bureau of Labor Insurance. Benefit accrued are portable upon service. Pension payments to employees are made either by monthly installments or in a lump sum from the accumulated contributions and earnings in employees’ individual accounts. The net pension costs recognized under the New Plan for the year ended 31st December 2005 was \$52,979.

9. DEFERRED INCOME TAX AND INCOME TAX

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

	<u>For the years ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Income tax payable	\$ 607,843	\$ 354,071
Net change amount of deferred income tax assets from temporary differences	(13,104)	1,622
Under provision of prior years’ income tax	33,204	(28,395)
Income tax withheld	1,054	1,564
Prepaid income tax	<u>348,972</u>	<u>409,649</u>
Income tax expense	<u>\$ 977,969</u>	<u>\$ 738,511</u>
The details of income tax expense:		
Current income tax expense	\$ 941,905	\$ 692,949
10% income tax on undistributed retained earnings	<u>36,064</u>	<u>45,562</u>
	<u>\$ 977,969</u>	<u>\$ 738,511</u>

(2) Deferred income tax assets as of December 31, 2005 and 2004 are as follows:

	December 31,			
	2005		2004	
	<u>Amount</u>	<u>Income tax effect</u>	<u>Amount</u>	<u>Income tax effect</u>
Current Items:				
Temporary Differences				
Allowance for loss on obsolescence and decline in market value	\$ 66,429	\$ 16,607	\$ -	\$ -
Provision for doubtful accounts	13,677	3,419	21,453	5,363
Employee welfare expenses	4,427	<u>1,107</u>	6,237	<u>1,559</u>
		<u>\$ 21,133</u>		<u>\$ 6,922</u>
Non-current Items:				
Temporary Differences				
Non-domestic investment loss under the equity method	\$426,305	\$106,576	\$279,031	\$ 69,758
Employee welfare expenses	3,996	<u>999</u>	8,423	<u>2,106</u>
		107,575		71,864
Allowance for deferred income tax assets		(<u>106,576</u>)		(<u>69,758</u>)
		<u>\$ 999</u>		<u>\$ 2,106</u>

(3) The Company's investment tax credits for 2005 are as follows:

<u>Investment tax credit</u>	<u>Total investment tax credit</u>
Employees training	\$ 8,997
Automatic equipment and technique	87,188
Investment in rural area	12,554

(4) The Company's income tax returns for the years through 2003 have been assessed and approved by the Tax Authority.

(5) As of December 31, 2005 and 2004 the balances of unappropriated earnings are as follows:

	December 31,	
	<u>2005</u>	<u>2004</u>
Unappropriated earnings during and before 1997	\$ 31,142	\$ 31,142
Unappropriated earnings during and after 1998	<u>3,756,771</u>	<u>3,371,043</u>
	<u>\$ 3,787,913</u>	<u>\$ 3,402,185</u>

- (6) As of December 31, 2005 and 2004, the balances of the shareholder's creditable tax account and the actual or expected tax credit percentages of unappropriated earnings are as follows:

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
The balance of the shareholders' creditable tax account	<u>\$ 381,190</u>	<u>\$ 464,640</u>
	<u>For the years ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
The expected or actual tax credit percentages of unappropriated earnings	<u>10.15%</u>	<u>29.93%</u>

The expected or actual tax credit percentages of unappropriated earnings are accounted by the balance of the shareholders' creditable tax account of December 31, 2005. 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 1998 or each ensuing year thereafter undistributed earnings will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

10. COMMON STOCK

The Company's authorized common stock were 960,000,000 shares in 2005 and 2004, respectively. The issued and outstanding common stock were 915,160,436 shares with a par value of \$10 (dollar) per share as of December 31, 2005 and 2004, respectively.

11. RETAINED EARNINGS

- (1) Under the Company's Articles of Incorporation, 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. Hereafter, when the net reduction of the shareholders' equity is reverse, the reverse portion can be shifted to the current year's earnings and allocated. 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 50% to 100% shall be distributed in the form of cash. The remaining balance was unappropriated earnings which was allocated after approved at the stockholders' meeting.

- (2) The legal reserve should be used exclusively to cover losses or, if the balance of the reserve exceeds 50% of paid-in capital, to increase capital, not exceeding 50% of the reserve balance.

- (3) The dividends per share details are as follow:

	For the years ended December 31, (in dollars)	
	2005	2004
Cash dividend	\$ 3.00	\$ 2.64
Stock dividend	\$ -	\$ 0.66

- (4) As of March 6, 2006, the resolution for the distribution of 2005 earnings has not been adopted by the Board of Directors. Details of distribution of earnings are posted on the official website of the Taiwan Stock Exchange.

The details on the 2004 earnings distributed in 2005 for employees' bonuses and directors' and supervisors' remuneration based on the resolution adopted by the board of directors and approved in the shareholders' meetings are as follows:

- (a) The amount of the retained earnings distributed

A. Employees' cash bonuses	\$ 107,421
B. Directors' and supervisors' remuneration	\$ 53,710

- (b) 2003 earnings per common shares (in dollars) is listed below:

A. Original earnings per common share	\$ 3.33
B. Pro forma earnings per common share	\$ 3.15

12. EARNINGS PER COMMON SHARE

	For the years ended December 31, 2005				
	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	\$4,630,654	\$3,652,685	915,160,436	\$ 5.06	\$ 3.99

	For the years ended December 31, 2004				
	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	\$3,785,908	\$3,047,397	915,160,436	\$ 4.14	\$ 3.33

13. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

Item	Operating expenses	
	For the years ended December 31,	
	2005	2004
Personnel expenses		
Salaries and wages	\$ 3,427,781	\$ 2,739,122
Insurance	242,189	199,724
Pension	145,613	79,665
Others	214,671	237,854
	<u>\$ 4,030,254</u>	<u>\$ 3,256,365</u>
Depreciation	<u>\$ 1,679,882</u>	<u>\$ 1,561,532</u>
Amortization	<u>\$ 380,774</u>	<u>\$ 304,880</u>

14. ACCOUNTS CLASSIFICATION

Certain accounts in the financial statements as of and for the year ended December 31, 2004 were reclassified to conform with the presentation adopted in the financial statements as of and for the year ended December 31, 2005.

Note 5. RELATED PARTY TRANSACTIONS

1. Related parties and their relationship with the Company

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Uni-President Enterprises Corp.	Parent company
President Packaging Co., Ltd.	A subsidiary of Uni-President Enterprises Corp.
Tung Ang Enterprises Corp.	"
Presco Netmarketing, Inc.	"
Uni-President Dream Park Corp.	"
President Natural Industrial Corp.	"
President Securities Corp.	"
President Baseball Team Corp.	"
President Direct Marketing Corp.	A subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Duskin Serve Taiwan Co., Ltd.	A subsidiary
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Corp.	"
PCSC (China) Ltd.	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	"
Ren-Hui Investment Corp.	"
President Collect Service Corporation	"
Bank Pro E-Service Technology Co., Ltd.	"
Books.com Co., Ltd.	"
Uni-President Yi-Lan Art and Culture Corp.	"
President Coffee Corp.	Long-term investment accounted for under the equity method
Retail Support International Corp.	"
Muji (Taiwan) Co., Ltd.	"
Uni-President Yellow Hat Co., Ltd.	"
President Pharmaceutical Corp.	"
Q-ware systems & Services Corp.	"
Uni-President Development Corp.	"
Uni-President Organ Corp.	"
Mister Donut Taiwan Co.	"
21 Century Enterprise Co., Ltd.	"
Uni-Presindt Takashimaya Co.Ltd.	Subsidiary liquidated in September 2005
President Chain Store (Labuan) Holdings Ltd.	Indirectly owned subsidiary
PCSC (China) Supermarket Ltd.	"
PCSC (China) Drugstore Ltd.	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Zhuhai Livzon Drugstore Chain Company Ltd.	Indirectly owned subsidiary
Uni-President Oven Bakey (BVI) Corp.	
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	"
Philippine Seven Corp.	"
Convenience Distribution Inc.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shandong President Silver Plaza Co., Ltd.	"
PCSC (SICHUAN) Hypermarket Ltd.	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Services Corp.	"
President Engineering Technology Corp.	A subsidiary liquidated in October 2004
President Technology Corp.	The Company has a seat on its board of directors
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
President Investment Trust Corp.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics Transportation Corp	"
Chieh-Shuen Logistics International Corp.	A subsidiary of President Logistics Transportation Corp.
President Futures Corporation.	Related party in substance
President Construction Corporation	"

2. Significant transactions with related parties

(1) Other operating revenue-sales bonus

	<u>For the years ended December 31,</u>			
	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Retail Support International Corp.	\$ 214,838	14%	\$ 118,860	8%
Uni-President Enterprises Corp.	46,484	3%	27,809	2%
Others	51,640	3%	46,927	3%
	<u>\$ 312,962</u>	<u>20%</u>	<u>\$ 193,596</u>	<u>13%</u>

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

	For the years ended December 31,			
	2005		2004	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Retail Support International Corp.	\$ 41,630,192	63%	\$ 36,613,852	64%
Uni-President Cold- Chain Corp.	14,428,903	22%	11,964,388	21%
Wisdom Distribution Service Corp.	5,156,490	8%	4,094,148	7%
Uni-President Enterprises Corp.	1,478,151	2%	1,193,917	2%
Others	988,670	1%	928,089	2%
	<u>\$ 63,682,406</u>	<u>96%</u>	<u>\$ 54,794,394</u>	<u>96%</u>

Purchase and payment terms from related parties except for Retail Support International Corp., Uni-President Cold-Chain Corp., and Wisdom Distribution Service Corp., are at arms length.

Purchases from Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. are based on cost plus basis.

(3) Subsidies for substandard products (accounted as deduction of cost of goods sold)

	For the years ended December 31,			
	2005		2004	
	Amount	Percentage	Amount	Percentage
Uni-President Cold-Chain Corp.	\$ 215,030	62%	\$ 140,890	46%
Retail Support International Corp.	91,243	26%	129,264	43%
Uni-President Enterprises Corp.	42,845	12%	34,239	11%
	<u>\$ 349,118</u>	<u>100%</u>	<u>\$ 304,393</u>	<u>100%</u>

(4) Operating Expenses

	For the years ended December 31,			
	2005		2004	
	Amount	Percentage	Amount	Percentage
1. Cleaning service expense				
Duskin Serve Taiwan. Co., Ltd.	<u>\$ 54,988</u>	<u>35%</u>	<u>\$ 52,544</u>	<u>40%</u>
2. Supplies (accounted as packing and other expense)				
Retail Support International Corp.	<u>\$ 183,808</u>	<u>49%</u>	<u>\$ 180,278</u>	<u>56%</u>
3. Physical inventory expense				
Capital Inventory Services Corp.	<u>\$ 118,938</u>	<u>100%</u>	<u>\$ 114,493</u>	<u>100%</u>

		For the years ended December 31,			
		2005		2004	
		Amount	Percentage	Amount	Percentage
4. Electronic ordering system management charges					
President Information Corp.		\$ 466,185	59%	\$ 462,335	59%
President Technology Corp.		-	-	62,934	8%
		<u>\$ 466,185</u>	<u>59%</u>	<u>\$ 525,269</u>	<u>67%</u>
5. Repair and professional service charges					
President Engineering Technology Corp.		\$ -	-	\$ 206,916	52%
6. Training expense					
Capital Inventory Services Corp.		\$ -	-	\$ 48,681	61%

(5) Other Income

		For the years ended December 31,			
		2005		2004	
		Amount	Percentage	Amount	Percentage
1. <u>Subsidy for electronic orderings</u> (accounted as other income -others)					
Retail Support International Corp.		\$ 196,294	63%	\$ 135,171	63%
Uni-President Cold-Chain Corp.		94,563	30%	61,593	29%
Others		12,016	4%	7,274	3%
		<u>\$ 302,873</u>	<u>97%</u>	<u>\$ 204,038</u>	<u>95%</u>

2. Rent income

		For the years ended December 31,	
		2005	2004
President Coffee Corp.		\$ 34,285	\$ 24,708
Others		22,613	25,947
		<u>\$ 56,898</u>	<u>\$ 50,655</u>

(6) Assets (Liabilities) Accounts

		December 31,			
		2005		2004	
		Amount	Percentage	Amount	Percentage
1. Accounts receivable					
Uni-President Enterprises Corp.		\$ 36,819	11%	\$ -	-
Others		19,648	4%	3,666	1%
		<u>\$ 56,467</u>	<u>15%</u>	<u>\$ 3,666</u>	<u>1%</u>
2. <u>Other receivables</u>					
Uni-President Enterprises Corp.		\$ 16,107	4%	\$ 8,914	3%
Retail Support International Corp.		2,437	1%	17,550	5%
Others		31,839	8%	28,102	8%

	December 31,			
	2005		2004	
	Amount	Percentage	Amount	Percentage
	<u>\$ 50,383</u>	<u>13%</u>	<u>\$ 54,566</u>	<u>16%</u>
3. <u>Prepayment for goods</u>				
Retail Support International Corp.	<u>\$ 66,500</u>	<u>8%</u>	<u>\$ 66,500</u>	<u>9%</u>
4. <u>Notes and accounts payable</u>				
Retail Support International Corp.	\$2,855,899	48%	\$3,088,597	56%
Uni-President Cold-Chain Corp.	975,695	16%	878,221	16%
Wisdom Distribution Service Corp.	867,807	15%	690,070	13%
Others	<u>389,046</u>	<u>7%</u>	<u>280,427</u>	<u>5%</u>
	<u>\$5,088,447</u>	<u>86%</u>	<u>\$4,937,315</u>	<u>90%</u>
5. <u>Accrued expenses</u>				
President Information Corp.	\$ 43,330	2%	\$ 56,112	3%
Retail Support International Corp.	56,289	3%	50,329	3%
Others	<u>125,746</u>	<u>6%</u>	<u>93,505</u>	<u>6%</u>
	<u>\$ 225,365</u>	<u>11%</u>	<u>\$ 199,946</u>	<u>12%</u>

(7) Property transactions

1. The Company engaged President Construction Corporation to acquire an office building in November, 2004. The purchase price of \$1,639,705 was paid in full in 2004.
2. The Company had moved to new office building in June 2005. The original office building was sold to related parties.

