

PCSC Spokesman	Name / Hsu, Chung Jen Title / President TEL / (02) 2747-8711 E-mail Address / spokesman@mail.7-11.com.tw	Chang-Chung Zone Branch	Address / 3F, No. 497, Jung-Ming South Rd., Taichung City, Taiwan TEL / (04)2376-0199
Acting Spokesman	Name / Hsieh, Chien Nan Title / Chief Strategy Officer (Senior Vice President) TEL / (02)2747-8711 E-mail Address / spokesman@mail.7-11.com.tw	Chia-Nan Zone Branch	Address / 2F, No. 89, Section 1, Lin-An Rd., Tainan City, Taiwan TEL / (06)258-7151
	Name / Chen, Fu Tang Title / Chief Financial Officer (Vice President) TEL / (02)2747-8711 E-mail Address / spokesman@mail.7-11.com.tw	Kao-Ping Zone Branch	Address / 5F, No. 175, Jian-Guo Fourth Rd., Yancheng District, Kaoshiung City, Taiwan TEL / (07)533-1711
Corporate Headquarters	Address / 2F, No. 65, Tung-Hsing Rd., Hsinyi District, Taipei City, Taiwan TEL / (02)2747-8711	Common Share Transfer Agent	Company / President Securities Corp. Address / B1F, No. 8, Tung-Hsing Rd., Songshan District, Taipei City, Taiwan Website / http://www.pscnet.com.tw TEL / (02)2746-3797
North Zone 1 Branch	Address / 2F, No. 250, Section 3, Pie-Shen Rd., Shenkeng Township, Taipei County, Taiwan TEL / (02)2662-8121	Auditors	Auditors / Lin, Tung Chiao; Chen, Mei Tzu Company / PRICEWATERHOUSECOOPERS Address / 27F, No. 333, Section 1, Keelung Road, Taipei City, Taiwan Website / http://www.pwcglobal.com TEL / (02)2729-6666
North Zone 2 Branch	Address / 5-6F, No. 171-173, Cheng-Kung Rd., Sanchung City, Taipei County, Taiwan TEL / (02)2974-7001		
Tao-Zhu Zone Branch	Address / 4-6F, No. 121, Section 3, Huan-Nan Rd., Pingzhen City, Taoyuan County, Taiwan TEL / (03)428-0221	Overseas Stock Exchange Information / None PCSC Website / http://www.7-11.com.tw	

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PRESIDENT CHAIN STORE CORPORATION

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7-ELEVEN

Life is to savor the taste of happiness
and feel content at every moment.





MARKS & SPENCER



PLAZA

Life is to feast in trends and fashions
and display the style of one's own.



Uni-President Department Store (Hankyu)





President Transnet Corp. (Takyubin)

Life is to express real-time emotions
and enrich the mind and the spirit.



President YiLan Art and Culture Corp.



President YiLan Art and Culture Corp.

Overall Performance

Item/Year	2006	2005	YOY %
Total No. of Stores	4,385	4,037	8.62%
Market Share (Note)	48.25%	46.35%	—
Total No. of Franchise Stores	3,657	3,293	11.05%
Franchise Store Proportion	83.40 %	81.57%	—

Note: Source from Distribution News

Item/Year (NT \$1000)	2006	2005	YOY %
Sales Revenue	99,979,618	93,673,610	6.73%
Gross Profit	30,242,681	28,159,084	7.40%
Operating Profit	4,514,001	4,177,040	8.07%
Pre-tax Profit	5,057,588	4,630,654	9.22%
Net Profit	3,822,328	3,652,685	4.64%
EPS (NT\$)	4.18	3.99	—
Weighted Average Outstanding Shares	915,160,436	915,160,436	—

Financial Ratios	2006	2005
Gross Margin	30.25%	30.06%
Operating Expense Ratio	25.73%	25.60%
Operating Margin	4.51%	4.46%
Net Margin	3.82%	3.90%
ROA	11.07%	11.81%
ROE	24.53%	24.73%
Inventory Turnover (times)	24.42	26.08
Fixed Asset Turnover (times)	14.59	13.47

Total Store No. & Revenue

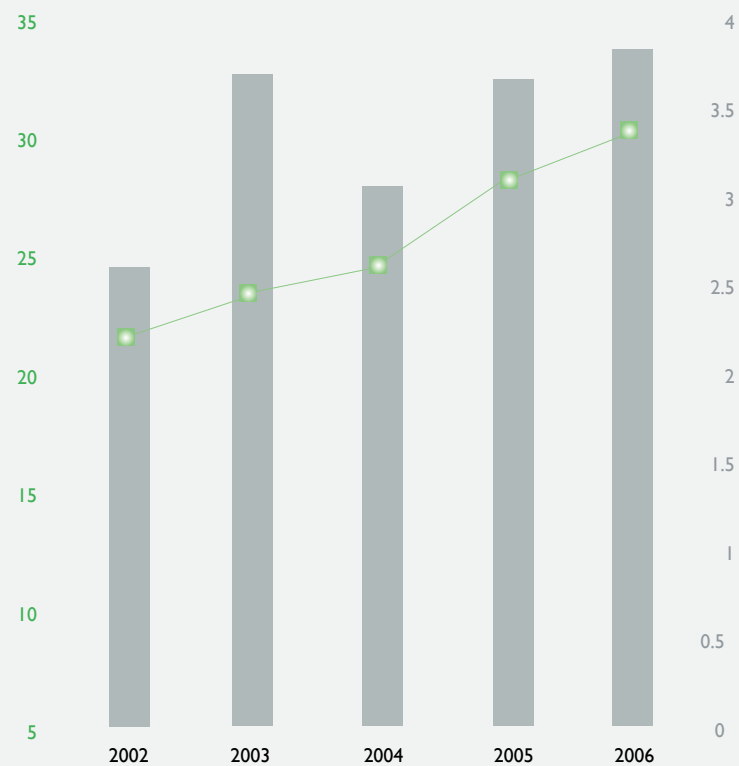


Gross Profit & Net Profit

(NT\$ billion)

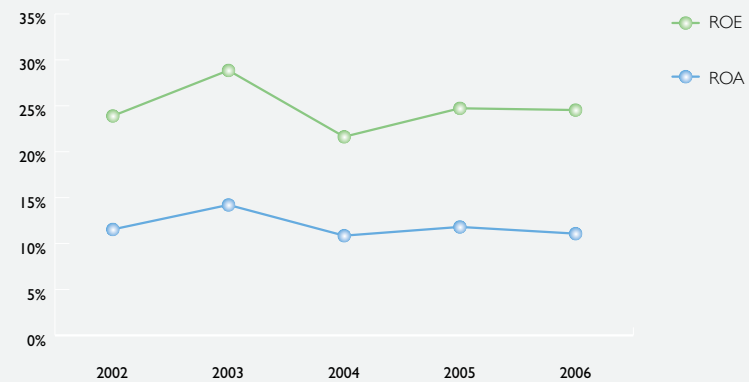
(Gross Profit NT\$ billion)

(Net Profit NT\$ billion)

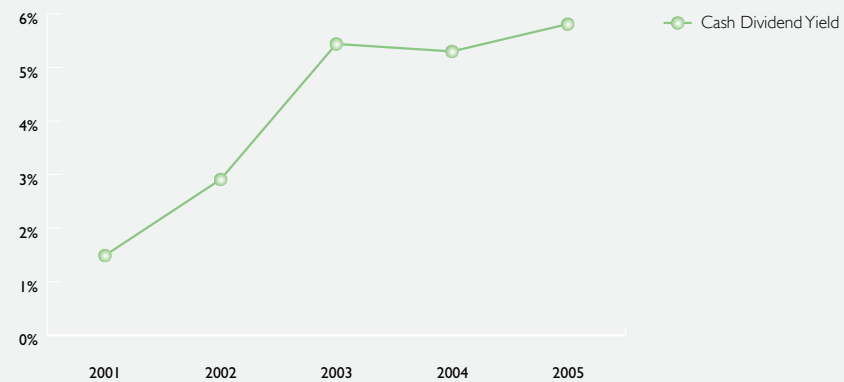


—■— Gross Profit ■ Net Profit

ROE & ROA



Cash Dividend Yield



—○— Cash Dividend Yield

I. Letter To Shareholders



Dear shareholders,

The business environment for the retail industry in Taiwan was not ideal in 2006 when consumers were plagued with their credit card debts. The revenue created by the retail industry as a whole increased by only 1.85% in 2006 from 2005. However, with the efforts of the management team and all the colleagues, PCSC once again reported impressive results. The number of 7-ELEVEN stores reached 4,385 nationwide and the annual revenue in 2006 hit NT\$99.98 billion. The number of PCSC retail group stores exceeded 5,000 and reached 5,466. The consolidated revenue totaled NT\$132.94 billion with an after-tax profit of NT\$3.82 billion. Both revenue and profit hit record high.

In PCSC's core business in the convenience store market, we continue to insist on the concept of "immersing in the customer situations to create the brand value." 7-ELEVEN has been constantly bringing new life styles and joys to customers. In order to promote the concept of "LOHAS" (Note 1) to consumers in Taiwan, we organized a series of events and products in the theme of "Nature & Health". Our efforts have been well received by the market. Meanwhile, the concept of "fresh food free from MSG and preservatives" has already been brought to over 180 fresh food products at 7-ELEVEN, as gatekeeper to the health of customers. 7-ELEVEN utilize innovative marketing techniques and constantly improve our product mix. By creating unique and enjoyable customer experience, we hearten the relationship between customers and our stores. Moreover, Slurpee was re-launched with the new look of "Fun & Cool". The multimedia kiosk, ibon, whose eight features include bonus point schemes, ticketing services and mobile office went online in northern Taiwan and will be introduced to the rest of Taiwan in July 2007. This service does not only provide customers with "super" convenience in life but also creates the absolute competitive advantages for PCSC.

(Note 1: LOHAS=Life Style of Health and Sustainability)

As for our investments, Uni-President Department Stores Corp., President Fn Business Corp, Cold Stone Creamery Taiwan Ltd. and Marks & Spencer Taiwan Co., Ltd. were set up

Chairman Kao, Chin Yen

C Y Kao

in 2006 and started operations in 2007. Our Taiwan investments initiated in 2006 such as Uni-President Department Stores Corp. (Hankyu), President Fn Business Corp. (PLAZA), Cold Stone Creamery Taiwan Ltd., and Marks & Spencer Taiwan Co., Ltd., have all become fully operative in year 2007. These investments map out our current scheme in lifestyle industry; with these we lay the bedrocks of a prospective business development in this area. In terms of overseas investments, Uni-Mart Shandong started to turn losses into profits in 2006, clear indication that PCSC's investments in China are getting prosperous.

While constantly pursuing growth and bracing for challenges, PCSC incorporates corporate social responsibilities into every aspect of its operations. We have included the concept of environmental protection into our operations and green accounting system in order to conserve energies and reduce wastes. In addition, we assist in funding-raising for charities via our extensive service networks consisting of our stores as we believe that we should contribute to philanthropic causes whenever we can. Our efforts have been recognized by the society. PCSC was one of the recipients of Commonwealth magazine's first annual corporate citizenship awards. We are the only company in the retail sector that was nominated and awarded. Also, PCSC ranked No. 4 in the top ten best enterprises in Taiwan in 2006. It is the 12th year running that we rank No. 1 in the retail sector.

Looking ahead into 2007, it is expected that the number of 7-ELEVEN stores will break the 4,600 mark. We are planning to launch contactless icashwave (a contactless IC card that combines e-wallet and credit card function) to provide customers another convenient payment option. The services and contents of ibon will continue to expand in order to establish ibon as a comprehensive digital service platform. We strive to create a more convenient shopping environment for customers. Moreover, our investments will continue to advance stably and improve their operational results. PCSC will focus on its corporate governance and live up to its core principle of creating shareholders' value. We strive to satisfy all the needs of customers in their daily lives and fulfill our responsibilities as a corporate citizen. We never cease our efforts to establish sustainable growth.



President Hsu, Chung Jen

A stylized handwritten signature in black ink, appearing to read 'Chung Jen Hsu'.

II. CORPORATE OVERVIEW

I Established on June 10th, 1987

2 Corporate Milestones

1987	Formally part of Uni-President, PCSC was established as an independent entity.	1997	PCSC listed on Taiwan Stock Exchange. Established President Coffee Corporation, Starbucks Taiwan.	2002	Issued the first secured corporate bond in the amount of NT\$700 million. 3000th store opened.
1988	Gradual roll-out of Electronic Order System (EOS) to enhance distribution efficiency and increase sales opportunities.	1999	Expansion into off-shore islands such as Pinggu and Kinmen, to provide convenient services to local residents. 2000th store opened.	2003	Issued the second secured corporate bond in the amount of NT\$1.5 billion. Established MUJI Taiwan Co. Ltd.
1989	300th store opened; PCSC became the third largest 7-ELEVEN chain in the world.			2004	POS (Point-of-Sales) II 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, preservations and bleaching agents.
1990	Established Retail Support International Corp.				Established President YiLan Art & Culture Corp., Mister Donut Corp. and President Cosmed Chain Store (Shenzhen) Co., Ltd.
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.	2000	Signed perpetual area licensing agreement with 7-ELEVEN Inc. Established President Starbucks Coffee Shanghai Corp. Acquired Philippine Seven Corp., extending overseas convenience store businesses.		
1996	POS (Point-of-Sales) I implemented to fully understand consumers' demands and market intelligence.				



7-ELEVEN



MUJI



COSMED

2005

7-ELEVEN launched the first integrated marketing promotion in the convenience store industry in Taiwan.

4000th store opened.

Debut of 7-ELEVEN's new franchise system.

Established PCSC (Vietnam) Supermarket Ltd.

Expansion into the hypermarket and supermarket business in China with the establishment of Shan Dong President Yinzuo Commercial Limited and PCSC (SICHUAN) Hypermarket Limited.

Honored with the Executive Yuan's 2005 Taiwan Sustainable Development Award and the Ministry of Economic Affairs' first Green Accounting Award as the first company in the service industry to receive such awards.

2006

(up to the published date of the Annual Report)

PCSC introduced the new motto of LOHAS (Lifestyles of Health and Sustainability) to once again, set the trend of new life in Taiwan.

Re-launch of Slurpee with a new face of "Fun & Cool."

Debut of ibon, the Multi Media Kiosk.

Introduction of Cold Stone Creamery from the U.S. to both China and Taiwan.

Established Uni-President Department Stores Corp., President FN Business Corp., and Marks & Spencer Co. in Taiwan to expand our footprint in the retail and department store markets.

Received Corporate Social Responsibility Award offered by Global Views Monthly Magazine for the second year and ranking No. 1 in Next Magazine's ranking of best service-oriented company for the third year. Both PCSC and Starbucks won the Global

Views Excellent Service Award offered by Global Views Monthly Magazine.

No. 5 among Commonwealth Magazine's list of top 500 service-oriented corporations; eight companies within PCSC retail group were listed: PCSC, Retail Support International Corp., Uni-President Cold-Chain Corp., Mech-President Corp., Wisdom Distribution Service Corp., President Drugstore Business Corp. (Cosmed), President Transnet Corporation and President Coffee Corp. (Starbucks).

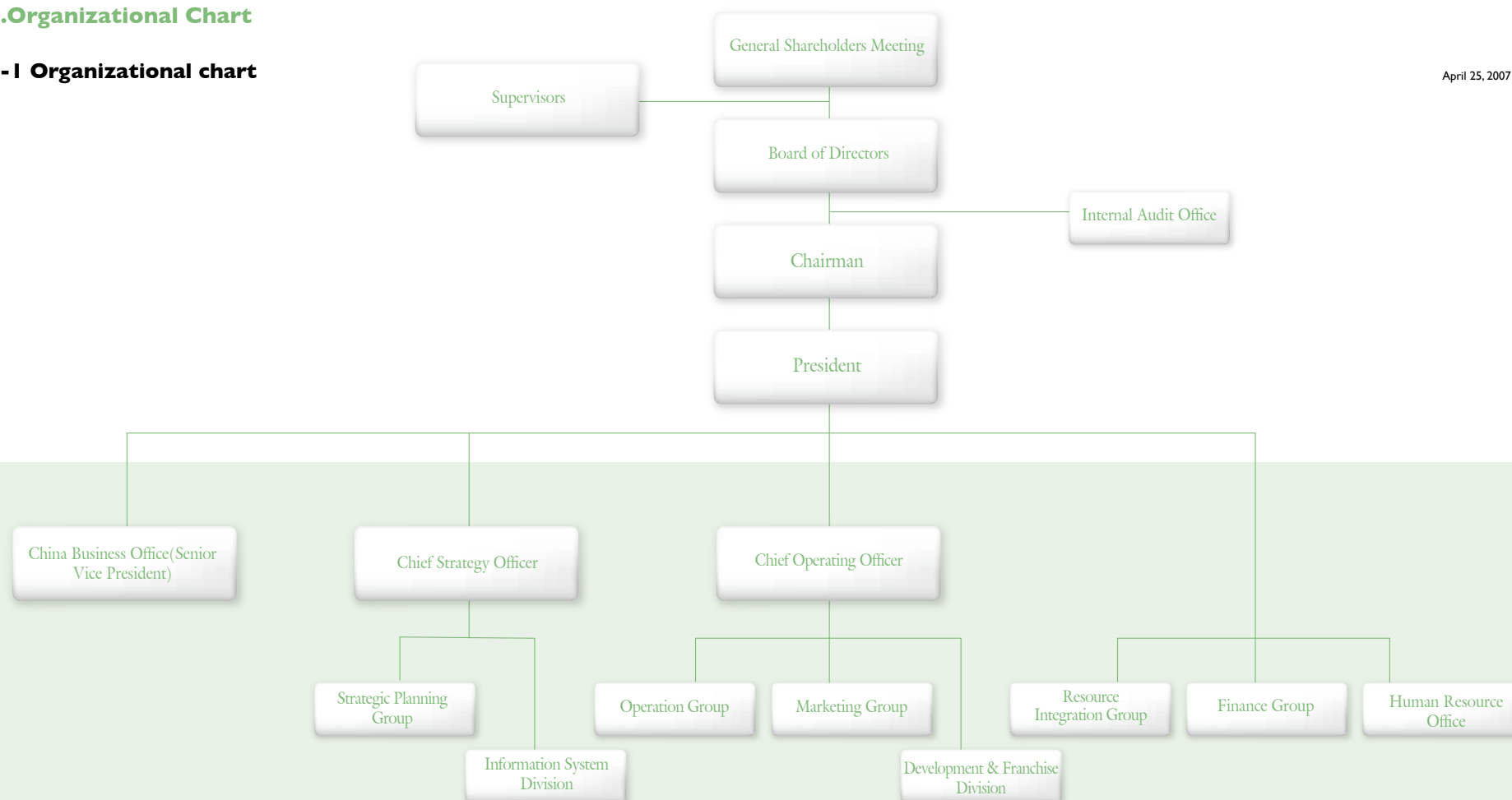
Received Commonwealth Magazine's first Corporate Citizenship Award; No. 4 for Commonwealth Magazine's Best Performing Company; No. 1 in the retail industry for 12 consecutive years in the same award.

III. CORPORATE GOVERNANCE

I. Organizational Chart

I-1 Organizational chart

April 25, 2007



I-2 Function Description of Each Group

■ Operation Group : Operation management and planning of stores
 ■ Marketing Group: Product development and marketing strategy
 ■ Finance Group: Finance, accounting, investor relations and planning

■ Internal Audit Office: Internal audit, internal control and process compliance
 ■ Human Resources Office: Human resources management and development

■ Strategic Planning Group: Corporate planning and strategic development
 ■ Resources Integration Group: PCSC group resources integration and operation

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

2-1 Directors and Supervisors

a. Information of Directors and Supervisors

As of March 31, 2007

Title	Name	Elected Date	Term (Years)	First Elected Date	Shareholding when Elected		Current Shareholding		Spouse's and Minor Children's Shareholding		Shareholding by Nominee Arrangements		Education & Experience (Note 4)	Positions at Other Companies	Directors, Supervisors or Managers are Related within Two Degrees of Consanguinity		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director (Juridical Person Shareholder)	Kao Chyuan Investment Co. Ltd.	June 14, 2006	3	June 14, 2006	2,912,872	0.32%	2,912,872	0.32%	—	—	—	—	—	—	—	—	—
Chairman (Representative)	Kao, Chin Yen (Note 1)	June 14, 2006	3	June 10, 1987	26,254	—	26,254	—	1,082,529	0.12%	—	—	Honorary PhD, Lincoln University; Honorary PhD, Sun Yat-Sen University; Honorary PhD, Cheng Kung University	(Note 5)	Director	Lo, Chih Hsien	Son-in-law
Director (Juridical Person Shareholder)	Uni-President Corp.	June 14, 2006	3	June 10, 1987	414,042,816	45.24%	415,489,816	45.40%	—	—	—	—	—	—	—	—	—
Managing Director (Representative)	Lin, Chang Sheng (Note 2)	June 14, 2006	3	June 10, 1987	27,148	—	27,148	—	—	—	—	—	Cheng Kung University	(Note 5)	—	—	—
Managing Director (Representative)	Hsu, Chung Jen (Note 2)	June 14, 2006	3	June 10, 1987	20,499	—	20,499	—	—	—	—	—	MBA, Waseda University	PCSC's President (Note 5)	—	—	—
Director (Representative)	Lin, Lung Yi	June 14, 2006	3	June 15, 2000	16,514	—	16,514	—	22,130	—	—	—	Cheng Kung University	(Note 5)	—	—	—
Director (Representative)	Lo, Chih Hsien (Note 2)	June 14, 2006	3	June 15, 2000	908,640	0.10%	908,640	0.10%	892,883	0.10%	—	—	MBA, UCLA	(Note 5)	Chairman	Kao, Chin Yen	Father-in-Law
Director (Representative)	Yang, Wen Long (Note 2)	June 14, 2006	3	June 24, 2003	—	—	—	—	—	—	—	—	National Chung Hsing University	(Note 5)	—	—	—
Director (Representative)	Tu, Te Cheng (Note 2)	June 14, 2006	3	June 14, 2006	—	—	—	—	—	—	—	—	MBA, University of Houston	(Note 5)	—	—	—
Director (Representative)	Wu, Kuo Hsuan (Note 2)	Jan 14, 2006	3	August 24, 2005	28,127	—	28,127	—	—	—	—	—	Fortune Institute of Technology	PCSC's COO (Senior Vice President) (Note 5)	—	—	—
Director (Representative)	Chang Jen, Yun Huei (Note 2)	June 14, 2006	3	June 14, 2006	—	—	—	—	—	—	—	—	Chemistry, Chinese Culture University	PCSC's Senior Vice President (Note 5)	—	—	—
Supervisor (Natural Person)	Ying, Chien Li	June 14, 2006	3	June 24, 2003	—	—	—	—	—	—	—	—	National Chung Hsing University	(Note 5)	—	—	—
Supervisor (Juridical Person Shareholder)	Nan Shan Life Insurance Co. Ltd.	June 14, 2006	3	June 14, 2006	11,640,814	1.27%	16,241,814	1.77%	—	—	—	—	—	—	—	—	—
Supervisor (Representative)	Tse, Koon Hang Ada (Note 3)	June 14, 2006	3	June 14, 2006	—	—	—	—	—	—	—	—	PhD, Law, Harvard University	(Note 5)	—	—	—

Note 1: Representative of Kao Chyuan Investment Co. Ltd.

Note 2: Representative of Uni-President Corp.

Note 3: Representative of Nan Shan Life Insurance Co. Ltd.

Note 4: For more information on the experience of directors and supervisors, please refer to the attached 2006 annual report disc: "List of Positions Held by Directors and Supervisors in Other Companies".

Note 5: For more information on the positions held by directors and supervisors at other companies, please refer to the attached 2006 annual report disc: "List of Positions Held by Directors and Supervisors in Other Companies".

b. Independence and Professional Expertise of Board Members and Supervisors

Name	Items	With over 5 years of work experience and the following professional qualifications			Independence Ranking (Note)										No. of Companies to which the Person Serves as Non-Exec Directors
		Lecturing at public or private colleges or universities in business, law, finance, accounting or company operations	Licenses and qualifications obtained through national examinations such as judges, district attorneys, lawyers, accountants or other practices	Work experience in firms in business, law, finance, accounting or company operations	1	2	3	4	5	6	7	8	9	10	
Kao, Chin Yen				■	■		■				■		■		—
Lin, Chang Sheng				■			■	■			■	■	■		—
Hsu, Chung Jen				■			■	■			■	■	■		—
Lin, Lung Yi				■			■	■			■	■	■		—
Lo, Chih Hsien				■							■		■		—
Yang, Wen Long				■			■	■			■	■	■		—
Tu, Te Cheng				■			■	■			■	■	■		—
Wu, Kuo Hsuan				■			■	■			■	■	■		—
Chang Jen, Yun Huei				■			■	■			■	■	■		—
Ying, Chien Li				■			■	■			■	■	■	■	—
Tse, Koon Hang Ada			■	■	■	■	■	■	■	■	■	■	■		—

Note: "■" indicates that the board member(s) or supervisor(s) meet the following criteria :

- (1) Not an employee of the Company or of the Company's affiliate.
- (2) Not a director or supervisor of the Company or of the Company's affiliate.
- (3) Not an individual shareholder who holds, or whose spouse or minor children hold, or who uses nominee accounts to hold, over 1% of the Company's issued shares or as one of the top 10 major shareholders.
- (4) Neither a spouse, a relative within two degrees of consanguinity, or linear relative within five degrees of the persons listed in the previous three items.
- (5) Not a director, supervisor or employee of a juridical-personal shareholder that directly owns over 5% of the Company's issued shares or of a juridical-person shareholder that is one of the top five major juridical-person shareholders.
- (6) Not a director, supervisor or manager of any company or organization that has business or financial relationships with the Company or that owns over 5% of the Company's shares.
- (7) Not an owner, partner, director, supervisor, manager or spouse of any of such individual whose sole proprietorship, partnership, company or institution provides services or consulting advise in business, law, finance and accounting to the Company or the Company's affiliate.
- (8) Not a spouse or a relative with two degrees of consanguinity to any director.
- (9) Not in a situation described in Article 30 of the Company Act.
- (10) Not elected as a government agency, juridical person or their representative as stated in Article 27 of the Company Act.

c. In the cases where directors and supervisors are representatives of juridical person shareholders who are one of the top ten major shareholders, the ownership distribution of such juridical person shareholders are as follows:

As of March 31, 2007

Name of Juridical Person Shareholders	Major Shareholders of Juridical Person Shareholders
Uni-President Enterprise Corp.	Kao Chyuan Investment Co. Ltd. (4.29%) ; Ho, Po Yi (3.21%) ; National Finance Stability Fund Committee (2.74%) ; Ho, Po Ming (2.6%) ; Ho, Po Yu (2.27%) ; HSBC in custody of Arisaig Greater China fund (1.94%) ; Kao, Hsu Ling (1.63%) ; Liu, Hsu Juan (1.55%) ; Standard Chartered Bank in custody of Mitsubishi Investment Account (1.54%) ; Public Service Pension Fund (1.39%)
Kao Chyuan Investment Co. Ltd.	Kao, Chin Yen (1.48%) ; Kao Lai Huan (15.86%) ; Kao Hsu Ling (59.87%) ; Lo, Chih Hsien (20.09%) ; Lin, Hang Di (0.98%) ; Kao, Tsu Yi (0.58%) ; Kao, Cheng Shieh (0.37%) ; Kao, Cheng Rong (0.19%) ; Kao, Chi Cheng (0.19%) ; Kao, Chuan Cheng (0.01%)
Nan Shan Life Insurance	AIG American General (47.75%) ; AIG Delaware (47.55%) ; Su Si Nien (0.10%) ; Su Si Rui (0.10%) ; Kaohsiung Diocese (0.08%) ; Wen, Shun Shu (0.08%) ; Zeng Wei Investment (0.06%) ; Li, Tse Lung (0.05%) ; Vvu, Tsui Yang (0.05%) ; Kai Lai Limited (0.05%)

d. List of Top Ten Major Juridical Person Shareholders Showed Above and their Respective Major Shareholders

As of March 31, 2007

Juridical Person	Major Shareholders
Kao Chyuan Investment Co. Ltd.	Kao, Chin Yen (1.48%) ; Kao, Lai Huan (15.86%) ; Kao, Hsu Ling (59.87%) ; Lo, Chih Hsien (20.09%) ; Lin, Hang Di (0.98%) ; Kao, Tsu Yi (0.58%) ; Kao, Cheng Shieh (0.37%) ; Kao, Cheng Rong (0.19%) ; Kao, Chi Cheng (0.19%) ; Kao, Chuan Cheng (0.01%)
AIG American General	American International Group, Inc. (79%)
AIG Delaware	American International Group, Inc. (100%)
Zeng Wei Investment	Zheng, Rui Hsing (21.43%) ; Zheng Wang, Li Li (21.43%) ; Zheng, Rui Sheng (14.29%) ; Wang, Hsiao Pei (14.29%)
Kai Lai Limited	Fan, Yu Ya (57.79%) ; Wu, Song Yen (0.84%)

2-2 Information of President, Senior Vice Presidents, Vice Presidents and Division Heads:

As of March 31, 2007

Title	Name	Elected Date	Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Education & Experience (Note 1)	Position in other companies	Managers who are spouses or relatives within two degrees of consanguinity		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Hsu, Chung Jen	Jul 1, 1987	20,499	—	—	—	—	—	MBA, Waseda University, Japan	(Note 2)	—	—	—
Senior Vice President	Chang Jen, Yun Huei	Jan 1, 1999	—	—	—	—	—	—	BS, Department of Chemistry, Chinese Culture University	(Note 2)	—	—	—
COO(Senior Vice President)	Wu, Kuo Hsuan	Jan 1, 1999	28,127	—	—	—	—	—	BA, Business Administration, Fortune Institute of Technology	(Note 2)	—	—	—
Chief Strategy Officer(Senior Vice President)	Hsieh, Chien Nan	Sep 1, 2000	8,850	—	3,446	—	—	—	BA, Business Administration, Chung Yuan Christian University	(Note 2)	—	—	—
CFO(Vice President)	Chen, Fu Tang	Jan 1, 1999	9,206	—	1,373	—	—	—	MBA, National Kaohsiung First University of Science and Technology	(Note 2)	—	—	—
Chief Auditor(Vice President)	Lin, Wen Ching	Jan 1, 1999	287	—	—	—	—	—	National Tainan Commercial Vocational Senior High School	(Note 2)	—	—	—
Vice President	Chen, Jui Tang	Jan 1, 2000	12,018	—	—	—	—	—	BA, Economics, National Taiwan University	(Note 2)	—	—	—
Vice President	Yang, Yen Sen	Feb 1, 2002	1,669	—	—	—	—	—	MBA, The City University of New York	(Note 2)	—	—	—
Vice President	Chung, Mao Chia	Apr 1, 2003	379	—	50,616	—	—	—	BA, International Trade, Feng Chia University	(Note 2)	—	—	—
Vice President	Zeng, Fan Bin	Dec 1, 2003	—	—	—	—	—	—	BA, International Trade, Soochow University	(Note 2)	—	—	—
Vice President	Wang, Wen Kui	Oct 1, 2004	13,450	—	—	—	—	—	MBA, National Kaohsiung First University of Science and Technology	(Note 2)	—	—	—
Accounting Division Manager	Lai, Hsin Ti	Apr 1, 2001	—	—	809	—	—	—	BA, Economics, Tamkang University	(Note 2)	—	—	—
Finance Division Manager	Wu, Wen Chi	Dec 6, 2005	490	—	649	—	—	—	BA, Accounting, University of Missouri	(Note 2)	—	—	—

Note 1: For more on the background of the management, please refer to the attached 2006 annual report disc "The List of Positions Held by Management Team in Other Companies".

Note 2: For the list of positions held by management team in other companies, please refer to the attached 2006 annual report disc "The List of Positions Held by Management Team in Other Companies".

2-3 Compensations to Directors, Supervisors, President and Senior Vice Presidents

a. Compensations to Directors

As of December 31, 2006 /Unit: NT\$1,000

Title	Name	Remunerations to Directors						Summation of A, B and C as % of After-Tax Income		Employee Bonuses								Summation of A, B, C, D and E as % of After-Tax Income		Other Compensations from Affiliates Other Than Subsidiaries
		Remunerations (A)		Earnings Distributions (B)		Execution Fees (C)				Salary, bonuses and Special Allowances (D)		Earnings Distribution to Employees (E)				Employee Stock Option Plan				
		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	
Director, Juridical Person Shareholder	Kao Chyuan Investment Co. Ltd.	7,800	20,139	29,309 (Note 4)	31,309 (Note 4)	3,000	3,600	1.05%	1.44%	16,745 (Note 5)	17,722 (Note 5)	2,019 (Note 4)	—	2,019 (Note 4)	—	—	—	1.54%	1.96%	Yes (Note 6)
Director, Juridical Person Shareholder	Uni-President Enterprise Corp.																			
Director, Juridical Person Shareholder	Wen Heng Company Ltd. (Note 1)																			
Director, Juridical Person Shareholder	Yuan Wei Investment Co. Ltd (Note 1)																			
Chairman	Kao, Chin Yen (Note 2)																			
Managing Director	Lin, Chang Sheng (Note 3)																			
Managing Director/President	Hsu, Chung jen (Note 3)																			
Director	Lin, Lung Yi (Note 3)																			
Director	Lo, Chih Hsien (Note 3)																			
Director	Yang, Wen Long (Note 3)																			
Director	Tu, Te Cheng (Note 3)																			
Director/COO(Senior Vice President)	Wu, Kuo Hsuan (Note 3)																			
Director/Senior Vice President	Chang jen, Yun Huei (Note 3)																			

Note 1: Wen Heng Company Ltd and Yuan Wei Investment Co. Ltd. were directors until June 14, 2006. Therefore, they still participated in the earnings distribution of 2006.

Note 2: Representative of Kao Chyuan Investment Co. Ltd.

Note 3: Representative of Uni-President Enterprise Corp.

Note 4: Earnings distribution for 2006 has yet to be approved by Shareholders' Meeting. The figures are estimates based on the plan of the Board of Directors.

Note 5: Including car leasing expenses for managers.

Note 6: Compensations for acting as directors or supervisors for the investees that are not consolidated in the financial statements.

Compensations to Directors	No. of Directors			
	A+B+C		A+B+C+D+E	
	PCSC	All consolidated companies	PCSC	All consolidated companies
Less than NT\$2,000,000	2	2	2	2
NT\$2,000,000 (inc) ~ NT\$5,000,000	7	6	4	4
NT\$5,000,000 (inc) ~ NT\$10,000,000	2	2	4	3
NT\$10,000,000 (inc) ~ NT\$15,000,000	—	—	1	—
NT\$15,000,000 (inc) ~ NT\$30,000,000	—	1	—	2
NT\$30,000,000 (inc) ~ NT\$50,000,000	—	—	—	—
NT\$50,000,000 (inc) ~ NT\$100,000,000	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	11	11	11	11

Note: The compensations to juridical person directors are made to the juridical persons, rather than representatives. However, in compliance with Criteria Governing Information to be Published in Annual Reports of Public Companies, PCSC evenly distribute the compensations to the representatives of juridical person directors before the class interval analysis.

b. Compensations to Supervisors

As of December 31, 2006/Unit: NT\$1,000

Title	Name	Remunerations to Supervisors						Summation of A, B and C as% of After-Tax Income		Other Compensations from Affiliates Other Than Subsidiaries
		Remunerations (A)		Earnings Distributions (B)		Execution Fees (C)				
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC	All consolidated companies	
Supervisor; Juridical Person Shareholder	Nan Shan Life Insurance	—	—	5,097 (Note 3)	5,097 (Note 3)	600	600	0.15%	0.15%	Yes (Note 4)
Supervisor; Juridical Person Shareholder	Uni-President Enterprise Corp. (Note 1)									
Supervisor; Juridical Person Shareholder	Kao Chyuan Investment Co. Ltd. (Note 1)									
Supervisor(Natural Person)	Ying, Chien Li									
Supervisor	Tse, Koon Hang Ada									

Note 1: Uni-President Enterprise Corp. and Kao Chyuan Investment Co. were supervisors until June 14, 2006. Therefore, they still participated in the distribution of earnings for 2006 to supervisors.

Note 2: Representative of Nan Shan Life Insurance.

Note 3: Earnings distribution for 2006 has yet to be approved by Shareholders' Meeting. The figures are estimates based on the plan of the Board of Directors.

Note 4: Compensations for acting as directors or supervisors for the investees that are not consolidated in the financial statements.

Compensations to Supervisors	No. of Supervisors	
	A+B+C	
	PCSC	All consolidated companies
Less than NT\$2,000,000	4	4
NT\$2,000,000 (inc) ~ NT\$5,000,000	—	—
NT\$5,000,000 (inc) ~ NT\$10,000,000	—	—
NT\$10,000,000 (inc) ~ NT\$15,000,000	—	—
NT\$15,000,000 (inc) ~ NT\$30,000,000	—	—
NT\$30,000,000 (inc) ~ NT\$50,000,000	—	—
NT\$50,000,000 (inc) ~ NT\$100,000,000	—	—
Over 100,000,000	—	—
Total	4	4

Note: The compensations to juridical person supervisors are made to the juridical persons, rather than representatives. However, in compliance with Criteria Governing Information to be Published in Annual Reports of Public Companies, PCSC evenly distribute the compensations to the representatives of juridical person supervisors before the class interval analysis.

c. Compensations to President and Senior Vice Presidents

As of December 31, 2006/Unit: NT\$1,000

Title	Name	Salary(A)		Bonus and Special Allowances (B)		Earnings Distribution to Employees (C)				Summation of A,B and Cas% of After-Tax Income		Employee Stock Option Plan		Other Compensations from Affiliates Other Than Subsidiaries
		PCSC	All consolidated companies	PCSC	All consolidated companies	PCSC		All consolidated companies		PCSC	All consolidated companies	PCSC	All consolidated companies	
						Cash Dividends	Bonus Stocks							
President	Hsu, Chung Jen	10,060	12,777	10,967 (Note 1)	10,967 (Note 1)	2,527 (Note 2)	—	2,527 (Note 2)	—	0.62%	0.69%	—	—	Yes (Note 3)
Senior Vice President	Chang Jen, Yun Huei													
COO(Senior Vice President)	Wu, Kuo Hsuan													
Chief Strategy Officer(Senior Vice President)	Hsieh, Chien Nan													

Note 1: Including car leasing expenses for managers.

Note 2: Earnings distribution for 2006 has yet to be approved by Shareholders' Meeting. The figures are estimates based on the plan of the Board of Directors.

Note 3: Compensations for acting as directors or supervisors for the investees that are not consolidated in the financial statements.

Compensations to Presidents and Senior Vice Presidents	No. of Presidents and Senior Vice Presidents	
	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	—	—
NT\$10,000,000 (inc) ~ NT\$15,000,000	1	1
NT\$15,000,000 (inc) ~ NT\$30,000,000	—	—
NT\$30,000,000 (inc) ~ NT\$50,000,000	—	—
NT\$50,000,000 (inc) ~ NT\$100,000,000	—	—
Over NT\$100,000,000	—	—
Total	4	4

d. Distribution of Employee Bonus to Management Team

December 31, 2006 /Unit: NT\$1,000

	Title	Name	Stock Bonus	Cash	Bonus	Total as % of Net Income (%)
Managers	President	Hsu, Chung Jen	—	5,887	5,887	0.15%
	Senior Vice President	Chang Jen, Yun Huei				
	COO (Senior Vice President)	Wu, Kuo Hsuan				
	Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan				
	CFO (Vice President)	Chen, Fu Tang				
	Chief Auditor (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				

Note: Earnings distribution for 2006 has yet to be approved by Shareholders' Meeting. The figures are estimates based on the plan of the Board of Directors.

2-4 Analysis of the total compensations (as a percentage of net income) to directors, supervisors, president and senior vice presents of PCSC and all the consolidated companies over the past two years. Explanations of the compensation policies, standards, arrangements, procedures for defining compensations and the relation between compensation packages and company performances.

- The total amount of compensations paid by PCSC and all consolidated companies to PCSC directors and supervisors for 2006 stood at NT\$80,486,000 (2.11% of net income) and NT\$78,745,000 for 2005 (2.16% of net income). The compensation levels for PCSC directors and supervisors are specified in the Articles of Incorporation and are in line with general norms.
- Compensations to president and 3 senior vice presidents paid by PCSC and all consolidated companies totaled NT\$26,271,000 in 2006 (0.69% of net income) and NT\$18,147,000 (0.50% of net income). PCSC's compensation policy is based on the company's management strategy, employment policy and affordability. The levels of compensations are in accordance with PCSC's salary standards. PCSC regularly participates in salary surveys conducted by professional remuneration survey organizations and refers to salary survey reports to adjust its own salary standards. In addition, PCSC takes into account personal performance, contribution to PCSC's performances and market levels in determining its compensations to president and senior vice presidents.

3. Corporate Governance Mechanism

3-1 Operations of Board

The Board has convened five meetings during the most recent year. Below is the attendance record of individual directors and supervisors.

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Kao Chyuan Investment Co. Ltd. Representative: Kao, Chin Yen	2	1	66.7%	New Director Elected Date: June 14, 2006
Chairman	Uni-President Enterprise Corp. Representative: Kao, Chin Yen	2	0	100%	Existing Director Elected Date: June 14, 2006
Managing Director	Uni-President Enterprise Corp. Representative: Lin, Chang Sheng	3	2	60%	Re-elected Director Elected Date: June 14, 2006
Managing Director	Uni-President Enterprise Corp. Representative: Hsu, Chung Jen	5	0	100%	Re-elected Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Lin, Lung Yi	3	2	60%	Re-elected Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Lo, Chih Hsien	2	3	40%	Re-elected Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Yang, Wen Long	4	1	80%	Re-elected Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Tu, Te Cheng	3	0	100%	New Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Wu, Kuo Hsuan	5	0	100%	Re-elected Director Elected Date: June 14, 2006
Director	Uni-President Enterprise Corp. Representative: Chang Jen, Yun Huei	2	0	66.7%	New Director Elected Date: June 14, 2006
Director	Yuan Wei Investment Co. Ltd. Representative: Tsui-yung	1	1	50%	Existing Director Elected Date: June 14, 2006
Director	Wen Heng Company Ltd. Representative: Huang, Chin Yuan	0	2	0%	Existing Director Elected Date: June 14, 2006
Supervisor	Ying, Chien Li	3	0	100%	New Supervisor Elected Date: June 14, 2006
Supervisor	Nan Shan Life Insurance Representative: Tse, Koon Hang Ada	1	0	33.3%	New Supervisor Elected Date: June 14, 2006
Supervisor	Uni-President Enterprise Corp. Representative: Tu, Te Cheng	2	0	100%	Existing Supervisor Elected Date: June 14, 2006
Supervisor	Kao Chyuan Investment Co. Ltd. Representative: Ying, Chien Li	2	0	100%	Existing Supervisor Elected Date: June 14, 2006

Other issues to be noted:

- Issues specified in Article 14-3 of Securities Transaction Law and other issues opposed by non-executive directors or to which non-executive directors reserve their opinions should be recorded in writing in the meeting minutes of the Board. Dates, sessions and contents of resolutions of the Board meetings, opinions from all the non-executive directors and the responses to their opinions should be noted.
[Explanations] PCSC has not appointed any non-executive directors. Therefore, the issues specified in Article 14-3 of Securities Transaction Law and other issues opposed by non-executive directors or to which non-executive directors reserve their opinions do not apply.
- In cases where directors avoid the issues in which they have conflicts of interests, the names of the directors, contents of resolutions, reasons why they should avoid and the results of votes should be noted.
[Explanations] For issues where directors have conflicts of interests with the Company, the principle is that such conflicts of interests shall not affect the voting results.
- The intended augmentations of the functions of the Board during the recent years and the evaluation of the actual implementations.
[Explanations] PCSC has established Procedures for Board Meetings on March 8, 2005, in accordance with Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and reported these Procedures to the regular shareholders' meeting on June 14, 2005. Also, PCSC's Board meeting on December 7, 2006 amended the Procedures by referring to Governing Procedure for Board of Directors Meetings of Public Companies issued by Financial Supervisory Commission. According to the amendment, the Board has to meet once every quarter instead of the previous once every six months, in order to enhance the functions of the Board.

3-2 Operations of Audit Committee:

PCSC has not yet established an Audit Committee. Therefore, there is no information to be disclosed.

3-3 Discrepancy between Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and Company Practices

Issues	Status	Variance from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies
I. Shareholder structure and shareholders' rights		
(1) The Company's policy in handling shareholders' suggestions or disputes	In addition to authorizing a stockbroker as a common share transfer agent to handle stock affairs, the Company has also established a comprehensive spokesman system and a investor relations team to handle shareholder issues.	Compliant
(2) The Company's possession of the list of major shareholders and the ultimate owners of these shareholders	PCSC is fully aware of the structure of its major shareholders, through the assistance of the common share transfer agent, and regularly files reports to update the status of changes in the board of directors and managers. Apart from natural person shareholders, PCSC are affiliated with its major shareholders. If necessary, PCSC will obtain the list of ultimate owners of these shareholders from its juridical person shareholders.	
(3) The Company's risk control mechanism and firewalls with its affiliates	PCSC has defined Procedures Governing the Monitoring of Subsidiaries by observing the Regulations for the Establishment of Internal Control Systems by Public Companies, in order to effectively manage and control risks for its affiliates.	

Issues	Status	Variance from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies
2. Structure and responsibilities of Board of directors		
(1) Presence of non-executive directors	PCSC has not yet appointed any non-executive directors.	Although PCSC has not assigned any non-executive directors, its directors representing juridical person shareholders are all financial and business professional and able to fulfill their duties in accordance with laws and PCSC's Articles of Incorporation. PCSC will comply with regulatory requirements going forward.
(2) Periodically assessment of independence of external auditors	According to internal evaluations of external auditors' independence, PCSC concludes that external auditors are independent as they are neither part of the Board of directors and supervisors, nor are they shareholders, employees or parties with conflicts of interest.	Compliant
3. Structure and responsibilities of Board of supervisors		
(1) Presence of independent supervisors	PCSC has not appointed independent supervisors.	PCSC's seats of supervisors are established in accordance with the Company Act. PCSC's supervisors are all financial and business professionals and able to fulfill their duties in a fair and independent manner. PCSC will comply with regulatory requirements going forward.
(2) Communications between supervisors, employees and shareholders	All the relevant departments regularly submit business reports to supervisors. Supervisors may consult directors or managers with regards to any queries.	Compliant
4. Establishment of communications channels with stakeholders	1. PCSC deals with banks and other creditors on the principle of fair, open and honest by providing necessary sales and financial information so that they can make informed decisions based on the operations of PCSC. 2. PCSC encourages employees to directly communicate with the management. In addition, a discussion forum has been established to facilitate discussions among employees so that they can fully express their ideas regarding the Company. 3. PCSC has established a public website to disclose sales and financial information as well as issues regarding corporate social responsibilities. 4. PCSC has established a Customer Relationship and Service Center as the communications channel between PCSC, vendors, employees and consumers.	Compliant
5. Information Disclosure		
(1) Public websites established to disclose sales, financial and corporate governance information	PCSC has established a corporate website at http://www.7-11.com.tw , which discloses sales, financial and corporate governance information.	Compliant
(2) Other means of information disclosures, such as English-language website(s), dedicated staff responsible for the collection and disclosure of company information, company spokesperson, posting of investors' conference information on the company website(s).	1. PCSC has established a corporate website at http://www.7-11.com.tw , which also offers English-language content. There is a dedicated Investor Relations team, responsible for the collection and disclosure of the Company information and updating of the website contents. 2. PCSC has established a comprehensive spokesperson system, by appointing one spokesperson and two deputy spokespersons. 3. The Company organizes meetings for analysts and institutional investors each year and posts the presentation materials on the company website and Taiwan Stock Exchange Market Observation Post System at http://mops.tse.com.tw .	
6. Presence of function committees such as Nomination Committee or Compensation Committee	PCSC has not established any function committee such as Nomination Committee or Compensation Committee.	
7. If the Company observes Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies and has defined a set of principles accordingly for its corporate governance, please describe how the mechanism works and explain the variance from Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies. PCSC has not defined a set of rules governing its corporate governance practices; however, PCSC observes all the relevant regulations and have been gradually working toward best practices. PCSC has set out Rules Governing the Procedures of Shareholders Meetings, Procedures for Re-election of Directors and Supervisors and the Procedures of Meetings of Board of Directors.		
8. Systems implemented and measures taken by the Company in respect to corporate social responsibilities (i.e. human rights, employees' rights, environmental protection, community involvements, relationships with suppliers and rights of stakeholders). (1) 7-ELEVEN stores at every corner of the streets have become "community service centers" in the mind of the general public as it endeavors to play its part as a corporate citizen and fulfill its promises to employees, shareholders and consumers by making transparent its information and dedications to charity and community activities. The national fund-raising campaign, Love Finds Its Way Back, is marching towards its 19 th year. It has assisted 59 charity organizations by raising a total of NT\$700 million to give a helping hand to countless disadvantaged groups and individuals. Good Neighbor Foundation, sponsored and established by PCSC, has been supporting initiatives in community, environmental protection, talent development and industrial developments, hoping to promote solidarity of community residents to create a better environment. Meanwhile, PCSC makes donations to sponsor environmental initiatives, such as wetland conservations and photography competitions in the themes of natural stories, to make environmental protection take its roots in daily lives of consumers. The energy conservation campaign that kicked start in 1999 is a win-win solution to the Company and the environment as it saves considerable amount of energy and as a result, a bill electricity bill for PCSC. (2) PCSC received the Commonwealth magazine's first corporate citizenship award. For two consecutive years, PCSC has been honored with Global View Monthly's Corporate Social Responsibility Award, a recognition of PCSC's efforts and dedications to playing its part as a corporate citizen. Meanwhile, PCSC introduced in October 2004 "Green Accounting Principle" in order to effectively present the results of environmental protection in the form of financial information. PCSC was the first service-oriented company in Taiwan that introduced this system. In November 2005, PCSC won the first Green Accounting Award by the Department of Commerce, Ministry of Economic Affairs, as the only service-oriented company that received this honor. (3) PCSC has established Customer Relationship and Services Center to facilitate the communications between us, vendors and employees.		
9. Other helpful and significant information to understand the implementation of corporate governance (i.e. training for directors and supervisors, risk management policies and risk measurements, consumer protections or customer policies, the purchase of liability insurance for directors and supervisors) (1) PCSC's Chairman and President are not spouses to each other, or related within one degree of consanguinity. (2) PCSC regularly submits financial, business and other related reports for the attention of directors and supervisors. Meanwhile, PCSC reviews and plans for the training for directors and supervisors going forward. (3) For the issues in which directors have conflicts of interests with the Company, the general principle is that such conflicts of interests should not affect the results of the votes. (4) PCSC is currently planning for the purchase of liability insurance for its directors and supervisors. (5) PCSC has established Consumer Relationship and Services Center to allow consumers to call toll-free +0800-008-711 or email to public@mail.7-11.com.tw to express their opinions. (6) In regards to other matters relating to corporate governance, PCSC will comply with relevant laws and regulations.		
10. If there are self-evaluation reports or reports issued by commissioned professional organizations on the Company's corporate governance, the results of self-evaluations (or outsourced evaluations), major shortcomings (or recommendations) and improvement measures should be noted. PCSC intends to introduce a self-evaluation system to monitor corporate governance.		

3-4 The ways to inquire the Company's Corporate Governance Guidelines and relevant regulations :

PCSC has not yet drafted Corporate Governance Guidelines.

3-5 Implementations of internal control systems:

a. Declarations on Internal Control: Please refer to the attached 2006 annual report disc.

b. In cases where the Company has commissioned accountants to review its internal control system, the review report should be disclosed: Not applicable to PCSC.

3-6 During the most recent year and until the published date of the Annual Report, any disciplinary measures taken to the Company or its internal staff due to violations of legal requirements or taken by the Company to its internal staff due to their violations of the internal control system. The details of the disciplinary measures, major faults and improvement measures should be noted: None.

3-7 During the most recent year and until the published date of the Annual Report, any important resolutions by shareholders' meetings and the Board's meetings:

a. Reviews of Shareholders' Meetings (the following resolutions have been completed)

For the period comprising the most recent year (2006) until the publication date of the Annual Report, one regular shareholders' meeting for 2006 was held on June 14, 2006.

Summary of major resolutions is as follows:

Acknowledgement of financial statements for 2005; 2005 profit distribution plan; amendment to PCSC's Articles of Incorporation; Procedures for Guarantee Endorsements.

b. Reviews of Board Meetings: All the following resolutions have been completed except for:

- Investment of RMB\$40 million in Cold Stone in China
- Investment of additional USD\$700,000 in Presiclrc Corp.;
- Investment in PCSC (Chengdu) Hypermarket Limited
- Investment of additional RMB\$30 million in PCSC (SICHUAN) Hypermarket Limited
- Endorsement of 20 million pesos to Philippine Seven Corp.
- Capitalization of Profit Shanghai President Coffee Corp.

For the period comprising the most recent year (2006) until the publication date of the Annual Report, a total of six Board Meetings have been held.

