

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY**  
**FINANCIAL STATEMENTS AND REPORT OF**  
**INDEPENDENT ACCOUNTANTS**  
**DECEMBER 31, 2018 AND 2017**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

PRESIDENT CHAIN STORE CORP.  
PARENT COMPANY ONLY  
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS  
DECEMBER 31, 2018 AND 2017  
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## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying parent company only balance sheets of President Chain Store Corp. as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (which are described in the *Other matters* section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of President Chain Store Corp. as of December 31, 2018 and 2017, and its parent company only financial performance and its parent company only cash flows for the years then ended, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### ***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of President Chain Store Corp. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits and the reports of other independent accountants, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the year ended December 31, 2018 are stated as follows:

**Completeness and accuracy of retail sales revenue**

Description

Please refer to Notes 4(22) and 6(19) to the parent company only financial statements for the accounting policy and the details of accounting relating to this key audit matter.

Retail sales revenue is generated by point-of-sale (POS) terminals, which record the merchandise name, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (including merchandise name, cost of inventory, retail price, sales promotions, etc.). After the daily closing process, each store manager uploads the sales information to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report to record the sales information and payment methods (including cash, gift certificates, credit cards and electronic payment devices, etc.) and the cash deposited to the bank.

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue, and thus has been identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Inspected whether additions and changes to the merchandise master file data had been properly approved and supported by relevant documents;
2. Inspected whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file;
3. Inspected whether merchandise master file data had been periodically transferred to POS terminals in stores;
4. Inspected whether sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries;
5. Inspected manual sales revenue journal entries and relevant documents;
6. Inspected daily cash reports and relevant documents;
7. Inspected whether cash deposit amounts recorded in daily cash reports were in agreement with bank remittance amounts.

## **Cost-to-retail ratio of retail inventory method**

### Description

Please refer to Notes 4(11) and 6(3) to the parent company only financial statements for the accounting policy and the details of accounting relating to this key audit matter.

As there are various kinds of merchandise, the retail inventory method is used to estimate the cost of inventory and the cost of goods sold. The retail inventory method uses the ratio of the cost of goods purchased to the retail value of goods purchased (known as cost-to-retail ratio) to calculate the cost of inventory and the cost of goods sold. The calculation of the cost-to-retail ratio highly relies on the goods purchased both at cost and retail price, and thus has been identified as a key audit matter.

### How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Interviewed management to understand the calculation of the cost-to-retail ratio under the retail inventory method, and inspected whether it had been consistently applied in the comparative periods of the financial statements;
2. Inspected whether additions and changes to the merchandise master file data (including merchandise name, cost of inventory, retail price, sales promotions, etc.) had been properly approved and the data correctly entered in the merchandise master file;
3. Inspected whether the cost and retail price of inventory purchased as per delivery receipts were in agreement with POS purchase records after acceptance of the inventory;
4. Inspected whether the POS records for the cost and retail price of inventory purchased were periodically and completely transferred to the ERP system and ascertain whether the records could not be changed manually;
5. Calculated the cost-to-retail ratio to verify its accuracy.

### ***Other matter –Using the work of other auditors***

We did not audit the financial statements of certain investee companies. The balance of these investments accounted for using equity method amounted to NT\$2,210,541 thousand and NT\$1,920,960 thousand, representing 2.5% and 1.9% of total assets as of December 31, 2018 and 2017, respectively, and the related total comprehensive net income (including share of profit of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method) amounted to NT\$ 415,363 thousand and NT\$401,705 thousand, representing 3.9% and 1.3%

of total comprehensive net income for the years then ended, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on investees disclosed in Note 13 were based solely on the reports of other independent accountants.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal controls as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of President Chain Store Corp. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate President Chain Store Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of President Chain Store Corp.

***Auditor’s responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement in the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of President Chain Store Corp.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of President Chain Store Corp. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause President Chain Store Corp. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within President Chain Store Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2018 and are, therefore, considered to be the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Chun-Yuan, Hsiao

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Chien-Hung, Chou

For and on behalf of PricewaterhouseCoopers, Taiwan

27 February, 2019

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2018		December 31, 2017	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 14,070,715	16	\$ 22,422,981	22
1170	Accounts receivable, net	6(2)	603,890	-	600,671	1
1200	Other receivables	7(3)	2,515,131	3	7,556,281	7
130X	Inventories, net	6(3)	8,020,368	9	7,194,707	7
1410	Prepayments		196,990	-	267,738	-
1470	Other current assets		1,560,262	2	1,646,623	2
11XX	Total current assets		26,967,356	30	39,689,001	39
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(4)	85,683	-	-	-
1517	Financial assets at fair value through other comprehensive income -non-current	6(5)	644,614	1	-	-
1523	Available-for-sale financial assets - non-current	12(4)	-	-	848,575	1
1543	Financial assets measured at cost - non-current	12(4)	-	-	25,721	-
1550	Investments accounted for using equity method	6(6)	49,094,402	55	47,983,892	48
1600	Property, plant and equipment, net	6(7)	9,114,219	10	8,946,459	9
1760	Investment property, net	6(8)	1,189,454	1	1,196,819	1
1780	Intangible assets	6(9)	119,019	-	211,865	-
1840	Deferred income tax assets	6(25)	800,458	1	673,959	1
1900	Other non-current assets	6(10)	1,231,311	2	1,176,722	1
15XX	Total non-current assets		62,279,160	70	61,064,012	61
1XXX	Total assets		\$ 89,246,516	100	\$ 100,753,013	100

(Continued)

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2018		December 31, 2017	
			Notes	AMOUNT	%	AMOUNT
Current liabilities						
2100	Short-term borrowings	6(11) and 8	\$ 6,000,000	7	\$ -	-
2130	Contract liabilities - current	6(19)	1,293,149	1	-	-
2150	Notes payable		1,331,853	1	1,488,293	2
2160	Notes payable - related parties	7(3)	4,705,638	5	4,251,017	4
2170	Accounts payable		1,437,022	2	1,662,063	2
2180	Accounts payable - related parties	7(3)	8,028,624	9	7,099,859	7
2200	Other payables	6(12)	18,827,308	21	22,286,764	22
2230	Current income tax liabilities	6(25)	1,049,737	1	1,713,191	2
2300	Other current liabilities	6(13)	1,463,092	2	2,459,527	2
21XX	Total current liabilities		44,136,423	49	40,960,714	41
Non-current liabilities						
2527	Contract liabilities - non-current	6(19)	151,550	-	-	-
2570	Deferred income tax liabilities	6(25)	3,916,979	4	3,373,090	3
2640	Net defined benefit liability	6(14)	2,860,605	3	2,842,380	3
2645	Guarantee deposit received		2,533,958	3	2,435,662	2
2670	Other non-current liabilities		394,951	1	526,905	1
25XX	Total non-current liabilities		9,858,043	11	9,178,037	9
2XXX	Total liabilities		53,994,466	60	50,138,751	50
Equity						
Share capital		6(15)				
3110	Share capital - common stock		10,396,223	12	10,396,223	10
Capital surplus		6(16)				
3200	Capital surplus		45,059	-	43,875	-
Retained earnings		6(17)				
3310	Legal reserve		12,293,442	14	9,191,733	9
3320	Special reserve		398,859	-	-	-
3350	Unappropriated retained earnings		12,064,862	14	31,381,290	31
Other equity		6(18)				
3400	Other equity interest		53,605	-	( 398,859)	-
3XXX	Total equity		35,252,050	40	50,614,262	50
3X2X	Total liabilities and equity		\$ 89,246,516	100	\$ 100,753,013	100

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		For the years ended December 31			
		2018		2017	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(19) and 7(3)	\$ 154,074,731	100	\$ 144,479,880	100
5000 <b>Operating costs</b>	6(3)(23) and 7(3)	( 101,062,364)	( 66)	( 93,840,583)	( 65)
5900 <b>Gross profit</b>		<u>53,012,367</u>	<u>34</u>	<u>50,639,297</u>	<u>35</u>
<b>Operating expenses</b>	6(23)(24)				
6100 Selling expenses		( 41,041,167)	( 26)	( 39,193,337)	( 27)
6200 General and administrative expenses		( 4,314,519)	( 3)	( 5,199,235)	( 4)
6450 Expected credit losses	12(2)	( 2,100)	-	-	-
6000 <b>Total operating expenses</b>		<u>( 45,357,786)</u>	<u>( 29)</u>	<u>( 44,392,572)</u>	<u>( 31)</u>
6900 <b>Operating profit</b>		<u>7,654,581</u>	<u>5</u>	<u>6,246,725</u>	<u>4</u>
<b>Non-operating income and expenses</b>	7(3)				
7010 Other income	6(20)	1,417,538	1	1,374,192	1
7020 Other gains and losses	6(21)	( 68,816)	-	1,979,764	1
7050 Finance costs	6(22)	( 42,971)	-	( 30,491)	-
7070 Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	<u>3,473,458</u>	<u>2</u>	<u>26,930,861</u>	<u>19</u>
7000 <b>Total non-operating income and expenses</b>		<u>4,779,209</u>	<u>3</u>	<u>30,254,326</u>	<u>21</u>
7900 <b>Profit before income tax</b>		<u>12,433,790</u>	<u>8</u>	<u>36,501,051</u>	<u>25</u>
7950 Income tax expense	6(25)	( 2,227,402)	( 1)	( 5,483,957)	( 4)
8200 <b>Profit for the year</b>		<u>\$ 10,206,388</u>	<u>7</u>	<u>\$ 31,017,094</u>	<u>21</u>
<b>Other comprehensive loss</b>	6(18)				
8311 Remeasurements of net actuarial loss on defined benefit plan	6(14)	( \$ 29,219)	-	( \$ 180,212)	-
8316 Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	6(5)(18)	( 143,849)	-	-	-
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 73,714)	-	( 24,825)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	<u>49,725</u>	<u>-</u>	<u>30,636</u>	<u>-</u>
8310 <b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>		<u>( 197,057)</u>	<u>-</u>	<u>( 174,401)</u>	<u>-</u>
8361 Exchange differences from translation of foreign operations	6(18)	619,530	-	( 697,337)	-
8362 Unrealized gain (loss) on valuation of available-for-sale financial assets	6(18)	-	-	152,186	-
8380 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		2,289	-	( 19,014)	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(25)	<u>-</u>	<u>-</u>	<u>( 6,283)</u>	<u>-</u>
8360 <b>Components of other comprehensive loss that will be reclassified to profit or loss</b>		<u>621,819</u>	<u>-</u>	<u>( 570,448)</u>	<u>-</u>
8300 <b>Total other comprehensive income (loss) for the year</b>		<u>\$ 424,762</u>	<u>-</u>	<u>( \$ 744,849)</u>	<u>-</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 10,631,150</u>	<u>7</u>	<u>\$ 30,272,245</u>	<u>21</u>
9750 <b>Basic earnings per share (in dollars)</b>	6(26)	<u>\$ 9.82</u>		<u>\$ 29.83</u>	
9850 <b>Diluted earnings per share (in dollars)</b>	6(26)	<u>\$ 9.79</u>		<u>\$ 29.72</u>	

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other Equity Interest			
	Notes	Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences from translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total equity
For the year ended December 31, 2017										
Balance at January 1, 2017		\$ 10,396,223	\$ 1,158	\$ 8,208,064	\$ -	\$ 9,839,244	( \$ 186,228 )	\$ -	\$ 357,817	\$ 28,616,278
Profit for the year		-	-	-	-	31,017,094	-	-	-	31,017,094
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	( 174,401 )	( 720,080 )	-	149,632	( 744,849 )
Total comprehensive income (loss) for the year		-	-	-	-	30,842,693	( 720,080 )	-	149,632	30,272,245
Distribution of 2016 earnings:	6(17)									
Legal reserve	6(17)	-	-	983,669	-	( 983,669 )	-	-	-	-
Cash dividends	6(17)	-	-	-	-	( 8,316,978 )	-	-	-	( 8,316,978 )
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	( 164 )	-	-	-	-	-	-	( 164 )
Adjustment of capital surplus due to change in interests in associates		-	42,881	-	-	-	-	-	-	42,881
Balance at December 31, 2017		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	( \$ 906,308 )	\$ -	\$ 507,449	\$ 50,614,262
For the year ended December 31, 2018										
Balance at January 1, 2018		\$ 10,396,223	\$ 43,875	\$ 9,191,733	\$ -	\$ 31,381,290	( \$ 906,308 )	\$ -	\$ 507,449	\$ 50,614,262
Adjustments under new standards	3(1)	-	-	-	-	25,463	-	477,996	( 507,449 )	( 3,990 )
Adjusted beginning balance		10,396,223	43,875	9,191,733	-	31,406,753	( 906,308 )	477,996	-	50,610,272
Profit for the year		-	-	-	-	10,206,388	-	-	-	10,206,388
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	( 57,155 )	626,479	( 144,562 )	-	424,762
Total comprehensive income (loss) for the year		-	-	-	-	10,149,233	626,479	( 144,562 )	-	10,631,150
Distribution of 2017 earnings:										
Legal reserve		-	-	3,101,709	-	( 3,101,709 )	-	-	-	-
Special reserve		-	-	-	398,859	( 398,859 )	-	-	-	-
Cash dividends		-	-	-	-	( 25,990,556 )	-	-	-	( 25,990,556 )
Overdue unclaimed cash dividend transferred to capital surplus		-	536	-	-	-	-	-	-	536
Adjustment of capital surplus due to associates' adjustment of capital surplus		-	648	-	-	-	-	-	-	648
Balance at December 31, 2018		\$ 10,396,223	\$ 45,059	\$ 12,293,442	\$ 398,859	\$ 12,064,862	( \$ 279,829 )	\$ 333,434	\$ -	\$ 35,252,050

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2018	2017
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before income tax for the year		\$ 12,433,790	\$ 36,501,051
Adjustments to reconcile profit before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for doubtful accounts	12(4)	-	422
Expected credit losses	12(2)	2,100	-
Depreciation on property, plant and equipment	6(7)(23)	2,096,300	1,936,919
Amortization	6(9)(23)	92,846	99,475
Finance costs	6(22)	42,971	30,491
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	( 3,473,458 )	( 26,930,861 )
Depreciation on investment property	6(8)	7,365	7,414
Gain on disposal of investments accounted for using equity	6(6)(21)	( 59 )	( 2,099,503 )
Interest income	6(20)	( 83,534 )	( 104,826 )
Dividend income	6(20)	( 65,124 )	( 17,311 )
Impairment loss (reversal gain) on property, plant and equipment	6(7)(21)	( 2,401 )	10,110
Impairment loss on investment property	6(8)	-	3,813
Loss on disposal of property, plant and equipment, net	6(21)	9,632	14,868
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		( 4,992 )	( 87,903 )
Other receivables		76,934	( 834,668 )
Inventories		( 825,661 )	( 1,190,980 )
Prepayments		70,748	( 71,222 )
Other current assets		86,361	( 24,690 )
Other non-current assets		( 54,589 )	75,819
Net changes in liabilities relating to operating activities			
Contract liabilities - current		140,135	-
Notes payable		298,181	106,249
Accounts payable		703,724	( 446,872 )
Other payables		( 234,672 )	3,824,312
Advance receipts		156,252	38,009
Contract liabilities – non-current		939	-
Net defined benefit liability - non-current		( 10,994 )	( 11,581 )
Other non-current liabilities		16,900	( 147,704 )
Cash generated from operations		11,479,694	10,680,831
Interest received		107,590	104,826
Income tax paid	6(25)	( 2,423,741 )	( 1,109,634 )
Interest paid		( 32,687 )	( 20,645 )
Dividends received		7,731,235	2,003,782
Net cash provided by operating activities		16,862,091	11,659,160

(Continued)

**PRESIDENT CHAIN STORE CORP.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2018	2017
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Return of capital from financial assets at fair value through profit or loss – non-current		\$ 151	\$ -
Acquisition of investments accounted for using equity method	6(6)	( 3,226,806 )	( 1,065,434 )
Proceeds from disposal of investments accounted for using equity method	6(6)and7(3)	1,828	-
Return of capital from investments accounted for using equity method		180,000	-
Return of capital from available-for-sale financial assets - non-current		-	116
Acquisition of property, plant and equipment	6(28)	( 2,303,297 )	( 2,279,236 )
Proceeds from disposal of property, plant and equipment		26,027	44,579
Acquisition of intangible assets	6(9)	-	( 33,020 )
Net cash used in investing activities		( 5,322,097 )	( 3,332,995 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Payment of cash dividends	6(17)	( 25,990,556 )	( 8,316,978 )
Increase in short term borrowings	6(29)	6,000,000	-
Increase in guarantee deposit received	6(29)	98,296	121,625
Net cash flows used in financing activities		( 19,892,260 )	( 8,195,353 )
(Decrease) increase in cash and cash equivalents		( 8,352,266 )	130,812
Cash and cash equivalents at beginning of year		22,422,981	22,292,169
Cash and cash equivalents at end of year		\$ 14,070,715	\$ 22,422,981

The accompanying notes are an integral part of these parent company only financial statements.