The details of transactions are as follows:

<u>Name of related parties</u>	<u>Amount</u>	<u>Gain on disposal</u>
President Securities Corp.	\$ 500,067	\$ 14,404
President Investment Trust Corp.	176,454	5,083
President Futures Corporation.	<u>145,023</u>	<u>4,177</u>
	<u>\$ 821,544</u>	<u>\$ 23,664</u>

3. Disposals of marketable securities

<u>Name of related parties</u>	<u>Name of marketable securities</u>	<u>Number of shares</u>	<u>Amount</u>		<u>Gain on disposal</u>	
			<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Uni-President Enterprises Corp.	President Musashino Corp.	26,145,000	<u>\$ -</u>	<u>\$290,121</u>	<u>\$ -</u>	<u>\$42,230</u>

(8) Loans to related parties (Book as Other Receivable)

	<u>Maximum balance in 2005</u>		<u>Balance at December 31, 2005</u>	<u>Interest Rate</u>	<u>Interest in 2005</u>	
	<u>Date</u>	<u>Amount</u>				
Retail Support International Corp.	2005.01~2005.04	\$ 30,000	<u>\$ -</u>	2.34%~2.93%	<u>\$</u>	<u>317</u>

Taiwan Corp.

	<u>Maximum balance in 2004</u>		Balance at December	<u>Rate</u>	<u>Interest in 2004</u>
	<u>Date</u>	<u>Amount</u>	<u>31, 2004</u>		
Uni-President Yellow Hat Co., Ltd.	2004.06~2004.07	\$ 21,000	\$ -	2.08%~2.73%	\$ 126
21st Century Enterprise Co., Ltd.	2004.01~2004.02	4,000	-	2.63%	3
President Information Corp.	2004.10	30,000	-	1.93%~2.2%	123
Retail Support Taiwan Corp.	2004.10~2004.12	30,000	<u>30,000</u>	2.38%~2.43%	<u>182</u>
			<u>\$ 30,000</u>		<u>\$ 434</u>

(9) Endorsement and guarantee

Endorsements and guarantees for related parties as of December 31, 2005 are as follows:

President Transnet Corp.	\$ 200,000
Retail Support International Corp.	450,000
President Drugstore Business Corp.	235,000
President Information Corp.	<u>8,000</u>
	<u>\$ 893,000</u>
Mech-President Corp	<u>USD 1,000,000</u>
	USD 4,000,000
Philippine Seven Corp	<u>PHP 260,000,000</u>

(10) Commitments

1. The Company had rented portion of office building to related parties, and the lease periods ranging from 3 to 5 years.

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

<u>Year</u>	<u>Total rental income</u>
2006	\$ 13,970
2007	13,970
2008	7,662
2009	6,401
2010	<u>3,424</u>

\$ 45,427

2. The Company signed a maintenance agreement with President Information Corp., for its electronic ordering and operating systems. The total amount of the agreement is \$268,956 covering the period from October 2005 to October 2007. As of December 31, 2005, the unpaid balance of the commitment was \$266,498.

Note 6. PLEDGED ASSETS : None.

Note 7. CONTINGENT LIABILITIES AND COMMITMENTS

- (1) According to the franchise agreement with The Southland Corporation, the monthly franchise payment to The Southland Corporation is based on monthly sales.
- (2) 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. The construction has been completed in 2005.

The Company and seven companies leased the mall of PEC National Building to non-related parties in June 2005, covering the period from June 15, 2005 to December 31, 2023, and rental is based on percentage of sales. As of December 31, 2005, book value of the mall is \$622,790 (classified as rental assets), and the remaining book value of office is \$325,232 (classified as idle assets).

- (3) The Company and Uni-President Enterprises Corp. signed a agreement with Ta Chen Construction & Engineering Corp. to built a research building at a cost of \$230,000 to be donated to National Cheng Kung University. The Company’s commitment is 50% of the total cost. As of December 31, 2005, the Company had accrued construction expenditure in the amount of \$20,000 (accounted as donation expense).
- (4) 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, 2005, the Company has prepaid rent and security deposits in the amount of \$589,349 and \$875,875, respectively.

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

<u>Year</u>	<u>Total rental expense</u>
2006	\$ 4,135,922
2007	4,004,259
2008	3,693,288
2009	3,183,944
2010 and thereafter	<u>7,479,363</u>
	<u>\$ 22,496,776</u>

Note 8. SIGNIFICANT CASUALTY LOSS: None.

Note 9. SIGNIFICANT SUBSEQUENT EVENTS: None.

Note 10. OTHERS

(1) INFORMATION OF INVESTMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

The Company had the following derivative financial instrument transactions in 2005 and 2004.

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

Financial instrument	December 31, 2005 and 2004	
	Amount of agreement or nominal principal	Credit risk
Interest rate swap contract	\$ 700,000	\$ -

The financial institutions that the Company deals with are all in good credit standing and as such the credit risk of non performance of is minimal.

b. Market price risk:

The interest swap contract is for hedging purpose. The market price risk is deemed to be low, as the hedged subjects offset the income/loss from fluctuation in market interest rates.

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

Liquidity risk and cash flow risk is deemed to be low as the interest rate had been assured in the contract. The working capital of the Company would be sufficed to with the contract.

d. Type and purpose of derivative financial instruments:

The Company uses the derivative to hedge the interest on bonds issued see Note 6.2.B for details.

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

Financial instrument	December 31, 2005		December 31, 2004	
	Book value	Fair value	Book value	Fair value
Interest swap contract	(\$ 560)	(\$ 23,816)	(\$ 45)	\$ 18,758

At the end of year 2005 and 2004, the net amount payable from the interest swap were \$560 and \$45, which was booked as “Other receivables” and the credit side as “Interest expense”. The interest swap resulted in increasing and reducing interest expense by \$4,508 and \$6,205 in 2005 and 2004, respectively.

(2) FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

	<u>December 31, 2005</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>		
Financial instrument assets with book value equal to fair value	\$ 2,908,197	\$ 2,908,197
Short-term investments	4,953	5,326
Long-term investments	17,644,427	17,860,696
Guaranteed deposits	878,875	790,079

	<u>December 31, 2005</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial liabilities</u>		
Financial instrument liabilities with book value equal to fair value	\$15,911,877	\$15,911,877
Customers deposits	1,345,066	1,204,855
Provision for retirement plan	359,752	662,091

	<u>December 31, 2004</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>		
Financial instrument assets with book value equal to fair value	\$ 1,611,647	\$ 1,611,647
Short-term investments	242,978	245,609
Long-term investments	13,663,713	13,893,987
Guaranteed deposits	819,318	753,954

	<u>December 31, 2004</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial liabilities</u>		
Financial instrument liabilities with book value equal to fair value	\$12,712,042	\$ 12,712,042
Customers deposits	1,163,465	1,048,784
Provision for retirement plan	362,063	586,136

- 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, 2005.
- 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, 2005.

Note 11. DISCLOSURE OF OTHER INFORMATION

A. Related information of significant transactions

1) Lending to others:

Creditor	Name of the debtor	Accounts used to record lending	Maximum balance during 2004	The ending balance	Interest rate	Purpose	Total amount of business transaction	Reason for short-term financing	Bad debts provision provided	Collateral		Ceiling of fund financing for a single enterprise (Note2)	Ceiling of fund financing for the borrower (Note2)
										Description	Amount		
President Chain Store Corp.	Retail Support Taiwan Corp.	Other receivables	30,000	-	2.34%-2.93%	Note 1	-	Operating Capital	-	-	-	50,000	6,069,250

Note 1: Short-term financing.

Note 2: The ceiling of total outstanding loan is 40% of the company's capital; the ceiling borrows to single enterprise which exists business transactions is the lower of \$100,000 or the amount of business transactions; the ceiling borrows to single enterprises which demands short-term financing is \$50,000.

2) Endorsements and guarantees for others:

Name of the company	Name of parties being guaranteed	Relationship with the Company	Ceiling for single party (Note)	Maximum outstanding guarantee amount during the year ended 31st December, 2004	Outstanding guarantee amount at 31st December, 2004	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net asset value of the Company (%)	Ceiling of the outstanding guarantees for the respective party (Note 1)
President Chain Store Corp.	President Transnet Corp.	A majority-owned subsidiary	\$ 3,034,625	\$ 760,000	\$ 200,000	None	1.32%	\$ 7,586,563
	President Drugstore Business Corp.	A majority-owned subsidiary	3,034,625	305,000	235,000	None	1.55%	7,586,563
	Retail Support International Corp.	Relation of business transactions.	3,034,625	450,000	450,000	None	2.97%	7,586,563
	President Information Corp.	A majority-owned subsidiary	3,034,625	8,000	8,000	None	0.05%	7,586,563
	Mech-President Corp.	A majority-owned subsidiary	3,034,625	90,000	1,000	None	0.22%	7,586,563
	Philippine Seven Corp.	Indirect subsidiary of the Company	3,034,625	USD 4,000 PHP 260,000	USD 4,000 PHP 260,000	None	1.93%	7,586,563

Note: The ceiling of total outstanding guarantees and guarantee for single party is 50% and 20% of the Company's capital, respectively.

3) Marketable securities held at 31st December, 2005:

		(NT\$)		31st December, 2005			
Name of the company	Name and type of marketable securities	Relationship of the issuers with the Company	General ledger account	Number of shares	Book value	Percentage	Market value
President Chain Store Corp.	Ton Yi Industrial Corp.	None	Short-term Investment	760,890	\$ 16,666	-	<u>\$ 4,953</u>
			Deduct: Valuation allowance		(11,713)		
					<u>\$ 4,953</u>		
	President Chain Store (BVI) Corp	Subsidiary accounted for under the equity method	Long-term Investment-Stock	46,405,458	1,180,359	100.00%	1,180,359
	Ren-Hui Investment Corp.	"	"	85,303,733	851,615	100.00%	851,408
	Mech-President Corp.	"	"	37,331,360	406,504	62.95%	406,504
	Uni-President Cold-Chain Corp.	"	"	19,563,272	322,217	60.00%	313,124
	President Drugstore Business Corp.	"	"	28,800,000	348,905	100.00%	348,905
	Uni-President Yi-Lan Art and Culture Corp	"	"	18,000,000	100,283	90.00%	100,283
	President Information Corp.	"	"	16,066,512	210,502	70.00%	206,875
	President Transnet Corp.	"	"	70,000,000	187,996	70.00%	172,654
	Wisdom Distribution Service Corp.	"	"	9,432,540	157,342	100.00%	158,969
	PCSC (China) Ltd.	"	"	14,322,000	382,817	100.00%	382,817
	Uni-President Development Corp.	"	"	20,000,000	185,166	20.00%	185,166
	Mister Donut Taiwan Corp.	"	"	10,000,000	116,981	50.00%	116,981
	Uni-President Oven Bakery Corp.	"	"	17,400,000	118,789	60.00%	115,646
	President Coffee Corp.	"	"	9,313,920	141,483	30.00%	141,483
	Retail Support International Corp.	"	"	5,000,000	112,693	25.00%	104,567
	Q-ware systems&Services Corp.	"	"	19,157,720	190,982	22.68%	176,061
	President Securities Corp.	-	"	29,328,669	140,534	2.57%	436,411
	Presicarre Corp.	-	"	70,605,016	6,818,528	19.50%	-
	Tonpal Optoelectronics Corp.	-	"	146,448,927	1,609,160	4.19%	-
	Tong-Jeng Development Corp.	-	"	114,000,000	1,371,500	19.00%	-
	President International Development Corp.	The Company has a seat on the related party's board of directors	"	50,000,000	500,000	3.33%	-
	New Century InfoComm Tech. Co., Ltd. etc.	-	"	-	<u>2,190,071</u>	0.02%	-
					<u>\$17,644,427</u>	~100.00%	
	Bond of Retail Support International Corp.	Subsidiary accounted for under the equity method	Long-term Investment-Bond		<u>\$ 60,000</u>	-	60,000

4) Accumulated additions or disposals of marketable securities exceeding NT\$100,000 or 20% of contributed capital:

Name of the company	Name of marketable securities	General ledger account	Counterparties	Relationship	Beginning balance		Additions		Disposals				Other adjustment		Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Proceeds from disposal (Note 5)	Book value	Gain (loss) from disposal	Number of shares	Book value	Number of shares	Amount
President Chain Store Corp.	The IIT High-Yield Fund	Short-term Investment	NA	NA	-	\$ -	72,128,819	\$ 1,020,000	72,128,819	\$ 1,020,460	\$ 1,020,000	\$ 460	-	\$ -	-	\$ -
	UPAMC James Bond Fund	"	"	"	5,987,068	90,000	878,523,000	13,289,000	884,510,068	13,384,308	13,379,000	5,308				
	Polaris De-Li Fund	"	"	"	-	-	20,111,256	270,000	20,111,256	270,055	270,000	55	-	-	-	-
	JF(Taiwan) Bond Fund	"	"	"	-	-	50,903,010	760,000	50,903,010	760,225	760,000	225				
	Shinkong Chi-Shin Fund	"	"	"	-	-	197,347,296	2,770,000	197,347,296	2,770,847	2,770,000	847				
	Aig Taiwan Bond Fund	"	"	"	-	-	8,014,458	100,000	8,014,458	100,069	100,000	69	-	-	-	-
	RSIT Forever Fund	"	"	"	-	-	9,535,356	135,000	9,535,356	135,053	135,000	53	-	-	-	-
	Pea Well Pool Fund	"	"	"	-	-	10,604,449	130,000	10,604,449	130,042	130,000	42	-	-	-	-
	JF(Taiwan) First Bond Fund	"	"	"	-	-	113,202,718	1,559,000	113,202,718	1,559,351	1,559,000	351	-	-	-	-
	Abn Amro Select Bond Fund	"	"	"	-	-	44,945,840	620,000	44,945,840	620,036	620,000	36	-	-	-	-
	Abn Amro Bond Fund	"	"	"	-	-	13,508,402	200,000	13,508,402	200,078	200,000	78	-	-	-	-
	The Wan Pao Fund	"	"	"	-	-	62,929,829	940,000	62,929,829	940,118	940,000	118	-	-	-	-
	Fuhwa Bond Fund						19,901,231	250,000	19,901,231	250,086	250,000	86				
	Sheng Hua 1699 Bond Fund						16,410,930	200,000	16,410,930	200,094	200,000	94				
	Mega Diamond Bond Fund	"	"	"	-	-	53,144,279	600,000	53,144,279	600,402	600,000	402	-	-	-	-
	Prudential Financial Bond Fund						164,784,437	2,365,000	164,784,437	2,365,536	2,365,000	536				
	JIH Sun Bond Fund						7,462,798	100,000	7,462,798	100,054	100,000	54				
	Cathay Bond Fund	"	"	"	-	-	22,584,595	256,000	22,584,595	256,111	256,000	111	-	-	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	15,239,605	200,000	15,239,605	200,104	200,000	104	-	-	-	-
	Presicarre Corp.	Long-term Investment-stock	Note 1	None	36,208,230	3,559,448	34,396,786	3,382,580	-	-	-	-	-	-123,500	70,605,016	6,818,528
	President Development Corp.	"	seasoned equity offerings	NA	10,000,000	94,486	10,000,000	100,000	-	-	-	-	-	-9,320	20,000,000	185,166
	Tong-Jeng Development Corp.	"	"	"	85,500,000	1,086,500	28,500,000	285,000	-	-	-	-	-	-	114,000,000	1,371,500
	PCSC (China) Ltd.	"	"	"	2,150,000	68,832	12,172,000	399,228	-	-	-	-	-	-85,243	14,322,000	382,817
	Q-ware systems&Services Corp.	"	"	"	-	-	19,157,720	191,577	-	-	-	-	-	-595	19,157,720	190,982

Note 1: The company purchased the securities of Presicarre Corp. from ABN AMOR BANK NV.

5) Real estate acquired exceeding \$100,000 or 20% of contributed capital: None.

6) Proceeds from the disposal of real estate exceeding NT\$100,000 or 20% of contributed capital:

Name of the real estate	Transaction date	Original acquisition date	Book value	Amount of transaction	Status of receipt	Gain on disposal	Counter party	Relationship	Purpose of disposal	Relationship Basis of price determination	Others agreement
Old headquarter building	August, 2005	March, 1996 and December 1997	\$ 477,194	\$ 500,067	received	\$14,404	President Securities Corp.	Note 5 (1)	Disposal of the original office building	Approved value by Taiwan Superintendence & Appraisalment Center (Consortium Juridical Person) Estate Appraisers Firm of \$804,480,000 on May 24 2004.	
"	"	"	168,383	176,454	"	5,083	President Investment Trust Corp.	"			
"	"	"	138,390	145,023	"	4,177	President Futures Corp.	"			
			<u>\$ 783,967</u>	<u>\$ 821,544</u>		<u>\$23,664</u>					

7) Purchases from and sales to related parties exceeding NT\$100,000 or 20% of contributed capital:

Name of the company	Name of the counterparty	Relationship with the counterparty	Description of the transactions				Disclosure of non-standard transaction terms		Accounts or notes receivable (payable)		Note
			Purchases (sales)	Amount	% of total purchases (sales)	Credit terms	Price	Terms	Balance	% of total accounts or notes eceivable (payable)	
President Chain Store Corp.	Retail Support International Corp.	Investee company accounted for under the equity method	Purchases	\$41,630,192	63	10-80 days after the month of billing	Note	No significant difference	\$ 2,855,899	48	
	Uni-President Cold-Chain Corp.	The Company's subsidiary	"	14,428,903	22	15-30 days after the month of billing	Note	"	975,695	16	
	Wisdom Distribution Service Corp.	"	"	5,156,490	8	20-35 days after the month of billing	Note	"	867,807	15	
	Uni-President Enterprises Corp.	Shareholder of the Company	"	1,478,151	2	30-45 days after the month of billing	No significant difference	"	246,212	4	
	Q-Ware System & Services Corp	Investee company accounted for under the equity method	"	264,462	-	30-40 days after the month of billing	"	"	33,865	1	
	President Transnet Corp.	The Company's subsidiary	Operating Cost	625,377	1	15 days after the month of billing	delivery. NA	"	59,109	1	

Note : Based on cost plus agreed upon amount basis

8) Receivables from related parties exceeding \$100,000 or 20% of contributed capital:None.

9) Transactions of derivative financial instruments: Note 10(1).

B. Related information of investment:

1) Related information of investee companies:

Name of company	Name of investee company	Address	Major operating activities	Accumulated capital infusion as at 31st December,		Holding Status			Net income (loss) of investee company	Investment income (loss) recognized by the Company (Note)	Relationship with the Company
				2005	2004	Shares	Percentage	Book value			
President Chain Store Corp.	President Chain Store (BVI) Corp.	BVI	Professional investment	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$1,180,359	(\$ 59,747)	(\$ 59,747)	The Company's subsidiary
	Ren-Hui Investment Corp.	Taipei, Taiwan	Professional investment	853,037	853,037	85,303,733	100.00%	851,615	(10,114)	(9,992)	The Company's subsidiary
	Mech-President Corp.	Tainan, Taiwan	Gas station and electric wiring	364,683	364,683	37,331,360	62.95%	406,504	25,851	15,069	The Company's subsidiary
	Uni-President Cold-Chain Corp.	Tainan, Taiwan	Delivery of cold or frozen food	237,437	237,437	19,563,272	60.00%	322,217	147,118	64,792	The Company's subsidiary
	President Drugstore Business Corp.	Taipei, Taiwan	Sales of drugs and cosmetics	396,000	396,000	28,800,000	100.00%	348,905	50,003	47,560	The Company's subsidiary
	Uni-President Yi-Lan Art and Culture Corp.	Yilan, Taiwan	Art exhibition	180,000	180,000	18,000,000	90.00%	100,283	(58,987)	(54,289)	The Company's subsidiary
	President Information Corp.	Taipei, Taiwan	Information consulting	135,956	135,956	16,066,512	70.00%	210,502	38,550	21,006	The Company's subsidiary
	President Transnet Corp.	Taipei, Taiwan	Delivery and selling of food and merchandise	711,576	711,576	70,000,000	70.00%	187,996	48,987	(6,635)	The Company's subsidiary
	Wisdom Distribution Service Corp.	Taipei, Taiwan	Delivery of magazine	50,000	50,000	9,432,540	100.00%	157,342	49,200	46,269	The Company's subsidiary
	PCSC (China) Ltd.	BVI	Professional investment	468,060	68,832	14,322,000	100.00%	382,817	(87,628)	(87,628)	The Company's subsidiary
	Uni-President Development Corp.	Taipei, Taiwan	Transfer posts construction etc.	200,000	100,000	20,000,000	20.00%	185,166	(46,603)	(9,321)	Note 1
	Mister Donut Taiwan Corp.	Taipei, Taiwan	Food baking	100,000	100,000	10,000,000	50.00%	116,981	49,118	24,592	Note 1
	Uni-President Oven Bakery Corp.	Taipei, Taiwan	Sales of bread	221,700	221,700	17,400,000	60.00%	118,789	(66,586)	(41,876)	The Company's subsidiary
	President Coffee Corp.	Taipei, Taiwan	Sales of coffee	59,400	59,400	9,313,920	30.00%	141,483	144,984	42,597	Note 1
	Retail Support International Corp.	Chung-Li, Taiwan	Delivery of food	91,414	91,414	5,000,000	25.00%	112,693	144,536	28,839	Note 1
	Q-Ware System&Services Corp.	Taipei, Taiwan	Internet service	191,577	-	19,157,720	22.68%	190,982	(69,747)	(596)	Note 1
	Muji Taiwan Co. Ltd., etc.	-	-	946,768	1,099,624	-	20.00%~100.00%	494,532	-	(76,951)	Note 2
Retail Support International Corp. etc.	President Logistics Transportation Corp. etc.	Chung-Li, Taiwan	Delivery	675,385	416,223	-	6.00%~100.00%	560,247	-	NA	-
President Chain Store (BVI) Corp.	President Coffee (Cayman) Holdings Ltd.	British Cayman Islands	Professional investment	USD 1,800	USD 1,800	1,800,000	30.00%	USD 2,438	USD 1,798	"	Note 1
	President Chain Store (Labuan) Holdings Ltd.	Labuan Island	Professional investment	USD 20,684	USD 20,684	20,684,321	100.00%	USD 13,195	(USD 595)	"	Indirect subsidiary of the Company
	Presiclerc Ltd.	BVI	Professional investment	USD 10,837	USD 8,581	10,594,600	48.21%	USD 1,129	(USD 4,069)	"	Note 1
	T&T Supermarket Inc.	Canada	Sales of household goods	CAD 12,000	CAD 12,000	200	20.00%	USD 4,940	CAD 7,766	"	Note 1
President Chain Store (Labuan) Holdings Ltd.	PCSC (Vietnam) Supermarket Ltd.	Vietnam	Sales of household goods	USD 461	USD -	-	51.00%	USD 473	VND 1,105,073	"	Indirect subsidiary of the Company
	Phippine Seven Corp.	Philippine	Sales of household goods	USD 20,656	USD 20,656	134,257,625	56.59%	USD 13,185	PHP 12,079	"	Indirect subsidiary of the Company
Phippine Seven Corp.	Convenience Distribution Inc. etc.	Philippine	-	PHP 87,742	PHP 80,822	-	40.00%~100.00%	PHP 87,742	-	"	-
(PCSC) Chain Ltd.	PCSC (China) Drugstore Ltd.	BVI	Investments holdings	USD 14,272	USD 2,100	-	100.00%	USD 11,606	-	"	Indirect subsidiary of the Company
	President Cosmed Chain Store (Shen Zhen) Co. Ltd.	China	Sales of household goods	USD 3,932	USD 1,965	-	65.00%	USD 2,990	(RMB 12,938)	"	"
PCSC (China) Drugstore Ltd.	Zhuhai Livzon Drugstore Chain Company Ltd.	China	Sales of drugs	RMB 4,200	-	-	100.00%	USD -	(RMB 1.850)	"	"
President Cosmed Chain Store (Shen Zhen) Co. Ltd.	Shandong President Silver Plaza Co., Ltd. etc.	China	Wholesale and retail sale of goods	USD 10,278	-	-	55.00%~100.00%	USD 8,557	-	"	"

Note 1: The Company's subsidiary under equity method

Note 2: The Company's subsidiary and the Company's subsidiary under equity method

2. As either total assets or sales of the investee companies, which the Company has direct or indirect control over, do not exceed 10% of those of the Company, only the following information is disclosed:

(1) Lending to others:.

Creditor	Name of the debtor	Accounts used to record lending	Maximum balance during 2004	The ending balance	Interest rate	Purpose	Total amount of business transaction	Reason for short-term financing	Bad debts Provision	Collateral		Ceiling of fund financing for a single enterprise	Ceiling of fund financing for the borrower
										Description	Amount		
Ren-Hui Investment Corp.	Being Beauty Spa Consultant Co., Ltd.	Other receivables	\$ 40,000	\$ -	2.50%~2.90%	Note 1	\$ -	Operating Capital	\$ -	-	\$ -	Note 2	Note 2
Mech-President Corp.	Shanghai President Machine Corp.	Other receivables	USD 1,000	USD 1,000	3.5%	Note 1	-	Operating Capital	-	-	-	Note 2	\$ 258,285
Philippine Seven Corp.	Convenience Distribution Inc.	Other receivables	PHP 17,500	PHP 17,500	10.0%	Note 1	-	Operating Capital	-	-	-	Note 3	Note 3
Store Site Holdings Inc.	Convenience Distribution Inc.	Other receivables	PHP 9,000	PHP 9,000	10.0%	Note 1	-	Operating Capital	-	-	-	Note 4	Note 4

Note 1: Short-term financing.

Note 2:The ceiling of total loan to others and short-term financing provided to a single enterprises is limited to 40% of the Company's capital balance and \$50,000, respectively.

Note 3:The ceiling of total loan to others and short-term financing provided to a single enterprises is limited to 40% of the Company's capital balance and PHP50,000, respectively.

Note 4:The ceiling of total loan to others and short-term financing provided to a single enterprises is limited to 40% of the Company's capital balance and PHP10,000, respectively.

