

Annual Report 2004

■ PRESIDENT CHAIN STORE CORPORATION



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Auditors	<ul style="list-style-type: none"> Auditors / Lin, Tung-Chiao & Chen, Mei-Tzu Company / PricewaterhouseCoopers Address / 27F, No.333, Ji-Lung Rd., Section 1, Taipei, Taiwan TEL / (02) 2729-6666 Website / http://www.pwcglobal.com
Overseas Stock Exchange Information	<ul style="list-style-type: none"> None
PCSC Web Site	<ul style="list-style-type: none"> http://www.7-11.com.tw

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Overall Performance

Item / Year	2003	2004	Growth Rate (%)
Overall Performance			
Total Store No.	3,470	3,680	6.05%
Market Share by Store No. (Note 1)	46.19%	45.52%	-
Total Franchise Store No.	2,979	3,104	4.20%
Franchise Store Proportion	85.85%	84.35%	-

Note 1: Source from Retailing Mart Magazine.

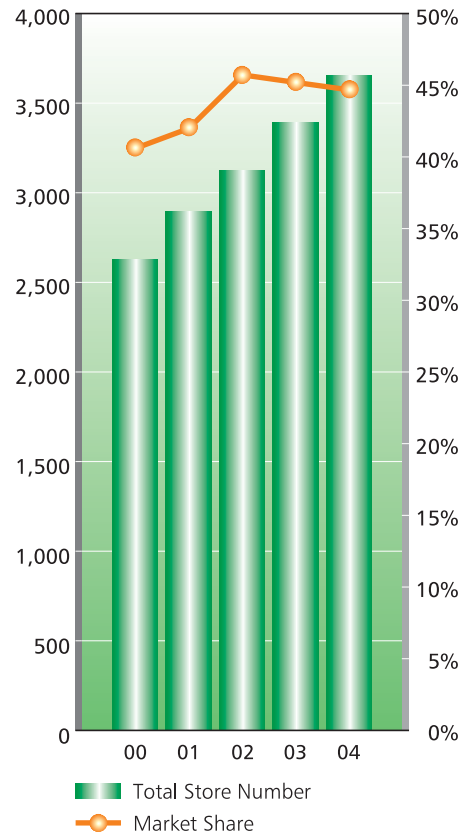
Item / Year	2003	2004	Growth Rate (%)
Annual Profit & Loss: (NT\$'000)			
Sales Revenue	77,861,616	80,943,099	3.96%
Gross Profit	23,371,944	24,559,257	5.08%
Operating Income	3,321,404	3,191,428	-3.91%
Pre-tax Income	3,934,732	3,785,908	-3.78%
Net Income	3,681,606	3,047,397	-17.23%
EPS: (NT\$)			
Weighted Average Outstanding Shares	858,499,471	915,160,436	-
EPS (undiluted)	4.29	3.33	-
EPS (diluted by stock dividend: Note 1)	4.02	3.33	-

Note 1: EPS calculation is according to total outstanding shares after stock dividend paid out in the year of 2004.

Item / Year	2003	2004
Financial Ratios:		
Gross Margin (%)	30.02%	30.34%
Operating Expenses Rate (%)	25.75%	26.40%
Net Profit Margin (%)	4.73%	3.76%
ROA (%)	14.21%	10.86%
ROE (%)	28.86%	21.63%
Cash Dividend Yield Rate (%)	5.44%	-
Inventory Turnover (times)	28.25	26.48
Fixed Asset Turnover (times)	11.39	8.80

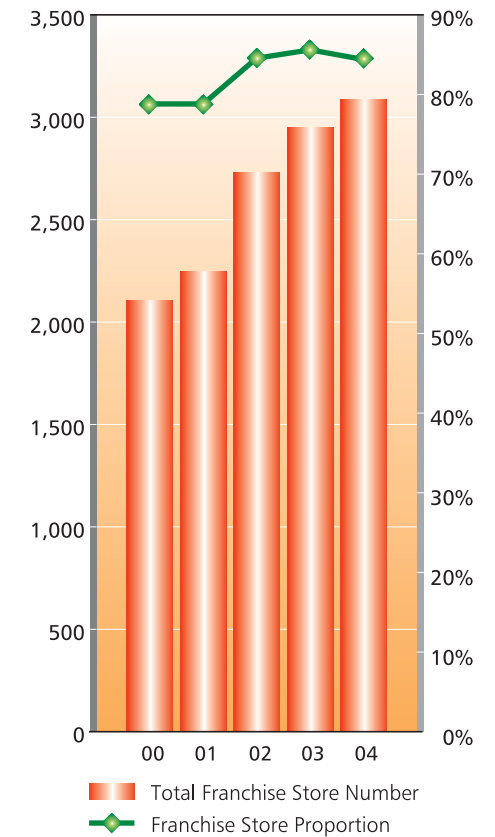
Total Store Number & Market Share

(Store Number)

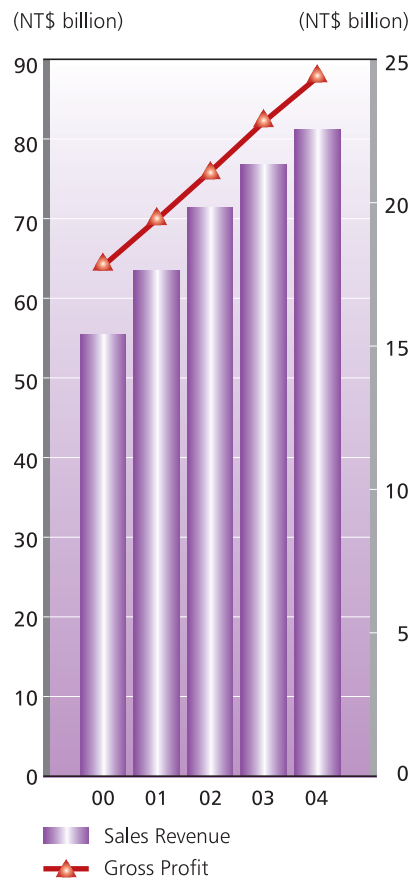


Total Franchise Store Number & Proportion

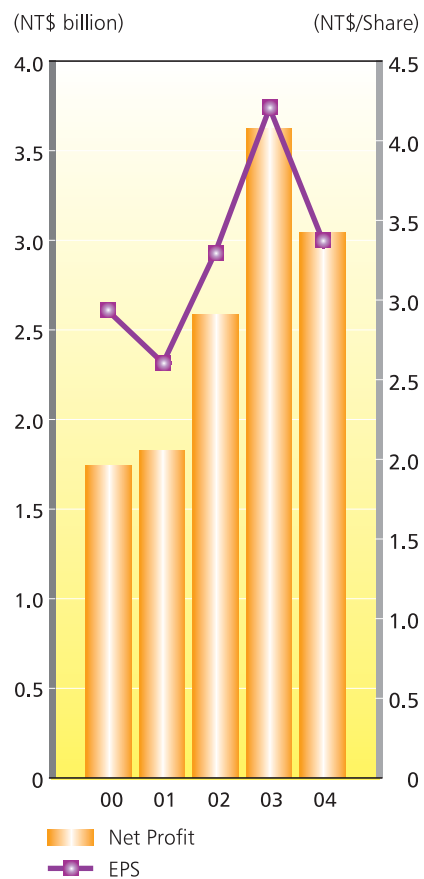
(Store Number)



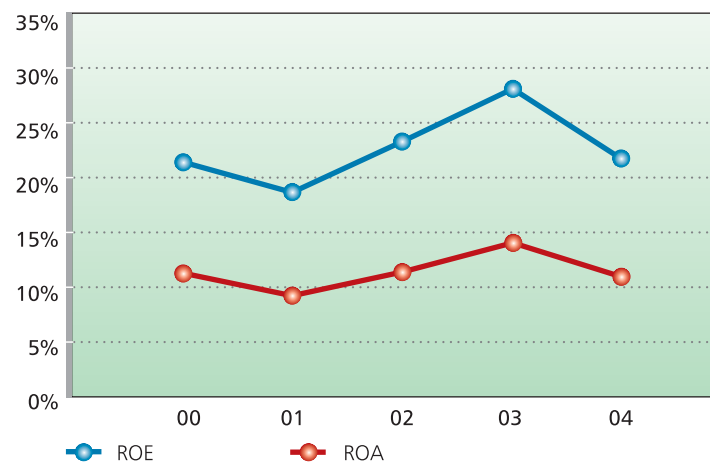
Sales Revenue & Gross Profit



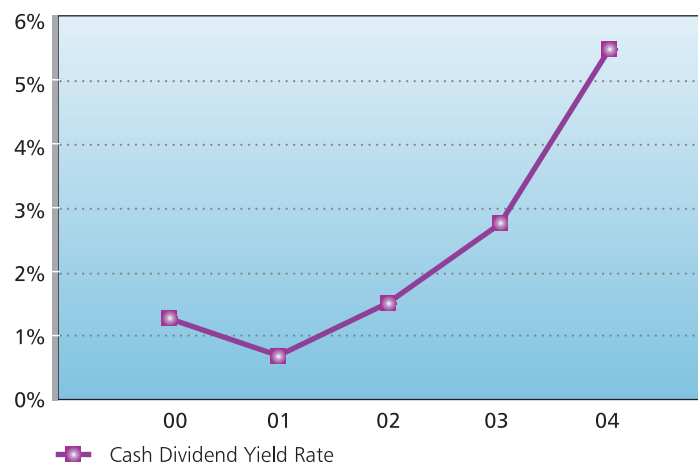
Net Profit & EPS



ROE & ROA



Cash Dividend Yield Rate

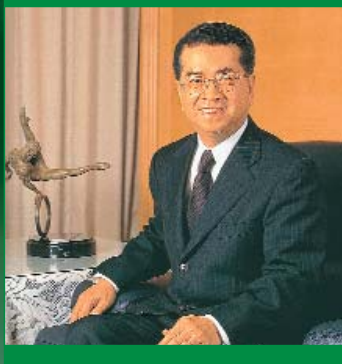
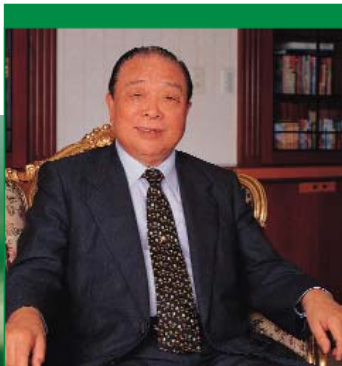


Realizing the Community Service Center



Competitive Edge of PCSC

Since our founding in 1978, PCSC has deeply rooted itself in the Taiwanese market, accumulating 30 years of experience in managing chained retail sales channels and setting up solid distribution, information, and back-end support systems. We have earned the trust and support of our customers through our corporate image of honesty and trustworthiness, and all of these become the competitive edge of PCSC. As we look ahead to the future, PCSC will continue to move firmly forward, creating new businesses that bring benefit to society, cultivating and expanding our business structure, and carrying our successful experiences abroad. Our goal is "to start from Taiwan, and move out towards the whole world." PCSC is like a vibrant, lively dandelion, with its soaring seeds spreading the feeling of unending hope and well-being all around, taking root in every corner of the world.