Summary of major resolutions is as follows:

(1) The 17th Meeting of the 7th Board (Date: March 7, 2006)

- (a) Approval of the 2005 Business Report, Financial Report, Plans for Appropriations of Profits and Losses;
- (b) Approval of investment of NT\$191,577,200 in Q-ware Systems & Services Corp.;
- (c) Approval of investment of NT\$52.5 million in Uni-President Department Store Corp.;
- (d) Approval of applications to extend credit lines provided by financial institutions;
- (e) Approval to grant a credit limit of NT\$50 million to Retail Support Taiwan Corp.;
- (f) Approval of endorsement of NT\$50 million to President YiLan Art & Culture Corp.;
- (g) Approval of amendments to endorsement procedures;
- (h) Approval of amendments to Articles 2, 6 and 33 of Articles of Incorporation;
- (i) Approval of elections of directors and supervisors at the 2006 Annual Shareholders' Meeting;
- (j) Approval of the organizational changes of the Internal Audit Office;
- (k) Approval of the results of self-inspections on the internal control system;
- (l) Approval of amendments to PCSC's Internal Control and Management System in 2005;
- (m) Approval of the Audit Plan for 2006;
- (n) Approval of the regulations for Pensions Payments to Managers
- (o) Approval of new appointments for key positions;
- (p) Approval of the date and venue of the 2006 Annual Shareholders' Meeting and the 1st Meeting of the 8th Board.

(2) The 18th Meeting of the 7th Board (Date: March 21, 2006)

- (a) Acknowledgement of PCSC's 2005 Consolidated Financial Statements and Auditor's Report;
- (b) Approval of the amendment to Article 29 of PCSC's Articles of Incorporation.

(3) The 1st Meeting of the 8th Board (Date: June 14, 2006)

- (a) Approval of the sale of part of PCSC's stake in President Information Corp. for NT\$95,274,345;
- (b) Approval of the increase of capital for Tong-Jeng Development Corp. by NT\$285 million;
- (c) Approval of the sale of a real estate at Siwei for NT\$30.01 million;
- (d) Approval of the Capitalization of Profit for Shanghai President Coffee Corp.;
- (e) Approval of the election of managing directors for the 8th Board;
- (f) Approval of the authorization to Chairman to decide on the Base day for dividend;
- (g) Approval of the increase of credit facilities with financial institutions and the application to renew credit facilities;
- (h) Approval of the investment in PCSC (Chengdu) Hypermarket Limited in Sichuan, China;
- (i) Approval of the date and venue of the 2nd Meeting of the 8th Board.

(4) The 2nd Meeting of the 8th Board (Date: August 28, 2006)

- (a) Approval of the equity investment of NT\$156.87 million in President Musashino Corp.;
- (b) Acknowledgement of PCSC's auditor' report for the first half of 2006;
- (c) Approval of the equity investment of NT\$255,371,856 in President Pharmaceutical Corp.;

- (d) Approval of the endorsement for RMB\$10 million for Wuhan Uni-President Oven Fresh Bakery Co., Ltd.;
- (e) Approval of the increase of credit facilities with financial institutions and the application to renew credit facilities;
- (f) Approval of applications for loans of RMB\$16 million and RMB\$14 million to PCSC (SICHUAN) Hypermarket Limited via subsidiaries Sang Dong President Yinzuo Commercial Limited and President Cosmed Chain Store (Shen Zhen) Co. Ltd, respectively;
- (g) Approval to grant a credit limit of NT\$100 million to President Information Corp.;
- (h) Approval of the equity investment of NT\$100 million in President Fn Business Corp.;
- (i) Approval of a capital increase by RMB\$30 million for to PCSC (SICHUAN) Hypermarket Limited;
- (j) Approval of the Capitalization of profit for Shanghai President Coffee Corp.;
- (k) Approval of the date and venue of the 3rd Meeting of the 8th Board.
- (5) The 3rd Meeting of the 8th Board (Date: December 7, 2006)
 - (a) Acknowledgment of the consolidated financial statements and auditor's report for the first half of 2006;
 - (b) Approval of a capital increase by NT\$297.5 million for Uni-President Department Store;
 - (c) Approval of a capital increase by NT\$285 million for Tong-Jeng Development Corp.;
 - (d) Approval of endorsement of USD\$2 million to Wuhan Uni-President Oven Fresh Bakery Co., Ltd.;
 - (e) Approval of the increase of credit facilities with financial institutions and the application to renew credit facilities;
 - (f) Approval to grant a one-year credit limit of NT\$50 million to Ren-Hui Investment Corp.;
 - (g) Approval of endorsement of NT\$50 million to Wisdom Distribution Service Corp.;
 - (h) Approval of amendment to the Procedures of PCSC Board Meetings;
 - (i) Approval of an equity investment of NT\$70 million in Cold Stone;
 - (j) Approval of the establishment of PCSC (China) Restaurant Ltd.;
 - (k) Approval of an equity investment of RMB\$40 million in Cold Stone in China;
 - (l) Approval of a capital increase by USD\$70 million in Presiclerc Limited;
 - (m) Approval of endorsement of 20 million pesos to Philippine Seven Corp.;
- (n) Approval of endorsement of NT\$200 million to Retail Support International Corp.;
- (o) Approval of the 2007 audit plan;
- (p) Approval of new appointments for key positions;
- (q) Approval of the date and venue of the 4th Meeting of the 8th Board.
- (6) The 4th Meeting of the 8th Board (Date: March 14, 2007)
 - (a) Acknowledgement of PCSC' s 2006 Business Report, Financial Statements and Plans for Appropriations of Profits;
 - (b) Approval of an equity investment of NT\$86,095,000 in Marks & Spencer Taiwan Co., Ltd.;
 - (c) Approval of endorsement for USD\$1.5 million to Wuhan Uni-President Oven Fresh Bakery Co., Ltd.;
 - (d) Approval of the sale of Allianz President Life Insurance for NT\$362,502,255;
 - (e) Approval of the increase of credit facilities with financial institutions and the application to renew credit facilities;
 - (f) Approval to cancel the endorsement / guarantee limits granted to PCSC's subsidiaryes and affiliated companies
 - (g) Approval of the removal of the restrictions (non-competition clause) on PCSC's directors and managers to work for any of its investees or the investee of its investees;
 - (h) Approval of the amendment to Articles 2, 20, 23-1 and 33 of PCSC' s Articles of Incorporation;
 - (i) Approval of the amendments to PCSC's procedures to acquire or dispose of assets;
 - (j) Approval to revise the company's procedures to grant credit limits to a third party;
 - (k) Approval of the procedures for self-inspections for PCSC and its investees;
 - (l) Approval of the amendment to PCSC's Internal Control System in 2006;
 - (m) Approval of new appointments for key positions;
 - (n) Approval of the procedures for shareholders to propose resolutions;
 - (o) Approval of the date and venue of the 2007 Shareholders' Meeting and the 5th Meeting of the 8th Board.

3-8 Different opinions from directors or supervisors regarding the important resolutions of the Board:

During 2006 and until March 14, 2007, directors or supervisors did not have major differences as recorded or declared in writing for major resolutions of the Board.

3-9 Status of Personnel Responsible for Preparing Financial Reports:

During 2006 and until April 25, 2007, no personnel responsible for financial reports resigned or were dismissed.

4. Auditors Information

4-1 Auditor fees

Unit: NT\$1,000

Firm	Auditors	Auditor fees	Non-auditor fees					Remark
			System Design	Business Registration	Human Resources	Others	Total	
PRICEWATERHOUSECOOPERS	Lin, Tung-Chiao; Chen Mei Tzu	4,820	—	—	—	901	901	The majority of non-auditor fee is for the service of transfer pricing.

Note: Auditors cover complete accounting periods.

4-2 Switching of auditors

If the Company has changed its auditors within the most recent two years or intends to do so in the immediate future, all the relevant information should be disclosed.

Not applicable to PCSC.

4-3 Should the Company's Chairman, President or managers responsible for financial or accounting affairs have held any posts in the chartered accounting firm or its affiliates that audit for the Company during the past year, all the relevant information should be disclosed.

Not applicable to PCSC.

5. Net Change in Shareholdings and in Shares Pledged by Directors, Supervisors, Management and Shareholders with Shareholdings of 10% or More

5-1 Status of changes:

Unit: Shares

Title	Name	2006		As of March 31, 2007	
		Net Change in Shareholdings	Net Changes in Shares Pledged	Net Change in Shareholdings	Net Changes in Shares Pledged
Director & Juridical Person Shareholder	Kao Chyuan Investment Co. Ltd.	—	—	—	—
Director, Juridical Person Shareholder & Major Shareholder	Uni-President Enterprise Corp.	—	—	1,447,000	—
Supervisor & Juridical Person Shareholder	Nan Shan Life Insurance Co., Ltd.	5,378,000	—	—	—
Chairman	Kao, Chin-Yen (Note 1)	—	—	—	—
Managing Director	Lin, Chang Sheng (Note 2)	—	—	—	—
Managing Director	Hsu, Chung Jen (Note 2)	—	—	—	—
Director	Lin, Lung-Yi (Note 2)	—	—	—	—
Director	Lo, Chih Hsien (Note 2)	—	—	—	—
Director	Yang, Wen Long (Note 2)	—	—	—	—
Director	Tu, Te Cheng (Note 2)	—	—	—	—
Director	Wu, Kuo Hsuan (Note 2)	—	—	—	—
Director	Chang Jen, Yun Huei (Note 2)	—	—	—	—
Supervisor	Tse, Koon Hang Ada (Note 3)	—	—	—	—
Supervisor	Ying, Chien Li	—	—	—	—
President	Hsu, Chung Jen	—	—	—	—
Senior Vice President	Chang Jen, Yun Huei	—	—	—	—
COO (Senior Vice President)	Wu, Kuo Hsuan	—	—	—	—
Chief Strategy Officer (Senior Vice President)	Hsieh, Chien Nan	(5,000)	—	—	—
CFO (Vice President)	Chen, Fu Tang	—	—	—	—
Chief Auditor (Vice President)	Lin, Wen Ching	—	—	—	—
Vice President	Chen, Jui Tang	(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	—	—	—	—

Note 1: Representative(s) of Kao Chyuan Investment Co. Ltd.

Note 2: Representative(s) of Uni-President Enterprise Corp.

Note 3: Representative(s) of Nan Shan Life Insurance Co., Ltd.

5-2 Stock Transfer Agreements: None.**5-3 Stock Pledge Agreement: None.****6. Any of the top 10 major shareholders have relationships specified by the ROC Statement of Financial Accounting Standards No. 6: None****7. Ownership by PCSC's directors, supervisors, managers, directly or indirectly, of PCSC's long-term investments:**

Unit: Shares, % / As of March 31, 2007

Long-Term Investments	Ownership by PCSC		Direct/Indirect Ownership by Directors, Supervisors and Management Team		Total Ownership	
	Shares	%	Shares	%	Shares	%
President Drug Store Business Corp.	33,100,000	100.00%	—	—	33,100,000	100.00%
President Direct Marketing Corp.	7,000,000	100.00%	—	—	7,000,000	100.00%
Ren-Hui Investment Corp.	85,303,733	100.00%	—	—	85,303,733	100.00%
Capital Inventory Services Corp.	4,549,380	100.00%	—	—	4,549,380	100.00%
Wisdom Distribution Service Corp.	9,432,540	100.00%	—	—	9,432,540	100.00%
President Chain Store (BVI) Holding Corp.	46,405,458	100.00%	—	—	46,405,458	100.00%
PCSC (China) Limited.	20,722,000	100.00%	—	—	20,722,000	100.00%
President FN Business Corp.	10,000,000	100.00%	—	—	10,000,000	100.00%
Cold Stone Creamery Taiwan Ltd.	7,000,000	100.00%	—	—	7,000,000	100.00%
President YiLan Art & Culture Corp.	18,000,000	90.00%	—	—	18,000,000	90.00%
President Pharmaceutical Corp.	14,600,494	73.74%	—	—	14,600,494	73.74%
President Transnet Corp.	70,000,000	70.00%	20,000,000	20.00%	90,000,000	90.00%
President Collect Services Co. Ltd.	1,050,000	70.00%	—	—	1,050,000	70.00%
Uni-President Department Stores Corp.	35,000,000	70.00%	15,000,000	30.00%	50,000,000	100.00%
Mech-President Corp.	38,712,620	62.95%	12,360,873	20.10%	51,073,493	83.06%
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%
President Information Corp.	15,025,405	56.00%	8,049,323	30.00%	23,074,728	86.00%
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.	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%
MUJI Taiwan Co. Ltd.	4,100,000	41.00%	1,000,000	10.00%	5,100,000	51.00%
President Musashino Corp.	20,916,000	40.00%	26,145,000	50.00%	47,061,000	90.00%
Marks and Spencer Taiwan Co. Ltd.	8,609,500	40.00%	—	—	8,609,500	40.00%
President Organics Co.	1,833,333	36.67%	2,833,333	56.67%	4,666,666	93.33%
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%	24,085,617	28.52%	43,243,337	51.20%
21 Century Enterprise Co. Ltd.	2,600,000	20.00%	—	—	2,600,000	20.00%
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%
Tong-Jeng Development Corp.	171,000,000	19.00%	364,500,000	40.50%	535,500,000	59.50%
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67%	—	—	20,000,000	16.67%
President Technology Corp.	750,000	15.00%	—	—	750,000	15.00%
Allianz President Life Insurance Co. Ltd.	24,166,817	10.10%	24,166,854	10.10%	48,333,671	20.21%
Presicare Corp.	70,605,016	19.50%	74,227,904	20.50%	144,832,920	40.00%
Uni-OAO Travel Services Corp.	60,000	2.86%	—	—	60,000	2.86%
President Yamako Corp.	650,000	10.00%	—	—	650,000	10.00%
President Capital Mgt. Corp.	2,280,000	7.60%	1,820,000	6.07%	4,100,000	13.67%
PK Venture Capital Corp.	10,000,000	6.67%	10,000,000	6.67%	20,000,000	13.33%
Career Inpek Co.	1,196,790	5.37%	—	—	1,196,790	5.37%
Toppoly Optoelectronics Corp.	146,448,927	3.46%	8,400,000	0.20%	154,848,927	3.66%
Digital United Inc.	6,000,000	3.41%	5,000	0.00%	6,005,000	3.41%
President International Development Corp.	50,000,000	3.33%	965,500,000	64.37%	1,015,500,000	67.70%
President Securities Corp.	29,328,669	2.57%	324,116,305	28.42%	353,444,974	30.99%
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%	—	—	42,400,000	0.89%
Broadcaster 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 Corporation	108,160	0.02%	89,654,446	16.58%	89,762,606	16.60%

IV. FUND RAISING

I. Capital and Shares

I-1 Source of Capital:

a. Shared Issued:

Unit: NT\$; Shares / As of April 25, 2007

Month/Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Expansion by Assets other than Cash	Document No. and Dates of Approval
July/2002	10	900,000,000	9,000,000,000	772,031,899	7,720,318,990	Capitalization of profit	None	July 19, 2002 (91) Tai-Tsai-Cheng (1)No. 090140565
July/2003	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of profit	None	July 17, 2003 (92) Tai-Tsai-Cheng (1)No. 0920132220
August/2004	10	960,000,000	9,600,000,000	915,160,436	9,151,604,360	Capitalization of profit	None	July 20, 2004Chin-Kuan-Cheng-Yi-Tse No. 0930132295

Note: PCSC's initial paid-in capital in June 1987 was NT\$100,000,000. After the conversion of retained earnings into capital over the years, PCSC's paid-in capital is NT\$ 9,151,604,360 as of April 25, 2007.

b. Capital and Shares

Unit: Shares

Type of Stock	Authorized Capital			Remark
	Outstanding Shares	Non-Issued	Total	
Common Stock, Inscribed	915,160,436	44,839,564	960,000,000	Publicly Traded

I-2 Shareholder Structure

Unit: Shares, / As of April 17, 2007

Shareholders	Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders		2	4	77	18,458	350	18,891
Shareholding		1,426,301	20,533	482,631,954	39,345,153	391,736,495	915,160,436
Holding Percentage		0.16%	0.00%	52.74%	4.30%	42.80%	100%

I-3 Distribution Profile of Shareholder Ownership

NT\$10 per share (par) /As of April 17, 2007

Individual Shareholding (Unit: Shares)	No. of Shareholders	Total Shareholding (Unit: Shares)	Holding Percentage
1 - 999	10,624	2,556,918	0.28%
1,000 - 5,000	6,451	13,314,029	1.45%
5,001 - 10,000	864	6,007,172	0.66%
10,001 - 15,000	273	3,260,703	0.36%
15,001 - 20,000	140	2,436,145	0.27%
20,001 - 30,000	113	2,793,986	0.31%
30,001 - 50,000	90	3,411,673	0.37%
50,001 - 100,000	81	5,947,738	0.65%
100,001 - 200,000	68	9,883,630	1.08%
200,001 - 400,000	36	10,255,336	1.12%
400,001 - 600,000	25	12,461,346	1.36%
600,001 - 800,000	20	13,943,125	1.52%
800,001 - 1,000,000	18	15,819,230	1.73%
Over 1,000,001	88	813,069,405	88.84%
Total	18,891	915,160,436	100.00%

I-4 Major Shareholders

As of April 17, 2007

Shareholders	Shares	Shareholding (Shares)	Holding Percentage
Uni-President Enterprise Corp.		415,489,816	45.40%
HSBC in custody of Matthews International Fund		43,393,000	4.74%
JP Morgan Chase Bank in custody of Templeton Developing Markets Trust		23,210,164	2.54%
Taiwan Post Co., Ltd.		16,789,404	1.84%
Nan Shan Life Insurance		16,241,814	1.77%
Public Service Pension Fund		15,224,252	1.66%
J.P.Morgan Trustee and Depositary Company Limited as Trustee of Standard Life Pacific Basin Trust		13,375,000	1.46%
JP Morgan Chase Bank, Taipei Branch, in custody of Oppenheimer Developing Markets Fund		12,892,074	1.41%
JP Morgan Chase Bank in custody of Templeton Emerging Markets Series		12,627,010	1.38%
Central Trust of China in custody of Mondrian Emerging Markets Fund		11,539,000	1.26%

I-5 Share Prices, Net Value, Earnings, Dividends and Relevant Share Information for last two years

Unit: NT\$

Year		Item	2005	2006	As of March 31, 2007
Market Price per Share	Highest		69.20	81.40	82.00
	Lowest		49.90	64.50	73.90
	Average		58.50	72.20	77.80
Net Value per Share	Before Distribution		16.58	17.46	18.40
	After Distribution		16.58	(Note)	—
Earnings per Share	Weighted Average Shares (Shares)		915,160,436	915,160,436	915,160,436
	Earning per Share (Undiluted)		3.99	4.18	0.95
	Earning per Share (Diluted)		3.99	(Note)	—
Dividend per Share	Cash Dividends		3.40/Share	(Note)	—
	Stocks Dividends	Dividends from Retained Earnings	—	(Note)	—
		Dividend from Capital Surplus	—	(Note)	—
	Accumulated undistributed dividends		—	(Note)	—
Return on Investment	Price/Earning Ratio		14.66	17.27	—
	Price/Dividend Ratio		17.21	(Note)	—
	Cash Dividend Yield Rate		5.81%	(Note)	—

Note: As of March 31, 2007, the shareholders' meeting has not yet decided on the distribution of earnings in 2006.

I-6 Dividend Policy and Implementation Status

a. 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. Shareholders' equity and retained earnings carried over are to be distributed along with the current year's net profits. Earnings 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 proposal to distribute earnings shall take effect upon the approval from the shareholders' meeting.

The shareholders' meeting shall determine the distribution percentage of accumulated distributable earnings based on the following principles:

- (1) Directors' and supervisors' remunerations: 1% of net profits of the year
- (2) Employees' bonus: no less than 0.2% of net profit of the year
- (3) Shareholders' dividends and bonuses: after deducting (1) and (2) from the accumulated distributable earnings, a range between 80% and 100% may be distributed. However, a percentage between 50% and 100% of such distributable earnings should be paid out as cash dividends, with the remainder booked as undistributed earnings.

b. The proposal to distribute earnings of 2006 by the Board of Directors submitted to the 2007 Annual Shareholders' Meeting for approval. The proposal finalized by the Board of Directors on March 14, 2007 is as follows:

Cash dividends:

It is planned that a total of NT\$3,203,061,526 (NT\$3.5 per share) shall be distributed from the accumulated distributable earnings of 2006. After the approval from the Annual Shareholders' Meeting, the Board of Directors shall propose a base date for the distribution of dividends.

1-7 Impact to the Company's Operating Performance and Earnings per Share from the Stock dividend Proposed by the Shareholders' Meeting:

According to Guidelines for Disclosure of Financial Forecasts by Public Companies, PCSC is not required to release its 2006 financial forecasts. Therefore, under the decree of Tai-tsai-cheng (1) Letter No. 00371 issued on February 1, 2000, PCSC is not required to disclose this information.

1-8 Employees' Bonus and Remuneration to Directors and Supervisors:

a. Percentage or range of employees' bonuses and compensations to directors and supervisors stated in Articles of Incorporation:

According to PCSC's Articles of Incorporation, the dividend pool is net profit after taxes, previous losses and 10% legal reserve. Meanwhile, any deduction of shareholders' equity during the period should be made up with the same amount of special retained earnings. If the deduction of shareholders' equity is reversed at any later stage, the reverse amount should be included in the dividend pool of that year. Any earnings this year available for distribution combined with undistributed earnings from the previous year is defined as accumulated distributable earnings. The Board of Directors shall devise an earnings distribution proposal by taking into considerations the industry conditions, PCSC's future operations and investment plans. The distribution proposal will take effect upon approval from the Annual Shareholders' Meeting. The remunerations of directors and supervisors are set at 1% of the total earnings and the employees' bonus shall be no less than 0.2% of the total earnings of that year.

b. The Board of Directors has come up with the following details regarding the distributions of earnings of 2006 as employees' bonus and directors' and supervisors' remunerations.

(1) Employees' bonus: NT\$275,250,128; directors' and supervisors' remunerations: NT\$34,406,266.

(2) Intended distributions of stock dividends to employees and the corresponding percentage of the retained earnings to be converted into capital: Employees' bonus is paid in cash.

(3) EPS before employees' bonus and directors' and supervisors' remunerations is NT\$4.18. EPS after employee's bonus and directors' and supervisors' remunerations is NT\$3.84. °

c. Distributions of earnings in 2005 as employees' bonus and remunerations for directors and supervisors:

Distributions of earnings in 2005 as employees' bonus and remunerations for directors and supervisors are as follows: Actual Profit distribution of 2005 earnings

	Meeting and the Board of Directors
(1) Distributions (NT\$1,000)	
Employees' Bonus	\$ 200,559
Directors' and Supervisors' remunerations	\$ 66,853
(2) Earnings per Share (Unit: NT\$)	
EPS	\$ 3.99
EPS after bonus and remunerations	\$ 3.70

1-9 Share Buyback: None

2. Status of Corporate Bonds, Preference Shares, GDR, Employee Stock Option Plan, Mergers, Acquisitions and Spin-offs

2-1 Corporate Bonds

As of March 31, 2007

Type of Corporate Bonds	PCSC Second Issue of Secured Corporate Bond
Issuing Date	June 10, 2003 ~ June 13, 2003
Par Value	NT\$1 million
Issuing Location	—
Offering Price	Issued at Par
Total Amount	Total amount of NT\$1.5 billion, divided into classes of Aa, Ab, Ac, Ad, Ba, Bb and Bc due to different issuance dates and prerequisites; the amount for each issuance of Aa, Ab, Ac, Ad is NT\$ 200 million, Issuance of Ba, Bb is NT\$200 million each, Issuance of Bc is NT\$300 million.
Coupon Rate	Issue A: 1.4%; Issue B: 4% minus 6-month LIBOR or 4% minus 180-day commercial paper interest rate, adjusted every six month

Type of Corporate Bonds		PCSC
		Second Issue of Secured Corporate Bond
Term		The terms of each class are all 5 years. The terms of individual classes are as follows: Issue Aa, Ba: June 10, 2003 to June 10, 2008 Issue Ab, Bb: June 11, 2003 to June 11, 2008 Issue Ac, Bc: June 12, 2003 to June 12, 2008 Issue Ad: June 13, 2003 to June 13, 2008
Guarantor		Class A: Taipei Fubon Bank; Class B: Chunglun Branch of Bank of Taiwan
Trustee		Trust Department, Chinatrust Commercial Bank
Underwriter		None
Legal Counsel		Su, Yan Wei, Esq.
Auditors		PRICEWATERHOUSECOOPERS Lai, Chun Tien; Lin, Tung Chiao
Repayment		Issue A: automatically repaid at 3rd, 4th and 5th year terms at 25%, 25% and 50%, respectively Issue B: repaid in full at maturity
Outstanding Principal		NT\$1.3 billion (Note)
Redemption or Early Repayment Clause		None
Covenants		None
Credit Rating Agency, Date of Credit Ratings, Credit Ratings of the Bonds		None
Other Rights to Bondholders	Amount of Converted (Exchanged or Subscribed) Common Shares, GDR or Other Securities as of Annual Report Publishing Date	None
	Issue and Conversion Rights (Exchanges or Subscription Rights)	None
Dilution Effects and Other Adverse Effects to Existing Shareholders due to Bond Issuance, Conversion, Exchange or Subscription of Shares		None
Custodian		None

Note: In June 2006, PCSC repaid NT\$200 million for its second issue of secured corporate bond.

2-2 Preference Shares: None

2-3 Global Depository Receipts: None

2-4 Employee Stock Option Plan: None

2-5 Issuance of New Shares to Merge and Acquire Other Companies: None

3. Status of Capital Utilization Plan

3-1 Capital Projection

As of March 31, 2007, any incomplete share issuance or private placement or any completed share issuance or private placement over the past three years but not yet reporting any benefits: None

3-2 Status of implementation:

As of March 31, 2007, analysis of the purposes of each capital investment project and comparison of the implementations and the original benefits: None

V. OPERATIONAL HIGHLIGHTS

I. Business Activities

I - I Business Scope

a. Officially Registered Business Items

(1)	F203020	Tobacco & alcohol retails	(15)	F216010	Retails of photo and film equipment	(28)	JZ99050	Agency services
(2)	F206020	Retails of daily products	(16)	JZ99030	Photography	(29)	IZ99990	Other services (agent for school enrollments, applications, ticket sales, receiving goods on behalf of customers and bill collections on behalf of other businesses)
(3)	F203010	Retails of food, groceries and beverages	(17)	F204110	Retails of cloth, clothes, shoes, hats, umbrellas and accessories			
(4)	F208040	Retails of cosmetics						
(5)	F399990	Other retails	(18)	A102060	Retails of staple food			
(6)	IZ01010	Photocopying	(19)	F213010	Retails of home appliances	(30)	F401161	Importing of tobacco
(7)	F201070	Retails of flowers	(20)	F208031	Retails of medical equipment	(31)	F401171	Importing of alcohol
(8)	F209060	Retails of educational, musical and entertainment products	(21)	F205040	Retail of furniture, beds, kitchenware, decorative items	(32)	Any business activities unless otherwise restricted by law	
(9)	JE01010	Leasing	(22)	F207030	Retails of cleaning products	(33)	F301010	Department stores
(10)	IE01010	Distribution of telecommunications subscriptions	(23)	F401010	International trading	(34)	F301020	Supermarkets
(11)	I401010	Advertising services	(24)	JA01010	Automotive repair services	(35)	F399010	Convenience stores
(12)	F207050	Retails of fertilizers	(25)	F214030	Retails of automobile and motorcycle accessories and merchandise	(36)	F501030	Beverage stores
(13)	F210010	Retails of watches and clocks	(26)	G202010	Parking lot operations	(37)	F501060	Restaurants
(14)	F210020	Retails of glasses	(27)	IZ14011	Lottery tickets	(38)	G902011	Type II telecommunications business

b. Sales Breakdown by Categories in Year 2005 and 2006

Unit: NT\$1,000

Product Category	Sales & Percentages			
	2005		2006	
	Amount	%	Amount	%
Food Services	11,018,445	12.15%	12,424,522	12.85%
Publications	13,167,302	14.51%	13,587,715	14.05%
Beverages	30,169,430	33.26%	32,767,871	33.89%
Non-Food	24,353,299	26.85%	25,538,104	26.41%
Ordinary Food	11,651,670	12.84%	12,051,768	12.46%
Others	356,257	0.39%	315,743	0.34%
Gross Sales	90,716,403	100.00%	96,685,723	100.00%
Sales Discounts	(44,756)		(56,982)	
Net Sales	90,671,647		96,628,741	
Other Operating Revenue	3,001,963		3,350,877	
Total Operating Revenue	93,673,610		99,979,618	

c. Present and Future Products and Services

In 2006, 7-ELEVEN aimed to create convenience in every aspect of consumers' lives. We seek to "immerse into the customers" scenarios in order to create brand value' by constantly introducing new life styles and joys to customers as well as continuously innovating in products and services.

In order to promote to the consumers in Taiwan the concept of "Nature & Health" under the brand name LOHAS, we organized Simply Life Festival, 7-ELEVEN New Life Movement workshops and MY LOHAS magazine. This prompted an enthusiastic response in the market. Also, we developed a series of products in the theme of "Nature & Health", such as organic dark chocolate and marshmallows with added collagen, Vitamins A and C. These products became extremely popular with consumers and generated impressive sales.

In order to allow customers to rest assured of the quality and healthiness of our fresh food products, we continued to advocate the concept of "additives-free". We guarantee our customers that the 180 fresh food products at 7-ELEVEN are free from artificial flavorings and preservatives. It had been 10 years since the debut of 7-ELEVEN Rice Balls. Its tenth anniversary campaign saw sales of Rice Balls soar and hit record high in terms of average sales per store. The TV commercial, "Play" was rated by Brain magazine as one of the most popular TV commercials in 2006 in Taiwan. It also won a golden Times award in corporate image as it enhanced the overall image and reputation of the corporate. In addition, the lunch box series, already popular with consumers, continued to upgrade its quality and expand its offerings. The year 2006 version of Fancy Lake Railway Lunch Box and Kyushu Chicken Lunch Box both generated brisk sales.

Slurpee, once well known to everybody, made its comeback in August 2006 to refresh the fond memories of customers and sold over 3.7 millions cups by the end of 2006. In addition to its contribution to sales, Slurpee became the talk of town among consumers. It is yet another proof to customers that 7-ELEVEN's long-standing efforts in the Taiwanese market. It also introduced the ibon digital services with eight features, i.e. integrated mobile office, fee payments, insurance, travel, tickets, exchange, digitalization and information, to provide super convenience to consumers and create the absolute competitive advantages for PCSC.

Since the first integrated marketing campaign in 2005, the new marketing campaigns, one after another, have become one of 7-ELEVEN's value added services that consumers watch out for. They also successfully hearten the relationship between stores and customers. Activities such as Hello Kitty Pin, Doraemon Magnet and Doraemon Characters in 2006 created strong sales, generated common topics among customers and a craze for collections. This successful marketing event brought 7-ELEVEN another MCEI Marketing Excellence Award. Meanwhile, to promote 7-ELEVEN's mascot, "Open", we developed a series of products such as "Open" cereal milk and popcorn. The balloons of "Open" could also been seen in New Year Eve Parade. Through powerful promotions and PR campaigns on TV, Yahoo website and radio, it has created high visibility on media and shortened the distance between 7-ELEVEN and its customers.

Looking forward 2007, we will continue to step up the development of products that already have solid grounds and hold great potentials in order to create more sales for our stores. These products include city cafe, Slurpee, lunch boxes and fresh food. Meanwhile, we will seek to expand the service contents of ibon in pre-ordering and customer services, so as to provide consumers diverse, refined and convenient lifestyle choices.

I-2 Industry Overview

The credit card debt remained a negative factor to private consumption in 2006. The overall market size in the retail industry stood at NT\$3,158.8 billion in 2006, up only by 1.85% from 2005. General merchandise retail sales reached NT\$733.5 billion, up by 3.16% from 2005. In contrast, the growth of revenue reported by PCSC was as high as 6.73%, another great record.

As the national income has been on the rise in Taiwan, the focus of consumption has shifted to food and clothing to the pursuit of better living quality and more convenient lifestyle. With a view to the changing consumption patterns, PCSC has been constantly adjusting its product mix in order to better cater to consumers' needs. At the end of August 2006, the ibon kiosk was introduced with eight features (including integrated mobile office, ticket ordering, bill payments and insurance), etc. This comprehensive digital service platform aims to provide consumers a quality and convenient life.

Looking forward, PCSC will continue to adjust its product mix and business model in 2007, so as to provide services and products better catering to the needs of consumers and as a result, to continue strong growth in sales.

The store numbers of convenience chain stores in Taiwan in 2006 are as follows:

	7-ELEVEN	Family Mart	Hi-Life	OK	Nikko Mart	Others	Total
Total	4,385	2,012	1,261	869	301	261	9,089

I-3 Research and Development

To keep up with the digitalization trend, 7-ELEVEN is always researching and innovating. In 2006, we launched the following digital services to meet with the needs of consumers:

a. ibon kiosk:

ibon kiosk was first introduced at 1,100 stores in the Greater Taipei in Aug., 2006. It is a digital service platform that offers features such as mobile offices, bill printing and payments, travel, tickets, bonus point exchanges, digital downloading and insurance. We hope that ibon kiosk extends our services into the virtual space in our limited numbers of "bricks and mortars", in order to provide consumers with more convenient options. In 2007, it is planned that ibon kiosk will introduce more services and gradually expand to all the stores in Taiwan.

b. Strategic alliance with WIFLY to create a digital convenience store chain:

In September 2006, over 600 7-ELEVEN stores in the Greater Taipei completed the deployment of W-LAN networks, allowing consumers to access the Internet over WIFLY within 100 meters around the stores. This strategic alliance made 7-ELEVEN a great "wireless" neighbor to consumers.

c. ifoto, a professional image service center:

With the advancement of network transmission speeds, digital pictures and online photo development can be combined as one. 7-ELEVEN and Wisdom Distribution Service Corp. Once again collaborated, invested millions of NT dollars to upgrade the back-end image processing and distribution system and launched ifoto, an online photo printing service. This product made 7-ELEVEN the largest virtual photo printing shop in Taiwan. In addition to allow consumers to print out quality photos from their digital files, ifoto offers the services with which consumers may convert their digital files into fine imagery items that can be treasured or given away as gifts. These services combine the features of image life and digital printings.

d. icashwave, a convenient payment tool:

Since the debut of icash in 2004, 7-ELEVEN has successfully created the convenience that consumers do not need to carry coins and can check out at cashiers quickly. However, 7-ELEVEN continued to find ways to better its features and make it more convenient to use. After nearly two years, 7-ELEVEN and Chinatrust Commercial Bank will be launching icashwave in April 2007 by combining the features of electronic wallets and credit cards. This will save consumers the troubles of installing values with cash and offers them with another convenient option to make payments.

e. In 2006, PCSC spent a total of NT\$125.70 million on the R&D of systems. The expenditure on the R&D of systems totaled NT\$15.11 million by March 31, 2007.

I-4 Short and Long Term Operating Strategies

a. Short-term operating strategies

- (1) Enhance franchise system and increase franchise percentage.
- (2) Increase the number of stores and maintain competitive advantages.
- (3) Strengthen cost management and improve operating efficiency per store.
- (4) Promote differentiations in marketing campaigns.
- (5) Step up personnel training and development.

b. Long-term operating strategies

- (1) Improve organizational efficiency and enhance operational efficiency of stores.
- (2) Implement value-added promotions and create effective differentiations.
- (3) Leverage existing advantages and develop new services and opportunities.
- (4) Strengthen franchise system and better personnel training and development.

2. Market Analysis and Merchandise

2-1 Market Analysis:

a. Main product (service) sales areas:

In terms of product development, we continue to provide consumers with a diverse, high-quality and high value added range of products. We never cease our efforts to launch innovative services to make life much easier for consumers. We strive to meet with each and every demand from consumers for efficiency and convenience.

Apart from Taiwan, Kinmen and Penghu, our service area has been expanded to include Matsu. By continuing to follow our motto "7-ELEVEN for all your needs", we seek to provide customers with best-of-breed services. °

b. Market share analysis and industry outlook:

- (1) By the end of 2006, PCSC had 48% market share (based on the number of stores) in the convenience chain store market. It is both the market leader and the number one consumer brand.
- (2) The convenience store sector has been reporting a growth in revenues higher than that in the overall general merchandise industry over the past two years. This impressive achievement was led by PCSC in its first integrated marketing campaign in 2005. Other convenience stores have followed suit, created the growth momentum for the sector and reversed the slow-down since 2001. As consumers' convenience demands continue to increase, the convenience store sector

still has tremendous potentials for growth as long as we can develop products and services that cater to the demands of customers by putting ourselves in their shoes.

c. Competitive advantages:

There is no saturation but redistribution in this industry. Despite the fierce competition in the convenience store market in Taiwan, we are confident that we will stand out if we can fully leverage on our own advantages and stay in tune with customers' needs. Our competitive advantages are as follows:

- (1) Strong brand and corporate image.
- (2) Economies of scale in distributions to facilitate the development of differentiated products and enhance bargaining powers.
- (3) Comprehensive distribution and support systems.
- (4) A highly capable management team.
- (5) Quality fresh food products free from additives.
- (6) Resources, capabilities and experiences to innovate the integrated marketing campaigns.
- (7) Trust from customers and franchise store operators.

d. Positive and negative factors for future growth & strategic responses:

(1) Positive factors:

- Rising concerns over nature and health as advocated by LOHAS.
- Increase of eating-out population due to the structural changes of families.
- Emergence of the markets for females and senior citizens.
- Opening of the tourism policies to allow people from China to visit Taiwan.

(2) Negative factors:

- Competitors catch up at an accelerating rate and it is difficult to maintain differentiations.
- Exodus of the heavy spenders to China brings down the overall purchasing power.
- Credit card debts reduce the willingness to spend and the percentage of daily-life expenditures go south.
- Soaring energy prices increase operational costs.

(3) Strategic responses:

Looking forward, PCSC will continue to "immerse into customers' scenarios" in our constant renovations to develop products and services that cater to needs of customers. Meanwhile, we will leverage the know-how we have accumulated in the retail industry over time in order to duplicate and transfer our successful experience to assist our overseas businesses. We hope to accelerate our steps to become a world leading enterprise.

2-2 Major applications of key products and their production processes:

- a. Utilization: daily necessities.
- b. Production: not applicable.

2-3 Supply of major raw materials: not applicable.

2-4 Information on major clients/suppliers who have accounted for at least 10% of sales/procurements in either of the recent two years:

- a. List of customers that have accounted for at least 10% of sales over the past two years:
PCSC is a retailer of daily life merchandise. Our customers are the general public.
- b. List of suppliers that have accounted for at least 10% of procurements over the past two years:

(1) List of suppliers that account for at least 10% of procurements:

Unit: NT\$1,000

Year	2005		2006	
Name of Vendor	Amount	%	Amount	%
Retail Support International Corp.	41,630,192	63%	43,120,484	60%
Uni-President Cold Chain Corp.	14,428,903	22%	15,828,128	22%

(2) Reasons for significant changes: The increase in procurement amounts was due to the increase in sales.

2-5 Production over the past two years: not applicable.

2-6 Sales over the past two years: Please refer to p.32 for "Sales Breakdown by Category in Year 2005 and 2006".

3. Personnel Information

Year	2005	2006	As of April 25, 2007
No. of Employees	Store Employees	2830	3099
	Headquarters	1550	1699
	Part-time	3675	3404
	Total	8055	8202
Average Age		27	28
Average Years of Service		3.7	4.1
Education Level (%)	PhD	—	—
	Master	3.3	4.1
	Bachelor	44.1	44.4
	High School	46.3	49.5
	Others	6.3	2

4. Environmental Protection and Expenditures

4-1 Environmental (Green) Accounting

PCSC spares no efforts in environmental protection. For years, our endeavours include energy conservations, the development of additives-free products and environmental cleaning. In 2006, we promoted the concepts of health and environment under the LOHAS slogan. We adopt the green environmental (green) accounting system to present this information in the form of financial figures.

According to the environmental accounting system, we classify our environmental protection expenses at the headquarters and stores into the following categories: products, stores, delivery, office management, internal education and social contributions. Below is a table that summarizes all the statistics regarding our environmental protection expenditures. PCSC spent a total of NT\$422.33 million on the aforementioned environmental related expenditures, of which the largest items were:

- (1) NT\$104.68 million on the cleaning and greening of the store environment and the disposal of wastes;
- (2) NT\$87.15 million in capital expenditures on the energy conservation equipment and relevant expenses;
- (3) NT\$57.25 million in environmental-friendly packaging of products;
- (4) NT\$44.94 million in capital expenditures on the expansion of useful years for store equipments and relevant expenses.

Other items include the recycling of kitchen waste, additive-free food, paperless environment, uniforms made with environmental-friendly materials and social and environmental welfare.

4-2 Environmental related expenditures

a. Table of environmental related expenditures

Unit: NT\$

Type	Item	Content	Benefits, resource effectiveness, reduction of emissions	Capex (NT\$)	Expenses (NT\$)	Total
Products	Security and environmental concerns during the manufacturing, procurement and selling processes of products	Procurement of 16,178,837 paper lunch boxes	Resource conservation		57,245,050	74,176,865
		Inspections on products and environments	Protection of human health		6,264,490	
	Specific fresh food products do not contain preservatives, artificial flavourings or residual pesticides	Inspections on fresh food contents	Protection of human health		2,600,650	
	In compliance with the regulation of Waste Disposal Act and Resource Recycling Act in terms of recovery and cleaning of packages and containers, recycling and processing of food waste.	Resources recycling and processing	Recycled 429.81 tons of expired fresh food products		8,066,675	
Stores	Energy conservation	Purchase of energy-saving equipment: 356 large power savers; 264 mainframes for sharing; 530 inverter air-conditioners; energy-efficiency engineering for lights at passageways	Energy conservation	85,623,300	1,528,247	241,485,787
	Cleaning and disposal of wastes and resource recycling	Cleaning and greening of store environments and disposal of wastes	Maintenance of clean environments		104,681,570	
	Extension of useful lives of equipment and building materials	Purchase of 517 steel check-out counters	Reduction of tree cutting by 2,585 trees	43,428,000	1,510,183	
	Green procurement	Green procurements for stores: 11,172 uniforms made of environmental-friendly materials and 2,235,880 environmental-friendly garbage bags	Enhancement of green procurements		4,714,487	
Delivery	Enhancement of loading efficiency and reduction of delivery time and distance to reduce the impacts to the environment	Two-distribution system for bread and fresh food products	The number of deliveries reduced by 15,560 trips	24,780,000	2,700,000	40,981,401
		Reduction of greenhouse gas and recycling of HCFs for distribution vehicles	Reduction of distribution loading means a reduction of 55.37 tons of carbon dioxide emissions and recycling of 14 kilograms of HCFs.		7,000	
	Implementation of Reverse Logistics (recycling of resources)	Spending on manpower and equipment on reverse logistics at stores	Reduction of wastes	5,335,438	8,158,963	
Office management expenses	Disposal of wastes, recycling of resources and maintenance of the environment	Cleaning and greening of the office environment and disposal of wastes	Maintenance of clean environments and recycling of resources: 3,945 kilograms of pet bottles; 42,930 kilograms of paper; 468 kilograms of tin cans		4,358,049	19,425,908
	Promotion of paperless environments	Deployment and maintenance of communications platforms, HR systems and electronic publications	Reduction of wastes		13,485,000	
	Maintenance of environmental management system	Staff expenses on the environmental protection activities	Maintenance and promotion of the environment management systems		1,582,859	
Internal education	Educational campaign to promote environmental	protection Promotional campaigns for LOHAS, production of resource recycling manuals and webpages, and the publication of 800 copies of special features on the cleaning activities	Environmental education to employees		270,195	270,195
Social contributions	External publicity campaign to distribute information on the environments	120,000 copies of environmental reports; 5,000 copies of promotional manual on traffic safety and accident handling; maintenance of webpages that post environmental reports; promotion of the use of green products (such as environmental-friendly chopsticks)	External promotion of environmental information		150,587	45,991,638
	Organization of or involvement in socially beneficial activities	97,775 people participated in the 7-ELEVEN sponsored national/world cleaning activities	Reduction of garbage by 121.5 tons		6,624,698	
		Community competitions for nature story photography	Promotion of environmental education		1,593,816	
		LOHAS festivals and events; Urban Simple Life Music Festival	Promotion of environmental education		19,497,617	
		Sponsoring of environmental groups	Promotion of environmental education		16,770,000	
	Conservation of the ecosystem	Conservation activities	Protection of wetlands		1,354,920	
Total				159,166,738	263,165,056	422,331,794

2. In 2006 and during the first four months of 2007 (up to April 25), some stores violated Noise Control Act and the regulations governing the disposal of wastes and were fined for a total of NT\$692,940 and NT\$158,360 in respective periods.

4-3 Benefits of investments in environmental protection

a. Recycling and reuse

Each 7-ELEVEN environmental-friendly uniform is made from 12 recycled pet bottles. In 2006, 7-ELEVEN spent a total of NT\$1,826,003 on the purchase of 11,172 environmental-friendly uniforms. This means a total of 134,064 pet bottles were recycled. It was a great reduction of pollutions to the environment.

b. Benefits of energy-efficient facilities

Large Power Savers

The introduction of a large power saver to each store can save 16,584 kw/h of electricity on average. In 2006, 7-ELEVEN invested NT\$24,453,300 on the installation of power savers at 356 stores. By December 31, 2006, a total of 3,600 7-ELEVEN stores have power savers. Refitting of Heat Sinks (refrigeration units' joint engines)
Stores indoor heat sinks have been refitted as external heat sinks in order to reduce energy consumption. On the average, the introduction of refrigeration units' joint engine at each store saves around 17,273 kw/h p.a. In 2006, 7-ELEVEN invested a total of NT\$11,880,000 on the introduction of 264 joint engines. By December 31, 2006, a total of 1,221 stores have joint engines installed onsite.

Frequency-converter Air-conditioning

The introduction of two frequency-converter air-conditioners into each store, on average, saves 4,980 kw/h of electricity p.a. In 2006, a total of NT\$49,290,000 was spent on the introduction of 530 frequency-converter air-conditioners into 265 7-ELEVEN stores. By December 31, 2006, a total of 265 7-ELEVEN stores have frequency-converted air-conditioners installed onsite.

Steel Counters

Steel counters will replace wooden ones at stores. This will increase the number of years in use before renovations from 6 to 8 years. In addition, steel counters may be recycled and reused, as far as environmental protection is concerned. In 2006, 7-ELEVEN purchased a total of 517 steel counters by investing NT\$43,428,000. Each steel counter, in place of a wooden one, means a reduction of logging by 5 trees. In total, 7-ELEVEN has avoided the cutting of 2,585 trees already in 2006. It is 7-ELEVEN's contribution to the protection of the environment.

c. Guarantee of food hygiene

Food hygiene tests

To ensure the safety of food, we conduct rigorous inspections on fresh food products (and packaging materials) before they go to shelves to make sure that they are free from preservatives and micro-organisms. In 2006, NT\$2,600,650 was spent on such inspections. By March 2007, a total of 229 fresh food products at 7-ELEVEN are free from artificial flavorings, artificial colorings and preservatives.

4-4 Improvement measures

We ask all of our stores to make improvements when necessary and make sure they are aware of relevant regulations

4-5 Information related to EU RoHS Directives

None of the products of our company or our subsidiaries is directly or indirectly exported to Europe, or affected by RoHS Directives.

5. Employee Relations

5-1 Employee benefits

a. Integration of the group's HR systems and resources

PCSC and its affiliates review and revise their HR systems in order to build an environment that facilitates fair and reasonable mobility of talents throughout the group. Such reviews and revises will help the establishment of a comprehensive talent bank and a career plan system for the group.

b. Comprehensive employee benefits

By the decree of Official Letter Taipei City Social II No. 58459 of Department of Social Welfare, Taipei City Government (1987), PCSC established an Employee Benefits Committee on December 21st, 1987. Members of the Committee are jointly elected by both PCSC and employees. The Committee regularly hosts a variety of activities, organizes health check-ups for employees and offers benefits such as subsidies for on-the-job trainings and studies. PCSC offers benefits such as cafeteria benefits, overseas trips for senior employees, health check-ups, financial trust services, club subsidies, libraries, group purchase discounts, wedding and funeral allowances, paid maternity and paternity leaves, dormitories for female employees, group insurances, employee travel allowances, and other benefits provided by Employee Benefits Committee to meet the needs of employees. °

c. Integration of the group's training resources

PCSC established PCSC Learning Center to develop a common training curriculum in retail management to allow its affiliates to participate in different methods or focus on different subjects. In this way, the group is able to maximize the benefits in talent development by fully utilizing training budgets and resources. In addition, PCSC spares no efforts in the utilization of digital learning systems so that its employees are aware of their personal learning paths. The combination of online curriculums, online tests, classroom drills and reports uploading further expand the training benefits. The digital learning system is used to integrate retail know-how unique to each of the group's affiliates so that competences can be passed down, transferred and utilized freely within the group. °

d. Special franchise program

PCSC provides an incentive program to encourage employees to become franchisees so that they can grow and develop along with the company.

e. Safe and harmonious workplace

PCSC provides employees with a safe and harmonious workplace that encourages positive interactions between male and female employees. A set of crisis management policies and teams have been defined and assigned. In addition, PCSC regularly inspects indoor air quality, water quality and illumination in order to create a superior working environment. Also, to ensure the safety of employees at work, PCSC and Employee Benefits Committee both offer a variety of injury-related benefits on top of accidental insurances and group insurances.

f. Retire plan :

(1) Old system under the Labor Standards Act

In 1987, PCSC began its employee retirement program, applicable to all the formally hired employees. This program calculates the service years by dating back the first date of employment.. Employees who have been in service for less than 15 years (inclusive) shall be granted two basic units for each full year of service in the calculation. From the 16th year onward, each full year

of service shall be translated into one basic unit in the calculation of pensions. Any service period that is less than six months shall be calculated as half a year; while any service period that is between six months and twelve months shall be calculated as one full year. The number of basic units in the calculation of pensions is capped at 45. Pensions are calculated on the basis of service years and the average monthly salary at the time of retirement. Calculation of average salaries shall be made in compliance with Labor Standards Law.

(2) Pension policy to include the service years in affiliates for transferred employees

- a. The calculation of service years for transferred employees includes the number of years they serve in any PCSC affiliate or members of the Uni-President Group.
- b. The sharing of pensions among affiliates is based on the percentage of the service years spread over the affiliates that employees serve.

(3) New system under the Labor Pension Act

Beginning on July 1, 2005, in compliance with the Labor Pension Act, PCSC implements a new system that is applicable to all hired employees. All the employees can opt for the old system under the Labor Standards Act as stated in (1) or the new system under the Labor Pension Act. A switch to the new system is still possible within five years after an employee has chosen the old system. According to the regulations of the Labor Pension Act, the payout is made based on the Monthly Contribution Wages Classification. In other words, 6% of their monthly income is transferred to their personal retirement account with Bureau of Labor Insurance.

5-2 Labor relations

a. Open communications channel

Aside from the service center at the headquarters and email suggestion box to answer questions from employees, PCSC has established a website discussion forum on the intranet to facilitate communications among all employees for issues in life and at work and the exchanges of their ideas and feedbacks.

b. Employee Code of Conduct

Within a framework of integrity, trust and ethical conduct, PCSC has defined an Employee's Handbook, and a scheme for rewards and disciplinary actions. An implementation committee has been put in place to execute these procedures. Self-Discipline Pack for Employees has also been defined to clearly state the code of conduct for employees.

According to Self-Discipline Pack for Employees, employees should observe the following regulations in actions, ethics and code of conduct.

- (1) Employees cannot use company money for personal purposes, engage in unscrupulous behaviors for profits, involve in illegal acts, violate any contracts, damage public properties or jeopardize the company's reputation.
- (2) Employees shall not abuse any other individual, affect any other individual's work performances or threaten to exchange the establishment of service contracts, compensations, performance reviews, promotions/demotions, rewards/disciplinary actions with any words or actions that contain sexual requests, sexual connotations or sexual discriminations.
- (3) Employees shall not give gifts to supervisors or treat supervisors for meals; however, supervisors may give gifts to subordinates and treat subordinates for meals as a token of gratitude for their hard work.
- (4) Employees shall not be engaged in non-business monetary transactions with any business-related vendors or employees.
- (5) Employees shall not receive any benefits from business-related vendors or individuals.
- (6) Employees shall not make publications, statements or displays in the name of the company without permission from the company.
- (7) Employees should maintain the confidentiality of the business activities they are responsible for and shall never, in any circumstances, assist any company or individual that has conflicts of interests with our company or compete against our company by revealing the business secrets of our company.
- (8) The attendance and all kinds of behaviors should be in compliance with the regulations set forth by HR.

c. Labor negotiations:

PCSC has always valued its human resources as its most significant asset, and has worked to align the vision of the company and the wishes of employees. 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.

d. Losses due to labor disputes

PCSC provides employees with a comprehensive benefit system, quality working environment and open communications channel. Therefore, no major labor disputes have occurred and no significant losses have been reported.