Chairman: Lo, Chih-Hsien

President: Huang, Jui-Tien

Accounting Manager: Kuo, Ying-Chih

**PRESIDENT CHAIN STORE CORP.**  
**NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

- (1) President Chain Store Corporation (the “Company”) was established on June 10, 1987. The Company is primarily engaged in the investment and operation of convenience store chains. Business items included sales of food, beverages, coffee, daily commodities of cosmetics and health care products. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 22, 1997.
- (2) The Group’s ultimate parent company is Uni-President Enterprises Corp., which holds 45.4% equity interest in the Company.

**2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION**

These parent company only financial statements were authorized for issuance by the Board of Directors on February 27, 2019.

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”).

A. New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’	January 1, 2018
Amendments to IAS 7, ‘Disclosure initiative’	January 1, 2017
Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealized	January 1, 2017
Amendments to IAS 40, ‘Transfers of investment property’	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017



New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

- B. Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and operating results based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime expected credit losses ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.
- C. In adopting the new standards endorsed by the FSC effective from 2018, the Company has adopted the modified retrospective approach in IFRS 9 and IFRS 15. The Company also applied transitional provisions of IFRS 15 to incomplete contracts at the date of January 1, 2018. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

Balance sheet				
<u>Affected items</u>	<u>2017 version</u>	<u>Effect of</u>	<u>2018 version</u>	<u>Remark</u>
	<u>IFRSs amount</u>	<u>adoption of</u>	<u>IFRSs amount</u>	
		<u>new standards</u>		
<u>January 1, 2018</u>				
Accounts receivable, net	\$ 600,671	\$ 327	\$ 600,998	(a)
Other current assets	39,088,330	-	39,088,330	
Financial assets at fair value through profit or loss				
- non-current	-	85,833	85,833	(b)
Financial assets at fair value through other comprehensive income - non-current	-	788,463	788,463	(c)
Available-for-sale financial assets - non-current	848,575	( 848,575)	-	(b)(c)
Financial assets at cost				
- non-current	25,721	( 25,721)	-	(b)
Investments accounted for using equity method	47,983,892	( 3,990)	47,979,902	(d)
Other non-current assets	<u>12,205,824</u>	<u>-</u>	<u>12,205,824</u>	
Total affected assets	<u>\$ 100,753,013</u>	<u>(\$ 3,663)</u>	<u>\$ 100,749,350</u>	

Balance sheet				
<u>Affected items</u>	<u>2017 version</u>	<u>Effect of</u>	<u>2018 version</u>	<u>Remark</u>
	<u>IFRSs amount</u>	<u>adoption of</u>	<u>IFRSs amount</u>	
		<u>new standards</u>		
<u>January 1, 2018</u>				
Advance receipts	\$ 2,459,527	( \$ 2,393,630)	\$ 65,897	(e)
Contract liabilities - current	-	2,393,630	2,393,630	(e)
Refund liabilities	-	327	327	(a)
Other current liabilities	38,501,187	-	38,501,187	
Contract liabilities				
- non-current	-	150,611	150,611	(e)
Other non-current liabilities	<u>9,178,037</u>	<u>( 150,611)</u>	<u>9,027,426</u>	(e)
Total affected liabilities	<u>50,138,751</u>	<u>327</u>	<u>50,139,078</u>	
Share capital	10,396,223	-	10,396,223	
Capital surplus	43,875	-	43,875	
Retained earnings	40,573,023	25,463	40,598,486	(b)(d)
Other equity interest	( 398,859)	( 29,453)	( 428,312)	(b)(d)
Total affected equity	<u>50,614,262</u>	<u>( 3,990)</u>	<u>50,610,272</u>	
Total affected liabilities and equity	<u>\$ 100,753,013</u>	<u>(\$ 3,663)</u>	<u>\$ 100,749,350</u>	

Explanation:

- (a) Under IFRS 15, if the customer returns a product, the Company is obliged to refund the purchase price. Therefore, a gross contract liability (refund liability) for the expected refunds to customers is recognized as adjustment to revenue. At the same time, the Company has a right to recover the product from the customer where the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. The asset is measured by reference to the former carrying amount of the product as the products are not material.

Liabilities in relation to expected sales discounts and allowances were previously presented as accounts receivable - allowance for sales discounts in the balance sheet. As a result of these changes in accounting policies, accounts receivable will have to be increased by \$327, and refund liability increased by \$327 on January 1, 2018.

- (b) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets and financial assets at cost in the amounts of \$60,112 and \$25,721, respectively, by increasing financial assets at fair value through profit or loss and retained earnings in the amounts of \$85,833 and \$22,498, respectively and decreasing other equity interest in the amount of \$22,498.
- (c) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets in the amount of \$788,463 and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income in the amount of \$788,463.
- (d) The Company's investee accounted for using equity method made certain reclassifications in accordance with IFRS 9. Accordingly, the Company decreased investments accounted for using equity method and other equity interest in the amounts of \$3,990 and \$6,955, respectively and increased retained earnings in the amount of \$2,965 on January 1, 2018.
- (e) Presentation of contract assets and contract liabilities  
In line with IFRS 15 requirements, the Company changed the presentation of certain accounts in the balance sheet as follows:
- (i) Under IFRS 15, liabilities in relation to sales of gift certificates and gift cards, and franchise agreements are recognized as contract liabilities, but were previously presented as advance receipts in the balance sheet. As of January 1, 2018, the balance would amount to \$2,393,630.
- (ii) Under IFRS 15, liabilities in relation to the customer loyalty program are recognized as contract liabilities, but were previously presented as deferred revenue in the balance sheet. As of January 1, 2018, the balance would amount to \$150,611.
- (f) Please refer to Notes 12(4) and 12(5) for other disclosure(s) in relation to the first application of IFRS 9 and IFRS 15.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

#### IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Company expects to recognize the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that "right-of-use asset" and lease liability will be increased by \$27,293,202 and \$27,486,853, respectively.

#### (3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

The parent company only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

##### (2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
- B. The preparation of financial statements, in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.
- C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 was not restated. The financial statements for the year ended December 31, 2017 was prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

##### (3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

##### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

**B. Translation of foreign operations**

- (a) The operating results and financial position of all the group entities, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or jointly arrangements after losing significant influence over the former foreign associate, or losing joint control of the former jointly arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

**(4) Classification of current and non-current items**

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized

as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortize

ed cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

- A. Purchases are initially recorded at cost. Cost is determined using the retail inventory method.
- B. Ending inventories are stated at the lower of cost and net realizable value, and the item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method – subsidiaries, associates and joint ventures

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a



subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owner. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are

reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. The Company accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the joint venture. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- O. According to "Rules Governing the Preparation of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured subsequently using the cost model. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of

an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 years
Office equipment	4~7 years
Leasehold improvements	7 years

(14) Leases (Lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Intangible assets

Computer software and copyright are stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 15 years.

(17) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Provisions

The Company's provisions are presented in 'Other non-current liabilities'. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it

recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(22) Revenue recognition

A. Sale of goods

- (a) The Company operates a chain of retail stores. Revenue from the sale of goods is

recognized when the Company sells a product to the customer.

- (b) Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.
- (c) The Company operates a loyalty program where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

#### B. Sales of services

The Company provides delivery services. Revenue from delivering services is recognized when the services have been provided.

#### C. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

### 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The Company has no such assumptions and estimates which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 6. DETAILS OF SIGNIFICANT ACCOUNTS

#### (1) Cash and cash equivalents

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash on hand and petty cash	\$ 1,072,918	\$ 1,310,407
Checking accounts and demand deposits	8,198,849	9,543,575
Cash equivalents		
Time deposits	500,000	6,380,000
Short-term financial instruments	<u>4,298,948</u>	<u>5,188,999</u>

\$ 14,070,715      \$ 22,422,981

A. The Company transacts with a variety of financial institutions, all with high credit quality, to disperse credit risk, so it considers the probability of counterparty default as remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Accounts receivable

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Accounts receivable	\$ 605,322	\$ 607,324
Less: Allowance for sales returns and discounts	-	( 327)
Allowance for doubtful accounts	( 1,432)	( 6,326)
	<u>\$ 603,890</u>	<u>\$ 600,671</u>

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2018</u>
Not past due	\$ 427,682
Up to 90 days	175,793
91 to 120 days	684
Over 121 days	<u>1,163</u>
	<u>\$ 605,322</u>

The above aging analysis was based on past due date. Information on December 31, 2017 is provided in Note 12(4).

B. No accounts receivable of the Company were pledged to others.

C. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were \$603,890 and \$600,671 respectively.

D. Information relating to credit risk is provided in Note 12(2).

(3) Inventories

	<u>December 31, 2018</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 8,035,682	(\$ 15,314)	\$ 8,020,368
	<u>December 31, 2017</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 7,220,698	(\$ 25,991)	\$ 7,194,707

The cost of inventories recognized as expense:

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Cost of goods sold	\$ 99,191,826	\$ 92,101,994
Gain on valuation of inventory	( 10,677)	( 20,062)
Spoilage	1,640,604	1,540,954
Others	<u>240,611</u>	<u>217,697</u>
	<u>\$ 101,062,364</u>	<u>\$ 93,840,583</u>

The Company reversed a previous inventory write-down because the Company sold certain

inventories which were previously provided with allowance during the years ended December 31, 2018 and 2017, respectively.

(4) Financial assets at fair value through profit or loss

	<u>December 31, 2018</u>
<u>Non-current items:</u>	
Unlisted stocks	\$ 274,863
Valuation adjustment	( 189,180)
	<u>\$ 85,683</u>

A. No financial assets at fair value through profit or loss of the Company were pledged to others.

B. Information relating to credit risk is provided in Note 12(2).

C. Information on December 31, 2017 is provided in Note 12(4).

(5) Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2018</u>
<u>Equity instruments</u>	
Listed stocks	\$ 265,606
Unlisted stocks	<u>4,348</u>
	269,954
Valuation adjustment	<u>374,660</u>
	<u>\$ 644,614</u>

A. The Company has elected to classify the listed and unlisted stocks that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$644,614 as at December 31, 2018.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

For the year ended  
December 31, 2018

Equity instruments at fair value through other comprehensive income

Fair value change recognized in other comprehensive income (\$ 143,849)

C. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was \$644,614.

D. No financial assets at fair value through other comprehensive income of the Company were pledged to others.

E. Information relating to credit risk is provided in Note 12(2).

F. Information on December 31, 2017 is provided in Note 12(4).



(6) Investments accounted for using the equity method

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
At January 1	\$ 47,983,892	\$ 22,286,379
Addition of investments accounted for using equity method	-	6,391,743
Disposal of investments accounted for using equity method (	1,769)	-
Share of profit or loss of investment accounted for using equity method	3,473,458	26,930,861
Earnings distribution of investment accounted for using equity method	( 2,725,951)	( 6,926,632)
Changes in other equity items	548,109	( 741,176)
Changes in other items	( 183,337)	42,717
At December 31	<u>\$ 49,094,402</u>	<u>\$ 47,983,892</u>

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Subsidiaries</u>		
President Chain Store (BVI) Holdings Ltd.	\$ 25,850,474	\$ 24,607,905
Uni-Wonder Corp.	5,289,524	5,809,284
President Transnet Corp.	1,518,487	1,438,218
President Drugstore Business Corp.	1,367,838	1,419,062
President Pharmaceutical Corp.	756,001	728,214
Mech-President Corp.	694,277	681,820
Uni-President Cold-Chain Corp.	645,440	617,057
Uni-President Department Store Corp.	566,145	530,833
Wisdom Distribution Service Corp.	506,392	433,012
President Information Corp.	489,299	506,567
Uni-President Superior Commissary Corp.	467,659	456,939
Books.com. Co., Ltd.	417,935	420,255
Q-ware Systems & Services Corp.	372,945	356,381
ICASH Corp.	356,073	352,272
Duskin Serve Taiwan Co.	194,788	197,140
Retail Support International Corp.	174,830	195,525
President Yilan Art and Culture Corp.	51,328	231,906
President Collect Services Co., Ltd., etc.	<u>374,387</u>	<u>345,780</u>
	<u>40,093,822</u>	<u>39,328,170</u>

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Associates</u>		
PresiCarre Corp.	5,518,380	5,198,249
President Fair Development Corp.	1,984,125	1,954,089
Uni-President Development Corp.	753,904	750,774
President International Development Corp.	461,328	466,885
Tung Ho Development Corp.	114,755	123,504
President Organics Corp., etc.	<u>60,209</u>	<u>64,989</u>
	<u>8,892,701</u>	<u>8,558,490</u>
<u>Joint ventures</u>		
Mister Donut Taiwan Co., Ltd.	<u>107,879</u>	<u>97,232</u>
	<u>\$ 49,094,402</u>	<u>\$ 47,983,892</u>

A. Information about the subsidiaries of the Company is provided in Note 4(3), “Basis of preparation” of the consolidated financial statements as of and for the year ended December 31, 2018.

B. The Company originally held 30% shares of its joint venture using the equity method – Uni – Wonder Corp. (formerly “President Starbucks Coffee Corp.”). In December 2017, the Company acquired an additional 30% shares of President Starbucks Coffee Corp. for a cash consideration of \$3,226,806 (shown as ‘other payables’ as at December 31, 2017) and obtained control over Uni-Wonder Corp.. Relevant cash consideration was fully paid in February, 2018.

The acquisition of additional shares in Uni-Wonder Corp. was in accordance with International Financial Reporting Standards (“IFRS”) 3 “Business Combinations”. The Company recognized a gain of \$2,099,503 (shown as ‘gain on disposal of investments’) as a result of measuring at fair value its 30% equity interest in Uni-Wonder Corp. held before the business combination. Please refer to Note 6(21).