I. LETTER TO SHAREHOLDERS

Letter to Shareholders

Dear Shareholders:

In looking back on 2004, although President Chain Store Corporation (PCSC) faced tough competition both from within the field and beyond, we maintained our commitment to "satisfying our customers' need for convenience in every way" as the way we do business. Because of this commitment, PCSC experienced growth and enhancement in areas including new product development, promotional campaigns, new store displays, and the expansion and development of new business directions. In terms of 2004 performance, PCSC reached 3,680 stores, an operating income of NT\$ 80.9 billion and net after-tax income of NT\$ 3.05 billion. PCSC climbed from eighth (2003) to seventh place (2004) in Commonwealth Magazine's ranking of the Top Ten Best Performing Companies, and was honored for having made that prestigious list ten years in a row. Furthermore, PCSC was ranked first in the Corporate Citizenship category, a striking affirmation of our commitment to repay society through contributing to the public good.

In terms of 7-ELEVEN's business growth, we continued to creatively break new ground in products and services to elevate the value of our brand and respond to a quickly changing market environment. We have continued to innovate and insist on products of the highest quality and health-consciousness, as can be seen from our fresh foods and drinks, everyday items, bill collection services, and cash and banking services. Our new Japanese-style bento boxes fuse handcrafted quality with mass production technology, and establish a new benchmark in refinement for Taiwan's convenience store industry. Not only that, we have taken the lead in the retail industry with our safe and convenient icash debit cards, whose sales broke one million in the first three months after their introduction. The icash card solves the inconvenience of having to carry around spare change. More importantly, it has become a significant marketing tool that manifests our sincere commitment to our customers and differentiates ourselves in a competitive marketplace.

We have seen our already-successful investment ventures continue to prosper through resource integration and pooling. In terms of retail development in Taiwan, we introduced two new businesses, our MUJI lifestyle stores and our Mister Donut stores, where our donuts are freshly handmade. Both of these brands have swiftly established themselves as market leaders. Basing ourselves on successful international brands, and drawing on our deep experience in retail franchises, PCSC has been able to create new opportunities for growth. Moreover, we have been able to implement an incremental strategy of overseas growth in retail channels, as seen in our President Supermarket in Shandong, President Drugstore Business (Cosmed) in Shenzhen, and Uni-Mart in Vietnam.

As we set our sights on 2005, we pledge to do our utmost to create value for you, our shareholders. With your support and guidance, PCSC will continue to work with energy, determination, and thoroughness to provide all-around convenience and a high-quality lifestyle experience for the consumer. By fusing our strengths in real-world as well as virtual environments, we will continue to create a business characterized by its dynamism and forward momentum. By the end of 2005, 7-ELEVEN sets its sights on attaining 4,000 stores in Taiwan in addition to seeing its investment ventures come to further fruition as well as its mainland China operations start to create opportunities. With all of these developments, we have high expectations for a bright future for PCSC.

高 清 堃

Chairman
Kao, Chin Yen

徐 重 仁

President
Hsu, Chung Jen

Beloved Brands, An Array of Services

PCSC continuously strives to develop and bring in new services and leading brands to satisfy our customers' ever-changing needs and offer refined, diverse lifestyle choices.

Favorite Brands



Cosmed



Mister Donut



MUJI





II. CORPORATE OVERVIEW

Corporate Overview

1. Company Profile

1-1 Established on June 10th, 1987

1-2 Corporate Milestones

- 1987 ■ PCSC, formerly a business unit of Uni-President, established as an independent entity
- 1989 ■ 300th store opened; PCSC became the third largest 7-ELEVEN chain in the world
- 1990 ■ Established Retail Support International Corp.
- 1991 ■ 100th franchise store opened
- 1994 ■ Established Duskin Serve Taiwan Co., Ltd.
- 1995 ■ 1000th store opened
 - Established President Drugstore Business Corp. and President Direct Marketing Corp.
- 1996 ■ POS I system implemented to enhance market data gathering to improve customer service
- 1997 ■ PCSC listed on Taiwan Stock Exchange
 - Established President Coffee Corporation, Starbucks Taiwan
- 1999 ■ 2000th store opened
 - Established Wisdom Distribution Service Corp., Uni-President Cold Chain Corp., President Musashino Corp., President Transnet Corp.
- 2000 ■ Signed perpetual area license agreement with 7-ELEVEN Inc.
 - Established President Starbucks Coffee Corp.-Shanghai
 - Granted Philippine Seven Corp., extending convenience store businesses overseas
- 2002 ■ Issued first secured corporate bond in the amount of NT\$700 million
 - 3000th store opened



Starbucks

- 2003
- Issued second secured corporate bond in the amount of NT\$ 1.5 billion
 - Established MUJI Taiwan Co. Ltd.
 - Awarded "Superior Self-Discipline Enterprise" Award
 - President Drugstore Business Corp. (Cosmed) opens 100th store
 - Starbucks (Shanghai) extends operations to Nanking, Kuenshan and Ningbo areas

2004 to 2005 Annual Report Publishing Date

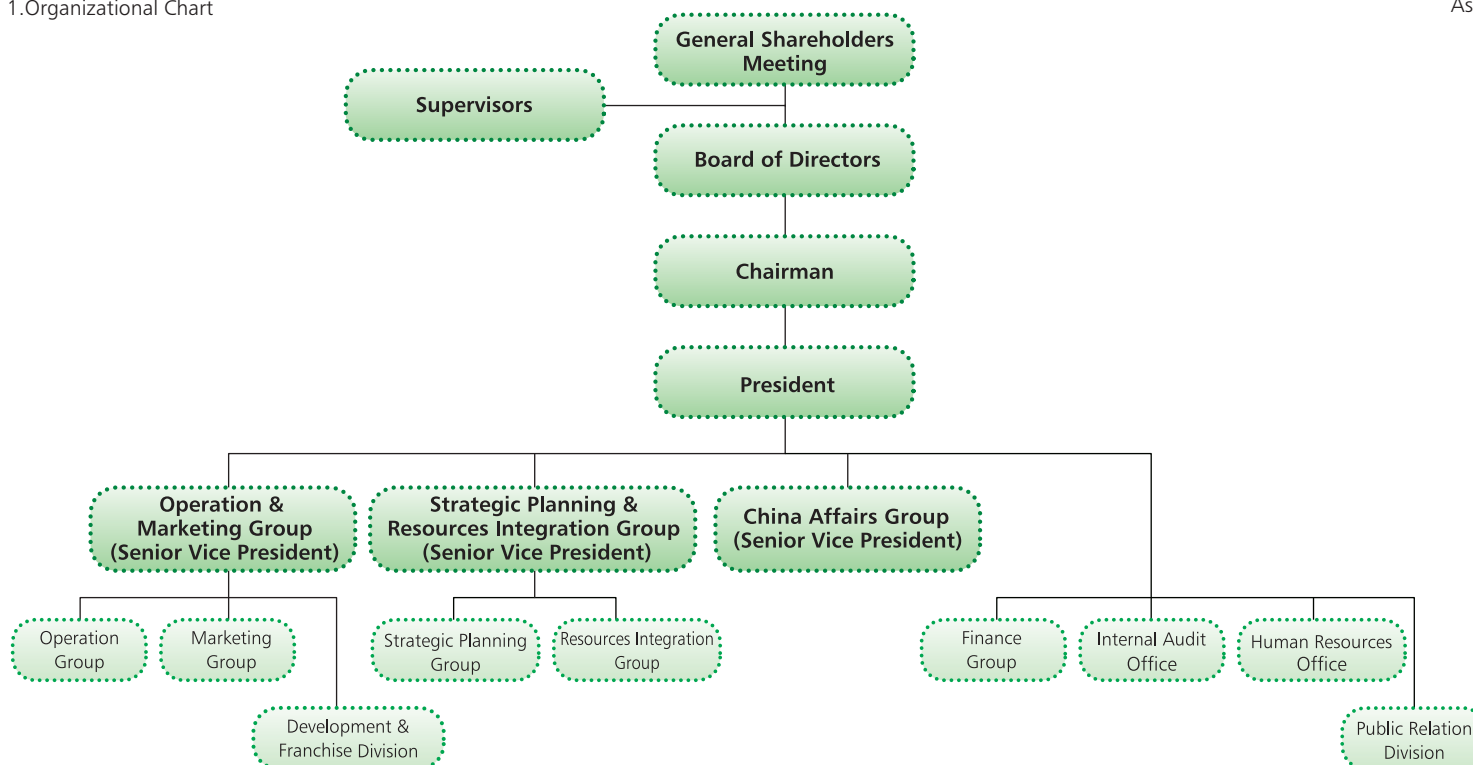
- Initiated Green Accounting, becoming the first major service-sector corporation in Taiwan to do so
- Sign agreement with Livzon Pharmaceutical Group, of Joincare Pharmaceutical Group to establish President Cosmed Chain Store (Shen Zhen) Co. Ltd.
- Second-generation POS system put into place
- Starbucks (Shanghai) expands into Suzhou and Changzhou markets, completing a network around the Shanghai environs
- 7-Eleven lunch box become the first Taiwanese boxed meals to pass Consumers' Foundation inspections and be attested as being free of MSG and preservatives
- Mister Donut donut-maker chain introduced into Taiwan, the result of an agreement and joint venture with Duskin Co., Ltd. of Japan
- Agreement signed with Shandong international business group to form Shandong President Supermarket
- Established President YiLan Art & Culture Corp.
- PCSC Awarded:
 - No.1 in the Corporate Citizenship category
 - No.1 among department stores and retailers
 - No.5 among Commonwealth Magazine's ranking of top 500 service-oriented corporations. Seven companies within the business group ranked: PCSC, Retail Support International Corp., Uni-President Cold-Chain Corp., Mech-President Corp., Wisdom Distribution Service Corp., President Drugstore Business Corp. (Cosmed), and Starbucks
 - No.7 on Commonwealth Magazine's ranking of Best Performing Companies, having been ranked ten years running.