6. Important Contracts

April 25, 2007

Contract Type	Contracting Party	Terms of Agreement	Summary	Restriction Clause
Regional licensing agreement	7-ELEVEN, Inc	July 20, 2000 ~ perpetuity	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 service marks. 2. PCSC shall pay royalty fees to 7- ELEVEN, Inc. at % of sales stated in the contract on a monthly basis.	PCSC is obligated to well manage, operate and expand the convenience store business within the authorized area. PCSC is not permitted to operate its convenience store business outside the authorized area or continue with the operations of its convenience store business within one-year after termination of this contract.
Long Term Guarantee	Bank of Taiwan	June 10, 2003~ June 12, 2008	NT\$700 million corporate bond guarantee	None
Long Term Guarantee	Taipei Fubon Commercial Bank	June 10, 2003~ June 13, 2008	NT\$800 million corporate bond guarantee	None
Long Term Debt	Bank of Taiwan	October 4, 2006~ October 4, 2008	NT\$300 million credit loan	None
Long Term Debt	Taipei Fubon Commercial Bank	June 20, 2005~ June 19, 2008	NT\$500 million credit loan	None
Long Term Debt	The Shanghai Commercial & Savings Bank	July 21, 2004~ July 20, 2007	NT\$350 million credit loan	None
Long Term Debt	Chinatrust Commercial Bank	September 8, 2006~ July 31, 2008	NT\$800 million credit loan	None
Long Term Debt	Taishin International Bank	December 31, 2005~December 31, 2007	NT\$500 million credit loan	None
Long Term Debt	E. Sun Bank	September 21, 2006~September 21, 2009	NT\$300 million credit loan	None
Long Term Debt	Cathay United Bank	May 24, 2005~May 24, 2008	NT\$300 million credit loan	None
Long Term Debt	Hua Nan Commercial Bank	March 27, 2007~ March 27, 2009	NT\$500 million credit loan	None
Long Term Debt	Mega International Commercial Bank	January 26, 2007~ January 25, 2009	NT\$900 million credit loan	None
Long Term Debt	Chang Hwa Bank	January 5, 2007~ December 31, 2008	NT\$500 million credit loan	None
Long Term Debt	Mizuho Corporate Bank	October 27, 2006~ October 27, 2008	NT\$500 million credit loan	None

VI. FINANCIAL INFORMATION

I. Five Year Brief Balance Sheet and Income Statement

I-1 Brief Balance Sheet

Unit: NT\$1,000

Item \ Year	Five Year Balance Sheet Summary (Note 1)					As of March 31, 2007(Note 1)
	2002	2003	2004	2005	2006(Note 2)	
Current Assets	4,227,259	6,583,792	4,704,714	6,466,923	7,884,320	7,438,566
Funds & Long-Term Investments	12,693,029	12,788,841	13,763,713	17,664,427	19,248,498	19,161,597
Fixed Assets	6,438,890	6,833,018	9,193,812	6,954,385	6,851,322	7,030,243
Intangible Assets	—	—	—	—	—	—
Other Assets	1,462,411	1,634,198	1,532,699	2,549,690	2,334,626	2,322,689
Total Assets	24,821,589	27,839,849	29,194,938	33,635,425	36,318,766	35,953,095
Current Liabilities	9,168,310	10,428,885	10,597,585	13,437,482	17,293,024	15,618,680
After Distribution	10,128,964	12,825,308	13,504,197	16,816,439	Not yet distributed	Not yet distributed
Long-Term Debt	2,700,000	2,200,000	2,700,000	3,320,000	1,114,994	1,515,101
Other Debt	1,244,322	1,404,175	1,525,528	1,704,818	1,927,574	1,980,318
Total Liabilities	13,112,632	14,033,060	14,823,113	18,462,300	20,335,592	19,114,099
After Distribution	14,073,286	16,429,483	17,729,725	21,841,257	Not yet distributed	Not yet distributed
Common Stock	7,720,319	8,584,995	9,151,604	9,151,604	9,151,604	9,151,604
Capital Reserve	308	—	—	—	—	—
Retained Earnings	3,917,335	5,193,144	5,275,979	6,022,052	6,465,423	7,334,550
After Distribution	2,956,681	2,230,112	2,369,367	2,643,095	Not yet distributed	Not yet distributed
Unrealized Gains (Loss) from Long-term Investments	—	—	—	—	359,191	345,886
Total Foreign Currency Exchange Adjustment	70,995	28,650	(55,758)	(531)	6,956	6,956
Net Loss Not Recognized as Pension Cost	—	—	—	—	—	—
Shareholders' Equity	11,708,957	13,806,789	14,371,825	15,173,125	15,983,174	16,838,996
After Distribution	10,748,303	11,410,366	11,465,213	11,794,168	Not yet distributed	Not yet distributed

Note 1: All the annual financial information is audited by external auditors. Information regarding the first quarter of 2007 is reviewed by external auditors.

Note 2: As of the publication date of the Annual Report, the Annual Shareholders' Meeting has yet to decide on the earnings distribution of 2006.

I-2 Brief Income Statement

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

Item \ Year	Five Year Income Statement Summary (Note 1)					As of March 31, 2007(Note 1)
	2002	2003	2004	2005	2006(Note 2)	
Revenue	72,193,129	77,861,616	80,943,099	93,673,610	99,979,618	24,630,972
Gross Profit	21,507,057	23,371,944	24,559,257	28,159,084	30,242,681	7,141,947
Operating Profit	3,126,993	3,321,404	3,195,912	4,177,040	4,514,001	878,420
Non-Operating Income	404,571	943,919	836,926	821,494	903,954	293,892
Non-Operating Expenses	440,495	330,591	242,446	367,880	360,367	(38,133)
Pre-Tax Income from Continuing Operation	3,117,587	3,934,732	3,785,908	4,630,654	5,057,588	1,134,179
After-Tax Income from Continuing Operation	2,572,451	3,681,606	3,047,397	3,652,685	3,821,955	869,127
Income from Discontinued Operation	—	—	—	—	—	—
Extraordinary Income	19,889	—	—	—	—	—
Cumulative Effects of Changes in Accounting Principles	—	—	—	—	373	—
Net Income	2,592,340	3,681,606	3,047,397	3,652,685	3,822,328	869,127
Earnings per Share(NT\$)	3.36	4.29	3.33	3.99	4.18	0.95

Note 1: All the annual financial information is audited by external auditors. Information regarding the first quarter of 2007 is reviewed by external auditors.

Note 2: As of the publication date of the Annual Report, the Annual Shareholders' Meeting has not yet to decide on the earnings distribution of 2006.

I-3 Auditors' Opinions in Recent Five Years

Year	Audit Firm	Name of CPAs		Auditor's Opinion
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	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Modified Unqualified
2007 Q1	PRICEWATERHOUSECOOPERS	Lin, Tung Chiao	Chen, Mei Tzu	Opinion Reserve (Note)

Note: The financial information of the first quarter of 2007 has been reviewed by external auditors. However, the opinion was reserved because profits and losses due to long-term investments under the equity method and Footnote 11 were based on the financial reports and disclosures by investees but not yet reviewed by auditors.

I-4 Changes of external auditors in the past five years:

Due to job rotations at PRICEWATERHOUSECOOPERS Taiwan, the external auditors were changed to Lai, Chun Tien and Lin, Tung Chiao, in 2003 and Lin, Tung Chiao and Chen, Mei Tzu beginning in 2004.

2. Five Year Financial Analysis

Item			Year	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2007 (Note 1)
				2002	2003	2004	2005	2006	
Financial Structure	Debt to Assets (%)		52.83	50.41	50.77	54.89	55.99	53.16	
	Long-term Capital to Fixed Assets (%)		223.78	234.26	185.69	265.92	249.56	261.07	
Liquidity	Current Ratio (%)		46.11	63.13	44.39	47.83	45.59	47.63	
	Quick Ratio (%)		17.96	36.30	16.56	21.23	23.82	21.73	
	Interest Coverage		38.23	50.80	58.72	61.41	74.54	69.14	
Operating Performance	Account Receivable Turnover (Times)(Note 2)		-	-	-	-	-	-	
	Average Collection Days (Note 2)		-	-	-	-	-	-	
	Inventory Turnover (Times)		25.23	28.25	26.48	26.08	24.42	5.97	
	Account Payable Turnover (Times)		10.53	10.03	9.97	11.44	10.20	2.30	
	Average Inventory Turnover Days		14.00	13.00	14.00	14.00	15.00	15.00	
	Fixed Assets Turnover (Times)		11.21	11.39	8.80	13.47	14.59	3.50	
	Total Assets Turnover (Times)		2.91	2.80	2.77	2.78	2.75	0.69	
Profitability	ROA (%)		11.54	14.21	10.86	11.81	11.07	2.44	
	ROE (%)		23.90	28.86	21.63	24.73	24.53	5.30	
	Ratio to Paid-in Capital (%)	Operating Income	40.50	38.69	34.87	45.64	49.32	9.60	
		Pre-tax Profit	40.04	45.83	41.37	50.60	55.26	12.39	
	Net Income to Net Sales (%)		3.59	4.73	3.76	3.90	3.82	3.53	
	EPS (NT\$)		3.36	4.29	3.33	3.99	4.18	0.95	
Cash Flow	Cash Flow Ratio (%)		60.26	64.47	53.15	57.50	52.59	—	
	Cash Flow Adequacy (%)		77.85	90.85	82.50	87.68	99.63	98.42	
	Cash Flow Reinvestment Ratio (%)		22.72	22.82	13.58	18.21	22.05	—	

Item	Year	Five Year Financial Analysis Summary (Note 1)					As of March 31, 2007 (Note 1)
		2002	2003	2004	2005	2006	
Leverage	Operating Leverage	1.92	2.06	2.26	2.07	2.02	2.08
	Financial Leverage	1.03	1.02	1.02	1.02	1.02	1.02

Please explain the reasons for changes of financial ratios over the past two years. Not necessary if the changes are within 20%.

◎ Interest Coverage: Interest coverage went up mainly due to strong sales in 2006, higher earnings before interests and taxes, repayments of some corporate bonds and the resultant reduction of interest expenses.

◎ Cash Flow Reinvestment Ratio: Cash Flow Reinvestment Ratio rose because of strong sales in 2006 and the resultant increase in cash inflows from operating activities.

Note 1: All the annual financial information is audited by external auditors. Information regarding the first quarter of 2007 is reviewed by external auditors.

Note 2: Not applicable, as PCSC is a retail business.

Note 3: The calculations of the above financial ratios are as follows:

■ Financial Structure

(1) Debt to Asset = total liabilities / total assets

(2) Long-term Capital to Fixed Asset = (shareholders' equity + long-term liabilities) / net fixed assets

■ Liquidity

(1) Current Ratio = current assets / current liabilities

(2) Quick Ratio = (current assets - inventory - prepaid expenses) / current liabilities

(3) Interest Coverage = earnings before interest and taxes / interest expenses

■ Operating Performance

(1) Average Account Receivable Turnover (including bills payable due to accounts receivable and business activities) = net sales / average account receivable (including bills payable due to accounts receivable and business activities)

(2) Average Collection Days = 365 / average account receivable turnover

(3) Inventory Turnover = cost of Goods sold / average inventory

(4) Average Account Payable Turnover (including bills payable due to accounts payable and business activities) = cost of Goods sold / average accounts payables (including bills payable due to accounts payable and business activities)

(5) Average Inventory Turnover Days = 365 / inventory turnover ratio

(6) Fixed Asset Turnover = net sales / net fixed assets

(7) Total Asset Turnover = net sales / total assets °

■ Profitability

(1) Return on Assets = (net income + interest expense × (1 - effective tax rate)) / average total assets

(2) Return on Equity = net income / average shareholders' equity

(3) Net Income to Net Sales = net income / net sales

(4) Earnings per Share = (net income - preferred stock dividends) / weighted average number of shares outstanding °

■ Cash Flows

(1) Cash Flow Ratio = net cash flows from operating activities / current liabilities

(2) Cash Flow Adequacy Ratio = five year sum of net cash flows from operating activities / five year sum of capital expenditures + increase in inventory + cash dividends

(3) Cash Flow Reinvestment Ratio = (net cash flows from operating activities - cash dividends) / (gross fixed assets + long-term investments + other assets + working capital)

■ Leverage

(1) Operating Leverage = (net sales - variable costs and expenses) / operating profit

(2) Financial Leverage = operating profit / (operating profit - interest expenses)

3. Supervisor's Report

Please refer to attached 2006 annual report disc for supervisor's report of the most recent financial year.

4. Financial Report of recent years

Please refer to attached 2006 annual report disc for consolidated financial statements and independent audit report of the most recent financial year.

5. Audited Consolidated Financial Statements (of parent company and subsidiaries) of Recent Years:

Please refer to attached 2006 annual report disc.

6. Financial Difficulties

Any financial difficulties during the most recent year and as of March 31 2007 for the Company and its affiliates: None.

VII. FINANCIAL STATUS, OPERATING RESULTS & RISK MANAGEMENT

1. Financial Position:

Unit: NT\$1,000

Item \ Year	Year	2006	2005	Variance	
				Difference	%
Current Assets		7,884,320	6,466,923	1,417,397	21.92%
Long-Term Investments		19,248,498	17,664,427	1,584,071	8.97%
Fixed Assets		6,851,322	6,954,385	(103,063)	(1.48%)
Other Assets		2,334,626	2,549,690	(215,064)	(8.43%)
Total Assets		36,318,766	33,635,425	2,683,341	7.98%
Current Liabilities		17,293,024	13,437,482	3,855,542	28.69%
Long-Term Liabilities		1,114,994	3,320,000	(2,205,006)	(66.42%)
Total Liabilities		20,335,592	18,462,300	1,873,292	10.15%
Common Stock		9,151,604	9,151,604	—	—
Capital Reserves		—	—	—	—
Retained Earnings		6,465,423	6,022,052	443,371	7.36%
Total Shareholders' Equity		15,983,174	15,173,125	810,049	5.34%

1. Variance Analysis for Deviations over the Most Recent Two Years

- (1) Increase of current assets primarily due to a high level of cash at hand as the end of 2006 happened to be a weekend.
- (2) Increase of current liabilities primarily due to the growth of bill collection services and the delay of payments to suppliers as the year end happened to be a holiday.
- (3) Decrease of long-term debt primarily due to repayments of long-term loans and part of corporate bonds, and the conversion of corporate bonds due within a year into current liabilities.

2. Impacts to Financial Situations over the Last Two Years: The aforesaid changes have no significant impacts to the Company.

3. Future Strategies: The working capital derived from future operating activities and the funding from financial institutions will be sufficient to meet the demands of PCSC's operating activities.

2. Operating Results:

Unit: NT\$1,000

Item \ Year	Year	2006	2005	Variance	
				Difference	%
Operating Revenue		99,979,618	93,673,610	6,306,008	6.73%
Gross Profit		30,242,681	28,159,084	2,083,597	7.40%
Operating Expenses		25,728,680	23,982,044	1,746,636	7.28%
Operating Profits		4,514,001	4,177,040	336,961	8.07%
Non-Operating Income		903,954	821,494	82,460	10.04%
Non-Operating Expenses		360,367	367,880	(7,513)	(2.04%)
Pretax Income of Continuing Operation		5,057,588	4,630,654	426,934	9.22%
Income Tax		1,235,633	977,969	257,664	26.35%
Cumulative Effects of Changes in Accounting Principles		373	—	373	—
Net Income		3,822,328	3,652,685	169,643	4.64%

1. Explanation for Variance

- (1) An increase in revenue, net operating profit and pre-tax profits largely due to an increase in the number of stores and introduction of new products and services.
- (2) An increase in income tax expenses largely due to the growth in profits of the period and the hike of tax rates.

2. Factors that might impact the Company's sales and financial situations of the following year and the proposed responses:

PCSC estimates a continuous growth in revenues for 2007.

3. Cash Flow

3-1 Variance Analysis of Cash Flow

Unit: NT\$1,000

Cash Balance at Beginning of Year 2006	Net Cash Inflows from Operating Activities	Net Cash Outflows Throughout the Year	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,076,066	9,093,998	(7,931,650)	3,238,414	—	—

1. Operating cash flows: Net operating inflows of approximately NT\$9.094 billion, mainly resulting from a growth in PCSC's services in fee and bill collections and the deferred payments to credits offered by suppliers due to holidays at the end of the year.
2. Investing cash flows: Net investing outflows of approximately NT\$3.257 billion, mainly resulting from the purchase of fixed assets for stores and the acquisitions of long-term investments.
3. Financing cash flows: Net financing outflows of approximately NT\$4.675 billion, mainly resulting from the payout of cash dividends and repayments of long-term debts. °

3-2 Remedies for Cash Shortage and Liquidity Analysis: Not applicable to PCSC

3-3 Cash Flow Analysis for the Coming Year:

Unit: NT\$1,000

Cash Balance at Beginning of Year 2007	Projected Net Cash Inflows from Operating Activities	Projected Net Cash Outflows Throughout the Year	Expected Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
3,238,414	6,157,130	(7,862,264)	1,533,280	—	—

1. Operating activities: Stable growth in revenues for 2007 is expected and hence a net operating cash inflows are anticipated.
2. Investing activities: Cash outflows mainly due to an expected increase in long-term equity investments and the purchase of fixed assets.
3. Financing activities: Cash outflows mainly due to the expected cash dividend payout, remunerations to directors and supervisors and repayment of corporate bonds.

4. Major Capital Expenditures & Their Impacts to Financial Situations :

4-1 Major Capital Expenditures and Sources of Capital:

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Actual or Expected Date of Project Completion	Total Capital Required	Actual or Planned Capital Expenditures						
				2005	2006	2007	2008	2009	2010	2011
Investments in New Stores	Working capital and loans	Annual	4,195,455	720,097	826,513	992,903	827,971	827,971	827,971	827,971
P.O.S. (Point-of-Sale) Equipment	Working capital and loans	Annual	756,709	152,722	143,843	205,278	127,433	127,433	127,433	127,433
Renovations of Existing Stores	Working capital and loans	Annual	1,871,333	186,743	113,102	578,272	496,608	496,608	496,608	496,608
Equipment Purchases/ Replacements for Stores	Working capital and loans	Annual	2,283,455	243,674	457,242	948,201	317,169	317,169	317,169	317,169

4-2 Estimated Benefits

a. Anticipated Increase in Sales and Gross Profits

Unit: NT\$1,000

Year	Item	Sales	Gross Profit
2007	New Store Investments	2,761,455	841,691
2008	New Store Investments	2,792,556	851,730
2009	New Store Investments	2,792,556	851,730
2010	New Store Investments	2,792,556	851,730
2011	New Store Investments	2,792,556	851,730

b. Other Potential Benefits

PCSC expects its investments in POS (Point-of-Sale) equipment and system development will bring about the following benefits:

- (1) Track consumers' needs and augment marketing strategies;
- (2) Monitor inventory levels and minimize inventory shortages;
- (3) Improve business competitiveness.

5. Long-Term Investments :

5-1 Long-Term Investment Policies and Plans

PCSC's corporate mission is to "provide a convenient way of life to consumers and set the trends of a quality lifestyle". With over three decades of experience in retail chain stores, PCSC has established a network of over 30 companies in the distribution industry that ranges from physical channels, virtual channels and logistical support.

Looking forward, PCSC will continue to fulfill its corporate mission and develop new businesses that bring benefits to the society. We will strengthen our network of businesses in the retail and distribution industry, in and out of Taiwan, in order to create a quality life that is colorful and fruitful to consumers.

In 2007, PLAZA, Cold Stone Creamery, Hankyu Department Stores and MARKS & SPENCER in Taiwan will all become operational. It is believed that these new businesses are able to bring a new and enjoyable shopping experience to consumers.

5-2 Reasons for Profits or Losses due to Long-Term Investments:

The major long-term investments in 2006 are as follows:

Item	Explanations	Investment in 2006	Reasons for Profits or Losses
Uni-President Department Store		NT\$350,000,000	Still in preparatory stage. Not yet operational.
President Fn Business Corp.		NT\$100,000,000	Still in preparatory stage. Not yet operational.
Tong-Jeng Development Corp.		NT\$570,000,000	Still in the early stage of operations. Businesses not yet stable and yet to break-even.
PCSC (China) Limited		NT\$211,736,000	Still in the early stage of operations. Businesses not yet stable and yet to break-even.

6. Policies, Organizational Structure and Issues of Risk Management

6-1 Policies and Organizational Structure of Risk Management

PCSC endeavours to maintain a comprehensive risk management system and manages the risks of the organization as a whole (including subsidiaries). The Board, managers and employees of all levels work together in risk control and management.

In addition to observing all the relevant regulations, PCSC identifies, analyzes, measures, monitors, controls, reports and improves all the potential risks throughout operating activities. A reasonable scope of risks is defined in accordance with risk characteristics and impact levels, in order to assure PCSC is able to achieve its strategic goals.

The major risk management units and risk management execution teams of the Company are as follows:

a. Strategic and Operational Risks:

Each business unit and subsidiary is responsible for prior planning and risk assessment for any investment and operational decisions. Strategy Planning Group will conduct key performance indicator analysis and track performances in the monthly meetings with companies within the business group, in order to align corporate strategies with visions and operational targets.

b. Financial Risks, Liquidity Risks and Credit Risks:

The Finance Group defines various sets of strategies, procedures and indicators, by referring to the changes in regulations, policies and markets, to analyze all the relevant risks and take responding measures accordingly.

c. Market Risks:

All the business units analyze and assess market risks of their responsible functions and businesses by referring to key policies, regulations and technological changes within and without Taiwan, in order to come up with appropriate responding measures. In addition, PCSC has established a cross-function regulations identification team. The team meets on a regular basis to constantly update the information regarding the changes in regulations in order to devise responding measures. Meanwhile, a Crisis Handling Team, composed of division supervisors, has been established to monitor, manage and handle any potential or existing market risks and crises.

d. The Internal Audit Office, through risk assessments and regulatory reviews, defines the annual audit plans and self-inspection procedures and methods. The implementations of audit plans and self-inspections are to constantly monitor and control risks. The results shall be presented to the Board of Directors.

6-2 Risk Assessment and Analysis

a. Impacts to the Company's Profits and Losses from Changes in Interest Rates, Foreign Exchange Rates and Inflation; Proposed Responding Measures:

(1) Interest Rate Fluctuations:

PCSC's exposure to interest rate risks is mainly due to interest expenses from long-term and short-term debts required to finance the expansion of businesses. However, as a cash sales company, PCSC is able to quickly repay debts and as such interest rate fluctuations do not have significant impacts to PCSC's profits or losses.

(2) Foreign Exchange Rate Fluctuations: PCSC's trading currency is mainly NT Dollars and imported goods account for a very low percentage of total sales. Therefore, foreign exchange fluctuations do not have significant impacts to PCSC's profits or losses.

(3) Inflation: The inflation over recent years has no significant impact to PCSC's profits or losses.

b. Engagement in Highly Risky or Highly Leveraged Investments, Lending Activities, Endorsements or Trading of Derivatives; Reasons for Profits or Losses of Such Activities and Proposed Responding Measures:

(1) Company Policy:

PCSC focuses on the retail related businesses and has not engaged in highly risky or highly leveraged investments. However, in order to effectively control and manage business-related activities, PCSC has structured a set of internal management and operational procedures on the basis of the relevant regulations from the Securities and Futures Bureau. The purpose of these internal requirements and procedures is to establish a sound financial and operational foundation. These requirements and procedures include "Procedures for Lending Funds to Others", "Procedures for Acquisitions or Disposals of Assets" and "Procedures for Endorsements". In accordance with Standards for Publicly Held Companies to Internal Control Systems, PCSC's Internal Audit Office has defined a set of risk management and assessment procedures.

(2) The Status of Loans to Others, Endorsements and Trading of Derivatives; Reasons for Profits and Losses of Such Activities:

(a) Loans to Others:

Unit: NT\$1,000

2006					
Recipient	Highest Balance		Balance at the End of the Period	Interest Rate	Interest Income
	Date of Loan	Amount			
Uni-President Yellow Hat Corp.	April, 2006 ~ May, 2006	\$ 20,000	\$ —	2.82%	\$ 45
21 Century Enterprise Co. Ltd.	Jan, 2006 ~ Feb, 2006	5,000	—	2.51%~2.52%	19
			\$ —		\$ 64

(b) Endorsements:

PCSC offers reasonable endorsements for credit facilities to its investees that require funding for their operations. Below are the details of PCSC's endorsements to its investees:

Recipient	Relations	Outstanding Balance of Endorsement in 2006	Outstanding Balance of Endorsement as of March 31st, 2007
Retail Support International Corp.	Business relations	NT\$ 450,000,000	NT\$ 400,000,000
Wisdom Distribution Service Corp.	Subsidiary	—	NT\$ 50,000,000
President Information Corp.	Subsidiary	NT\$8,000,000	NT\$ 8,000,000
President YiLan Art & Culture Corp.	Subsidiary	NT\$ 65,000,000	NT\$ 15,000,000
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	Subsidiary of subsidiary	—	USD 3,500,000
Mech-President Corp.	Subsidiary	USD 2,000,000	USD 3,000,000
Philippine Seven Corp.	Subsidiary	USD 4,000,000 PHP 180,000,000	USD 4,000,000 PHP 180,000,000

Note: The total value of PCSC's endorsement is capped at 50% of the net value and at 20% for endorsements of a single company.

(c) Derivatives:

The Company may see fluctuations of the future cash flows of the FRNs (floating rate notes) it issued, due to the changes of the market interest rates risks. To hedge against such market risks, the Company has entered an interest-rate swap contract at a nominal value of NT\$700 million.

Unit: NT\$1,000

hedged items	Assigned hedging tools			cashflow period	recognition into income statements
	financial instruments assigned as hedging tools	fair value			
		Dec 31, 2006	Mar 31, 2007		
corporate bonds payable	interests swaps	(\$14,994)	(\$24,777)	June, 2003~June, 2008	2003~2008

(3) Proposed Responding Measures:

Finance Department is responsible for the monitor and management of trading positions of derivatives. Market prices are regularly monitored and assessed. If any abnormality regarding trading or profits/losses is identified, necessary measures will be taken and reports will be made to the Board of Directors immediately. In addition, PCSC periodically reviews the performance of derivative trading to see whether the performance is in line with the defined strategy and the level of risks is still within the bearable range.

c. Research & Development Plans and Projected Investments:

(1) 7-ELEVEN Multimedia Electronic Bulletin Board:

Studies show that 75% of purchase decisions are made in front of the shelves. Meanwhile, in-store advertising enhances the desires of impulse purchases and as a result, creates more sales. Beginning in 2005, 7-ELEVEN has been developing a multimedia electronic bulletin board for its stores in order to provide an innovative, accurate and real-time new media platform to communicate with consumers in

accordance with specific timeslots and demands of the consumers in various business areas. At the end of 2006, some stores conducted tests on this bulletin board. It is hoped that this new media platform can communicate with consumers at the spot closest to the shelves and hence boost sales. In 2007, stores in Taipei will start to gradually introduce the multimedia electronic bulletin board.

(2) Entry into the Telecommunications Market:

7-ELEVEN is currently applying for a license to become an MVNO (mobile virtual network operator) with its own brand. It is hoped that 7-ELEVEN prepaid cards will be able to attract new customers. The entry into the telecommunications market is one of our efforts to develop a variety of services under our brand.

(3) PCSC expects to invest a total of NT\$277,911,000 in the research and development of these new systems in 2007.

d. Financial Impacts from Major Government Policies and Statutory Changes, Domestic and Overseas; Proposed Responding Measures:

PCSC has already taken appropriate measures in light of government policies and statutory changes, domestic and overseas, over the recent years. Therefore, the company has not experienced any major impacts to its financial situations. Meanwhile, PCSC has established a cross-function regulations identification team to constantly update the information of regulatory changes.

e. Financial Impacts from Changes in Technology and Responding Measures:

We constantly keep abreast of the latest developments of technologies highly relevant to consumers, such as e-commerce, telecommunications and consumer finance. None of the major changes in technologies over the recent years have any significant implications to PCSC's financial situations.

f. Impacts on Crisis Management due to Changes of Corporate Images and Responding Measures

PCSC strives to provide the general public with the most assuring, convenient and high-quality goods and services. The Company is proactively promoting its QC200 Quality Control Policy, a set of standards higher than the national requirements, to ensure the protection of consumers. For nearly three decades, PCSC has been playing its role as a corporate citizen and pursuing its own sustainable developments with active involvements in social welfare and environmental protection campaigns. In 2004, PCSC ranked the top in Commonwealth Magazine's evaluation of corporate citizenship category for Best Enterprises. In 2005 and 2006, PCSC was awarded Global Views Monthly's Corporate Social Responsibility Award. In March 2007, PCSC was again awarded by Commonwealth Magazine in its first-year Corporate Citizenship Award, by outperforming 1,100 enterprises competing for the same recognition. PCSC was also the only company that won the award in the retail, distribution and department store industry. In addition, PCSC is fully prepared to deal with accidents, natural or man-made disasters (such as typhoons, earthquakes, SARS, fires and employee injury or death). This means that we are experienced and we are able to mobilize quickly. In the event of major crises, our headquarters can immediately assemble an cross-function emergency team to promptly assess the situation, find the best solutions and work out the best way to minimize losses.

g. Possible benefits and risks from mergers and acquisitions and proposed responding measures: None.

h. Possible benefits, risks from the expansion of factories and proposed responding measures: None.

i. Possible risks due to a concentration of purchasing and distribution and proposed responding measures: None.

j. Possible effects and risks due to massive transfers or change-hands of shares by directors, supervisors or major shareholders with over 10% stake in the Company and proposed responding measures: None.

k. Possible effects and risks due to change of control and proposed responding measures: None.

l. Litigations or Non-Contentious Matters

Any major litigations, non-contentious matters or administrative disputes that involve the Company, the Company's directors, supervisors, presidents, responsible parties, major shareholders with over 10% stake, affiliated companies should be disclosed as long as the outcome may have significant impacts to shareholders' equity or share prices, no matter whether such litigations, non-contentious matters or administrative disputes are still pending or settled. The disclosure should include the factual matters of disputes, underlying monetary values, date of lawsuit originations, main parties involved and measures taken in response until the publication date of the annual report: None.

m. Other major risks and proposed responding measures: None.

7. Other Supplements: None

VIII. SPECIFIC NOTES

1. Affiliates Information

1-1 Consolidated Business Report of Affiliates, 2006: Please refer to the attached 2006 annual report disc.

1-2 Affiliation Report, 2006: Please refer to the attached 2006 annual report disc.

2. Private Placement Securities: None (up to the published date of this Annual Report).

3. Balance of PCSC Securities Acquired, Disposed of and Held by Subsidiaries: None

4. Other Necessary Supplements: None

5. Clause Described in Part 2, Section 2, Article 36 of the Securities and Exchange Act

Up to the published date of this Annual Report, PSCS has not experienced any event as described in Part 2, Section 2, Article 36 of the Securities Exchange Act that have major impacts to shareholders' equity or share prices.

IX. ADDITIONAL DISCLOSURES

1. Key Performance Indicators

	2006	2005
Net operation margin (%)	4.51%	4.46%
Net profit margin (%)	3.82%	3.90%
EPS (NT\$)	4.18	3.99
ROE (%)	24.53%	24.73%
Inventory turnover (times)	24.42 (times)	26.08 (times)

2. Estimation Bases for the Valuation Allowances on the Balance Sheet

2-1 Inventory

PCSC records the inventory at the actual costs. Retail inventory method is applied. Appropriate provisions of allowances for losses have been allocated for dead inventory or the inventory that may be obsolete. The losses due to dead inventory are recognized as losses of the period.

2-2 Allowance for doubtful accounts

Appropriate provisions are allocated in accordance with the recovery probability of accounts receivable and other receivables based on their balances at the end of the period.

2-3 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

a. Financial assets whose changes in fair values are recognized in the income statements

- (1) Trade date accounting is practiced on equities. Settlement date accounting is practiced on beneficiary certificates. Financial assets are measured in terms of fair values for original recognition.
- (2) Financial assets and liabilities whose changes in fair value are recognized in the income statements 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.

b. Available-for-sale financial assets

- (1) Trade date accounting is practice on equities. For original recognitions, the financial assets are measured by their fair values plus the transaction costs at acquisition or issuing.
- (2) Available-for-sale financial assets are recognized at 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.

c. Bond investments with no liquid markets

- (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) Bond investments with no liquid markets are measured by cost after amortizations.
- (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 (losses). The reversal shall not render the book value larger than the post-amortization costs without the recognition of the impairment.

d. Financial assets valued at costs

- (1) Trade date accounting is practiced. For 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.

e. Derivatives

- (1) For trading purposes:

The values of the option products are recognized by their fair values on trade date. The values of non-option products are recognized as zero as their fair values on trade date. If the fair values are based on the balance sheet date, the changes in fair values should be recognized in both balance sheet and income statement.

(2) For hedging purposes:

When the financial products qualify for hedge accounting, the changes in fair values should be recognized as profits or losses of the period based on their hedging relations by netting off the values of hedging tools and hedged items. The accounting treatments are as follows:

(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 (losses) are immediately recognized as period gains (losses).

If the hedged items produce gains or loss due to hedged risks, the book values of the hedge items should be adjusted and the resulting gains (losses) are immediately recognized as period gains (losses).

(b) Cash Flow Hedging:

The gains (losses) of the hedging instruments are recognized as adjustments to shareholders' equities.

f. 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 or have significant influence over the investee are accounted for under the equity method. Beginning in 2006 (inclusive), if the acquisition cost exceeds 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. For the investees that the Company owns over 50% of the voting rights or have control over, they should be accounted for under the equity method and be included in the consolidated statements for the mid-year and year-end reports.

(2) Beginning on January 1, 2005, for the long-term Investments in which the Company exercises significant influence but has no control over, the recognition of investment losses shall stop when the book balance of investments in the investees and the advanced amounts to the investees reaches zero. However, 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. If the Company has control over the investees, the Company shall fully absorb the losses of the original shareholders' equity of the investees unless other shareholders of the investees are obliged to and able to provide additional funding to make up the losses. If such investees reap profits at a later stage, the Company is entitled to the earliest profits until the losses the Company has recognized are fully recovered.

(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. °

3. Target and Methods for Hedge Accounting

3-1 For hedging purposes:

When the financial products qualify for hedge accounting, the changes in fair values should be recognized as profits or losses of the period based on their hedging relations by netting off the values of hedging tools and hedged items. The accounting treatments are as follows:

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 (losses) are immediately recognized as period gains (losses).

If the hedged items produce gains or loss due to hedged risks, the book values of the hedge items should be adjusted and the resulting gains (losses) are immediately recognized as period gains (losses).

b. Cash Flow Hedging:

The gains (losses) of the hedging instruments are recognized as adjustments to shareholders' equities.

3-2 The Company may see fluctuations of the future cash flows of the FRNs (floating rate notes) it issued, due to the changes of the market interest rates risks. To hedge against such market risks, the Company has entered an interest-rate swap contract as follows.

hedged items	Assigned hedging tools		cash flow period	Incurred losses recognition into income statements
	financial instruments assigned as hedging tools	fair value		
		Dec 31, 2006	Dec 31, 2005	
corporate bonds payable	interest swaps	(\$14,994)	(\$23,816)	June, 2003~June, 2008 2006~2008

Items	Dec.31, 2006
Adjustments to Shareholders' Equity	(\$ 14,994)
Translation of Shareholders' Equity to Gains (Losses) of the Period	\$ —
Translation of Shareholders' Equity to Non-Financial Assets (Liabilities)	\$ —

4. Certificates Issued by Competent Authorities to Personnel Relevant to Financial Information Transparency

4-1 Number of employees who own professional certificates:

Certified Internal Auditors (CIA): one.

4-2 Professional training of employees:

Accounting supervisors: Openly Listed and Traded Company Financial and Accounting Administrator Professional Certification course (30hrs) °

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.; Kao Chyuan Inv. Co.; Uni-President Assets Management Co., Ltd.; Uni-President Development Corp.</p> <p>Director: Tainan Spinning Co. Ltd.; Prince Housing Development Co. Ltd.; Ta Chen Construction & Engineering Corp.; Han Tech Venture Capital Corporation.; CDIB & Partners Investment Holding Corp.; PK Venture Capital Corp.; President Chain Store (BVI) Holdings Ltd.; PCSC (China) Limited; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited; PCSC (China) Supermarket Limited; Kai Yu(BVI) Investment Co., Ltd; Global Strategic Investment Inc.; President Energy Develop.(Cayman) Ltd.; UNI-Hometech Corp.; Cayman President Holdings 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 Department Store Corp.; President Life Sciences Co., Ltd.; Tung Li Development Corp.; President Collect Service Co., Ltd.; Kainan Plywood & Wood Mfg. Co., Ltd.; Uni-President Biotechnology Co., Ltd.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Tong Ren Corp. Limited; 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.; Beijing President Food 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.; Shanghai President Starbucks Coffee Corp.; President Global Corp.; President Coffee (Cayman) Holdings Ltd.; Presiclrc Ltd.; Uni-President (Vietnam) Co., Ltd.</p> <p>Vice Chairman: President Nisshin Corp.; President Kikkoman Inc.; Toppoly Optoelectronics Corp.; T&T Supermarket Inc.</p> <p>Director: Uni-President Enterprises Corp.; Nanlien International Corp.; President</p>

	<p>Entertainment Corp.; Tone Sang Construction Corp.; Ztong Yee Industrial Co., Ltd.; Presicarre Corp.; Ton Yi Industrial Corp.; TTET Union Corp.; Mech-President Corp.; Prince Housing Development Corp.; Ta Chen Construction & Engineering Corp.; Uni-President Development Corp.; Tung-Ho Development Corp.; Uni-Resort Corp.; Tong-Jeng Development Corp.; President International development Corp.; Scino Pharm Taiwan Ltd.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; PK Venture Capital Corp.; Presitex Co., Ltd.; Scino Pharm Biochemical Technology Co., Ltd.; Synersty Scientech Corp.; Tong Ting Gas Corp.; Taiwan Genome Sciences, Inc.; 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 Industrial Ltd.; Xiang Lu Petrochemicals (Xiamen) Co., Ltd.; Guangzhou Jiaguang Supermarket Co., Ltd.; Ztong Yee (Tianjin) Industrial Co.; President Chain Store (BVI) Holdings Ltd.; PCSC (China) Limited; President Chain Store (Labuan) Holdings Ltd.; PCSC (China) Drugstore Limited; PCSC (China) Limited; Uni-President Asia Holding Ltd.; eASPNet Taiwan Inc.; Kai Nan(BVI) Investment Co., Ltd; Uni-President Southeast Asia Holdings Ltd.; President International Trade & Investment Corp.; Uni-President Oven Bakery (BVI) Investment Co., Ltd; Outlook Investment Pte Ltd.; eASPNet Inc.; President Energy Develop (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.; Mister Donut Taiwan Corp.; Muji (Taiwan) Co. Ltd.; Retail Support International Corp.; President FN Business Corp.; Cold Stone Creamery Taiwan Ltd.; Uni-President Oven Bakery Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd., Zhuhai Livzon Drugstore Chain Company Limited; PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; T&T Supermarket Inc.</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Cold-Chain Corp.; Uni-President Department Store Corp.; Mech-President Corp.; 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.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; President International Development Corp.; Nanlien International Corp.; Dayeh Takashimaya Department Store Inc.; President Coffee (Cayman) Holdings Ltd.; Shanghai President Starbucks Coffee Corp.; Shan Dong President Yinzuo Commercial Limited; eASPNet Inc.; Philippine Seven Corp.; Presiclrc Limited.</p> <p>President: Ren-Hui Investment Corp.</p>

Lin, Lung Yi	<div data-bbox="371 194 1412 264">Chairman: Uni-President Glass Industrial Co., Ltd.; President Organics Co.; Qingdao President Feed & Livestock Co., Ltd.</div> <div data-bbox="371 271 1412 340">Vice Chairman: President Enterprise (China) Investment Co., Ltd.; Uni-President (Vietnam) Co. Ltd.</div> <div data-bbox="371 347 1412 1619"> 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.; Uni-Resort Corp.; President Tokyo Corp.; President Tokyo Auto Leasing Corp.; 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.; 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 Enterprises Co., Ltd.; Shanghai Songjiang President Enterprises Co., Ltd.; Jiafu (Tianjin) International Trading Co.; Guangzhou President Heathly Food Technology Co.,Ltd.; President Cosmed Chain Store(Shen Zhen) Co., Ltd.; Xiang Lu Petrochemicals (Xiamen) Co., Ltd.; Prospect Top Development Co. Ltd.; Ningbo Malting Co. Ltd.; President Energy Development (Cayman) Ltd. </div> <div data-bbox="371 1626 1412 1843">Supervisor: Presicarre Corp.; Charng Yang Development Co., Ltd.; Carrefour Stores (Taiwan) Co., LTd.; Ton Yi Industrial Corp.; Ztong Yee Industrial Co.; Grand Bills Finance Corp.; Scino Pharm Taiwan. Limited.; President Collect Service Co. Ltd.; Tong-Li Development Corp.; Scino Pharm Biochemical Technology Co., Ltd.; Ztong Yee(Tianjin) Industrial Co., Ltd.</div> <div data-bbox="371 1850 1412 1879">President: Uni-President Enterprises Corp.</div>
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Lo, Chih Hsien	<p>Chairman: Presco Netmarketing Inc.; Uni-President Cold Chain Corp.; Parbola Creative Inc.; President Packaging Corp.; President Musashino Corp.; Uni-President Dream Parks Corp.; Uni-OAO Travel Service Corp.; XinYa Enterprises Corp.; Tung Hsiang Enterprises Corp.; Tung Shun Enterprises Corp.; Uni-President International (HK) Co., Ltd.; Sanshui Jianlibao Commerce 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.; Tong-Jeng Development Corp.; Tait Marketing & Distribution Co., Ltd.; President International Development Corp.; Uni-President Glass Industrial Co. Ltd.; Retail Support International Corp.; President Nisshin Corp.; President Kikkoman Inc.; Kai Yu Investment Co., Ltd.; Kai Nan Investment Co., Ltd.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; 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.; 21 Century Enterprise Co., Ltd.; Guangzhou President Heathly Food Technology Co., Ltd.; Xinjiang President Enterprises Food Co., Ltd.; Beijing President 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 Enterprises 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.; JV-JinMailang Beverage(Beijing) Co.,Ltd.; Suzhou President Packaging 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; Cargill President Holdings Pte Ltd.</p> <p>Supervisor: Kao Chyuan Inv. Co.</p> <p>Exective Vice President: Uni-President Enterprises Corp.</p>
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Yang, Wen Lung	<p>Chairman: Uni-President Vender Corp.; Tung Ang Enterprise Corp.</p> <p>Director: Parabola Creative Inc.; Tait Marketing & Distribution Co. Ltd.; Ton Yi Industrial Corp.; Tung-Li Enterprises Corp.; Mao-Tung Corp.; Tung-Huang Enterprises Corp.; President Enterprise (China) Investment Co., Ltd.; Uni-President (Thailand) Ltd.; Uni-President Marketing Co., Ltd.; Uni-President (Vietnam) Co., Ltd.; Uni-President (Philippines) Corp.; PT ABC President Enterprises Indonesia</p> <p>Supervisor: Yuan Tai Enterprises Corp.; Tung Yi Enterprises Corp.; Chi-Chyang Corp.</p>
Tu, Te Cheng	<p>Chairman: President Capital Management Corp.</p> <p>Director: President International Development Corp.; Tung Li Development Corp.; Synergy Sciencetech Corp.; President Life Sciences 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; China Technology Venture Company Ltd.</p> <p>Supervisor: President Coffee Corp.; Allianz President Life Insurance Co., Ltd.; President Development Corp.; Scino Pharm Taiwan. Ltd.; Scino Pharm Biotechnology Co., Ltd.; Toppoly Optoelectronics Corp.; Presitex Co., Ltd.; Tong Ting Gas Corporation.; Kuan Tang Industrial Harbor Corp.; Tong Yu Investment Corp.; Tong Shou Investment Corp.; Tong Cheng Investment Corp.; Uni-Splendor Corp.; Kanh Na Hsiung Enterprise Co., Ltd.</p> <p>President: President International Development Corp.; President Life Sciences Co., Ltd.</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.; President Musashino Corp.; Q-ware Systems & services Corp.; President FN Business Corp.; Cold Stone Creamery Taiwan Ltd.; Uni-President Dream Parks Corp.</p> <p>President: President FN Business Corp.</p>
Chang Jen, Yun Huei	<p>Director: Uni-President Oven Bakery Corp.; President Cosmed Chain Store (Shen Zhen) Co.,Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shan Dong President Yinzuo Commercial Limited; PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.; Presiclrc Limited</p> <p>President: PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited</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.; Tung-Ho Development Co., Ltd.; Uni-Resort Corp.; Tong-Jeng Development Corp.; President International Development Corp.; President Organics Co.; Uni-President Dream Parks Corp.; President Life Sciences Co., Ltd.; Tait Marketing & Distribution Co., Ltd.; Kai Nan Investment Co. Ltd.; President Nisshin Corp.; President Kikkoman Inc.; Uni-President Glass Industrial Co. Ltd.; Uni-President Biotechnology Co., Ltd.; Uni-President Vender Corp.; 21 Century Enterprise Co., Ltd.; Uni-OAO Travel Service Corp.; Kainan Plywood & Wood Mfg. Co., Ltd.; Tung-Hong Media Corp.; Uni-President Assets Management Co., Ltd.</p>
Tse, Koon Hang Ada	<p>Director: AIG Asian Opportunity GP, LLC; AIG Asian Opportunity II GP Ltd.; AIG Asian Opportunity II, Ltd.; AIG Global Investment Corporation (Asia) Ltd.; AIG Global Investment Corporation (Hong Kong) Ltd.; AIG Indian Equity Advisors LLC; AIG Indian Sectoral Equity Fund LLC; Avasarala Technologies Limited; Firepro Systems Private Limited; Metropolitan Land Company Limited; Rustan Supercentres Inc.; Seaclyff Limited</p> <p>Alternate Director : Maini Precision Products Pvt. Ltd.</p> <p>President & CEO : AIG Global Investment Corporation (Asia) Ltd.</p> <p>CEO: AIG Asian Opportunity Fund, L.P.; AIG Asian Opportunity Fund II, L.P.</p> <p>Observer: Yageo Corporation</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.; Mister Donut Taiwan Corp.; Muji (Taiwan) Co. Ltd.; Retail Support International Corp.; President FN Business Corporation; Cold Stone Creamery Taiwan Ltd.; Uni-President Oven Bakery Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd., Zhuhai Livzon Drugstore Chain Company Limited; PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; T&T Supermarket Inc.</p> <p>Director: President Transnet Corp.; President Collect Service Co. Ltd.; Uni-President Cold-Chain Corp.; Uni-President Department Store Corp.; Mech-President Corp.; 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.; President Baseball Team Corp.; Ton Yi Pharmaceutical Corp.; President International Development Corp.; Nanlien International Corp.; Dayeh Takashimaya Department Store Inc.; President Coffee (Cayman) Holdings Ltd.; Shanghai President Starbucks Coffee Corp.; Shan Dong President Yinzuo Commercial Limited; eASPNet Inc.; Philippine Seven Corp. ; Presiclrc Limited.</p> <p>President: Ren-Hui Investment Corp.</p>
Chang Jen, Yun Huei	<p>Director: Uni-President Oven Bakery Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shan Dong President Yinzuo Commercial Limited; PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited; Wuhan Uni-President Oven Fresh Bakery Co., Ltd.; Presiclrc Limited</p> <p>President: PCSC (SICHUAN) Hypermarket Limited; PCSC (CHENGDU) Hypermarket Limited</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.; President Musashino Corp.; Q-ware Systems & services Corp.; President FN Business Corp.; Cold Stone Creamery Taiwan Ltd.; Uni-President Dream Parks Corp.</p> <p>President: President FN Business Corp.</p>
Hsieh, Chien Nan	<p>Chairman: Retail Support Taiwan Corp.; President Logistics International Corp.; Chieh-Shuen Logistics International Corp.; Books.com. Co. Ltd.; Q-ware Communications Co., Ltd.; PCSC (Vietnam) Supermarket Ltd.</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</p>

	<p>Corp.; Uni-President Oven Bakery Corp.; BankPro E-Service Technology Co., Ltd.; President Organics Co.; Uni-President Yellow Hat Corp.; Retail Support International Corp.; Q-ware Systems & services Corp.; Cold Stone Creamery Taiwan Ltd.; Presco Netmarketing Inc.; President Technology Corp.; President Cosmed Chain Store (Shen Zhen) Co., Ltd.; Zhuhai Livzon Drugstore Chain Company Limited; Shan Dong President Yinzuo Commercial Ltd.; PCSC (SICHUAN) Hypermarket Ltd.; PCSC (CHENGDU) Hypermarket Limited; Philippine Seven Corp. ; PCSC (Vietnam) Supermarket Ltd.</p> <p>Supervisor: Wisdom Distribution Service Corp.; Muji Taiwan Co. Ltd.; President Pharmaceutical Corp.; eASPN Taiwan Inc.; T&T Supermarket Inc.</p> <p>President: President Information Corp.; Cold Stone Creamery Taiwan Ltd.</p>
Chen, Fu Tang	<p>Director: President Investment Trust Corp.; Philippine Seven 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.; President Musashino Corp.; Uni-President Oven Bakery Corp.; President FN Business Corp.; Cold Stone Creamery Taiwan Ltd.</p>
Lin, Wen Ching	<p>Director: Allianz President Life Insurance Co., Ltd.; President Being Corp.; PCSC (SICHUAN) Hypermarket Limited.; PCSC (CHENGDU) Hypermarket Limited; Philippine Seven Corp.</p> <p>Supervisor: President Drugstore Business Corp.; President Transnet Corp.; Mech-President Corp.; Duskin Serve Taiwan Co.</p> <p>President: Capital Inventory Services Corp.; President Being Corp.</p>
Chen, Jui Tang	<p>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.; President Natural Industrial Corp.</p> <p>Supervisor: Retail Support International Corp.; Q-ware Systems & services Corp.</p>
Yang, Yen Sen	<p>Director: Duskin Serve Taiwan Co.; 21 Century Enterprise Co., Ltd.; Philippine Seven Corp.</p> <p>President: Ton Yi Pharmaceutical Corp.</p> <p>Supervisor: Marks and Spencer Taiwan Co., Ltd.</p>
Chung, Mao Chia	<p>Director: Capital Inventory Services Corp.</p> <p>Supervisor: President Information Corp.; Uni-President Cold-Chain Corp.</p>
Zeng, Fan Bin	None
Wang, Wen Kui	<p>Director: Capital Inventory Services Corp.; Duskin Serve Taiwan Co.; President Yilan Art and Culture Corp.; Uni-President Yellow Hat Corp.</p>
Lai, Hsin Ti	None
Wu, Wen Chi	Supervisor: President Being Corp.

President Chain Store Corporation Internal Control Statement

Date: March 14, 2007

PCSC inspected its internal control system through self-evaluation from January 01, 2006 to December 31, 2006. The results are presented in the following statements.

- I. PCSC recognizes that the establishment, implementation and maintenance of the internal control system are the responsibility of the top management. Therefore, we established the system to achieve reasonable assurance for effective operation (including profitability, performance and asset security), reliability of financial reports and compliance with laws and regulations.
- II. 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 with the changes of circumstances and conditions. The internal control has the self-monitor function to detect the system, once the malfunction is identified, the Company will make necessary modification immediately.
- III. PCSC follows the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control system is to determine the effectiveness of the company design and execution. The Regulations employ the criteria that categorize internal control into 5 elements based on the process, namely 1. control environment; 2. risk review; 3. control operations; 4. information and communications; and 5. supervision. Each element consists of several items. Please refer to the Regulations for more details.
- IV. The company has adopted the internal control criteria to review the effectiveness of design and implementation of the internal control system.
- V. Based on the review, the company believes that the design and implementation of internal control system for the period described, including operating effectiveness and efficiency, reliability of financial reports and compliance with laws and regulations, were effective enough to provide reasonable assurance for meeting the aforementioned objectives.
- VI. The statement constitutes the key part of PCSC’s annual report and is open to the public. Frauds and non-disclosure in the published statement is punishable based on Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. The Statement is approved by the Board of Directors on March 14 , 2007 upon 9 attending directors’ unanimous agreement.

President Chain Store Corporation



Chairman: Kao, Chin Yen



President: Hsu, Chung Jen



President Chain Store Corporation
Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2006 Operation Report, Financial Statements, and proposal for appropriation of profit 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.

To:

General Shareholders' Meeting in 2007

President Chain Store Corporation

Supervisor: Ying, Chien Li



March 21, 2007

President Chain Store Corporation
Supervisors' Report

The Board of Directors has prepared and submitted the Company's 2006 Operation Report, Financial Statements, and proposal for appropriation of profit 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.

To:

General Shareholders' Meeting in 2007

President Chain Store Corporation

Supervisor: Nan Shan Life
Insurance Company,
Ltd.

Representative: Tse, Koon Hang
Ada

A handwritten signature in black ink, appearing to be 'Tse, Koon Hang', written in a cursive style.

March 21, 2007

President Chain Store Corporation

Financial Report

2006 and 2005

(Stock Code 2912)

Company address: 8F, No. 8, Dongxing Rd., Taipei

TEL: (02)2747-8711

Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06002877

To: President Chain Store Corporation

We have audited the President Chain Store Corporation's balance sheets prepared on December 31, 2006 and 2005, the income statements, statements of change in shareholders' equity and statements of cash flow covering the period of January 1 to December 31, 2006 and 2005. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. The investment income and relevant information disclosed in Note 11 of the long-term equity investment for President Chain Store Corp., which was valued under Equity Method in 2006 and 2005, were based on the financial statements audited and certified by another CPA appointed by the investees. We do not audit those financial statements. The net investment income recognized is based on the financial statements audited by another CPA on December 31, 2006 and 2005, and includes an investment gain of NT\$83,178,000 and an investment loss of NT\$10,246,000, respectively. The relevant long-term equity investment balance was NT\$602,660,000 and NT\$659,828,000 respectively.

We conducted the audit in accordance with the standards of the Audit of Financial Statements and the accounting principles generally accepted in the People's Republic of China. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance that the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Based on our audits and the reports of other auditors, it is our opinion that the financial statements, which are referred to in the first paragraph, fairly present all materials aspects and the financial position of President Chain Store Corporation as of December 31, 2006 and 2005, the result of its operations and its cash flows for the periods of January 1 to December 31, 2006 and 2005. The above materials conform with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the Republic of China.

As stated in Note III, President Chain Store Corporation has adopted the principle under the Financial Accounting Standards No. 34 on financial Instruments: Recognition and Measurement and No. 36 on financial Instruments: Disclosure and Presentation effective January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standards No. 5 on Long-term Investments under the equity method, whereby goodwill is subject to annual impairment instead of amortization.