(2) Endorsements and guarantees for others:

<u>Name of the company</u>	<u>Name of parties being guaranteed</u>	<u>Relationship with the Company</u>	<u>Ceiling of Ceiling of guarantee for single party</u>	<u>Maximum outstanding guarantee amount during the year ended 31st December, 2005</u>	<u>Outstanding guarantee amount at 31st December, 2005</u>	<u>Amount of guarantee with collateral placed</u>	<u>Ratio of accumulated guarantee amount to net asset value of the Company (%)</u>	<u>Ceiling of the outstanding guarantees for the respective party (Note)</u>
Mech-President Corp.	President Jing Corp.	Company' subsidiary	Note	\$ 29,000	\$ 21,700	\$ -	3.36%	Note
President Information Corp.	President Drugstore Business Corp.	Company' subsidiary	Note	\$ 2,000	\$ 2,000	\$ -	0.68%	Note

Note: The ceiling of total outstanding guarantees and guarantee for a single party is 50% and 20% of Mech-President Corp's. capital, respectively.

3) Marketable securities held at 31st December, 2005.

		(NT\$)		31st December, 2005			
Name investor	Name of marketable securities	Relationship of the issuers with the Company	General ledger account	Number of shares	Book value	Percentage	Market value
Ren-Hui Investment Corp.	Nitc Bond Fund etc.	-	Short-term Investments	-	\$ 126,938	-	\$ 127,845
President Coffee Corp.	Fuh-Hwa Bond Fund etc.	-	"	-	242,100	-	242,114
Uni-President Oven Bakery Corp.	Upamc James Bond Fund etc.	-	"	-	109,304	-	110,554
President Information Corp.	Upamc James Bond Fund etc.	-	"	-	160,579	-	166,570
Wisdom Distribution Service Corp.	Jih Sun Bond Fund etc.	-	"	-	118,000	-	118,242
Vision Distribution Services Corp.	Jih Sun Bond Fund etc.	-	"	-	113,500	-	113,964
President Direct Marketing Corp.	Upamc James Bond Fund etc.	-	"	-	275,885	-	278,473
Ren-Hui Investment Corp.	Tonpal Optoelectronics Corp.	-	Long-term Investments	62,800,000	690,037	-	690,037
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	-	"	-	142,448	-	121,264
President Chain Store (BVI) Corp.	President Coffee (Cayman) Holdings Ltd etc.	-	"	-	USD 26,493	-	USD 24,994
Wisdom Distribution Service Corp. etc.	President Logistics Transportation Corp etc.	-	"	-	406,562	-	406,562
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	The Company's subsidiary	"	134,257,625	USD 13,185	-	PHP 370,616
Philippine Seven Corp.	Convenience Distribution Inc etc.	-	"	-	PHP 96,801	-	PHP 102,801
PCSC (China) Ltd.	PCSC (China) Drugstore Limited	The Company's subsidiary	"	-	USD 11,606	-	PHP 11,606
PCSC (China) Drugstore Ltd.	President Cosmed Chain Store (Shen Zhen) Co. Ltd.	"	"	-	USD 2,990	-	RMB 37,062
President Cosmed Chain Store (Shen Zhen) Co., Ltd	Zhuhai Livzon Drugstore Chain Company Ltd.	"	"	-	USD -	-	(RMB 805)
PCSC (China) Supermarket Ltd.	Shandong President Silver Plaza Co., Ltd.	"	"	-	USD 8,557	-	RMB 60,476

4) Accumulated additions or disposals of marketable securities exceeding \$100,000 or 20% of contributed capital:

Name of the company	Name of marketable securities	General ledger account	Counterparties	Relationship	Beginning balance		(NT\$) Additions		Disposals				Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Proceeds from disposal	Book value	Gain (loss) from disposal	Number of shares	Amount
Retail Support International Corp.	UPAMC Home-Run Bond Fund	Short-term	NA	NA	\$ 1,495,058	\$ 20,438	\$ 34,504,933	\$ 473,005	\$ 35,999,991	\$ 493,609	\$ 493,443	\$ 166	\$ -	\$ -
	UPAMC James Bond Fund	Investments	"	"	-	-	52,632,572	798,159	51,241,249	777,303	776,975	328	1,391,323	21,184
	Ta Chong Bond Fund	"	"	"	-	-	19,413,690	247,703	19,413,690	247,794	247,703	91	-	-
	NITC Bond Fund	"	"	"	97,791	15,644	11,202,970	1,806,069	11,300,761	1,822,350	1,821,713	637	-	-
Wisdom Distribution Service Corp.	ABN AMRO Bond Fund	"	"	"	4,096,069	60,000	79,563,994	1,176,000	80,017,404	1,183,289	1,182,000	1,289	3,642,659	54,000
	Union Bond Fund	"	"	"	-	-	20,767,693	248,000	20,767,693	248,034	248,000	34	-	-
	JIH SUN Bond Fund	"	"	"	3,461,796	46,000	32,012,464	429,000	30,714,061	411,668	411,000	668	4,760,199	64,000
	Barits Bond Fund	"	"	"	4,987,263	59,000	91,291,668	1,087,000	96,278,931	1,147,086	1,146,000	1,086	-	-
	UPAMC James Bond Fund	"	"	"	-	-	31,708,099	482,000	31,708,099	482,155	482,000	155	-	-
President Information Corp.	UPAMC James Bond Fund	"	"	"	1,487,128	22,320	18,944,849	286,200	18,497,835	280,300	279,132	1,168	1,934,142	29,388
Mech-President Corp.	Polaris Di-Po Fund	"	"	"	-	-	32,236,105	350,000	32,236,105	350,101	350,000	101	-	-
	The First Global Investment Trust	"	"	"	-	-	10,473,944	150,000	10,473,944	150,035	150,000	35	-	-
	Duo Li-2 Bond Fund	"	"	"	-	-	-	-	-	-	-	-	-	-
	TIIM Bond Fund	"	"	"	1,449,937	20,000	69,673,154	965,112	71,123,091	985,405	985,112	293	-	-
	UPAMC James Bond Fund	"	"	"	-	-	32,184,634	487,000	32,184,634	487,121	487,000	121	-	-
	UPAMC Home-Run Bond Fund	"	"	"	4,388,740	60,000	13,853,325	190,000	17,519,897	240,099	240,000	99	722,168	10,000
	NITC Taiwan Bond Fund	"	"	"	2,187,466	30,000	22,888,870	316,000	25,004,394	345,090	345,000	90	71,942	1,000
	Ta Chong Bond Fund	"	"	"	-	-	32,887,578	420,000	32,887,578	420,094	420,000	94	-	-
	Fgit Full Win Bond Fund	"	"	"	-	-	14,909,253	150,000	14,909,253	150,165	150,000	165	-	-
	Union Bond Fund	"	"	"	2,532,479	30,000	19,285,901	230,000	21,818,380	260,089	260,000	89	-	-
	JF(Taiwan) Bond Fund	"	"	"	-	-	22,038,613	330,000	22,038,613	330,103	330,000	103	-	-
	ABN AMRO Bond Fund	"	"	"	-	-	12,807,965	190,000	12,807,965	190,064	190,000	64	-	-
	FUBON JU-I II FunD	"	"	"	-	-	25,801,439	370,000	25,801,439	370,109	370,000	109	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	8,386,827	110,000	8,386,827	110,056	110,000	56	-	-
Uni-President Oven Bakery Corp.	UPAMC James Bond Fund	"	"	"	13,364,298	200,891	857,146	13,000	8,780,382	133,000	131,985	1,015	5,441,062	81,906
	UPAMC Home-Run Bond Fund	"	"	"	596,917	8,112	8,826,353	121,500	7,442,510	102,500	102,213	287	1,980,760	27,399
President Logistics Transportation Corp.	UPAMC James Bond Fund	"	"	"	641,139	9,637	14,913,014	226,041	14,080,455	213,427	213,245	182	1,473,698	22,433
	UPAMC Home-Run Bond Fund	"	"	"	2,371,266	32,420	15,817,261	217,640	15,096,963	207,508	207,288	220	3,091,564	42,772
	Sheng Hua 1699 Bond Fund	"	"	"	538,184	6,507	8,022,713	97,580	8,384,823	102,032	101,930	102	176,074	2,157
Ren-Hui Investment Corp.	NITC Taiwan Bond Fund	"	"	"	4,040,223	55,000	38,523,137	532,027	42,563,360	587,986	587,027	959	-	-
	NITC Bond Fund	"	"	"	-	-	1,199,165	194,160	642,520	104,123	104,000	123	556,645	90,160
	Poewrchip semiconductor Corp.	"	"	"	-	-	5,100,000	117,102	4,950,000	111,141	113,963	(2,822)	150,000	3,139
Retail Support Taiwan Corp.	UPAMC James Bond Fund	"	"	"	1,283	19	9,054,421	137,480	7,559,017	116,099	116,041	58	1,496,687	21,458
	UPAMC Home-Run Bond Fund	"	"	"	20,795	284	7,881,408	108,315	7,890,949	108,521	108,444	77	11,254	155

- 5) Real estate acquired exceeding NT\$100,000 or 20% of contributed capital: None.
6) Proceeds from disposals of real estate exceeding NT\$100,000 or 20% of contributed capital: None
7) Purchases from and sales to related parties exceeding NT\$100,000 or 20% of contributed capital:

		Description of the transactions				Accounts or notes receivable (payable)					
Name of the Company	Name of the counterparty	Relationship with the counterparty	Purchases (sales)	Amount	% of total purchases (sales)	Credit terms	Disclosure of non-standard transaction terms		Balance	% of total accounts or notes receivable (payable)	Note
							Price	Terms			
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Note 1	Purchases	\$ 6,274,335	48%	30-45 days after the month of billing	No significant difference	No significant difference	(\$ 711,981)	(44%)	
	Tung Ang Enterprises Corp.	Affiliates	"	161,954	1%	30 days after the month of billing	"	"	(36,743)	(2%)	
	President Musashino Corp.	A subsidiary of Uni-President Enterprises Corp.	"	1,027,793	8%	25-30 days after the month of billing	"	"	(79,035)	(5%)	
Retail Support International Corp.	President Chain Store Corp.	Parent Company	Sales	14,620,152	100%	15-30 days after the month of billing	"	"	1,108,694	97%	
	President Chain Store Corp.	Note 1	"	41,469,736	93%	10-80 days after the month of billing	"	"	2,865,364	83%	
	Uni-President Enterprises Corp.	Note 1	Purchases	1,081,935	2%	20-40 days after the month of billing	"	"	(142,071)	(3%)	
	Lien Bo Corporation	Affiliates	"	665,776	2%	20-70 days after the month of billing	"	"	(94,056)	(2%)	
	Tung Ang Enterprises Corp.	Affiliates	"	1,925,023	4%	30 days after the month of billing	"	"	(167,046)	(4%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	2,136,503	5%	50 days after the month of billing	"	"	495,712	14%	
	President Coffee Corp.	Note 2	"	261,307	-	30 days after the month of billing	"	"	38,541	1%	
	Uni-President Dream Park Corp.	Affiliates	"	107,338	-	35 days after the month of billing	"	"	2,973	-	
	President Pharmaceutical Corp.	Note 2	Purchases	170,284	-	30-60 days after the month of billing	"	"	(36,373)	-	
	Bank Pro E-Service Technology Co., Ltd	A subsidiary of President Chain Store Corp.	"	119,733	-	30 days after the month of billing	"	"	(7,563)	-	
	President Packaging Industrial Corp.	Affiliates	"	117,651	-	15-40 days after the month of billing	"	"	(25,236)	-	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	Sales	536,980	1%	30 days after the month of billing	"	"	14,884	-	
	President Information Corp.	President Chain Store Corp.	service revenue	508,422	77%	30 days after the month of billing	"	"	58,164	71%	
President Transnet Corp.	President Chain Store Corp.	Parent Company	Sales	627,460	24%	15 days after the month of billing	"	"	59,362	20%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent Company	"	5,037,601	86%	35 days after the month of billing	"	"	921,366	95%	
	Retail Support International Corp.	Note 2	Purchases	533,517	10%	40 days after the month of billing	"	"	-	-	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent Company	Sales	217,034	81%	15-20 days after the month of billing	"	"	18,728	71%	
President Drugstore Business	Retail Support International Corp.	Note 2	Purchases	2,281,934	97%	48 days after the month of billing	"	"	(479,909)	(89%)	
President Coffee Corp.	Retail Support International Corp.	Note 2	"	263,581	29%	30 days after the month of billing	"	"	(32,167)	(24%)	
	President Chain Store Corp.	Note 1	Sales	161,360	6%	30 days after the month of billing	"	"	27,563	21%	
	Starbucks Coffee Corp.	Note 1	Purchases	274,165	30%	30 days after the month of billing	"	"	(29,860)	(22%)	
	San Zhui Food Corp.	Affiliates	"	101,564	11%	30 days after the month of billing	"	"	(11,079)	(8%)	
President Logistics International Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	372,457	38%	45-65 days after the month of billing	"	"	65,750	53%	
	Retail Support International Corp.	Parent Company	"	344,155	35%	15-20 days after the month of billing	"	"	31,053	25%	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	103,568	11%	15-20 days after the month of billing	"	"	12,332	10%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	"	237,745	74%	40-65 days after the month of billing	"	"	58,659	87%	
Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Note 1	Purchases	165,928	88%	60 days after the month of billing	"	"	(44,100)	(92%)	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent Company	Sales	124,187	79%	15 days after the month of billing	"	"	34,902	89%	
Muji Taiwan Co. Ltd.	Ryohin Keikaku Co.,Ltd	Note 1	Purchases	157,433	85%	30 days after the month of billing	"	"	(12,673)	(75%)	

Note 1: Investing Company accounted for under the equity method of the Company
Note 2: Subsidiary of President Chain Store Corp. accounted for under the equity method

8) Receivables from related parties exceeding NT\$100,000 or 20% of the contributed capital:

Name of the Company	Name of the counterparty	Relationship with the counterparty	Balance of receivables from related parties at 30th September 2005	Turnover rate	Overdue receivables		Subsequent collections	Bad debts allowance provided
					Amount	Action adopted for overdue accounts		
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent Company	\$ 1,108,694	19	-	-	\$ 1,108,694	-
Retail Support International Corp.	President Drugstore Business Corp.	Note 1	495,712	5	-	-	367,137	-
	President Chain Store Corp.	Note 2	3,865,364	14	-	-	1,474,919	-
Wisdom Distribution Service	President Chain Store Corp.	Parent Company	921,366	7	-	-	895,041	-

Note 1: Subsidiary of President Chain Store Corp. accounted for under the equity method

Note 2: Investing Company accounted for under the equity method of the Company

9) Transaction of financial instruments: None.