2. Organization

2-1 Organizational Chart

1. Organizational Chart

As of April 25, 2005



2. Functions Description of Each Group

- Marketing Group: Product development & merchandise
- Operation Group: Operation management & planning of stores
- Finance Group: Finances, accounting, taxation, investor relations & planning
- Human Resources Office: Human resources arranging & cultivating
- Resources Integration Group: PCSC group resources integration and operation
- Strategic Planning Group: Corporate planning and strategies development
- Internal Audit Office: Internal audit, internal control, and process compliance

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

1. Directors & Supervisors

(1) Directors & Supervisors Information:

As of March 31, 2005

Title	Name	Elected Date	Term	First Elected Date	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experiences (Note 5)	Position in other Affiliates	Managers who are Spouses or Within Second-degree Relatives of Consanguinity		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Kao, Chin Yen (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	1,082,529	0.12%	—	—	Lincoln University Honorary Ph.D.; Sun Yat-Sen University Honorary Ph.D.; Cheng Kung University Honorary Ph.D.	(Note 6)	Director	Lo, Chin Hsieh	Son in Law
Managing Director	Lin, Chang Sheng (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	Cheng Kung University	(Note 6)	—	—	—
Managing Director	Hsu, Chung Jen (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	Waseda University, MBA	(Note 6)	—	—	—
Director	Lin, Lung Yi (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	22,130	—	—	—	Cheng Kung University	(Note 6)	—	—	—
Director	Lo, Chih Hsieh (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	892,883	0.10%	—	—	UCLA, MBA	(Note 6)	Chairman	Kao, Chin Yen	Father in Law
Director	Huang, Xian Yan (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	US Baker University, Master of Computer Information Systems	(Note 6)	—	—	—
Director	Yang, Wen Long (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	National Chung Hsing University	(Note 6)	—	—	—
Director	Tsuei, Jung (Note 2)	92.06.24	3	92.06.24	189,862	0.02%	118,539	0.01%	—	—	—	—	Massachusetts Institute of Technology, MBA	(Note 6)	—	—	—
Director	Huang, Tsing Yuan (Note 3)	92.06.24	3	89.06.15	1,494,981	0.19%	1,772,137	0.19%	524,869	0.06%	—	—	Nihon University, Ph. D.	(Note 6)	—	—	—
Supervisor	Tu, Te Cheng (Note 1)	92.06.24	3	76.06.10	344,831,064	44.67%	414,042,816	45.24%	—	—	—	—	Houston University, MBA	(Note 6)	—	—	—
Supervisor	Ying, Chien Li (Note 4)	93.06.29	2	93.06.29	2,732,526	0.32%	2,912,872	0.32%	—	—	—	—	National Chung Hsing University	(Note 6)	—	—	—

(Note 1) Representative of Juridical Person Shareholders of Uni-President Enterprise Corp.

(Note 2) Representative of Juridical Person Shareholders of Yuan Wei Investment Co. Ltd.

(Note 3) Representative of Juridical Person Shareholders of We Heng Co. Ltd.

(Note 4) Representative of Juridical Person Shareholders of Kao Chuan Co. Ltd.

(Note 5) For more on Directors' and Supervisors' experiences, please refer to the attached 2004 annual report disc.

(Note 6) For Directors' and Supervisors' positions in other affiliates, please refer to the attached 2004 annual report disc.

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

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

Note: “●” indicates meeting conditions specified below:

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

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

As of March 31, 2005

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

(4) Above Chart (Major Shareholders of Juridical Person) is of Shareholder Representatives, Made up of the Top Ten Shareholders of Juridical Person Shareholders, or Shareholders Owning More Than 10% of Holdings of Juridical Person Shareholders:

As of March 31, 2005

Name of Juridical Person Shareholders	Major Shareholders of Juridical Person
British Virgin Island Chien Rue Corp.	MC Tsai, RM Huang, SH Kuo, RH Huang

2. Information on Management Team:

As of March 31, 2005

Title	Name	Elected Date	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Education and Experiences(Note 1)	Position in other Affiliates	Managers who are Spouses or Within Second-degree Relatives of Consanguinity		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	Hsu, Chung Jen	76.07.01	20,499	—	—	—	—	—	Waseda University, MBA	(Note 2)	—	—	—
Senior Vice President	Chang Jen, Yun Hwei	88.01.01	—	—	—	—	—	—	National Chung Hsing University, MBA	(Note 2)	—	—	—
Senior Vice President	Wu, Kuo Hsuan	88.01.01	28,127	—	—	—	—	—	Fortune Institute of Technology	(Note 2)	—	—	—
Senior Vice President	Hsieh, Chien Nan	89.09.01	13,850	—	3,446	—	—	—	Chung Yuan Christian University, Bachelor of Business Administration	(Note 2)	—	—	—
Vice President	Chen, Fu Tang	88.01.01	9,206	—	1,373	—	—	—	National Kaohsiung First University of Science and Technology, MBA	(Note 2)	—	—	—
Vice President	Chen, Jui Tang	89.01.01	13,018	—	—	—	—	—	National Taiwan University, Bachelor of Economics	(Note 2)	—	—	—
Vice President	Chung, Mao Chia	92.04.01	379	—	50,616	—	—	—	Feng Chia University Bachelor of International Trade	(Note 2)	—	—	—
Vice President	Lin, Wen Ching	88.01.01	287	—	—	—	—	—	Tainan Commercial Senior High School	(Note 2)	—	—	—
Vice President	Zeng, Fan Bin	92.12.01	—	—	—	—	—	—	Soo Chou University, Bachelor of International Trade	(Note 2)	—	—	—
Vice President	Wang, Wen Kui	93.10.01	13,450	—	—	—	—	—	National Kaohsiung First University of Science and Technology, MBA	(Note 2)	—	—	—
Vice President	Yang, Yen Sen	91.02.01	1,669	—	—	—	—	—	The City University of New York, MBA	(Note 2)	—	—	—
Accounting Division Manager	Lai, Hsin Ti	90.04.01	—	—	809	—	—	—	Tamkang University, Bachelor of Accounting	(Note 2)	—	—	—
Finance Manager	Chen, Chang He	92.10.01	533	—	—	—	—	—	Feng Chia University, Bachelor of Business Administration and Taxation	(Note 2)	—	—	—

(Note 1) For Management Team Members' other experiences, please refer to the attached 2004 annual report disc.

(Note 2) For Management Team Members' position in other affiliates, please refer to the attached 2004 annual report disc.

3. Most Recent Year's Compensation for Directors, Supervisors, President, and Vice Presidents:

(1) Compensation for Directors

As of December 31, 2004/ Unit: NT\$1,000

Title	Name	Transportation Expenses & Compensation	Directors Remuneration from Earnings Distributions	Employee Bonus from Earnings Distributions				Subtotal of Previous Three Items	Aftertax Profit Margin(%)	Amount Obtained: Employee Stock Option Plan	Other Compensation (Note 2)
				Cash Bonus	Stock Bonus						
					Shares	Market Price	Amount				
Director & Juridical Person Shareholder	Uni-President Enterprise Corp.	3,000	57,578	868	-	-	-	61,446	2.02%	-	5,194
Director & Juridical Person Shareholder	Wen Heng Company Ltd.										
Director & Juridical Person Shareholder	Yuan Wei Investment Co. Ltd.										
Director & Juridical Person Shareholder	Far Eastern Air Transport Corp. (Note 1)										
Chairman	Uni-President Enterprise Corp. (Representative: Kao, Chin Yen)										
Managing Director	Uni-President Enterprise Corp. (Representative: Lin, Chang Sheng)										
Managing Director/President	Uni-President Enterprise Corp. (Representative: Hsu, Chung Jen)										
Director	Uni-President Enterprise Corp. (Representative: Lin, Lung Yi)										
Director	Uni-President Enterprise Corp. (Representative: Yang, Wen Long)										
Director	Uni-President Enterprise Corp. (Representative: Huang, Xian Yan)										
Director	Uni-President Enterprise Corp. (Representative: Lo, Chih Hsieh)										

(Note 1) Due to status as Far Eastern Air Transport Corp.'s director between January and June 2003, included in 2003 remuneration.

(Note 2) Vehicle purchase cost in the year of 2004.



(2) Compensation for Supervisors

As of December 31, 2004/ Unit: NT\$1,000

Title	Name	Transportation Expenses & Compensation	Directors Remuneration from Earnings Distributions	Subtotal of Previous Two Items	After-tax Profit Margin (%)	Other Compensation
Supervisor	Uni-President Enterprise Corp. (Representative: Tu, Te Cheng)	450	7,414	7,864	0.26%	-
Supervisor	Kao Chuan Co. Ltd. (Representative: Ying, Chien Li)					

(3) Compensation for President and Vice Presidents

As of December 31, 2004/ Unit: NT\$1,000

Title	Name	Salary	Cash Awards & Special Allowances	Employee Bonus from Earnings Distributions				Subtotal of Previous Three Items	Aftertax Profit Margin(%)	Amount Obtained: Employee Stock Option Plan	Other Compensation (Note 1)
				Cash Bonus	Stock Bonus						
					Shares	Market Price	Amount				
President	Hsu, Chung Jen	9,325	5,480	2,482	-	-	-	17,287	0.56%	-	5,194
Senior Vice President	Chang Jen, Yun Huei										
Senior Vice President	Wu, Kuo Hsuan										
Senior Vice President	Hsieh, Chien Nan										

(Note 1) Vehicle purchase cost in the year of 2004.