We have also audited President Chain Store Corporation's consolidated financial statements for the periods ending in 2006 and 2005, and have expressed an amended unqualified opinion thereon.

Pricewaterhouse
Coopers
CPA

Lin Tung-Chiao, CPA

林東朝



Chen Mei-Tzu, CPA

陳美姿



Approval Document
issued by the Securities
and Futures

Commission (now
Securities and Futures

Bureau) of the Ministry (81) Tai-Tsai-Cheng (VI) No. 79059
of Finance: (82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corporation
Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

	December 31 2006		December 31 2005			December 31 2006		December 31 2005	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Shareholders' Equity				
Current Assets					Current liability				
Cash and cash equivalents (Note IV(1))	\$	3,238,414	9	\$	2,706,066	6	\$	1,086,381	3
Financial assets, which change in fair values are recognized as gains or losses – current		131,073	-		4,953	-		874,655	3
Investments in bonds with no public quotations – current		20,000	-		40,000	-		219,022	1
Net accounts receivable (Note V)		301,572	1		382,262	1		4,213,792	12
Other accounts receivable (Note V)		427,335	1		389,869	1		607,843	2
Inventories (Note IV (2))		2,880,782	8		2,755,466	8		2,055,289	6
Other current assets (Notes IV (12), V and VII)		<u>885,144</u>	<u>3</u>		<u>818,307</u>	<u>3</u>		3,786,256	11
Total current assets		<u>7,884,320</u>	<u>22</u>		<u>6,466,923</u>	<u>19</u>		845,605	2
Funds and investments					Current portion of long-term liabilities (Note IV(10))			<u>900,000</u>	<u>2</u>
Financial assets that are available for sale – non current (Note III, IV (3))		514,718	1		140,534	-		<u>200,000</u>	<u>1</u>
Financial assets measured at cost – non current (Note IV(4))		12,381,271	34		11,994,727	36		<u>17,293,024</u>	<u>48</u>
Bond portfolios with no active market – non current		-	-		20,000	-		<u>13,437,482</u>	<u>40</u>
Long-term investments (Equity method) (Note IV(5))		<u>6,352,509</u>	<u>18</u>		<u>5,509,166</u>	<u>16</u>			
Total funds and investments		<u>19,248,498</u>	<u>53</u>		<u>17,664,427</u>	<u>52</u>			
Fixed assets (Note V)					Long-term liability				
Costs					Derivative financial liabilities for hedging-non current (Note X)			14,994	-
Lands		1,534,725	4		1,538,231	5		1,100,000	3
Building		930,971	3		931,193	3			
Machinery and equipment		8,486,401	23		8,078,982	24			
Lease improvement		3,986,263	11		3,549,768	10			
Other equipment		<u>13,241</u>	<u>-</u>		<u>13,411</u>	<u>-</u>			
Cost and revaluation		14,951,601	41		14,111,585	42			
Less: accumulated depreciation (Note IV (6))		(8,101,857)	(22)		(7,157,200)	(21)			
Construction in process and prepayment for equipment		<u>1,578</u>	<u>-</u>		<u>-</u>	<u>-</u>			
Net fixed assets		<u>6,851,322</u>	<u>19</u>		<u>6,954,385</u>	<u>21</u>			
Other assets					Shareholders' Equity				
Assets leased to others (Notes IV (7) and VII)		999,648	3		1,014,082	3			
Idle Assets		321,498	1		325,232	1			
Refundable deposit (Note VII)		937,603	2		878,875	3			
Other assets –other (Note IV(12))		<u>75,877</u>	<u>-</u>		<u>331,501</u>	<u>1</u>			
Total other assets		<u>2,334,626</u>	<u>6</u>		<u>2,549,690</u>	<u>8</u>			
Total Assets	\$	<u>36,318,766</u>	<u>100</u>	\$	<u>33,635,425</u>	<u>100</u>			
					Long-term debt			<u>1,320,000</u>	<u>4</u>
					Total long-term liabilities			<u>3,320,000</u>	<u>10</u>
					Other liability				
					Accrued pension liabilities (Note IV (11))			359,752	1
					Guarantee deposit received			<u>1,569,094</u>	<u>4</u>
					Total other liabilities			<u>1,927,574</u>	<u>5</u>
					Total liabilities			<u>20,335,592</u>	<u>56</u>
					Shareholders' Equity			<u>18,462,300</u>	<u>55</u>
					Capital (Note IV (13))				
					Paid-in Capital			9,151,604	25
					Retained earnings (Note IV (14))				
					Legal reserve				
								2,543,649	7
					Special reserve			531	-
					Unassigned retained earnings			3,921,243	11
					Other adjustments in SH's equity				
					Unrealized revaluation gains (Note III)			359,191	1
					Cumulative translation adjustment			<u>6,956</u>	<u>-</u>
					Total shareholders' equity			<u>15,983,174</u>	<u>44</u>
					Undertakings or contingent liabilities (Notes V and VII)			<u>15,173,125</u>	<u>45</u>
					Total liabilities and shareholders' equity			<u>36,318,766</u>	<u>100</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Income Statements
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000
(EPS: NT\$)

		2006		2005	
		Amount	%	Amount	%
	Operating revenue				
4110	Net sales	\$ 96,628,741	97	\$ 90,671,647	97
4800	Other operating revenue (Note V)	<u>3,350,877</u>	<u>3</u>	<u>3,001,963</u>	<u>3</u>
4000	Total operating revenue	99,979,618	100	93,673,610	100
	Operating cost				
5110	Cost of goods sold (Note V)	<u>(69,736,937)</u>	<u>(70)</u>	<u>(65,514,526)</u>	<u>(70)</u>
5910	Gross Profit	<u>30,242,681</u>	<u>30</u>	<u>28,159,084</u>	<u>30</u>
	Operating expenses (Notes IV (16), (17) and V)				
6100	Selling expenses	(22,789,148)	(23)	(21,003,015)	(23)
6200	General and administration exp.	<u>(2,939,532)</u>	<u>(3)</u>	<u>(2,979,029)</u>	<u>(3)</u>
6000	Total operating expenses	<u>(25,728,680)</u>	<u>(26)</u>	<u>(23,982,044)</u>	<u>(26)</u>
6900	Operating income	<u>4,514,001</u>	<u>4</u>	<u>4,177,040</u>	<u>4</u>
	Non-operating incomes				
7310	Gain on valuation of financial assets (Note III)	7,734	-	65,492	-
7122	Dividend Income	191,251	-	192,709	-
7130	Gain on disposal of fixed assets (Note V)	-	-	18,816	-
7210	Rent revenue (Note V)	46,059	-	28,563	-
7480	Miscellaneous incomes (Note V)	<u>658,910</u>	<u>1</u>	<u>515,914</u>	<u>1</u>
7100	Total non-operating income	<u>903,954</u>	<u>1</u>	<u>821,494</u>	<u>1</u>
	Non-operating expenses				
7510	Interest expenses	(68,770)	-	(76,657)	-
7521	Loss on investment (equity method) (Notes III and IV (5))	(79,287)	-	(56,311)	-
7530	Loss on disposal of fixed assets	(20,516)	-	-	-
7540	Loss on disposal of investments	(17,984)	-	(42,897)	-
7570	Allowance for reduction of inventory to market	-	-	(66,429)	-
7630	Impairment (Note IV (4))	(127,297)	-	(85,480)	-
7880	Other expenses	<u>(46,513)</u>	<u>-</u>	<u>(40,106)</u>	<u>-</u>
7500	Total non-operating expenses	<u>(360,367)</u>	<u>-</u>	<u>(367,880)</u>	<u>-</u>
7900	Income before tax	5,057,588	5	4,630,654	5
8110	Income Tax (Note IV (12))	<u>(1,235,633)</u>	<u>(1)</u>	<u>(977,969)</u>	<u>(1)</u>
8900	Earnings of continued operations	3,821,955	4	3,652,685	4
9300	Accumulated effects from changes in accounting principles (Note III)	<u>373</u>	<u>-</u>	<u>-</u>	<u>-</u>
9600	Net Income After Tax	<u>\$ 3,822,328</u>	<u>4</u>	<u>\$ 3,652,685</u>	<u>4</u>
		pre-tax	after tax	pre-tax	after tax
9750	Earnings per share (Note IV (15)) Net income	<u>\$ 5.53</u>	<u>\$ 4.18</u>	<u>\$ 5.06</u>	<u>\$ 3.99</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment	Total
<u>2005</u>							
Balance at January 1, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$-	(\$ 55,785)	\$ 14,371,825
Appropriation of earnings:							
Legal reserve	-	304,587	-	(304,587)	-	-	-
Special reserve	-	-	55,758	(55,758)	-	-	-
Employee bonus	-	-	-	(107,421)	-	-	(107,421)
Remuneration to Directors & Supervisors	-	-	-	(53,710)	-	-	(53,710)
Cash dividends	-	-	-	(2,745,481)	-	-	(2,745,481)
Earnings in 2005	-	-	-	3,652,685	-	-	3,652,685
Adjustments of conversion for foreign long-term investments	-	-	-	-	-	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>\$ -</u>	<u>(\$ 531)</u>	<u>\$ 15,173,125</u>
<u>2006</u>							
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	-	(\$ 531)	\$ 15,173,125
Appropriation of earnings:							
Legal reserve	-	365,268	-	(365,268)	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	(200,559)
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	(66,853)
Cash dividends	-	-	-	(3,111,545)	-	-	(3,111,545)

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>Retained Earnings</u>				<u>Other adjustment in SH's equity</u>		
	<u>Paid-in Capital</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unallotted retained earnings</u>	<u>Unrealized revaluation gains</u>	<u>Cumulative translation adjustment</u>	<u>Total</u>
Earnings in 2006	-	-	-	3,822,328	-	-	3,822,328
Adjustments on unrealized gains or losses on financial instruments	-	-	-	-	359,191	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	7,487
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 15,983,174</u>

The accompanying notes constituted an integral part of the financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation
Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>2006</u>	<u>2005</u>
<u>Cash flows from operating activities</u>		
Net income	\$ 3,822,328	\$ 3,652,685
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(7,734)	(65,492)
Increase (or decrease) of allowance for uncollectible accounts	(6,685)	3,969
Increase (or decrease) of allowance for reduction of inventory to market	(56,530)	66,429
Depreciation	1,657,958	1,679,882
Depreciation of leased assets	18,168	3,879
Amortizations	254,908	380,774
Cash dividend from long-term investment under equity method	234,690	135,755
Recognized return on long-term investments under equity method	79,287	56,311
Disposal gain on long-term investment under equity method	(52,380)	-
Financial assets measured at cost – impairment losses	127,297	85,480
Loss (or gain) on disposal of fixed assets	20,516	(18,816)
Changes in assets and liabilities		
Accounts receivable	80,690	(133,743)
Other accounts receivable	(30,781)	(98,487)
Inventories	(68,786)	(619,338)
Other current assets	(83,032)	(56,565)
Deferred income tax assets	16,911	(13,104)
Notes payable	1,034,441	178,519
Accounts payable	751,298	248,691
Income taxes payable	54,381	253,772
Accrued expenses	366,679	357,749
Other accounts payable	704,105	1,369,959
Advance receipts	177,541	260,062
Accrued pension liabilities	(1,272)	(2,311)
Net cash provided by operating activities	<u>9,093,998</u>	<u>7,726,060</u>

(Continue)

President Chain Store Corporation
Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>2006</u>	<u>2005</u>
<u>Cash flows from investing activities</u>		
Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(\$ 118,386)	\$303,517
Decrease in loans to related parties	-	30,000
Acquisition of financial assets measured at cost	(570,000)	(3,947,248)
Decrease in financial assets on basis cost	7,697	255,020
Acquisition of long-term investment-equity method	(1,143,979)	(510,805)
Proceeds from disposal of long-term investment – equity method	94,989	-
Decrease of bond portfolios with no active market	40,000	40,000
Cash purchase of property, plant and equipment	(1,554,848)	(1,669,583)
Proceeds from disposal of fixed assets	46,534	875,896
Increase in deposits-out	<u>(58,728)</u>	<u>(59,557)</u>
Net cash provided by investing activities	<u>(3,256,721)</u>	<u>(4,682,760)</u>
<u>Cash flows from financing activities</u>		
Increase in guarantee deposits received	224,028	181,601
Increase (or decrease) in long-term loans	(1,320,000)	820,000
Payback of corporate bond	(200,000)	-
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration & employees' bonus	<u>(267,412)</u>	<u>(161,131)</u>
Net cash provided by financing activities	<u>(4,674,929)</u>	<u>(1,905,011)</u>
Net increase (or decrease) in cash and cash equivalent	1,162,348	1,138,289
Beginning balance of cash and cash equivalent	<u>2,076,066</u>	<u>937,777</u>
Ended balance of cash and cash equivalent	<u>\$3,238,414</u>	<u>\$2,076,066</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$70,456</u>	<u>\$77,025</u>
Income tax paid	<u>\$1,164,341</u>	<u>\$737,301</u>
<u>Investing activities of partial payment in cash</u>		
Purchase of property, plant and equipment	\$1,621,945	\$1,640,728
Add: beginning balance of accounts payable on equipment	211,747	240,602
Less: ended balance of accounts payable on equipment	<u>(278,844)</u>	<u>(211,747)</u>
Acquisition of fixed assets	<u>\$1,554,848</u>	<u>\$1,669,583</u>

The accompanying notes constituted an integral part of the financial statements,
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corporation

Notes on Financial Statements

December 31, 2006 & 2005

Currency expression: NTD 1,000

(Unless otherwise specified)

I. Company history

- (I) President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes the investment in and operation of convenience stores, the sale of foods, canned products, books, newspapers, magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange.
- (II) The parent company and the ultimate parent Company are Uni-President Enterprises Corp.
- (III) As of December 31, 2006, the Company has around 9,300 employees (including part-time workers).

II. Summary of significant accounting policies

The financial statement was prepared in accordance with the “Guidelines Governing the Preparation of Financial Reports By Securities Issuers”, “Business Accounting Law”, “Business Accounting Guidelines” and the generally accepted accounting principles in the Republic of China. Significant accounting policies are explained as follows:

(I) Current and non current assets and liabilities

1. Assets that conform with the following terms are classified as current assets; assets other than current assets are non current assets:
 - (1) Assets from business operations that are expected to be cashed, depleted, or sold in the business cycle.
 - (2) It is held for trading purposes.
 - (3) It is expected to be sold within twelve months from the date on the Balance Sheet.
 - (4) Cash or cash equivalent, except for that used for trade, liquidating debt, or which is restricted after twelve months from the date on the Balance Sheet.
2. Liabilities that are in conformity with the following terms are classified as a current liability; liabilities other than current liabilities are non current liabilities:
 - (1) Debts from business operations that are expected to be liquidated in the business cycle.
 - (2) It is held for trading purposes.
 - (3) It is expected to be liquidated within twelve months from the date on the Balance Sheet.
 - (4) Debts that cannot be unconditionally deferred in liquidation after twelve months from the date on the Balance Sheet.

(II) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that is conforms with the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will be affected by interest rate changes very few.

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

(III) Foreign currency exchanges

1. The Company's accounts are expressed in NT Dollars in bookkeeping. For bookkeeping, transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions. Differences resulting from the exchange are recognized as current gains or losses.
2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate to comply with the date on the balance sheet. Differences that result from the exchange are recognized as current gains or losses. Differences resulting from the exchange between the Company and long-term foreign investees through foreign currency advanced payment shall be recognized as adjustments to shareholders' equity.
3. Non-monetary assets or liabilities expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet day shall be made and the spread from the exchange shall be stated as current gains or losses. For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders' equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet day. The spread from the exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities estimated not on the basis of fair value, use the historical exchange rate as of the transaction day for estimation.

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

1. Bookkeeping shall be made on the day of trade for equity assets or liabilities, and on the delivery day for warrants and rights. Initial recognition of the financial instruments used for bookkeeping estimation shall be made on the basis of fair value.

2. Financial assets and liabilities, in which changes in fair value are recognized as gains or losses, shall be estimated on the basis of fair value and in which changes are recognized as gains or losses for the current period. The fair value for stocks with public quotations in centralized markets shall be recognized as the price at close of market on the date listed on the balance sheet. For open-ended funds, the fair value shall be the net asset value of the funds on the date listed on the balance sheet.
3. The accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(V) Financial assets available for sales

1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.
2. Financial assets that are available for sale are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at close in the open market on the date listed on the balance sheet.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, recognize it as adjustments to shareholders' equity for the decrease in impairment of equity items.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VI) Investments in bonds with no public quotations listed on the open market

1. The delivery day accounting principle is adopted for the bookkeeping of these investments and the estimation of which is based on fair value of the instruments plus the acquisition cost or issuance cost.
2. For bonds with no public quotations in the open market, estimations shall be made on the basis of the cost after amortization.
3. Recognize this as impairment loss with supporting evidence. Should there be a decrease in the amount of subsequent impairment, and it is obviously related to events that occurred after the recognition of impairment losses, reverse as current gains or losses, such reversal shall not cause the book value to exceed the cost after amortization under the unrecognition of impairment loss.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VII) Financial assets carried at cost

1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
2. Recognize this as an impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
3. The accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(VIII) Financial derivatives for hedges

1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of the trade. For derivative trades other than options, state the fair value as zero on the day of the trade. Estimation on derivative trades shall be based on the fair value on the date listed on the balance sheet. Any change in fair value shall be recognized as assets or liabilities and current gains and losses.
2. Derivatives for hedges: if derivatives meet all the conditions for the accounting of hedging instruments, the effect of any change in the fair value of the instruments and the hedged objects after offsetting shall be recognized in bookkeeping as follows:
 - (1) Hedge of fair value: hedging instruments are estimated according to fair value. Any gain or loss in the book value of the hedging instruments that results from exchange rate fluctuation shall be recognized as a current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value of the hedged objects and be immediately recognized as a current gain or loss.

- (2) Hedge of cash flows: any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(IX) Allowance for doubtful accounts

The allowance for doubtful accounts is determined on the basis of collectability of receivable accounts and the balance of other receivables at the end.

(X) Inventories

Bookkeeping of inventories is made on the basis of the actual cost and costing is made on the basis of the retailing method. An appropriate allowance for loss has provided for obsolete inventory and inventory that might become obsolete. Obsolete inventory loss is recorded as the loss in the period.

(XI) Long-term investments (Equity method)

1. The Company adopts the equity method to account for the investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. From 2006 onward, if the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to a yearly impairment test. The spread that has been amortized in previous years cannot be adjusted retrospectively. Investees where the Company holds more than 50% of the voting shares or holds a dominant position shall be accounted for under the equity method and their annual and semiannual financial statements shall be consolidated with the Company.
2. Investees that have been accounted for under the equity method since January 1, 2005, which the Company may exercise significant influence but is not in a dominant position, shall have their losses limited to zero based on the book value of investments and advances to specific investees. They shall state their recognized loss in proportion to the investments in such investees unless the Company has acted in favor of a specific investee as a guarantor or attempts to continue its support of the investee. In this case, the Company shall assume all the losses of the investees even if the amount exceeds the original shareholders' equity of the investees. If such investees subsequently resume a profitable position, the Company has the top priority to be entitled to such profits until the assumed losses have been fully recovered.
3. If the overseas investments evaluated for under the equity method, the “cumulative translation adjustment ” resulted from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders' equity.
4. The accounting particulars for the period on and before December 31, 2005 are specified in Note III.

(XII) Fixed assets and non-operating assets

1. The bookkeeping for fixed assets shall be made on the basis of the acquisition cost. The interest accrued from the acquisition of assets to the point the assets can be available for use may be capitalized.
2. Depreciation shall be made under the average method. With the exception of improvement in capital lease when the term of the lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. For assets that continue to be in service after the previous period of services, the residual value shall be subject to depreciation along the subsequent years of services. Buildings and construction have 30 to 50 years of service. Other assets have 3 to 15 years of services for depreciation purposes.
3. Spending on repair and maintenance is recognized as expenses for the current period. Spending on major additions and improvements shall be capitalized and depreciated. While disposing of assets, the cost and accumulated depreciations shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.
4. Fixed assets that are not used for business operations are booked in the other assets account according to the lower net fair value or book value, the price difference booked as the losses for the period, and the depreciation expense booked in the non-operating expense account.

(XIII) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to a change in the economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. The recoverable amount refers to the net fair value of a specific asset or its value for use, whichever is higher. Net fair value refers to the net proceeds to be received under fair trade of a specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under the discount value method.
2. An impairment loss in previous years could be reversed if a subsequent recovery after a previous impairment loss was recognized and stated as current income. Recognized impairment of goodwill shall not be reversed.

(XIV) Pension Plan

1. Pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in the current period, interest, anticipated return on fund assets, and the amortizations of unrecognized transitional net assets and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on accrual basis shall be recognized as pension cost for the current period.

(XV) Income Tax

1. The Company adopts Financial Accounting Standards No. 22, “Accounting for Income Taxes”, to amortize the income tax beyond the year and for the current period. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities, while the tax effect of deductible temporary differences, operating loss that is carried forward and income tax credit are recognized as deferred income tax assets. The valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and non-current items in accordance with the nature of the balance sheet account and the period of expected realization.
2. A 10% income tax on unallocated retained earnings under the new Tax Code is recognized as income tax expenses that incurred in the year of the shareholders

meeting resolution.

3. Tax credits on the acquisition of specific machinery, equipment, technology and human resources training are accounted for as deductions for the current year as income tax expenses.
4. The adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVI) Recognition of revenue and cost

Revenue shall be recognized and realized while gaining profits. Related costs are recognized with corresponding items of revenue. Expenses shall be recognized on an accrual basis and stated as current expenses.

(XVII) Earnings per share

The Company computes the earnings per share by the weighted-average method. The earnings for any additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of circulation of such additional shares. Earnings for new shares shall be computed on the basis of the outstanding period.

(XVIII) Delivery day accounting

The Company has adopted the principle of delivery day accounting when applicable. Changes in fair values of asset transactions between the transaction day and the delivery day carried at cost or cost after amortization will not be recognized. For assets whose changes in fair value are recognized as gains or losses, such changes shall be recognized as current gains or losses.

(XIX) Accounting estimations

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

III. The reasons for changes in accounting policies and the effect of such changes

(I) Financial instruments

1. Effective January 1, 2006, the Company adopted the principles under the Financial Accounting Standards No. 34 on “Financial Instruments: Recognition and Measurement” and No. 36 on “Financial Instruments: Disclosure and Presentation” into its accounting policies. The Company has reclassified some account titles in the financial statements on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Financial Accounting Standards No. 34 on Financial Instruments: Recognition and Measurement and No. 36 on Financial Instruments: Disclosure and Presentation.

2. The account titles used in bookkeeping are from and before December 31, 2005:

(1) Short-term investments

The short-term investment is stated at the cost of acquisition. The cost is calculated under moving-average method and valued under the lower of the cost or market price at the end of the accounting period. Losses from falling prices are recognized as current losses. While comparing the cost with the market price of stocks listed in the centralized market, the average market price at close for the last month of the accounting period is taken as the market price. For open-end funds, the net asset value per unit on the balance sheet date of the respective fund shall be taken as the market price.

(2) Long-term investments under cost method

The Company adopts the method of the lower of the cost and market price in the valuation of investees (listed companies) where the Company holds less than 20% of their voting shares and doesn't have significant influence. Unrealized loss that results from the falling price or the market price below the cost shall be debited to shareholders' equity. For investees not listed in the centralized market, valuation is made on the basis of cost. However, if some evidence suggests that the recovery of such value is unlikely due to significant impairment, it is recognized as investment loss and stated as current losses.

(3) Derivative trade - Interest Rate Swap contracts:

There is no actual transfer of principal in IRS trade and only a memorandum will be signed for transaction purposes. Payable or receivable interest for IRS contracts, which is not held for trading and has been accrued in the period from the contract settlement day and the balance sheet day, shall be recognized as adjustments to interest expenses on hedging.

3. Such changes in accounting principles resulted in an increase of NT\$359,191 under the title of other adjustments in shareholders' equity as of December 31, 2006 (recognized as "Unrealized gains or losses on financial instruments"). The effect to the income position of the Company in the period of 2006 is explained as follows:

	Amount	EPS (NTD)
Income before tax (Note)	\$6,549	\$0.01
Income tax expenses	-	-
Earnings of continued operations	\$6,549	\$0.01
Accumulated effects from changes in accounting principles		
(Less: effect of income tax \$0)	373	-
Net income	\$6,922	\$0.01

Note: The effects generated the new standard applicable to long-term equity investment evaluated under Equity Method.

(II) No amortization for goodwill

1. Until December 31, 2005, when it is impossible to analyze the cause of the differences between the long-term equity investment cost on the investment date and net worth of the equity, such differences will be equally amortized along a period of 5~10 years. The Company has adopted the principles under the amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006 whereby goodwill shall no longer be subject to amortization.
2. The said accounting policy change had caused the total assets of the Company from December 31, 2006 and 2006 earnings to go up by NT\$145,718 respectively. EPS increased by NT\$0.16.

(III) Impairment of non-financial assets

Effective January 1, 2005, the Company adopted the newly announced Financial Accounting Standards No. 35 of the "Impairment of Assets". The said accounting policy change caused the Company's long-term equity investment and shareholders' equity evaluated under the equity method on December 31, 2005 to decrease by NT\$30,957, the Company's investment loss recognized under the Equity Method in 2005 to increase NT\$30,957, and the EPS to decrease by NT\$0.03.

IV. Summary on major account titles

(I) Cash and cash equivalence

	December 31, 2006	December 31, 2005
Petty Cash for stores	\$1,970,916	\$1,113,241
Current account deposits and checking account deposits	1,058,567	962,825
cash equivalence	208,931	-
Investments in Repos	\$3,238,414	\$2,076,066

(III) Inventories

	December 31, 2006	December 31, 2005
Merchandise	\$2,890,681	\$2,821,895
Less: Allowance for inventory losses	(9,899)	(66,429)
	\$2,880,782	\$2,755,466

(III) Financial assets that are available for sale - non current

	December 31, 2006	December 31, 2005
Stock with public quotations	\$140,534	\$140,534
Valuation Adjustment	374,184	-
	\$514,718	\$140,534

(IV) Financial assets carried at cost - non current

	December 31, 2006	December 31, 2005
Stocks listed in the emerging market	\$1,742,880	\$1,742,880
Stocks with no public quotation	10,851,168	10,337,327
Subtotal	12,594,048	12,080,207
Accumulated impairment	(212,777)	(85,480)
Total	\$12,381,271	\$11,994,727

The instruments held by the Company have no public quotations in the open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.

(Blank hereunder)

(V) Long-term investments (Equity method)

Investees	December 31, 2006		December 31, 2005	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Chain Store (BVI) Holdings Ltd.	\$981,627	100.00	\$1,180,359	100.00
PCSC (China) Limited	481,140	100.00	382,817	100.00
Ren-Hui Investment Corp.	859,558	100.00	851,615	100.00
Uni-President Cold-Chain Corp.	349,094	60.00	322,217	60.00
Mech-President Corp.	420,700	62.95	406,504	62.95
President Drugstore Business Corp.	417,530	100.00	348,905	100.00
President Pharmaceutical Corp.	324,820	73.74	63,172	20.00
Uni-President Department Store Corp.	249,117	70.00	-	-
President Musashino Corp.	218,302	40.00	-	-
President Transnet Corp.	201,252	70.00	187,996	70.00
Wisdom Distribution Service Corp.	162,635	100.00	157,342	100.00
President Information Corp.	199,072	56.00	210,502	70.00
Retail Support International Corp.	119,786	25.00	112,693	25.00
President Yilan Art and Culture Corp.	103,566	90.00	100,283	90.00
Uni-President Oven Bakery Corp.	73,021	60.00	118,789	60.00
President Coffee Corp.	130,210	30.00	141,483	30.00
Mister Donut Taiwan Corp.	126,249	50.00	116,981	50.00
Q-ware Systems & services Corp.	149,499	22.68	190,982	22.68
President Development Corp.	173,934	20.00	185,166	20.00
Muji Taiwan Co. Ltd., etc.	611,397	20.00~	431,360	20.00~
	<u>\$6,352,509</u>	100.00	<u>\$5,509,166</u>	100.00

1. The long-term equity investment loss valued under the equity method in 2006 and 2005 amounted to NT\$79,287 and NT\$56,311, respectively, in accordance with the financial statements audited and certified by the CPA that was appointed by the invested company.

2. Effective January 1, 2005, the Company's subsidiaries have adopted the newly announced Financial Accounting Standards No. 35 on Impairment of Assets. The operational loss of the Company's investee evaluated under the equity method causes the Company to recognize the impairment loss of the long-term investment premium according to the Standard in 2005 and the Company's investment loss recognized under the equity method increase by NT\$30,957.
3. According to Financial Accounting Standards No. 7 on Consolidated Financial Statements, the Company prepares separate consolidated financial statements for all investees where it occupies a dominant position as included in the consolidated financial statements.

(XI) Accumulated depreciation

	December 31, 2006	December 31, 2005
Building	\$139,435	\$123,163
Machinery and equipment	5,465,685	4,956,670
Lease improvement	2,484,527	2,065,365
Other equipment	12,210	12,002
	<u>\$8,101,857</u>	<u>\$7,157,200</u>

(VII) Assets leased to others

	December 31, 2006		
	Initial cost	Accumulated depreciation	Book value
Lands	\$689,897	\$-	\$689,897
Building	323,154	(13,403)	309,751
	<u>\$1,013,051</u>	<u>(\$13,403)</u>	<u>\$999,648</u>
	December 31, 2005		
	Initial cost	Accumulated depreciation	Book value
Lands	\$689,897	\$-	\$689,897
Building	327,172	(2,987)	324,185
	<u>\$1,017,069</u>	<u>(\$2,987)</u>	<u>\$1,014,082</u>

(VIII) Accrued expenses

	December 31, 2006	December 31, 2005
Payable salaries and bonuses	\$963,382	\$946,819
Payable incentives for franchisee	453,396	280,833
Payable fees for system development and maintenance	100,473	205,446
Others	904,717	622,191
	<u>\$2,421,968</u>	<u>\$2,055,289</u>

(IX) Other accounts payable

	December 31, 2006	December 31, 2005
Bill collected for others	\$4,012,625	\$3,177,443
Payable for acquisition of fixed assets	278,844	211,747
Others	265,989	397,066
	<u>\$4,557,458</u>	<u>\$3,786,256</u>

(X) Corporate bond

	Term	December 31, 2006	December 31, 2005
1 st tranche of secured bonds	2002.01.16~ 2007.01.18	\$700,000	\$700,00
2 nd tranche of secured bonds	2003.06.10~ 2008.06.13	1,300,000	1,500,000
		<u>2,000,000</u>	<u>2,200,000</u>
		(900,000)	(200,000)
Less: Current portion		<u>\$1,100,000</u>	<u>\$2,000,000</u>

1. The issuance of the 1st tranche of secured corporate bonds

Together with China Development Industrial Bank and Bank of Taiwan Chun Lun Branch, the Company has pledged the issuance of its 1st tranche of secured bonds. This issue of bonds shall be redeemed in full at maturity at the coupon rate of 2.8%. Simple interest shall be payable once a year in accordance with the coupon rate from the date of issuance.

According to the agreement binding the Company and Bank of Taiwan for entrusting the latter for surety in the issuance of bonds, this issue of bonds may be used only for the payment of bank loans and reducing the spending on interest.

2. The issuance of the 2nd tranche of secured corporate bonds

Together with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch, the Company has pledged the issuance of its 2nd tranche of secured bonds under the following terms and conditions:

- (1) Issue A: amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50%, respectively, at a coupon rate of 1.4%. Simple interest is payable once per year in accordance with the coupon rate from the date of issuance.
- (2) Issue B: amounted to NT\$700 million at a coupon rate of 4% less the LIBOR rate for six months or 4% less the promissory note rate for 180 days, and is renewable semi-annually. Simple interest is payable once semi-annually.

(XI) Pension Fund

1. The Company has instituted regulations for the defined pension plan under the “Labor Standards Law”, which is applicable to the years of services of employees before July 1, 2005, the day that the new “Labor Pension Act” came into full force. Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the “Labor Standards Law”. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. The pension fund payable to employees who meet the requirements about retirement shall be calculated according to their seniority and the average of their salary for the six months prior to their retirement. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. One basis point will be added for each additional year of service beyond the said period of 15 years up to the maximum of 45 basis points. Pension will be payable on the basis of the average basic salaries of the employee within the last six months prior to retirement and the length of service. The Company contributes 2% to 4.42% of the total salaries of the employees to the special pension fund account at the Central Trust of China supervised by the Employee Pension Fund Reserve Supervisory Committee.

The information related to the Company’s actuaries’ report for retirement pension:

- (1) The actuarial assumptions about retirement pension is summarized as following:

	2006	2005
Discount rate	37.5%	3.75%
Increasing rate of future salary	3.50%	3.50%
Anticipated rate of return on long-term investment in fund assets	2.75%	2.75%

(2) Contribution of retirement pension:

	December 31, 2006	December 31, 2005
Benefit obligation :		
Vested benefit obligation	(\$109,854)	(\$88,712)
Non-vested benefit obligation	(594,597)	(531,516)
Cumulative benefit obligation	(704,451)	(620,228)
Effect of increase in future salary	(469,332)	(437,805)
Projected benefit obligation	(1,173,783)	(1,058,033)
Fair value of pension fund assets	475,454	395,942
Contribution	(698,329)	(662,091)
Unrecognized transitional net assets	(22,849)	(28,810)
Unrecognized pension loss	360,395	336,037
Accrued pension liabilities	(\$360,783)	(\$354,864)
Vested benefit	\$135,705	\$112,178

(3) Contents of net pension cost:

	2006	2005
Service cost	\$38,529	\$53,989
Interest cost	39,676	33,287
Anticipated return on fund assets	(10,888)	(8,292)
Amortization :		
Unrecognized transitional net assets	(5,961)	(5,961)
Unrecognized pension loss	23,023	17,008
Net pension cost:	\$84,379	\$90,031

- The new law provides a defined contribution to the pension plan. Effective July 1, 2005, the Company shall contribute an amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at the Labor Insurance Bureau. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payment or in lump sum. The pension cost under the defined pension plan was recognized as NT\$126,709 and NT\$52,979 in 2006 and 2005 respectively.

(XII) Income Tax

1. Income tax and Income taxes payable

	2006	2005
Income taxes payable	\$662,224	\$607,843
Net variation resulting from temporary differences of net deferred income tax assets	16,911	(13,104)
Carried forward income tax liabilities	17,132	33,204
Income tax amount under the new taxation system	1,793	1,054
Prepaid income tax	<u>537,573</u>	<u>348,972</u>
Income tax expenses	<u>\$1,235,633</u>	<u>\$977,969</u>
Item of income tax expenses are shown as follows:		
Income tax expenses	<u>\$1,235,633</u>	<u>\$ 941,905</u>
Levy of 10% income tax on unallocated retained earnings	-	36,064
	<u>\$1,235,633</u>	<u>\$977,969</u>

2. Item of deferred income tax assets are shown as follows:

	December 31, 2006		December 31, 2005	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items (Stated as other current assets in the statement)				
Temporary difference				
Allowance for reduction of inventory to market	\$9,899	\$2,475	\$66,429	\$16,607
Bad debts	6,991	1,747	13,677	3,419
Employee fringe benefits	2,863	716	4,427	1,107
		<u>\$4,938</u>		<u>\$21,133</u>
Non-current items (booked in the other assets account)				
Temporary difference				
Inventory losses	\$746,525	\$186,631	\$426,305	\$106,576
Employee fringe benefits	1,133	283	3,996	999
		186,914		107,575
Less: allowance for reevaluation losses		<u>(186,631)</u>		<u>(106,576)</u>
		<u>\$283</u>		<u>\$999</u>

3. The Company has the following deductions under the Statute for the Encouragement of Industrial Upgrading in 2006:

Deductible items	Total deductible amount	Unconsumed deductible balance
Human resources training expenses	\$11,921	\$-
Automation equipment and technology	6,317	-
Investment in territories of poor resources or slow development	13,815	-

4. Income tax returns filed by the company have been approved by taxation authorities up to tax year 2004.
5. The Company has the following unallocated retained earnings before and after the new taxation system:

	December 31,2006	December 31,2005
Unassigned retained earnings carried forward to 1997	\$31,142	\$31,142
Unassigned retained earnings carried forward from 1998	3,890,101	3,756,771
Total	\$3,921,243	\$3,787,913

6. Information on new taxation system

	December 31,2006	December 31,2005
Balance of shareholders deduction account	\$560,845	\$381,190
	2006	2005
	(Estimated amount)	(Actual amount)
Tax credit rate of retained earnings distributed	14.42%	30.60%

The estimated 2006 tax credit rate was based on the tax credit account balance on December 31, 2006. The tax credit available to the shareholders of President Chain Store Corp. is based on the shareholder's tax credit account balance on the dividend and bonus distribution date. Therefore, the tax credit rate for the distribution of retained earnings to shareholders after 1998 is the net value of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XIII) Capital

The Company has 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of 2006 and Dec 31, 2005.

(XIV) Retained Earnings

1. The Articles of Incorporation of the Company dictate that, earnings in the year after account settlement shall be subject to corporate with income tax under law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as legal reserve and special reserves may also be allocated as there is debit to shareholders' equity. The net earnings of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under proposal by the Board at the approval of the shareholders general meeting. Remunerations to directors and supervisors shall be at 2% of the earnings and employee bonus shall be no less than 0.2% of the earnings. The dividend and bonus for the shareholders shall be 80% to 100% of the income attributable to the shareholders net of remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividends). The remainder of the earnings shall be resolved by the shareholders general meeting for distribution. The shareholders general meeting of the Company on June 14, 2006 resolved an amendment to the Articles of Incorporation of the Company whereby remunerations to directors and supervisors are reduced to 1% from the previous level of 2%.

2. Legal reserve may only be used for offsetting losses carried forward and increasing capitalization. If the balance of a Legal reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. Under the resolutions of the shareholder general meeting, cash dividends paid out for the periods of 2006 and 2005, amounted to NT\$3.4/share and NT\$3/share, respectively.
4. The Company's proposal for allocation of retained earnings in 2006 has not approved by the Board of Directors before March 12, 2007. The proposals approved by the Board of Directors and the allocation of retained earnings resolved by the shareholders' meetings may be viewed at the "M.O.P.S." of TSEC.

The information about the Company's bonus allocated to employees and remuneration paid to directors and supervisors in 2005 is summarized as following :

	<u>Allocation resolved by shareholders' meetings and Board of Directors in 2006</u>
(1) Allocation	
Cash bonus to employees	\$200,559
Remuneration to Directors & Supervisors	66,853
(2) Information about EPS: (currency: NTD)	
EPS	\$3.99
Imputation EPS	<u>3.70</u>

(XV) Earnings per share

		2006				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$5,057,588	\$3,822,328	915,160,436	\$5.53	\$4.18
		2005				
		Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
		pre-tax	after tax		pre-tax	after tax
Basic EPS						
Earnings for shareholders of common stock		\$4,630,654	\$3,652,685	915,160,436	\$5.06	\$3.99

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

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

	2006	2005
Human resources expenses		
Salaries	\$3,569,815	\$3,427,781
Labor and health insurance	274,303	242,189
Pension fund	204,980	145,613
Other human resources expenses	246,727	214,671
	<u>\$4,295,825</u>	<u>\$4,030,254</u>
Depreciation	<u>\$1,657,698</u>	<u>\$1,679,882</u>
Depletions	<u>\$-</u>	<u>\$-</u>
Amortizations	<u>\$254,908</u>	<u>\$380,774</u>

(XVII) Substantial spending on donation

1. The Company and Uni-President Enterprises Corp. had entered into a construction engineering agreement with Ta Chen Construction & Engineering Corp. for appointing the latter to build a research center building for donation to National Cheng Kung University. The contract sum amounted to \$230,000 (tax included), and shall be paid for by the Company and Uni-President Enterprises Corp in equal halves.
2. The said research center building was completed on December 31, 2006 and the amount payable for construction recognized by the Company in 2006 and 2005 was NT\$89,398 and NT\$20,000 respectively under the accounting of spending on donations.

V. Related Party Transactions

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

<u>Name of related parties</u>	<u>Relationship with the company</u>
Uni-President Enterprises Corp.	Parent
President Packing Ind. Corp. (PPI).	Investees of Uni-President Enterprises Corp under the equity method
Tung Ang Enterprise Corp.	"
Presco Netmarketing Inc.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
President Securities Corp.	"
President Baseball Team Corp.	"
President Direct Marketing Corp.	Subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co.	"
Capital Inventory Services Corp.	"
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
PCSC (China) Limited	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Ren-Hui Investment Corp.	"
President Collect Services Co. Ltd.	"
Bank Pro E-Service Technology Co., Ltd.	"
Books. com. Co. Ltd.	"
President Yilan Art and Culture Corp.	"
Uni-President Department Store Corp.	"
President Pharmaceutical Corp.	"
President FN Business Corporation	"
Cold Stone Creamery Taiwan Ltd.	"
President Coffee Corp.	Investees of the Company under equity method
Retail Support International Corp.	"
Muji Taiwan Co. Ltd.	"
Uni-President Yellow Hat Corp.	"
Q-ware Systems & services Corp.	"

Name of related parties	Relationship with the company
President Development Corp.	Investees of the Company under equity method
President Organics, Co.	"
Mister Donut Taiwan Corp.	"
21 Century Enterprise Co., Ltd.	"
President Musashino Corp.	"
Uni-President Takashimaya Co., Ltd.	" (this company was liquidated in September 2005)
President Chain Store (Labuan) Holdings Ltd.	subsidiary of a subsidiary
PCSC (China) Supermarket Limited	"
PCSC (China) Drugstore Limited	"
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	"
Zhuhai Livzon Drugstore Chain Company Limited	"
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	"
Philippine Seven Corp.	"
Convenience Distribution Corp.	"
PCSC (Vietnam) Supermarket Ltd.	"
Shan Dong President Yinzuo Commercial Limited	"
PCSC (SICHUAN) Hypermarket Limited	"
PCSC (CHENGDU) Hypermarket Limited	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
President Jim Corp.	"
Shanghai President Machine Corp.	"
Vision Distribution Service Corp.	"
Duskin China (BVI) Holding Limited	"
President Technology Corp.	The Company is a director
Tong-Ho Development Corp.	"
Allianz President Life Insurance Co., Ltd.	"
President Investment Trust Corp.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$238,957	14	\$214,838	14
Uni-President Cold-Chain Corp.	38,163	2	11,537	1
Others	35,562	3	86,587	5
	<u>\$312,682</u>	<u>19</u>	<u>\$312,962</u>	<u>20</u>

2. Purchase (net of purchase incentive bonuses)

	2006		2005	
	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.
Retail Support International Corp.	\$43,120,484	60	\$41,630,192	63
Uni-President Cold-Chain Corp.	15,828,128	22	14,428,903	22
Wisdom Distribution Service Corp.	5,508,850	8	5,156,490	8
Uni-President Enterprises Corp.	1,812,853	3	1,478,151	2
Others	983,159	-	988,670	1
	<u>\$67,253,474</u>	<u>93</u>	<u>\$63,682,406</u>	<u>96</u>

- (1) The aforementioned purchases have been made under regular prices and the percentage and collection of incentive bonus for purchases are the same except for Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp.
- (2) The purchases between the Company and Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. are bound by the agreements with the said parties for appointment of shipping services. According to related written agreements, the Company merchandise and retail items bought from all other suppliers are shipped and distributed by the aforementioned companies with the exception of the purchase of duty free items from Uni-President Cold-Chain Corp., and others are made with the aforementioned companies in accordance with their internal procedures. The aforementioned purchase cost is based on the negotiated prices on the merchandise and items plus a commission on the payment.

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

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Cold-Chain Corp.	\$241,408	63	\$215,030	62
Retail Support International Corp.	90,722	23	91,243	26
Uni-President Enterprises Corp.	52,529	14	42,845	12
	<u>\$384,659</u>	<u>100</u>	<u>\$349,118</u>	<u>100</u>

4. Operating expenses

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
(1) <u>Cleaning fees</u> Duskin Serve Taiwan Co.	\$68,065	40	\$54,988	35
(2) <u>Items for stores (recognized as packing and other fees)</u> Retail Support International Corp.	\$198,762	51	\$183,808	49
(3) <u>Stocktaking fees for the stores</u> Capital Inventory Services Corp.	\$141,237	100	\$118,938	100
(4) <u>Information system process and maintenance expense</u> President Information Corp.	\$530,548	60	\$466,185	59

5. Non-operating incomes

(1) <u>Subsidy to electronic ordering system processing fees (recognized as non-operating incomes and benefits - miscellaneous incomes)</u>				
	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Retail Support International Corp.	\$203,831	62	\$196,294	63
Uni-President Cold-Chain Corp.	105,230	32	94,563	30
Others	15,242	5	12,016	4
	<u>\$324,303</u>	<u>99</u>	<u>\$302,873</u>	<u>97</u>

(2) Rental income (recognized as debit item to rental spending and miscellaneous income)

	2006	2005
President Coffee Corp. etc.	\$36,978	\$34,285
Others	25,475	22,613
	<u>\$62,453</u>	<u>\$56,898</u>

6. Receivables (payables to) from related parties

	December 31, 2006		December 31, 2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Accounts receivable</u>				
Uni-President Enterprises Corp.	\$10,951	4	\$36,819	11
Others	4,601	1	19,648	4
	<u>\$15,552</u>	<u>5</u>	<u>\$56,467</u>	<u>15</u>
<u>Other accounts receivable</u>				
Uni-President Enterprises Corp.	\$28,981	7	\$16,107	4
Others	50,508	12	34,276	9
	<u>\$79,489</u>	<u>19</u>	<u>\$50,383</u>	<u>13</u>
<u>Prepayment for purchase (recognized as other current assets)</u>				
Retail Support International Corp.	\$ -	-	\$66,500	8
<u>Note and account payables</u>				
Retail Support International Corp.	\$3,509,228	45	\$2,855,899	48
Uni-President Cold-Chain Corp.	1,643,843	21	975,695	16
Wisdom Distribution Service Corp.	875,916	11	867,807	15
Others	421,575	6	389,046	7
	<u>\$6,450,562</u>	<u>83</u>	<u>\$5,088,447</u>	<u>86</u>
<u>Accrued expenses</u>				
President Information Corp.	\$99,038	4	\$43,330	2
Retail Support International Corp.	92,182	4	56,289	3
Others	141,202	6	125,746	6
	<u>\$332,422</u>	<u>14</u>	<u>\$225,365</u>	<u>11</u>

7. Property trade

(1) Acquisition of long-term investment-equity method

The Company's Board of Directors resolved in 2006 to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. and the trade price was negotiated to be NT\$255,372 according to the opinion of security analysts and specialists.

(2) Disposition of real estate

The Company moved to the newly acquired headquarters building in June 2005 and the old office building was sold to the following related party in August 2005. The trading price was negotiated according to the assessment of the appraisal institute: The disposition of real estate is specified as following:

Related party	Total trade amount	Gain from disposal
President Securities Corp.	\$500,067	\$14,404
President Investment Trust Corp.	176,454	5,083
President Futures Corp.	145,023	4,177
	<u>\$821,544</u>	<u>\$23,664</u>

8. Loans to third parties

2006					
Maximum balance			Balance at ending of period	Interest rate	Total interest income
Borrowers	Date of transaction	Amount			
Uni-President Yellow Hat Corp.	2006.04~2006.05	\$20,000	\$ -	2.82%	\$45
21 Century Enterprise Co., Ltd.	2006.01~2006.02	5,000	-	2.51%~ 2.52%	19
			<u>\$ -</u>		<u>\$64</u>
2005					
Maximum balance			Balance at ending of period	Interest rate	Total interest income
Borrowers	Date of transaction	Amount			
Retail Support Taiwan Corp.	2005.01~2005.04	\$30,000	\$ -	2.34%~ 2.93%	\$317

9. Guarantee

The Company has acted as a guarantor in favor of the following stakeholders as of December 31, 2006:

	Amount
Retail Support International Corp.	NTD 450,000
President Yilan Art and Culture Corp.	65,000
President Information Corp.	8,000
	<u>NTD 523,000</u>
Mech-President Corp.	USD 2,000,000
Philippine Seven corp.	USD 4,000,000
	<u>PHP 180,000,000</u>

10. Commitment

- (1) The Company has leased out a portion of the headquarters building to affiliates and subsidiaries as business and office space with lease terms ranging from 3 to 5 years. The collection of rent is based on the terms and conditions specified in respective lease agreements. As of December 31, 2006, the Company has the following projected rental incomes:

Lease term	Total rents
2007	\$14,507
2008	8,199
2009	6,893
2010	3,424
	<u>\$33,023</u>

- (2) The Company has entered into an agreement with President Information Corp. on the maintenance of application software. Under this agreement, President Information Corp. shall provide services for the Company and all business locations on system operation and system maintenance of all electronic online ordering systems. The total contract sum amounted to \$669,127 and the contract shall expire in December 2009. As of December 31, 2006, the Company has outstanding payment in the amount of \$88,682.

VI. Assets pledged under lien

None.

VII. Materiality and Contingencies

- (I) The Company has entered into an agreement with 7- Eleven Inc. of the USA on a long-term technology joint venture. Under this agreement, the Company shall pay the latter royalties at an agreed percentage of the monthly sales of each retail location within the term of contract.
- (II) President Chain Store Corp. and the other six related parties of Uni-President Enterprise Inc. have the arcade of President International Building (booked in the “Assets leased to others” account) leased to a non-related party for 18 years and 6.5 months starting from June 15, 2005 on. The rent charge is for an amount equivalent to a certain percentage of sales revenue.
- (III) The Company has leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 to 12 years. As of December 31, 2006, the Company has prepaid rents and refundable deposits amounting to \$649,185 and \$934,738 respectively. These two items are listed under the title of other current assets and refundable deposits. The Company has the following projections in rent payables and related spending:

Lease term	Total rents
2007	\$4,506,105
2008	4,364,021
2009	3,958,940
2010	3,424,126
2011 and thereafter	7,887,253
	<u>\$24,140,445</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the 2005 financial statements have been reclassified. They are compared with the financial statements for the period of 2006.

(II) Information on fair value

	December 31, 2006		
	<u>Book value</u>	<u>Fair value</u>	
		<u>Amount determined by open quotations</u>	<u>Amount estimated by appraisal method</u>
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$3,967,321	\$ -	\$3,967,321
Financial instruments held for trading	131,073	131,073	-
Financial assets carried at cost	12,381,271	-	-
Financial assets available for sales	514,718	514,718	-
Investments in bonds with no public quotations in open market	20,000	-	20,000
Refundable deposit	937,603	-	841,760
Liabilities			
Financial liabilities whose book values are equal to fair values	\$15,369,878	\$ -	\$15,369,878
Corporate bond	2,000,000	-	2,000,000
Guarantee deposit received	1,569,094	-	1,398,451

	December 31, 2005		
		Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
	Book value		
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$2,848,197	\$ -	\$2,848,197
Financial instruments held for trading	4,953	5,326	-
Financial assets carried at cost	11,994,727	-	-
Financial assets available for sales	140,534	436,411	-
Investments in bonds with no public quotations in open market	60,000	-	60,000
Refundable deposit	878,875	-	790,079
Liabilities			
Financial liabilities whose book values are equal to fair values	\$12,391,877	\$ -	\$12,391,877
Corporate bond	2,200,000	-	2,200,000
Long-term debt	1,320,000	-	1,320,000
Guarantee deposit received	1,345,066	-	1,204,855

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

1. The carrying values of short-term financial instruments, which are stated in the balance sheet, have been adopted as their fair value because the discounted values of such instruments are insignificant. These are the amounts that are not determined by open quotations or estimation. This method is applicable to cash and cash equivalents, notes and accounts receivable, other accounts receivable, notes and accounts payable, Income taxes payable, accrued expenses and other accounts payable.
2. The fair value of the financial assets available for sale is the market price, when there is market prices in open market.
3. The fair value of the refundable deposit and receipts in advance are estimated on the basis of the anticipated discount rate with reference to the interest rate offered by the

Directorate General of the Postal Remittances & saving Bank for a 1 year time deposit.

4. The discounted value of corporate bonds and long-term debt are insignificant, and their carrying values are adopted as fair value.

(III) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the Company aims at hedging off operational risks. To this end, the Company deals with derivatives for covering financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.

2. The Company's Finance Department is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure that results from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report them to the board. The department also evaluates the performance of the derivatives regularly to ensure their conformity to company policy for operations and that the risks so assumed are within the toleration threshold of the company.
- (IV) The Company's financial assets with fair value risk that were subject to interest rate fluctuation on December 31, 2006 and 2005 were \$20,000 and \$60,000 respectively, and the financial liabilities were \$1,300,000 and \$2,820,000 respectively. The financial liabilities with cash flow risk bearing interest rate fluctuation were \$700,000 and \$700,000 respectively.

(V) Information on primary financial risks

1. Market Risk

- (1) Financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for sales that are invested by the Company are stocks issued by listed companies and open-ended funds. They are under the influence of market price fluctuation.
- (2) There is no market risk bearing interest rate fluctuation upon evaluation of bonds bearing a fixed rate because the maturity date is near.
- (3) All of the Company's payables are due within one year. Therefore, the Company is assessed as having no significant market risks .

2. Credit Risk

- (1) The orders for financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for sales that are invested in by the Company are placed on the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by counterparties.