C. Information about the Company’s disposal of investments accounted for using equity method in August, 2018 is provided in Note 7(3)f.

D. The acquisition of additional shares in certain investments in associates or joint ventures are not significant to the Company. The details of the Company’s share of the operating results in the aforementioned investments are as follows:

(a) The Company’s share of the operating results in all individually immaterial associates is summarized below:

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Total comprehensive income	<u>\$ 398,334</u>	<u>\$ 368,535</u>

(b) The Company’s share of the operating results in all individually immaterial joint ventures is summarized below:

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Total comprehensive income	<u>\$ 23,471</u>	<u>\$ 252,743</u>

E. No impairment loss was recognized on investments accounted for using equity method for the years ended December 31, 2018 and 2017, respectively.

(7) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2018</u>						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,119,148	\$ 7,789,418	\$ 9,529	\$ 23,455,319
Accumulated depreciation and impairment	( 16,367)	( 326,414)	( 9,022,956)	( 5,134,871)	( 8,252)	( 14,508,860)
	<u>\$ 1,547,856</u>	<u>\$ 646,587</u>	<u>\$ 4,096,192</u>	<u>\$ 2,654,547</u>	<u>\$ 1,277</u>	<u>\$ 8,946,459</u>
<u>2018</u>						
Opening net book amount as of January 1	\$ 1,547,856	\$ 646,587	\$ 4,096,192	\$ 2,654,547	\$ 1,277	\$ 8,946,459
Additions	-	-	1,299,599	992,771	3,193	2,295,563
Disposals	-	-	( 13,263)	( 22,396)	-	( 35,659)
Transfer	-	-	( 12)	1,767	-	1,755
Depreciation charge	-	( 19,251)	( 1,371,875)	( 704,250)	( 924)	( 2,096,300)
Reversal of impairment loss	-	-	1,842	559	-	2,401
Closing net book amount as of December 31	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>
<u>At December 31, 2018</u>						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,563,007	\$ 8,250,964	\$ 12,121	\$ 24,363,316
Accumulated depreciation and impairment	( 16,367)	( 345,665)	( 9,550,524)	( 5,327,966)	( 8,575)	( 15,249,097)
	<u>\$ 1,547,856</u>	<u>\$ 627,336</u>	<u>\$ 4,012,483</u>	<u>\$ 2,922,998</u>	<u>\$ 3,546</u>	<u>\$ 9,114,219</u>

	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2017</u>						
Cost	\$ 1,535,401	\$ 969,608	\$ 12,633,382	\$ 7,381,536	\$ 9,529	\$ 22,529,456
Accumulated depreciation and impairment	( 16,520)	( 295,688)	( 8,668,206)	( 4,932,724)	( 7,623)	( 13,920,761)
	<u>\$ 1,518,881</u>	<u>\$ 673,920</u>	<u>\$ 3,965,176</u>	<u>\$ 2,448,812</u>	<u>\$ 1,906</u>	<u>\$ 8,608,695</u>
<u>2017</u>						
Opening net book amount as of January 1	\$ 1,518,881	\$ 673,920	\$ 3,965,176	\$ 2,448,812	\$ 1,906	\$ 8,608,695
Additions	-	-	1,464,557	834,505	-	2,299,062
Disposals	-	-	( 18,504)	( 40,943)	-	( 59,447)
Transfer	28,822	3,393	116	12,847	-	45,178
Depreciation charge	-	( 19,604)	( 1,322,405)	( 594,281)	( 629)	( 1,936,919)
Impairment loss and reversal of impairment loss	153	( 11,122)	7,252	( 6,393)	-	( 10,110)
Closing net book amount as of December 31	<u>\$ 1,547,856</u>	<u>\$ 646,587</u>	<u>\$ 4,096,192</u>	<u>\$ 2,654,547</u>	<u>\$ 1,277</u>	<u>\$ 8,946,459</u>
<u>At December 31, 2017</u>						
Cost	\$ 1,564,223	\$ 973,001	\$ 13,119,148	\$ 7,789,418	\$ 9,529	\$ 23,455,319
Accumulated depreciation and impairment	( 16,367)	( 326,414)	( 9,022,956)	( 5,134,871)	( 8,252)	( 14,508,860)
	<u>\$ 1,547,856</u>	<u>\$ 646,587</u>	<u>\$ 4,096,192</u>	<u>\$ 2,654,547</u>	<u>\$ 1,277</u>	<u>\$ 8,946,459</u>

B. Information about property, plant and equipment pledged to others as collateral is provided in Note 8.

(8) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>2018</u>			
January 1, 2018	\$ 962,783	\$ 234,036	\$ 1,196,819
Depreciation charge	-	( 7,365)	( 7,365)
December 31, 2018	<u>\$ 962,783</u>	<u>\$ 226,671</u>	<u>\$ 1,189,454</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>2017</u>			
January 1, 2017	\$ 805,515	\$ 222,862	\$ 1,028,377
Additions	132,700	15,619	148,319
Transfer	28,047	3,303	31,350
Depreciation charge	-	( 7,414)	( 7,414)
Impairment loss	( 3,479)	( 334)	( 3,813)
December 31, 2017	<u>\$ 962,783</u>	<u>\$ 234,036</u>	<u>\$ 1,196,819</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Rental income from investment property	<u>\$ 58,548</u>	<u>\$ 54,704</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 8,036</u>	<u>\$ 8,566</u>

B. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 ranged from \$2,875,538 to \$2,881,471, respectively, which was assessed based on recent settlement prices of similar and comparable properties, as well as the reports of independent appraisers.

(9) Intangible assets

	<u>Software and copyright</u>
<u>2018</u>	
January 1, 2018	\$ 211,865
Amortization	( 92,846)
December 31, 2018	<u>\$ 119,019</u>
<u>2017</u>	<u>Software and copyright</u>
January 1, 2017	\$ 278,320
Additions	33,020
Amortization	( 99,475)
December 31, 2017	<u>\$ 211,865</u>

Amortization on intangible assets are recognized as operating expenses.

(10) Other non-current assets

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Guarantee deposits paid	\$ 1,231,311	\$ 1,174,967
Others	<u>-</u>	<u>1,755</u>
	<u>\$ 1,231,311</u>	<u>\$ 1,176,722</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit loan	<u>\$ 6,000,000</u>	0.65%~0.68%	None

A. There was no short-term borrowings at December 31, 2017.

B. There was no capitalization of borrowing costs for the year ended December 31, 2018.

Relevant interest expenses on borrowings is recognized as “finance costs”.

(12) Other payables

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Store collections	\$ 12,750,758	\$ 11,947,975
Wages, salaries and bonus payable	1,896,744	2,154,349
Incentive bonus payable to franchisees	1,047,674	931,016
Employees’ compensation and remuneration for directors and supervisors	769,767	1,534,216
Rent payable	495,621	484,075
Payables for acquisition of property, plant and equipment	399,331	407,065
Payables for system development and maintenance expenses	77,981	254,803
Payables for labor and health insurance	70,483	67,579
Payables for equity investments (See Note 6(6)B)	-	3,226,806
Others	<u>1,318,949</u>	<u>1,278,880</u>
	<u>\$ 18,827,308</u>	<u>\$ 22,286,764</u>

(13) Advance receipts

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Advance receipts for gift certificates	\$ 1,351,283	\$ 1,240,616
Advance receipts for gift cards	-	737,431
Advance receipts for franchise fee	-	231,312
Others	<u>111,809</u>	<u>250,168</u>
	<u>\$ 1,463,092</u>	<u>\$ 2,459,527</u>

Advance receipts for gift cards and franchise fee are recognized as contract liabilities in accordance with IFRS15 from January 1, 2018. Please refer to Notes 3(1)c and 6(19).

(14) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law,

covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 4.46% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(a) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Present value of defined benefit obligations	(\$ 4,337,814)	(\$ 4,248,125)
Fair value of plan assets	<u>1,477,209</u>	<u>1,405,745</u>
Net defined benefit liability	(\$ <u>2,860,605</u> )	(\$ <u>2,842,380</u> )

(b) Movements in net defined benefit liability are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>For the year ended December 31, 2018</u>			
Balance at January 1	(\$ 4,248,125)	\$ 1,405,745	(\$ 2,842,380)
Current service cost	( 42,483)	-	( 42,483)
Interest (expense) income	( <u>52,568</u> )	<u>17,523</u>	( <u>35,045</u> )
	( <u>4,343,176</u> )	<u>1,423,268</u>	( <u>2,919,908</u> )
Remeasurements:			
Return on plan assets	-	38,921	38,921
Change in demographic assumptions	( 479)	-	( 479)
Change in financial assumptions	( 131,821)	-	( 131,821)
Experience adjustments	<u>64,160</u>	<u>-</u>	<u>64,160</u>
	( <u>68,140</u> )	<u>38,921</u>	( <u>29,219</u> )
Pension fund contribution	-	86,829	86,829
Paid pension	<u>73,502</u>	( <u>71,809</u> )	<u>1,693</u>
Balance at December 31	(\$ <u>4,337,814</u> )	\$ <u>1,477,209</u>	(\$ <u>2,860,605</u> )

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
<u>For the year ended December 31, 2017</u>			
Balance at January 1	(\$ 4,043,240)	\$ 1,369,491	(\$ 2,673,749)
Current service cost	( 46,902)	-	( 46,902)
Past service cost	( 519)	-	( 519)
Interest (expense) income	( 60,035)	20,576	( 39,459)
	( 4,150,696)	1,390,067	( 2,760,629)
Remeasurements:			
Return on plan assets	-	( 7,147)	( 7,147)
Change in demographic assumptions	( 4,556)	-	( 4,556)
Change in financial assumptions	( 133,625)	-	( 133,625)
Experience adjustments	( 34,884)	-	( 34,884)
	( 173,065)	( 7,147)	( 180,212)
Pension fund contribution	-	86,263	86,263
Paid pension	75,636	( 63,438)	12,198
Balance at December 31	(\$ 4,248,125)	\$ 1,405,745	(\$ 2,842,380)

- (c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.



(d) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Discount rate	<u>1.00%</u>	<u>1.25%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	(\$ 131,704)	\$ 137,399	\$ 134,014	(\$ 129,187)
	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
<u>December 31, 2017</u>				
Effect on present value of defined benefit obligation	(\$ 133,587)	\$ 139,547	\$ 136,524	(\$ 131,421)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remained unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The method and assumption used in the current sensitivity analysis are the same as prior year.

- (e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2019 amounts to \$87,771.
- (f) As of December 31, 2018, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment is as follows:

Within 1 year	\$ 90,073
1-2 year(s)	137,653
2-5 years	429,617
Over 5 years	<u>4,241,902</u>
	<u>\$ 4,899,245</u>

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the

“New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company’s defined contribution pension plan for the years ended December 31, 2018 and 2017 were \$196,584 and \$189,546, respectively.

(15) Share capital

As of December 31, 2018, the Company’s authorized capital was \$10,500,000, consisting of 1,050,000,000 shares of ordinary stock, and the paid-in capital was \$10,396,223 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The number of the Company’s outstanding ordinary shares was both 1,039,622,255 shares as of December 31, 2018 and 2017.

(16) Capital surplus

In accordance with the Company Act of the Republic of China, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law of the Republic of China requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year’s earnings, if any, must first be used to pay all taxes and offset prior years' operating losses, then 10% of the remaining amount is to be set aside as legal reserve. After setting aside or reversing a special reserve, in accordance with related laws, the remaining amount is distributable for the given period. The appropriation of the total distributable amount (that is, the distributable amount for the year along with accumulated unappropriated earnings from prior years) should be proposed by the Board of Directors and voted on by the shareholders at the shareholders’ meeting. The dividends and bonus to be distributed to shareholders may be 50%-100% of the total distributable amount, and 50%-100% of dividends are to be distributed as cash dividends, and the remaining undistributed amount to be set aside as unappropriated retained earnings.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve is not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.
- C. In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.
- D. The appropriations for 2017 and 2016 were resolved by the shareholders on June 12, 2018 and

June 13, 2017, respectively, as follows:

	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 3,101,709		\$ 983,669	
Special reserve	398,859		-	
Cash dividends - retained earnings	25,990,556	\$ 25.00	8,316,978	\$ 8.00

E. The appropriations for 2018 as resolved by the Board of Directors on February 27, 2019 is as follows:

	2018	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,020,639	
Cash dividends - retained earnings	9,148,676	\$ 8.80

F. Information about employees' compensation and directors' and supervisors' remuneration is provided in Note 6(24).

(18) Other equity items

	For the year ended December 31, 2018			
	Exchange differences from translation of <u>foreign operations</u>	Unrealized gains/(losses) on Financial assets at fair value through other <u>comprehensive income</u>	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2018	(\$ 906,308)	\$ -	\$ 507,449	(\$ 398,859)
Adjustments under new standards	-	477,996	(507,449)	(29,453)
Adjusted beginning balance	( 906,308)	477,996	-	( 428,312)
Revaluation:				
–The Company	- (	143,849)	- (	143,849)
–Subsidiaries	- (	1,537)	- (	1,537)
–Associates	- (	2,842)	- (	2,842)
–Revaluation - tax	-	3,666	-	3,666
Currency translation differences:				
–The Company	619,530	-		619,530
–Subsidiaries	593	-		593
–Associates	6,356	-	-	6,356
At December 31, 2018	(\$ 279,829)	\$ 333,434	\$ -	\$ 53,605

	For the year ended December 31, 2017		
	Exchange differences from translation of foreign operations	Unrealized gains/(losses) on available-for-sale financial assets	Total
At January 1, 2017	(\$ 186,228)	\$ 357,817	\$ 171,589
Revaluation:			
–The Company	-	152,186	152,186
–Subsidiaries	-	( 933)	( 933)
–Associates	-	4,662	4,662
–Revaluation - tax	-	( 6,283)	( 6,283)
Currency translation differences:			
–The Company	( 697,337)	-	( 697,337)
–Subsidiaries	( 2,361)	-	( 2,361)
–Associates	( 20,382)	-	( 20,382)
At December 31, 2017	(\$ 906,308)	\$ 507,449	(\$ 398,859)

(19) Operating revenue

For the year ended  
December 31, 2018

Revenue from contracts with customers \$ 154,074,731

A. Disaggregation of revenue from contracts with customers

The Company operates a chain of retail stores and derives revenue from the transfer of goods and services over time and at a point in time. The operating revenue is categorized based on operating departments and goods or services recognition timing as follows:

For the year ended December 31, 2018	Convenience stores
Revenue from external customer contracts	<u>\$ 154,074,731</u>
Timing of revenue recognition	
–At a point in time	\$ 153,544,331
–Over time	<u>530,400</u>
	<u>\$ 154,074,731</u>

B. Contract liabilities

(a) The Company has recognized the following revenue-related contract liabilities:

	December 31, 2018
Contract liabilities – advance receipts of gift cards	\$ 980,048
Contract liabilities – franchise fee	230,812
Contract liabilities – customer loyalty programs	151,550
Contract liabilities – others	<u>82,289</u>
	<u>\$ 1,444,699</u>

	<u>December 31, 2018</u>
Contract liabilities- current	\$ 1,293,149
Contract liabilities- non-current	<u>151,550</u>
	<u>\$ 1,444,699</u>

(b) Revenues recognized that were included in the contract liabilities balance at the beginning was \$626,164 for the year ended December 31, 2018.