(4) Name of Management Personnel Disbursed Employee Dividends & Disbursed Amount

As of December 31, 2004/ Unit: NT\$1,000

	Title	Name	Stock Bonus			Cash Bonus Amount	Total Amount	Aftertax Profit Margin(%)
			Share	Market Price	Amount			
Management	President	Hsu, Chung Jen	-	-	-	5,953	5,953	0.19%
	Senior Vice President	Chang Jen, Yun Huei						
	Senior Vice President	Wu, Kuo Hsuan						
	Senior Vice President	Hsieh, Chien Nan						
	Vice President	Chen, Fu Tang						
	Vice President	Chen, Jui Tang						
	Vice President	Chung, Mao Chia						
	Vice President	Lin, Wen Ching						
	Vice President	Zeng, Fan Bin						
	Vice President	Wang, Wen Kui						
	Vice President	Yang, Yen Sen						
	Accounting Division Manager	Lai, Hsin Ti						
	Finance Manager	Chen, Chang He						

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

1. Status of Changes:

Unit: Shares

Title	Name	2004		As of March 31, 2005	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Directors, Supervisors, Juridical Person Shareholders & Major Shareholder	Uni-President Enterprise Corp.	25,634,921	-	-	-
Director & Juridical Person Shareholder	Yuan Wei Investment Co. Ltd.	7,339	-	-	-
Director & Juridical Person Shareholder	Wen Heng Company Ltd.	109,719	-	-	-
Supervisor & Juridical Person Shareholder	Kao Chuan Co. Ltd.	180,346	-	-	-
Chairman	Kao, Chin Yen	1,625	-	-	-
Managing Director	Lin, Chang Sheng	1,680	-	-	-
Managing Director	Hsu, Chung Jen	1,269	-	-	-
Director	Lin, Lung Yi	1,022	-	-	-
Director	Huang, Xian Yan	-	-	-	-
Director	Lo, Chih Hsieh	56,257	-	-	-
Director	Yang, Wen Long	-	-	-	-
Director	Tsuei, Jung	-	-	-	-
Director	Huang, Tsing Yuan	32	-	-	-
Supervisor	Tu, Te Cheng	-	-	-	-
Supervisor	Ying, Chien Li	-	-	-	-
President	Hsu, Chung Jen	1,269	-	-	-
Senior Vice President	Chang Jen, Yun Huei	-	-	-	-
Senior Vice President	Wu, Kuo Hsuan	1,741	-	-	-
Senior Vice President	Hsieh, Chien Nan	(8,143)	-	-	-
Vice President	Chen, Fu Tang	(5,997)	-	-	-
Vice President	Chen, Jui Tang	3,620	-	-	-
Vice President	Chung, Mao Chia	23	-	-	-
Vice President	Lin, Wen Ching	17	-	-	-
Vice President	Wang, Wen Kui	(1,168)	-	-	-
Vice President	Zeng, Fan Bin	-	-	-	-
Vice President	Yang, Yen Sen	103	-	-	-
Accounting Division Manager	Lai, Hsin Ti	-	-	-	-
Finance Manager	Chen, Chang He	33	-	-	-

2. Stock Trade Agreement with Related Party: None.

3. Stock Pledge Agreement with Related Party: None.

2-4 Long-Term Investments:

Unit: Shares / % As of March 31, 2005

Long-Term Investment	Ownership by PCSC(1)		Direct / Indirect Ownership by Directors, Supervisors, and Management (2)		Total Ownership(1) + (2)	
	Shares	%	Shares	%	Shares	%
President Chain Store (BVI) Holding Corp.	46,405,458	100.00	-	-	46,405,458	100.00
President Drugstore Business Corp.	19,800,000	100.00	-	-	19,800,000	100.00
Ren-Hui Investment Corp.	85,303,733	100.00	-	-	85,303,733	100.00
Wisdom Distribution Service Corp.	9,432,540	100.00	-	-	9,432,540	100.00
President Direct Marketing Corp.	7,000,000	100.00	-	-	7,000,000	100.00

(Forward)

Unit: Shares / % As of March 31, 2005

Long-Term Investment	Ownership by PCSC(1)		Direct / Indirect Ownership by Directors, Supervisors, and Management (2)		Total Ownership(1) + (2)	
	Shares	%	Shares	%	Shares	%
Capital Inventory Services Corp.	4,549,380	100.00	-	-	4,549,380	100.00
President YiLan Art & Culture Corp.	18,000,000	90.00	-	-	18,000,000	90.00
President Transnet Corp.	70,000,000	70.00	20,000,000	20.00	90,000,000	90.00
President Collect Services Co. Ltd.	1,050,000	70.00	-	-	1,050,000	70.00
President Information Corp.	14,345,100	70.00	6,147,900	30.00	20,493,000	100.00
Mech-President Corp.	34,921,759	62.95	11,094,336	20.00	46,016,095	82.95
Uni-President Cold-Chain Corp.	19,563,272	60.00	6,521,090	20.00	26,084,362	80.00
Uni-President Oven Bakery Corp.	17,400,000	60.00	11,600,000	40.00	29,000,000	100.00
Bank Pro E-Service Technology Co. Ltd.	7,200,000	53.33	675,000	5.00	7,875,000	58.33
Duskin Serve Taiwan Co. Ltd.	15,300,000	51.00	-	-	15,300,000	51.00
Books.com Co. Ltd.	10,000,000	50.03	-	-	10,000,000	50.03
Mister Donut Taiwan Corp.	10,000,000	50.00	-	-	10,000,000	50.00
Uni-President Takashimaya Co. Ltd.	37,500,000	50.00	-	-	37,500,000	50.00
MUJI Taiwan Co. Ltd.	4,100,000	41.00	1,000,000	10.00	5,100,000	51.00
President Organics, Co.	1,833,333	36.67	2,833,333	56.67	4,666,666	93.34
President Coffee Corp.	6,652,800	30.00	4,435,200	20.00	11,088,000	50.00
Uni-President Yellow Hat Corp.	8,700,000	30.00	-	-	8,700,000	30.00
Retail Support International Corp.	5,000,000	25.00	4,000,000	20.00	9,000,000	45.00
21 Century Enterprise Co. Ltd.	2,600,000	20.00	-	-	2,600,000	20.00
President Pharmaceutical Corp.	3,960,000	20.00	10,640,494	53.74	14,600,494	73.74
Tong-Ho Development Corp.	19,926,242	19.93	68,936,001	68.94	88,862,243	88.86
Dayeh Takashimaya Taiwan Inc.	20,000,000	16.67	-	-	20,000,000	16.67
Copres Corp.	21,210,000	30.30	27,580,000	39.40	48,790,000	69.70
President Technology Corp.	750,000	15.00	-	-	750,000	15.00
Tong-Jeng Development Corp.	85,500,000	19.00	182,250,000	40.50	267,750,000	59.50
Allianz President Life Insurance Co. Ltd.	24,166,817	10.10	24,166,854	10.10	48,333,671	20.20
Presicarre Corp.	70,605,016	19.50	74,227,904	20.50	144,832,920	40.00
President Yamako Corp.	650,000	10.00	-	-	650,000	10.00
President Musashino Corp.	5,229,000	10.00	26,145,000	50.00	31,374,000	60.00
Uni-Outdoor Aloha Oxygen Travel Services Corp.	60,000	2.86	-	-	60,000	2.86
President Investment Trust Corp.	2,280,000	7.60	480,000	1.60	2,760,000	9.20
Latin America Development Co. Ltd.	2,500,000	7.14	2,500,000	7.14	5,000,000	14.28
PK Venture Capital Corp.	10,000,000	6.67	10,000,000	6.67	20,000,000	13.34
Career Inpek Co.	1,167,600	5.39	-	-	1,167,600	5.39
Toppoly Optoelectronics Corp.	146,448,927	4.90	210,667,489	7.05	357,116,416	11.95
Digital United Inc.	6,000,000	3.41	5,000	-	6,005,000	3.41
President International Development Corp.	50,000,000	3.33	877,500,000	58.50	927,500,000	61.83
President Development Corp.	10,000,000	20.00	15,000,000	30.00	25,000,000	50.00
President Securities Corp.	29,328,669	2.57	302,858,948	26.55	332,187,617	29.12
Kaohsiung Rapid Transit Corp.	20,000,000	2.00	20,000,000	2.00	40,000,000	4.00
New Century Info Comm Co. Ltd.	42,400,000	0.89	126,800,000	2.67	169,200,000	3.56
Broadcasters Market Research Co. Ltd.	200,000	0.55	-	-	200,000	0.55
Duskin Co. Ltd.	60,000	0.43	-	-	60,000	0.43
Grand Bills Finance Co.	108,160	0.02	78,347,995	14.49	78,456,155	14.51

3. Capital & Shares

3-1 History of Capitalization

(1) Information on Capitalization

Unit: NT\$: Shares/ As of April 25, 2005

Month / Year	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Expansion by Assets other than Cash	Approval Document No.
2002/07	10	900,000,000	9,000,000,000	772,031,899	7,720,318,990	Capitalization of Profits	None	07.19.2002(2002)Tai-Tsai Cheng No.0910140565
2003/09	10	900,000,000	9,000,000,000	858,499,471	8,584,994,710	Capitalization of Profits	None	09.02.2003(2003)Tai-Tsai Cheng No.0920126082
2004/08	10	960,000,000	9,600,000,000	915,160,436	9,151,604,360	Capitalization of Profits	None	07.20.2004 Chin-Kuan Cheng No.0930132295 approved

Note: Company's initial paid-in capital in June 1987 was NT\$100,000,000; the current paid-in capital as of April 25, 2005 is NT\$9,151,604,360.