- (2) The Company has undertaken Interest Rate SWAP (IRS) contracts with the international financial organizations that have a good credit rating. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The Company acts as guarantor for the third party loans in accordance with the "Procedure for Guarantee and Endorsement", and only acts in favor of subsidiaries and stakeholders with business transactions. Since the Company can access proper information on their credit standing, no collateral is demanded. If a respective stakeholder is liable for breach of contract, the amount of possible credit risk may be approximately offset by the receipts in advance.

3. Liquidity Risk

- (1) Financial instruments which change in fair value are recognized as gains and losses and financial instruments available for sales invested by the Company have public quotations in open market. As such, they are expected to be disposed quickly at prices approximating to fair value in the market without difficulty.
- (2) Financial instruments that are invested in by the Company and carried at cost have no open quotation in the centralized market. Therefore, there is an anticipated liquidity risk.
- (3) Payable or receivable interest from IRS contracts engaged in by the Company is based on the nominal principal multiplying by the difference of the interest rate. The amount is not material or due, there is no cash inflow or outflow, and the Company's operating fund affords to cope with it. Therefore, there is no fund raising risk.

4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments that are invested in by the Company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company partial bear the floating rate. Therefore, the bond effective rate will change along with the market rate and will cause future cash flow to fluctuate. However, the Company has undertaken an IRS contract for hedging off such risk deriving from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.

(VI) Hedge of cash flows

The payable corporate bonds issued by the Company bear the floating rate. Therefore, the future cash flow of the liability might fluctuate along with market rate and cause a risk. Upon assessment, the Company entered into the IRS contracts separately for hedging:

Hedged objects	Financial products designated to be hedging instruments	Designated hedging instruments		Period in which cash flow is anticipated to be generated	Time at which the relevant loss is anticipated to be recognized in the statement of income
		fair value			
		Dec 31,2006	Dec 31,2005		
Payable Corporate bond	Interest rate SWAP	<u>(\$14,994)</u>	<u>(\$23,816)</u>	2003.6~2008.6	2006~2008

Item	December 31, 2006
Adjustments to shareholders' equity	(\$ 14,994)
Reversal from shareholders' equity to gain and loss of the period	\$ -
Reversal from shareholders' equity to non-financial assets (liabilities)	\$ -

XI. Disclosures

(I) Information on major transactions

Disclosure on major transactions of the Company in 2006 is specified as follows:

1. Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Allowance for doubtful accounts	Collaterals		Limit of loans to particular borrower (Note 2)	Limit of total loans (Note 2)
										Name	Value		
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Other accounts receivable	\$5,000	\$ -	2.51%~2.52%	Note 1	\$ -	Working capital	\$ -	-	\$ -	\$50,000	\$6,393,270
	Uni-President Yellow Hat Corp.	Other accounts receivable	\$20,000	\$ -	2.82%	Note 1	-	Working capital	-	-	-	50,000	\$6,393,270

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. For a particular enterprise, which is a business partner to the Company, maximum loans may be up to NT\$100,000 or the total amount of business transaction, whichever is lower. A short-term loan to a particular enterprise for necessity may be up to NT\$50,000.

2. Act as a guarantor in favor of a third party

Name of Guarantor	Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period		Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
	Company Name	Affiliation							
President Chain Store Corporation	President Transnet Corp.	Subsidiary	\$3,196,635	\$200,000	\$	-	None	-	\$ 7,991,587
	President Drugstore Business Corp.	Subsidiary	3,196,635	235,000		-	None	-	7,991,587
	Retail Support International Corp.	business relation	3,196,635	450,000		450,000	None	2.82%	7,991,587
	President Information Corp.	Subsidiary	3,196,635	8,000		8,000	None	0.05%	7,991,587
	President Yilan Art and Culture Corp.	Subsidiary	3,196,635	65,000		65,000	None	0.41%	7,991,587
	Mech-President Corp.	Subsidiary	3,196,635	USD 2,000,000	USD	2,000,000	None	0.41%	7,991,587
	Philippine Seven Corp.	subsidiary of a subsidiary	3,196,635	USD 4,000,000 and PHP 260,000,000	USD PHP	4,000,000 180,000,000	None	0.82%	7,991,587
								0.75%	
								5.26%	

Note: The upper limit of the total guarantee undertaken by the Company is 50% of the net worth, and to a particular enterprise is 20% of the net worth.

3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Ton Yi Industrial Corp.	None	Financial assets which change in fair values are recognized as gains or losses-current	skipped	\$134,680		\$131,073	
	"	"	Less: Allowance for valuation adjustments		(3,607)			
	"				<u>\$131,073</u>			
	President Chain Store (BVI) Holdings Ltd.	Investees of the Company under equity method.	Long-term investments (Equity method)	46,405,458	\$981,627	100.00%	\$981,627	
	Ren-Hui Investment Corp.	"	"	85,303,733	859,558	100.00%	859,558	
	Mech-President Corp.	"	"	38,712,620	420,700	62.95%	420,700	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	349,094	60.00%	339,983	
	President Drugstore Business Corp.	"	"	33,100,000	417,530	100.00%	412,795	
	President Yilan Art and Culture Corp.	"	"	18,000,000	103,566	90.00%	103,963	
	President Information Corp.	"	"	15,025,405	199,072	56.00%	195,445	
	President Transnet Corp.	"	"	70,000,000	201,252	70.00%	182,409	
	Wisdom Distribution Service Corp.	"	"	9,432,540	162,635	100.00%	164,311	
	PCSC (China) Limited	"	"	20,722,000	481,140	100.00%	481,140	
	Uni-President Development Corp.	"	"	20,000,000	173,934	20.00%	173,934	
	Mister Donut Taiwan Corp.	"	"	10,000,000	126,249	50.00%	126,852	
	President Coffee Corp.	"	"	9,313,920	130,210	30.00%	130,210	
	Retail Support International Corp.	"	"	5,000,000	119,786	25.00%	111,665	
	Q-ware Systems & services Corp.	"	"	19,157,720	149,499	22.68%	130,664	
	President Pharmaceutical Corp.	"	"	14,600,494	324,820	73.74%	166,022	
	Uni-President Department Store Corp.	"	"	35,000,000	249,117	70.00%	249,638	
	President Musashino Corp.	"	"	20,916,000	218,302	40.00%	218,144	
	Muji Taiwan Co. etc.	"		skipped	684,418	20.00%	606,684	
					<u>\$6,352,509</u>	~100.00%		
	President Securities Corp.	—	Financial assets that are available for sale — non current	29,328,669	<u>\$514,718</u>	2.57%	\$514,718	
	Presicarre Corp.	—	Financial assets measured at cost — non current	70,605,016	\$6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	—	"	146,448,927	1,609,160	3.46%	"	
	Tong-Jeng Development Corp.	—	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	The Company is a director	"	50,000,000	500,000	3.33%	"	
	New Century Info Comm Co., Ltd. etc.	skipped	"	skipped	1,512,082	0.02%	"	
					<u>12,381,271</u>	~19.93%		
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Bond portfolios with no active market — current		<u>\$20,000</u>		\$20,000	

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Chain Store Corporation	UPAMC JAMES BOND Fund	Note 1	Not applicable	Not applicable	—	\$ —	751,506,323	\$11,508,000	751,506,323	\$11,512,369	\$11,508,000	\$4,369	\$ —	—	\$ —
	Jf (Taiwan) First Bond Fund	"	"	"	—	—	13,261,105	200,000	13,261,105	200,042	200,000	42	—	—	—
	Shinkong Chi-Shin Fund	"	"	"	—	—	80,907,951	1,150,000	80,907,951	1,150,428	1,150,000	428	—	—	—
	ABN AMRO SELECT BOND FUND	"	"	"	—	—	48,595,808	545,000	48,595,808	545,182	545,000	182	—	—	—
	Mega Diamond Bond Fund	"	"	"	—	—	194,449,187	2,222,000	194,449,187	2,222,822	2,222,000	822	—	—	—
	Prudential Financial Bond Fund	"	"	"	—	—	570,933,697	8,295,000	570,933,697	8,297,465	8,295,000	2,465	—	—	—
	Fuh-Hwa Bond Fund	"	"	"	—	—	209,510,767	2,773,000	209,510,767	2,773,993	2,773,000	993	—	—	—
	Fuh-Hwa Global Bond Fund	"	"	"	—	—	58,489,715	745,000	58,489,715	745,219	745,000	219	—	—	—
	GRAND CATHAY BOND FUND	"	"	"	—	—	38,110,676	490,000	38,110,676	490,272	490,000	272	—	—	—
	CITC CASH RESERVES	"	"	"	—	—	8,600,893	100,000	8,600,893	100,176	100,000	176	—	—	—
	NITC Taiwan Bond Fund	"	"	"	—	—	20,699,648	290,000	20,699,648	290,462	290,000	462	—	—	—
	JIH SUN BOND FUND	"	"	"	—	—	39,682,776	540,000	39,682,776	540,147	540,000	147	—	—	—
	HSBC Taiwan Money Management	"	"	"	—	—	16,860,677	250,000	16,860,677	250,057	250,000	57	—	—	—
	Hon Hai Precision stocks	"	"	"	—	—	566,000	109,034	566,000	113,562	109,034	4,528	—	—	—
	Tong-jeng Development Corp.	Note 2	Raise capital by issuing new shares	"	114,000,000	1,371,500	57,000,000	570,000	—	—	—	—	—	171,000,000	1,941,500.
	Uni-President Department Store Corp.	Note 3	Initial subscription to the shares	"	—	—	35,000,000	350,000	—	—	—	—	(100,883)	35,000,000	249,117
	President FN Business Corporation	"	"	"	—	—	10,000,000	100,000	—	—	—	—	(3,162)	10,000,000	96,838
	PCSC (China) Limited	"	Raise capital by issuing new shares	"	114,322,000	382,817	6,400,000	211,736	—	—	—	—	(113,413)	20,722,000	481,140
	President Pharmaceutical Corp.	"	Note 4	Note 4	3,960,000	63,172	10,640,494	255,372	—	—	—	—	6,276	14,600,494	324,820
	President Musashino Corp.	"	Note 5	None	5,229,000	48,462	15,687,000	156,870	—	—	—	—	12,970	20,916,000	218,302

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

Note 2: Recognized under the account title of "Financial instruments carried at cost – non current".

Note 3: Booked in the "Long-term investments (Equity method)" account

Note 4: Acquired the stock shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. that is the parent company of President Chain Store Corp.

Note 5: Acquired the stock shares of President Musashino Corp. from Musashino Corp.

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.
6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.
7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

			Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		
Buyer/seller	Counter parties	Affiliation	Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	Remarks
President Chain Store Corporation	Retail Support International Corp.	A subsidiary of an investee under the equity method	Purchase	\$43,120,484	60	O/A settlement from 10~80 days	Note	No significant difference	(\$3,509,228)	45	
	Uni-President Cold-Chain Corp.	Subsidiary	"	15,828,128	22	O/A settlement from 15~30 days	"	"	(1,643,843)	21	
	Wisdom Distribution Service Corp.	"	"	5,508,850	8	O/A settlement from 20~35 days	"	"	(875,916,)	11	
	Uni-President Enterprises Corp.	Parent	"	1,812,853	3	O/A settlement from 30~45 days	No significant difference	"	(303,517)	4	
	Q-ware Systems & services Corp.	A subsidiary of an investee under the equity method	"	225,365	-	O/A settlement from 30~40 days	"	"	(37,099)	-	
	President Transnet Corp.	Subsidiary	Cost of operation	660,907	1	O/A settlement 15 days	The cost of home delivery, not applicable here	"	(54,620)	1	

Note: cost of purchase with Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. is based on the agreed rates on merchandises and utensils plus commissions.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: none
9. Derivative trade: Note X (6)

(Blank hereunder)

(II) Information on Investees

1. Information on investees:

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (or loss from) investment		Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value		by company		
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investments	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$ 981,627	(\$ 204,223)	(\$ 202,343)		Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100.00%	859,558	8,152		7,943	"
	Mech-President Corp.	Tainan	Gasoline stations, cables	364,683	364,683	38,712,620	62.95%	420,700	22,833		14,986	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60.00%	349,094	177,224		103,174	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	33,100,000	100.00%	417,530	65,890		68,625	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	103,566	4,984		3,282	"
	President Information Corp.	Taipei	Business management consulting services	93,348	135,956	15,025,405	56.00%	199,072	54,448		31,178	"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	201,252	13,514		13,255	"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100.00%	162,635	49,656		47,834	"
	PCSC (China) Limited	BVI	Professional investments	679,796	468,060	20,722,000	100.00%	481,140	(117,877)	(	117,877)	"
	Uni-President Development Corp.	Taipei	Construction of transportation depots	200,000	200,000	20,000,000	20.00%	173,934	(56,159)	(	11,232)	Note 1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	126,249	50,302		24,517	"
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	130,210	92,980		26,914	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	119,786	152,677		39,593	"
	Q-ware Systems & services Corp.	Taipei	Internet service provider	191,577	191,577	19,157,720	22.68%	149,499	(201,035)	(	41,483)	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	74,844	14,600,494	73.74%	324,820	24,990		8,653	Subsidiary
	Uni-President Department Store Corp.	Taipei	Department stores	350,000	-	35,000,000	70.00%	249,117	(143,374)	(	100,883)	"
	President Musashino Corp.	Tainan	Bakery foods industry	195,525	-	20,916,000	40.00%	218,302	59,391		12,969	Note 1
	Muji Taiwan co., Ltd. ect.	—	—	1,073,146	850,146	skipped	20.00% ~ 100%	684,418	skipped	(	8,392)	Note 2

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

Note 2: Is a subsidiary of the Company and an investee under the equity method.

Investor name	Investees			Initial amount of investment				Holding at ending				Recognized return on (or loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period		End of previous period		Quantity of share	Proportion	Book value	Income status of investees		
Retail Support International Corp. etc.	President Logistics International Corp.etc.	—	—	\$	783,000	\$	612,222	skipped	6.00% ~100%	\$ 546,443	skipped	Not applicable	—
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investments	USD	1,800,000	USD	1,800,000	1,800,000	30.00%	USD 3,196,000	USD 2,805,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD	20,684,000	USD	20,684,000	20,684,321	100.00%	USD 9,819,000	(USD 3,953,000)	"	subsidiary of a subsidiary
	Presiclerc Limited	BVI	Professional investments	USD	12,212,000	USD	10,837,000	11,969,000	48.41%	USD 918,000	(USD 3,277,000)	"	Note
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD	12,000,000	CAD	12,000,000	200	20.00%	USD 5,876,000	CAD 9,496,000	"	"
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD	461,000	USD	461,000	674,220	51.00%	USD 532,000	VND1,296,767,000	"	subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD	20,656,000	USD	20,656,000	134,257,625	56.59%	USD 9,812,000	PHP 20,144,000	"	"
Philippine SevenCorp.	Convenience Distribution Inc. etc.	Philippines	—	PHP	87,742,000	PHP	87,742,000	skipped	40.00% ~100.00%	PHP 89,770,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited ect.	BVI	Professional investments	USD	20,672,000	USD	14,272,000	skipped	100.00%	USD 14,869,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,	China	Household goods retailing	USD	3,932,000	USD	3,932,000	skipped	65.00%	USD 2,162,000	(RMB 11,230,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co.,	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB	8,280,000	RMB	4,200,000	skipped	90.00%	RMB 2,125,000	(RMB 1,835,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD	16,668,000	USD	10,278,000	skipped	55.00% ~100.00%	USD 12,676,000	skipped	"	"

Note: Investee of the Subsidiary under the equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Collaterals		Allowance for doubtful accounts	Limit of loans to particular borrower	Limit of total loans
									Name	Value			
Philippine Seven Corp.	Convenience Distribution Inc.	Other accounts receivable	PHP17,500,000	-	10%	Note1	-	Working capital	\$ -	—	\$ -	Note 2	Note 2
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other accounts receivable	PHP 9,000,000	PHP 9,000,000	10%	Note1	-	Working capital	-	—	-	Note 3	Note 3
Mech-President Corp.	Shanghai President Machine Corp.	Other accounts receivable	USD 1,000,000	-	3.5%	Note1	-	Working capital	-	—	-	Note 4	Note 4

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to PHP 50 million

Note 3: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to PHP 10 million

Note 4: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to \$50,000.

(2) Act as guarantor in favor of a third party

Name of Guarantee			Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
Name of Guarantor	Company Name	Affiliation						
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Note	\$ 2,000	\$ 2,000	\$ 2,000	0.57%	Note
Mech-President Corp.	Mech-President Corp.	Subsidiary	Note	21,700	-	-	-	Note
Mech-President Corp.	Shanghai President Machine Corp.	Subsidiary of a subsidiary	Note	65,998	65,998	-	9.88%	Note

Note: The upper limit of a guarantee undertaken by the Company at 50% of its net worth and to a particular enterprise at 20% of its net worth.

(3) Holding of marketable securities at ending:

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares at ending	Book value	Proportion of shareholding	Market price	Remarks
President Coffee Corp.	CAPITAL INCOME FUND etc.	None	Financial assets which change in fair values are recognized as gains or losses — current	-	\$ 162,000	-	\$ 162,038	
Ren-Hui Investment Corp.	NITC Bond Fund etc.	None	"	-	169,413	-	169,413	
Wisdom Distribution Service Corp.	JIH SUN BOND FUND	"	"	-	139,190	-	139,240	
Retail Support International Corp.	Fuh-Hwa Fund	"	"	-	400,082	-	400,259	
Vision Distribution Service Corp.	Cathay Bond Fund	"	"	-	130,146	-	130,146	
President Information Corp. etc.	Cathay Bond Fund	"	"	-	401,115	-	401,319	
President Transnet Corp.	UPAMC QUALITY GROWTH Fund	"	"	200,000	2,152	-	2,152	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	None	Financial assets carried at cost — noncurrent	62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp.	President Logistics International Corp.etc.	Skipped	"	-	27,255	-	26,965	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc.	"	"	-	USD 2,974,000	-	USD 3,737,000	
Uni-President Oven Bakery Corp.	Corporate bond of President Transnet Corp.	"	Investments in bonds with no public quotations — current	-	\$ 50,000	-	\$ 50,000	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	"	Long-term investments (Equity method)	-	133,598	-	133,013	
Wisdom Distribution Service Corp. etc.	President Logistics International Corp. etc.	"	"	-	361,395	-	361,111	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	-	USD 20,341,000	-	USD 18,888,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD 9,182,000	56.59%	PHP 397,352,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Skipped	"	-	PHP 89,770,000	-	PHP 89,770,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Subsidiary	"	-	USD 14,869,000	-	USD 14,869,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Subsidiary	"	-	USD 2,162,000	65.00%	USD 2,162,000	
President Cosmed Chain Store (Shen Zhen) Corp.	Zhuhai Livzon Drugstore Chain Company Limited	Subsidiary	"	-	RMB2,125,000	90.00%	RMB 2,125,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Subsidiary	"	-	USD 12,676,000	-	USD 11,605,000	

(4) The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	1,496,687	\$ 22,781	16,386,096	\$ 251,220	17,052,295	\$ 261,392	\$ 261,195	\$ 197	830,488	\$ 12,806
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	1,934,122	29,388	20,239,090	310,247	21,319,043	326,800	326,473	327	854,169	13,162
	Fuh-Hwa Bond Fund	"	"	"	-	-	6,492,413	86,184	5,000,709	66,500	66,343	157	1,491,704	19,841
Vision Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	1,753,122	26,000	9,629,784	144,000	8,051,297	120,479	120,000	479	3,331,609	50,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	15,714,710	208,000	12,622,855	167,276	167,000	276	3,091,855	41,000
President Logistics International Corp.	Sheng Hua 5599 Bond Fund	"	"	"	-	-	9,747,454	108,900	8,685,031	97,065	96,995	70	1,062,423	11,905
	UPAMC JAMES BOND Fund	"	"	"	1,473,698	22,433	17,963,658	275,300	18,691,630	286,399	286,232	167	745,726	11,501
	UPAMC HOME RUN BOND Fund	"	"	"	3,091,564	42,772	9,095,148	126,370	12,186,712	169,310	169,142	168		
Retail Support International Corp.	UPAMC JAMES BOND Fund	"	"	"	1,391,323	21,184	77,428,274	1,186,962	65,477,440	1,002,906	1,002,376	530	13,342,157	205,770
	NITC Bond Fund	"	"	"	-	-	9,728,886	1,588,517	8,547,295	1,394,964	1,394,206	758	1,181,591	194,311
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	3,642,659	54,000	62,104,224	928,000	61,695,519	921,231	921,000	1,231	4,051,364	61,000
	JIH SUN BOND FUND	"	"	"	4,760,199	64,000	37,455,709	506,000	36,487,334	492,815	492,000	815	5,728,574	78,000
President Coffee Corp.	Fuh-Hwa Bond Fund	"	"	"	-	-	94,032,740	1,245,000	94,032,740	1,245,000	1,245,000	1,119	-	-
	FUH-HWA ALBATROSS FUND	"	"	"	2,882,699	32,100	11,815,342	132,100	14,698,041	164,200	164,200	340	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	1,189,363	15,000	10,644,940	135,000	11,834,303	150,091	150,000	91	-	-
	Prudential Financial Bond Fund	"	"	"	1,040,872	15,000	7,932,900	115,000	8,973,772	130,099	130,000	99		
	JF (Taiwan) First Bond Fund	"	"	"	997,195	15,000	10,882,156	165,000	10,567,635	160,152	160,000	152	1,311,716	20,000
	Fu Hua You Li Fund	"	"	"	2,043,736	25,000	14,546,522	180,000	12,157,812	150,318	150,000	318	4,432,446	55,000
	CAPITAL INCOME FUND	"	"	"	2,046,259	30,000	7,690,446	114,000	7,251,850	107,490	107,000	490	2,484,855	37,000
Mech-President Corp.	FUBON CHI-HSIANG FUND	"	"	"	-	-	23,801,532	250,000	23,801,532	250,065	250,000	65	-	-
	Union Bond Fund	"	"	"	-	-	18,252,121	220,000	18,252,121	220,060	220,000	60	-	-
	JF (Taiwan) First Bond Fund	"	"	"	-	-	8,624,587	120,000	8,624,587	120,038	120,000	38	-	-
	CITC CASH RESERVES	"	"	"	-	-	34,307,620	400,000	34,307,620	400,106	400,000	106	-	-
	Ta Chong Bond Fund	"	"	"	-	-	53,611,959	695,000	53,611,959	695,218	695,000	218	-	-
	NITC Taiwan Bond Fund	"	"	"	71,942	1,000	10,030,575	140,000	10,102,517	141,033	141,000	33	-	-
	NITC Bond Fund	"	"	"	-	-	1,281,813	210,000	1,281,813	210,058	210,000	58	-	-
	ABN AMRO BOND FUND	"	"	"	-	-	19,349,092	290,000	19,349,092	290,068	290,000	68	-	-
	CITC CASH RESERVES	"	"	"	-	-	12,527,998	170,000	12,527,998	170,051	170,000	51	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	12,466,800	165,287	12,466,800	165,335	165,287	48	-	-
	Capital Income Fund	"	"	"	-	-	12,005,670	178,000	12,005,670	178,063	178,000	63	-	-
	Fubon Ching Hsiang Fund	"	"	"	-	-	11,719,633	170,000	11,719,633	170,052	170,000	52	-	-
	Treasury Bond	"	"	"	-	-	-	1,001,147	-	1,001,403	1,001,147	256	-	-

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Uni-President	UPAMC JAMES BOND	Note	Not applicable	Not	5,441,062	\$ 81,906	7,797,246	\$ 119,588	11,965,863	\$ 183,500	\$ 181,896	\$ 1,604	1,272,445	\$19,598
Oven Bakery Corp.	Fund			applicable										
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	"	556,645	90,160	1,198,586	195,500	732,611	119,090	118,800	290	1,022,620	166,860
Chieh-Shuen Logistics	UPAMC JAMES BOND	"	"	"	599,950	9,128	7,216,042	110,450	7,503,318	114,844	114,756	88	312,674	4,822
International Corp.	Fund													
Duskin Serve Taiwan Co.	UPAMC JAMES BOND	"	"	"	-	-	6,784,507	104,000	4,062,253	62,608	62,000	608	2,722,254	42,000
	Fund													

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses –current".

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(Blank hereunder)

(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term			Balance	Percentage to total note, account receivables (payables)	
							Unit price	Credit term			
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	\$ 6,674,657	46%	O/A settlement from 30~45 days	No significant difference	No significant difference	(\$ 796,581)	(46%)	
	President Musashino Corp.	Investees of President Chain Store Corp. under equity method	"	1,216,284	8%	O/A settlement from 25~30 days	"	"	(108,798)	(6%)	
	Tung Ang Enterprise Corp.	Affiliate	"	193,598	1%	O/A settlement 30 days	"	"	(36,456)	2%	
	President Chain Store Corp.	Parent	Sales	(16,059,231)	(99%)	O/A settlement from 15~31 days	"	"	1,804,928	96%	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Purchase	121,072	1%	O/A settlement 30 days	"	"	(20,801)	(1%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under equity method	"	139,692	1%	O/A settlement 30 days	"	"	(27,830)	(2%)	
	HiLife Co., Ltd.	Affiliate	Sales	(18,726)	(1%)	O/A settlement 55 days	"	"	30,196	2%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(43,479,299)	(93%)	O/A settlement 32 days	"	"	3,598,014	84%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	1,209,316	3%	O/A settlement from 20~40 days	"	"	(138,650)	(2%)	
	Lien Bo Enterprises	Affiliate	"	1,022,474	2%	O/A settlement from 20~70 days	"	"	(128,404)	(2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	2,000,004	4%	O/A settlement 30 days	"	"	(168,174)	(3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	(2,578,629)	(6%)	O/A settlement 50 days	"	"	564,642	13%	
	President Pharmaceutical Corp.	A subsidiary of President Chain Store Corp.	Purchase	247,762	1%	O/A settlement from 30~60 days	"	"	(48,238)	(1%)	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Sales	(303,488)	(1%)	O/A settlement 30 days	"	"	40,520	1%	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	(139,786)	-	O/A settlement 40 days	"	"	31,859	1%	
	President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method	Purchase	138,534	-	O/A settlement from 15~40 days	"	"	(30,152)	-	
President Information Corp.	President Chain Store Corp.	Parent	Service income	(570,549)	(80%)	O/A settlement 30 days	"	"	92,780	83%	
President Transnet Corp.	President Chain Store Corp.	Parent	Sales	(662,776)	(22%)	O/A settlement 15 days	"	"	55,305	16%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	"	(5,714,493)	(99%)	O/A settlement 35 days	"	"	948,477	98%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	3,105,251	98%	O/A settlement 50 days	"	"	(534,980)	(100%)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	Sales	(233,103)	(85%)	O/A settlement from 15~20 days	"	"	21,886	72%	

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
				(\$)			No significant difference	No significant difference			
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent	Sales	335,468	(48%)	O/A settlement 35 days			\$ 59,167	40%	
	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(114,474)	(16%)	O/A settlement 60 days	"	"	16	-	
	Wisdom Distribution Service Corp.	Parent	Purchase	444	-	O/A settlement 35 days	"	"	(260)	-	
	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	23,413	5%	O/A settlement 60 days	"	"	(9,112)	4%	
President Logistics International Corp.	Retail Support International Corp.	Parent	Purchase	472,223	38%	O/A settlement 20 days	"	"	(49,636)	(31%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	398,191	32%	O/A settlement 45 days	"	"	(71,421)	(44%)	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.		112,529	12%	O/A settlement 20 days	"	"	15,201	10%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Sales	(276,170)	(70%)	O/A settlement from 40~65 days	"	"	45,834	79%	
President Pharmaceutical Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	"	(247,820)	(45%)	O/A settlement from 30~60 days	"	"	74,067	44%	
Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	176,222	96%	O/A settlement 60 days	"	"	(12,056)	(45%)	
President Coffee Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(144,436)	(5%)	O/A settlement 30 days	"	"	23,521	18%	
	Starbucks Corporation	Parent	Purchase	279,325	29%	O/A settlement 30 days	"	"	(35,787)	(23%)	
	Tung Chang Enterprises Corp.	A substantial related party	"	109,177	11%	O/A settlement 30 days	"	"	(11,914)	(7%)	
	Uni-President Enterprises Corp.	Investees of Uni-President Enterprises Corp under equity method	"	101,114	10%	O/A settlement 30 days	"	"	(19,792)	(12%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(121,126)	(4%)	O/A settlement 30 days	"	"	20,834	16%	
	Retail Support International Corp.	A subsidiary of President Chain Store Corp.	Purchase	284,895	29%	O/A settlement 30 days	"	"	(33,216)	(21%)	
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(1,216,327)	(98%)	O/A settlement 25 days	"	"	108,253	99%	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counter parties	Affiliation	Balance of Receivables With Related Party	Turnover Rate	Amount	Processing by	Receivables with Related Party After Period Collection	Allowance for doubtful accounts
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$ 1,804,928	11	\$ -	-	\$ 1,804,928	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	564,642	5	-	-	483,105	-
	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	3,598,014	13	-	-	1,855,689	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	948,477	6	-	-	948,477	-

(9) Trading of Derivative Products: None.

(III) Information on investments in China

1. Basic information on direct investments in China

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company' s Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period (Note 5)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 5,110,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 931,000	USD 3,196,000	—
Presiclrc (Shautou) Ltd.	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.41%	(USD 2,000)	(USD 874,000)	—
Presiclrc (Qingdao) Ltd.	Food processing, packing and sales	USD 5,000,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.41%	(USD 147,000)	(USD 1,305,000)	—
Presiclrc (Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	-	-	-	-	36.55%	(USD 51,000)	(USD 54,000)	—
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 907,000)	USD 2,162,000	—
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 561,000	USD 4,413,000	—
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,200,000	-	-	USD 6,200,000	100%	(USD 3,087,000)	USD 1,818,000	—
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	-	USD6,390,000	-	USD 6,390,000	100%		USD 6,445,000	—

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
USD 27,255,000	USD 37,020,000	NTD 4,696,635

Note 1: Invested through President Coffee (Cayman) Holdings Ltd., the investee of President Chain Store (BVI) Holdings Ltd.

Note 2: Invested through Presiclrc Limited, the investee of President Chain Store (BVI) Holdings Ltd.

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

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

Note 5: These figures were based on audited financial statements of the investees.

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.

(1) Amount and percentage of purchase made and the balances of related payables at the ending of period and percentage: None.

(2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.

(3) Amount of asset trade and the resulting gains and losses: None.

(4) Balances of guarantee or collaterals pledged at the ending of period and the purposes: None.

(5) Upper limit of loans, balance at the ending of period, interest range and total interests: None.

(6) Other gains and losses or significant financial issues in current period: None.

(Blank hereunder)

XII. Financial information by department

(I) By industry

The Company, which is primarily engaged in the investment and operation of convenience chain stores, the sale of foods and canned products, books, newspapers, magazines, and household items, is a single-industry company. Therefore, it is not necessary to disclose the information by industry.

(II) By district

The Company had no off-shore operational departments in 2006 and 2005. Therefore, it is not necessary to disclose the information by district.

(III) By export sales

The Company had no export sales in 2006 and 2005. Therefore, it is not necessary to disclose the information by export sales.

(IV) By important customers

The Company had no important customers from which the revenue accounted for more than 10% of the revenue specified in the income statement of 2006 and 2005. Therefore, it is not necessary to disclose the information of important customers.

(Blank hereunder)

President Chain Store Corporation

Cash and cash equivalence List

December 31, 2006

Currency expression: NTD 1,000

Item	Summary	Amount
Petty Cash for stores		\$1,970,916
Bank Deposit	Deposits in NTD	1,058,567
cash equivalence		<u>208,931</u>
Investments in Repos	Matured on Jan. 2, 2007 at interest rate of 1.690%	<u><u>\$3,238,414</u></u>

(Blank hereunder)

President Chain Store Corporation

Inventory List

December 31 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>Costs</u>	<u>Market price</u>	
Merchandises		\$2,890,681	<u>\$3,232,211</u>	
Less: Allowance for inventory losses		<u>(9,899)</u>		
		<u>\$2,880,782</u>		

(Blank hereunder)

President Chain Store Corporation
Statement of changes in available-for-sale financial assets-non current
January 1 to December 31, 2006

Currency expression: NTD 1,000

Name	<u>At beginning</u>		<u>Increase in current period</u>		<u>Decrease in current period</u>		<u>At ending</u>		Facts of pledge or collateralization	Remarks
	Quantity of share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Fair value		
President Investment Trust Corp.	29,328,669	\$140,534	-	\$374,184	-	\$ -	29,328,669	\$514,718	None	

(Blank hereunder)

President Chain Store Corporation
Statement of changes in financial instruments (assets) carried at cost
January 1 to December 31, 2006

Currency expression: NTD 1,000

Name	At beginning		Increase in current period		Decrease in current period		At ending		Facts of pledge or collateralization
	Quantity of share	Book value	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Book value	
Presicarre Corp.	70,605,016	\$6,818,529	-	\$ -	-	\$ -	70,605,016	\$6,818,529	None
Toppoly Optoelectronics Corp.	146,448,927	1,609,160	-	-	-	-	146,448,927	1,609,160	
Tong-jeng Development Corp.	114,000,000	1,371,500	57,000,000	570,000	-	-	171,000,000	1,941,500	
President International Development Corp.	50,000,000	500,000	-	-	-	-	50,000,000	500,000	
New Century Info Comm Co., Ltd.		1,781,018	-	-	-	(56,159)	-	1,724,859	
		12,080,207		570,000		(56,159)		12,594,048	
Accumulated impairment		(85,480)		-		(127,297)		(212,777)	
Total		\$11,994,727		\$570,000		(\$ 183,456)		\$12,381,271	

(Blank hereunder)

President Chain Store Corporation
Statement of changes in long-term investments under the equity method
January 1 to December 31, 2006

Currency expression: NTD 1,000

Name	Beginning Balance		Increase in current period		Decrease in current period		Balance at ending of period			Market price of net equity value		Facts of pledge or collateralization
	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Proportion of shareholding	Amount	unit price	Total	
President Chain Store (BVI) Holdings Ltd.	46,405,458	\$1,180,359	-	\$ -	-	(\$ 198,732)	46,405,458	100.00%	\$981,627	\$ 21.00	\$981,627	None
PCSC (China) Limited	14,322,000	382,817	6,400,000	211,736	-	(113,413)	20,722,000	100.00%	481,140	23.00	481,140	"
Ren-Hui Investment Corp.	85,303,733	851,615	-	7,943	-	-	85,303,733	100.00%	859,558	10.00	859,558	"
Mech-President Corp.	37,331,360	406,504	1,381,260	14,196	-	-	38,712,620	62.95%	420,700	11.00	420,700	"
Uni-President Cold-Chain Corp.	19,563,272	322,217	-	26,877	-	-	19,563,272	60.00%	349,094	17.00	339,983	"
President Drugstore Business Corp.	28,800,000	348,905	4,300,000	68,625	-	-	33,100,000	100.00%	417,530	12.00	412,795	"
President Yilan Art and Culture Corp.	18,000,000	100,283	-	3,283	-	-	18,000,000	90.00%	103,566	6.00	103,963	"
President Information Corp.	16,066,512	210,502	2,172,193	31,178	(3,213,300)	(42,608)	15,025,405	56.00%	199,072	13.00	195,445	"
President Transnet Corp.	70,000,000	187,996	-	13,256	-	-	70,000,000	70.00%	201,252	3.00	182,409	"
Retail Support International Corp.	5,000,000	112,693	-	7,093	-	-	5,000,000	25.00%	119,786	22.00	111,665	"
Wisdom Distribution Service Corp.	9,432,540	157,342	-	5,293	-	-	9,432,540	100.00%	162,635	17.00	164,311	"
Uni-President Development Corp.	20,000,000	185,166	-	-	-	(11,232)	20,000,000	20.00%	173,934	9.00	173,934	"
President Coffee Corp.	9,313,920	141,483	-	-	-	(11,273)	9,313,920	30.00%	130,210	14.00	130,210	"
Mister Donut Taiwan Corp.	10,000,000	116,981	-	9,268	-	-	10,000,000	50.00%	126,249	13.00	126,852	"
Q-ware Systems & services Corp.	19,157,720	190,982	-	-	-	(41,483)	19,157,720	22.68%	149,499	7.00	130,664	"
Uni-President Department Store Corp.	-	-	35,000,000	350,000	-	(100,883)	35,000,000	70.00%	249,117	7.00	249,638	"
President Pharmaceutical Corp.	3,960,000	63,172	10,640,494	261,648	-	-	14,600,494	73.74%	324,820	11.00	166,022	"
President Musashino Corp.	-	-	20,916,000	218,302	-	-	20,916,000	40.00%	218,302	10.00	218,144	"
Muji Taiwan Co., Ltd. etc	-	550,149	-	267,699	-	(133,430)	-		684,418	Skipped	-	"
		<u>\$5,509,166</u>		<u>\$1,496,397</u>		<u>(\$ 653,054)</u>			<u>\$6,352,509</u>			"

President Chain Store Corporation
Statement of changes in fixed assets
January 1 to December 31, 2006

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	Balance at ending of period	Facts of pledge or collateralization	Remarks
Lands	\$1,538,231	-	(\$3,506)	\$ 1,534,725	None	
Building	931,193	3,119	(3,341)	930,971	"	
Machinery and equipment	8,078,982	1,048,783	(641,364)	8,486,401	"	
Lease improvement	3,549,768	568,465	(131,970)	3,986,263	"	
Other equipment	13,411	-	(170)	13,241	"	
Construction in process and prepayment for equipment	-	1,578	-	1,578	"	
	<u>\$14,111,585</u>	<u>\$1,621,945</u>	<u>(\$780,351)</u>	<u>\$14,953,179</u>	"	

President Chain Store Corporation

Statement of changes in fixed assets

January 1 to December 31, 2006

Currency expression: NTD 1,000

Item	Beginning Balance	Increase in current period	Decrease in current period	Balance at ending of period	Remarks
Building	\$123,163	\$17,509	(\$1,237)	\$139,435	
Machinery and equipment	4,956,670	1,110,522	(601,507)	5,465,685	
Lease improvement	2,065,365	529,577	(110,415)	2,484,527	
Other equipment	12,002	351	(143)	12,210	
	<u>\$7,157,200</u>	<u>\$1,657,959</u>	<u>(\$713,302)</u>	<u>\$8,101,857</u>	

(Blank hereunder)

President Chain Store Corporation
Statement of Redeemable Corporate Bonds
December 31 2006

Currency expression: NTD 1,000

Name of securities	Consignor	Date of issuance	Date of interest disbursement	Interest rate	Amount				Method of retirement	Status of surety	Remarks	
					Outstanding amount	Retired amount	Balance at ending of period	Unamortized allowance				Book value
1st tranche of secured domestic bonds	Trust Department, Head Office, China Trust Commercial Bank	2002.1.16~2007.1.18	Note	2.8%	\$700,000	-	\$700,000	-	\$700,000	Note	Note	—
2nd tranche of secured domestic bonds	Trust Department, Head Office, China Trust Commercial Bank	2003.6.10~2008.6.13	Note	Note	1,500,000	(200,000)	1,300,000	-	1,300,000	"	"	—
					<u>\$2,200,000</u>	<u>(\$200,000)</u>	<u>2,000,000</u>		<u>\$2,000,000</u>			
Less: Current portion							(900,000)					
							<u>\$1,100,000</u>					

Note: Please refer to Note IV (10).

(Blank hereunder)

President Chain Store Corporation

List of Operating Income

January 1 to December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>	<u>Remarks</u>
Store revenues	\$96,628,741	These are the incomes from the sales of food products, canned foods, beverages, and daily utensils.
Other operating incomes	3,350,877	These are the incomes from the commissions on collection services and marketing bonuses from suppliers.
	<u>\$99,979,618</u>	

(Blank hereunder)

President Chain Store Corporation

List of Operating Cost

January 1 to December 31, 2006

Currency expression: NTD 1,000

<u>Item</u>	<u>Amount</u>
Inventory at beginning	\$2,821,895
Purchase current period	72,067,331
Purchase bonuses from suppliers	(1,876,949)
Subsidizes for defected merchandizes	(384,659)
Inventory at ending	<u>(2,890,681)</u>
Cost of operation	<u>\$69,736,937</u>

(Blank hereunder)

President Chain Store Corporation

Itemized bill of sale expenses

January 1 to December 31, 2006

Currency expression: NTD 1,000

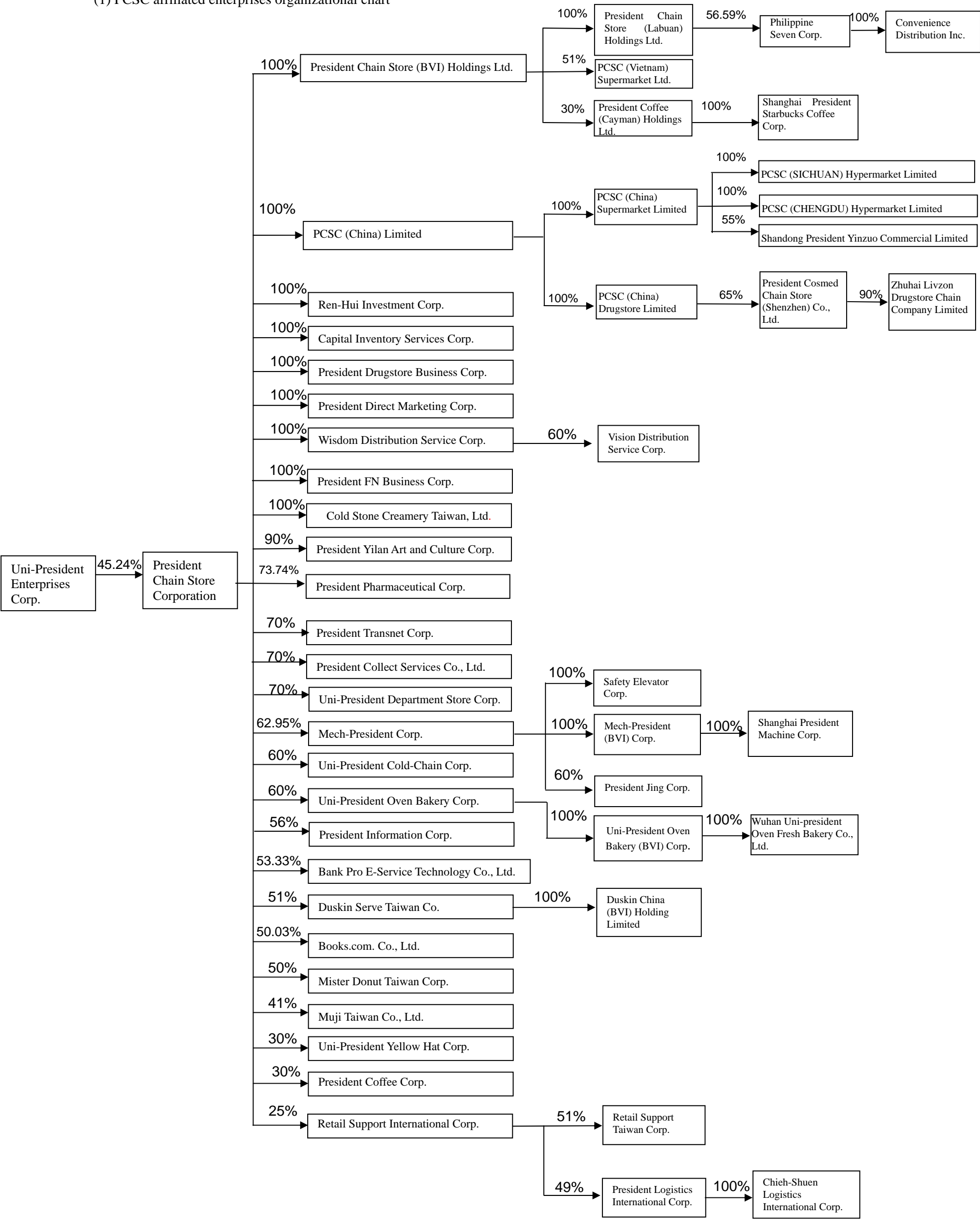
<u>Item</u>	<u>Amount</u>
Performance bonuses for chain stores	\$9,813,807
Rental expenditures	4,403,671
Salary expenses	2,781,086
Depreciations	1,506,669
Utilities (expense)	1,335,336
Other expenses	<u>2,948,579</u>
	<u>\$22,789,148</u>

(Blank hereunder)

President Chain Store Corporation
Consolidated Business Report of Affiliated Enterprises for year 2006

I. Affiliates Information

(1) PCSC affiliated enterprises organizational chart



(2) 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.

Affiliated Enterprises	Relationship
Uni-President Yellow Hat Corp.	The appointee of President Chain Store Corp. is voted as the vice 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 Uni-President Group is voted as the chairman of the affiliated enterprise.
President Logistics International Corp.	The appointee of Retail Support International Corp. is voted as the chairman of the affiliated enterprise.

(3) Information of PCSC affiliated enterprises

Unit: NT'000				
Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
President Chain Store (BVI) Holdings Ltd.	July 09,1998	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 46,405,000	Professional investments
PCSC (China) Limited	Nov. 01,2002	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 20,722,000	Professional investments
Ren-Hui Investment Corp.	Dec. 20,1996	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	853,037	Professional investments
Capital Inventory Services Corp.	Apr. 13,1998	1F, No.35, Lane 245, Sec. 4, Bade Rd., Taipei, Taiwan	45,494	Inventory consulting
President Drugstore Business Corp.	July 27,1995	7F, No.8, Tung Hsing Rd., Taipei, Taiwan	331,000	Selling of drugs and cosmetics
President Direct Marketing Corp.	Sep. 18,1995	4F, No. 3-1, Yuancyu Street, Taipei, Taiwan	70,000	Selling of household goods by catalogs

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Wisdom Distribution Service Corp.	Jan. 12,1999	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	94,325	Magazine delivery
President FN Business Corp.	Oct. 05,2006	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	100,000	Cosmetics, foods, beverages, daily utensils and other comprehensive retailing
Cold Stone Creamery Taiwan, Ltd.	Dec. 26,2006	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	70,000	Manufacturing, wholesaling and retailing of foods and beverages
President Yilan Art and Culture Corp.	June 07,2004	No.201, Sec. 2, Wubin Rd., Wujie Township, Yilan County, Taiwan	200,000	Art and cultural exhibition
President Pharmaceutical Corp.	Sep. 03,1993	7F, No.8, Tung Hsing Rd., Taipei, Taiwan	198,000	Trade of the various medicines, medical apparatus, foods and beverages
President Transnet Corp.	Jan. 24,2000	6F, No. 137, Cheng Kung Rd., Sanchung City, Taipei County, Taiwan	1,000,000	Delivering and selling of food and merchandise
President Collect Services Co., Ltd.	June 24,2002	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	15,000	Bill collect service
Uni-President Department Store Corp.	Feb. 24,2006	8F, No.8, Tung Hsing Rd., Taipei, Taiwan	500,000	Department stores
Mech-President Corp.	Dec09,1991	No. 67, Huan Gong Rd., Yung Kang City, Tainan County, Taiwan	614,933	Gas station, design & maintenance of elevators
Uni-President Cold-Chain Corp.	Jan22,1999	No.340, Tzu Chiang Rd., Yung Kang City, Tainan County, Taiwan	326,055	Delivery of cold or frozen food
Uni-President Oven Bakery Corp.	Nov.20, 2000	12F, No.8, Tung Hsing Rd., Taipei, Taiwan	290,000	Bread and pastry retailer
President Information Corp.	Aug.27,1997	6F, No. 246, Yang Guang St., Taipei, Taiwan	268,311	Information consulting services
Bank Pro E-Service Technology Co., Ltd.	Oct.25, 2000	7F, No. 261, Sec. 3, Nanjing E. Rd., Taipei, Taiwan	135,000	Professional e-commerce software services
Duskin Serve Taiwan Co.	Oct.28, 1994	8F, No. 8,Tung Hsing Rd., Taipei, Taiwan	300,000	Selling and renting of cleaning instruments
Books.com. Co., Ltd.	Dec.27, 1995	8F, No. 8,Tung Hsing Rd., Taipei, Taiwan	199,900	Internet bookstore

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Mister Donut Taiwan Corp.	Sep.07, 2004	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	200,000	Selling of donuts and beverage
Muji Taiwan Co., Ltd.	Sep.15, 2003	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	100,000	Comprehensive Retailing
Uni-President Yellow Hat Corp.	Jan. 03, 2001	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	290,000	Wholesaling and retailing of automotive accessories
President Coffee Corp.	Nov.03, 1997	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	310,464	Selling of coffee, beverage, and food
Retail Support International Corp.	Aug.11, 1990	7F, No.560, Sec.4, Chung Hsiao E. Rd., Taipei, Taiwan	200,000	Delivery of room-temperature foods and goods
President Chain Store (Labuan) Holdings Ltd.	Oct.24, 2000	Level 7(E), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	USD 20,684,000	Professional investments
Philippine Seven Corp.	Nov.29, 1982	7/F The Columbia Tower, Ortigas Avenue, Mandaluyong City, Metro Manila	PHP 237,938,000	Food and household goods retailing
Convenience Distribution Inc.	Sep.17, 1998	No. 8, Mercury Ave Libis, Quezon City, Metro Manila	PHP 45,000,000	Delivery and storage
PCSC (Vietnam) Supermarket Limited	Mar.07,1998	No. 8, Pham Ngoc Thace Street, Dong Da Dist, Hanoi, Vietnam	VND 18,365,228,000	Wholesaling and retailing of goods
President Coffee (Cayman) Holdings Ltd.	Nov.16,1999	Huntlaw Building P.O. Box 2804, Georgetown, Grand Cayman, Cayman Islands	USD 6,000,000	Professional investments
Shanghai President Starbucks Coffee Corp.	Mar. 02,2000	2F, No. 853, Huai Hai Chung Rd., Lu Wan District, Shanghai, China	USD 5,110,000	Selling of coffee, beverage, and food
PCSC (China) Supermarket Limited	Feb.16,2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola British Virgin Islands	USD 16,690,000	Professional investments
PCSC (SICHUAN) Hypermarket Limited	Oct.14,2005	1F, No. 3, Gaopeng Avenue, Gaoxin District, Chengdu City, Sichuan Province, China	RMB 50,000,000	Wholesaling and retailing of goods
PCSC (CHENGDU) Hypermarket Limited	Oct.12,2006	1F, No. 3, Gaopeng Avenue, Gaoxin District, Chengdu City, Sichuan Province, China	RMB 50,000,000	Wholesaling and retailing of goods

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Shandong President Yinzuo Commercial Limited	July 12,2005	4F, No. 15, Huaxing Rd., Gaoxin District, Jinan City, Shangdong Province, China	RMB 60,000,000	Wholesaling and retailing of goods
PCSC (China) Drugstore Limited	Feb.16,2004	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 3,982,000	Professional investments
President Cosmed Chain Store (Shenzhen) Co., Ltd.	Dec.13,2004	Room 909, Zhongxin Technology Building, Bagua Rd., Shenzhen City, China	RMB 50,000,000	Household goods retailing
Zhuhai Livzon Drugstore Chain Company Limited	Jan.28,2000	Guihua N. Rd., Gongbei, Zhuhai City, Guangdong Province, China	RMB 20,000,000	Retailing of drugs and cosmetics
Vision Distribution Service Corp.	June 27,2005	8F, No. 8, Tung Hsing Rd., Taipei, Taiwan	100,000	Distributor of magazine
Safety Elevator Corp.	Oct.29,1998	No.69, Alley 727, Jhonghua Rd., Yongkang City, Tainan County, Taiwan	5,000	Installment of elevators and machine
Mech-President (BVI) Corp.	July24,1997	P.O. Box 957,Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands	USD 3,500,000	Professional investments
Shanghai President Machine Corp.	Nov.09,2001	No. 409, Xinqiu Rd., Qingfu Industry Park, Shanghai City, China	USD 2,500,000	Prodution of elevators
President Jing Corp.	July 04,2003	No. 138, Huan Dao N. Rd., Lin 37, Hsin Men Li, Ching Cheng Township, Kinmen County, Taiwan	26,750	Wholesaling of gasoline products
Uni-President Oven Bakery (BVI) Corp.	Jan.13,2005	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 3,090,000	Professional investments
Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Oct.14,2005	Suite DEF, 17F, Liangyou Building, No. 316, Xinhua Rd., Jiangnan District, Wuhan City, Hubei Province, China	USD 3,090,000	Bread and pastry retailer
Duskin China (BVI) Holding Limited	June 30,2006	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 700,000	Professional investments
Retail Support Taiwan Corp.	Apr.16,1997	No.63-1, Jijin 3rd Rd., Anle District, Keelung City, Taiwan	56,300	Delivery of room-temperature foods and goods
President Logistics International Corp.	Feb. 11,1998	1F., No.244, Minzu Rd., Jhongli City, Taoyuan County, Taiwan	150,000	Trucking

Company	Date of incorporation	Address	Paid-in Capital (Note)	Major Business / Production Items
Chieh-Shuen Logistics International Corp.	Aug.01,2003	1F, No. 218, Sec. 2, Mintsu Rd., Jhongli City, Taoyuan County, Taiwan	56,000	Trucking

Note: The exchange rates as of Dec. 31, 2006 were USD : NT=1 : 32.59, PHP : NT=1 : 0.66, VND : NT=1 : 0.0018 and RMB : NT=1 : 4.18.

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

(5) Business scope of PCSC and its affiliated enterprises:

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:

Company	Division of Work
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 merchandise 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 merchandise supplier and distributor of President Chain Store Corp.
Uni-President Cold-Chain Corp.	The company is the merchandise supplier and distributor of President Chain Store Corp.
Bank Pro E-Service Technology Co., Ltd.	The company provides President Chain Store Corp. and its affiliated enterprises with information system services.