C. Disclosure of investment in mainland China:

1) Basic information as of and for the nine-month periods ended 31st December, 2004:

Share of the investee company in mainland China	Main activities of investee company	Capital	Investment method	Accumulated amount remitted out from Taiwan at the beginning of the period	Transactions during the period			Accumulated amount remitted out from Taiwan at the end of the period	Percentage directly or indirectly owned by the Company	Investment income (loss) recognized during the period(Note 4)	Book value of investment at the end of the period	Investment income collected as of the end of the period					
					Remitted amount		Collected amount										
Shanghai President Coffee Corp.	Sales of coffee	USD	4,000	Invested through the Company's subsidiary (Note1)	USD	2,000	-	-	USD	2,000	30%	USD	697	USD	2,670	-	
Presiclere(Shantou) Ltd.	Food processing, pakcing and sales	USD	5,200	Invested through the Company's subsidiary (Note2)	USD	2,470	-	-	USD	2,470	48.21%	(USD	402)	(USD	873)	-	
Presiclere(Qingdao) Ltd.	Food processing, pakcing and sales	USD	4,600	Invested through the Company's subsidiary (Note2)	USD	2,185	-	-	USD	2,185	48.21%	(USD	813)	(USD	1,158)	-	
Presiclere(Beijing) Ltd.	Food processing, pakcing and sales	USD	4,238	Invested through the Company's subsidiary (Note2)	-	-	-	-	USD	-	36.40%	(USD	681)	(USD	3)	-	
President Cosmed Chain Store (Shen Zhen) Co. Ltd.	Sales of household goods	RMB	50,000	Invested through the Company's subsidiary (Note3)	USD	1,965	USD	1,967	-	USD	3,932	65%	(USD	1,026)	USD	2,990	-
Shandong President Silver Plaza Co., Ltd.	Wholesale and retail of goods	RMB	60,000	Invested through the Company's subsidiary (Note4)	-	USD	4,078	-	USD	4,078	55%	(USD	321)	USD	3,753	-	
PCSC (SICHUAN) Hypermarket Ltd.	Wholesale and retail of goods	RMB	90,000	Invested through the Company's subsidiary (Note4)	-	USD	6,200	-	USD	6,200	100%	(USD	1,370)	USD	4,804	-	
Accumulated amount wired out from Taiwan to Mainland China as of the end of the period	Investment amount approved by FRC of MOEA			Ceiling of investment amount of the Company													
USD	20,865	USD	23,728	NTD		4,534,625											

Note 1: Re-Invested through the President Coffee (Cayman) Holdings Ltd., the subsidiary of the President Chain Store (BVI) Corp.

Note 2: Re-Invested through the Presiclere Ltd., the subsidiary of President Chain Store (BVI) Corp.

Note 3: Re-Invested through the PCSC (China) Drugstore Ltd., the subsidiary of the PCSC (China) Ltd.

Note 4: Re-Invested through the PCSC (China) Supermarket Ltd., the subsidiary of the PCSC (China) Ltd.

2) Major transactions with the investee company in mainland China, and the information about price , terms of payable , unrealized income , influences on financial statements to understand the investments in mainland China are as follows:

a.The amount and percentage of purchase , the ending amount and percentage of related account payable: None.

b.The amount and percentage of sales, the ending amount and percentage of related accounts receivable: None.

c.The amount of property transaction and related income: None.

d.Then ending amount and purpose of note endorsements or collateral: None.

e.The capital financing with celling amount, ending amount, interest interval, and total interest: None.

f.The transactions which influenced on current income or financial condition: None.

Note 12: Segment Information

A. Operation in different industries: The company is engaged in the operation of convenience stores and the retail sale of food, cans, household goods, and other similar products. So it is not applicable as the company operates in only one industry.

B. Operation in different geographic areas: Not applicable as the company has no branches outside the ROC in 2005 and 2004.

C. Export Sales: Not applicable as the company has no export sales in 2005 and 2004.

D. Information on major customers: No single customers accounted for more than 10 % of total revenue of income statements in 2005 and 2004.

President Chain Store Corporation
Consolidated Balance Sheet
At the End of December 31, 2005 and 2004

Unit : NT\$ '000

	<u>2005</u>			<u>2004</u>				<u>2005</u>			<u>2004</u>		
Assets							Liabilities and Shareholders' equity						
Current assets							Liability						
Cash and cash equivalents	\$	4,566,017	10%	\$	1,834,935	5%	Short-term debt	\$	742,742	2%	\$	539,339	2%
Short-term investments		981,789	2%		549,294	2%	Short-term notes and bills payable		689,003	2%		584,208	2%
Net accounts receivable		1,706,340	4%		820,376	2%	Notes payable		1,599,112	4%		1,608,803	5%
Other receivable		825,571	2%		541,983	2%	Accounts payable		7,463,328	17%		2,107,527	6%
Inventories		5,858,919	13%		2,884,685	9%	Accounts payable-affiliates		1,546,827	3%		3,003,688	9%
Other current assets		1,277,276	<u>3%</u>		910,279	<u>3%</u>	Income taxes payable		717,799	2%		378,529	1%
Total current assets		<u>15,215,912</u>	<u>34%</u>		<u>7,541,552</u>	<u>22%</u>	Accrued expenses		3,153,591	7%		2,349,763	7%
							Other accounts payable		4,457,693	10%		2,628,418	8%
Long-term investments (Equity method)		647,351	1%		3,340,409	10%	Cash in advance		1,014,629	2%		593,113	2%
Long-term investments (Cost method)		12,971,719	29%		8,714,456	26%	Current portion of long-term liabilities		563,633	1%		199,226	1%
Long-term bond investments		<u>0</u>	<u>0%</u>		<u>100,000</u>	<u>0%</u>	Total current liabilities		<u>21,948,357</u>	<u>49%</u>		<u>13,992,614</u>	<u>41%</u>
Long-term investments		<u>13,619,070</u>	<u>30%</u>		<u>12,154,865</u>	<u>36%</u>							
Fixed assets							Long-term liabilities						
Cost:							Corporate bond		2,000,000	4%		2,200,000	6%
Land		2,025,717	5%		3,321,219	10%	Long-term loans		1,857,557	4%		1,123,887	3%
Building		2,146,595	5%		1,899,727	6%	Long-term notes and accounts payable-affiliates		211,583	<u>0%</u>		<u>62,201</u>	<u>0%</u>
Transportation equipment		1,684,351	4%		795,788	2%	Total long-term liabilities		<u>4,069,140</u>	<u>9%</u>		<u>3,386,088</u>	<u>10%</u>
Operating equipment		10,359,268	23%		8,417,088	25%	Other liabilities						
Lease improvement		5,224,988	12%		3,912,628	12%	Provision for retirement plan		509,926	1%		386,670	1%
Other equipment		1,442,232	3%		864,237	3%	Deposits-in		<u>1,572,824</u>	<u>3%</u>		<u>1,162,902</u>	<u>3%</u>
Revaluation Increments		<u>30,113</u>	<u>0%</u>		<u>0</u>	<u>0%</u>	Total other liabilities		<u>2,082,750</u>	<u>5%</u>		<u>1,549,572</u>	<u>5%</u>
Cost and revaluation		22,913,264	51%		19,210,687	57%	Total liabilities		<u>28,100,247</u>	<u>63%</u>		<u>18,928,274</u>	<u>56%</u>
Less: accumulated depreciation		(10,884,087)	-24%		(7,699,609)	-23%							
Construction in progress and prepayments for equipment		<u>73,017</u>	<u>0%</u>		<u>290,775</u>	<u>1%</u>							
Total fixed assets		<u>12,102,194</u>	<u>27%</u>		<u>11,801,853</u>	<u>35%</u>							
Intangible assets							Shareholders' equity						
Other intangibles		<u>113,044</u>	<u>0%</u>		<u>36,873</u>	<u>0%</u>	Capital						
							Common stock		9,151,604	20%		9,151,604	27%
Other assets							Retained earnings						
Rent assets		1,017,093	2%		0	0%	Legal reserve		2,178,381	5%		1,873,794	6%
Idle assets		325,232	1%		0	0%	Special reserve		55,758	0%		0	0%
Deposit-out		1,556,542	3%		1,190,507	4%	Unappropriated earnings		3,787,913	8%		3,402,185	10%
Other assets-other		<u>1,006,325</u>	<u>2%</u>		<u>1,194,052</u>	<u>4%</u>	Cumulative translation adjustment		(531)	0%		(55,758)	0%
Total other assets		<u>3,905,192</u>	<u>9%</u>		<u>2,384,559</u>	<u>7%</u>	Minority interest		<u>1,682,040</u>	<u>4%</u>		<u>619,603</u>	<u>2%</u>
							Total shareholders' equity		<u>16,855,165</u>	<u>37%</u>		<u>14,991,428</u>	<u>44%</u>
Total assets		<u>\$44,955,412</u>	<u>100%</u>		<u>\$33,919,702</u>	<u>100%</u>	Liabilities and shareholders' equity		<u>\$44,955,412</u>	<u>100%</u>		<u>\$33,919,702</u>	<u>100%</u>

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

Expressed in NT '000

	<u>2005</u>		<u>2004</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Operating revenue</u>				
Net sales	\$ 113,500,342	94.6%	\$ 92,001,931	96.6%
Other operating revenue	6,440,544	5.4%	3,273,426	3.4%
Total operating revenue	119,940,886	100.0%	95,275,357	100.0%
<u>Operating cost</u>				
Cost of goods sold	(83,225,037)	-69.4%	(66,486,131)	-69.8%
Gross profit	36,715,849	30.6%	28,789,226	30.2%
<u>Operating expenses</u>				
Selling expenses	(25,745,594)	-21.5%	(22,370,412)	-23.5%
General and administration expenses	(6,140,914)	-5.1%	(3,033,050)	-3.2%
Total operating expenses	(31,886,508)	-26.6%	(25,403,462)	-26.7%
Operating income	4,829,341	4.0%	3,385,764	3.6%
<u>Non-operating income</u>				
Dividends Income	193,520	0.2%	224,133	0.2%
Gain on disposal of investments	0	0.0%	140,592	0.1%
Gain on market price recovery of short-term investment	79,382	0.1%	49,531	0.1%
Others	601,326	0.5%	484,846	0.5%
Total non-operating income	874,228	0.7%	899,102	0.9%
<u>Non-operating expenses</u>				
Interest expenses	(158,227)	-0.1%	(127,448)	-0.1%
Loss on investments (equity method)	(81,726)	-0.1%	(31,600)	0.0%
Loss on investments (cost method)	(85,480)	-0.1%	(131,385)	-0.1%
Loss on disposal of fixed assets	(98,994)	-0.1%	(42,830)	0.0%
Loss on disposal of investments	(51,344)	0.0%	0	0.0%
Allowance for reduction of inventory to market	(75,231)	-0.1%	0	0.0%
Others	(90,319)	-0.1%	(63,366)	-0.1%
Total non-operating expenses	(641,321)	-0.5%	(396,629)	-0.4%
Income before tax	5,062,248	4.2%	3,888,237	4.1%
Income Tax	(1,215,249)	-1.0%	(765,700)	-0.8%
Net Income After Tax	<u>\$3,846,999</u>	<u>3.2%</u>	<u>\$3,122,537</u>	<u>3.3%</u>
Attributed to:				
Consolidated Net Income	\$3,652,685	3.0%	\$3,047,397	3.2%
Minority Interests	194,314	0	75,140	0.1%
	<u>\$3,846,999</u>	<u>3.2%</u>	<u>\$3,122,537</u>	<u>3.3%</u>
Earnings per share (in NT \$ dollars)	(pre-tax)	(after tax)	(pre-tax)	(after tax)
Net Income After Tax	\$ 5.53	\$ 4.20	\$ 4.25	\$ 3.41
Minority Interests	(0.32)	(0.21)	(0.09)	(0.08)
Net income	<u>\$ 5.21</u>	<u>\$ 3.99</u>	<u>\$ 4.16</u>	<u>\$ 3.33</u>