(2) Capital and Shares

Unit: Share

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

3-2 Shareholder Structure

Unit: Shares: %/ As of April 20, 2005

	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	102	23,977	278	24,358
Shareholding	5,401,295	-	527,039,202	69,470,024	313,249,915	915,160,436
Holding Percentage(%)	0.59%	0.00%	57.59%	7.59%	34.23%	100%

3-3 Distribution Profile of Shareholder Ownership

NT\$10/Share / As of April 20, 2005

Shareholder Ownership (Unit: Share)			Number of Shareholders	Total Shares Owned (Unit: Share)	Ownership (%)
1	~	999	10,991	2,665,298	0.29%
1,000	~	5,000	10,227	21,467,468	2.35%
5,001	~	10,000	1,657	11,380,085	1.24%
10,001	~	15,000	539	6,412,818	0.70%
15,001	~	20,000	230	3,983,486	0.44%
20,001	~	30,000	236	5,782,029	0.63%
30,001	~	50,000	130	4,951,517	0.54%
50,001	~	100,000	102	7,314,209	0.80%
100,001	~	200,000	66	9,671,578	1.06%
200,001	~	400,000	44	12,755,328	1.39%
400,001	~	600,000	26	13,176,134	1.44%
600,001	~	800,000	22	15,389,552	1.68%
800,001	~	1,000,000	16	14,245,239	1.56%
Over	1,000,001		72	785,965,695	85.88%
Total			24,358	915,160,436	100%

3-4 Major Shareholders

As of April 20, 2005

Shareholders	Total Shares Owned (Unit: Share)	Ownership (%)
Uni-President Enterprise Corp.	414,042,816	45.24%
Directorate General of Postal Remittance & Saving Banks	35,201,404	3.85%
Government Official Pension Fund Committee	33,541,252	3.67%
JP Morgan Chase Bank, Taipei Branch in Custody for Emerging Markets Growth Fund	21,518,517	2.35%
Citibank, in Custody for Singapore Government Fund	15,068,013	1.65%
JP Morgan Chase Bank, in Custody for Templeton Emerging Markets Investment TrustPublic Ltd. Company	13,829,976	1.51%
Nan Shan Life Insurance	12,823,814	1.40%
Bureau of Labor Insurance	12,352,000	1.35%
JP Morgan Chase Bank, in Custody for Oppenheimer Fund	11,646,074	1.27%
JP Morgan Chase Bank, in Custody for Templeton Developing Markets Trust	10,528,164	1.15%

3-5 Other Share Information for Most Recent Two Years

Unit: NT\$

Item		Year	2003	2004	As of March 31, 2005
Market Price Per Share	Highest Market Price		60.00	69.50	55.90
	Lowest Market Price		38.70	47.20	49.90
	Average Market Price		48.50	56.56	52.21
Net Value Per Share	Before Distribution		16.08	15.70	16.25
	After Distribution		15.09	(Note 1)	-
Earnings Per Share	Weighted Average Shares		858,499,471	915,160,436	915,160,436
	Earning Per Share (Undiluted)		4.29	3.33	0.55
	Earning Per Share (Diluted)		4.02	(Note 1)	-
Dividend Per Share	Cash Dividends		2.64/Shares	(Note 1)	-
	Stock Dividends	Dividends from Retained Earnings	0.66/Shares	(Note 1)	-
	Dividends	Dividends from Capital Surplus	-	(Note 1)	-
	Accumulated Undistributed Dividends		-	(Note 1)	-
Return on Investment	Price / Earning Ratio		11.31	16.98	-
	Price / Dividend Ratio		18.37	-	-
	Cash Dividend Yield Rate		5.44%	-	-

Note 1: Subject to resolution at general shareholders' meeting.

3-6 Dividend Policy and Implementation Status

1. Dividend Policy:

The following was approved at the Annual Meeting of Shareholders on June 29, 2004:

The total dividend is net profit after taxes, previous losses and 10% legal reserve, adjusted by any special reserve in shareholders' equity and retained earnings from the previous year. Profit distributions for the year along with undistributed earnings from the previous year are considered accumulated distributable earnings whose distribution is carried out by the Board of Directors in consideration of industry conditions, the company's future operations, and investment plans. The proposed profit distribution will take effect upon approval at the Annual Meeting of Shareholders. Shareholders' equity and retained earnings carried over are to be distributed along with current year net profits. Profit distribution is in accordance with the following percentage distribution as determined at the Annual Meeting of Shareholders:

(1) Directors' and Supervisors' Remuneration: 2% of net profit

(2) Employees bonus: no less than 0.2% of net profit

(3) Stockholders' dividend: after deducting (1) and (2), ranges from 80% to 100% of net profit, with 50% to 100% distributed as cash dividend, with remainder booked as undistributed earnings.

2. The Board of Directors' 2004 profit distribution proposal, approved at the Annual Meeting of Shareholders on March 8, 2005, is as follows: total cash dividends to be paid out total NT\$2,745,481,308 (NT\$3 per share), to be distributed on the date proposed by the Board of Directors and upon the approval of the Annual Meeting of Shareholders.

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

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

3-8 Employees Bonus and Remuneration of Directors, Supervisors

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

2. The Board of Directors has adopted the following distribution plan for 2004 employee cash dividend and Board and Supervisor's remuneration:

(1) Employees' bonus: NT\$107,420,912; Directors' and Supervisors' Remuneration: NT\$53,710,456.

(2) Employees' stock dividends as a ratio of dividends reinvested: employees' bonus to be distributed as cash.

(3) EPS before Employees' Bonus and Directors' and Supervisors' Remuneration: NT\$3.33/share. EPS after Employees' Bonus and Directors' and Supervisors' Remuneration: NT\$3.15/share.

3. Year 2003 employees bonus and directors & supervisors remuneration proposed by the Board of Directors is as follows:

Proposed profit distribution on 2003 earnings (unit: NT\$1,000)		Proposed profit distribution on 2003 earnings (unit: NT\$)	
Employees Bonus	<u>NT\$ 64,992</u>	EPS	<u>NT\$ 4.29</u>
Directors and Supervisors Remuneration	<u>NT\$ 64,992</u>	EPS after bonus and remuneration	<u>NT\$ 4.14</u>

3-9 Buyback of Treasury Stock: None.

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

4-1 Corporate Bonds

Types of Corporate Bonds		First Corporate Bond Issuance	Second Corporate Bond Issuance
Issuing Date		2002/01/16 ~ 2002/01/18	2003/06/10 ~ 2003/06/13
Par Value		NT\$ 1 million	NT\$ 1 million
Issuance Location		—	—
Offering Price		Company bond issued at par value	Company bond issued at par value
Total Amount		Total amount of NT\$ 700 million divided into issuance of A, B, and C classes due to different issuance dates; total amount for issuance A is NT\$ 300 million, Issuance B and C is NT\$ 200 million each.	Total amount of NT\$ 1.5 billion divided into issuance of Aa, Ab, Ac, Ad, Ba, Bb, Bc classes due to different issuance dates; the amount for each issuance of Aa, Ab, Ac, Ad is NT\$ 200 million, Issuance Ba, Bb is 200 million each, Issuance Bc is 300 million.
Coupon Rate		2.8% p.a.	Issue A: 1.4% Issue B: 4% - 6 months term LIBOR or 4% - 180 days commercial interest rate, adjusted per six months.
Term		The term of each class of corporate bond is 5 years, the issuance detailed as follow: Issue A: 2002/01/16 ~ 2007/01/16 Issue B: 2002/01/17 ~ 2007/01/17 Issue C: 2002/01/18 ~ 2007/01/18	The terms of each class of corporate bond is 5 years, the issuance detailed as follow: Issue Aa, Ba: 2003/06/10 ~ 2008/06/10 Issue Ab, Bb: 2003/06/11 ~ 2008/06/11 Issue Ac, Bc: 2003/06/12 ~ 2008/06/12 Issue Ad: 2003/06/13 ~ 2008/06/13
Guarantor		Issue A: China Development Industrial Bank Issue B & C: Chunglun Branch of the Bank of Taiwan	Issue A: Taipei Bank Issue B: Chunglun Branch of the Bank of Taiwan
Trustee		Grand Commercial Bank	Chinatrust Commercial Bank
Underwriter		None	None
Legal Counsel		Su Yan-Wei, Esq.	Su Yan-Wei, Esq.
Auditor		PriceWaterhouseCoopers: External Auditors Lai Chun-Tian & Yang Ming-Chu	PriceWaterhouseCoopers: External Auditors Lai Chun-Tian & Lin Tung-Chiao
Repayment		Bullet	Issue A: automatically repaid at 3rd, 4th, and 5th year terms at 25%, 50% and 50% respectively Issue B: repaid at term
Outstanding		NT\$ 700 million	NT\$ 1.5 billion
Redemption or Early Repayment Clause		None	None
Covenants		None	None
Credit Rating		None	None
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities as of Printing Date	None	None
	Conversion Right	None	None
	Dilution Effect and other Adverse Effects on Existing Shareholders from Bond Issuance, Conversion and Trading	None	None
Custodian		None	None

4-2 Preference Shares: None

4-3 Global Depositary Receipts: None

4-4 Employee Stock Option Plan: None

4-5 Mergers and Acquisition: None

Keeping Satisfied Customers Through Superior and Innovative Goods and Services

Through the diverse array of retail services and brands represented by PCSC, we strive to let each of the 6 million customers who walk into our stores experience our heartfelt, attentive services. We work to bring our customers the warmth and satisfaction that comes from the highest quality goods and services.

Satisfied Customers





III. OPERATIONAL HIGHLIGHTS

Operational Highlights

1. Business Activities

1-1 Business Scope

(1) Officially Registered Business Items

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



City Caf'e



icash



Japanese-style lunch box

q. F401161 Importing of tobacco.

r. F401171 Importing of liquor.

s. Any business activity unless otherwise restricted by law.

t. F301010 Department stores.

u. F301020 Supermarkets.

v. F301030 Retailers.

w. F399010 Convenience stores.

x. F501030 Beverage stores.

y. F501060 Restaurants.

(2) Sales Breakdown by Categories in Year 2003 & 2004

Unit: NT\$1,000

Product Category	Sales Breakdown by Categories			
	2003		2004	
	Amount	%	Amount	%
Food Services	10,676,940	14.09%	10,467,692	13.34%
Publication	12,231,463	16.14%	12,178,304	15.52%
Beverages	24,978,351	32.97%	26,020,139	33.16%
Non-Food	18,478,685	24.39%	19,750,510	25.17%
Ordinary Food	9,014,345	11.90%	9,643,773	12.29%
Others	388,413	0.51%	408,035	0.52%
Gross Sales	75,768,197	100.00%	78,468,453	100.00%
Sales Discount	(23,716)	-	(78,390)	-
Net Sales	75,744,481	-	78,390,063	-
Other Operating Revenue	2,117,135	-	2,553,036	-
Total Operating Revenue	77,861,616	-	80,943,099	-

3. New Product Development

Since the beginning, 7-ELEVEN has taken as its mission the satisfaction of its customers' needs for convenience in every aspect of their lives. Starting from customers' needs, we seek to provide quality services that exceed customer's expectations. Products and services such as fresh foods and drinks, everyday goods, photo development services, bill collection services, ATM and financial services, and home delivery services all manifest our innovative spirit and insistence on high quality, healthful and guaranteed goods. All this is backed up by a strong distribution system and fresh foods production lines to give customers the best services. In the future, we will continue to progress in this direction, striving to provide customers with even more convenient and high-quality lifestyle choices.