(6) Rosters of the directors, supervisors, and presidents of PCSC affiliated enterprises

Unit : shares / %

Company	Title	Name or Representative	Shareholding	
			Shares	%
President Chain Store (BVI) Holdings Ltd.	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	46,405,458	100.00
	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	46,405,458	100.00
PCSC (China) Limited	Chairman	Representative of President Chain Store Corp.: Kao, Chin Yen	20,722,000	100.00
	Director	Representative of President Chain Store Corp.: Lin, Chang Sheng	20,722,000	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.: Hsieh, Chien Nan; Wu, Kuo Hsuan	85,303,733	100.00
	Supervisor	Representative of President Chain Store Corp.: Huang, Chien Li	85,303,733	100.00
	President	Hsu, Chung Jen	—	—
Capital Inventory 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
	President	Lin, Wen Ching	—	—
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	33,100,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Lung Yi; Tsai, Du Chuan; Hsieh, Chien Nan	33,100,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	33,100,000	100.00
	President	Tsai, Du Chuan	—	—
President Direct Marketing Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Chang Sheng; Chen, Jui Tang; Victor Lai	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	President	Victor Lai	—	—

Company	Title	Representative	Shareholding	
			Shares	%
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
	President	Hsieh, Po Chung	—	—
President FN Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Wang, Wen Shin	10,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	100.00
	President	Wu, Kuo Hsuan	—	—
Cold Stone Creamery Taiwan, Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Hsien, Chien Nan	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	President	Hsien, Chien Nan	—	—
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; Wang, Wen Kui	18,000,000	90.00
	Director	Representative of Lan-Yang Cultural and Educational Foundation : Liu, Che Min	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 : Yang, Chien	2,000,000	10.00
	President	Paul, Wang	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Pharmaceutical Corp.	Chairman	Representative of President Chain Store Corp.: Lin, Chang Sheng	14,600,494	73.74
	Director	Representatives of President Chain Store Corp.: Lee, Hua Yang; Kuo, Ming Hang; Hsu, Chung Jen; Tsai, Du Chuan	14,600,494	73.74
	Director	Representative of Taipo Investment Corp.: Wu, Ping Chih	1,980,000	10.00
	Director	Representatives of Tung-Ren Investment Corp.: Lin, Tian Mao; Wu, Chung Ho	382,199	1.93
	Supervisor	Representative of President Chain Store Corp.: Hsieh, Chien Nan	14,600,494	73.74
	President	Kuo, Ming Hang	—	—
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 Holdings Co., Ltd.: Aritomi Keiji	10,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	70,000,000	70.00
	President	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 Holdings Co., Ltd.: Aritomi Keiji; Shibasaki Kenichi	450,000	30.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Lung Yi	1,050,000	70.00
	Supervisor	Representative of Yamato Holdings Co., Ltd: Toshizo Kurisu	450,000	30.00
	President	Huang, Chien Li	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Uni-President Department Store Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	15,000,000	30.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Paul Chang; Hsieh, Chien Nan; Hung, Jin Gu	35,000,000	70.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	35,000,000	70.00
	President	Hung Jin Gu	—	—
Mech-President Corp.	Chairman	Fang, Yi Liang	14,374	0.02
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Liu, Ming Jao; Hsieh, Chien Nan; Wu, Kuo Hsuan	38,712,620	62.95
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Lin, Lung Yi	12,298,659	20.00
	Supervisor	Representative of Da Ya Cable Corp.: Shen, Sung Yi	4,270,311	6.94
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	38,712,620	62.95
	President	Chang, Yao Ming	—	—
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lo, Chih 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	Representative 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
	President	Chen, Dong Ho	—	—
Uni-President Oven Bakery Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	17,400,000	60.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi; Lee, Hua Yang	11,600,000	40.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Huang, Shu Chieh; Chang Jen, Yun Huei	17,400,000	60.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	17,400,000	60.00
	President	Huang, Shu Chieh	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Information Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	15,025,405	56.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Chien Nan; Chang, Jia Hua	15,025,405	56.00
	Director	Representatives of Uni-President Enterprises Corp.: Chen, Jing Xing; Fang, Mu Xing	8,049,323	30.00
	Director	Representative of Nomura Research Institute Ltd.:Fukami Yasuo	3,756,347	14.00
	Supervisor	Representative of President Chain Store Corp.: Chung, Mao Chia	15,025,405	56.00
	President	Hsieh, Chien Nan	—	—
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, Chang 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
	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
	President	Chen, Chang Zheng	—	—
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
	Vice Chairman	Representative of Duskin Co., Ltd.: Komai Teruo	14,700,000	49.00
	Director	Representatives of Duskin Co., Ltd.: Okai Kazuo; Shmimoto Kazushi; 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
	President	Hung, Yau Shin	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Books.com. Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsieh, Chien Nan	10,000,000	50.03
	Director	Representatives of President Chain Store Corp.: Hsieh, Po Chung; Victor Lai; Chen, Jui Tang	10,000,000	50.03
	Director	Representative of Clever Investment Co., Ltd.: Chang, Shou Huei	363,000	1.82
	Director	Lin, Pi 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
	President	Terry Chang	1,579,000	7.90
Mister Donut Taiwan Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Sheu, Jinn Bin; Guang Yu John Hsu	10,000,000	50.00
	Director	Representatives of Duskin Co., Ltd.: Kitami Tadashi; Nishimura Haruo ;Komai Teruo; Narahara Junichi	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
	President	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, Chih 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.: Hsieh, Chien Nan	4,100,000	41.00
	Supervisor	Representative of Mitsubishi Corp.: Mitsuki Hiroshi	1,000,000	10.00
	President	Tsai, Du Chang	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Uni-President Yellow Hat Corp.	Chairman	Representative of Yellow Hat : Taniguchi Naoi	8,845,000	30.50
	Vice Chairman	Representative of President Chain Store Corp.: Hsieh, Chien Nan	8,700,000	30.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Wang, Wen Kui	8,700,000	30.00
	Director	Representative of Nanlien International Corp.: Tu, Ju Ken	5,800,000	20.00
	Director	Representative of Yellow Hat : Yokomura Kenji	8,845,000	30.50
	Director	Representatives of Itochu Corp. : Kenji Murai; Nakazawa Oji	4,705,000	16.22
	Supervisor	Representative of Yellow Hat : Okada Koji	8,845,000	30.50
	Supervisor	Representative of Nanlien International Corp: Tsai, Jing Ming	5,800,000	20.00
	President	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 Hsien	6,209,280	20.00
	Director	Representatives of Starbucks Coffee International Inc.: Wang, Jin Long; Charles Jemley; Mark Wesley	15,523,200	50.00
	Supervisor	Representative of Starbucks Coffee International Inc.: Jim Eschweiler	15,523,200	50.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Tu, Te Cheng	6,209,280	20.00
	President	Guang Yu John Hsu	—	—
Retail Support International Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,000,000	25.00
	Director	Representative of President Chain Store Corp.: Hsieh, Chien Nan	5,000,000	25.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi; Lo, Chih Hsien	4,000,000	20.00
	Director	Representatives of Mitsubishi Corp.: Narita Koichi; Kaneko Noboru	3,000,000	15.00
	Director	Representative of RYOSHOKU Ltd.: Onoda Rokuro	2,000,000	10.00
	Director	Representative of Nanlien International Corp.: Tu, Ju Ken	4,000,000	20.00

Company	Title	Representative	Shareholding	
			Shares	%
	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
	President	Sheu, Jinn Bin	—	—
President Chain Store (Labuan) Holdings Ltd.	Chairman	Representative of President Chain Store (BVI) Holdings Ltd.: Kao, Chin Yen	20,684,321	100.00
	Director	Representative of President Chain Store (BVI) Holdings Ltd.: Lin, Chang Sheng	20,684,321	100.00
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	134,257,625	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	—
	President	Jose Victor P. Paterno	—	—
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. Bataclan; Sam Liu; Alex Lin; Liwayway T. Fernandez	45,000,000	100.00
PCSC (Vietnam) Supermarket Limited	Chairman	Representative of President Chain Store (BVI) Holdings Ltd.: Hsien, Chien Nan	Paid in Capital VND 18,365,228,000	51.00
	Director	Representatives of Hanoi Foodstuff Company: Thai, Guang Dung; Fan, Ui, Xing	—	35.00

Company	Title	Representative	Shareholding	
			Shares	%
	Director	Representative of Mitsubishi Corp.: Toshio Kochi	—	14.00
	Director	Representatives of President Chain Store (BVI) Holdings Ltd.: Hsieh Chih Peng; Lee, Chih Ming	—	51.00
	President	Lee, Chih Ming	—	—
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; Guang Yu John Hsu	1,800,000	30.00
	Director	Representatives of Starbucks Coffee International Inc.: Ernest Luk; Christine Helen Day; Martin Patrick Coles	3,000,000	50.00
Shanghai President Starbucks Coffee Corp.	Chairman	Representative of President Coffee (Cayman) Holdings Ltd.: Lin, Chang Sheng	Paid in Capital USD 5,110,000	100.00
	Director	Representatives of President Coffee (Cayman) Holdings Ltd.: Hsu, Chung Jen; Guang Yu John Hsu; Zhong, Jia Su; Ernest Luk; Christine Helen Day; Martin Patrick Coles	—	100.00
	President	K.Y. John Hsu	—	—
PCSC (China) Supermarket Limited	Chairman	Representative of PCSC (China) Limited: Kao, Chin Yen	16,690,000	100.00
	Director	Representative of PCSC (China) Limited: Lin, Chang Sheng	16,690,000	100.00
PCSC (SICHUAN) Hypermarket Limited	Chairman	Representative of PCSC (China) Supermarket Limited: Hsu, Chung Jen	Paid in Capital RMB 50,000,000	100.00
	Director	Representatives of PCSC (China) Supermarket Limited: Chang Jen, Yun Huei; Hsieh, Chien Nan; Lin, Wen Ching; Lin, Wu Chung; Li, Shih Cheng; Sheu, Jinn Bin	—	100.00
	Supervisor	Representative of PCSC (China) Supermarket Limited: Zhang, Yong	—	100.00
	President	Chang Jen, Yun Huei	—	—

Company	Title	Representative	Shareholding	
			Shares	%
PCSC (CHENGDU) Hypermarket Limited	Chairman	Representative of PCSC (China) Supermarket Limited: Hsu, Chung Jen	Paid in Capital RMB 50,000,000	100.00
	Director	Representatives of PCSC (China) Supermarket Limited: Hsieh, Chien Nan; Chang Jen, Yun Huei; Sheu, Jinn Bin; Lin, Wen Ching	—	100.00
	Supervisor	Representative of PCSC (China) Supermarket Limited: Chang, Hua Chung	—	100.00
	President	Chang Jen, Yun Huei	—	—
Shandong President Yinzuo Commercial Limited	Chairman	Representative of Shandong Silver Plaza co., Ltd.; Ji, Siang Ci	Paid in Capital RMB 60,000,000	45.00
	Director	Representatives of PCSC (China) Supermarket Limited: Hsu, Chung Jen; Hsieh, Chien Nan; Chang Jen, Yun Huei	—	55.00
	Director	Representative of Shandong Silver Plaza co., Ltd.: Wang, Ren Cyuan	—	45.00
	President	Yeh, Yung Hsiang	—	—
PCSC (China) Drugstore Limited	Chairman	Representative of PCSC (China) Limited: Kao, Chin Yen	3,982,000	100.00
	Director	Representative of PCSC (China) Limited: Lin, Chang Sheng	3,982,000	100.00
President Cosmed Chain Store (Shenzhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited: Hsu, Chung Jen	Paid in Capital RMB 50,000,000	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, Yun Huei	—	65.00
	President	Tsai, Du Chuan	—	—

Company	Title	Representative	Shareholding	
			Shares	%
Zhuhai Livzon Drugstore Chain Company Limited	Chairman	Representative of President Cosmed Chain Store (Shenzhen) Co.,Ltd.: Hsu, Chung Jen	Paid in Capital RMB 20,000,000	90.00
	Director	Representatives of President Cosmed Chain Store (Shenzhen) Co.,Ltd.: Hsieh, Chien Nan; Chang Jen, Yun Huei	—	90.00
	Supervisor	Luo, Li Ping	—	10.00
	President	Tsai, Du Chuan	—	—
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
	President	Chen, Chia Nan	—	—
Safety Elevator Corp.	Chairman	Representative of Mech-President Corp.: Wong, Chang Ming	500,000	100.00
	Director	Representatives of Mech-President Corp.: Liu, Ming Jao ; Wang, Yin Yu; Huang, Long Tsai ; Chang, Pin Chang ; Syue, Yu Ren	500,000	100.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Ren	500,000	100.00
	President	Wong, Chang Ming	—	—
Mech-President (BVI) Corp.	Chairman	Representative of Mech-President Corp.: Liu, Ming Jao	Paid in Capital USD 3,500,000	100.00
Shanghai President Machine Corp.	Chairman	Representative of Mech-President (BVI) Corp.: Liu, Ming Jao	Paid in Capital USD 2,500,000	100.00
	Director	Representatives of Mech-President (BVI) Corp.: Jheng, Jyun Yi; Huang, Long Tsai	—	100.00
	President	Liu, Ming Jao	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Jing Corp.	Chairman	Representative of Mech-President Corp.: Fang, Yi Liang	1,605,000	60.00
	Director	Representatives of Mech-President Corp.: Chen, Ming Cong; Liu, Ming Jao; Chang, Yao Ming	1,605,000	60.00
	Director	S. C. Tsai	—	—
	Director	Lin, Shui Qian	401,250	15.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	1,605,000	60.00
	President	Tsai, Ting Song	—	—
Uni-President Oven Bakery (BVI) Corp.	Chairman	Representative of Uni-President Oven Bakery Corp.: Lin, Chang Sheng	Paid in Capital USD 3,090,000	100.00
Wuhan Uni-President Oven Fresh Bakery Co., Ltd.	Chairman	Representative of Uni-President Oven Bakery (BVI) Corp.: Lin, Chang Sheng	Paid in Capital USD 3,090,000	100.00
	Director	Representatives of Uni-President Oven Bakery (BVI) Corp.: Huang, Shu Chieh; Chang Jen, Yun Huei; Lee, Hua Yang; Hsiao, Fong Shih	—	100.00
	President	Cheng, Jen Shao	—	—
Duskin China (BVI) Holding Limited	Director	Representative of Duskin Serve Taiwan Co.: Hsu, Chung Jen	7,000	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
	President	Lin, Ming Fang	—	—

Company	Title	Representative	Shareholding	
			Shares	%
President Logistics International Corp.	Chairman	Representative of Retail Support International Corp: Hsieh, Chien Nan	7,350,000	49.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan	7,350,000	49.00
	Director	Representatives of Uni-President Cold-Chain Corp: Chen, Dong Ho; Zeng, Qing Ren	3,750,000	25.00
	Director	Representatives of Wisdom Distribution Service Corp: Hsieh, Po Chung; Peng, Chien Chia	3,000,000	20.00
	Director	Representative of Retail Support Taiwan Corp.: Lin, Ming Fang	900,000	6.00
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	7,350,000	49.00
	Supervisor	Representative of Uni-President Cold-Chain Corp: Tsai, Qing Wen	3,750,000	25.00
	President	Perng, Shyan Show	—	—
Chieh-Shuen Logistics International Corp.	Chairman	Representative of President Logistics International Corp.: Hsieh, Chien Nan	5,600,000	100.00
	Director	Representatives of President Logistics International Corp.: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan; Chen, Dong Ho; Zeng, Qing Ren Hsieh, Po Chung; Peng, Chien Chia; Lin, Ming Fang	5,600,000	100.00
	Supervisor	Representatives of President Logistics International Corp.: Tsai, Qing Wen; Lu, Chieh Wei	5,600,000	100.00
	President	Perng, Shyan Show	—	—

II. Operation of Affiliated Enterprises

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

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Chain Store (BVI) Holdings Ltd. (Note 1)	1,512,353	1,000,201	18,574	981,627	(140,415)	(216,350)	(204,223)	(4.40)
PCSC (China) Limited (Note 1)	675,330	485,983	4,843	481,140	(112,919)	(117,880)	(117,877)	(5.69)
Ren-Hui Investment Corp.	853,037	859,803	245	859,558	6,659	6,014	8,152	0.10
Capital Inventory Services Corp.	45,494	108,617	34,767	73,850	183,777	27,270	21,372	4.70
President Drugstore Business Corp.	331,000	1,329,808	917,013	412,795	4,137,017	49,939	65,890	1.99
President Direct Marketing Corp.	70,000	149,471	132,629	16,842	491,994	(35,031)	(37,584)	(5.37)
Wisdom Distribution Service Corp.	94,325	1,608,711	1,444,400	164,311	6,147,241	52,040	49,656	5.26
President FN Business Corp.	100,000	100,008	3,170	96,838	-	(3,268)	(3,162)	(0.32)
Cold Stone Creamery Taiwan Ltd.	70,000	70,000	-	70,000	-	-	-	-
President Yilan Art and Culture Corp.	200,000	168,872	53,358	115,514	420,706	(7,999)	4,984	0.25
President Pharmaceutical Corp.	198,000	383,374	158,230	225,144	552,806	37,584	24,990	1.26
President Transnet Corp.	1,000,000	1,595,164	1,334,580	260,584	3,046,146	50,607	13,936	0.14
President Collect Services Co., Ltd.	15,000	297,634	263,616	34,018	104,998	21,849	16,823	11.22
Uni-President Department Store Corp.	500,000	386,556	29,930	356,626	-	(144,783)	(143,374)	(2.87)
Mech-President Corp.	614,933	2,579,674	1,911,410	668,264	13,628,323	30,668	22,833	0.37
Uni-President Cold-Chain Corp.	326,055	2,821,217	2,254,578	566,639	16,601,537	216,775	177,224	5.44
Uni-President Oven Bakery Corp.	290,000	185,787	64,085	121,702	345,678	(16,300)	(71,076)	(2.45)
President Information Corp.	268,311	537,346	188,338	349,008	711,796	32,543	54,448	2.03
Bank Pro E-Service Technology Co., Ltd.	135,000	192,838	57,590	135,248	182,769	16,027	18,208	1.35
Duskin Serve Taiwan Co.	300,000	242,907	57,513	185,394	393,611	38,584	32,223	1.07
Books.com. Co., Ltd.	199,900	456,265	314,596	141,669	1,369,590	50,076	53,002	2.65
Mister Donut Taiwan Corp.	200,000	370,339	116,636	253,703	550,468	60,279	50,302	2.52
Muji Taiwan Co., Ltd.	100,000	263,626	123,086	140,540	530,171	51,743	32,555	3.26
Uni-President Yellow Hat Corp.	290,000	168,651	97,657	70,994	259,045	76,953	(50,740)	(1.75)
President Coffee Corp.	310,464	1,040,568	606,536	434,032	2,848,857	130,431	92,980	2.99
Retail Support International Corp.	200,000	7,041,305	6,594,645	446,660	46,642,870	146,136	152,677	7.63

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Chain Store (Labuan) Holdings Ltd. (Note 1)	674,102	320,004	-	320,004	(128,469)	(128,579)	(128,579)	(6.22)
Philippine Seven Corp. (Note 1)	158,156	1,211,999	802,191	409,808	2,928,320	(130,012)	11,967	0.05
Convenience Distribution Inc. (Note 1)	29,911	63,959	32,128	31,831	101,555	9,126	635	0.01
PCSC (Vietnam) Supermarket Limited. (Note 1)	35,887	45,543	11,566	33,977	87,966	1,921	3,011	-
President Coffee (Cayman) Holdings Ltd. (Note 1)	195,540	356,998	9,796	347,203	-	(9,987)	91,239	15.21
Shanghai President Starbucks Coffee Corp. (Note 1)	166,535	565,672	229,999	335,673	1,385,859	152,017	101,002	
PCSC (China) Supermarket Limited (Note 1)	543,927	414,110	-	414,110	(82,179)	(82,415)	(81,840)	(4.90)
PCSC (SICHUAN) Hypermarket Limited (Note 1)	208,774	250,505	191,255	59,250	413,356	(97,907)	(100,444)	-
PCSC (CHENGDU) Hypermarket Limited (Note 1)	208,774	210,222	189	210,033	-	-	-	-
Shandong President Yinzuo Commercial Limited (Note 1)	250,529	508,968	310,943	198,024	1,805,069	35,587	30,445	-
PCSC (China) Drugstore Limited (Note 1)	129,773	71,971	-	71,971	(29,497)	(29,571)	(29,567)	(7.43)
President Cosmed Chain Store (Shenzhen) Co., Ltd. (Note 1)	208,774	123,814	15,420	108,394	35,051	(39,100)	(45,778)	-
Zhuhai Livzon Drugstore Chain Company Limited (Note 1)	83,510	15,366	5,508	9,857	19,414	(6,822)	(7,479)	-
Vision Distribution Service Corp.	100,000	324,308	222,781	101,527	712,764	(1,509)	1,387	0.14
Safety Elevator Corp.	5,000	7,220	7,352	(132)	6,250	(3,489)	(3,568)	(7.14)
Mech-President (BVI) Corp. (Note 1)	114,065	59,283	432	58,851	50	(69)	(16,660)	-
Shanghai President Machine Corp. (Note 1)	119,800	152,101	92,810	59,291	59,614	(13,591)	(16,529)	-
President Jing Corp.	26,750	62,820	27,037	35,783	281,805	8,364	8,003	2.99
Uni-President Oven Bakery (BVI) Corp. (Note 1)	100,718	7,798	11,799	(4,001)	(8,123)	(8,123)	(8,123)	-
Wuhan Uni-President Oven Fresh Bakery Co., Ltd. (Note 1)	104,387	83,176	89,587	(6,411)	63,720	(45,458)	(56,968)	-
Duskin China (BVI) Holding Limited (Note 1)	22,813	22,871	-	22,871	59	57	57	8.21
Retail Support Taiwan Corp.	56,300	256,550	178,724	77,826	279,430	20,378	14,251	2.53

Company	Paid-in Capital	Total Assets	Total Liabilities	Shareholders' Equity	Operating Revenue	Operating Income (Loss)	Net Income (After Tax)	EPS (After Tax)
President Logistics International Corp.	150,000	632,870	442,417	190,453	1,226,515	18,809	24,737	1.65
Chieh-Shuen Logistics International Corp.	56,000	186,640	121,614	65,026	391,731	9,424	7,399	1.32

Note 1: In the case of foreign companies, the currencies other than USD shall be transferred into USD first, and then transferred into NTD based on the exchange rate USD:NTD.

The figures relevant to the balance sheet shall be expressed in NTD based on the exchange rate as of December 31, 2006 (Note 2). The figures relevant to the income statement shall be expressed in NTD based on the average exchange rate of year 2006 (Note 3).

Note 2: The exchange rate as of Dec. 31, 2006:

USD : NTD = 1 : 32.59 USD : RMB = 1 : 7.81 USD : PHP = 1 : 49.03

USD : VND = 1 : 16,678

Note 3: Average exchange rate of year 2006:

USD : NTD = 1 : 32.53 USD : RMB = 1 : 7.98 USD : PHP = 1 : 51.41

USD : VND = 1 : 16,436

President Chain Store Corporation
Consolidated Financial Statements &
Independent Auditor' s Report

2006 and 2005
(Stock Code 2912)

Company address: 8F, No. 8, Dongxing Rd., Taipei
TEL: (02)2747-8711

President Chain Store Corp. & Subsidiaries

Declaration for Consolidated Financial Statements of Affiliated Companies

We prepared the companies to be included into the affiliated companies' consolidated financial statements for fiscal year 2006 (January 1 to December 31, 2006) in accordance with the "Criteria for the Preparation of Consolidated Reports on Operation, Consolidated Financial Statements, and Report on Affiliates and Subsidiaries". These are the same as those to be included into the consolidated financial statement between parent companies and subsidiaries prepared in accordance with the Statement of Financial Accounting Standard No. 7. The relevant information to be disclosed in the affiliated companies' consolidated financial statement has already been disclosed in the consolidated financial statement between the parent company and subsidiaries and therefore no consolidated statements from the affiliated companies shall be necessary.

President Chain Store Corporation



Chairman: Kao Chin-Yen



March 12, 2007

Independent Auditor's Report

(96) Tsai-Shen-Bao-Zhi No. 06003051

To: President Chain Store Corporation

We have reviewed the accompanying consolidated balance sheet for President Chain Store Corp. and the subsidiaries as of January 1 to December 31, 2006 and 2005 and the related statements of income and cash flows for those years. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review. Some 2006 and 2005 financial statements of the business entities in the consolidated financial statements are certified by other CPAs instead of us. Therefore, our opinion on the amount listed in the consolidated financial statements of the Company and its subsidiaries for 2006 and 2005 was based on the other CPAs' audit report. The said subsidiaries' assets amounted to NT\$1,246,196,000 and NT\$1,074,584,000 on December 31, 2006 and 2005, respectively, which represented a ratio of 3% and 2% to total consolidated assets. The net income in the period of January 1 to December 31, 2006 and 2005 amounted to NT\$2,845,636,000 and NT\$2,712,408,000, which represented a ratio of 2% of total consolidated net income for both years. The investment income of the Company and its subsidiaries from long-term equity investments under the equity method and the relevant information about the investees, as disclosed in Note XI to these financial statements, was valued and disclosed according to the financial statements audited and certified by the other CPAs appointed by the investees respectively covering the same period. We did not audit or certify those financial statements. The investment incomes that were recognized based on the other CPAs' audited financial statements for 2006 and 2005 were NT\$53,508,000 and NT\$3,842,000. Until December 31, 2006 and 2005, they had the balances of the relevant long-term equity investment, which amounted to NT\$191,519,000 and NT\$162,291,000.

We conducted the audit in accordance with the standards on the Audit of Financial Statements and the accounting principles generally accepted in the People's Republic of China. These principles and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements were free of material misstatements. An audit includes examining on a test basis, and evidence supporting the amounts and disclosure listed in the financial statements. An audit also includes assessing the accounting principles used, significant estimates made by the management, and evaluating the overall financial statement presentation. We believe that our audits and the other CPAs' audit reports provide a reasonable basis for the opinion as stated.

In our opinion, which is based on our audits and the reports of other auditors, the financial statements referred to in the first paragraph fairly present the financial position of President Chain Store Corporation and its subsidiaries as of December 31, 2006 and 2005. The financial statements additionally fairly present the result of their operations and their cash flows for the periods of January 1 to December 31, 2006 and 2005, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the People's Republic of China.

As stated in Note III, President Chain Store Corporation and its subsidiaries have adopted the principle under Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement, and No. 36 on the Financial Instruments: Disclosure and Presentation effective January 1, 2006 on the accounting of its financial instruments. The Company has also adopted the newly amended Financial Accounting Standards No. 5 on Long-term Investments under the equity method whereby goodwill is subject to annual impairment instead of amortization.

Pricewaterhouse
Coopers
CPA

Lin Tung-Chiao, CPA

林東橋



Chen Mei-Tzu, CPA

陳美珠



Approval Document
issued by the Securities
and Futures
Commission (now
Securities and Futures
Bureau) of the Ministry (81) Tai-Tsai-Cheng (VI) No. 79059
of Finance: (82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corp. & Subsidiaries
Consolidated Balance Sheet
At the End of December 31, 2006 and 2005

Currency expression: NTD 1,000

		December 31, 2006		December 31, 2005				December 31, 2006		December 31, 2005					
		Amount	%	Amount	%			Amount	%	Amount	%				
<u>Assets</u>						<u>Liabilities and Shareholders' Equity</u>									
Current Assets						Current liability									
Cash and cash equivalence (Note IV(1))	\$	6,095,851	12	\$	4,566,017	10		\$	1,215,758	2	\$	742,742	2		
Financial assets which change in fair values are recognized as gains or losses—current (Note IV(2))		1,421,770	3		981,789	2			502,334	1		689,003	1		
Net accounts receivable (Note V)		2,175,152	4		1,706,340	4			2,744,318	5		1,599,112	4		
Other accounts receivable (Note V)		814,272	2		825,571	2			8,193,771	17		7,463,328	17		
Inventories (Note IV (3))		6,363,162	13		5,858,918	13			1,753,803	3		1,546,827	3		
Other current assets (Notes IV (14) and VII)		1,427,652	3		1,277,277	3			Income taxes payable (Note IV(14))	814,626	2		717,799	2	
Total current assets		18,297,859	37		15,215,912	34			Accrued expenses (Notes IV (10) and V)	3,639,426	7		3,153,591	7	
Funds and investments									Other accounts payable (Note IV (11))	5,395,770	11		4,457,693	10	
Financial assets that are available for sale—non current(Note IV (4))		522,623	1		140,534	-			Advance receipts	1,321,644	3		1,014,629	2	
Financial assets measured at cost—non current (Note IV(5))		13,190,071	27		12,831,185	29			Current portion of long-term liabilities (Notes IV (12) and V)	1,265,608	3		563,633	1	
Long-term investments (Equity method)(Note IV(6))		768,977	2		647,351	1			Total current liabilities	26,847,058	54		21,948,357	49	
Total funds and investments		14,481,671	30		13,619,070	30			Long-term liability						
Fixed assets (Note IV and VI)									Derivative financial liabilities for hedging-non current (Note X)	14,994	-		-	-	
Costs									Corporate bonds (Note IV (12))	1,100,000	2		2,000,000	4	
Lands		2,022,086	4		2,025,717	4			Long-term debt	858,653	2		1,857,557	4	
Building		2,059,821	4		2,146,595	5			Long-term notes and accounts payable—related parties (Note 5)	116,532	-		211,583	1	
Transportation Equipments		1,950,287	4		1,684,351	4			Total long-term liabilities	2,090,179	4		4,069,140	9	
Machinery and equipment		11,338,839	23		10,359,268	23			Other liability						
Lease improvement		6,157,135	13		5,224,988	12			Accrued pension liabilities (Note IV (13))	511,364	1		509,926	1	
Other equipment		1,687,160	3		1,472,345	3			Guarantee deposit received	1,772,856	4		1,572,824	4	
Cost and revaluation		25,215,328	51		22,913,264	51			Total other liabilities	2,284,220	5		2,082,750	5	
Less: accumulated depreciation (Note IV (8)) (	(	12,911,638)	26)	(	10,884,087)	24)			Total liabilities	31,221,457	63		28,100,247	63
Construction in process and prepayment for equipment		145,488	-		73,017	-			Shareholders' Equity						
Net fixed assets		12,449,178	25		12,102,194	27			Capital Stock (Note IV (15))						
Intangible Assets									Paid-in Capital	9,151,604	19		9,151,604	20	
Other intangibles		106,901	-		113,044	-			Retained earnings (Note IV (16))						
Other assets									Legal reserve	2,543,649	5		2,178,381	5	
Assets leased to others (Notes IV (9) and (7))		1,061,352	2		1,017,093	2			Special reserve	531	-		55,758	-	
Idle Assets		321,931	1		325,232	1			Unassigned retained earnings	3,921,243	8		3,787,913	8	
Refundable deposit (Note VII)		1,632,947	3		1,556,542	4			Other adjustment in SH's equity						
Other assets—other (Note IV(14))		883,372	2		1,006,325	2			Unrealized revaluation gains (Note III)	359,191	1		-	-	
Total other assets		3,899,602	8		3,905,192	9			Cumulative translation adjustment	6,956	-	(	531)	-
									Minority equity	2,030,580	4		1,682,040	4	
									Total shareholders' equity	18,013,754	37		16,855,165	37	
									Undertakings or contingent liabilities (Notes V and VII)						
1XXX	Total Assets	\$	49,235,211	100	\$	44,955,412	100	1XXX	Total liabilities and shareholders' equity	\$	49,235,211	100	\$	44,955,412	100

The accompanying notes constituted an integral part of the consolidated financial statements. Please refer to the report of independent accountants dated March 12, 2007.

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Income Statement
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000
(EPS: NT\$)

	2006		2005	
	Amount	%	Amount	%
Operating revenue				
Net sales	\$ 125,487,012	94	\$ 113,500,342	95
Other operating revenue (Note V)	7,457,564	6	6,440,544	5
Total operating revenue	132,944,576	100	119,940,886	100
Cost of operation				
Cost of goods sold (Notes IV(18) and V)	(93,041,700)	(70)	(83,225,037)	(69)
Gross Profit	39,902,876	30	36,715,849	31
Operating expenses				
(Notes IV (18) and IV(19))				
Selling expenses	(28,083,109)	(21)	(25,745,594)	(22)
General and administration exp.	(6,700,076)	(5)	(6,140,914)	(5)
Total operating expenses	(34,783,185)	(26)	(31,886,508)	(27)
Operating income	5,119,691	4	4,829,341	4
Non-operating incomes				
Gain on valuation of financial assets	10,744	-	79,382	-
Dividend Income	191,994	-	193,520	-
Gains on disposal of investment	5,675	-	-	-
Miscellaneous income	904,080	1	601,326	1
Total non-operating income	1,112,493	1	874,228	1
Non-operating expenses				
Interest expenses	(164,284)	-	(158,227)	(1)
Loss under equity method (Note IV (6))	(37,397)	-	(81,726)	-
Loss on disposal of fixed assets	(40,493)	-	(98,994)	-
Loss on disposal of investments	-	-	(51,344)	-
Allowance for reduction of inventory to market	(24,498)	-	(75,231)	-
Impairment	(322,074)	(1)	(85,480)	-
Other expenses	(111,192)	-	(90,319)	-
Total non-operating expenses	(699,938)	(1)	(641,321)	(1)
Income before tax	5,532,246	4	5,062,248	4
Income tax expense (Note IV (14))	(1,491,698)	(1)	(1,215,249)	(1)
Earnings of continued operations	4,040,548	3	3,846,999	3
Accumulated effects from changes in accounting principles (Note III)	9,773	-	-	-
Consolidated total net income (loss)	\$ 4,050,321	3	\$ 3,846,999	3
From:				
Consolidated total net income (loss)	\$ 3,822,328	3	\$ 3,652,685	3
Minority equity net income (loss)	227,993	-	194,314	-
	\$ 4,050,321	3	\$ 3,846,999	3
	pre-tax	after tax	pre-tax	after tax
Basic EPS (Note IV (17))				
Earnings of continued operations	\$ 6.05	\$ 4.43	\$ 5.53	\$ 4.20
Minority equity	(0.38)	(0.25)	(0.32)	(0.21)
Net income after tax	\$ 5.67	\$ 4.18	\$ 5.21	\$ 3.99

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity		Minority equity	Total
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment		
<u>2005</u>								
Balance at January 01, 2005	\$ 9,151,604	\$ 1,873,794	\$ -	\$ 3,402,185	\$ -	(\$ 55,758)	\$ 619,603	\$ 14,991,428
Appropriation of earnings								
Legal reserve	-	304,587	-	(304,587)	-	-	-	-
Special reserve	-	-	55,758	(55,758)	-	-	-	-
Employee bonus	-	-	-	(107,421)	-	-	(107,421)	-
Remuneration to Directors & Supervisors	-	-	-	(53,710)	-	-	(53,710)	-
Cash dividends	-	-	-	(2,745,481)	-	-	(2,745,481)	-
2005 Consolidated total net income (loss)	-	-	-	3,652,685	-	-	194,314	3,846,999
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	55,227	-	55,227
Statement of Minority Equity	-	-	-	-	-	-	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>\$ -</u>	<u>(\$ 531)</u>	<u>\$ 1,682,040</u>	<u>\$ 16,855,165</u>
<u>2006</u>								
Balance at January 01, 2006	\$ 9,151,604	\$ 2,178,381	\$ 55,758	\$ 3,787,913	\$ -	(\$ 531)	\$ 1,682,040	\$ 16,855,165
Appropriation of earnings								
Legal reserve	-	365,268	-	(365,268)	-	-	-	-
Reversion of special reserve	-	-	(55,227)	55,227	-	-	-	-
Employee bonus	-	-	-	(200,559)	-	-	(200,559)	-
Remuneration to Directors & Supervisors	-	-	-	(66,853)	-	-	(66,853)	-
Cash dividends	-	-	-	(3,111,545)	-	-	(3,111,545)	-
2006 Consolidated total net income (loss)	-	-	-	3,822,328	-	-	227,993	4,050,321

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of changes in Shareholders' Equity
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	Retained Earnings				Other adjustment in SH's equity			
	Paid-in Capital	Legal reserve	Special reserve	Unallotted retained earnings	Unrealized revaluation gains	Cumulative translation adjustment	Minority equity	Total
Adjustments on unrealized gains/losses of financial instruments	-	-	-	-	359,191	-	-	359,191
Adjustments of conversion from foreign long-term investments	-	-	-	-	-	7,487	-	7,487
Statement of Minority Equity	-	-	-	-	-	-	120,547	120,547
Balance at December 31, 2006	<u>\$ 9,151,604</u>	<u>\$ 2,543,649</u>	<u>\$ 531</u>	<u>\$ 3,921,243</u>	<u>\$ 359,191</u>	<u>\$ 6,956</u>	<u>\$ 2,030,580</u>	<u>\$ 18,013,754</u>

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>2006</u>	<u>2005</u>
<u>Cash flows from operating activities</u>		
Consolidated total net income (loss)	\$ 4,050,321	\$ 3,846,999
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets	(10,744)	(79,382)
Increase (or decrease) of allowance for uncollectible accounts	-	3,969
Allowance for reduction of inventory to market	24,498	75,231
Depreciation	2,889,646	2,542,783
Depreciation of leased assets	18,168	3,879
Amortizations	404,672	510,203
Investment loss recognized under equity method	37,397	81,726
Goodwill-impairment loss	148,522	-
Financial assets measured at cost- impairment losses	173,552	85,480
Loss (or gain) on disposal of fixed assets	40,493	98,994
Changes in assets and liabilities		
Accounts receivable	(468,812)	(885,964)
Other accounts receivable	11,299	(317,557)
Inventories	(528,742)	(3,049,465)
Other current assets	(146,498)	(297,719)
Deferred income tax assets	(22,111)	(40,170)
Notes payable	1,145,206	(9,691)
Accounts payable	937,419	3,898,940
Income taxes payable	96,827	339,270
Accrued expenses	485,835	803,828
Other accounts payable	850,076	1,718,231
Advance receipts	307,015	421,516
Accrued pension liabilities	1,438	123,256
Net cash provided by operating activities	<u>10,445,477</u>	<u>9,874,357</u>
<u>Cash flows from investing activities</u>		
Increase (or decrease) in current financial assets whose changes in fair value are recognized in earnings	(429,237)	(353,113)
Decrease in loans to related parties	-	30,000
Acquisition of long-term investment-equity method	(156,870)	-
Decrease of bond investment with no active market	-	100,000
Acquisition of financial assets measured at cost	(570,000)	(4,511,453)
Decrease in financial assets on basis of cost	7,697	123,500
Cash purchase of property, plant and equipment	(3,269,556)	(5,061,366)
Proceeds from disposal of fixed assets	59,284	887,967
Increase of other intangible assets	(17,772)	(76,171)
Increase in deposits-out	(76,405)	(366,035)
Increase of other assets – others	(406,260)	(390,465)
Net cash provided by investing activities	<u>(4,859,119)</u>	<u>(9,617,136)</u>

(Continue)

President Chain Store Corp. & Subsidiaries
Consolidated Statement of Cash Flow
For the period ended December 31, 2006 and 2005

Currency expression: NTD 1,000

	<u>2006</u>	<u>2005</u>
<u>Cash flows from financing activities</u>		
Increase of short-term loan	\$ 473,016	\$ 203,403
Increase (or decrease) of short-term bills payable	(186,669)	104,795
Repayment in long-term loans	(1,091,980)	1,047,459
Payback of corporate bond	(200,000)	-
Increase in guarantee deposit received	200,032	409,922
Payment of cash dividends	(3,111,545)	(2,745,481)
Payment of directors' remuneration and employees' bonus	(267,412)	(161,131)
Increase in minority interest	<u>120,547</u>	<u>868,123</u>
Net cash provided by financing activities	(<u>4,064,011</u>)	(<u>272,910</u>)
Effect of exchange rate on financial statement	7,487	55,227
Effect of subsidiary consolidated for the first time	<u>-</u>	<u>2,691,544</u>
Net increase (or decrease) in cash and cash equivalent	1,529,834	2,731,082
Beginning balance of cash and cash equivalent	<u>4,566,017</u>	<u>1,834,935</u>
End balance of cash and cash equivalent	<u>\$ 6,095,851</u>	<u>\$ 4,566,017</u>
<u>Supplement disclosures of cash flow information</u>		
Interest paid	<u>\$ 136,850</u>	<u>\$ 122,201</u>
Income tax paid	<u>\$ 1,350,447</u>	<u>\$ 855,484</u>
<u>Investing activities of partial payment on cash</u>		
Acquisition of fixed assets	\$ 3,357,557	\$ 5,172,410
Less: ended balance of accounts payable on equipment	(511,060)	(423,059)
Add: beginning balance of accounts payable on equipment	<u>423,059</u>	<u>312,015</u>
Cash disbursement in current period	<u>\$ 3,269,556</u>	<u>\$ 5,061,366</u>

The accompanying notes constituted an integral part of the consolidated financial statements.
Please refer to the report of independent accountants dated March 12, 2007

Chairman: Kao Chin-Yen

Manager: Hsu Chung-Ren

Chief Accountant: Lai Hsin-Ti

President Chain Store Corp. & Subsidiaries
Notes on consolidated financial statements
At the end of December 31, 2006 and 2005

Currency expression: NTD 1,000
(Unless otherwise specified)

I. Company history

(I) President Chain Store Corp. - President Chain Store Corporation

1. President Chain Store Corporation (hereinafter referred to as “the Company”) was duly incorporated in the People’s Republic of China on June 10, 1987 under applicable legal rules. The principal business of the Company includes the investment in and operation of convenience stores, sales of foods, canned products, books, newspapers, magazines, and household items, as well as the import, export and distribution of the aforementioned products. In August 1997, Taiwan Stock Exchange Corporation approved the Company to list its stocks for trading on the Taiwan Stock Exchange. As of December 31, 2006, the Company had 29,420 employees (including part-time workers).
2. The parent company and the ultimate parent Company are Uni-President Enterprises Corp.

(II) All subsidiaries included in the consolidated financial statements and additions, deletions and alterations thereof in the same period:

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006 December 31	2005 December 31	
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	Professional investments	100.00%	100.00%	
	Wisdom Distribution Service Corp.	Magazine logistics	100.00%	100.00%	
	President Transnet Corp.	Foods and necessities freight	70.00%	70.00%	
	Mech-President Corp.	Gas station and elevator	62.95%	62.95%	
	Uni-President Cold-Chain Corp.	Frozen and low-temperature foods logistics	60.00%	60.00%	
	President Drugstore Business Corp.	Retailing of medicine and daily items	100.00%	100.00%	
	President Direct Marketing Corp.	Selling of household goods by catalogs	100.00%	100.00%	
	Ren-Hui Investment Corp.	Professional investments	100.00%	100.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Rem
			2006 December 31	2005 December 31	
President Chain Store Corp.	PCSC (China) Limited	Professional investments	100.00%	100.00%	
	Capital Inventory Services Corp.	Inventory consulting	100.00%	100.00%	
	President FN Business Corporation	Retailing	100.00%	—	
	President Yilan Art and Culture Corp.	Art and cultural exhibition	90.00%	90.00%	
	President Collect Services Co. Ltd.	Bill collection service	70.00%	70.00%	
	President Information Corp.	Business management consulting services	56.00%	70.00%	
	President Pharmaceutical Corp.	Medicines & medical instrument retail and wholesale	73.74%	—	3
	Uni-President Department Store Corp.	Department stores	70.00%	—	
	Uni-President Oven Bakery Corp.	Bread and pastry retailer	60.00%	60.00%	
	Bank Pro E-Service Technology Co., Ltd.	Business management consulting services	53.33%	53.33%	
	Duskin Serve Taiwan Co.	Selling and renting of cleaning instruments	51.00%	51.00%	
	Books.com. Co. Ltd.	Online bookstore	50.03%	50.03%	
	Cold Stone Creamery	Restaurants	100.00%	—	
	Muji Taiwan Corp. Ltd.	Retailing	41.00%	41.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006	2005	
			December 31	December 31	
President Chain Store Corp.	Retail Support International Corp.	Logistics & delivery	25.00%	25.00%	1
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Professional investments	100.00%	100.00%	
	PCSC (Vietnam) Supermarket Ltd.	Chained store business	51.00%	51.00%	
Mech-President Corp.	Safety Elevator Corp.	Elevator installation and repair & maintenance	100.00%	100.00%	
	Mech-President (BVI) Corp.	General investment	100.00%	100.00%	
	President Jim Corp.	Gas station and others automobile services	60.00%	60.00%	
Mech-President (BVI) Corp.	Shanghai President Machine Corp.	Elevator, mechanical garage, and car wash production	100.00%	100.00%	
Retail Support International Corp.	Retail Support Taiwan Corp.	Foods room temperature logistics & delivery	51.00%	51.00%	
	President Logistics International Corp.	Trucking	49.00%	49.00%	2
Wisdom Distribution Service Corp.	President Logistics International Corp.	Trucking	20.00%	20.00%	2
	Vision Distribution Service Corp.	Publisher	60.00%	60.00%	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Trucking	25.00%	25.00%	2
Retail Support Taiwan Corp.	President Logistics International Corp.	Trucking	6.00%	6.00%	2
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Trucking	100.00%	100.00%	
Duskin Serve Taiwan Co.	Duskin China (BVI) Holding Limited	Professional investments	100.00%	—	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Professional investments	100.00%	100.00%	

Investor name	Name of the subsidiary	Nature of Business	Shareholding rate		Remark
			2006 December 31	2005 December 31	
PCSC (China) Limited	PCSC (China) Supermarket Limited	Professional investments	100.00%	100.00%	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Retailing of medicine and daily items	65.00%	65.00%	
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Zhuhai Livzon Drugstore Chain Company Limited	Retailing of medicine and daily items	90.00%	100.00%	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Supermarkets	55.00%	55.00%	
	PCSC (SICHUAN) Hypermarket Limited	Supermarkets	100.00%	100.00%	
	PCSC (CHENGDU) Hypermarket Limited	Supermarkets	100.00%	—	
Uni-President Oven Bakery Corp.	Uin-President Oven Bakevy (BVI) Corp.	Professional investments	100.00%	100.00%	
Uni-President Oven Bakery (BVI) Corp.	Wuhan Uni-president Oven Fresh Bakery Co., Ltd.	Bread and pastry retailer	100.00%	100.00%	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven corporation	Chained store business	56.59%	56.59%	
Philippine Seven corporation	Convenience Distribution Corporation	Logistics & delivery	100.00%	100.00%	

1. 7-Eleven Inc. is able to direct the finance, business operation, and personnel policy of Retail Support International Corp. and MUJI Co., Ltd. Therefore, they are deemed as being a subsidiary of President Chain Store Corp. and are included in the consolidated financial statements in accordance with the amended Finance & Accounting Standard Communiqué No. 7 “Consolidated Financial Statements.”
2. Retail Support International Corp., Uni-President Cold Chain, Wisdom Distribution Service, and Retail Support Taiwan Corp., Ltd. together hold 100% of the stock shares of President Logistics International Corp.

3. The majority equity of President Pharmaceutical Corp. that was acquired by the Company this year was calculated based on the percentage referred to in the annual reports of President Pharmaceutical Corp., which was audited by CPAs in 2006 after the Company was in a dominant position in that company.
4. The said subsidiaries were included into these consolidated financial statements according to their financial statements audited and certified by CPAs respectively.

(III) Other subsidiaries in the consolidated financial statements

If the Company and subsidiaries thereof are the controllers of any joint venture:

Investor name	Names of the joint venture companies	Nature of Business	Shareholding rate
President Chain Store Corp.	Mister Donut Taiwan Corp.	Bread and pastry retailer	50.00%
	Uni-President Takashimaya Co., Ltd. (Liquidated in September 2005)		50.00%
	President Coffee Corp.	Coffee chain store	30.00%
	Uni-President Yellow Hat Corp.	Automobile department stores	30.00%
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Professional investments	30.00%
President Coffee (Cayman) Holdings Ltd.	Shanghai President Coffee Corp.	Coffee chain store	100%

President Chain Store Corp. had the uncertified financial statements of the aforementioned invested companies consolidated into each account of the consolidated financial statements in accordance with the Finance & Accounting Standard Communique No. 31 Joint Venture Accounting Standard.

- (IV) Subsidiaries that are not included in the consolidated financial statements: None.
- (V) Adjustment and process of accounting period by subsidiary: None.
- (VI) Special business risk faced by subsidiaries overseas: No significant business risk to report.
- (VII) The restriction on the transfer of subsidiaries' funds to the parent company: None.
- (VIII) The security of the parent company held by the subsidiary: None.
- (IX) The convertible corporate bond and stock shares issued by the subsidiary: None.

II. Summary of significant accounting policies

These consolidated financial statements were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports By Securities Issuers, Business Accounting Law, Business Accounting Guidelines and accounting principles generally accepted in the People's Republic of China. Significant accounting policies are explained as follows:

(I) Consolidated financial statements standard

President Chain Store Corp. has subsidiaries that have over 50% of stock with voting rights held directly or indirectly or the wholly controlled subsidiaries included in the consolidated financial statements. President Chain Store Corp. has the income and expense of the subsidiaries that have become wholly owned subsidiaries of President Chain Store Corp. and consolidated into the Income Statement upon occurrence. President Chain Store Corp. has the income and expense of the wholly owned subsidiaries that have become general subsidiaries of President Chain Store Corp. and have been eliminated from the consolidated Income Statement upon occurrence, without having the consolidated financial statements of prior periods adjusted retroactively.

The major transactions between President Chain Store Corp. and the subsidiaries and the Balance Sheet accounts are written off.

(II) Exchange rate for the financial statements of subsidiaries in a foreign currency

For the currency translation of the subsidiaries' financial statements, all assets and liabilities accounts are to be translated according to the exchange rate on the date listed on the Balance Sheet. In terms of Shareholders' Equity, except for the retained earnings at the beginning that are to be carried forward according to the translated ending balance from the prior period, it is to be translated according to the historical exchange rate. Dividends should be translated according to the exchange rate on the announcement date. The Income Statement is to be translated according to the weighted average exchange rate. Any exchange difference is booked in the "Cumulative translation adjustment" account and is debited or credited to Shareholders' Equity.

(III) Current and non current assets and liabilities

The construction underwriting business of MECH-President Corp., a subsidiary of President Chain Store Corp., is usually for a business cycle over one year. Therefore, the related assets and liabilities are classified into the category of current and non current

according to the business cycle while other accounts are classified according to the fiscal year.

1. Assets that are in conformity with the following terms are classified as current assets; assets other than current assets are non current assets:

- (1) Assets from business operations that are expected to be cashed, depleted, or sold in the business cycle.

- (2) It is held for trading purposes.

- (3) It is expected to be sold within twelve months from the date listed on the Balance Sheet.

- (4) Cash or cash equivalent, except for those used for trade, liquidating debt, or restricted after twelve months from the date listed on the Balance Sheet.

2. Liabilities that are in conformity with the following terms are classified as current liability; liabilities other than current liabilities are non current liabilities:

- (1) Debts from business operations and debts that are expected to be liquidated in the business cycle.

- (2) It is held for trading purposes.

- (3) It is expected to be liquidated within twelve months from the date listed on the Balance Sheet.

Debts that cannot be unconditionally deferred in liquidation after twelve months from the date listed on the Balance Sheet.

(IV) Cash equivalent

Cash equivalent is a short-term investment with high liquidity that conforms with the following:

1. Can be converted into cash at any time.
2. Will be due soon and its value will be affected by interest rate changes very few.

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

(V) Foreign currency exchanges

1. The bookkeeping accounts of the Company and Subsidiaries are expressed in NT

Dollars. Transactions in foreign currencies shall be converted into NT Dollars on the basis of the spot exchange rate as of the day of transactions for bookkeeping purposes. Differences resulting from the exchange are recognized as net income (or loss).

2. The balances of foreign currency assets or liabilities at the end of the accounting period shall be adjusted on the basis of the spot exchange rate for the date listed on the balance sheet. Differences resulting from the exchange are recognized as net income (or loss).
3. Non-monetary assets or liabilities that are expressed in foreign currencies shall be estimated on the basis of fair values and the changes thereof shall be recognized as gains or losses at the end of the accounting period. Adjustments on the basis of the spot exchange rate as of the balance sheet date shall be made and the spread from the exchange shall be stated as net income (or loss). For assets or liabilities in which changes in fair value shall be recognized as adjustments to shareholders' equity, adjustments shall be made on the basis of the spot exchange rate as of the balance sheet date. The spread from the exchange shall be recognized as adjustments to shareholders' equity. For assets or liabilities that are not estimated on the basis of fair value, the historical exchange rate as of the transaction day shall be used for estimation.

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

1. Bookkeeping shall be made as of the day of trade for equity assets or liabilities, and as of the delivery day for warrants and rights. There shall be an initial recognition of the financial instruments in the bookkeeping estimation on the basis of fair value.
2. Financial assets and liabilities, in which changes in fair value are recognized as gains or losses, shall be estimated on the basis of fair value and in changes shall be recognized as gains or losses. The fair value for stocks with public quotations in centralized markets shall be the price at close of the open market on the date listed on the balance sheet. The fair value for open-ended funds shall be the net asset value of the funds on the date listed on the balance sheet.
3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VII) Financial assets available for sale

1. The transaction day accounting principle is adopted for the bookkeeping of equity investments whereby financial instruments shall be estimated on the basis of fair value in initial recognition plus the acquisition cost or issuance cost.