C. Related disclosures on operating revenue for the year ended December 31, 2017 are provided in Note 12(5) B.

(20) Other income

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Grants income	\$ 492,535	\$ 480,437
Dividend income	65,124	17,311
Rental revenue	77,399	76,794
Interest income	83,534	104,826
Other income	<u>698,946</u>	<u>694,824</u>
	<u>\$ 1,417,538</u>	<u>\$ 1,374,192</u>

(21) Other gains and losses

	<u>For the year ended December 31, 2018</u>	<u>For the year ended December 31, 2017</u>
Reversal of impairment loss (Impairment loss)	\$ 2,401	(\$ 13,923)
Gain on disposal of investments (See Note 6(6)B)	59	2,100,386
Loss on disposal of property, plant and equipment	( 9,632)	( 14,868)
Others	<u>( 61,644)</u>	<u>( 91,831)</u>
	<u>(\$ 68,816)</u>	<u>\$ 1,979,764</u>

(22) Financial costs

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Interest expense	<u>\$ 42,971</u>	<u>\$ 30,491</u>

(23) Expenses by nature

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Cost of goods sold	\$ 99,181,149	\$ 92,081,932
Incentive bonuses for franchisees	20,904,939	19,604,749
Employee benefit expense	7,131,255	8,398,951
Operating lease payments	6,660,551	6,376,434
Utilities expense	2,225,153	2,172,928
Depreciation and amortization	2,189,146	2,036,394
Other costs and expenses	<u>8,127,957</u>	<u>7,561,767</u>
Total operating costs and operating expenses	<u>\$ 146,420,150</u>	<u>\$ 138,233,155</u>

(24) Employee benefit expense

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Wages and salaries	\$ 5,831,681	\$ 6,789,931
Labor and health insurance fees	461,590	437,886
Pension costs	274,112	276,426
Directors' remuneration	204,485	557,119
Other personnel expenses	<u>359,387</u>	<u>337,589</u>
	<u>\$ 7,131,255</u>	<u>\$ 8,398,951</u>

Note: As of December 31, 2018 and 2017, the Company had 8,106 and 7,877 employees (including part-timers), including 10 directors, respectively.

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$576,995 and \$985,057, respectively; while directors' and supervisors' remuneration was accrued at \$192,772 and \$549,159, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 4.37% and 1.46% of profit of the current year distributable for the year ended December 31, 2018. The employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors were \$576,995 and \$192,772, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2017 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2017 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Current tax:		
Current tax on profits for the year	\$ 1,751,318	\$ 2,123,673
Tax on undistributed surplus earnings	135,157	35,532
Under (over) provision of prior year's income tax	( 126,188)	6,430
Total current tax	1,760,287	2,165,635
Deferred tax:		
Origination and reversal of temporary differences	( 46,101)	3,318,322
Impact of change in tax rate	513,216	-
Income tax expense	<u>\$ 2,227,402</u>	<u>\$ 5,483,957</u>

(b) The income tax (charge)/credit relating to the components of other comprehensive income is as follows:

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 6,984)	\$ -
Fair value gains/losses on available-for-sale financial assets	-	6,283
Remeasurement of defined benefit obligations	( 5,843)	( 30,636)
Impact of change in tax rate	( 36,898)	-
	<u>(\$ 49,725)</u>	<u>(\$ 24,353)</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2018	For the year ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	\$ 2,486,758	\$ 6,205,179
Expenses disallowed by tax regulation	( 201,937)	( 159,717)
Capital reduction plan to offset accumulated deficit by subsidiaries	( 8,302)	( 151,165)
Tax on profit for using equity method by domestic subsidiaries	( 570,644)	( 452,152)
Additional 10% tax on undistributed earnings	135,157	35,532
Under (over) provision of prior year's income tax	( 126,188)	6,430
Investment tax credits	( 658)	( 150)
Impact of change in tax rate	<u>513,216</u>	<u>-</u>
Income tax expense	<u>\$ 2,227,402</u>	<u>\$ 5,483,957</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2018				
	January 1	Impact of change in tax rate	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets:</u>					
Allowance for doubtful accounts	\$ 1,002	\$ 177	(\$ 980)	\$ -	\$ 199
Unrealized sales allowance	56	10	( 66)	-	-
Unrealized expenses	139,303	24,583	9,347	-	173,233
Contract liabilities - non-current	25,764	4,547	188	-	30,499
Remeasurements of defined benefit obligation	438,656	77,409	-	5,843	521,908
Others	<u>69,178</u>	<u>12,208</u>	<u>( 6,767)</u>	<u>-</u>	<u>74,619</u>
	<u>673,959</u>	<u>118,934</u>	<u>1,722</u>	<u>5,843</u>	<u>800,458</u>
<u>Deferred tax liabilities</u>					
Unrealized gain	( 28,210)	( 4,979)	-	6,984	( 26,205)
Foreign investment income	<u>( 3,344,880)</u>	<u>( 590,273)</u>	<u>44,379</u>	<u>-</u>	<u>( 3,890,774)</u>
	<u>( 3,373,090)</u>	<u>( 595,252)</u>	<u>44,379</u>	<u>6,984</u>	<u>( 3,916,979)</u>
	<u>(\$ 2,699,131)</u>	<u>(\$ 476,318)</u>	<u>\$ 46,101</u>	<u>\$ 12,827</u>	<u>(\$ 3,116,521)</u>



2017				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
<u>Deferred tax assets:</u>				
Allowance for doubtful accounts	\$ 12,555	(\$ 11,553)	\$ -	\$ 1,002
Unrealized sales allowance	134	( 78)	-	56
Unrealized expenses	131,706	7,597	-	139,303
Deferred revenues	13,678	12,086	-	25,764
Remeasurements of defined benefit obligation	408,020	-	30,636	438,656
Others	<u>38,158</u>	<u>18,506</u>	<u>12,514</u>	<u>69,178</u>
	<u>604,251</u>	<u>26,558</u>	<u>43,150</u>	<u>673,959</u>
<u>Deferred tax liabilities</u>				
Unrealized gain	( 9,413)	-	( 18,797)	( 28,210)
Foreign investment income	-	( 3,344,880)	-	( 3,344,880)
	<u>( 9,413)</u>	<u>( 3,344,880)</u>	<u>( 18,797)</u>	<u>( 3,373,090)</u>
	<u>\$ 594,838</u>	<u>(\$ 3,318,322)</u>	<u>\$ 24,353</u>	<u>(\$ 2,699,131)</u>

D. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

E. All unappropriated earnings were generated on and after January 1, 1998.

F. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(26) Earnings per share

For the year ended December 31, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 10,206,388</u>	<u>1,039,622</u>	<u>\$ 9.82</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 10,206,388	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	2,437	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 10,206,388</u>	<u>1,042,059</u>	<u>\$ 9.79</u>

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 31,017,094</u>	<u>1,039,622</u>	<u>\$ 29.83</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 31,017,094	1,039,622	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>3,848</u>	
Shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 31,017,094</u>	<u>1,043,470</u>	<u>\$ 29.72</u>

(27) Operating leases

Lessor

A. The Company leases its investment property and shopping centres to others under operating lease agreements on terms between 2 and 10 years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Less than one year	\$ 60,250	\$ 58,193
Over one year but less than five years	207,825	225,428
Over five years	6,195	30,324
	<u>\$ 274,270</u>	<u>\$ 313,945</u>

Lessee

A. The Company leases business premises for its stores. The lease terms are between 1 and 20 years, and certain lease agreements are renewable at the end of the lease period. Rents are paid in accordance with the agreements. Certain leases incur extra rent based on the operating revenue of stores or changes in local price indices. Rental expenses recognized in profit and loss for the years ended December 31, 2018 and 2017 are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Rental expenses	\$ 6,397,092	\$ 6,138,050
Contingent rents	\$ 263,459	\$ 238,384

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	\$ 6,468,378	\$ 6,014,560
Over one year but less than five years	22,180,633	20,158,903
Over five years	12,723,044	9,999,009
	<u>\$ 41,372,055</u>	<u>\$ 36,172,472</u>

B. The Company has sub-leased certain business premises to others. Sublease revenues recognized in profit and loss for the years ended December 31, 2018 and 2017 are as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Sublease revenues	\$ 153,047	\$ 149,827
Contingent rents	\$ 389,452	\$ 357,378

In accordance with non-cancellable sub-lease agreements as of December 31, 2018, sub-lease payments totalling \$294,113 are expected to be collected between 2019 and 2028.

(28) Supplemental cash flow information

Investing activities with partial cash payments

	For the year ended December 31, 2018	For the year ended December 31, 2017
Purchase of property, plant and equipment	\$ 2,295,563	\$ 2,299,062
Add: Opening balance of payable on equipment	407,065	387,239
Less: Ending balance of payable on equipment	( 399,331)	( 407,065)
Cash paid during the year	<u>\$ 2,303,297</u>	<u>\$ 2,279,236</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Other non-current liabilities - guarantee deposits received	Liabilities from financing Activities - gross
January 1, 2018	\$ -	\$ 2,435,662	\$ 2,435,662
Changes in cash flow from financing activities	6,000,000	98,296	6,098,296
December 31, 2018	<u>\$ 6,000,000</u>	<u>\$ 2,533,958</u>	<u>\$ 8,533,958</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

The Company's parent company and the Group's ultimate parent company is Uni-President Enterprises Corp. which holds a 45.4% equity interest in the Company as of December 31, 2018.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Uni-President Enterprises Corp.	Ultimate parent company
21 Century Enterprise Co., Ltd.	Subsidiary
Books.com. Co., Ltd.	"
Capital Inventory Services Corp.	"
Duskin Serve Taiwan Co.	"
ICASH Corp.	"
President Chain Store (BVI) Holdings Ltd.	"
President Information Corp.	"
President Logistics International Corp.	"
Uni-President Superior Commissary Corp.	"
President Pharmaceutical Corp.	"
President Transnet Corp.	"
Retail Support International Corp.	"
Uni-President Cold-Chain Corp.	"
Vision Distribution Service Corp.	"
Q-ware Systems & Services Corp.	"
Wisdom Distribution Service Corp.	"
Uni-Wonder Corp.	"
Tung Ang Enterprises Corp.	Sister company
President Baseball Team Corp.	"
Presco Netmarketing Inc.	"
Tait Marketing & Distribution Co., Ltd.	"
President Packaging Ind. Corp.	"
Lien-Bo Enterprises Corp.	"
President Organics Corp.	Investee of the Company accounted for under the equity method
Mister Donut Taiwan Co., Ltd.	"
Kuang Chuan Dairy Co.,Ltd	Investee of ultimate parent company accounted for under the equity method
Wei Lih Food Industrial Co., Ltd.	"

(3) Significant related party transactions and balances

A. Operating revenue

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
<u>Commission revenue from collection services</u>		
Subsidiaries	\$ 352,711	\$ 373,475
Sister companies	<u>3,040,132</u>	<u>2,763,654</u>
	<u>\$ 3,392,843</u>	<u>\$ 3,137,129</u>

B. Purchases (net of purchase rebate)

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Ultimate parent	\$ 14,923,741	\$ 14,628,726
Subsidiaries	4,384,596	4,835,388
Sister companies	3,376,375	3,389,670
Associates	234,899	259,831
Other related parties	<u>722,188</u>	<u>541,462</u>
	<u>\$ 23,641,799</u>	<u>\$ 23,655,077</u>

(a) The purchases above is a net amount after deducting the replacement for defects and rebate.

(b) The Company's purchases from the related parties are priced in accordance with the agreed terms that are generally not different from general vendors. The payment terms are net 10-60 days from the end of the month when invoice is issued and is generally not different from the general vendors.

C. Promotion income (recorded as deduction to "operating costs")

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Ultimate parent	\$ 454,755	\$ 574,658
Subsidiaries	236,068	219,998
Sister companies	165,667	186,022
Associates	13,837	12,384
Other related parties	<u>96,782</u>	<u>56,619</u>
	<u>\$ 967,109</u>	<u>\$ 1,049,681</u>

The promotion income includes shelf display fee, advertising sponsorship and performance incentives, which are calculated and collected in a manner equivalent to the general suppliers.

D. Non-operating income

	For the year ended <u>December 31, 2018</u>	For the year ended <u>December 31, 2017</u>
Ultimate parent	\$ 32,467	\$ 30,115
Subsidiaries	846,863	856,266
Sister companies	5,626	4,181
Associates	17,406	19,084
Other related parties	<u>8</u>	<u>6</u>
	<u>\$ 902,370</u>	<u>\$ 909,652</u>

E. Receivables (payables) from related parties

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Other receivables</u>		
Ultimate parent	\$ 20,921	\$ 72,563
Subsidiaries	1,552,056	6,475,700
Sister companies	93,233	71,301
Associates	3,451	24,230
Other related parties	<u>4</u>	<u>-</u>
	<u>\$ 1,669,665</u>	<u>\$ 6,643,794</u>
<u>Payables</u>		
Ultimate parent	\$ 393,380	\$ 376,500
Subsidiaries	12,316,777	10,891,796
Sister companies	2,013	9,281
Associates	9,356	64,730
Other related parties	<u>12,736</u>	<u>8,569</u>
	<u>\$ 12,734,262</u>	<u>\$ 11,350,876</u>

Payables to related parties mainly arise from purchase transactions. Payables bear no interest.

F. Property Transactions

Disposal of financial assets

			For the year ended <u>December 31, 2018</u>	
<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Proceeds</u>	<u>Gain</u>
Sister companies Investments accounted for using equity method	108,160	Grand Bills Finance Corp.	<u>\$ 1,828</u>	<u>\$ 59</u>

(4) Key management compensation

	For the year ended December 31, 2018	For the year ended December 31, 2017
Other short-term employee benefits	\$ 297,731	\$ 659,498

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives in this area are to retain the confidence of investors and the market, to fund future capital expenditures and stable dividend flows for ordinary shares, and to maintain the most appropriate capital structure to maximize the equity interest of shareholders.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	\$ 85,683	\$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	644,614	-
Available-for-sale financial assets	-	848,575
Financial assets measured at cost	-	25,721
Financial assets at amortized cost/Loans and receivables		
Cash and cash equivalents	14,070,751	22,422,981
Accounts receivable, net	603,890	600,671
Other receivables	2,515,131	7,556,281
Guarantee deposit paid	1,231,311	1,174,967
	<u>\$ 19,151,344</u>	<u>\$ 32,629,196</u>

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 6,000,000	\$ -
Notes payable	6,037,491	5,739,310
Accounts payable	9,465,646	8,761,922
Other payables	18,827,308	22,286,764
Guarantee deposit received	<u>2,533,958</u>	<u>2,435,662</u>
	<u>\$ 42,864,403</u>	<u>\$ 39,223,658</u>

**B. Risk management policies**

- (a) The Company's risk management and hedging policies mainly focus on hedging business risk. The Company also establishes hedge positions when trading derivative financial instruments. The choice of instruments should hedge risks relating to interest expense, assets or liabilities arising from business operations.
- (b) For managing derivative instruments, the treasury department is responsible for managing trading positions of derivative instruments and assess market values periodically. If transactions and gains (losses) are abnormal, the treasury will respond accordingly and report to the Board of Directors immediately.
- (c) There is no related transaction about derivative financial instruments that are used to hedge certain exchange rate risk.