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings				Cumulative translation adjustment	Minority interest	Total
	Common stock	Legal reserve	Special reserve	Unappropriated earnings			
For the year ended December 31, 2004							
Balance at January 1, 2004	\$8,584,995	\$1,512,726	-	\$3,680,418	\$28,650	\$588,805	\$14,395,594
Distribution of net income of 2004 :							
Appropriation of legal reserve	-	361,068	-	(361,068)	-	-	-
Employees' bonuses	-	-	-	(64,992)	-	-	(64,992)
Directors' and supervisors' remuneration	-	-	-	(64,992)	-	-	(64,992)
Issuance of stock dividends	566,609	-	-	(566,609)	-	-	-
Issuance of cash dividends	-	-	-	(2,266,439)	-	-	(2,266,439)
Net income for 2004	-	-	-	3,047,397	-	75,140	3,122,537
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares	-	-	-	(1,530)	-	-	(1,530)
Cumulative translation adjustment	-	-	-	-	(84,408)	-	(84,408)
Minority Interest in Subsidiaries	-	-	-	-	-	(44,342)	(44,342)
Balance at December 31, 2004	<u>\$9,151,604</u>	<u>\$1,873,794</u>	<u>\$0</u>	<u>\$3,402,185</u>	<u>(\$55,758)</u>	<u>\$619,603</u>	<u>\$14,991,428</u>
For the year ended December 31, 2005							
Balance at January 1, 2005	\$9,151,604	\$1,873,794	\$0	\$3,402,185	(\$55,758)	\$619,603	\$14,991,428
Distribution of net income of 2005 :							
Appropriation of legal reserve	-	304,587	-	(304,587)	-	-	-
Appropriation of special reserve	-	-	55,758	(55,758)	-	-	-
Employees' bonuses	-	-	-	(107,421)	-	-	(107,421)
Directors' and supervisors' remuneration	-	-	-	(53,710)	-	-	(53,710)
Issuance of cash dividends	-	-	-	(2,745,481)	-	-	(2,745,481)
Net income for 2005	-	-	-	3,652,685	-	194,314	3,846,999
Cumulative translation adjustment	-	-	-	-	55,227	-	55,227
Minority Interest in Subsidiaries	-	-	-	-	-	868,123	868,123
Balance at December 31, 2005	<u>\$9,151,604</u>	<u>\$2,178,381</u>	<u>\$55,758</u>	<u>\$3,787,913</u>	<u>(\$531)</u>	<u>\$1,682,040</u>	<u>\$16,855,165</u>

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

Unit : NT\$ '000

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

(Increase) Decrease in long-term bond investment	0	20,000
Acquisition of fixed assets	(4,749,351)	(4,261,062)
Proceeds from disposal of fixed assets	887,967	126,410
(Increase) Decrease in intangible assets	(76,171)	(39,096)
Increase in deposits-out	(366,035)	(11,093)
Acquisition of other assets	(390,465)	(273,396)
Net cash used for investing activities	<u>(9,305,121)</u>	<u>(5,755,644)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

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

Supplement disclosures of cash flow information

Interest paid	<u>\$122,201</u>	<u>\$127,619</u>
Income tax paid	<u>\$855,484</u>	<u>\$898,749</u>

PRESIDENT CHAIN STORE CORPORATION

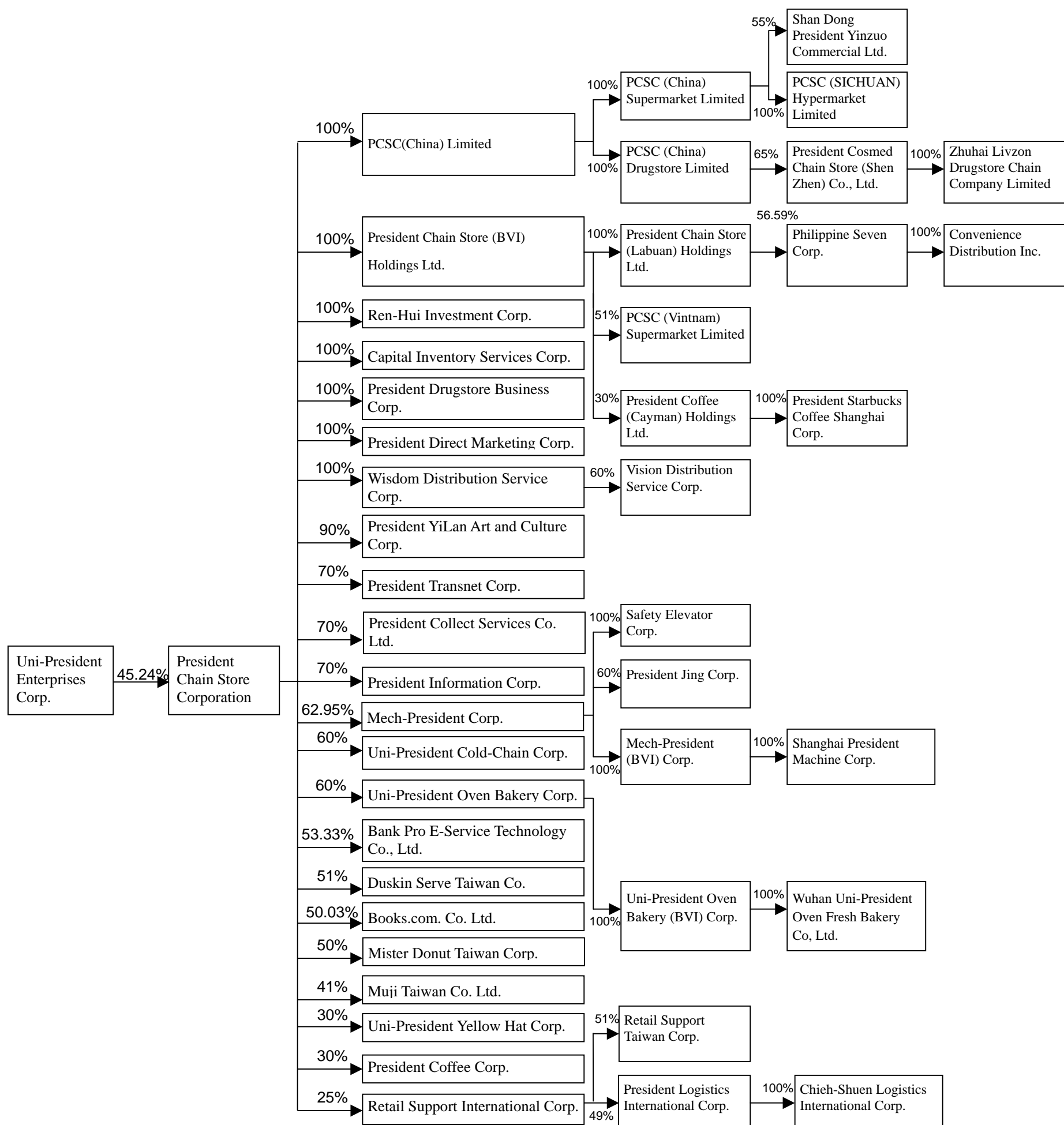
CONSOLIDATED BUSINESS REPORT OF AFFILIATED ENTERPRISES

DECEMBER 31, 2005

1. Affiliates Information

(1) The overview of PCSC affiliated companies

A. PCSC affiliated companies chart



B. President Chain Store Corp. 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.

<i>Affiliated Enterprises</i>	<i>Relationship</i>
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.
Mister Donut Taiwan Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
President Coffee Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
President Coffee (Cayman) Holdings Ltd.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
President Logistics International Corp.	The appointee of Retail Support International Corp. is voted as the chairman of the affiliated enterprise.



(2) PCSC affiliated companies

Unit: \$'000

<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
PCSC (China) Ltd.	2002.11.01	P.O. Box957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 14,322 (Note1)	Professional Investment
President Chain Store (BVI) Holdings Ltd.	1998.07.09	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 46,405 (Note1)	Professional Investment
Ren-Hui Investment Corp.	1996.12.20	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 853,037	Professional Investment
Capital Inventory Services Corp.	1998.04.13	1F., No.35, Lane 245, Sec. 4, Bade Rd., Taipei City 105, Taiwan	NTD 45,494	Inventory consulting
President Drugstore Business Corp.	1995.07.27	7F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 288,000	Selling of drugs and cosmetics
President Direct Marketing Corp.	1995.09.18	4F., No.3-1, Yuancyu St., Taipei City 115, Taiwan	NTD 70,000	Selling of household goods by catalogs
Wisdom Distribution Service Corp.	1999.01.11	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 94,325	Delivery of magazine
President YiLan Art and Culture Corp.	2004.06.07	No.201, Sec. 2, Wubin Rd., Wujie Township, Yilan County 268, Taiwan (R.O.C.)	NTD 200,000	Art & Culture
President Transnet Corp.	2000.01.24	6F, No.173 Cheng Kung Rd., Sanchung, city, Taipei Country, Taiwan	NTD 1,000,000	Delivery and selling of food and merchandise
President Collect Services Co. Ltd.	2002.06.13	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 15,000	Bill collect service
President Information Corp.	1997.08.27	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 229,522	Information consulting
Mech-President Corp.	1992.03.27	No.67, Huangong Rd., Yongkang City, Tainan County 710, Taiwan	NTD 592,992	Gas station, design & maintenance of elevators
Uni-President Cold-Chain Corp.	1999.01.22	No.340, Tzu Chiang Rd., Yungkang City, Tainan, Taiwan	NTD 326,055	Delivery of cold or frozen food
Uni-President Oven Bakery Corp.	2000.11.20	12F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 290,000	Selling of bread
Bank Pro E-Service Technology Co., Ltd.	2000.10.25	7F., No.261, Sec. 3, Nanjing E. Rd., Taipei, Taiwan	NTD 135,000	E-commerce and software service sector
Note1: The exchange rates as of Dec. 31, 2005 are as follows: USD: NT = 1:32.85; PHP:NT = 1:0.62; and RMB:NT = 1:4.07.				



<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
Duskin Serve Taiwan Co.	1994.10.28	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 300,000	Selling and renting of cleaning instruments
Books.com. Co. Ltd.	1995.12.27	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 199,900	Internet bookstore
Mister Donut Taiwan Corp.	2004.09.07	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 200,000	Selling of donuts
Muji Taiwan Co. Ltd.	2003.09.15	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 100,000	General merchandise trading sector
Uni-President Yellow Hat Corp.	2001.01.03	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 290,000	Wholesale and retailing of automotive accessory
President Coffee Corp.	1997.11.03	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 310,464	Selling of coffee, beverage, and food
Retail Support International Corp.	1990.08.11	7F, No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	NTD 200,000	Delivery of food
PCSC (China) Supermarket Ltd.	2004.02.16	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD 10,290 (Note1)	Professional Investment
PCSC (China) Drugstore Ltd.	2004.02.16	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD 3,982 (Note1)	Professional Investment
President Chain Store (Labuan) Holdings Ltd.	2000.10.24	Level 7(E), Main Office Tower, Financial Plaza Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	USD 20,684 (Note1)	Professional Investment
PCSC (Vietnam) Supermarket Ltd.	1998.01.27	No.8, Pham Ngoc Thach Street, Dong Da Dist, Hanoi, Vietnam	USD 1,322 (Note1)	Selling of good
President Coffee (Cayman) Holdings Ltd.	1999.11	Huntlaw Building P.O. BOX2804, George town, Grand Cayman, Cayman Islands.	USD 6,000 (Note1)	Professional Investment
Vision Distribution Service Corp.	2005.06.27	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	NTD 100,000	Publisher
Safety Elevator Corp.	1998.10.29	No.69, Alley 727, Jhonghua Rd., Yongkang City, Tainan County 710, Taiwan	NTD 5,000	Installment of elevators and machine
President Jing Corp.	2003.07.04	No 138, Huan Dao North Rd, Shi Men area, Gincheng County, Kingmen	NTD 26,750	Gas Station
Mech-President (BVI) Corp.	1997.07.24	P.O.Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands.	USD 2,500 (Note1)	Professional investment
Note1: The exchange rates as of Dec. 31, 2005 are as follows: USD: NT = 1:32.85; PHP:NT = 1:0.62; and RMB:NT = 1:4.07.				



<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
Uni-President Oven Bakery (BVI) Corp.	2005.01.13	P.O.Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands.	USD 3,090 (Note1)	Professional Investment
Retail Support Taiwan Corp.	1997.04.16	No.63-1, Jijin 3rd Rd., Anle District, Keelung City 204, Taiwan	NTD 56,300	Delivery of food
President Logistics International Corp.	1998.02.11	1F., No.244, Minzu Rd., Jhongli City, Taoyuan County 320, Taiwan	NTD 130,000	Delivery of food
Shan Dong President Yinzuo Commercial Ltd.	2005.07.11	No.66, Luoyuan Road, Jinan City, Shangdong Province, China	RMB 60,000 (Note1)	Selling of good
PCSC (Sichuan) Hypermarket Ltd.	2005.10.14	B1, No.75, Wenhua Road, Nanchong, Sichuan Province, China	RMB 50,000 (Note1)	Selling of good
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	2004.12.17	Room 909, Zhongxin Technology Building, Bagua Road, Shenzhen, China	RMB 50,000 (Note1)	Selling of drugs and cosmetics
Philippine Seven Corp.	1984.02.29	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Metro Manila	PHP 237,938 (Note1)	Selling of household goods
President Starbucks Coffee Shanghai Corp.	2000.03.02	2F, No.853, Huui Hai Middle Road, Lu Wan District, Shanghai, China	USD 4,000	Selling of coffee, beverage and food
Shanghai President Machine Corp.	2001.11.09	No. 3839, Hu Chi Ping Rd., Yue Gang Town, Shanghai, P.R.C.	USD 2,500 (Note1)	Producing of elevators
Wuhan Uni-president Oven Fresh Bakery Co. Ltd.	2005.10.14	Wujiashan Taiwan Zone, Dongxihu District, Wuhan, P.R.C.	RMB 2,500 (Note1)	Selling of bread
Chieh-Shuen Logistics International Corp.	2003.08.01	1F., No.218, Minzu Rd., Jhongli City, Taoyuan County 320, Taiwan	NTD A50,000	Delivery of food
Zhuhai Livzon Drugstore Chain Company Ltd.	2000.01.28	North Guihua Road, Gonbei, Zhuhai, China	RMB 15,000 (Note1)	Selling of drugs and cosmetics
Convenience Distribution Inc.	1998.09.17	No.8, Mercury Ave Libis, Quezon City, Metro Manila	PHP 45,000 (Note1)	Delivery and storage

Note1: The exchange rates as of Dec. 31, 2005 are as follows: USD: NT = 1:32.85; PHP:NT = 1:0.62; and RMB:NT = 1:4.07.