2. Financial assets that are available for sale are estimated on the basis of fair value. Any change in the value is recognized as adjustments to shareholders' equity. The fair value of stocks with public quotations in centralized markets is their respective price at close of the open market on the date listed on the balance sheet.
3. Recognize it as impairment loss with supporting evidence. Should there be decrease in the amount of subsequent impairment, recognize it as adjustments to shareholders' equity for the decrease in the impairment of equity items.
4. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(VIII) Financial assets carried at cost

1. The transaction day accounting principle is adopted for the bookkeeping of financial instruments and shall be estimated on the basis of fair values in initial recognition plus the acquisition cost or issuance cost.
2. Recognize it as impairment loss with incriminating evidence. The amount of impairment loss cannot be reversed.
3. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(IX) Financial derivatives for hedges

1. Financial derivatives for trade: option trades shall be recognized on the basis of fair value as of the day of trade. For derivative trades other than options, state the fair value as zero on the day of trade. Estimation on derivative trades shall be based on the fair value as of the date listed on the balance sheet, any change in fair value shall be recognized as assets or liabilities and current gains or losses.
2. Derivatives for hedges: If derivatives meet all the conditions for the accounting of hedging instruments, the effect of any change in the fair value of the instruments and the hedged objects after offsetting shall be recognized in bookkeeping as follows:
 - (1) Hedge of fair value: Hedging instruments are estimated according to fair value. Any gain or loss in the book value of the hedging instruments resulting from exchange rate fluctuation shall be recognized as a current gain or loss. Any gain or loss of the hedged objects resulting from hedging shall adjust the book value

of the hedged objects and immediately be recognized as a current gain or loss.

- (2) Hedge of cash flows: Any gain or loss of the hedging instruments shall be recognized as adjustments to shareholders' equity.

(X) Allowance for doubtful accounts

Duly amortized based on the ability to receive the notes, accounts and other accounts receivable at end of the term.

(XI) Inventories

The company, Philippine Seven Corporation, Uni-President Oven Bakery Corp., President Drugstore Business Corp., Uni-President Yellow Hat Corp., Muji Taiwan Co. Ltd., President Cosmed Chain Store (Shen Zhen) Co., Ltd. and Zhuhai Livzon Drugstore Chain Company Limited

Inventory is booked at the cost. Cost is based on the Retailing Method.

Other consolidated subsidiaries

Inventory is booked at the cost. In terms of cost, Retail Support International Corp. and PCSC (SICHUAN) Hypermarket Limited adopts the First-in-First-out method while others adopt the weighted average method. Inventory is valued at the end of the year in accordance with the Total Cost or Total Market Price Method, which ever is lower. For the Lower of Cost or Market Price Method, the market price of inventory is the net cash value or replacement cost depending on the nature of inventory. Inventory that is obsolete and loss in valuation is booked in the Income Statement.

(XII) Long-term investments (equity method) (Including joint venture)

1. The Company adopts the equity method in the accounting of investees where the Company holds more than 20% of their voting shares or where the Company has significant influence. From 2006 onward, if the cost of investments exceeds the fair value of identifiable net assets, the spread can be recognized as goodwill and be subject to yearly impairment tests. The spread that has been amortized over previous years cannot be adjusted retrospectively.
2. The losses of investees accounted for under the equity method since January 1, 2005,

which the Company may exercise significant influence but is not in a dominant position, shall be limited to zero based on the book value of investments and advances to a specific investee and state for a recognized loss in proportion to the investments in such investees unless the Company has acted in favor of a specific investee as a guarantor or attempts to continue its support of the investee. In this case, the Company shall assume all the losses of the investees, even if the amount exceeds the original shareholders' equity of the investees. If such investees resume a profitable position subsequently, the Company has the top priority to be entitled to such profits until the assumed losses have been fully recovered.

3. While accounting for overseas investments under the equity method, the “cumulative translation adjustment” resulting from the conversion between the currencies expressed in the financial statements of the investees and the Company shall be recognized as adjustments to shareholders' equity.
4. The Company and its subsidiaries have a joint venture of wholly owned business entities processed with the equity method. Consolidated financial statements are prepared semi-annually and annually according to the Proportional Consolidation Method.
5. The particulars of accounting for the period on and before December 31, 2005 are specified in Note III.

(XIII) Fixed assets and non-operating assets

1. Bookkeeping of fixed assets shall be made on the basis of the acquisition cost. The interest accrued from the acquisition of assets to the point the assets can be available for use may be capitalized.
2. Depreciation shall be made under the average method. With the exception of an improvement in capital lease when the term of lease is less than five years, all other fixed assets are depreciated with their years of services plus one year of residual value. The residual value for assets that have continued to be in service after the previous period of services shall be subject to depreciation along the subsequent years of services. Buildings and other forms of construction have 5 to 55 years of service. Other assets have 2 to 25 years of services for depreciation purposes.
3. Spending on repair and maintenance is recognized as expenses for the current period. Major additions or improvement shall be capitalized and depreciated. The cost and

accumulated depreciations of assets sold or retired shall be written off against each other. Any capital gains or losses thereof shall be recognized as current gains or losses.

4. Fixed assets that are not used for business operations are booked in the “other assets” account according to their net fair value or book value, whichever is lower, and with the depreciation expense booked in the “non-operating expense” account.

(XIV) Deferred expenses

Deferred expenses shall be accounted for on the basis of acquisition cost and amortized under the average method for 2-5 years.

(XV) Impairment of non-financial assets

1. If the recoverable amount of assets falls below the book values of such assets due to the change in economic environment or the occurrence of a specific event, the resulting impairment loss shall be stated as recognized losses. Recoverable amount refers to the net fair value of a specific asset or its value for use, whichever is higher. Net fair value refers to the net proceeds to be received under fair trade of a specific asset. Value for use refers to the expected amount of cash flows generated by specific assets in subsequent years of service under the discount value method.
2. An impairment loss in previous years could be reversed if there is a subsequent recovery after a previous impairment loss was recognized and should be stated as current income. Recognized impairment of goodwill shall not be reversed.

(XVI) Pension Plan

3. Pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. Net pension cost covers the cost of service in the current period, interest, anticipated return on fund assets, and the amortization of unrecognized transitional net payment obligations and pension incomes or losses. Unrecognized transitional net payment obligations are amortized for a period of 15 years.
2. Under the defined contribution pension plan, pension fund contribution on the accrual basis shall be recognized as pension cost for the current period.

(XVII) Income Tax

1. The Company adopts Financial Accounting Standards No. 22, “Accounting for Income Taxes”, to amortize the income tax beyond the year and for the current period. The tax effect of taxable temporary differences is recognized as deferred income tax liabilities, while the tax effect of deductible temporary differences, operating loss that is carried forward and income tax credit are recognized as deferred income tax assets. The valuation allowance is recognized on deferred income tax assets that are not expected to be realized. Deferred income tax assets or liabilities are classified into current and non current items in accordance with the nature of the balance sheet account and the period of expected realization. Deferred income tax assets or liabilities are classified into current and non current items in accordance with the nature of the balance sheet account and the period of expected realization.
2. The levy of 10% income tax on unassigned retained earnings under the new Tax Code is recognized as income tax expenses incurred in the year of the shareholders’ meeting resolution.
3. Pursuant to Financial Accounting Standards No. 12 on “Accounting for Tax Credits”, tax credits on the acquisition of specific machinery and equipment and human resources training are accounted for as deductions for the current year as income tax expenses.
4. Adjustments of tax liabilities carried forward are added to income tax expenses in the current year.

(XVIII) Recognition of revenue and cost

Revenue shall be recognized in the process of gaining profits and recognized as realized or to be realized. Related costs are recognized with corresponding items of revenue. Expenses shall be recognized on an accrual basis as stated as current expenses.

(XIX) Earnings per share

The Company computes the earnings per share by the weighted-average method. Earnings for an additional quantity of shares through the capitalization of retained earnings or capital surplus into capital stocks shall be adjusted irrespective of the duration of such additional shares circulating. Earnings for new shares shall be computed on the basis of the outstanding period.

(XX) Delivery day accounting

The Company has adopted the principle of delivery day accounting where applicable. Changes in fair values of asset transactions between the transaction day and the delivery day that are carried at cost or cost after amortization will not be recognized. Assets whose change in fair value are recognized as gains or losses shall be recognized as current gains or losses. Changes for assets available for disposal shall be recognized as adjustments to shareholders' equity.

(XXI) Accounting estimations

The company and its domestic subsidiaries prepared their consolidated financial statements in accordance with generally accepted accounting principles in the People's Republic of China, and has made necessary estimation, assessment and disclosures on the amounts stated or contingencies, including certain assumptions and estimations. However, the actual results may vary from the assumptions and estimations.

III. The reasons for changes in accounting policies and the effect of such changes

(I) Financial instruments

1. Effective January 1, 2006, the Company and its subsidiaries adopted the principles under the Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement and No. 36 on the Financial Instruments: Disclosure and Presentation in its accounting policies. The Company has reclassified some account titles on or before December 31, 2005 in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Financial Accounting Standards No. 34 on the Financial Instruments: Recognition and Measurement and No. 36 on the Financial Instruments: Disclosure and Presentation.

2. Account titles used in bookkeeping on and before December 31, 2005:

(1) Short-term investments

Short-term investments are stated at the acquisition cost. The cost is calculated under the Weighted Average Method. Valuation of short-term investments is made under the cost or market price method, whichever is lower, at the end of the accounting period. Losses from falling prices are recognized as current losses. In comparing the cost with the market price of stocks listed on the centralized market, the average market price at close for the last month of the accounting

period is taken as the market price. For open-end funds, the net asset value per unit as of the date listed on the balance sheet for the respective fund shall be taken as the market price.

(2) Long-term investments under the cost method

The Company adopts the method of the cost or market price, whichever is lower, in the valuation of investees (listed companies) where the Company holds less than 20% of their voting shares and doesn't have significant influence. Unrealized loss that results from the falling price or market price below the cost shall be debited to shareholders' equity. Valuation for investees not listed in the centralized market is made on the basis of cost. however, if evidence suggests that the recovery of such value is unlikely due to significant impairment, it is recognized as investment loss and stated as current losses.

(3) Derivative trade – Interest Rate Swap contracts:

No actual transfer of principal in IRS trade and only a memorandum will be signed for transaction purposes. Payable or receivable interest of IRS contracts not held for trading are accrued in the period from the contract settlement date and the date listed on the balance sheet, and shall be recognized as adjustments to interest expenses on hedging.

3. Such changes in accounting principles resulted in NT\$359,191 under the title of other adjustment in SH's equity as of December 31, 2006 (recognized as "unrealized revaluation gains"). The effect to the income position of the Company in the period of 2006 is explained as follows:

	Amount	EPS (NTD)
Income before tax	\$ 58	\$ -
Income tax expenses	-	-
Earnings of continued operations	58	-
Accumulated effects from changes in accounting principles		
(Less: effect of income tax \$0)	9,773	0.01
Net Income After Tax	\$ 9,831	\$ 0.01

(II) No amortization for goodwill

1. Until December 31, 2005, when it was impossible to analyze the cause of the consolidated loans generated from the differences in the acquisition cost of a subsidiary's equity and net worth of the equity, and the differences between the long-term equity investment cost as of the investment date and net worth of the equity, such differences will be equally amortized over a period of 5-10 years. The Company has adopted the principles under amended Financial Accounting Standards No. 1, 5, 7, 25 and 35 since January 1, 2006, whereby goodwill shall no longer be subject to amortization.
2. Under such changes, the consolidated total assets as of December 31, 2006 have increased by \$145,718. Similarly, the consolidated total income from 2006 has also increased by \$ 145,718 and EPS by \$0.16.

(III) Impairment of non-financial assets

Effective from January 1, 2005, the Company and its subsidiaries have adopted the newly announced Financial Accounting Standards No. 35 on the Impairment of Assets. Under such changes, consolidated total assets as of December 31, 2005 have decreased by \$50,457. Similarly, the consolidated total income from 2005 has also decreased by \$50,457.

- (IV) Effective from January 1, 2005, the Company and its subsidiaries have adopted the Financial Accounting Standards No. 7 on consolidated financial statements and included all subsidiaries that are in a dominant position directly and indirectly into the consolidated financial statements, and thereby changed the units specified in the consolidated financial statements. Under such changes, the total amount of consolidated assets and consolidated operational revenue as of 2005 increased by \$8,712,274 and \$9,793,417 respectively, and the consolidated total income remained unaffected.

IV. Summary on major account titles

(I) Cash and cash equivalence

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Cash on hand and working capital of stores	\$ 2,413,636	\$ 1,490,068
Current account deposits and checking account deposits	2,538,667	2,538,667
Time Deposits	350,134	354,091
Cash equivalence		
Investments in Repos	793,414	580,760
	<u>\$ 6,095,851</u>	<u>\$ 4,566,017</u>

(II) Financial assets in which changes in fair value are recognized as gains or losses

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Financial instruments held for trading		
Stocks with public quotations	\$ 176,587	\$ 57,356
Open-ended funds	1,243,878	936,146
	1,420,465	993,502
Valuation Adjustment	1305	11,713
	<u>\$ 1,421,770</u>	<u>\$ 981,789</u>

(III) Inventories

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Merchandises	\$ 6,302,216	\$ 5,826,600
Raw material and physical material and work-in-process goods	121,301	135,316
	6,423,517	5,961,916
Less: Allowance for inventory losses	60,355	102,998
	<u>\$ 6,363,162</u>	<u>\$ 5,858,918</u>

(IV) Financial assets available for sale - non current

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Stock with public quotations	\$ 141,959	\$ 140,534
Valuation Adjustment	380,664	-
	<u>\$ 522,623</u>	<u>\$ 140,534</u>

(V) Financial assets carried at cost – non current

	December 31,2006	December 31,2005
Stocks listed in the emerging market	\$ 2,432,917	\$ 2,432,917
Stocks with no public quotation	11,014,266	10,483,748
Subtotal	13,447,183	12,916,665
Accumulated impairment	(257,112)	(85,480)
Total	\$ 13,190,071	\$ 12,831,185

The instruments held by the company and domestic subsidiaries have no public quotations on the open market and there is no fair value for estimation. Therefore, they are estimated on the basis of cost.

(VI) Long-term investments (equity method)

Investees	December 31, 2006		December 31, 2005	
	Amount	Proportion of shareholding	Amount	Proportion of shareholding
President Musashino Corp.	\$ 218,302	40.00	\$ -	-
T&T Supermarket Inc.	191,519	20.00	162,291	20.00
Uni-President Development Corp.	173,934	20.00	185,166	20.00
Q-ware Systems & services Corp.	149,499	22.68	190,982	22.68
President Organics, Co. ect.	<u>35,723</u>	20.00~48.41	<u>108,912</u>	20.00~48.41
	<u>\$ 768,977</u>		<u>\$ 647,351</u>	

The long-term equity investment loss valued with the Equity Method in 2006 and 2005 amounted to NT\$37,397 and NT\$81,726, respectively, in accordance with the financial statements certified by CPAs that were appointed by the invested companies.

(VII) Joint venture

The total amount in each account of the joint venture that belongs to President Chain Store Corp. is illustrated as follows. Please refers to Note I(3) for the details of the investment object of the joint venture.

	2006	2005
Current Assets	\$ 351,170	\$ 324,830
Non current assets	\$ 370,545	\$ 206,063
Current liability	\$ 333,186	\$ 223,923
Long-term liability	-	\$ 9,548
Income	\$ 1,640,856	\$ 1,121,632
Cost and expense	\$ 1,576,265	\$ 1,160,051

(VIII) Accumulated depreciation

	December 31, 2006	December 31, 2005
Building	\$ 372,628	\$ 360,190
Transportation Equipments	1,223,444	965,514
Machinery and equipment	6,970,795	6,112,523
Lease improvement	3,485,451	2,765,291
Other equipment	859,320	680,569
	<u>\$ 12,911,638</u>	<u>\$ 10,884,087</u>

(IX) Assets for lease

	December 31, 2006		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 730,097	\$ -	\$ 730,097
Building	396,629	(65,374)	331,255
	<u>\$1,126,726</u>	<u>(\$ 65,374)</u>	<u>\$ 1,061,352</u>
	December 31, 2005		
	Initial cost	Accumulated depreciation	Book value
Lands	\$ 690,964	\$ -	\$ 690,964
Building	329,473	(3,344)	326,129
	<u>\$ 1,020,437</u>	<u>(\$ 3,344)</u>	<u>\$ 1,017,093</u>

(X) Accrued expenses

	December 31, 2006	December 31, 2005
Payable salaries and bonuses	\$ 1,737,749	\$ 1,504,596
Payable incentives for franchisee	453,396	280,833
Payable fees for system development and maintenance	103,414	205,446
Others	1,344,867	1,162,716
	<u>\$ 3,639,426</u>	<u>\$ 3,153,591</u>

(XI) Other accounts payable

	December 31, 2006	December 31, 2005
Bill collected	\$ 4,262,516	\$ 3,341,374
Payable for acquisition of fixed assets	511,060	423,059
Others	622,194	693,260
	<u>\$ 5,395,770</u>	<u>\$ 4,457,693</u>

(XII) Corporate bond

	Term	December 31, 2006	December 31, 2005
1 st tranche of secured bonds	2002.01.16~ 2007.01.18	\$ 700,000	\$ 700,00
2 nd tranche of secured bonds	2003.06.10~ 2008.06.13	1,300,000	1,500,000
		<u>2,000,000</u>	<u>2,200,000</u>
Less: Current portion		(900,000)	(200,000)
		<u>\$ 1,100,000</u>	<u>\$ 2,000,000</u>

1. The issuance of the 1st tranche of secured corporate bonds

Together with China Development Industrial Bank and Bank of Taiwan Chun Lun Branch, the Company has pledged the issuance of its 1st tranche of secured bonds. This issue of bonds shall be redeemed in full upon maturity at the coupon rate of 2.8%. Simple interest shall be payable once annually in accordance with the coupon rate from the date of issuance.

According to the agreement binding the Company and Bank of Taiwan to entrust the latter with surety in the issuance of bonds, this issue of bonds may only be used for the retirement of bank loans and reducing the spending on interest.

2. The issuance of the 2nd tranche of secured corporate bonds

Together with Taipei Fubon Bank and Bank of Taiwan Chung Lun Branch, the Company has pledged for the issuance of its 2nd tranche of secured bonds under the following terms and conditions:

- (1) Issue A: amounted to NT\$800 million and redemption at the 3rd, 4th and 5th anniversaries are 25%, 25%, and 50%, respectively, at coupon rate of 1.4%. Simple interest is payable once annually in accordance with the coupon rate from the date of issuance.
- (2) Issue B: amounted to NT\$700 million at a coupon rate of 4% less the LIBOR rate for six months or 4% less the promissory note rate for 180 days, and is renewable semi-annually. Simple interest is payable once semi-annually.

(XIII) Pension Fund

1. The Company has instituted regulations for the defined pension plan under the “Labor Standards Law”, which is applicable to the years of services of employees before July 1, 2005, the day that the new “Labor Pension Act” has come into full force. Such regulations are also applicable to employees who elect to continue the calculation of their subsequent years of service under the “Labor Standards Law”. The pension fund payable to employees who meet the requirements about retirement shall be calculated according to their seniority and the average of their salary for the six months prior to their retirement. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. Each employee shall be entitled to 2 basis points for each year of service if he or she has served the Company for 15 years or less. One basis point will be added for each additional year of service beyond the said period of 15 years, up to the maximum of 45 basis points. The Company and its domestic subsidiaries contribute 2% to 4.42% of the employee’s total salaries to the special pension fund account with the Central Trust of China under the name of the Employee Pension Fund Reserve Supervisory Committee. The Company’s subsidiary, Philippine Seven Corporation, applies the correspondent contribution plan as its pension rules.

The information related to the Company’s and subsidiaries’ actuary reports for retirement pension:

- (1) The actuarial hypothesis about retirement pension is summarized as follows:

	2006	2005
Discount rate		
The Company and its domestic subsidiaries	2.75%~3.75%	3.25%~3.75%
Foreign subsidiaries	8.13%	11.74%
Increasing rate of future salary		
The Company and its domestic subsidiaries	2%~4%	2%~3.5%
Foreign subsidiaries	5%	5%
Anticipated rate of return on long-term investment in fund assets		
The Company and its domestic subsidiaries	2.5%~3.5%	2.5%~3.5%
Foreign subsidiaries	10%	10%

(2) Contribution of retirement pension:

	December 31, 2006	December 31, 2005
Benefit obligation:		
Vested benefit obligation	(\$ 150,839)	(\$ 150,715)
Non-vested benefit obligation	(986,995)	(889,535)
Cumulative benefit obligation	(1,137,834)	(1,040,250)
Effect of increase in future salary	(737,813)	(691,110)
Projected benefit obligation	(1,875,647)	(1,731,360)
Fair value of pension fund assets	910,622	776,895
Contribution	(965,025)	(954,465)
Unrecognized service cost for the previous period	25,691	(3,128)
Unrecognized transitional net benefit obligation	8,562	70,119
Unrecognized pension loss	427,821	406,244
Supplemented accrued pension liabilities	(8,125)	(17,889)
Accrued pension liabilities	(\$ 511,076)	(\$ 499,119)
Vested benefit	(\$ 226,355)	(\$ 187,454)

(3) Contents of net pension cost:

	2006	2005
Service cost	\$ 69,753	\$ 93,119
Interest cost	71,384	51,814
Anticipated return on fund assets	(24,272)	(15,978)
Amortization:		
Unrecognized transitional net benefit obligation	543	(2,110)
Unrecognized pension loss	28,490	19,949
Others	64	770
Net pension cost	<u>\$ 145,962</u>	<u>\$ 147,564</u>

2. The new law provides a defined contribution to the pension plan. Effective July 1, 2005, the Company and its domestic subsidiaries shall contribute an amount equivalent to 6% of the monthly salary of respective native employees to the individual pension accounts of the employees at the Labor Insurance Bureau. Retired employees may claim for pension disbursement in accordance with the status of their individual accounts and the cumulative contribution in the account through monthly payments or in lump sum. Pension costs of the Company and its domestic subsidiaries under the defined pension plan was recognized as NT\$323,568 and NT\$140,407 in 2006 and 2005.
3. The subsidiaries of President Chain Store Corp. in China have pension funds reserved for an amount equivalent to a certain percentage of their monthly salary according to the Pension Law of the People's Republic of China. The pension fund for each employee is managed and arranged by the Chinese government and the responsibility of the subsidiary is to have a pension fund reserved monthly.

(XIV) Income Tax

1. Income tax and income taxes payable

	2006	2005
Income taxes payable	\$ 814,626	\$ 717,799
Refundable income tax (stated in the other accounts receivable)	(243)	(42)
Deferred income tax assets – net	22,111	30,407
Carried forward income tax liabilities	16,770	37,538
Income tax amount under the new taxation system	3,244	6,689
Prepaid income tax	635,190	422,858
Income tax expenses	<u>\$ 1,491,698</u>	<u>\$ 1,215,249</u>
Item of income tax expenses are shown as follows:		
Income tax expenses	\$ 1,491,107	\$ 1,172,598
Levy of 10% income tax on unallocated retained earnings	591	42,651
	<u>\$ 1,491,698</u>	<u>\$ 1,215,249</u>

(Blank hereunder)

2. Item of deferred income tax assets are shown as follows:

	December 31, 2006		December 31, 2005	
	Amount	Effect of income tax	Amount	Effect of income tax
Current items				
Temporary difference				
Bad debts	\$ 36,717	\$ 9,180	\$ 30,184	\$ 7,546
Allowance for reduction of inventory to market	52,322	13,080	104,429	26,107
Unrealized expense	28,268	7,067	50,902	12,726
Employee fringe benefits	31,056	7,764	25,624	6,406
Loss credit	85,344	21,336	173,923	43,481
Investment credit		4,400		17,492
		62,827		113,758
Less: allowance for reevaluation losses		(13,181)		(4,492)
Deferred income tax assets – current (Stated as other current assets in statement)		\$ 49,646		\$ 109,266
Non-current items				
Temporary difference				
Losses from overseas investments	\$ 747,658	\$ 186,915	\$ 426,305	\$ 106,576
Finance and tax difference of pension	72,439	18,206	69,698	17,399
Employee fringe benefit	101,268	25,317	62,354	15,589
Loss credit	750,356	187,589	971,552	242,888
Investment credit		49,731		20,182
		467,758		402,634
Less: allowance for reevaluation losses		(360,237)		(332,622)
Deferred income tax assets – current (Stated as other current assets in statement)		\$ 107,521		\$ 70,012

3. Income tax returns filed by the company that have been approved by taxation authorities up to the tax year of 2004.
4. The Company and its subsidiaries have the following deductions under Statute for the Encouragement of Industrial Upgrading in 2006:

Deductible items	Total deductible amount	Unconsumed deductible balance	Final deduction year
Human resources training expenses	\$ 20,889	\$ 4,741	2007~2100
Automation equipment and technology	60,963	49,390	2007~2100
Investment in territories of poor resources or slow development	13,815	-	-

5. Up to December 31, 2006, the lost credit of the subsidiary that can be carried forward to future net income amounted to \$835,700. It expires in 2011.

6. Details of unpaid incomes are shown as follows:

	December 31,2006	December 31,2005
Unassigned retained earnings carried forward to 1997	\$ 31,142	\$ 31,142
Unassigned retained earnings carried forward from 1998	3,890,101	3,756,771
Total	\$ 3,921,243	\$ 3,787,913

7. Information on new taxation system:

	December 31,2006	December 31,2005
Balance of shareholders deduction account	\$ 560,845	\$ 381,190
	2006	2005
	(Estimated amount)	(Actual amount)
Tax credit rate of retained earnings distributed	14.42%	30.60%

The estimated tax credit rate for 2006 was based on the tax credit account balance on December 31, 2006. The tax credit available to the shareholders of President Chain Store Corp. is based on the shareholder's tax credit account balance on the dividend and bonus distribution date. Therefore, the tax credit rate for the distribution of

retained earnings to shareholders after 1998 is the net of all tax credit amounts available by tax law before the dividend and earnings distribution date.

(XV) Capital Stock

The Company had 960,000,000 authorized shares with 915,160,436 shares outstanding at NT\$10/share as of December 31, 2006 and 2005.

(XVI) Retained Earnings

1. The Company's Articles of Incorporation dictate that, earnings in the year after account settlement shall be subject to corporate income tax law, followed by the offsetting of losses carried forward. 10% of the remainder shall be allocated as a legal reserve and a special reserve shall also be allocated as there is debit to shareholders' equity. Upon the reverse of the debit to shareholder's equity, the reversed amount is to be converted to net income for distribution. The net earnings of the aforementioned deductions plus the unpaid incomes carried forward may be distributed to shareholders under the proposal by the Board and at the approval of the shareholders general meeting. Remunerations to directors and supervisors shall be at 2% of the earnings and employee bonus shall be no less than 0.2% of the earnings. Dividend and bonus to shareholders shall be 80% to 100% of the income attributable to the shareholders' net remunerations to directors and supervisors and employee bonus (of which 50% to 100% shall be paid out in cash dividends). The remainder of the earnings shall be resolved by the shareholders general meeting for distribution. The shareholders general meeting regarding the Company resolved on June 14, 2006 for an amendment to the Company's Articles of Incorporation whereby remunerations to directors and supervisors were reduced to 1% from the previous level of 2%.
2. The legal reserve may only be used to offset losses carried forward and to increase capitalization. If the balance of the legal reserve reaches 50% of the paid-in capital, half of the 50% shall be retained and the remainder may be capitalized as capital stock.
3. Under the resolutions of the shareholders' general meeting, cash dividend paid out for the periods of 2006 and 2005 amounted to NT\$3.4/share and NT\$3/share, respectively.
4. The Company's proposal for the allocation of retained earnings in 2006 was not approved by the Board of Directors before March 12, 2007. The proposals approved by the Board of Directors and allocation of the retained earnings resolved by the shareholders' meetings may be viewed at the "M.O.P.S." of TSEC.

The information about the Company's bonus allocated to employees and remuneration paid to directors/directors in 2005:

Allocation resolved by shareholders'
meetings and Board of Directors in 2006

(1) Allocation

Cash bonus to employees	\$ 200,559
Remuneration to Directors & Supervisors	66,853

(2) Information about EPS: (currency: NTD)

EPS	\$ 3.99
Imputation EPS	3.70

(XVII) Earnings per share

	2006				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	pre-tax	after tax		pre-tax	after tax
Basic EPS					
Consolidated net income (loss)	\$ 5,187,608	\$ 3,822,328	915,160,436	\$5.67	\$4.18

	2005				
	Amount		Weighted average quantity of outstanding shares	EPS (currency: NTD)	
	pre-tax	after tax		pre-tax	after tax
Basic EPS					
Consolidated net income (loss)	\$4,766,830	\$3,652,685	915,160,436	\$5.21	\$3.99

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

Human resources spending, depreciation, depletion and amortization expenses of the Company and its subsidiaries are summarized by function as following:

	2006		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,823,311	\$ 6,699,252	\$ 8,522,563
Labor and health insurance	154,388	525,128	679,516
Pension fund	109,511	366,479	475,990
Other human resources expenses	77,669	583,001	660,670
	<u>\$ 2,164,879</u>	<u>\$ 8,173,860</u>	<u>\$ 10,338,739</u>
Depreciation	<u>\$ 498,529</u>	<u>\$ 2,391,117</u>	<u>\$ 2,889,646</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 19,244</u>	<u>\$ 385,428</u>	<u>\$ 404,672</u>

	2005		
	Classified as operating cost	Classification of operating expense	Total
Human resources expenses			
Salaries	\$ 1,420,434	\$ 5,887,030	\$ 7,307,464
Labor and health insurance	118,473	408,581	527,054
Pension fund	31,917	259,263	291,180
Other human resources expenses	54,883	433,952	488,835
	<u>\$ 1,625,707</u>	<u>\$ 6,988,826</u>	<u>\$ 8,614,533</u>
Depreciation	<u>\$ 476,693</u>	<u>\$ 2,066,090</u>	<u>\$ 2,542,783</u>
Depletions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortizations	<u>\$ 13,684</u>	<u>\$ 496,519</u>	<u>\$ 510,203</u>

(XIX) Substantial spending on donation

1. The Company and Uni-President Enterprises Corp have entered into a construction engineering agreement with Ta Chen Construction & Engineering Corp. to appoint the latter to build a research center building for donation to National Cheng Kung University. The contract sum amounted to \$230,000 (tax included), and shall be paid for by the Company and Uni-President Enterprises Corp in equal halves.
2. The said research center building was completed on December 31, 2006 and the amount payable for construction, recognized by the Company in 2006 and 2005, was NT\$89,398 and NT\$20,000 respectively under the accounting of spending on donations.

V. Related Party Transactions

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

<u>Name of related parties</u>	<u>Relationship with the company</u>
Uni-President Enterprises Corp.	The parent of the Company
Presco Netmarketing Inc.	A subsidiary of Uni-President Enterprises Corp.
Tung Ang Enterprise Corp.	Secondary subsidiary of President Chain Store Corp.
Beingspa	"
President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method
President Securities Corp.	"
Nanlien International Corp.	"
Uni-President Dream Parks Corp.	"
President Natural Industrial Corp.	"
Tong-Ho Development Corp.	The Company is a director
President Investment Trust Corp.	"
President Technology Corp.	"
Allianz President Life Insurance Co., Ltd.	"
President Tokyo Corp.	The Director of the company is also a Director of President Chain Store Corp.
Lien Bo Enterprises	Invested company valued with Equity Method by Nanlien International Corp.
Ryohin Keikaku Co., Ltd.	The investing company that has MUJI Co., Ltd. valued with Equity Method.
Duskin Co., Ltd.	The investing company that has Mister Donut valued with Equity Method.
Formosan Magazine Press, INC.	The investing company that has Vision Distribution Service Corp. valued with Equity Method.
President Organics, Co.	Invested company valued with Equity Method
President Musashino Corp.	"
Q-ware Systems & services Corp.	"
21 Century Enterprise Co., Ltd.	"
Uni-President Development Corp.	"
Store Sites Holdings Inc.	Invested company valued with Equity Method by Philippine Seven Corp.
Starbucks Coffee International	The investing company that has President Coffee Corp. valued with Equity Method.
President Futures Corp.	A substantial related party

(II) Major transactions with related parties

1. Other operating incomes – marketing bonuses

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Enterprises Corp.	\$ 21,446	-	\$ 46,485	3
Others	6,397	-	32,952	2
	<u>\$ 27,843</u>	<u>-</u>	<u>\$ 79,437</u>	<u>5</u>

2. Purchase

	2006		2005	
	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.	Amount	Ratio to the total purchase amount (net) of President Chain Store Corp.
Uni-President Enterprises Corp.	\$ 9,890,739	11	\$ 9,017,171	12
Tung Ang Enterprise Corp.	2,117,553	2	2,100,707	3
President Musashino Corp.	1,216,284	1	1,027,793	2
Lien Bo Enterprises	980,694	1	665,776	1
Others	1,571,564	2	1,465,649	2
	<u>\$ 15,776,834</u>	<u>17</u>	<u>\$ 14,277,096</u>	<u>20</u>

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

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

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Uni-President Enterprises Corp.	<u>\$ 52,529</u>	<u>14</u>	<u>\$ 42,845</u>	<u>12</u>

4. Receivables (payables to) from related parties

	2006		2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
Accounts receivable				
Uni-President Enterprises Corp.	\$ 77,791	4	85,393	5
Others	60,314	3	32,403	2
	<u>\$ 138,105</u>	<u>7</u>	<u>\$ 117,796</u>	<u>7</u>

	December 31, 2006		December 31, 2005	
	Amount	Percentage of the amount under the same account title	Amount	Percentage of the amount under the same account title
<u>Other accounts receivable</u>				
<u>Uni-President Enterprises Corp.</u>				
Others	\$ 87,341	11	\$62,967	8
	15,886	2	17,400	2
	<u>\$103,227</u>	<u>13</u>	<u>\$80,367</u>	<u>10</u>
 <u>Note and account payables</u>				
<u>Uni-President Enterprises Corp.</u>				
Tung Ang Enterprise Corp.	\$1,270,754	\$ 10	1,145,579	11
Others	185,595	1	204,019	2
	454,439	4	402,245	4
	<u>\$1,910,788</u>	<u>15</u>	<u>\$1,751,843</u>	<u>17</u>
 <u>Accrued expenses</u>				
<u>Uni-President Enterprises Corp.</u>				
Others	\$ 33,744	1	\$ 44,655	1
	32,562	1	47,689	2
	<u>\$ 66,306</u>	<u>2</u>	<u>\$ 92,344</u>	<u>3</u>

5. Property trade

(1) Acquisition of subsidiary's equity:

In 2006, the Company's Board of Directors resolved to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. and the trade price was negotiated to be NT\$255,372 according to the opinions of security analysts and specialists.

(2) Disposition of real estate

The Company has moved to the newly acquired headquarters building in June 2005 and the old office building was sold to the following related party in August 2005. The trading price was negotiated according to the assessment of the appraisal institute: The disposition of real estate is specified as follows:

Related party	Total trade amount	Gain from disposal
President Securities Corp.	\$ 500,067	\$ 14,404
President Investment Trust Corp.	176,454	5,083
President Futures Corp.	145,023	4,177
	<u>\$ 821,544</u>	<u>\$ 23,664</u>

(3) Acquisition of fixed assets

The subsidiaries purchased transportation equipment from the related party in 2006 and 2005 as follows:

	2006	2005
President Tokyo Corp.	<u>\$ 43,744</u>	<u>\$ 165,850</u>

The said transportation equipment for business was purchased by payment in installments over three to five years. The relevant installments payable before December 31, 2006 and 2005 are specified as follows:

	December 31, 2006	December 31, 2005
President Tokyo Corp.	\$ 261,304	\$ 379,637
Discount of installment payable	(19,084)	(28,550)
Net amount	242,220	351,087
Less: Current portion	(125,688)	(139,504)
	<u>\$ 116,532</u>	<u>\$ 211,583</u>

Long-term installment payables will be repaid before December 2010 accordingly

6. Financing – to related party

The Company

			2006		
Maximum balance			Balance at ending of period	Interest rate	Total interest income
Borrowers	Date of transaction	Amount			
21 Century Enterprise Co., Ltd.	2006.01 ~ 2006.02	\$ 5,000	\$ -	2.51% ~ 2.52%	\$ 19

Subsidiary – Ren-Hui Investment Corp.

2006					
Borrowers	Maximum balance		Balance at ending of period	Annual Interest rate	Total interest income in whole year
	Date of transaction	Amount			
Beingspa	2005.1 ~ 2005.9	\$ 40,000	\$ -	2.5% ~ 2.9%	\$ 587

7. Financing – from related party (booked in the “Other accounts payable” account) Convenience Distribution Inc.

2006					
Borrowers	Maximum balance		Balance at ending of period	Interest rate	Total interest income
	Date of transaction	Amount			
Store Sites Holding Inc.	2006.1 ~ 2006.6	PHP 9,000,000	PHP 9,000,000	10%	\$ 640

8. Commitment

- (1) MUJI Taiwan Co., Ltd. has an Authorization Agreement signed with MUJI Co., Ltd to authorize MUJI Taiwan Co., Ltd. to manage MUJI Licensed Store in Taiwan, R.O.C. and to use the related information and sales technology. According to the signed Authorization Agreement, MUJI Taiwan Co., Ltd. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the net sales amount.
- (2) Mister Donut Taiwan Corp. has an agreement signed with Duskin for trademark and technology collaboration in 2004 to operate and manage “DUSKIN Mister Donut Franchise.” According to the signed agreement, Mister Donut Taiwan Corp. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the total sales amount.
- (3) President Coffee Corp. has an agreement signed with Starbucks Inc. to operate and manage “Starbucks.” According to the signed agreement, President Coffee Corp. is to have royalty paid throughout the contract period for an amount equivalent to a certain percentage of the total monthly amount of sales per store.

VI. Assets pledged under lien

The status of surety made by the Company and its subsidiaries on December 31, 2006 and 2005:

Assets	December 31, 2006	December 31, 2005	Collateral
Lands	\$ 314,492	\$ 314,492	Long-term and short-term debt and endorsement
Building	214,483	390,826	Long-term and short-term debt and endorsement
Transportation Equipments	426,426	482,560	Long-term loan and long-term installment payable
Operating instrument and other equipment	27,437	208,138	Long-term debt
Mortgaged time deposit	45,715	42,140	Contract security deposit
	<u>\$ 1,028,553</u>	<u>\$ 1,438,156</u>	

VII. Materiality and Contingencies

1. The Company and Philippine Seven Corporation have entered into an agreement with 7- Eleven Inc. of the USA on a long-term technology joint venture. Under this agreement, the Company shall pay the latter royalties at an agreed upon percentage of the monthly sales of each retail location within the term of contract.
2. The Company and the affiliates of Uni-President Enterprise Inc. have leased the arcade of the President International Building (booked in the “Assets leased to others” account) to a non-related party for 18 years and 6.5 months starting from June 15, 2005. The rent is charged for an amount equivalent to a certain percentage of the sales revenue.
3. Subsidiary – President Transnet signed an agreement with YAMATO HOLDING CO., LTD. (formerly known as YAMATO TRANSPORT CORPORATION) on January 24, 2000 for trademark and technology collaboration to operate and manage “Home delivery business”. According to the signed agreement, President Transnet is to be paid with royalty throughout the contract period for an amount equivalent to a certain percentage of the total monthly logistics sales amount.
4. Subsidiary - President Yilan Art and Culture Corp. entered into the “Contract for management of operation projects participated in by private enterprises at the National Center for Traditional Arts Park” (hereinafter referred to as the “Contract for management”) with National Center for Traditional Arts in 2004. The major terms and conditions thereof are:
 - (1) The consigned objects are certain facilities of the buildings in the Yilan Park of the National Center for Traditional Arts. The consignment includes operation and management of the objects and utilization of the objects and the supply of such services for traditional arts exhibitions, promotions, educational activities and sale and development of the related products.
 - (2) The term of the consigned operation is for six years counting from the commencing date of operation. When the requirements under the Contract for management are met, President Yilan Art and Culture Corp. have the priority to renew the contract. The term of the renewed contract shall be no more than six years.

(3) Royalty:

A. Fixed royalty:

President Yilan Art and Culture Corp. shall pay a fixed royalty of NT\$5,000,000 per year.

B. Operation royalty

In the duration of operation, President Yilan Art and Culture Corp. shall pay 1% of the annual operation revenue as the operation royalty.

- (4) President Yilan Art and Culture Corp. shall pay a performance bond of NT\$30,000,000 (booked under the title of “refundable deposit”) pursuant to the Contract, which shall be effective until termination of the Contract and for six months upon President Yilan Art and Culture Corp.’s surrender and transfer of assets. As of 2006, the Company made an endorsement/guarantee of NT\$15,000,000. The National Center for Traditional Arts refunded the guarantee of NT\$15,000,000 to President Yilan Art and Culture Corp.
- (5) Within one year of signing the Contract, the investment made by President Yilan Art and Culture Corp. to decorate public service spaces and relevant operation equipment of the Project shall be no less than NT\$50,000,000 (inclusive tax). During the 1st year of operation, its total investment in the various traditional arts promotional activities shall be no less than NT\$5,000,000 (including tax).
- (6) The operational assets purchased by President Yilan Art and Culture Corp. during the consigned operation shall be unconditionally transferred to the National Center for Traditional Arts without consideration upon the expiration of the term for the consigned operation or upon the termination of the Contract.
5. The Company and Subsidiaries have leased spaces from unrelated parties for business under relevant lease agreements with terms ranging from 3 years to 12 years. As of December 31, 2006, the Company and its subsidiaries had prepaid rent and refundable deposits amounting to \$745,680 and \$1,515,789 respectively. These two items are listed under the title of "other current assets" and "refundable deposit". The Company has the following projections for rent payables and related spending:

Lease term	Total rents
2007	\$ 6,083,534
2008	5,773,288
2009	5,174,766
2010	4,441,883
2011 and beyond	10,234,953
	<u>\$ 31,708,424</u>

VIII. Losses from major accidents

None.

IX. Subsequent events

None.

X. Miscellaneous

(I) Presentation in financial statements

Some subtitles of major account titles used in the consolidated financial statements for 2005 have been reclassified. They are compared with the consolidated financial statements for 2006.

(II) Information on fair value

	December 31, 2006		
	Book value	Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives			
Assets			
Financial instruments whose book values are equal to fair value	\$ 9,085,275	\$ -	\$ 9,085,275
Financial instruments held for trading	1,421,770	1,421,770	-
Financial assets carried at cost	13,190,071	-	-
Financial assets available for sales	522,623	522,623	-
Refundable deposit	1,632,947	-	1,390,549
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 23,044,048	\$ -	\$ 23,044,048
Short-Term debt	1,215,758	-	1,215,758
Corporate bond	2,000,000	-	2,000,000
Long-term debt	1,340,793	-	1,340,793
Guarantee deposit received	1,772,856		1,559,268

		December 31, 2005	
		Fair value	
		Amount determined by open quotations	Amount estimated by appraisal method
Non-Derivatives	Book value		
Assets			
Financial instruments whose book values are equal to fair value	\$ 7,097,928	\$ -	\$ 7,097,928
Financial instruments held for trading	981,789	994,835	-
Financial assets carried at cost	12,831,185	-	-
Financial assets available for sales	140,534	436,411	-
Refundable deposit	1,556,542	-	1,403,411
Liabilities			
Financial liabilities whose book values are equal to fair values	\$ 19,627,353	\$ -	\$ 19,627,353
Short-Term debt	742,742	-	742,742
Corporate bond	2,200,000	-	2,200,000
Long-term debt	2,432,773	-	2,432,773
Guarantee deposit received	1,572,824	-	1,410,990

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

1. The carrying values of short-term financial instruments, as stated on the balance sheet, have been adopted as their fair value because the discounted values of such instruments are insignificant. These amounts are not determined by open quotations or estimation. This method is applicable to cash and cash equivalent, notes and accounts receivable, other accounts receivable, short-term notes and bills payable, notes and accounts payable, income taxes payable, expenses payable and other accounts payable.
2. The fair value of the financial assets for sale is the market price.
3. The fair value of refundable deposits and receipts in advance are estimated on the basis of the anticipated discount rate with reference to the interest rate offered by the Postal Savings and Remittances Bureau for a 1 year time deposit.
4. The discounted value of a short-term loan, payable corporate bond and long-term debt are insignificant, and their carrying values are adopted as fair value.

(III) Management of Financial Risks and Hedge policy

1. The risk management policy adopted by the company and subsidiaries aims at hedging off operational risks. To this end, the Company deals with derivatives to cover financial exposure. The selection of specific instruments shall be able to hedge off the risks in interest expenses, assets and liabilities deriving from operations.

2. The Company's Finance Department is responsible for the supervision and control of derivatives. In practice, this department shall monitor the exposure resulting from derivative trades and assess the market price regularly. If the department discovers unusual situations on transaction and exposure, it should take necessary and immediate action and report to the board. The department also evaluates the performance of the derivatives regularly to ensure that their operations conform to company policy, and the assumed risks are within the tolerated threshold of the company.
- (IV) The financial liabilities held by the Company and its subsidiaries on December 31, 2006 and 2005 were \$2,640,793 and \$3,932,773. The financial liabilities bearing a cash flow risk of change in interest rate were both \$700,000.
- (V) Information on primary financial risks
1. Market Risk
 - (1) Financial instruments for which changes in fair value are recognized as gains and losses and financial instruments available for disposal that are invested in by the Company and subsidiaries are open-end funds and stocks issued by listed companies, and they are under the influence of market price fluctuation.
 - (2) For bonds bearing a fixed rate, there is no market risk bearing interest rate fluctuation upon evaluation, because the maturity date is near.
 - (3) All of the company and subsidiaries' payables are current, and therefore there is no anticipated market risk.

2. Credit Risk

- (1) The orders for financial instruments, for which changes in fair value are recognized as gains and losses, and financial instruments available for disposal that are invested in by the Company and its subsidiaries are placed on the centralized market and the counterparties are of good credit standing. As such, there is no anticipated breach of contract by the counterparties.
- (2) The Company has undertaken IRS contracts with international financial organizations that have good credit ratings. Therefore, it is anticipated that there is no likelihood of trading counterparts' credit risk.
- (3) The company and subsidiaries act as guarantors for a third party for loans in accordance with the "Procedure for Guarantee and Endorsement". They only act in favor of subsidiaries and stakeholders with business transactions. No collateral is demanded because the Company can access proper information on their credit standing. If a respective stakeholder is liable for breach of contract, the amount of possible credit risk may be approximately offset by the receipts in advance.

3. Liquidity Risk

- (1) Financial instruments, which change in fair value, are recognized as gains and losses and financial instruments available for disposal that are invested in by the Company and its subsidiaries have public quotations on the open market. As such, they are expected to be disposed of quickly at prices approximating to fair value in the market without difficulty.
- (2) Financial instruments invested in by the Company and its subsidiaries and carried at cost have no open quotation in the centralized market. Therefore, there is anticipated liquidity risk.
- (3) Payable or receivable interest of IRS contracts engaged in by the Company and its subsidiaries is based on the nominal principal multiplied by the difference in interest rate. The amount is not material or due, there is no cash inflow or outflow, and the Company's working fund affords to cope with it. Therefore, there is no fund raising risk.

4. Cash Flow Risks deriving from interest rate fluctuation

- (1) Equity class financial instruments that are invested in by the company are not interest bearing instruments and there will be no cash flow risk deriving from interest rate fluctuation.
- (2) The payable corporate bonds issued by the Company bear a floating rate. Therefore, the effective bond rate will change along with the market rate, which will cause future cash flows to fluctuate. However, the Company has undertaken an IRS contract for hedging off the risk deriving from interest rate fluctuation. Therefore, it is anticipated that there is no material cash flow risk.

(VI) Hedge of cash flows

The payable corporate bonds issued by the Company bear a floating rate. Therefore, the future cash flow of the liability might fluctuate along with the market rate and cause a risk. Upon assessment, the Company separately entered into IRS contracts for hedging:

Hedged objects	Designated hedging instruments			Period in which cash flow is anticipated to be generated	Time at which the relevant loss is anticipated to be recognized in the statement of income
	Financial products designated to be hedging instruments	fair value			
		Dec 31, 2006	Dec 31, 2005		
Corporate bond	Interest rate SWAP	<u>(\$ 14,994)</u>	<u>(\$ 23,816)</u>	2003.6~2008.6	2006~2008
Item			Dec 31, 2006		
Adjustments to shareholders' equity			(\$ 14,994)		
Reversal from shareholders' equity to income and loss			\$ -		
Reversal from shareholders' equity to non-financial assets (liabilities)			\$ -		

(VII) Offset transactions between parent company and subsidiary
2006

Trading counterparts	Transactions			
	Offset of long-term investment and shareholders' equity	Offset among credit and obligation titles	Offset of income titles	
		Payable/receivable accounts	Purchase/sales transactions	Other income titles
President Chain Store Corp.	(\$ 5,952,051)	(\$ 6,377,297)	\$ 65,171,617	\$ 661,995
President Drugstore Business Corp.	417,530	(524,871)	2,498,738	231,335
President Direct Marketing Corp.	16,842	(6,443)	(50,793)	30,993
Capital Inventory Services Corp.	73,850	16,004	(145,492)	9,684
Ren-Hui Investment Corp.	859,558	-	-	-
President Yilan Art and Culture Corp.	103,566	2,852	3,248	2,751
President Information Corp.	199,072	105,061	(622,829)	18,169
President Transnet Corp.	201,252	(179,135)	(487,115)	62,612
President Collect Services Co. Ltd.	23,813	193,559	(1,599)	55,968
Uni-President Cold-Chain Corp.	349,094	1,567,686	(15,745,826)	418,812
Bank Pro E-Service Technology Co., Ltd.	79,900	11,849	(69,874)	-
Duskin Serve Taiwan Co.	94,551	10,276	(84,232)	7,999
Books.com. Co. Ltd.	70,870	36,955	-	44,380
Uni-President Yellow Hat Corp.	21,298	(9)	(242)	(46)
President Coffee Corp.	130,210	22,034	(38,676)	65,463
Muji Taiwan Co. Ltd.	57,622	(6,982)	-	40,253
Mister Donut Taiwan Corp.	126,249	(2,259)	-	23,412
President FN Business Corp.	96,838	(1,961)	-	-
Cold Stone Creamery Taiwan Ltd.	70,000	-	-	-
President Pharmaceutical Corp.	324,820	46,855	(199,224)	(2)
Uni-President Department Store Corp.	249,117	(1,300)	-	-
Wisdom Distribution Service Corp. & Subsidiaries	223,521	847,962	(5,391,948)	203,197
Mech-President Corp. & Subsidiaries	420,700	(537)	3,562	321
Retail Support International Corp. & Subsidiaries	205,990	4,230,476	(46,689,557)	607
Uni-President Oven Bakery Corp. & Subsidiaries	73,021	9,225	(33,155)	5,494
PCSC (China) Limited & Subsidiaries	481,140	-	-	-
President Chain Store (BVI) Holdings Ltd. & Subsidiaries	981,627	-	-	-

Trading counterparts	Transactions			
	Offset of long-term investment and shareholders' equity	Offset among credit and obligation titles	Offset of income titles	
		Payable/receivable accounts	Purchase/sales transactions	Other income titles
President Chain Store Corp.	(\$ 5,005,963)	(\$ 4,906,436)	\$ 63,215,426	\$ 787,747
President Drugstore Business Corp.	348,905	(495,712)	2,253,196	12,727
President Direct Marketing Corp.	55,026	4,085	(110,503)	36,808
Capital Inventory Services Corp.	64,421	34,808	(124,105)	-
Ren-Hui Investment Corp.	851,615	-	-	-
Wisdom Distribution Service Corp.	157,342	861,698	(4,815,165)	23,630
President Yilan Art and Culture Corp.	100,283	-	21,925	-
President Information Corp.	210,502	80,242	(565,238)	-
President Transnet Corp.	187,996	(128,217)	(661,927)	19,755
President Collect Services Co. Ltd.	20,074	125,744	-	-
Uni-President Cold-Chain Corp.	322,217	902,893	(14,533,358)	428,762
Bank Pro E-Service Technology Co., Ltd.	71,594	17,151	(176,745)	-
Duskin Serve Taiwan Co.	78,220	11,290	(68,267)	6,665
Books.com. Co. Ltd.	44,355	(10,204)	-	53,814
Uni-President Yellow Hat Corp.	36,520	-	-	-
President Coffee Corp.	141,483	3,341	(116,067)	27,491
Muji Taiwan Co. Ltd.	52,495	(5,239)	-	18,834
Mister Donut Taiwan Corp.	116,981	-	-	9,836
Mech-President Corp. & Subsidiaries	404,606	-	-	-
Retail Support International Corp. & Subsidiaries	112,693	3,504,556	(46,417,039)	690,540
Uni-President Oven Bakery Corp. & Subsidiaries	118,789	-	(18,742)	-
PCSC (China) Limited & Subsidiaries	380,431	-	-	-
President Chain Store (BVI) Holdings Ltd. & Subsidiaries	1,129,415	-	-	-

(VIII) The following relevant information is disclosed in accordance with Article 14 of the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”:

1. Transactions that have been eliminated between the controlling company and subordinate companies: please see Note X(7).
2. Information regarding financing: please refer to Notes V(2), VI and XI.
3. Information regarding endorsements and guarantees: please refer to Note XI.
4. Information regarding trading derivative products: please Note X(6).
5. Significant contingent matters: please refer to Note XI.
6. Significant subsequent events: none.
7. Names of bills and securities held: please refer to Notes IV(2), IV(4), IV(5), IV(6) and XI.

(Blank hereunder)

XI. Disclosures

(I) Information on major transactions

The investees' information to be disclosed was prepared in accordance with the financial statements of the investees as audited and certified by CPAs, and the following transactions with subsidiaries have been written off when the consolidated financial statement was prepared. The following information is disclosed for reference.)