**C. Significant financial risks and degrees of financial risks**

**(a) Market risk**

**Foreign exchange risk**

- I. The Company operates internationally and is exposed to foreign exchange risk arising from of the Company used in various functional currency, the transactions primarily with respect to the USD and RMB. Exchange risk arises from future commercial transactions and recognized assets and liabilities.
- II. Management has set up a policy to require the segments to manage their foreign exchange risk against their functional currencies.
- III. The Company's businesses involve some non-functional currency operations.( The Company's functional currency is the New Taiwan dollar,NTD) The assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:



December 31, 2018			
(Foreign currency: functional currency)	Foreign currency	Exchange	Book value
	amount		
	(In thousands)	rate	(NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
JPY:NTD	\$ 721,500	0.2782	\$ 200,721
<u>Investments accounted for using equity</u>			
<u>method</u>			
USD: NTD	\$ 843,740	30.7150	\$ 25,915,469
December 31, 2017			
(Foreign currency: functional currency)	Foreign currency	Exchange	Book value
	amount		
	(In thousands)	rate	(NTD)
<u>Financial assets</u>			
<u>Non-monetary items</u>			
JPY: NTD	\$ 891,900	0.2642	\$ 235,640
<u>Investments accounted for using equity</u>			
<u>method</u>			
USD: NTD	829,060	29.7600	24,672,816
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 96,634	29.7600	\$ 2,875,828

- IV. The total exchange gain (loss), including realized and unrealized gain (loss) from significant foreign exchange variation on the monetary items held by the Company amounted to \$18,145 and \$927 for the years ended December 31, 2018 and 2017, respectively.
- V. Analysis of foreign currency market risk arising from significant foreign exchange variation:
- Foreign exchange risk with respect to USD primarily arises from the exchange gain or loss resulting from foreign currency translation of cash and cash equivalents and accounts payable denominated in USD. As of December 31, 2018 and 2017, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's profit for the years ended December 31, 2018 and 2017 would increase/decrease by \$1,295,773 and \$1,089,849, respectively. Foreign exchange risk with respect to JPY primarily arises from the exchange gain or loss resulting from foreign currency translation of financial assets at fair value through other comprehensive income - non-current denominated in JPY. If the NTD:JPY exchange rate appreciates/depreciates by 5%, with all other factors remaining constant, the Group's profit for the years ended December 31, 2018 and 2017 would

increase/decrease by \$10,036 and \$11,782, respectively.

Price risk

- I. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- II. The Company's investments in equity securities comprise shares and open-ended funds issued by the domestic companies. The prices of equity securities would change due to change of the future value of investee companies. If the prices of these equity securities increase / decrease by 5%, and open-ended funds increase / decrease by 0.25%, with all other variables held constant, the post-tax profit for the year ended December 31, 2018 would have increased/decreased by \$4,284, respectively, as a result of gains/losses on equity securities and open-ended funds classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$32,231 and \$39,206, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income and available-for-sale equity investment.

Cash flow and fair value interest rate risk

- I. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which are partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. For the years ended December 31, 2018 and 2017, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and Philippine Peso.

(b) Credit risk

- I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.
- II. The Company manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- III. The Company operates a chain of retail stores, thus the ratio of accounts receivable to total asset is low. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis and using the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts

receivable are as follows:

	<u>December 31 2018</u>
	<u>Accounts receivable</u>
At January 1_IAS 39	\$ 6,326
Adjustments under new standards	<u>-</u>
At January 1_IFRS 9	6,326
Provision for impairment	2,100
Reversal of impairment	( 250)
Write-offs	( 6,744)
At December 31	<u>\$ 1,432</u>

- IV. The Company's investment in debt instrument is the government bond, which was issued by R.O.C, the risk of expected credit loss is low. The Company has no unrecognized allowance for investment in debt instrument at fair value through other comprehensive income for the year ended December 31, 2018.
- V. The Company has no written-off financial assets that are still under recourse procedures on December 31, 2018.
- VI. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(c) Liquidity risk

- I. Cash flow forecasting is performed by the operating entities of the Group and aggregated by the Group's finance department. It monitors rolling forecasts of liquidity requirements to ensure the Group has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- II. The Company invests surplus cash in interest bearing current accounts, time deposits, money market fund and marketable securities, and chooses instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the aforementioned forecasting. The Company held no money market funds at December 31, 2018 and 2017, respectively.
- III. The Company has undrawn borrowing facilities beyond one year of \$9,334,699 and \$7,932,175 as of December 31, 2018 and 2017, respectively.
- III. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>December 31, 2018</u>				
Short-term borrowings	\$ 6,003,262	\$ -	\$ -	\$ -
Notes payable	6,037,491	-	-	-
Accounts payable	9,465,646	-	-	-
Other payables	18,827,308	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
<u>December 31, 2017</u>				
Notes payable	\$ 5,739,310	\$ -	\$ -	\$ -
Accounts payable	8,761,922	-	-	-
Other payables	22,286,764	-	-	-

(3) Fair value information

A. The different levels of the inputs used in valuation techniques to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and on-the-run Taiwan central government bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investments without an active market is included in Level 3.

B. Fair value information of the Company's investment property at cost is provided in Note 6(8).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	<u>December 31, 2018</u>			
	Fair value			
	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Financial assets:</u>				
Guarantee deposit paid	\$ 1,231,311	\$ -	\$ -	\$ 1,216,127
<u>Financial liabilities:</u>				
Guarantee deposit received	\$ 2,533,958	\$ -	\$ -	\$ 2,507,486

	December 31, 2017			
		Fair value		
	Book value	Level 1	Level 2	Level 3
<u>Financial assets:</u>				
Financial assets measured at cost	\$ 25,721	-	-	\$ 25,721
Guarantee deposit paid	<u>1,174,967</u>	<u>-</u>	<u>-</u>	<u>1,161,218</u>
	<u>\$ 1,200,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,186,939</u>
<u>Financial liabilities:</u>				
Guarantee deposit received	\$ 2,435,662	\$ -	\$ -	\$ 2,409,648

(b) Guarantee deposits paid/received are measured at fair value, which is calculated based on the discounted future cash flow.

D. The related information for financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) Classification according to the nature of assets and liabilities, relevant information is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 85,683	\$ 85,683
Financial assets at fair value through other comprehensive income				
Equity securities	<u>640,266</u>	<u>-</u>	<u>4,348</u>	<u>644,614</u>
	<u>\$ 640,266</u>	<u>\$ -</u>	<u>\$ 90,031</u>	<u>\$ 730,297</u>
December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets	<u>\$ 784,115</u>	<u>\$ -</u>	<u>\$ 64,460</u>	<u>\$ 848,575</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

I. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-ended fund	Government bond
Market quoted price	Closing price	Net asset value	Closing price

II. Except for financial instruments with active markets, the fair value of other financial instruments is measured using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, by discounted cash flow method or other valuation methods, including calculations by applying models using market information available at the consolidated balance sheet date.

- E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.
- F. For the years ended December 31, 2018 and 2017, there was no significant transfer in or out of Level 3.
- G. The Company is in charge of valuation procedures for fair value measurements being categorised within Level 3, which aim to verify the independent fair value of financial instruments. Such assessments are to ensure the valuation results are reasonable by applying independent information to compare the results to current market conditions, confirming the information resources are independent, reliable and in line with other resources, and represented as the exercisable price, and frequently making any other necessary adjustments to the fair value. Investment property is assessed by independent appraisers or based on recent closing prices of similar property in the neighbouring area.
- H. The qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement are provided below:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 90,031	Market comparable companies	Price to book ratio multiplier	2.61	The higher the multiplier, the higher the fair value
		Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value
	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 64,460	Net asset value	Net asset value	-	The higher the net asset value, the higher the fair value

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value, and regards its fair value measurements as reasonable. However, the use of different valuation models or assumptions may result in different measurements. If net assets from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, other comprehensive income would not have been significantly impacted as of December 31, 2018 and 2017.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted for the year of 2017:

(a) Financial assets at fair value through profit or loss

- I. They are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the

short-term.

- II. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.
- III. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(b) Available for sale financial assets

- I. They are non-derivatives that are either designated in this category or not classified in any of the other categories.
- II. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- III. They are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(c) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

- I. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- II. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
  - (i) Significant financial difficulty of the issuer or debtor;
  - (ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

III. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(iii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:



	Investments accounted for using equity method	Measured at fair value through profit or loss – non current	Available-for sale-equity Measured at fair value through other comprehensive income-equity	Measured at amortized cost	Total	Effects	
						Retained earnings	Other equity
<b>IAS 39</b>	\$ -	\$ -	\$ 848,575	\$ 25,721	\$ 874,296	\$ -	\$ -
Transferred into and measured at fair value through profit or loss	-	85,833	( 60,112)	( 25,721)	-	22,498	( 22,498)
Recognized the IFRS 9 effects through investment accounted for using equity method	( 3,990)	-	-	-	( 3,990)	2,965	( 6,955)
<b>IFRS 9</b>	<u>(\$ 3,990)</u>	<u>\$ 85,833</u>	<u>\$ 788,463</u>	<u>\$ -</u>	<u>\$ 870,306</u>	<u>\$ 25,463</u>	<u>(\$ 29,453)</u>

- (a) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets and financial assets at cost in the amounts of \$60,112 and \$25,721, respectively, by increasing financial assets at fair value through profit or loss and retained earnings in the amounts of \$85,833 and \$22,498, respectively and decreasing other equity interest in the amount of \$22,498.
- (b) In accordance with IFRS 9, the Company reclassified available-for-sale financial assets in the amount of \$788,463 and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income in the amount of \$788,463.
- (c) The Company's investee accounted for using equity method made certain re-classifications in accordance with IFRS 9. Accordingly, the Company decreased investments accounted for using equity method and other equity interest in the amounts of \$3,990 and \$6,955, respectively and increased retained earnings in the amount of \$2,965 on January 1, 2018.
- C. The significant accounts as of December 31, 2017 and for the year ended December 31, 2017 are as follows:
- (a) Available-for-sale financial assets - non-current

	<u>December 31, 2017</u>
Listed stocks	\$ 265,606
Unlisted stocks	<u>41,963</u>
	307,569
Valuation adjustment	<u>541,006</u>
	<u>\$ 848,575</u>

- I. The Company recognized \$152,186 in other comprehensive gain in relation to fair value changes for the year ended December 31, 2017 .
- II. The counterparties of the Company's investments in debt instruments have good credit quality.

(b) Financial assets at cost

- I. According to the Company's intention, its investment objectives should be classified as 'available-for-sale financial assets'. However, as the investment objectives are not traded in active market, and no sufficient industry information of companies similar to their financial information cannot be obtained, the fair value of the investment objectives cannot be measured reliably. The Company classified those stocks as 'financial assets measured at cost'.
- II. As of December 31, 2017, no financial assets measured at cost held by the Company were pledged to others.

D. Credit risk information as of December 31, 2017 and for the year ended December 31, 2017 are as follows:

- (a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.
- (b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- (c) The Company's accounts receivable that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.
- (d) The Company's accounts receivable were not past due but not impaired.
- (e) Movements in the provision for impairment of accounts receivable for the year ended December 31, 2017 are as follows:

	For the year ended December 31, 2017
At January 1	\$ 74,286
Provision for impairment	422
Write-offs	( 68,382)
At December 31	<u>\$ 6,326</u>

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below:

(a) Sales of goods

- I. The Company's revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's

activities. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity.

- II. The Company offers customers volume discounts and right of return for defective products. The Company estimates such discounts and returns based on historical experience. Allowance for such liabilities are recorded when the sales are recognized.
- III. The Company has customer loyalty programs where the Company grants loyalty award credits (such as 'points'; the award credits can be used to exchange for free or discounted goods) to customers as part of a sales transaction. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the initial sale of goods and the award credits. The amount of proceeds allocated to the award credits is measured by reference to the fair value of goods that can be redeemed by using the award credits and the proportion of award credits that are expected to be redeemed by customers. The Company recognizes the deferred portion of the proceeds allocated to the award credits as revenue only when it has fulfilled its obligations in respect of the award credits.

(b) Sales of services

The Company provides delivering services. Revenue from delivering services is recognized when the services is completed and the outcome of services provided can be estimated reliably. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

- B. The revenue recognized by using above accounting policies for the year ended December 31, 2017 are as follows:

	For the year ended <u>December 31, 2017</u>
Sales revenue	\$ 135,032,826
Other operating revenue	<u>9,447,054</u>
Total	<u>\$ 144,479,880</u>

- C. The effects and description of current balance sheet items if the Company continues adopting above accounting policies are as follows and no significant effects on current comprehensive income statement.

		December 31, 2018		
<u>Balance sheet items</u>	<u>Description</u>	<u>Balance by using IFRS 15</u>	<u>Balance by using previous accounting policies</u>	<u>Effects from changes in accounting policy</u>
Accounts receivable, net	(a)	\$ 603,890	\$ 603,890	\$ -
Other current assets	(a)	1,560,262	1,560,028	234
Other current liabilities	(a)(b)	1,463,092	2,756,007	( 1,292,915)
Contract liabilities-current	(b)	1,293,149	-	1,293,149
Contract liabilities-non-current	(b)	151,550	-	151,550
Other non-current liabilities	(b)	394,951	546,501	( 151,550)

(a) Under IFRS 15, liability in relation to expected discounts and refunds to customers is recognized as refund liability in the amount of \$234. At the same time, the Company has a right to recover the product from the customer where the customer exercises his right of return and recognizes as current asset (shown as 'other current assets') in the amount of \$234. But were previously presented as accounts receivable - allowance for sales discounts in the balance sheet.