(3) The information of companies presumed to have a relationship of control and subordination: None.

(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 division of work among each affiliate are as follows:

Capital Inventory Service Corp.	The company provides President Chain Store Corp. with store inventory audit services and staff training programs, etc.
Wisdom Distribution Service Corp.	The company sells and distributes magazine and software merchandises to President Chain Store Corp.
President Information Corp.	The company provides President Chain Store Corp. and its affiliated enterprises with information system services.
Retail Support International Corp.	The company is the supplier of President Chain Store Corp. in charge of distribution
Uni-President Cold-Chain Corp.	The company is the supplier of President Chain Store Corp. in charge of distribution
Bank Pro E-Service Technology Co., Ltd.	The company provides President Chain Store Corp. and its affiliated enterprises with information system services.



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

Unit : shares / %

Company	Title	Representative	Shareholding status	
			Shares	%
PCSC (China) Ltd.	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	14,322,000	100.00
President Chain Store (BVI) Holdings Ltd.	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	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
	General Manager	Hsu, Chung Jen	—	—
Capital Inventory Services Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,549,380	100.00
	Director	Representatives of President Chain Store Corp.: 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
	General Manager	Wang, Wen Kue	—	—
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	28,800,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Lung Yi; Tsai Du Chuan; Hsieh Chien Nan	28,800,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	28,800,000	100.00
	General Manager	Tsai, Du Chuan	—	—
President Direct Marketing Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00



Company	Title	Representative	Shareholding status	
			Shares	%
	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
	General Manager	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.: Hsien, Chien Nan	9,432,540	100.00
	General Manager	Hsieh, Po Chung	—	—
President YiLan Art and Culture Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	18,000,000	90.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Chen, Jui Tang	18,000,000	90.00
	Director	Representative of Lan-Yang Cultural and Educational Foundation : D.C. Chen	2,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	18,000,000	90.00
	Supervisor	Representative of Lan-Yang Cultural and Educational Foundation : S.S. Liao	2,000,000	10.00
	General Manager	G.G. Chang	—	—
President Transnet Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	20,000,000	20.00
	Director	Representative of Uni-President Enterprises Corp.: Lin, Lung Yi	20,000,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Huang, Chien Li; Hsieh, Chien Nan	70,000,000	70.00
	Director	Representative of Yamato Transport Co., Ltd. : Kuniyuki Koshijima	10,000,000	10.00



Company	Title	Representative	Shareholding status	
			Shares	%
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	70,000,000	70.00
	General Manager	Huang, Chien Li	—	—
President Collect Services Co. Ltd.	Chairman	Representative of President Chain Store Corp.: Lin, Chang Sheng	1,050,000	70.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Huang, Chien Li; Hsieh, Chien Nan; Hung, Jin Gu	1,050,000	70.00
	Director	Representatives of Yamato Transport Co., Ltd. : Kuniyuki Koshijima; Kurihara Nobuyuki	450,000	30.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Lin, Lung Yi	1,050,000	70.00
	Supervisor	Representative of Yamato Transport Co., Ltd. : Toshizo Kurisu	450,000	30.00
	General Manager	Huang, Chien Li	—	—
President Information Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	16,066,512	70.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Chien Nan; Fukami Yasuo	16,066,512	70.00
	Director	Representatives of Uni-President Enterprises Corp.: Chen, Jing Xing; Fang, Mu Xing	6,885,648	30.00
	Supervisor	Representative of President Chain Store Corp.: Chung, Mao Chia	16,066,512	70.00
	General Manager	Hsieh, Chien Nan	—	—
Mech-President Corp.	Chairman	Y.L. Fang	186,632	0.31
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; M. J. Liou; Hsieh, Chien Nan; Wu, Kuo Hsuan	37,331,360	62.95
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Lin, Lung Yi	11,859,845	20.00
	Supervisor	Representative of Da Ya Cable Corp.: S.Y. Shen	4,117,947	6.94
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	37,331,360	62.95



Company	Title	Representative	Shareholding status	
			Shares	%
	General Manager	M.J. Liou	—	—
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lo, Chin Hsien	6,521,090	20.00
	Director	Representative of Uni-President Enterprises Corp.: Huang, Jui Tien	6,521,090	20.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui Tang; 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.: Chung, Mao Chia	19,563,272	60.00
	General Manager	Chen, Dong Ho	—	—
Uni-President Oven Bakery Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	11,600,000	40.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Li; Lee, Hua Yang	11,600,000	40.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Arther Cheng	17,400,000	60.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	17,400,000	60.00
	General Manager	Huang, Hhu Chieh	—	—
Bank Pro E-Service Technology Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,200,000	53.33
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Chen, Zhang Zheng	7,200,000	53.33
	Director	Representative of Uni-President Enterprises Corp.: Fang, Mu Xing	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



Company	Title	Representative	Shareholding status	
			Shares	%
	Supervisor	Representative of President Chain Store Corp.: Chang, Jia Hua	7,200,000	53.33
	Supervisor	Representative of Financial Information Service Co., Ltd.: Mao, Jing Da	1,800,000	13.33
	General Manager	Chen, Zhang Zheng	220,000	1.63
Duskin Serve Taiwan Co.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	15,300,000	51.00
	Director	Representatives of President Chain Store Corp.: Wang, Wen Kui; Huang, Chien Li; Yang, Yen Sen	15,300,000	51.00
	Director	Representatives of Duskin Co., Ltd.: Komai Teruo; Okai Kazuo; Yamamura Teruji; Miyajima Kenichi	14,700,000	49.00
	Supervisor	Representative of Duskin Co., Ltd.: Ishimi Michinobu	14,700,000	49.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	15,300,000	51.00
	General Manager	Okai Kazuo	—	—
Books.com. Co. Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.03
	Director	Representatives of President Chain Store Corp.: Hsieh, Po Chung; Hsien, Chien Nan; Chen, Jui Tang	10,000,000	50.03
	Director	Representative of Clever Investment Co., Ltd.: J.J. Lyu	363,000	1.82
	Director	Lin, Di Jung	2,081,000	10.41
	Director	Terry Chang	1,579,000	7.90
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.03
	Supervisor	Representative of Clever Investment Co., Ltd.: Lin, Li Ching	363,000	1.82
	General Manager	Terry Chang	—	—
Mister Donut Taiwan Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.00



Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Sheu, Jinn Bin; K. Y. John Hsu	10,000,000	50.00
	Director	Representatives of Duskin Co., Ltd.: Kitami Tadashi; Ito Yoichi; Komai Teruo; Nakamura Koshiro	10,000,000	50.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.00
	Supervisor	Representative of Duskin Co., Ltd.: Ishimi Michinobu	10,000,000	50.00
	General Manager	Kitami Tadashi	—	—
Muji Taiwan Co. Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,100,000	41.00
	Director	Representatives 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; Satoru Matsusaki	3,900,000	39.00
	Director	Representative of Mitsubishi Corp.: Kato Shinya	1,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Hsien, Chien Nan	4,100,000	41.00
	Supervisor	Representative of Mitsubishi Corp.: Mitsuki Hiroshi	1,000,000	10.00
	General Manager	Tsai, Du Chuan	—	—
Uni-President Yellow Hat Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	8,700,000	30.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Hsien, Chien Nan	8,700,000	30.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	5,800,000	20.00
	Director	Representatives of Yellow Hat : Taniguchi Naoi; Shimizu Katsutaro	8,845,000	30.50



Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representatives of Itochu Corp. : Kenji Murai; Nakazawa Oji	4,705,000	16.22
	Supervisor	Representative of Yellow Hat : Yokomura Kenji	8,845,000	30.50
	Supervisor	Representative of Nanlien International Corp: Tsai, Jing Ming	5,800,000	20.00
	General Manager	Shimizu Katsutaro	—	—
President Coffee Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	6,209,280	20.00
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen	9,313,920	30.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chih Hsieh	6,209,280	20.00
	Director	Representatives of Starbucks Coffee International Inc.: Ernest Luk; Martin Patrick Coles; Christine Helen Day	15,523,200	50.00
	Supervisor	Representative of Starbucks Coffee International Inc.: Marc Stolzman	15,523,200	50.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Tu, Te Cheng	6,209,280	20.00
	General Manager	K.Y. John Hsu	—	—
Retail Support International Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,000,000	25.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Li; Lo, Chih Hsieh	4,000,000	20.00
	Director	Representative 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.: Hitoshi Iwasa	2,000,000	10.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	4,000,000	20.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	5,000,000	25.00
	Supervisor	Representative of Mitsubishi Corp. (Taiwan) Ltd: Fukuoka Kunihide	2,000,000	10.00



Company	Title	Representative	Shareholding status	
			Shares	%
	General Manager	Sheu, Jinn Bin	—	—
PCSC (China) Supermarket Limited	Director	Representative of PCSC (China) Limited : Lin, Chang Sheng	10,290,000	100.00
PCSC (China) Drugstore Limited	Director	Representative of PCSC (China) Limited : Lin, Chang Sheng	3,982,000	100.00
President Chain Store (Labuan) Holdings Ltd.	Director	Representative of President Chain Store (BVI) Holdings Ltd.: Lin, Chang Sheng	20,684,321	100.00
PCSC (Vietnam) Supermarket Ltd.	Chairman	Representative of Mitsubishi Corp.: Ken Arakawa	185,080	14.00
	Director	Representatives of Hanoi Foodstuff Company: Nguyen Thi Dieu Tu; Pham Duy Hung	462,700	35.00
	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Hsieh, Chien Nan; Hsieh, Chih-Peng; Lee Chih Ming	674,220	51.00
President Coffee (Cayman) Holdings Ltd.	Chairman	Representative of Kai Yu (BVI) Investment Co., Ltd.: Lin, Chang Sheng	1,200,000	20.00
	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Hsu, Chung Jen; K.Y. John Hsu	1,800,000	30.00
	Director	Representatives of Starbucks Coffee International Inc.: James Edward Eschweiler, Christine Helen Day, Martin Patrick Coles	3,000,000	50.00
Vision Distribution Service Corp.	Chairman	Representative of Formosan Magazine Press, INC: Chen, Chia Nan	4,000,000	40.00
	Director	Representative of Formosan Magazine Press, INC: Chen, Te-Jen	4,000,000	40.00
	Director	Representatives of Wisdom Distribution Service Corp.: Hsieh, Po Chung; Yang, Chung-Chin; Chen, Chin Cheng	6,000,000	60.00
	Supervisor	Representative of Wisdom Distribution Service Corp: Jackie, Su	6,000,000	60.00
	Supervisor	Representative of Formosan Magazine Press, INC: Chen, Yu Jen	4,000,000	40.00



Company	Title	Representative	Shareholding status	
			Shares	%
	General Manager	Chen, Chia Nan	—	—
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 ; P.C. Chang ; Syue, Yu Ren	500,000	100.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	500,000	100.00
President Jing Corp.	Chairman	Representative of Mech-President Corp.: Y.L. Fang	1,605,000	60.00
	Director	Representatives of Mech-President Corp.: Chen, Ming Cong; M.J. Liou; Chang, Yao Ming	1,605,000	60.00
	Director	S.C. Cai	250,808	9.38
	Director	Lin, Shui Qian	401,250	15.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	1,605,000	60.00
	General Manager	T.S. Cai	—	—
Mech-President (BVI) Corp.	Director	Representative of Mech-President Corp.: M.J. Liou	2,500,000	100
Uni-President Oven Bakery (BVI) Corp.	Director	Representative of Uni-President Oven Bakery Corp.: Lin, Chang Sheng	3,090,464	100.00
Retail Support Taiwan Corp.	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	2,871,300	51.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Kaneko Noboru	2,871,300	51.00
	Director	Representative of FSG Co.: Lin, Ming Fang	1,655,220	29.40
	Director	Representative of Grand Fountain Co., Ltd.: Huang, Wei Yu	1,103,480	19.60
	Supervisor	Representative of Grand Fountain Co., Ltd.: Cheng, Yueh Kuei	1,103,480	19.60
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	2,871,300	51.00



Company	Title	Representative	Shareholding status	
			Shares	%
	General Manager	Lin, Ming Fang	—	—
President Logistics International Corp.	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	6,370,000	49.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan	6,370,000	49.00
	Director	Representatives of Uni-President Cold-Chain Corp: Chen, Dong Ho; C.R. Zeng	3,250,000	25.00
	Director	Representatives of Wisdom Distribution Service Corp: Hsieh, Po Chung; Peng, Chien Chia	2,600,000	20.00
	Director	Representative of Retail Support Taiwan Corp.: Lin, Ming Fang	780,000	6.00
	Supervisor	Representative of Retail Support International Corp.: Lu, Chieh Wei	6,370,000	49.00
	Supervisor	Representative of Uni-President Cold-Chain Corp: Su, Kun Pin	3,250,000	25.00
	General Manager	Perng, Shyan Show	—	—
Shan Dong President Yinzuo Commercial Limited	Chairman	Representative of Shandong Silver Plaza co., LTD: Ji, Siang ci	—	45.00
	Director	Representative of Shandong Silver Plaza co., LTD: Wang, Ren-cyuan	—	45.00
	Director	Representatives of PCSC (China) Supermarket Limited: Hsu, Chung Jen; Hsien, Chien Nan; Chang Jen, Yu Huei	—	55.00
	General Manager	Chang Jen, Yu Huei	—	—
PCSC (SICHUAN) Hypermarket Limited	Chairman	Representative of PCSC (China) Supermarket Limited: Hsu, Chung Jen	—	100.00