After having achieved remarkable success in the Taiwanese lunch-box business with the Citizen Lunch Box and a series of railway lunch boxes, in 2004 7-ELEVEN made significant technical and production breakthroughs, offering up all-new Japanese-style bento. Our bento differ from ordinary convenience store lunch boxes prepared according to traditional Taiwanese styles, and instead offer rice from one of 7-ELEVEN Japan's largest rice producers, Musashino, adding to that the most advanced Japanese methods of seasoning and production. This most popular of Japanese tastes can now be enjoyed in Taiwan as well. Learning from the best spirit in making lunch boxes, we use traditional handcrafting and combine it with the most advanced production techniques to bring about a major breakthrough in 7-ELEVEN's lunch boxes, opening up new horizons in Taiwan's 18°C refrigerated lunch box business.

In June 2004, we introduced the Suntory line of drinks, a major innovation borne out of 7-ELEVEN's international agreements, the purpose of which is to further distinguish 7-ELEVEN and give customers a higher and more affordable level of enjoyment of popular international brands. We chose to work with Japan's Suntory, utilizing exclusive methods and techniques from Suntory's own production facilities, along with over one year of research on our part, after which we successfully launched this brand in Taiwan,

with its Japanese packaging and with the same exact taste as its Japanese counterpart. These products have been well received by the public and sold very well, affirming the rightness of this business decision.

Observing the trend towards replacing cash with plastic card, in December 2004 7-ELEVEN broke new ground with its icash debit cards. Secure and convenient, icash sold its millionth card and achieved a 60% usage in only the third month after its introduction. It has proved that the presence of consumer trends toward cashless shopping. Through continuous innovation of icash looks along with dynamic local cooperation and business alliances, we aim to solidify customer loyalty and manifest 7-ELEVEN's distinctive business advantages.

In the future 7-ELEVEN will continue to operate by the ideal of appealing to our customers' aspirations and adding value to our brand. We will continue to develop newer, better products and services for our customers. In looking toward 2005, we will continue to build on our already strong foundation and unlimited market potential in areas such as freshly brewed coffee, desserts, lunch boxes, and fast food. Through continually strengthening our operations, increasing profits, and at the same time proactively developing new opportunities, and making the best use of business alliances domestically and internationally, we will persist in differentiating ourselves from our competitors and offering consumers diverse, refined lifestyle choices.

1-2 Industry Overview

Economic growth stood at 5.71% domestically in 2004. Rising incomes and declining unemployment contributed to a healthy consumer market. General merchandise retail sales reached NT\$690 billion in 2004, a 7% increase over 2003 figures. Aside from a decline in hypermarkets, supermarkets, franchise convenience stores and department stores all showed growth for 2003, especially the latter at a 12.85% rate of growth.

The convenience store sector had sales of NT\$163.8 billion in 2004, a growth rate of 6.48% from 2003, accounting for 23.74% of general merchandise retail sales. Store numbers and distribution for 2004 for the convenience store sector are as follows:

	7-ELEVEN	Family Mart	Hi-Life	OK	Nikko Mart	Others(5 smaller chains)	Total stores
Total Number of Stores	3680	1698	1056	804	356	488	8082

1-3 Research and Development

1. In order to satisfy customers' needs, 7-ELEVEN continues not only to innovate in new products and services, but also strives to integrate sales know-how with technical applications. The first-generation POS information system was introduced in 1996 in order to gain a better grasp on consumers' needs and strengthen overall business competitiveness. The POS II system was jointly developed by PCSC, President Information Corp., President Technology Corp., NEC (Japan), NRI (Japan) and other industry leaders in Taiwan. As of August 2004, all stores in Taiwan and the offshore islands had been connected to the new system through broadband ADSL.
2. The POS II system emphasizes usability and the timely delivery of information systemwide, making use of multimedia interfaces on a broadband platform, and at the point of sale is able to display on its multimedia screens advertisements and new product information. This increases interaction with customers, and services such as online order requests are able to allow greater knowledge of inventories. The PDA unit is the first acquisitions and inventory monitor in Taiwan to utilize WAP wireless technology and ADSL, providing status reports, order request reception and inspection, and management of individual stores or individual products.
3. At the in-store location, the system functions in three capacities, as a cash register, background processing system and PDA. As far as the cash register is concerned, it offers the customer a multimedia display screen as well as a screen for the store employee. The information analysis portion (which can also be displayed by PDA or via the background processing system) offers detailed product, plaza, weather and festival and holiday information.
4. Since product sales are often closely related to weather conditions, the POS II system is outfitted with a variety of precision meteorological forecasting capabilities, and provides an updated report every 6 hours as well as reports on the coming three days' and the coming week's weather forecast. During cases of typhoons, floods, and other weather-related emergencies, the system offers periodic alerts, which not only helps the store serve as an up-to-date information site, but also helps staff members to stay abreast of sales and inventory information, reducing the risks of expired or overstocked items. All of this adds up to ever more refined, precise services and products for customers.
5. In 2004, POS-related expenditures amounted to NT\$239,226,000.

1-4 Short and Long-term Operating Strategies

1. Short-term operating strategy

- a. Proactively execute store expansion strategy and increase overall market share
- b. Enhance franchise system and strengthen franchise relations
- c. Raise single store profits and increase operational efficiency
- d. Strengthen core capacities and raise the level of store quality and management
- e. Offer highest quality products and create overall differentiation
- f. Launch integrated marketing promotion and continue to raise profit margins
- g. Strengthen personnel selection, training and raise employee productivity
- h. Enhance organizational streamlining and flexibility

2. Long-term operating strategy

- a. Re-focus on convenience store operating principles, focus on basic operating skills, improve single store operating efficiency
- b. Understand consumers' needs, create brand value and continue to develop distinctive products and services to become the most convenient, warm and secure community service center
- c. Implement operation reform and IT efficiency, improve core operating competitiveness
- d. Continue to create, share, and excel through sharing the group's resources
- e. Fully utilize the PCSC group's competitive advantages, continue to introduce leading international brands and businesses

2. Market Analysis and Merchandise

2-1 Market Analysis

(1) Main product (services) sales areas:

Responding to the rapidly changing market environment, PCSC continues to develop new products and services and fulfill customers' every needs for efficiency. Our future operational focus will be on creating product differentiation and elevating brand value, which includes introduction of new fresh food products, satisfying changing customer tastes; product creativity and improvements to provide the best quality and ensuring satisfaction; expanded bill collection and financial services to offer consumers even more convenience; integrating advance ordering as well as delivery services; and creating rich, full-featured bricks-and-mortar as well as virtual retail environments. Combining retail operations with financial services, information technology and general consumption, we strive to develop a wholesome community service center that operates 24 hours a day, 365 days per year that provide warm, convenient and safe service.

As of year-end 2004, PCSC had 3,680 stores throughout Taiwan and offshore islands. We are proactively developing power centers. Future focus will be on developing power centers in high-density or high-traffic areas such as high-speed railway lines, in tourist and rest areas, on college campuses, in business districts, main traffic arteries, public transportation stops, and other locations.

(2) Market share analysis and industry outlook:

a. Market share

In terms of store numbers, PCSC has 45.52% market share in the convenience store sector as of the end of 2004. PCSC is both an industry leader and a leading consumer brand.

b. Industry outlook

In 2004, the retail sector encountered significant transitions such as increased costs for raw materials due to inflation as well as increasing industry similarity, factors that caused increased competition within and without the retail sector. The proportion of consumers dining out has been increasing in recent years has led to increasing demand for service-oriented products, for quality and convenience. The continued rise of electronic commerce and the convergence of bricks-and-mortar and virtual retailing offer ever greater opportunities for the convenience store industry. These developments bode well for the continued expansion of this market.

(3) Competitive advantages:

In recent years, rapid changes in Taiwan's retail industry, the continual introduction of new retail formats, and the blurring of competitive lines has brought to the convenience store industry competition on all fronts from various types of competitors. Not only is PCSC confident about its future growth prospects, but it is also taking solid steps forward through the combination of the following competitive advantages that deepen and expand its business prospects:

- a. Strong brand image: PCSC is proud of its upright management style which attracts customers with solid operations, and quality products and services, all of which have already established strong customer loyalty
- b. Capacity for innovation: 7-ELEVEN utilizes its ability for "differentiation" to distance itself from its competitors. This is done by continuously building up distinctive products and services, allowing consumers to truly feel 7-ELEVEN's innovative performance.
- c. Proactive store expansion strategy: 7-ELEVEN seeks to meet consumers' needs for convenience, utilizing its experiences in reaching consumers through the development of different formats, channels, and retail formats.
- d. Solid network structure: with 3,700 retail stores across Taiwan and off-shore islands, PCSC is the retail operation that can boast the most number of automatic-teller machines, providing total satisfaction for consumer's every need through fusing physical and virtual retail channels.
- e. Advanced, comprehensive information system: The POS II information system boasts a complete information infrastructure and real-time consumer information delivery to fully utilize single store operating efficiency and satisfy customers' need for convenience.
- f. Professional team members and complete operational know-how: PCSC has the most complete retail supply chain from product design, development, production, distribution to sales, benefiting from the accumulated operational know-how and implemented by the stringent managerial standards of our team members.
- g. Rich group resources: With vertically and horizontally integrated business affiliates that share the group's resources, PCSC group is able to reduce overall operating costs and enhance operating advantages

(4) Addressing Advantageous and Disadvantageous Factors in Regards to Future Growth

a. Advantages	b. Disadvantages
<ul style="list-style-type: none"> * Strong brand recognition and corporate image * Advantageous channeling model benefits product development and pricing * High market share and control of excellent distribution network * Strong information infrastructure to integrate and analyze sales information * Sound, transparent and comprehensive financial structure * Lifestyle changes among consumers advantageous to the development of new business opportunities * Integration and development of bricks-and-mortar and virtual sales channels * Expanding market for pre-ordered and home delivered goods * Expanded potential for strategic alliances with partners in other industries 	<ul style="list-style-type: none"> * Increasing proportion of consumers migrating to mainland China * Intra-industry competitors accelerating pace of catching up * Gradual blurring of lines between different retail industries * Rapid rise of online and television-based commerce * Impacts of new retirement plans on franchising industry

c. Strategic Responses

In looking to the future, PCSC will continue to maintain its competitive stance and thorough follow-through, fully utilizing its accumulated know-how in the chain convenience store industry. Accompanied by a strong franchising network, professional expansion strategy, the ability to create new products and services, highly effective operational and support systems, complete distribution and delivery and information systems, PCSC will continue to anticipate emerging societal trends in order to fully capitalize on opportunities to share marketing resources and develop new markets, advancing the prospects for retailing worldwide.

2-2 Customer Applications and Production

- (1) Customers Application: daily necessities
 (2) Production: None.