(b) Under IFRS 15, liabilities in relation to sales of gift cards, and franchise agreements are recognized as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of December 31, 2018, the balance amounted to \$1,293,149. Liabilities in relation to the customer loyalty program are recognized as contract liabilities, but were previously presented as deferred revenue in the balance sheet. As of December 31, 2018, the balance amounted to \$151,550 and was presented as non-current liability.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital: Please refer to Table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 3.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more:  
Please refer to Table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

None.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)  
December 31, 2018

Table 1 Expressed in thousands of NTD  
(Except as otherwise indicated)

				As of December 31, 2018				
Securities held by	Type and name of securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
	Stock:							
President Chain Store Corp.	President Investment Trust Corp.	Director of President Investment Trust Corp.	Financial assets at fair value through profit or loss - non-current	2,667,600	\$ 45,298	7.60	\$ 45,298	
President Chain Store Corp.	Career Consulting Co. Ltd	None	"	837,753	14,663	5.37	14,663	
President Chain Store Corp.	Kaohsiung Rapid Transit Corp.	"	"	2,572,127	25,722	0.92	25,722	
President Chain Store Corp.	PK Venture Capital Corp.	Director of PK Venture Capital Corp.	"	321,300	-	6.67	-	
Mech-President Corp.	Yamay International Development Corp.	None	"	9	-	-	-	
President Chain Store Corp.	President Securities Corp.	Investees of Uni-President Enterprises Corp. under the equity method	Financial assets at fair value through other comprehensive income - non - current	38,221,259	439,544	2.75	439,544	
President Chain Store Corp.	Duskin Co., Ltd.	None	"	300,000	200,722	0.56	200,722	
President Chain Store Corp.	Koasa Yamako Corp.	Director of Koasa Yamako Corp.	"	650,000	4,348	10.00	4,348	
	Open ended funds:							
Books.com. Co., Ltd.	Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,843,148	\$ 30,008	-	\$ 30,008	
Chieh-Shuen Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	2,037,832	34,002	-	34,002	
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	1,730,169	23,503	-	23,503	
Uni-Wonder Corp.	Union Money Market Fund	"	"	15,170,478	200,000	-	200,000	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	3,996,323	50,000	-	50,000	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	2,220,988	30,000	-	30,000	
President Information Corp.	Prudential Financial Money Market Fund	"	"	7,643,267	120,716	-	120,716	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	3,266,653	54,506	-	54,506	
President Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	2,429,553	33,004	-	33,004	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	112,825	1,669	-	1,669	
President Pharmaceutical Corp.	Taishin 1699 Money Market Fund	"	"	3,036,177	41,011	-	41,011	
Retail Support Taiwan Corp.	FSITC Money Market Fund	"	"	38,207	6,806	-	6,806	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	16,121,671	219,000	-	219,000	
	Bond:							
ICASH Corp.	Government bond	None	Financial assets at fair value through other comprehensive income - non-current	-	\$ 200,731	-	\$ 200,731	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Acquisition or sale of the same security with the accumulated cost reaching \$300 million or 20% of the Company's paid-in capital  
For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Balance as at									Other increase (decrease)		Balance as at December 31, 2018	
				January 1, 2018		Addition				Disposal						
Investor	Type and name of securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Number of shares	Amount
	Open ended funds:															
Books.com. Co., Ltd.	Jih Sun Money Market Fund	Note 1	Not applicable	Not applicable	1,358,373	\$ 20,005	88,163,118	\$ 1,300,000	89,521,491	\$ 1,320,528	\$ 1,320,000	\$ 528	- (\$ 5)	-	\$ -	
Books.com. Co., Ltd.	Yuanta De-Li Money Market Fund	"	"	"	-	-	49,194,595	800,000	47,351,447	770,193	770,000	193	- 8	1,843,148	30,008	
Chieh-Shuen Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	5,250,222	71,007	55,345,735	750,000	58,865,788	797,675	797,500	175	- ( 4)	1,730,169	23,503	
Uni-Wonder Corp.	Union Money Market Fund	"	"	"	6,855,158	90,000	56,210,346	740,000	47,895,026	630,569	630,000	569	- -	15,170,478	200,000	
Uni-Wonder Corp.	FSITC Taiwan Money Market Fund	"	"	"	13,151,752	200,000	42,667,230	650,000	55,818,982	850,603	850,000	603	- -	-	-	
Uni-Wonder Corp.	Taishin 1699 Money Market Fund	"	"	"	3,718,301	50,000	48,240,853	650,000	49,738,166	670,296	670,000	296	- -	2,220,988	30,000	
Uni-Wonder Corp.	Nomura Taiwan Money Market Fund	"	"	"	12,328,480	200,000	46,138,977	750,000	58,467,457	950,406	950,000	406	- -	-	-	
Uni-Wonder Corp.	Allianz Global Investors Taiwan Money Market Fund	"	"	"	2,408,497	30,000	35,233,545	440,000	33,645,719	420,182	420,000	182	- -	3,996,323	50,000	
President Drugstore Business Corp.	Jih Sun Money Market Fund	"	"	"	-	-	65,155,152	961,000	65,155,152	961,135	961,000	135	- -	-	-	
President Drugstore Business Corp.	FSITC Taiwan Money Market Fund	"	"	"	-	-	91,027,726	1,388,000	91,027,726	1,388,223	1,388,000	223	- -	-	-	
President Information Corp.	Jih Sun Money Market Fund	"	"	"	9,323,901	137,318	40,572,270	598,800	49,896,170	736,582	736,118	464	- -	-	-	
President Information Corp.	Prudential Financial Money Market Fund	"	"	"	5,474,517	86,074	27,857,708	439,216	25,688,958	405,166	404,574	592	- -	7,643,267	120,716	
President Logistics International Corp.	UPAMC James Bond Money Market Fund	"	"	"	-	-	21,726,534	362,000	18,459,881	307,563	307,500	63	- 6	3,266,653	54,506	
President Logistics International Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	2,810,047	38,004	51,773,619	702,000	52,154,113	707,132	706,999	133	- ( 1)	2,429,553	33,004	
President Pharmaceutical Corp.	Jih Sun Money Market Fund	"	"	"	5,968,302	87,898	57,797,690	853,000	63,653,167	939,519	939,203	316	- ( 26)	112,825	1,669	
Q-ware Systems & Services Corp.	Eastspring Investments Well Pool Money Market Fund	"	"	"	17,449,813	236,000	225,576,138	3,059,000	226,904,280	3,077,260	3,076,000	1,260	- -	16,121,671	219,000	
President Chain Store (Hong Kong) Holdings Limited	Stock: President Chain Store (Zhejiang) Ltd.	Note 2	Issuance of common stock for cash	Parent company to subsidiary	-	\$ 187,329	-	\$ 357,228	-	\$ -	\$ -	\$ -	- (\$ 131,610)	-	\$ 412,947	

Note 1: The security was recognized as "Financial assets at fair value through profit or loss—current".  
Note 2: The security was recognized as "Investments accounted for using equity method".

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2018

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
President Chain Store Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	\$ 14,923,741	15	Net 30~40 days from the end of the month when invoice is issued	No significant differences	No significant differences	(\$ 1,177,885)	( 8)	
	Uni-President Superior Commissary Corp.	Subsidiary	"	3,566,700	4	Net 45 days from the end of the month when invoice is issued	"	"	( 622,404)	( 4)	
	Tung Ang Enterprises Corp.	Sister company	"	1,908,658	2	Net 30 days from the end of the month when invoice is issued	"	"	( 136,637)	( 1)	
	Lien-Bo Enterprises Corp.	"	"	647,614	1	Net 10~54 days from the end of the month when invoice is issued	"	"	( 103,372)	( 1)	
	Vision Distribution Service Corp.	Subsidiary	Purchases returns	( 149,679)	-	Net 30~60 days from the end of the month when invoice is issued	"	"	-	-	
	Tait Marketing & Distribution Co., Ltd.	Sister company	Purchases	381,636	-	Net 20~70 days from the end of the month when invoice is issued	"	"	( 76,213)	-	
	Q-ware Systems & Services Corp.	Subsidiary	"	632,058	1	Net 40 days from the end of the month when invoice is issued	"	"	( 107,036)	( 1)	
	President Packaging Corp.	Sister company	"	335,435	-	Net 15~60 days from the end of the month when invoice is issued	"	"	( 67,993)	-	
	Kuang Chuan Dairy Corp.	Other related party	"	398,310	-	Net 30~65 days from the end of the month when invoice is issued	"	"	( 88,129)	( 1)	
	President Transnet Corp.	Subsidiary	"	224,880	-	Net 60 days from the end of the month when invoice is issued	"	"	( 23,798)	-	
	Weilih Food Industrial Co., Ltd.	Other related party	"	267,673	-	Net 30~60 days from the end of the month when invoice is issued	"	"	( 57,714)	-	
	21 Century Enterprise Co., Ltd.	Subsidiary	"	277,271	-	Net 30~60 days from the end of the month when invoice is issued	"	"	( 64,673)	-	
	Mister Donut Taiwan Corp., Ltd.	Associate	"	159,797	-	Net 55~60 days from the end of the month when invoice is issued	"	"	( 29,185)	-	
	President Pharmaceutical Corp.	Subsidiary	"	101,850	-	Net 60~70 days from the end of the month when invoice is issued	"	"	( 124,435)	( 1)	
Capital Inventory Services Corp.	President Chain Store Corp.	Parent company	Service revenue	( 170,565)	( 68)	Net 45~60 days from the end of the month when invoice is issued	"	"	33,902	57	
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	( 708,839)	( 40)	Net 40 days from the end of the month when invoice is issued	"	"	129,144	59	
	President Logistics International Corp.	Parent company	"	( 969,846)	( 60)	Net 20 days from the end of the month when invoice is issued	"	"	85,555	39	
Duskin Serve Taiwan Co.	President Chain Store Corp.	"	Service revenue	( 282,209)	( 23)	Net 15~60 days from the end of the month when invoice is issued	"	"	78,425	37	
Uni-Wonder Corp.	Uni-President Enterprises Corp.	Ultimate parent company	Purchases	270,060	6	Net 30 days from the end of the month when invoice is issued	"	"	( 33,063)	( 6)	
	Tung Chan Enterprise Corp.	Other related party	"	1,041,904	25	Net 25 days from the end of the month when invoice is issued	"	"	( 112,967)	( 21)	
	Retail Support International Corp.	Subsidiary of President Chain Store Corp.	"	195,552	5	Net 30 days from the end of the month when invoice is issued	"	"	( 18,200)	( 3)	
President Information Corp.	President Chain Store Corp.	Parent company	Service revenue	( 772,627)	( 67)	Net 45 days from the end of the month when invoice is issued	"	"	243,134	69	



PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2018

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

						Differences in transaction terms compared to third party transactions					
			Transaction					Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
President Logistics International Corp.	Retail Support International Corp.	Parent company	Delivery revenue	(\$ 751,640)	( 24)	Net 20 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 69,244	24	
	Uni-President Cold-Chain Corp.	Subsidiary of President Chain Store Corp.	"	( 1,035,971)	( 33)	Net 20 days from the end of the month when invoice is issued	"	"	89,672	31	
	Wisdom Distribution Service Corp.	"	"	( 1,064,345)	( 33)	Net 20 days from the end of the month when invoice is issued	"	"	103,177	35	
	Chieh-Shuen Logistics International Corp.	Subsidiary	Service cost	969,846	32	Net 20 days from the end of the month when invoice is issued	"	"	( 85,555)	( 31)	
Uni-President Superior Commissary Corp.	President Chain Store Corp.	Parent company	Sales revenue	( 3,566,700)	( 99)	Net 45 days from the end of the month when invoice is issued	"	"	622,404	100	
President Transnet Corp.	President Chain Store Corp.	"	"	( 224,880)	( 44)	Net 60 days from the end of the month when invoice is issued	"	"	23,798	2	
	Chieh-Shuen Logistics International Corp.	Subsidiary of President Chain Store Corp.	Service cost	708,839	8	Net 40 days from the end of the month when invoice is issued	"	"	( 129,144)	( 8)	
Retail Support Taiwan Corp.	Retail Support International Corp.	Parent company	Delivery revenue	( 305,169)	( 85)	Net 15~20 days from the end of the month when invoice is issued	"	"	27,199	79	
Q-ware Systems & Services Corp.	President Chain Store Corp.	"	Service revenue	( 632,058)	( 69)	Net 40 days from the end of the month when invoice is issued	"	"	107,036	78	
Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary of President Chain Store Corp.	"	( 283,188)	( 9)	Net 30 days from the end of the month when invoice is issued	"	"	26,449	28	
	President Logistics International Corp.	"	Service cost	1,064,345	44	Net 20 days from the end of the month when invoice is issued	"	"	( 103,177)	( 38)	
President Drugstore Business Corp.	President Pharmaceutical Corp.	"	Purchases	668,736	7	Net 70 days from the end of the month when invoice is issued	"	"	( 26,941)	( 1)	
President Pharmaceutical Corp.	President Drugstore Business Corp.	"	Sales revenue	( 668,736)	( 37)	Net 70 days from the end of the month when invoice is issued	"	"	26,941	7	
	President Chain Store Corp.	Parent company	"	( 101,850)	( 4)	Net 60~70 days from the end of the month when invoice is issued	"	"	124,435	31	
21 Century Enterprise Co., Ltd.	President Chain Store Corp.	"	"	( 277,271)	( 33)	Net 30~60 days from the end of the month when invoice is issued	"	"	64,673	47	
Vision Distribution Service Corp.	President Chain Store Corp.	"	Sales returns	149,679	-	Net 30~60 days from the end of the month when invoice is issued	"	"	-	-	
Retail Support International Corp.	President Logistics International Corp.	Subsidiary	Service cost	751,640	42	Net 20 days from the end of the month when invoice is issued	"	"	( 69,244)	( 45)	
	Retail Support Taiwan Corp.	"	"	305,169	17	Net 15~20 days from the end of the month when invoice is issued	"	"	( 27,199)	( 18)	
	Uni-Wonder Corp.	Subsidiary of President Chain Store Corp.	Delivery revenue	( 195,552)	( 7)	Net 30 days from the end of the month when invoice is issued	"	"	18,200	6	
Uni-President Cold-Chain Corp.	President Logistics International Corp.	"	Service cost	1,035,971	37	Net 20 days from the end of the month when invoice is issued	"	"	( 89,672)	( 2)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more  
For the year ended December 31, 2018

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Parent company	Delivery revenue	(\$ 199,852)	( 30)	Net 60 days from the end of the month when invoice is issued	No significant differences	No significant differences	\$ 52,590	47	
Shanghai President Logistic Co., Ltd.	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Subsidiary	Service cost	199,852	34	Net 60 days from the end of the month when invoice is issued	"	"	( 52,590)	( 37)	
ICASH Corp.	President Chain Store Corp.	Parent company	Service revenue	( 116,273)	( 32)	Net 45 days from the end of the month when invoice is issued	"	"	20,326	36	
President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary of President Chain Store Corp.	Delivery revenue	( 120,713)	( 99)	Net 30 days from the end of the month when invoice is issued	"	"	11,136	99	
Shan Dong President Yinzuo Commercial Limited	President Logistic ShanDong Co., Ltd.	"	Service cost	120,713	5	Net 30 days from the end of the month when invoice is issued	"	"	( 11,136)	( 2)	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
December 31, 2018

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as of December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
President Information Corp.	President Chain Store Corp.	Parent company	\$ 243,134	3.52	\$ -	None	\$ 191,194	\$ -
Uni-President Superior Commissary Corp.	President Chain Store Corp.	"	622,404	6.02	-	"	622,401	-
Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary of President Chain Store Corp.	129,144	5.21	-	"	78,796	-
President Logistics International Corp.	Wisdom Distribution Service Corp.	"	103,177	9.69	-	"	94,415	-