The major transactions of the Company is 2006 are disclosed as following:

1. Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Allowance for doubtful accounts	Collaterals		Limit of loans to particular borrower (Note 2)	Limit of total loans (Note 2)
										Name	Value		
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Other accounts receivable	\$ 5,000	\$ -	2.51%~2.52%	Note 1	\$ -	Working capital	\$ -	-	\$ -	\$ 50,000	\$ 6,393,270
	Uni-President Yellow Hat Corp.	Other accounts receivable	\$ 20,000	-	2.82%	Note 1	-	Working capital	-	-	-	50,000	6,393,270

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. For a particular enterprise, which is a business partner to the Company, maximum loans may be up to NT\$100,000 or the total amount of business transaction, whichever is lower. A short-term loan to a particular enterprise for necessity may be up to NT\$50,000.

2. Act as a guarantor in favor of a third party

Name of Guarantor	Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period		Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
	Company Name	Affiliation							
President Chain Store Corporation	President Transnet Corp.	Subsidiary	\$ 3,196,635	\$	200,000		None	-	\$ 7,991,587
	President Drugstore Business Corp.	Subsidiary	3,196,635		235,000		None	-	7,991,587
	Retail Support International Corp.	business relation	3,196,635		450,000	450,000	None	2.82%	7,991,587
	President Information Corp.	Subsidiary	3,196,635		8,000	8,000	None	0.05%	7,991,587
	President Yilan Art and Culture Corp.	Subsidiary	3,196,635		65,000	65,000	None	0.41%	7,991,587
	Mech-President Corp.	Subsidiary	3,196,635	USD	2,000,000	USD 2,000,000	None	0.41%	7,991,587
	Philippine Seven Corp.	subsidiary of a subsidiary	3,196,635	USD	4,000,000	USD 4,000,000	None	0.82%	7,991,587
				PHP	260,000,000	PHP 180,000,000		0.75%	
								5.26%	

Note: The upper limit of the total guarantee undertaken by the Company is 50% of the net worth, and to a particular enterprise is 20% of the net worth.

3. Holding of marketable securities at ending

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares /units at ending	Book value	Proportion of shareholding	Market price	Remarks
President Chain Store Corporation	Ton Yi Industrial Corp.	None	Financial assets which change in fair values are recognized as gains or losses-current	skipped	\$ 134,680	-	\$ 131,073	
		"	Less: Allowance for valuation adjustments		(3,607)			
		"			\$ 131,073			
	President Chain Store (BVI) Holdings Ltd.	Investees of the Company under equity method.	Long-term investments (equity method)	46,405,458	\$ 981,627	100.00%	\$ 981,627	
	Ren-Hui Investment Corp.	"	"	85,303,733	859,558	100.00%	859,558	
	Mech-President Corp.	"	"	38,712,620	420,700	62.95%	420,700	
	Uni-President Cold-Chain Corp.	"	"	19,563,272	349,094	60.00%	339,983	
	President Drugstore Business Corp.	"	"	33,100,000	417,530	100.00%	412,795	
	President Yilan Art and Culture Corp.	"	"	18,000,000	103,566	90.00%	103,963	
	President Information Corp.	"	"	15,025,405	199,072	56.00%	195,445	
	President Transnet Corp.	"	"	70,000,000	201,252	70.00%	182,409	
	Wisdom Distribution Service Corp.	"	"	9,432,540	162,635	100.00%	164,311	
	PCSC (China) Limited	"	"	20,722,000	481,140	100.00%	481,140	
	Uni-President Development Corp.	"	"	20,000,000	173,934	20.00%	173,934	
	Mister Donut Taiwan Corp.	"	"	10,000,000	126,249	50.00%	126,852	
	President Coffee Corp.	"	"	9,313,920	130,210	30.00%	130,210	
	Retail Support International Corp.	"	"	5,000,000	119,786	25.00%	111,665	
	Q-ware Systems & services Corp.	"	"	19,157,720	149,499	22.68%	130,664	
	President Pharmaceutical Corp.	"	"	14,600,494	324,820	73.74%	166,022	
	Uni-President Department Store Corp.	"	"	35,000,000	249,117	70.00%	249,638	
	President Musashino Corp.	"	"	20,916,000	218,302	40.00%	218,144	
	Muji Taiwan Co. etc.	"		skipped	684,418	20.00%	606,684	
					\$ 6,352,509	~100.00%		
	President Securities Corp.	—	Financial assets that are available for sale — non current	2 9,328,669	\$ 514,718	2.57%	\$ 514,718	
	Presicarre Corp.	—	Financial assets measured at cost — non current	70,605,016	\$ 6,818,529	19.50%	skipped	
	Toppoly Optoelectronics Corp.	—	"	146,448,927	1,609,160	3.46%	"	
	Tong-Jeng Development Corp.	—	"	171,000,000	1,941,500	19.00%	"	
	President International Development Corp.	The Company is a director	"	50,000,000	5 00,000	3.33%	"	
	New Century Info Comm Co., Ltd. etc.	skipped	"	skipped	1,512,082	0.02%	"	
					\$ 12,381,271	~19.93%		
	Corporate Bond of Retail Support International Corp.	Investees of the Company under equity method.	Bond portfolios with no active market — current	-	\$ 20,000	-	\$ 20,000	

4. The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	Other adjustments	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost			Quantity of share	Amount
President Chain Store Corporation	UPAMC JAMES BOND Fund	Note 1	Not applicable	Not applicable	-	\$ -	751,506,323	\$11,508,000	751,506,323	\$11,512,369	\$11,508,000	\$ 4,369	\$ -	-	\$ -
	Jf (Taiwan) First Bond Fund	"	"	"	-	-	13,261,105	200,000	13,261,105	200,042	200,000	42	-	-	-
	Shinkong Chi-Shin Fund	"	"	"	-	-	80,907,951	1,150,000	80,907,951	1,150,428	1,150,000	428	-	-	-
	ABN AMRO SELECT BOND FUND	"	"	"	-	-	48,595,808	545,000	48,595,808	545,182	545,000	182	-	-	-
	Mega Diamond Bond Fund	"	"	"	-	-	194,449,187	2,222,000	194,449,187	2,222,822	2,222,000	822	-	-	-
	Prudential Financial Bond Fund	"	"	"	-	-	570,933,697	8,295,000	570,933,697	8,297,465	8,295,000	2,465	-	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	209,510,767	2,773,000	209,510,767	2,773,993	2,773,000	993	-	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	-	-	58,489,715	745,000	58,489,715	745,219	745,000	219	-	-	-
	GRAND CATHAY BOND FUND	"	"	"	-	-	38,110,676	490,000	38,110,676	490,272	490,000	272	-	-	-
	CITC CASH RESERVES	"	"	"	-	-	8,600,893	100,000	8,600,893	100,176	100,000	176	-	-	-
	NTC Taiwan Bond Fund	"	"	"	-	-	20,699,648	290,000	20,699,648	290,462	290,000	462	-	-	-
	JIH SUN BOND FUND	"	"	"	-	-	39,682,776	540,000	39,682,776	540,147	540,000	147	-	-	-
	HSBC Taiwan Money Management	"	"	"	-	-	16,860,677	250,000	16,860,677	250,057	250,000	57	-	-	-
	Hon Hai Precision stocks	"	"	"	-	-	566,000	109,034	566,000	113,562	109,034	4,528	-	-	-
	Tong-jeng Development Corp.	Note 2	Raise capital by issuing new shares	"	114,000,000	1,371,500	57,000,000	570,000	-	-	-	-	-	171,000,000	1,941,500
	Uni-President Department Store Corp.	Note 3	Initial subscription to the shares	"	-	-	35,000,000	350,000	-	-	-	-	(100,883)	35,000,000	249,117
	President FN Business Corporation	"	"	"	-	-	10,000,000	100,000	-	-	-	-	(3,162)	10,000,000	96,838
	PCSC (China) Limited	"	Raise capital by issuing new shares	"	14,322,000	382,817	6,400,000	211,736	-	-	-	-	(113,413)	20,722,000	481,140
	President Pharmaceutical Corp.	"	Note 4	Note 4	3,960,000	63,172	10,640,494	255,372	-	-	-	-	6,276	14,600,494	324,820
	President Musashino Corp.	"	Note 5	None	5,229,000	48,462	15,687,000	156,870	-	-	-	-	12,970	20,916,000	218,302

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses – current".

Note 2: Recognized under the account title of "Financial instruments carried at cost – non current".

Note 3: Booked in the "Long-term investments (Equity method)" account

Note 4: Acquired the stock shares of President Pharmaceutical Corp. from Uni-President Enterprise Inc. that is the parent company of President Chain Store Corp.

Note 5: Acquired the stock shares of President Musashino Corp. from Musashino Corp.

5. The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

6. The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

7. Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

			Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		
Buyer/seller	Counter parties	Affiliation	Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	Remarks
President Chain Store Corporation	Retail Support International Corp.	A subsidiary of an investee under the equity method	Purchase	\$ 43,120,484	60	O/A settlement from 10~80 days	Note	No significant difference	(\$ 3,509,228)	45	
	Uni-President Cold-Chain Corp.	Subsidiary	"	15,828,128	22	O/A settlement from 15~30 days	"	"	(1,643,843)	21	
	Wisdom Distribution Service Corp.	"	"	5,508,850	8	O/A settlement from 20~35 days	"	"	(875,916)	11	
	Uni-President Enterprises Corp.	Parent	"	1,812,853	3	O/A settlement from 30~45 days	No significant difference	"	(303,517)	4	
	Q-ware Systems & services Corp.	A subsidiary of an investee under the equity method	"	225,365	-	O/A settlement from 30~40 days	"		(37,099)	-	
	President Transnet Corp.	Subsidiary	Cost of operation	660,907	1	O/A settlement 15 days	The cost of home delivery, not	"	(54,620)	1	

Note: cost of purchase with Retail Support International Corp., Uni-President Cold-Chain Corp. and Wisdom Distribution Service Corp. is based on the agreed rates on merchandises and utensils plus commissions.

8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

9. Derivative trade: Note X (6)

(Blank hereunder)

(II) Information on Investees

1. Information on investees:

Investor name	Investees			Initial amount of investment		Holding at ending			Income status of investees	Recognized return on (or loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period	End of previous period	Quantity of share	Proportion	Book value			
President Chain Store Corporation	President Chain Store (BVI) Holdings Ltd.	BVI	Professional investments	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$ 981,627	(\$ 204,223)	202,343	Subsidiary
	Ren-Hui Investment Corp.	Taipei	Professional investments	853,037	853,037	85,303,733	100.00%	859,558	8,152	7,943	"
	Mech-President Corp.	Tainan	Gasoline stations, cables	364,683	364,683	38,712,620	62.95%	420,700	22,833	14,986	"
	Uni-President Cold-Chain Corp.	Tainan	Frozen foods, low-temperature logistics	237,437	237,437	19,563,272	60.00%	349,094	177,224	103,174	"
	President Drugstore Business Corp.	Taipei	Retailing of medicines and daily items	396,000	396,000	33,100,000	100.00%	417,530	65,890	68,625	"
	President Yilan Art and Culture Corp.	Yilan	Art and cultural exhibition	180,000	180,000	18,000,000	90.00%	103,566	4,984	3,282	"
	President Information Corp.	Taipei	Business management consulting services	93,348	135,956	15,025,405	56.00%	199,072	54,448	31,178	"
	President Transnet Corp.	Taipei county	Foods and utensils retailing and shipping	711,576	711,576	70,000,000	70.00%	201,252	13,514	13,255	"
	Wisdom Distribution Service Corp.	Taipei	Magazine delivery	50,000	50,000	9,432,540	100.00%	162,635	49,656	47,834	"
	PCSC (China) Limited	BVI	Professional investments	679,796	468,060	20,722,000	100.00%	481,140	(117,877)	(117,877)	"
	Uni-President Development Corp.	Taipei	Construction of transportation depots	200,000	200,000	20,000,000	20.00%	173,934	(56,159)	(11,232)	Note 1
	Mister Donut Taiwan Corp.	Taipei	Bakery	100,000	100,000	10,000,000	50.00%	126,249	50,302	24,517	"
	President Coffee Corp.	Taipei	Coffee and accessories trade	59,400	59,400	9,313,920	30.00%	130,210	92,980	26,914	"
	Retail Support International Corp.	Chungli	Room-temperature food logistics	91,414	91,414	5,000,000	25.00%	119,786	152,677	39,593	"
	Q-ware Systems & services Corp.	Taipei	Internet service provider	191,577	191,577	19,157,720	22.68%	149,499	(201,035)	(41,483)	"
	President Pharmaceutical Corp.	Taipei	Medicines & medical instrument retail and wholesale	330,216	74,844	14,600,494	73.74%	324,820	24,990	8,653	Subsidiary
	Uni-President Department Store Corp.	Taipei	Department stores	350,000	-	35,000,000	70.00%	249,117	(143,374)	(100,883)	"
	President Musashino Corp.	Tainan	Bakery foods industry	195,525	-	20,916,000	40.00%	218,302	59,391	12,969	Note 1
	Muji Taiwan co., Ltd. ect.	—	—	1,073,146	850,146	skipped	20.00% ~ 100%	684,418	skipped	(8,392)	Note 2

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

Note 2: Is a subsidiary of the Company and an investee under the equity method.

Investor name	Investees			Initial amount of investment			Holding at ending				Income status of investees	Recognized return on (or loss from) investment by company	Remarks
	Name	Location	Major business activities	End of current period		End of previous period		Quantity of share	Proportion	Book value			
Retail Support International Corp. etc.	President Logistics International Corp.etc.	—	—	\$	783,000	\$	612,222	skipped	6.00% ~100%	\$ 546,443	skipped	Not applicable	—
President Chain Store (BVI) Holdings Ltd.	President Coffee (Cayman) Holdings Ltd.	Cayman Islands	Professional investments	USD	1,800,000	USD	1,800,000	1,800,000	30.00%	USD 3,196,000	USD 2,805,000	"	Note
	President Chain Store (Labuan) Holdings Ltd.	Labuan	Professional investments	USD	20,684,000	USD	20,684,000	20,684,321	100.00%	USD 9,819,000	(USD 3,953,000)	"	subsidiary of a subsidiary
	Presiclere Limited	BVI	Professional investments	USD	12,212,000	USD	10,837,000	11,969,000	48.41%	USD 918,000	(USD 3,277,000)	"	Note
	T&T Supermarket Inc.	Canada	Food and household goods retailing	CAD	12,000,000	CAD	12,000,000	200	20.00%	USD 5,876,000	CAD 9,496,000	"	"
	PCSC (Vietnam) Supermarket Limited	Vietnam	Food and household goods retailing	USD	461,000	USD	461,000	674,220	51.00%	USD 532,000	VND1,296,767,000	"	subsidiary of a subsidiary
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Food and household goods retailing	USD	20,656,000	USD	20,656,000	134,257,625	56.59%	USD 9,812,000	PHP 20,144,000	"	"
Philippine SevenCorp. etc.	Convenience Distribution Inc.	Philippines	—	PHP	87,742,000	PHP	87,742,000	skipped	40.00% ~100.00%	PHP 89,770,000	skipped	"	skipped
PCSC (China) Limited	PCSC (China) Drugstore Limited ect.	BVI	Professional investments	USD	20,672,000	USD	14,272,000	skipped	100.00%	USD 14,869,000	skipped	"	subsidiary of a subsidiary
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,	China	Household goods retailing	USD	3,932,000	USD	3,932,000	skipped	65.00%	USD 2,162,000	(RMB 11,230,000)	"	"
President Cosmed Chain Store (Shen Zhen) Co.,	Zhuhai Livzon Drugstore Chain Company Limited	China	Medicine retailing	RMB	8,280,000	RMB	4,200,000	skipped	90.00%	RMB 2,125,000	(RMB 1,835,000)	"	"
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	China	Wholesaling and retailing of goods	USD	16,668,000	USD	10,278,000	skipped	55.00% ~100.00%	USD 12,676,000	skipped	"	"

Note: Investee of the Subsidiary under the equity method.

2. Information of investees where the Company has direct or indirect control:

(1) Loans to third parties

Lenders	Borrowers	Account titles	Maximum balance in current period	Balance at ending of period	Interest interval	Nature of loans	Amount of Business transactions	Reasons necessary for offering short-term loans	Collaterals		Allowance for doubtful accounts	Limit of loans to particular borrower	Limit of total loans
									Name	Value			
Philippine Seven Corp.	Convenience Distribution Inc.	Other accounts receivable	PHP17,500,000	-	10%	Note1	-	Working capital	\$ -	—	\$ -	Note 2	Note 2
Store Sites Holdings Inc.	Convenience Distribution Inc.	Other accounts receivable	PHP 9,000,000	PHP 9,000,000	10%	Note1	-	Working capital	-	—	-	Note 3	Note 3
Mech-President Corp.	Shanghai President Machine Corp.	Other accounts receivable	USD 1,000,000	-	3.5%	Note1	-	Working capital	-	—	-	Note 4	Note 4

Note 1: Necessary for granting short-term loans.

Note 2: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to PHP50 million

Note 3: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to PHP10 million

Note 4: The Company limits its loans to external parties at 40% of its net worth. A short-term loan to a particular enterprise for necessity may be up to \$50million

(2) Act as guarantor in favor of a third party

Name of Guarantor	Company Name	Affiliation	Name of Guarantee		Limit of guarantee to particular enterprise (Note)	Maximum Balance in current period	Balance at ending	Guarantee with Collateral	Accumulated amount of guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit for guarantee (note)
President Information Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.			Note	\$ 2,000	\$ 2,000	\$ 2,000	0.57%	Note
Mech-President Corp.	Mech-President Corp.	Subsidiary			Note	21,700	-	-	-	Note
Mech-President Corp.	Shanghai President Machine Corp.	Subsidiary of a subsidiary			Note	65,998	65,998	-	9.88%	Note

Note: The upper limit of a guarantee undertaken by the Company at 50% of its net work and to a particular enterprise at 20% of its net worth.

(3) Holding of marketable securities at ending:

Holder of securities	Types and names of securities	Affiliation with security issuers	Account titles	Quantity of shares at ending	Book value	Proportion of shareholding	Market price	Remarks
President Coffee Corp.	CAPITAL INCOME FUND etc.	None	Financial assets which change in fair values are recognized as gains or losses — current	-	\$ 162,000	-	\$ 162,038	
Ren-Hui Investment Corp.	NITC Bond Fund etc.	None	"	-	169,413	-	169,413	
Wisdom Distribution Service Corp.	JIH SUN BOND FUND	"	"	-	139,190	-	139,240	
Retail Support International Corp.	Fuh-Hwa Fund	"	"	-	400,082	-	400,259	
Vision Distribution Service Corp.	Cathay Bond Fund	"	"	-	130,146	-	130,146	
President Information Corp. etc.	Cathay Bond Fund	"	"	-	401,115	-	401,319	
President Transnet Corp.	UPAMC QUALITY GROWTH Fund	"	"	200,000	2,152	-	2,152	
Ren-Hui Investment Corp.	Toppoly Optoelectronics Corp.	None	Financial assets carried at cost — noncurrent	62,800,000	690,037	-	690,037	
Retail Support Taiwan Corp.	President Logistics International Corp.etc.	Skipped	"	-	27,255	-	26,965	
President Chain Store (BVI) Holdings Ltd.	Global Strategic Investment Inc.	"	"	-	USD 2,974,000	-	USD 3,737,000	
Uni- President Oven Bakery Corp.	Corporate bond of President Transnet Corp.	"	Investments in bonds with no public quotations — current	-	\$ 50,000	-	\$ 50,000	
Retail Support International Corp.	Retail Support Taiwan Corp. etc.	"	Long-term investments (Equity method)	-	133,598	-	133,013	
Wisdom Distribution Service Corp. etc.	President Logistics International Corp. etc.	"	"	-	361,395	-	361,111	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd. etc.	"	"	-	USD 20,341,000	-	USD 18,888,000	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Subsidiary	"	134,257,625	USD 9,182,000	56.59%	PHP 397,352,000	
Philippine Seven Corp.	Convenience Distribution Inc. etc.	Skipped	"	-	PHP 89,770,000	-	PHP 89,770,000	
PCSC (China) Limited	PCSC (China) Drugstore Limited	Subsidiary	"	-	USD 14,869,000	-	USD 14,869,000	
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Subsidiary	"	-	USD 2,162,000	65.00%	USD 2,162,000	
President Cosmed Chain Store (Shen Zhen) Corp.	Zhuhai Livzon Drugstore Chain Company Limited	Subsidiary	"	-	RMB2,125,000	90.00%	RMB 2,125,000	
PCSC (China) Supermarket Limited	Shan Dong President Yinzuo Commercial Limited	Subsidiary	"	-	USD 12,676,000	-	USD 11,605,000	

(4) The amount of the same securities cumulatively bought or sold that exceeds NT\$100 million or 20% of the paid-in capital.

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Retail Support Taiwan Corp.	UPAMC JAMES BOND Fund	Note	Not applicable	Not applicable	1,496,687	\$ 22,781	16,386,096	\$ 251,220	17,052,295	\$ 261,392	\$ 261,195	\$ 197	830,488	\$ 12,806
President Information Corp.	UPAMC JAMES BOND Fund	"	"	"	1,934,122	29,388	20,239,090	310,247	21,319,043	326,800	326,473	327	854,169	13,162
	Fuh-Hwa Bond Fund	"	"	"	-	-	6,492,413	86,184	5,000,709	66,500	66,343	157	1,491,704	19,841
Vision Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	1,753,122	26,000	9,629,784	144,000	8,051,297	120,479	120,000	479	3,331,609	50,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	15,714,710	208,000	12,622,855	167,276	167,000	276	3,091,855	41,000
President Logistics International Corp.	Sheng Hua 5599 Bond Fund	"	"	"	-	-	9,747,454	108,900	8,685,031	97,065	96,995	70	1,062,423	11,905
	UPAMC JAMES BOND Fund	"	"	"	1,473,698	22,433	17,963,658	275,300	18,691,630	286,399	286,232	167	745,726	11,501
	UPAMC HOME RUN BOND Fund	"	"	"	3,091,564	42,772	9,095,148	126,370	12,186,712	169,310	169,142	168		
Retail Support International Corp.	UPAMC JAMES BOND Fund	"	"	"	1,391,323	21,184	77,428,274	1,186,962	65,477,440	1,002,906	1,002,376	530	13,342,157	205,770
	NITC Bond Fund	"	"	"	-	-	9,728,886	1,588,517	8,547,295	1,394,964	1,394,206	758	1,181,591	194,311
Wisdom Distribution Service Corp.	ABN AMRO BOND FUND	"	"	"	3,642,659	54,000	62,104,224	928,000	61,695,519	922,231	921,000	1,231	4,051,364	61,000
	JIH SUN BOND FUND	"	"	"	4,760,199	64,000	37,455,709	506,000	36,487,334	492,815	492,000	815	5,728,574	78,000
	Fuh-Hwa Bond Fund	"	"	"	-	-	94,032,740	1,245,000	94,032,740	1,246,119	1,245,000	1,119	-	-
President Coffee Corp.	FUH-HWA ALBATROSS FUND	"	"	"	2,882,699	32,100	11,815,342	132,100	14,698,041	164,540	164,200	340	-	-
	Fuh-Hwa Global Bond Fund	"	"	"	1,189,363	15,000	10,644,940	135,000	11,834,303	150,091	150,000	91	-	-
	Prudential Financial Bond Fund	"	"	"	1,040,872	15,000	7,932,900	115,000	8,973,772	130,099	130,000	99		
	JF (Taiwan) First Bond Fund	"	"	"	997,195	15,000	10,882,156	165,000	10,567,635	160,152	160,000	152	1,311,716	20,000
	Fu Hua You Li Fund	"	"	"	2,043,736	25,000	14,546,522	180,000	12,157,812	15,318	150,000	318	4,432,446	55,000
	CAPITAL INCOME FUND	"	"	"	2,046,259	30,000	7,690,446	114,000	7,251,850	107,490	107,000	490	2,484,855	37,000
Mech-President Corp.	FUBON CHI-HSIANG FUND	"	"	"	-	-	23,801,532	250,000	23,801,532	250,056	250,000	65	-	-
	Union Bond Fund	"	"	"	-	-	18,252,121	220,000	18,252,121	220,060	220,000	60	-	-
	JF (Taiwan) First Bond Fund	"	"	"	-	-	8,624,587	120,000	8,624,587	120,038	120,000	38	-	-
	CITC CASH RESERVES	"	"	"	-	-	34,307,620	400,000	34,307,620	400,106	400,000	106	-	-
	Ta Chong Bond Fund	"	"	"	-	-	53,611,959	695,000	53,611,959	695,218	695,000	218	-	-
	NITC Taiwan Bond Fund	"	"	"	71,942	1,000	10,030,575	140,000	10,102,517	141,033	141,000	33	-	-
	NITC Bond Fund	"	"	"	-	-	1,281,813	210,000	1,281,813	210,058	210,000	58	-	-
	ABN AMRO BOND FUND	"	"	"	-	-	19,349,092	290,000	19,349,092	290,068	290,000	68	-	-
	CITC CASH RESERVES	"	"	"	-	-	12,527,998	170,000	12,527,998	170,051	170,000	51	-	-
	Fuh-Hwa Bond Fund	"	"	"	-	-	12,466,800	165,287	12,466,800	165,335	165,287	48	-	-
	Capital Income Fund	"	"	"	-	-	12,005,670	178,000	12,005,670	178,063	178,000	63	-	-
	Fubon Ching Hsiang Fund	"	"	"	-	-	1,719,633	170,000	11,719,633	170,052	170,000	52	-	-
	Treasury Bond	"	"	"	-	-	-	1,001,147	-	1,001,403	1,001,147	256	-	-

Name of buyer, seller	Types and names of securities	Account titles	Counter parties	Affiliation	At beginning		Bought		Sold			Gain from disposal	At ending	
					Quantity of share	Amount	Quantity of share	Amount	Quantity of share	Amount	Carrying cost		Quantity of share	Amount
Uni-President	UPAMC JAMES BOND	Note	Not applicable	Not	5,441,062	\$ 81,906	7,797,246	\$ 119,588	11,965,863	\$ 183,500	\$ 181,896	\$ 1,604	1,272,445	\$19,598
Oven Bakery Corp.	Fund			applicable										
Ren-Hui Investment Corp.	NITC Bond Fund	"	"	"	556,645	90,160	1,198,586	195,500	732,611	119,090	118,800	290	1,022,620	166,860
Chieh-Shuen Logistics International Corp.	UPAMC JAMES BOND	"	"	"	599,950	9,128	7,216,042	110,450	7,503,318	114,844	114,756	88	312,674	4,822
Duskin Serve Taiwan Co.	UPAMC JAMES BOND	"	"	"	-	-	6,784,507	104,000	4,062,253	62,608	62,000	608	2,722,254	42,000
	Fund													

Note 1: Recognized under the account title of "Financial instruments in which changes in fair value are recognized as gains or losses –current".

(5) The acquisition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(6) The disposition of real estate exceeding NT\$100 million or 20% of the paid-in capital: None.

(Blank hereunder)

(7) Purchase and sales with related parties exceeding NT\$100 million or 20% of the paid-in capital:

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
			Purchase	\$			No significant difference	No significant difference	(\$	(46%)	
Uni-President Cold-Chain Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	6,674,657	46%	O/A settlement from 30~45 days			(796,581)		
	President Musashino Corp.	Investees of President Chain Store Corp. under equity method	"	1,216,284	8%	O/A settlement from 25~30 days	"	"	(108,798)	(6%)	
	Tung Ang Enterprise Corp.	Affiliate	"	193,598	1%	O/A settlement 30 days	"	"	(36,456)	2%	
	President Chain Store Corp.	Parent	Sales	(16,059,231)	(99%)	O/A settlement from 15~31 days	"	"	1,804,928	96%	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Purchase	121,072	1%	O/A settlement 30 days	"	"	(20,801)	(1%)	
	21 Century Enterprise Co., Ltd.	Investees of President Chain Store Corp. under equity method	"	139,692	1%	O/A settlement 30 days	"	"	(27,830)	(2%)	
	HiLife Co., Ltd.	Affiliate	Sales	(18,726)	(1%)	O/A settlement 55 days	"	"	30,196	2%	
Retail Support International Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(43,479,299)	(93%)	O/A settlement 32 days	"	"	3,598,014	84%	
	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	1,209,316	3%	O/A settlement from 20~40 days	"	"	(138,650)	(2%)	
	Lien Bo Enterprises	Affiliate	"	1,022,474	2%	O/A settlement from 20~70 days	"	"	(128,404)	(2%)	
	Tung Ang Enterprise Corp.	Affiliate	"	2,000,004	4%	O/A settlement 30 days	"	"	(168,174)	(3%)	
	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.	Sales	(2,578,629)	(6%)	O/A settlement 50 days	"	"	564,642	13%	
	President Pharmaceutical Corp.	A subsidiary of President Chain Store Corp.	Purchase	247,762	1%	O/A settlement from 30~60 days	"	"	(48,238)	(1%)	
	President Coffee Corp.	Investees of President Chain Store Corp. under equity method	Sales	(303,488)	(1%)	O/A settlement 30 days	"	"	40,520	1%	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.	"	(139,786)	-	O/A settlement 40 days	"	"	31,859	1%	
	President Packing Inc. Corp. (PPI).	Investees of Uni-President Enterprises Corp under equity method	Purchase	138,534	-	O/A settlement from 15~40 days	"	"	(30,152)	-	
President Information Corp.	President Chain Store Corp.	Parent	Service income	(570,549)	(80%)	O/A settlement 30 days	"	"	92,780	83%	
President Transnet Corp.	President Chain Store Corp.	Parent	Sales	(662,776)	(22%)	O/A settlement 15 days	"	"	55,305	16%	
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent	"	(5,714,493)	(99%)	O/A settlement 35 days	"	"	948,477	98%	
President Drugstore Business Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	Purchase	3,105,251	(98%)	O/A settlement 50 days	"	"	(534,980)	(100%)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent	Sales	(233,103)	(85%)	O/A settlement from 15~20 days	"	"	21,886	72%	

Buyer/seller	Counter parties	Affiliation	Status of trade				Special terms and conditions of trade and reasons		Account, note receivables (payables)		Remarks
			Purchase (sales)	Amount	Percentage to total purchase (sales)	Credit term	Unit price	Credit term	Balance	Percentage to total note, account receivables (payables)	
				(\$)			No significant difference	No significant difference			
Vision Distribution Service Corp.	Wisdom Distribution Service Corp.	Parent	Sales	335,468	(48%)	O/A settlement 35 days			\$ 59,167	40%	
	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(114,474)	(16%)	O/A settlement 60 days	"	"	16	-	
	Wisdom Distribution Service Corp.	Parent	Purchase	444	-	O/A settlement 35 days	"	"	(260)	-	
	Formosan Magazine Press, INC.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	23,413	5%	O/A settlement 60 days	"	"	(9,112)	4%	
President Logistics International Corp.	Retail Support International Corp.	Parent	Purchase	472,223	38%	O/A settlement 20 days	"	"	(49,636)	(31%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	"	398,191	32%	O/A settlement 45 days	"	"	(71,421)	(44%)	
	Wisdom Distribution Service Corp.	A subsidiary of President Chain Store Corp.		112,529	12%	O/A settlement 20 days	"	"	15,201	10%	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	A subsidiary of President Chain Store Corp.	Sales	(276,170)	(70%)	O/A settlement from 40~65 days	"	"	45,834	79%	
President Pharmaceutical Corp.	Retail Support International Corp.	Investees of President Chain Store Corp. under equity method	"	(247,820)	(45%)	O/A settlement from 30~60 days	"	"	74,067	44%	
Uni-President Oven Bakery Corp.	Uni-President Enterprises Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Purchase	176,222	96%	O/A settlement 60 days	"	"	(12,056)	(45%)	
President Coffee Corp.	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.	Sales	(144,436)	(5%)	O/A settlement 30 days	"	"	23,521	18%	
	Starbucks Corporation	Parent	Purchase	279,325	29%	O/A settlement 30 days	"	"	(35,787)	(23%)	
	Tung Chang Enterprises Corp.	A substantial related party	"	109,177	11%	O/A settlement 30 days	"	"	(11,914)	(7%)	
	Uni-President Enterprises Corp.	Investees of Uni-President Enterprises Corp under equity method	"	101,114	10%	O/A settlement 30 days	"	"	(19,792)	(12%)	
	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(121,126)	(4%)	O/A settlement 30 days	"	"	20,834	16%	
	Retail Support International Corp.	A subsidiary of President Chain Store Corp.	Purchase	284,895	29%	O/A settlement 30 days	"	"	(33,216)	(21%)	
President Musashino Corp.	Uni-President Cold-Chain Corp.	A subsidiary of President Chain Store Corp.	Sales	(1,216,327)	(98%)	O/A settlement 25 days	"	"	108,253	99%	

(8) Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital.

Company of receivables on book	Counter parties	Affiliation	Balance of Receivables With Related Party		Turnover Rate	Amount	Processing by	Receivables with Related Party After Period Collection	Allowance for doubtful accounts
Uni-President Cold-Chain Corp.	President Chain Store Corp.	Parent	\$	1,804,928	11	\$ -	-	\$ 1,804,928	\$ -
Retail Support International Corp.	President Drugstore Business Corp.	A subsidiary of President Chain Store Corp.		564,642	5	-	-	483,105	-
	President Chain Store Corp.	Investor of this company under the equity method A subsidiary of Uni-President Enterprises Corp.		3,598,014	13	-	-	1,855,689	-
Wisdom Distribution Service Corp.	President Chain Store Corp.	Parent		948,477	6	-	-	948,477	-

(9) Trading of Derivative Products: None.

(III) Information on investments in China

1. Basic information on direct investments in China

Names of investees in Mainland China	Major business activities	Paid-up Capital	Investment Method	Amount remitted from Taiwan in accumulation at the beginning of the present term	Investment Remittance or Regain during the fiscal Year		Amount remitted from Taiwan in accumulation at the end of the present term	The Company's Direct or Indirect Investment Holding Ratio	Investment Profit or Loss for Current Period (Note 5)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain					
Shanghai President Coffee Corp.	Coffee and accessories trade	USD 5,110,000	Invested through the third region (Note 1)	USD 2,000,000	-	-	USD 2,000,000	30%	USD 931,000	USD 3,196,000	—
Presiclere (Shantou) Ltd.	Food processing, packing and sales	USD 5,200,000	Invested through the third region (Note 2)	USD 2,470,000	-	-	USD 2,470,000	48.41%	(USD 2,000)	(USD 874,000)	—
Presiclere (Qingdao) Ltd.	Food processing, packing and sales	USD 5,000,000	Invested through the third region (Note 2)	USD 2,185,000	-	-	USD 2,185,000	48.41%	(USD 147,000)	(USD 1,305,000)	—
Presiclere (Beijing) Ltd.	Food processing, packing and sales	USD 4,238,000	Invested through the third region (Note 2)	-	-	-	-	36.55%	(USD 51,000)	(USD 54,000)	—
President Cosmed Chain Store (Shen Zhen) Co.,Ltd.	Household goods retailing	RMB 50,000,000	Invested through the third region (Note 3)	USD 3,932,000	-	-	USD 3,932,000	65%	(USD 907,000)	USD 2,162,000	—
Shan Dong President Yinzuo Commercial Limited	Wholesaling and retailing of goods	RMB 60,000,000	Invested through the third region (Note 4)	USD 4,078,000	-	-	USD 4,078,000	55%	USD 561,000	USD 4,413,000	—
PCSC (SICHUAN) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	USD 6,200,000	-	-	USD 6,200,000	100%	(USD 3,087,000)	USD 1,818,000	—
PCSC (CHENGDU) Hypermarket Limited	Wholesaling and retailing of goods	RMB 50,000,000	Invested through the third region (Note 4)	-	USD6390,000	-	USD 6,390,000	100%		USD 6,445,000	—

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEAIC	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEAIC
USD 27,255,000	USD 37,020,00	NTD 4,696,635

Note 1: Invested through President Coffee (Cayman) Holdings Ltd., the investee of President Chain Store (BVI) Holdings Ltd.

Note 2: Invested through Presiclere Limited, the investee of President Chain Store (BVI) Holdings Ltd.

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

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

Note 5: These figures were based on audited financial statements of the investees.

2. Information on major transactions, prices, terms and conditions of payment, unrealized gains/losses of investees in China directly and indirectly held by the Company via a third country and information helpful for understanding the effect of investment in China on the presentation of the financial statements.

(1) Amount and percentage of purchase made and the balances of related payables at the ending of period and percentage: None.

(2) Amount and percentage of sales and the balances of related receivables at the ending of period and percentage: None.

(3) Amount of asset trade and the resulting gains and losses: None.

(4) Balances of guarantee or collaterals pledged at ending of period and the purposes: None.

(5) Upper limit of loans, balance at ending of period, interest range and total interests: None.

(6) Other gains and losses or significant financial issues in current period: None.

(Blank hereunder)

(IV) The business relation, transactions and transaction amount conducted between the parent company and subsidiary and among the subsidiaries
2006

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
President Chain Store Corp.	Retail Support International Corp.	Parent company vs. subsidiary	Purchase	\$ 43,120,484	O/A settlement 32 days	32%
			Other operating incomes	238,957		0%
			Purchase discount	90,722		0%
			Packaging expense	198,762		0%
			Miscellaneous income	203,831		0%
			Prepayment for purchase			
			Notes payable	388,711		1%
			Accounts payable	3,120,517		6%
			Accrued expenses	92,182		0%
			Purchase	15,828,128	O/A settlement from 15~31 days	12%
	Uni-President Cold-Chain Corp.		Purchase discount	241,408		0%
			Miscellaneous income	105,230		0%
			Other operating incomes	38,163		0%
			Notes payable	492,831		1%
			Accounts payable	1,151,012		2%
			Accrued expenses	10,396		0%
			Purchase	5,508,850	O/A settlement 35 days	4%
			Notes payable	384,853		1%
			Accounts payable	491,063		1%
			Purchase	660,907	O/A settlement 15 days	0%
	Wisdom Distribution Service Corp.		Accounts payable	54,620		0%
			Information system process and maintenance expense	530,548	O/A settlement 30 days	0%
			Accrued expenses	99,038		0%
			Inventory count expense	141,237	O/A settlement 15 days	0%
			Accrued expenses	27,950		0%
			Accrued expenses	18,127	O/A settlement 30 days	0%
			Miscellaneous income	61,285		0%
			Other accounts payable	43,333	O/A settlement 30 days	0%
			Miscellaneous income	21,256		0%
			Cleaning fees	68,065	O/A settlement 30 days	0%
Retail Support International Corp.	President Direct Marketing Corp.	Subsidiary vs. subsidiary	Cost of goods sold	44,015	O/A settlement 30 days	0%
			Net sales	3,217,880	O/A settlement 50 days	2%
			Sales discount	658,479		0%
			Other operating incomes	18,682		0%
			Accounts receivable	559,730		1%
			Other accounts payable	24,297		0%
	President Drugstore Business Corp.					

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
Uni-President Cold-Chain Corp.	President Coffee Corp.		Net sales	\$ 83,274	O/A settlement 30 days	0%
			Accounts receivable	12,013		0%
	Wisdom Distribution Service Corp.		Net sales	152,244	O/A settlement 30 days	0%
			Sales discount	13,466		0%
			Accounts receivable	31,581		0%
	Bank Pro E-Service Technology Co., Ltd.		Cost of goods sold	60,092	O/A settlement 30 days	0%
	Retail Support Taiwan Corp.		Storage & delivery expense	213,470	O/A settlement from 15~20 days	0%
			Other accounts payable	21,811		0%
			Miscellaneous income	15,292		0%
	President Logistics International Corp.		Freight charge	473,939	O/A settlement from 15~20 days	0%
			Other accounts payable	49,623		0%
	President Pharmaceutical Corp.		Cost of goods sold	75,080	O/A settlement 25 days	0%
			Accounts payable	48,238		0%
	President Coffee Corp.		Cost of goods sold	36,322	O/A settlement from 30~45 days	0%
	President Logistics International Corp.		Freight charge	401,097	O/A settlement 45 days	0%
			Accrued expenses	71,421		0%
President Information Corp.	President Pharmaceutical Corp.		Accrued expenses	16,791	O/A settlement 30 days	0%
	President Transnet Corp.		Service income	31,894	O/A settlement 60 days	0%
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.		Cost of goods sold	339,381	O/A settlement 40 days	0%
			Accounts payable	33,403		0%
			Notes payable	20,748		0%
			Freight charge	152,522	O/A settlement from 20~30 days	0%
			Accrued expenses	13,851		0%
President Transnet Corp.	President Direct Marketing Corp.		Operating revenue	21,666	O/A settlement 90 days	0%
	President Collect Services Co., Ltd.		Operating revenue	52,594	O/A settlement 90 days	0%
			Other accounts payable	207,624		0%
			Cost of goods sold	275,990	O/A settlement from 40~65 days	0%
Retail Support Taiwan Corp.	President Logistics International Corp.		Accrued expenses	45,645		0%
			Freight charge	72,889	O/A settlement 20 days	0%

2005

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
President Chain Store Corp.	Retail Support International Corp.	Purchase	Purchase	\$ 41,630,192	O/A settlement from 10~80 days	35%
		"	Other operating incomes	214,838		-
		"	Purchase discount	91,243		-
		"	Packaging expense	183,808		-
		"	Miscellaneous income	196,294		-
		"	Other accounts receivable	2,437		-
		"	Prepayment for purchase	66,500		-
		"	Notes payable	247,317		1%
		"	Accounts payable	2,608,581		6%
	Uni-President Cold-Chain Corp.	"	Accrued expenses	56,289		-
		"	Purchase	14,428,903	O/A settlement from 15~30 days	12%
		"	Purchase discount	215,030		-
		"	Miscellaneous income	94,563		-
		"	Accounts payable	975,695		2%
	Wisdom Distribution Service Corp.	"	Purchase	5,156,490	O/A settlement from 20~35 days	4%
		"	Notes payable	428,714		1%
		"	Accounts payable	439,093		1%
	President Transnet Corp.	"	Purchase	625,377	O/A settlement 15 days	1%
		"	Accounts payable	59,109		-
		"	Freight charge	2,083	O/A settlement 30 days	-
	President Information Corp.	"	Information system process and maintenance expense	466,185	O/A settlement 30 days	-
		"	Notes payable	28,362		-
		"	Accrued expenses	43,330		-
	Capital Inventory Services Corp.	"	Inventory count expense	118,938	O/A settlement 15 days	-
		"	Accrued expenses	34,808		-
	President Coffee Corp.	"	Purchase	161,360	O/A settlement 30 days	-
		"	Accrued expenses	21,460		-
		"	Other incomes-rent	34,285		-
		"	Other income - other	27,928		-
		"	sales	128,996		-
Retail Support International Corp.	President Drugstore Business Corp.	Subsidiary vs. subsidiary	Net sales	2,136,503	O/A settlement 50 days	2%
			Accounts receivable	495,712		1%

Name of trade party	Corresponding trade party	Relation with the trade party	Business transactions			Ratio to consolidated total income or total assets
			Account	Amount	Trade terms and conditions	
Retail Support International Corp.	President Coffee Corp.	Subsidiary	Net sales	\$ 261,307	O/A settlement 30 days	-
		vs. subsidiary				
		"	Sales discount	833		-
		"	Accounts receivable	38,541		-
	Wisdom Distribution Service Corp.	"	Purchase	18,068	O/A settlement 30 days	-
		"	Logistics income	25,004		-
		"	Net sales	536,980	O/A settlement 30 days	-
		"	Sales discount	2,533		-
	Bank Pro E-Service Technology Co., Ltd.	"	Accounts receivable	14,884		-
		"	Purchase	119,733	O/A settlement 30 days	-
		"	Accounts payable	7,563		-
	Retail Support Taiwan Corp.	"	Storage & delivery expense	223,504	O/A settlement from 15~20 days	-
		"	Accrued expenses	18,728		-
	President Logistics International Corp.	"	Freight charge	344,155	O/A settlement from 15~20 days	-
		"	Accrued expenses	31,053		-
Wisdom Distribution Service Corp.	President Logistics International Corp.	"	Freight charge	103,883	O/A settlement from 15~20 days	-
		"	Accrued expenses	10,489		-
President Logistics International Corp.	Uni-President Cold-Chain Corp.	"	Net sales	372,457	O/A settlement from 40~65 days	-
		"	Accounts receivable	65,750		-
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	"	Net sales	237,745	O/A settlement from 40~65 days	-
		"	Accounts receivable	58,659		-

XII. Financial information by department

(I) By industry

The financial information of the Company and its subsidiaries by industry in 2006 and 2005 is specified as follows:

2006

	Chain stores	Logistics & delivery	Others	Adjustment and offset	Merge
Revenue from customers other than the Company	\$ 111,178,730	\$ 2,636,103	\$ 19,129,743	\$ -	\$ 132,944,576
Revenue from the Company and other departments	322,940	69,132,710	2,052,818	(71,508,468)	-
Total revenue	<u>\$ 111,501,670</u>	<u>\$ 71,768,813</u>	<u>\$ 21,182,561</u>	<u>(\$ 71,508,468)</u>	<u>\$ 132,944,576</u>
Department income	<u>\$ 4,274,228</u>	<u>\$ 477,347</u>	<u>\$ 229,199</u>		\$ 4,980,774
Investment loss under the Equity Method					(37,397)
Interest expenses					(164,284)
General revenue					1,295,482
General expenses					(542,329)
Income before tax					<u>\$ 5,532,246</u>
Recognizable assets	<u>\$ 34,347,443</u>	<u>\$ 5,568,551</u>	<u>\$ 7,166,957</u>		\$ 47,082,951
Long-term investments (equity method)					768,977
General assets					1,383,283
Total Assets					<u>\$ 49,235,211</u>
Depreciation	<u>\$ 1,998,631</u>	<u>\$ 399,615</u>	<u>\$ 491,400</u>		<u>\$ 2,889,646</u>
Amortizations	<u>\$ 332,012</u>	<u>\$ 40,510</u>	<u>\$ 32,150</u>		<u>\$ 404,672</u>
Capital expenditure	<u>\$ 2,353,917</u>	<u>\$ 325,174</u>	<u>\$ 590,465</u>		<u>\$ 3,269,556</u>

2005

	Chain stores	Logistics & delivery	Others	Adjustment and offset	Merge
Revenue from customers other than the Company	\$ 102,834,005	\$ 1,565,964	\$ 15,540,917	\$ -	\$ 119,940,886
Revenue from the Company and other departments	157,537	64,932,264	1,894,107	(66,983,908)	-
Total revenue	<u>\$ 102,991,542</u>	<u>\$ 66,498,228</u>	<u>\$ 17,435,024</u>	<u>(\$66,983,908)</u>	<u>\$ 119,940,886</u>
Department income	<u>\$ 4,139,869</u>	<u>\$ 451,781</u>	<u>\$ 110,010</u>		\$ 4,701,660
Investment loss under the Equity Method					(81,726)
Interest expenses					(158,227)
General revenue					1,152,204
General expenses					(551,663)
Income before tax					<u>\$ 5,062,248</u>
Recognizable assets	<u>\$ 31,413,712</u>	<u>\$ 5,055,037</u>	<u>\$ 6,496,987</u>		\$ 42,965,736
Long-term investments (equity method)					647,351
General assets					1,342,325
Total Assets					<u>\$ 44,955,412</u>
Depreciation	<u>\$ 1,876,662</u>	<u>\$ 194,613</u>	<u>\$ 471,508</u>		<u>\$ 2,542,783</u>
Amortizations	<u>\$ 454,270</u>	<u>\$ 36,305</u>	<u>\$ 19,628</u>		<u>\$ 510,203</u>
Capital expenditure	<u>\$ 4,094,439</u>	<u>\$ 488,704</u>	<u>\$ 478,223</u>		<u>\$ 5,061,366</u>

The Company and its subsidiaries are primarily engaged in the operation of convenience chain stores, logistic services, carrying foods and supplies, gas stations, manufacturing and the sale of elevators. The department revenue listed in the said table displays the sale revenue of the departments from customers other than the enterprise and the sale and appropriation revenues of other departments in the enterprise. The sales, appropriation revenues and purchases among departments shall be calculated at the rate agreed upon in the transportation of commodities contract, articles and retailing location collection contract provided that the department revenue does not include the following:

1. General revenues irrelevant to the department.
2. Investment income recognized by equity investment valued under the equity method.

Department income means the balance after department revenue is included less the department cost and expenses. Department cost and expense means the cost and expense related to the revenue of the department incurring it. The department cost and expense do not include the following:

1. General expenses irrelevant to the department;
2. Interest.
3. Investment loss recognized by equity investment valued under the equity method.

Recognizable assets mean the tangible and intangible assets directly recognized to be vested in the department, provided that they do not include the following:

1. Assets other than those held for any specific department's operation.
2. External equity investment valued under the equity method.

(2) By district

The revenue from off-shore operational departments of the Company and its subsidiaries, from customers other than the enterprise, and recognizable assets in 2006 and 2005 did not reach more than 10% of the consolidated revenues and assets.

(3) By export sales

The Company and its subsidiaries had no export sales revenue that reached more than 10% of the revenue in the consolidated income statement in 2006 and 2005.

(4) By important customers

The Company and its subsidiaries had no important customers from which the revenue accounted for more than 10% of the revenue specified in the income statement in 2006 and 2005.

President Chain Store Corporation

Affiliation Report and Declaration

Tsai-Shen-Pao-Tze No. 05002369

The Company's affiliation report for 2006 (from Jan. 1, 2006 to Dec. 31, 2006) 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 free from material misstatement or differences from that disclosed in the financial statement covering the same period.

Company: President Chain Store Corporation



Chairman: Kao Chin Yen



March 12, 2007

President Chain Store Corporation

Auditor's report on affiliation report

To: President Chain Store Corporation

The Company's affiliation report for 2006 has been declared by the Company to be 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 free from material misstatement or difference from that disclosed in the financial statement covering the same period.

We have compared the affiliation report for 2006 prepared by the Company with the notes to the Company's financial statement for 2006 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", but have not yet found any material misstatement in the said declaration.

PRICEWATERHOUSECOOPERS

CPA:

林 專 翹

Lin Tung-Chiao, CPA



陳 美 珠

Chen Mei-Tzu, CPA



Approval Document
issued by Securities and
Futures Commission
(now Securities and
Futures Bureau) of
Ministry of Finance:

(81) Tai-Tsai-Cheng (VI) No. 79059

: (82) Tai-Tsai-Cheng (VI) No. 39230

March 12, 2007

President Chain Store Corporation

Affiliation report for 2006

I. Relationship between the subordinate company and the controlling company

The Company is a subordinate company of Uni-President Enterprise Corp. The information thereof is as following:

Unit: share; %

Controlling company	Reason for control	Details of shareholding and pledges			Any directors or supervisors appointed by the controlling company, or controlling company appointees engaged as managerial officers	
		Shares held	Proportion of shareholding	Pledged shares	Job title	Name
Uni-President Enterprise Corp.	Acquisition of a majority of director seats in President Chain Store Corp.	414,042,816	45.24%	—	Managing director	Lin Chang-Sheng
					Managing director (President)	Hsu, Chung-Jen
					Director	Lin, Long-Yi
					Director	Lo, Chih-Hsien
					Director	Yang, Wen-Long
					Director	Tu, Te-Cheng
					Director (Senior Vice President)	Wu, Kuo-Hsuan
					Director (Senior Vice President)	Chang Jen, Yun-Huei

II. Business transactions between subordinate company and controlling company

The business transaction between the Company and Uni-President Enterprise Corp. in 2006:

(I) Purchase/sale transactions:

Currency expression: NTD 1,000

Name of (presumed) controlling company	Business transactions with (presumed) controlling company				Transaction terms and conditions with (presumed) controlling company		General transaction terms and conditions		Cause of difference	Accounts/notes receivable (payable)		Overdue accounts receivable		
	Purchase (sale) of goods	Amount	Percentage in total purchase (sale)	Gross profit on sales	Unit price (NT\$)	Term of credit extension	Unit price (NT\$)	Term of credit extension		Balance	Percentage in total accounts/notes receivable (payable)	Amount	Processing by	Allowance for bad debt
Uni-President Enterprise Corp.	Purchase	1,812,853	3%	—	Note	O/A settlement from 30~45 days	Note	Note	No significant difference	(303,517)	(4%)	—	—	—

Note: No significant difference.

(II) Property trade:

The Company's Board of Directors resolved in 2006 to acquire 73.74% of the shares of President Pharmaceutical Corp. from Uni-President Enterprise Corp. and the trade price was negotiated to be NT\$255,372 according to the opinion of security analysts and specialists.

(III) Financing: None.

(IV) Lease of assets: None.

(V) Other important transactions:

Currency expression: NTD 1,000

Name of (presumed) controlling company	Business transactions with controlling company			Transaction terms and conditions with (presumed) controlling company		General terms and conditions		Cause of difference	Remarks
	Account	Amount	Percentage of the amount under the same account title	unit price	Credit term	unit price	Credit term		
Uni-President Enterprise Corp.	Other operating incomes	21,446	1%	Note 1	30~45 days	Note 1	Note 3	No significant difference	—
Uni-President Enterprise Corp.	Non-operating income	12,257	1%	Note 2	30~45 days	Note 2	Note 3	No significant difference	—
Uni-President Enterprise Corp.	Reimbursement for deterioration of goods	52,529	14%	Note 2	30~45 days	Note 2	Note 3	No significant difference	—

Note 1: which is such marketing premium; therefore, it is not applicable.

Note 2: which is collected based on the agreed proportion subject to the purchase; therefore, it is not applicable.

Note 3: No significant difference.

III. Endorsement/guarantee between subordinate company and controlling company: None.

IV. Other matters with a significant effect on its finances and business: None.



President Chain Store Corporation



Chairman: Kao Chin Yen

April 25, 2007

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