2-3 Major Raw Material Supply: None.**2-4 Information on Merchandise and Sales Amounting to Over 10% of Net Sales**

- (1) List of Customers who have Purchased over 10% of Net Sales in Last Two Years: PCSC is a daily retail business whose customers are comprised of the general public.
 (2) List of Suppliers with Transaction Amounts over 10% of Net Sales in Last Two Years:

a. List of Suppliers Making up over 10% of Net Sales:

Unit: NT\$ 1,000

Year	2003		2004	
Name of Vendor	Amount	%	Amount	%
Retail Support International Corp.	35,110,524	64%	36,613,852	64%
Uni-President Cold-Chain Corp.	9,714,506	18%	11,964,388	21%

b. Special Note: variation not over 10%

2-5 Production over the Last Two Years: N/A**2-6 Merchandise Sales over the Last Two Years: Please refer to p.21 for "Sales Breakdown by Categories in Year 2003 & 2004."****3. Personnel Information**

Year		2003	2004	As of April 25, 2005
Number of Employees	Store Employees	1,961	2,141	2,272
	Headquarters	1,346	1,476	1,461
	Part-time	2,156	2,543	2,917
	Total	5,463	6,160	6,650
Average Age		27	27	27
Average Years of Services		4.4	4.3	4.0
Education Level by Percentage (%)	Ph. D.	-	-	-
	Master	3.3	3.8	3.8
	Bachelor	41.0	46.4	46.6
	High School	55.1	48.7	48.3
	Others	0.6	1.1	1.3

4. Environmental Protection and Expenditures

4-1 Company Environmental Policy

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

4-2 Expenses on Environmental

From year 2004 and as of April 25, 2005, some stores have breached the regulation of noise pollution control and waste disposal management. Total fines for each period are NT\$ 227,000 and NT\$ 2,400.

Unit: NT\$

Year / Item	Pollution Violations	Total Fines
2004	Noise pollution control and waste disposal management	227,000
As of April 25, 2005	Noise pollution control and waste disposal management	2,400

4-3 Improvement: All the stores are in compliance with relevant Taiwan environmental protection mandates.

5. Employee Relations

5-1 Employee Benefits

- (1) Integration of human resources: PCSC and its affiliates are continually being revised and reviewed in order to build a fair, reasonable environment for group employees' career development.
- (2) Comprehensive employee benefits: As of Dec. 21, 1987, by the decree of the Taipei Municipal Social Services Office, an Employee Benefits Committee was established with regularly scheduled events and meetings. The committee also provides benefits such as health check-ups and on-the-job training for employees. Employee benefits that PCSC provides include benefit package options, off-site for senior employees, health check-ups, financial trust services, community groups, library, group purchase benefits, wedding and funeral allowance, paid maternity leave, lady dormitory, group insurance, employee travel allowance and other benefits as provided by the Benefits Committee.
- (3) Integration of training resources: PCSC has established a "PCSC distribution channel learning program", organized by Capital Inventory Services Corporation. The program is divided into six major sections: customer service, foreign language, professional skills, logistics management, leadership training and basic employee training. PCSC hopes to provide its group companies professional training courses to foster future management and employee self-satisfaction from goal actualization.
- (4) Special Franchise Program: PCSC has provided an incentive program for employees to become franchisees with a special benefits program.
- (5) Safe and secure working environment: PCSC provides employees a safe and secure working environment for employees of both sexes, and is equipped with relevant crisis management policies and teams. Aside from a harmonious working environment, PCSC regularly inspects indoor air quality, water quality, and quality of lighting in order to create the best working environment for our employees. Moreover, to assure the safety of our employees, aside from casualty as well as employee group insurance, PCSC and the employee benefits committee offer employees a variety of employee injury benefits.

(6) Retirement plan:

a. Existing Policy under Labor Standards Act:

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

b. Employee Pension Plan

Beginning July 1, 2005, PCSC, in implementing the provisions of the employee pension program, formally hired employees may opt for either the existing option (see above) or the employee pension specified, the latter of which may be selected within five years after an employee has chosen the former. Payout method is according to the monthly payment schedule, in which 6% of the employee's income may be transferred over to a Bureau of Labor Insurance individual retirement account.

5-2 Labor relations:

(1) Open communication channel:

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

(2) Employee Code of Conduct: Within a framework of mutual trust and ethical conduct, PCSC has set up an employees handbook, rewards and incentives, and an implementation committee in order to clarify the standards for employee behavior.

(3) Labor negotiations:

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

(4) Losses as a result of labor disputes: None



6. Important Contracts

As of April 25, 2005

Contract Type	Contracting Party	Term of Agreement	Summary	Restrict Clause
Area License Agreement	7-ELEVEN	2000/07/20 ~ Perpetual	1.PCSC is authorized by 7- ELEVEN Inc. with the special right to operate "convenience chain store" business in the licensed area, and right to use 7- ELEVEN franchise systems, logos, business know-how, trademarks and services. 2.PCSC shall pay royalty fees to 7- ELEVEN Inc. with % of sales states in the contract in monthly basis.	PCSC is obligated to well manage and operate the convenience store business within the authorized area. PCSC is not allowed to operate the convenience store business outside the authorized area and operate convenience store business within one-year after terminated the contract.
Long-Term Debt	Bank of Taiwan	2002.01.17~2007.01.18	NT\$ 400 million corporate bond endorsement	None
Long-Term Debt	China Development Industrial Bank	2002.01.16~2007.01.16	NT\$ 300 million corporate bond endorsement	None
Long-Term Debt	Bank of Taiwan	2003.06.10~2008.06.12	NT\$ 700 million corporate bond endorsement	None
Long-Term Debt	Taipei Bank	2003.06.10~2008.06.13	NT\$ 800 million corporate bond endorsement	None
Long-Term Debt	Bank of Taiwan	2003.05.21~2005.05.21	NT\$ 300 million credit loan	None
Long-Term Debt	Taipei Bank	2003.04.25~2005.04.24	NT\$ 500 million credit loan	None
Long-Term Debt	The Shanghai Commercial & Savings Bank	2004.07.21~2007.07.20	NT\$ 350 million credit loan	None
Long-Term Debt	Chinatrust Commercial Bank	2004.09.29~2006.09.29 2005.02.22~2007.02.22	NT\$ 500 million credit loan NT\$ 300 million credit loan	None None
Long-Term Debt	Taishin International Bank	2004.12.31~2006.12.31	NT\$ 500 million credit loan	None
Long-Term Debt	E.Sun Bank	2004.08.27~2007.08.27	NT\$ 300 million credit loan	None
Long-Term Debt	Citi Bank	2003.09.05~2005.09.05	US\$ 8 million credit loan	None
Long-Term Debt	Cathay United Bank	2003.04.17~2006.04.17	NT\$ 300 million credit loan	None
Long-Term Debt	Hua Nan Commercial Bank	2005.02.18~2007.02.18	NT\$ 500 million credit loan	None
Long-Term Debt	The International Commercial Bank of China	2004.09.20~2006.09.19	NT\$ 500 million credit loan	None
Long-Term Debt	Chang Hwa Bank	2004.12.28~2006.12.28	NT\$ 500 million credit loan	None

IV. CAPITAL PROJECTION AND IMPLEMENTATION

1. Capital Projection

As of March 31, 2005, information on incomplete share issuance or private placement or capital projection whose effects have been yet been made manifest in the past three years: None.

2. Status of Implementation

As of March 31, 2005, status of implementation: None.

An Upbeat Corporation Results in Happy Employees and Partners

Caring, trusting relationship support our employees, franchisees, and suppliers, building a solid foundation for PCSC to offer consumers the highest level of service.

Happy Employees & Partners



Fuchih 7-ELEVEN

Fuchih 7-ELEVEN store manager Mr. Cheng, with family

Mr. Cheng with colleague



V. FINANCIAL INFORMATION

Financial Information

1. Brief Five-Year Balance Sheet and Income Statement

1-1 Brief Balance Sheet

Unit: NT\$1,000

Item \ Year		Five Years Balance Sheet Summary (Note 1)					As of
		2000	2001	2002	2003	2004(Note 2)	March 31, 2005 (Note 1)
Current Assets		\$ 5,254,155	\$ 7,030,734	\$ 4,227,259	\$ 6,583,792	\$ 4,704,714	\$5,466,311
Long-Term Investments		6,164,126	7,712,817	12,693,029	12,788,841	13,763,713	17,142,284
Fixed Assets		5,919,020	6,090,404	6,438,890	6,833,018	9,193,812	8,991,715
Intangible Assets		-	-	-	-	-	-
Other Assets		630,801	697,004	1,462,411	1,634,198	1,532,699	1,451,781
Total Assets		17,968,102	21,530,959	24,821,589	27,839,849	29,194,938	33,052,091
Current	Before Distribution	6,912,483	8,017,110	9,168,310	10,428,885	10,597,585	11,231,709
Liabilities	After Distribution	7,579,046	8,860,337	10,128,964	12,825,308	not distributed	not distributed
Long-Term Debt		1,204,415	2,400,000	2,700,000	2,200,000	2,700,000	5,400,000
Other Debt		1,053,077	1,134,103	1,244,322	1,404,175	1,525,528	1,547,810
Total	Before Distribution	9,169,975	11,551,213	13,112,632	14,033,060	14,823,113	18,179,519
Liabilities	After Distribution	9,836,538	12,394,440	14,073,286	16,429,483	not distributed	not distributed
Common Stock		6,031,735	6,936,495	7,720,319	8,584,995	9,151,604	9,151,604
Capital Reserve		74,871	73,005	308	-	-	-
Retained	Before Distribution	2,653,517	2,882,998	3,917,335	5,193,144	5,275,979	5,776,726
Earnings	After Distribution	1,082,194	1,255,947	2,956,681	2,230,112	not distributed	not distributed
Unrealized loss from Long-Term Investment		-	-	-	-	-	-
Total Foreign Currency Exchange Adjustment		38,004	87,248	70,995	28,650	(55,758)	(55,758)
Loss on Unrecognized Pension Cost		-	-	-	-	-	-
Total Shareholders	Before Distribution	8,798,127	9,979,746	11,708,957	13,806,789	14,371,825	14,872,572
Equity	After Distribution	8,131,564	9,136,519	10,748,303	11,410,366	not distributed	not distributed

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2005 is reviewed by External Auditors.

Note 2: As of printing date, resolution regarding year 2004 profits not yet arrived at by Annual Meeting of Shareholders.