Company	Title	Representative	Shareholding status	
			Shares	%
Limited	Director	Representatives of PCSC (China) Supermarket Limited: Hsien, Chien Nan; Lin, Wen Ching; Lin, Wu Chung; Li, Shih Cheng; Hsu, Chin Pin	—	100.00
	General Manager	Chang Jen, Yu Huei	—	—
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited : Hsu, Chung Jen	—	65.00
	Director	Representative of Livzon Pharmaceutical Group Inc. : Hsiao, Szu Yang; Liu, Shu Qing	—	35.00
	Director	Representative of PCSC (China) Drugstore Limited : Lin, Lung Yi; Hsieh Chien Nan; Tsai, Du Chuan; Chang Jen, Yu Huei	—	65.00
	General Manager	Kao, Ming Yih	—	—
Philippine Seven Corp.	Chairman	Vicente T. Paterno	5,540,746	2.34
	Director	Representatives of President Chain Store (Labuan) Holding Ltd: Hsu, Chung Jen; Lin, Wen Ching; Hsieh, Chien Nan; Yang, Yen Sen; Chen, Fu Tang; Jose Victor P. Paterno	134,257,619	56.59
	Director	Representative of Asian Holdings Corp.: Diana P. Aguilar	29,208,750	12.31
	Director	Representative of Araneta Center Inc.: Jorge L. Araneta	20,163,080	8.50
	Independent Director	Representative of Anglo Philippine Holdings Corp.: Alfredo C. Ramos	4,333,380	1.83
	Independent Director	Michael B Zalamea	1	—
	General Manager	Jose Victor P. Paterno	—	—



Company	Title	Representative	Shareholding status	
			Shares	%
President Starbucks Coffee Corp.- Shanghai	Chairman	Representative of President Coffee (Cayman) Holdings Ltd.: Lin, Chang Sheng	—	100.00
	Director	Representatives of President Coffee (Cayman) Holdings Ltd.: Hsu, Chung Jen; James Edward Eschweiler; Christine Helen Day, Martin Patrick Coles; Zhong, Jia Su; K.Y. John Hsu	—	100.00
	General Manager	K.Y. John Hsu	—	—
Shanghai President Machine Corp.	Chairman	Representative of Mech-President (BVI) Corp.: M.J. Liou	2,500,000	100.00
	Director	Representatives of Mech-President (BVI) Corp.: Jheng, Jyun Yi; Huang, Long Cai	2,500,000	100.00
	General Manager	M.J. Liou	—	—
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Chairman	Representative of Uni-President Oven Bakery (BVI) Corp.: Lin, Chang Sheng	—	100.00
	Director	Representatives of Uni-President Oven Bakery (BVI) Corp.: Huang, Shu Chieh; Chang Jen, Yu Huei; Lee, Hua Yang; Hsiao, Fong Shih	—	100.00
	General Manager	Cheng, Jen Shao	—	—
Chieh-Shuen Logistics International Corp.	Chairman	Representative of President Logistics International Corp.: Hsieh, Chien Nan	5,000,000	100.00
	Director	Representatives of President Logistics International Corp.: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan; Chen, Dong Ho; C.R. Zeng; Hsieh, Po Chung; Peng, Chien Chia; Lin, Ming Fang	5,000,000	100.00
	Supervisor	Representatives of President Logistics International Corp.: Su, Kun Pin; Lu, Chieh Wei	5,000,000	100.00
	General Manager	Perng, Shyan Show	—	—



<i>Company</i>	<i>Title</i>	<i>Representative</i>	<i>Shareholding status</i>	
			<i>Shares</i>	<i>%</i>
Zhuhai Livzon Drugstore Chain Company Limited	Chairman	Representative of President Cosmed Chain Store (Shen Zhen) Co., Ltd.: Hsu, Chung Jen	—	100.00
	Director	Representatives of President Cosmed Chain Store (Shen Zhen) Co., Ltd.: Hsien, Chien Nan; Chang Jen, Yu Huei	—	100.00
	Supervisor	Representative of President Cosmed Chain Store (Shen Zhen) Co., Ltd.: Luo, Li Ping	—	100.00
	General Manager	Kao, Ming Yih	—	—
Convenience Distribution Inc.	Chairman	Representative of Philippine Seven Corp.: Jose Victor P. Paterno	45,000,000	100.00
	Director	Representatives of Philippine Seven Corp.: Eduardo P. Paterno; Sam Liu; Alex Lin; Liwayway T. Fernanden	45,000,000	100.00



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 (after tax)	EPS (after tax)
PCSC (China) Ltd. (Note 1)	470,478	382,817	—	382,817	(87,541)	(87,631)	(87,628)	(6.12)
President Chain Store (BVI) Holdings Ltd. (Note 1)	1,524,419	1,184,956	4,597	1,180,359	(60,717)	(65,344)	(59,747)	(1.29)
Ren-Hui Investment Corp.	853,037	851,615	207	851,408	12,712	(9,965)	(10,114)	(0.12)
Capital Inventory Services Corp.	45,494	95,175	30,754	64,421	156,468	15,853	13,301	2.92
President Drugstore Business Corp.	288,000	1,086,146	737,241	348,905	3,281,470	(6,358)	50,003	1.74
President Direct Marketing Corp.	70,000	213,816	159,170	54,646	584,695	(26,487)	(22,327)	(3.19)
Wisdom Distribution Service Corp.	94,325	1,509,623	1,350,654	158,969	5,876,942	60,388	49,200	5.22
President YiLan Art and Culture Corp.	200,000	154,435	43,009	111,426	283,762	(77,190)	(58,987)	(2.95)
President Transnet Corp.	1,000,000	1,329,849	1,083,201	246,648	2,642,266	78,890	48,987	0.49
President Collect Services Co. Ltd.	15,000	206,160	177,482	28,678	70,121	15,998	12,328	8.22
President Information Corp.	229,522	557,980	262,445	295,535	664,473	42,480	38,550	1.68
Mech-President Corp.	592,992	2,521,103	1,875,390	645,713	10,960,084	31,837	25,851	0.44
Uni-President Cold-Chain Corp.	326,055	2,488,797	1,966,924	521,873	14,906,808	173,735	147,118	4.51
Uni-President Oven Bakery Corp.	290,000	267,993	75,249	192,744	368,541	(20,381)	(66,586)	(2.30)
Bank Pro E-Service Technology Co., Ltd.	135,000	206,446	89,406	117,040	205,918	12,155	12,414	0.92
Duskin Serve Taiwan Co.	300,000	194,282	40,909	153,373	345,087	37,766	37,310	1.24
Books.com. Co. Ltd.	199,900	379,617	290,950	88,667	1,147,575	33,589	34,696	1.74
Mister Donut Taiwan Corp.	200,000	311,385	77,422	233,963	326,735	57,537	49,118	2.46
Muji Taiwan Co. Ltd.	100,000	197,724	69,688	128,036	405,951	34,832	18,922	1.89
Uni-President Yellow Hat Corp.	290,000	189,950	68,216	121,734	297,966	(39,809)	(43,500)	(1.5)
President Coffee Corp.	310,464	1,047,310	575,701	471,609	2,637,135	209,542	144,984	4.67
Retail Support International Corp.	200,000	5,731,976	5,313,707	418,269	44,767,563	135,848	144,536	7.23



Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Income (after tax)	EPS (after tax)
PCSC(China)Supermarket Limited (Note 1)	338,027	281,434	—	281,434	(54,433)	(54,495)	(54,479)	(5.29)
PCSC (China) Drugstore Limited (Note 1)	130,809	99,831	—	99,831	(33,020)	(33,067)	(33,067)	(8.37)
President Chain Store (Labuan) Holdings Ltd. (Note 1)	679,480	433,454	—	433,454	(19,041)	(19,137)	(19,137)	(0.93)
PCSC(Vietnam) Supermarket Limited (Note 1)	36,198	43,461	12,671	30,790	80,697	460	1,659	—
President Coffee (Cayman) Holdings Ltd.(Note 1)	197,100	280,000	13,085	266,915	—	(11,583)	57,850	9.64
Vision Distribution Service Corp.	100,000	181,244	79,853	101,391	104,667	353	1,391	0.14
Safety Elevator Corp.	5,000	4,395	957	3,438	3,853	(4,613)	(1,416)	(2.83)
President Jing Corp.	26,750	69,143	35,673	33,470	242,233	6,682	6,329	(2.37)
Mech-President (BVI) Corp. (Note 1)	82,125	59,478	18,042	41,436	(17,799)	(17,941)	(17,941)	(7.17)
Uni-Presidnet Oven Bakery (BVI) Corp. (Note 1)	101,522	61,479	10,895	50,584	(49,421)	(49,472)	(49,472)	(16.01)
Retail Support Taiwan Corp.	56,300	260,665	182,304	78,361	266,663	17,665	16,238	2.88
President Logistics International Corp.	130,000	574,829	408,911	165,918	975,972	15,628	28,388	2.18
Shan Dong President Yinzuo Commercial Limited (Note 1)	244,200	318,405	157,787	160,618	1,007,484	(35,192)	(42,976)	—
PCSC (SICHUAN) Hypermarket Limited (Note 1)	203,500	223,728	65,932	157,796	54,842	(44,253)	(44,091)	—
President Cosmed Chain Store (Shen Zhen) Co., Ltd. (Note 1)	203,500	170,614	19,253	151,361	21,028	(29,216)	(50,419)	—
Philippine Seven Corp. (Note 1)	147,284	1,020,461	657,044	363,417	2,680,510	745,140	8,211	0.03
President Starbucks Coffee Shanghai Corp. (Note 1)	131,400	409,208	161,985	247,223	946,609	104,308	74,741	—
Shanghai President Machine Corp. (Note 1)	84,221	133,475	91,731	41,744	41,171	(14,783)	(17,798)	—
Wuhan Uni-President Oven Fresh Bakery Co, Ltd. (Note 1)	101,750	107,499	56,870	50,629	53,831	(40,093)	(41,288)	—



Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Income (after tax)	EPS (after tax)
Chieh-Shuen Logistics International Corp.	50,000	185,174	127,487	57,687	322,438	11,352	6,847	1.37
Zhuhai Livon Drugstore Chain Company Limited (Note 1)	61,050	12,945	16,219	(3,274)	14,023	(7,249)	(7,264)	—
Convenience Distribution Inc. (Note 1)	27,855	58,823	29,802	29,021	74,603	5,372	(233)	(0.01)

Note 1 : The numbers are transferred into NTD using the foreign exchange rate as of Dec. 31, 2005. (USD : NT = 1 : 32.85, PHP:NT = 1:0.62, and RMB:NT=1:4.07)



PRESIDENT CHAIN STORE CORPORATION
THE DECLARATION OF AFFILIATION REPORT

The affiliation report of President Chain Store Corporation for the year ended December 31, 2005 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, 2005.

President Chain Store Corporation



Chairman: Kao, Chin Yen

March 6, 2006



REPORT OF INDEPENDENT ACCOUNTANTS

March 6, 2006

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, 2005. 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”.

PricewaterhouseCoopers



PRESIDENT CHAIN STORE CORPORATION
AFFILIATION REPORT

(EXPRESSED IN THOUSAND OF NEW TAIWAN
DOLLARS, EXCEPT AS OTHERWISE INDICATED)

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.	414,042,816	45.24%	-	Chairman	Kao, Chin Yen
					Managing Director	Lin, Chang Sheng
					Managing Director (President)	Hsu, Chung Jen
					Director	Lin, Lung Yi
					Director	Wu, Kuo Hsuan
					Director	Lo, Chih Hsieh
					Director	Yang, Wen Long
					Supervisor	Tu, Te Cheng



2. President Chain Store Corp. has the following transactions with Uni-President Enterprises 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	1,478,151	2%	-	Note	30-45 days after the month of billing	Note	Note	No Significant difference	(246,212)	(4%)	-	-	-

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	Amount	% of total the Account	Price	Credit term	Price	Credit term		
Uni-President Enterprises Corp.	Other operating income	46,484	3%	Note 1	30-45 days after the month of billing	Note 1	Note 3	Note 3	-
Uni-President Enterprises Corp.	Other revenue	8,859	3%	Note 2	30-45 days after the month of billing	Note 2	Note 3	Note 3	-
Uni-President Enterprises Corp.	Bad product compensation	42,845	12%	Note 2	30-45 days after the month of billing	Note 2	Note 3	Note 3	-



Note 1:Marketing-supporting fund. 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.



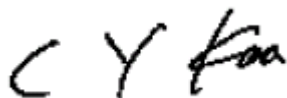
Internal Control Statement

March 7, 2006

PCSC inspected its internal control system through self-evaluation from January 1, 2005 to December 31, 2005. The results are presented in the following statements.

1. PCSC recognizes that 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 “Regulations Governing Establishment of Internal Control Systems by Public 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 is approved by the Board of Directors on March 7, 2006 with 7 attending directors agree unanimously.

President Chain Store Corporation (PCSC)



Chairman: Kao, Chin Yen



President: Hsu, Chung Jen





PRESIDENT CHAIN STORE CORPORATION



Chairman : Kao, Chin Yen

April, 25, 2006



PRESIDENT CHAIN STORE CORPORATION
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