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction	Percentage of consolidated total operating revenues or total assets
0	President Chain Store Corp.	Books.com. Co., Ltd.	Parent company to subsidiary	Other operating income	(\$ 170,172)	Net 60 days from the end of the month when invoice is issued	0.07
0	President Chain Store Corp.	President Transnet Corp.	Parent company to subsidiary	Other operating income	( 169,894)	Net 60 days from the end of the month when invoice is issued	0.07
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	243,134	Net 45 days from the end of the month when invoice is issued	0.19
1	President Information Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 772,627)	Net 45 days from the end of the month when invoice is issued	0.32
2	Q-ware Systems & Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 632,058)	Net 40 days from the end of the month when invoice is issued	0.26
3	Duskin Serve Taiwan Co.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 282,209)	Net 15-60 days from the end of the month when invoice is issued	0.12
4	Uni-President Cold-Chain Corp.	President Chain Store Corp.	Subsidiary to parent company	Other operating income	( 343,690)	Net 20 days from the end of the month when invoice is issued	0.14
5	Capital Inventory Services Corp.	President Chain Store Corp.	Subsidiary to parent company	Service revenue	( 170,565)	Net 45~60 days from the end of the month when invoice is issued	0.07
6	Chieh-Shuen Logistics International Corp.	President Logistics International Corp.	Subsidiary to subsidiary	Delivery revenue	( 969,846)	Net 20 days from the end of the month when invoice is issued	0.40
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Delivery revenue	( 708,839)	Net 40 days from the end of the month when invoice is issued	0.29
6	Chieh-Shuen Logistics International Corp.	President Transnet Corp.	Subsidiary to subsidiary	Accounts receivable	129,144	Net 40 days from the end of the month when invoice is issued	0.10
7	President Logistics International Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	( 751,640)	Net 20 days from the end of the month when invoice is issued	0.31
7	President Logistics International Corp.	Uni-President Cold-Chain Corp.	Subsidiary to subsidiary	Delivery revenue	( 1,035,971)	Net 20 days from the end of the month when invoice is issued	0.42
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Delivery revenue	( 1,064,345)	Net 20 days from the end of the month when invoice is issued	0.44
7	President Logistics International Corp.	Wisdom Distribution Service Corp.	Subsidiary to subsidiary	Accounts receivable	103,177	Net 20 days from the end of the month when invoice is issued	0.08
8	President Logistic ShanDong Co., Ltd.	Shan Dong President Yinzuo Commercial Limited	Subsidiary to subsidiary	Delivery revenue	( 120,713)	Net 30 days from the end of the month when invoice is issued	0.05
9	President Pharmaceutical Corp.	President Drugstore Business Corp.	Subsidiary to subsidiary	Sales revenue	( 668,736)	Net 70 days from the end of the month when invoice is issued	0.27
10	Zhejiang Uni-Champion Logistics Development Co., Ltd.	Shanghai President Logistic Co., Ltd.	Subsidiary to subsidiary	Sales revenue	( 199,852)	Net 60 days from the end of the month when invoice is issued	0.08
11	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Accounts receivable	622,404	Net 45 days from the end of the month when invoice is issued	0.49
11	Uni-President Superior Commissary Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	( 3,566,700)	Net 45 days from the end of the month when invoice is issued	1.46
12	21 Century Enterprise Co., Ltd.	President Chain Store Corp.	Subsidiary to parent company	Sales revenue	( 277,271)	Net 30-60 days from the end of the month when invoice is issued	0.11
13	Wisdom Distribution Service Corp.	Books.com. Co., Ltd.	Subsidiary to subsidiary	Service revenue	( 283,188)	Net 30 days from the end of the month when invoice is issued	0.12
14	Retail Support Taiwan Corp.	Retail Support International Corp.	Subsidiary to subsidiary	Delivery revenue	( 305,169)	Net 15-20 days from the end of the month when invoice is issued	0.13
15	Vision Distribution Service Corp.	President Chain Store Corp.	Subsidiary to parent company	Sales returns	149,679	Net 30-60 days from the end of the month when invoice is issued	0.06
16	Retail Support International Corp.	Uni-Wonder Corp.	Subsidiary to subsidiary	Delivery revenue	( 195,552)	Net 30 days from the end of the month when invoice is issued	0.08

Note: Transaction among the company and subsidiaries with amount over NTD\$100,000, only one side of the transactions are disclosed.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Names, locations and other information of investee companies (not including investees in Mainland China)  
For the year ended December 31, 2018

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognized by the Company for the year ended December 31, 2018		Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value				
President Chain Store Corp.	President Chain Store (BVI) Holdings Ltd.	British Virgin Islands	Professional investment	\$ 6,712,138	\$ 6,712,138	171,589,586	100.00	\$ 25,850,474	\$ 611,941	\$ 615,496		Subsidiary
President Chain Store Corp.	President Drugstore Business Corp.	Taiwan	Sales of cosmetics, medicines and daily items	288,559	288,559	78,520,000	100.00	1,367,838	290,300	290,300		Subsidiary
President Chain Store Corp.	President Transnet Corp.	Taiwan	Delivery service	711,576	711,576	103,496,399	70.00	1,518,487	490,073	343,051		Subsidiary
President Chain Store Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	904,475	904,475	55,858,815	80.87	694,277	99,980	80,855		Subsidiary
President Chain Store Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	330,216	330,216	22,121,962	73.74	756,001	227,432	167,956		Subsidiary
President Chain Store Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	840,000	840,000	27,999,999	70.00	566,145	333,022	233,115		Subsidiary
President Chain Store Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	520,141	520,141	48,519,890	90.00	467,659	17,497	15,747		Subsidiary
President Chain Store Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	237,437	237,437	23,605,042	60.00	645,440	341,444	204,866		Subsidiary
President Chain Store Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	320,741	320,741	25,714,475	86.00	489,299	76,172	65,508		Subsidiary
President Chain Store Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	332,482	332,482	24,382,921	86.76	372,945	80,643	69,965		Subsidiary
President Chain Store Corp.	Wisdom Distribution Service Corp.	Taiwan	Logistics and storage of publication and e-commerce	50,000	50,000	10,847,421	100.00	506,392	271,711	271,711		Subsidiary
President Chain Store Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	100,400	100,400	9,999,999	50.03	417,935	422,359	211,285		Subsidiary
President Chain Store Corp.	President Yilan Art and Culture Corp.	Taiwan	Art and cultural exhibition	20,000	200,000	2,000,000	100.00	51,328	676	676		Subsidiary
President Chain Store Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	102,000	102,000	10,199,999	51.00	194,788	133,258	67,941		Subsidiary
President Chain Store Corp.	ICASH Corp.	Taiwan	Electronic ticketing services	500,000	500,000	50,000,000	100.00	356,073	5,787	5,787		Subsidiary
President Chain Store Corp.	Uni-President Development Corp.	Taiwan	Construction, development and operation of an MRT station	720,000	720,000	72,000,000	20.00	753,904	116,093	23,219		Note 1
President Chain Store Corp.	Uni-Wonder Corp.	Taiwan	Coffee chain store	3,286,206	3,286,206	21,382,674	60.00	5,289,524	711,814	198,444		Subsidiary
President Chain Store Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	91,414	91,414	6,429,999	25.00	174,830	216,951	54,238		Subsidiary
President Chain Store Corp.	Presicarre Corp.	Taiwan	Management of retail department store	7,112,028	7,112,028	130,801,027	19.50	5,518,380	1,677,876	327,178		Note 1
President Chain Store Corp.	President Fair Development Corp.	Taiwan	Operation of shopping mall, department store, international trade, etc.	3,191,700	3,191,700	190,000,000	19.00	1,984,125	158,079	30,035		Note 1
President Chain Store Corp.	President International Development Corp.	Taiwan	Professional investment	500,000	500,000	44,100,000	3.33	461,328	475,420	16,591		Note 1
President Chain Store Corp.	Tung Ho Development Corp.	Taiwan	Management of entertainment business	861,696	861,696	19,930,000	12.46	114,755 (	68,624) (	8,691)		Note 1
President Chain Store Corp.	Ren-Hui Investment Corp.	Taiwan	Professional investment	637,231	637,231	6,500,000	100.00	82,833	7,452	7,452		Subsidiary
President Chain Store Corp.	Capital Inventory Services Corp.	Taiwan	Enterprise management consultancy	9,506	9,506	2,500,000	100.00	59,241	31,630	31,630		Subsidiary
President Chain Store Corp.	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	277,805	277,805	8,746,008	92.20	64,995	1,764	1,626		Subsidiary
President Chain Store Corp.	President Chain Store Corporation Insurance Brokers Co., Ltd.	Taiwan	Life and property insurance	213,000	213,000	1,500,000	100.00	22,808	6,651	6,651		Subsidiary
President Chain Store Corp.	Cold Stone Creamery Taiwan Ltd.	Taiwan	Sales of ice cream	170,000	170,000	12,244,390	100.00 (	9,454)	14,507	14,507		Subsidiary
President Chain Store Corp.	President Being Corp.	Taiwan	Sports and entertainment business	170,000	170,000	1,500,000	100.00 (	42,731)	18,558	18,558		Subsidiary

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Names, locations and other information of investee companies (not including investees in Mainland China)  
For the year ended December 31, 2018

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018			Investment income (loss)			
Investor	Investee	Location	Main business activities	Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	Net profit (loss) of the	Investment income (loss)		Footnote
				December 31, 2018	December 31, 2017				investee for the year ended December 31, 2018	recognized by the Company for the year ended December 31, 2018		
President Chain Store Corp.	21 Century Enterprise Co., Ltd.	Taiwan	Operation of chain restaurants	\$ 160,680	\$ 160,680	10,000,000	100.00	\$ 34,523	\$ 24,027	\$ 24,027	Subsidiary	
President Chain Store Corp.	President Chain Store Tokyo Marketing Corp.	Japan	Enterprise management consultancy	35,648	35,648	9,800	100.00	76,331	3,114	3,114	Subsidiary	
President Chain Store Corp.	Uni-President Oven Bakery Corp.	Taiwan	Bread and pastry retailer	391,300	391,300	6,511,963	100.00	( 29,439)	( 14,764)	( 14,764)	Subsidiary	
President Chain Store Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	10,500	10,500	1,049,999	70.00	73,621	85,542	59,878	Subsidiary	
President Chain Store Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	147,900	147,900	14,789,999	51.00	41,659	( 509)	( 260)	Subsidiary	
President Chain Store Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	200,000	200,000	7,500,049	50.00	107,879	41,756	22,118	Note 1	
President Chain Store Corp.	Uni-President Organics Corp.	Taiwan	Health care products and organic food	47,190	47,190	1,833,333	36.67	38,862	21,446	7,863	Note 1	
President Chain Store Corp.	President Technology Corp.	Taiwan	Software development and call center service	7,500	7,500	750,000	15.00	21,347	38,142	5,718	Note 1	
President Chain Store Corp.	Grand Bills Finance Corp.	Taiwan	Securities trading	-	1,050	-	-	-	568,805	67	Note 1	
Books.com. Co., Ltd.	Books.com. (BVI) Ltd.	British Virgin Islands	Professional investment	1,478	1,478	500	100.00	592	2	3	Subsidiary of a subsidiary	
Mech-President Corp.	President Jing Corp.	Taiwan	Gas station	9,600	9,600	960,000	60.00	26,003	16,339	9,803	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC Restaurant (Cayman) Holdings Limited	Cayman Islands	Professional investment	159,966	159,966	8,880,000	100.00	31,162	80	80	Subsidiary of a subsidiary	
President Chain Store (Hong Kong) Holdings Limited	PCSC (China) Drugstore Limited	British Virgin Islands	Professional investment	22,729	22,729	740,000	7.80	5,499	1,764	138	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Hong Kong) Holdings Limited	Hong Kong	Professional investment	4,784,073	4,784,073	134,603,354	100.00	4,160,454	86,522	86,522	Subsidiary of a subsidiary	
President Chain Store (BVI) Holdings Ltd.	President Chain Store (Labuan) Holdings Ltd.	Malaysia	Professional investment	895,752	895,752	29,163,337	100.00	2,211,268	385,752	385,752	Subsidiary of a subsidiary	
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	Philippines	Operation of chain stores	894,891	894,891	394,970,516	52.22	2,210,541	887,060	399,934	Subsidiary of a subsidiary	
President Logistics International Corp.	Chieh-Shuen Logistics International Corp.	Taiwan	Trucking	180,000	180,000	26,670,000	100.00	310,438	19,473	19,473	Subsidiary of a subsidiary	
President Pharmaceutical Corp.	President Pharmaceutical (Hong Kong) Holdings Limited	Hong Kong	Sales of various health care products, cosmetics, and pharmaceuticals	178,024	89,415	5,935,900	100.00	72,393	( 28,202)	( 28,202)	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Books.com. Co., Ltd.	Taiwan	Retail business without shop	-	-	1	-	-	422,359	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Uni-President Department Store Corp.	Taiwan	Department stores	-	-	1	-	-	333,022	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Mech-President Corp.	Taiwan	Gas station, installment and maintenance of elevators	-	-	1	-	-	99,980	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Information Corp.	Taiwan	Enterprise information management and consultancy	-	-	1	-	-	76,172	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Transnet Corp.	Taiwan	Delivery service	-	-	1	-	-	490,073	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Q-ware Systems & Services Corp.	Taiwan	Information software services	-	-	1	-	-	80,643	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	Duskin Serve Taiwan Co.	Taiwan	Cleaning instruments leasing and selling	-	-	1	-	-	133,258	-	Subsidiary of a subsidiary	
Ren-Hui Investment Corp.	President Pharmaceutical Corp.	Taiwan	Sales of various health care products, cosmetics, and pharmaceuticals	-	-	1	-	-	227,432	-	Subsidiary of a subsidiary	

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Names, locations and other information of investee companies (not including investees in Mainland China)  
For the year ended December 31, 2018

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018			Investment income (loss)		
				Balance as at December 31,	Balance as at December 31,		Ownership		Net profit (loss) of the investee for the year ended December 31,	recognized by the Company for the year ended December 31,	
Investor	Investee	Location	Main business activities	2018	2017	Number of shares	(%)	Book value	2018	2018	Footnote
Ren-Hui Investment Corp.	Mister Donut Taiwan Corp., Ltd.	Taiwan	Bakery retailer	\$ -	\$ -	1	-	\$ -	\$ 41,756	\$ -	Note 1
Ren-Hui Investment Corp.	Uni-President Superior Commissary Corp.	Taiwan	Fresh food manufacture	-	-	1	-	-	17,497	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Uni-President Cold-Chain Corp.	Taiwan	Low-temperature logistics and warehousing	-	-	1	-	-	341,444	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Retail Support International Corp.	Taiwan	Room-temperature logistics and warehousing	-	-	1	-	-	216,951	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	President Collect Services Co., Ltd.	Taiwan	Collection agent	-	-	1	-	-	85,542	-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Afternoon Tea Taiwan Co., Ltd.	Taiwan	Operation of restaurants	-	-	1	-	- ( 509)		-	Subsidiary of a subsidiary
Ren-Hui Investment Corp.	Ren Hui Holding Co., Ltd.	British Virgin Islands	Professional investment	60,374	60,374	2,000,000	100.00	70,287	4,024	4,024	Subsidiary of a subsidiary
Retail Support International Corp.	Retail Support Taiwan Corp.	Taiwan	Room-temperature logistics and warehousing	15,300	15,300	2,871,300	51.00	74,413	45,403	23,156	Subsidiary of a subsidiary
Retail Support International Corp.	President Logistics International Corp.	Taiwan	Trucking	44,975	44,975	9,481,500	49.00	161,679	75,685	37,086	Subsidiary of a subsidiary
Retail Support Taiwan Corp.	President Logistics International Corp.	Taiwan	Trucking	5,425	5,425	1,161,000	6.00	19,797	75,685	4,413	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	President Logistics International Corp.	Taiwan	Trucking	23,850	23,850	4,837,500	25.00	82,489	75,685	18,921	Subsidiary of a subsidiary
Uni-President Cold-Chain Corp.	Uni-President Logistics (BVI) Holdings Limited	British Virgin Islands	Professional investment	87,994	87,994	2,990	100.00	103,772	12,628	12,628	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	President Logistics International Corp.	Taiwan	Trucking	18,850	18,850	3,870,000	20.00	65,991	75,685	15,137	Subsidiary of a subsidiary
Wisdom Distribution Service Corp.	Vision Distribution Service Corp.	Taiwan	Publishing Industry	-	60,000	-	-	- ( 31,023) (		17,539)	Subsidiary of a subsidiary
Philippine Seven Corp.	Convenience Distribution Inc.	Philippines	Logistics and warehousing	26,299	26,299	4,500,000	100.00	26,299	23,046	-	Subsidiary of a subsidiary
Philippine Seven Corp.	Store Sites Holding, Inc.	Philippines	Professional investment	28,486	28,486	40,000	40.00	28,486	1,262	-	Subsidiary of a subsidiary

Note 1: The investee was recognized using equity method by the company.

PRESIDENT CHAIN STORE CORP. AND SUBSIDIARIES  
Information on investments in Mainland China  
For the year ended December 31, 2018

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2018	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai President Chain Store Corporation Trade Co., Ltd.	Trade of food and commodities	\$ 272,749	Note 1	\$ 158,815	\$ -	\$ -	\$ 158,815	\$ 266	100.00	\$ 266	\$ 31,093	\$ -	Note 2
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Wholesale of merchandise	446,536	Note 1	289,252	-	-	289,252	1,855	100.00	1,855	69,725	-	Note 2
President Chain Store (Shanghai) Ltd.	Operation of chain stores	2,232,680	Note 1	2,373,578	-	-	2,373,578	( 155,505)	100.00	( 155,507)	68,214	-	Note 2
Shanghai President Logistic Co., Ltd.	Logistics and warehousing	61,430	Note 1	61,430	-	-	61,430	75,487	100.00	76,970	420,437	-	Note 2
Shanghai Cold Stone Ice Cream Corporation	Sales of ice cream	993,737	Note 1	1,005,579	-	-	1,005,579	( 4,323)	100.00	( 4,323)	47,631	-	Note 2
PCSC (Chengdu) Hypermarket Limited	Retail hypermarket	589,428	Note 1	546,000	-	-	546,000	( 21,399)	100.00	( 21,696)	54,972	-	Note 2
Shan Dong President Yinzuo Commercial Limited	Supermarkets	267,922	Note 1	125,267	-	-	125,267	34,356	55.00	17,331	195,037	-	Note 2
President (Shanghai) Health Product Trading Company Ltd.	Sales of various health care products, cosmetics, and pharmaceuticals	174,851	Note 1	85,544	89,307	-	174,851	( 29,280)	73.74	( 21,591)	28,837	56,866	Note 2
Zhejiang Uni-Champion Logistics Development Co., Ltd.	Logistics and warehouse	178,614	Note 1	174,654	-	-	174,654	25,610	80.00	21,953	159,862	13,946	Note 2
Beijing Bokelai Customer Co.	Enterprise information consulting, network technology development and services	461	Note 1	-	-	-	-	-	50.03	-	17	-	Note 2
President Chain Store (Taizhou) Ltd.	Logistics and warehousing	267,922	Note 1	267,922	-	-	267,922	25,872	100.00	25,863	331,098	-	Note 2
President Logistic ShanDong Co., Ltd.	Logistics and warehousing	223,268	Note 1	223,268	-	-	223,268	6,904	100.00	6,447	200,347	-	Note 2
President Chain Store (Zhejiang) Ltd.	Operation of chain stores	625,150	Note 1	267,922	357,228	-	625,150	( 129,811)	100.00	( 129,813)	412,947	-	Note 2
Beauty Wonder (Zhejiang) Trading Co.,Ltd.	Sales of cosmetics and daily items	133,961	Note 1	-	133,961	-	133,961	( 20,741)	100.00	( 20,741)	113,642	-	Note 2

Note 1: Indirect investment in PRC through the existing company located in the third area.  
Note 2: The financial statements were reviewed by the CPA of parent company in Taiwan.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the	
		Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
President Chain Store Corp.	\$ 4, 734, 350	\$ 8, 488, 824	\$ 26, 415, 016
President Pharmaceutical Corp.	174, 851	174, 851	485, 926
Uni-President Cold-Chain Corp.	91, 144	91, 144	633, 116
Ren-Hui Investment Corp.	52, 931	52, 931	80, 000



PRESIDENT CHAIN STORE CORP.  
STATEMENT OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2018

Statement 1

Expressed in thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 1,072,918
Demand deposits and checking accounts		8,198,849
Cash equivalents		
Time deposits – New Taiwan dollar	Due dates are during September 2018 and March 2019, and interest rates are at 0.8%.	500,000
Short-term financial instruments	Due dates are within one month, interest rates are at 0.45%~0.5%.	<u>4,298,948</u>
		<u>\$ 14,070,715</u>

Statement 1

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2018

Statement 2

Expressed in thousands of NTD

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Footnote</u>
		<u>Cost</u>	<u>Market value</u>	
Merchandise		<u>\$ 8,020,368</u>	<u>\$ 8,998,487</u>	The net realizable value is the market value.

Statement 2

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 3

Expressed in thousands of NTD

Name	Balance as of January 1, 2018		Additions		Decreases		Balance as of December 31, 2018		
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Book value	Collateral
Listed stocks									
President Securities Corp.	38,221,259	\$ 140,534	-	\$ -	-	\$ -	38,221,259	\$ 140,534	None
Duskin Co., Ltd.	300,000	125,072	-	-	-	-	300,000	125,072	"
Unlisted stocks									
Koasa Yamako Corp.	650,000	4,348	-	-	-	-	650,000	4,348	"
Subtotal		269,954		-		-		269,954	
Valuation adjustment		518,509		-		( 143,849)		374,660	
		<u>\$ 788,463</u>		<u>\$ -</u>		<u>(\$ 143,849)</u>		<u>\$ 644,614</u>	

Statement 3

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 4

Expressed in thousands of NTD

Name	<u>Balance as of January 1, 2018</u>		<u>Additions</u>		<u>Decreases</u>		<u>Balance as of December 31, 2018</u>		
	<u>Number of shares</u>	<u>Book value</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares (Note1)</u>	<u>Amount (Note2)</u>	<u>Number of shares</u>	<u>Book value</u>	<u>Collateral</u>
Unlisted stocks									
PK Venture Capital Corp.	321,300	\$ 33,685	-	\$ -	-	\$ -	321,300	\$ 33,685	None
Kaohsiung Rapid Transit Corp.	2,572,127	203,714	-	-	-	-	2,572,127	203,714	"
Q-ware Systems & Services Corp.	4,172,422	-	-	-	( 4,172,422)	-	-	-	
Career Consulting Co. Ltd	837,753	14,815	-	-	-	( 151)	837,753	14,664	
President Investment Trust Corp.	2,667,600	<u>22,800</u>	-	<u>-</u>	-	<u>-</u>	2,667,600	<u>22,800</u>	
Subtotal		275,014		-		( 151)		274,863	
Valuation adjustment		( <u>189,180</u> )		<u>-</u>		<u>-</u>		( <u>189,180</u> )	
		<u>\$ 85,834</u>		<u>\$ -</u>		<u>(\$ 151)</u>		<u>\$ 85,683</u>	

Note1: The number of shares decreased includings capital reduction for cover accumulated deficits and disposal from share premium this year.

Note2: The amount decreased this year due to cash dividends paid from share premium and distributed by investees.

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 5

Expressed in thousands of NTD

Name	Balance as of January 1, 2018		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2018			Market price or Equity of subsidiaries and Associates	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Percentage of ownership	Amount	Unit Price	Total price
President Chain Store (BVI) Holdings Ltd.	171,589,586	\$ 24,607,905	-	\$ 615,496	-	\$ -	\$ 627,073	171,589,586	100.00	25,850,474	150.65	25,850,474
President Drugstore Business Corp.	78,520,000	1,419,062	-	290,300	-	- (	341,524)	78,520,000	100.00	1,367,838	17.42	1,367,838
President Transnet Corp.	103,496,399	1,438,218	-	343,051	-	- (	262,782)	103,496,399	70.00	1,518,487	14.49	1,499,644
Mech-President Corp.	55,858,815	681,820	-	80,855	-	- (	68,398)	55,858,815	80.87	694,277	12.43	694,277
President Pharmaceutical Corp.	22,121,962	728,214	-	167,956	-	- (	140,169)	22,121,962	73.74	756,001	27.00	597,203
Uni-President Ustyle Department Store Corp.	27,999,999	530,833	-	233,115	-	- (	197,803)	27,999,999	70.00	566,145	20.22	566,145
Uni-President Superior Commissary Corp.	48,519,890	456,939	-	15,747	-	- (	5,027)	48,519,890	90.00	467,659	9.64	467,659
Uni-President Cold-Chain Corp.	23,605,042	617,057	-	204,866	-	- (	176,483)	23,605,042	60.00	645,440	26.82	633,116
President Information Corp.	25,714,475	506,567	-	65,508	-	- (	82,776)	25,714,475	86.00	489,299	14.80	380,459
Q-ware Systems & Services Corp.	24,382,921	356,381	-	69,965	-	- (	53,401)	24,382,921	86.76	372,945	14.76	359,792
Wisdom Distribution Service Corp.	10,847,421	433,012	-	271,711	-	- (	198,331)	10,847,421	100.00	506,392	46.68	506,392
Books.com. Co., Ltd.	9,999,999	420,255	-	211,285	-	- (	213,605)	9,999,999	50.03	417,935	41.79	417,935
Uni-President Yi-Lan Art and Culture Corp.	20,000,000	231,906	-	676 (	18,000,000) (	180,000) (	1,254)	2,000,000	100.00	51,328	25.66	51,328
Duskin Serve Taiwan Co.	10,199,999	197,140	-	67,941	-	- (	70,293)	10,199,999	51.00	194,788	19.10	194,788
ICASH Corp.	50,000,000	352,272	-	5,787	-	- (	1,986)	50,000,000	100.00	356,073	7.12	356,073
Uni-President Development Corp.	72,000,000	750,774	-	23,219	-	- (	20,089)	72,000,000	20.00	753,904	10.47	753,904
Uni-wonder Corp.	21,382,674	5,809,284	-	198,444	-	- (	718,204)	21,382,674	60.00	5,289,524	31.56	674,835
Retail Support International Corp.	6,429,999	195,525	-	54,238	-	- (	74,933)	6,429,999	25.00	174,830	25.79	165,843

Name	Balance as of January 1, 2018		Additions (Note 1)		Decreases (Note 2)		Other Adjustments (Note 3)	Balances as of December 31, 2018			Market price or Equity of subsidiaries and Associates	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Percentage of ownership	Amount	Unit Price	Total price
PresiCarre Corp.	130,801,027	\$ 5,198,249	-	\$ 327,178	-	\$ -	(\$ 7,047)	130,801,027	19.50	\$ 5,518,380	19.89	\$ 2,600,981
President Fair Development Corp.	190,000,000	1,954,089	-	30,035	-	-	-	190,000,000	19.00	1,984,125	9.53	1,811,591
President International Development Corp.	44,100,000	466,885	-	16,591	-	-	( 22,146)	44,100,000	3.33	461,328	10.72	472,907
Tung Ho Development Corp.	19,930,000	123,504	-	-	-	( 8,691)	( 58)	19,930,000	12.46	114,755	5.76	114,755
Mister Donut Taiwan Corp., Ltd., etc.	-	<u>508,001</u>	-	<u>203,209</u>	-	<u>( 16,793)</u>	<u>( 151,943)</u>	-	-	<u>542,475</u>	-	<u>542,472</u>
		<u>\$ 47,983,892</u>		<u>\$ 3,497,173</u>		<u>(\$ 205,484)</u>	<u>(\$ 2,181,179)</u>			<u>\$ 49,094,402</u>		<u>\$ 41,080,411</u>

Note 1: The additions this year includes recognized gains on investments of \$3,497,173.

Note 2: The decreases this year includes recognized losses on investments of (\$23,715), disposal on investment (\$1,769) and capital reduction returned shares (\$180,000)

Note 3: Other adjustments are cash dividends of (\$2,725,951), exchange differences from translation of foreign operations of \$626,479, actuarial loss on measurement of defined benefit plan of (\$73,992), changes in fair value of financial assets at fair value through other comprehensive income (\$4,378) and others of (\$3,337).

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 6

Expressed in thousands of NTD

Item	Balance as of January 1, 2018	Additions	Disposals	Reclassifications	Balance as of December 31, 2018	Collateral
<u>Cost</u>						
Land	\$ 1,564,223	\$ -	\$ -	\$ -	\$ 1,564,223	None
Buildings	973,001	-	-	-	973,001	"
Office equipment	13,119,148	1,299,599 (	855,700 )	( 40 )	13,563,007	"
Leasehold improvements	7,789,418	992,771 (	533,020 )	1,795	8,250,964	"
Others	9,529	3,193 (	601 )	-	12,121	"
	<u>23,455,319</u>	<u>\$ 2,295,563 (</u>	<u>\$ 1,389,321 )</u>	<u>\$ 1,755</u>	<u>24,363,316</u>	
<u>Accumulated depreciation</u>						
Buildings	( 313,843 )	( \$ 19,251 )	\$ -	\$ -	( 333,094 )	"
Office equipment	( 8,792,980 )	( 1,371,875 )	840,355	27	( 9,324,473 )	"
Leasehold improvements	( 5,128,478 )	( 704,250 )	510,233 (	( 27 )	( 5,322,522 )	"
Others	( 8,252 )	( 924 )	601	-	( 8,575 )	"
	<u>( 14,243,553 )</u>	<u>( \$ 2,096,300 )</u>	<u>\$ 1,351,189</u>	<u>\$ -</u>	<u>( 14,988,664 )</u>	
<u>Accumulated impairment</u>	<u>( 265,307 )</u>	<u>\$ 2,401</u>	<u>\$ 2,473</u>	<u>\$ -</u>	<u>( 260,433 )</u>	
Book value	<u>\$ 8,946,459</u>				<u>\$ 9,114,219</u>	

Statement 6

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2018

Statement 7

Expressed in thousands of NTD

<u>Type of borrowings</u>	<u>Explanation</u>	<u>Balance as of December 31, 2018</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Collateral</u>
HSBC Bank (Taiwan) Limited	Credit loan	\$ 1,800,000	2018/11/2~2019/1/8	0.67%	None
Sumitomo Mitsui Banking Corp.	Credit loan	1,000,000	2018/12/3~2019/1/8	0.68%	"
Banco Bilbao Vizcaya Argentaria S.A.	Credit loan	1,200,000	2018/11/2~2019/2/19	0.65%	"
CTBC Commercial Bank Co., Ltd.	Credit loan	<u>2,000,000</u>	2018/12/3~2019/2/19	0.65%	"
		<u>\$ 6,000,000</u>			

Statement 7



PRESIDENT CHAIN STORE CORP.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 8

Expressed in thousands of NTD

<u>Item</u>	<u>Amount</u>	<u>Footnote</u>
Revenue from Contracts with Customers	<u>\$ 154,074,731</u>	Sales of food, cans, beverages and daily commodities, etc.

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 9

Expressed in thousands of NTD

<u>Item</u>	<u>Amount</u>
Inventory at beginning of the year	\$ 7,194,707
Inventory purchased	99,551,551
Compensation for damaged merchandise	( 333,931 )
Promotion income	( 566,610 )
Inventory at end of the year	( 8,020,368 )
Others	<u>3,237,015</u>
Operating costs	<u>\$ 101,062,364</u>

PRESIDENT CHAIN STORE CORP.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Statement 10

Expressed in thousands of NTD

<u>Item</u>	<u>Amount</u>
Incentive bonuses for franchisees	\$ 20,904,939
Operating lease payments	6,496,663
Wages and salaries	3,504,004
Utilities expense	2,219,392
Depreciation	2,118,092
Other expenses	<u>5,798,107</u>
	<u>\$ 41,041,167</u>