1-2 Brief Income Statement

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

Item \ Year	Five Years Income Statement Summary (Note 1)					As of March 31, 2005 (Note 1)
	2000	2001	2002	2003	2004 (Note 2)	
Net Sales	\$ 57,481,365	\$ 64,988,635	\$ 72,193,129	\$ 77,861,616	\$ 80,943,099	\$ 19,758,327
Gross Profit	17,558,326	19,438,221	21,507,057	23,371,944	24,559,257	5,796,514
Operating Income	2,441,545	2,591,433	3,126,993	3,321,404	3,191,428	596,176
Non-Operating Income	599,480	492,929	425,133	943,919	836,926	120,961
Non-Operating Expenses	606,399	685,988	461,057	330,591	242,446	51,932
Income from Continuing Operations Before Income Taxes	2,434,626	2,398,374	3,091,069	3,934,732	3,785,908	665,205
Income from Continuing Operations	1,785,644	1,842,748	2,572,451	3,681,606	3,047,397	500,747
Income from Discontinuing Operations	-	-	-	-	-	-
Extraordinary Gain (Loss)	-	-	19,889	-	-	-
Total Foreign Currency Exchange Adjustment	-	-	-	-	-	-
Net Income	1,785,644	1,842,748	2,592,340	3,681,606	3,047,397	500,747
EPS (NT\$)	Undiluted	2.96	2.66	3.36	4.29	3.33
	Diluted	1.95	2.02	2.83	4.02	3.33
						-

Note 1: All yearly financial information is audited by External Auditors, and information for first quarter of year 2005 is reviewed by External Auditors.

Note 2: As of printing date, resolution regarding year 2004 profit not yet arrived at by Annual Meeting of Shareholders.

1-3 Auditors' Opinion in Recent Five Years

Year	Audit Firm	Name of CPA		Auditors' Opinion
2000	PricewaterhouseCoopers	Lai, Chun-Tien	Yang, Ming-Chu	Modified Unqualified
2001	PricewaterhouseCoopers	Lai, Chun-Tien	Yang, Ming-Chu	Modified Unqualified
2002	PricewaterhouseCoopers	Lai, Chun-Tien	Yang, Ming-Chu	Modified Unqualified
2003	PricewaterhouseCoopers	Lai, Chun-Tien	Lin, Tung-Chiao	Modified Unqualified
2004	PricewaterhouseCoopers	Lin, Tung-Chiao	Chen, Mei-Tzu	Modified Unqualified
2005.1Q	PricewaterhouseCoopers	Lin, Tung-Chiao	Chen, Mei-Tzu	Opinion Reserve (Note 1)

Note 1: The financial information for the first quarter of year 2005 has been reviewed by External Auditors. However, The opinion was reserved due to the profit and loss in "long term investment" not audited by the same auditing firms. Items are only provided by Company's subsidiaries.

Note 2: The total non-auditing fee paid to External Auditors in Year 2004 was NT\$ 2,877,000. The payments are mainly for business registration fee and consulting fees.

1-4 External Auditors Rotation in Past Five Years

Due to job rotation at PricewaterhouseCoopers Taiwan, External Auditors have been Lai, Chun-Tien and Yang, Ming-Chu beginning in 2000, Lai, Chun-Tien and Lin, Tung-Chiao beginning in 2003, and Lin, Tung-Chiao and Chen, Mei-Tzu beginning in 2004.



2. Five-Year Financial Analysis

Item / Year			Five Years Financial Analysis (Note 1)					As of March 31, 2005 (Note 1)
			2000	2001	2002	2003	2004	
Financial	Debt Ratio (%)		50.16	53.65	52.83	50.41	50.77	55.00
Structure Analysis	Long-Term Capital to Fixed Asset (%)		168.99	203.27	223.78	234.26	185.69	225.46
	Current Ratio (%)		74.86	87.70	46.11	63.13	44.39	48.67
Liquidity Analysis	Quick Ratio (%)		37.92	51.29	17.96	36.30	16.56	21.57
	Times Interest Earned Ratio		63.63	18.93	38.23	50.80	58.72	34.26
Operating Performance Analysis	Average Account Receivable Turnover Ratio (Times) (Note 2)		-	-	-	-	-	-
	Average Collection Days (Note 2)		-	-	-	-	-	-
	Average Inventory Turnover Ratio		21.31	21.56	25.23	28.25	26.48	6.20
	Average Payment Turnover Ratio		9.6	10.21	10.53	10.03	9.97	2.48
	Average Inventory Turnover Days		17.00	17.00	14.00	13.00	14.00	15.00
	Fixed Asset Turnover Ratio (Times)		9.71	10.67	11.21	11.39	8.80	2.20
	Total Asset Turnover Ratio (Times)		3.20	3.02	2.91	2.80	2.77	0.60
Profitability Analysis	Return On Asset (%)		11.31	9.84	11.54	14.21	10.86	1.66
	Return On Shareholders' Equity (%)		21.76	19.63	23.90	28.86	21.63	3.42
	Ratio to Paid-in	Operating Income	40.48	37.36	40.50	38.69	34.87	6.51
	Capital (%)	Pre-tax Profit	40.36	34.58	40.04	45.83	41.37	7.27
	Net Income to Net Sales (%)		3.11	2.84	3.59	4.73	3.76	2.53
	Earnings Per	Undiluted	2.96	2.66	3.36	4.29	3.33	0.55
	Share (NT\$)	Diluted (Note 3)	1.95	2.02	2.83	4.02	3.33	0.55
Cash Flow	Cash Flow Ratio (%)		62.54	41.45	60.26	64.47	53.15	12.65
	Cash Flow Adequacy Ratio (%)		142.87	130.16	77.85	90.88	82.50	82.71
	Cash Flow Reinvestment Ratio (%)		23.75	15.14	22.72	22.82	13.58	5.02
Leverage	Operating Leverage		1.97	2.03	1.92	2.06	2.26	2.60
	Financial Leverage		1.02	1.05	1.03	1.02	1.02	1.03

Note 1: All yearly financial information is audited and approved by External Auditors, and information for first quarter of year 2005 is reviewed by External Auditors.

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

Note 3: EPS calculation is according to total outstanding shares after stock dividend paid out at the end of year 2004.

Note 4: The financial analysis calculation listed as follow:

* Financial Structure Analysis:

A. Debt ratio=Total liabilities / Total assets.

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

* Liquidity Analysis:

A. Current ratio=Current assets/ Current liabilities.

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

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

*Operating Performance Analysis:

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

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

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

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

E. Average inventory turnover days=365/ Average inventory turnover ratio.
(2004.1Q=90/Average inventory turnover ratio)

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

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

* Profitability Analysis:

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

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

C. Net Income to net sales=Net income/ Net sales.

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

* Cash Flow:

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

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

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

*Leverage:

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

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

3. Supervisors' Report: Please refer to the attached 2004 annual report disc.

4. Year 2004 Financial Statements & Independent Audit Report: Please refer to the attached 2004 annual report disc.

5. Year 2004 Consolidated Financial Statements & Independent Audit Report: Please refer to the attached 2004 annual report disc.

6. Financial Difficulties as of March 31, 2005: None.

Realizing our Mission of Good Corporate Citizenship

PCSC believes it should be acting to promote the public good. As a community service center, PCSC is deeply aware that aside from products and services, we need to work to meet all kinds of social needs. Through Good Neighbor Foundation and Green Foundation, PCSC is consistently involved in community activities. We do these things to work towards a wonderful society, one that is gracious and giving.

Responsible Corporate Citizenship



Sponsoring international scholarship programs

Supporting local community project in Luyeh, Taitung

Supporting local community project for Chuang family for tradition desert store



VI. FINANCIAL STATUS, OPERATING RESULTS AND RISK MANAGEMENT

Financial Status & Operating Results and Risk Management

1. Financial Position

Unit: NT\$1,000

Item	Year	2004	2003	Variance	
				Increase (Decrease) Amount	%
Current Asset		4,704,714	6,583,792	(1,879,078)	(29)
Long-Term Investment		13,763,713	12,788,841	974,872	8
Fixed Assets		9,193,812	6,833,018	2,360,794	35
Other Assets		1,532,699	1,634,198	(101,499)	(6)
Total Assets		29,194,938	27,839,849	1,355,089	5
Current Liabilities		10,597,585	10,428,885	168,700	2
Long-Term Liabilities		2,700,000	2,200,000	500,000	23
Total Liabilities		14,823,113	14,033,060	790,053	6
Common Stock		9,151,604	8,584,995	566,609	7
Capital Reserve		-	-	-	-
Retained Earnings		5,275,979	5,193,144	82,835	2
Total Shareholders' Equity		14,371,825	13,806,789	565,036	4

1-1 Variance Analysis for Deviation over 20%:

- (1) Current Assets: Decrease primarily due to increase in long-term investments and purchase of headquarters building.
- (2) Fixed Assets: Increase primarily due to purchase of headquarters building.
- (3) Long-Term Liabilities: Increase primarily due to response to increased need for capital expenditure relative to prior year.

1-2 Impact from Financial Variances from Past Two Years: Current ratio and quick ratio relatively lower; short-term debt service capacity lower relative to previous year.

1-3 Future Financial Projection: Company's operating cash flow and owner's equity/debt are sufficient to support future operation requirement.

2. Operation Results

2-1 Analysis of Operation Result

Unit: NT\$1,000

Item/Year	2004	2003	Increase (Decrease) Amount	Variance (%)
Sales Revenue	80,984,948	77,885,334	3,099,614	3.98
Less: Sale Allowances and Returns	(41,849)	(23,718)	(18,131)	76.44
Net Sales	80,943,099	77,861,616	3,081,483	3.96
Cost of Goods Sold	(56,383,842)	(54,489,672)	(1,894,170)	3.48
Gross Profit	24,559,257	23,371,944	1,187,313	5.08
Operating Expenses	(21,367,829)	(20,050,540)	(1,317,289)	6.57
Operating Income	3,191,428	3,321,404	(129,976)	(3.91)
Non-Operating Income	836,926	943,919	(106,993)	(11.33)
Non-Operating Expenses	(242,446)	(330,591)	88,145	(26.66)
Pre-Tax Income	3,785,908	3,934,732	(148,824)	(3.78)
Income Tax Expense	(738,511)	(253,126)	(485,385)	191.76
Extraordinary Gain/(Loss)	-	-	-	-
Net Income	3,047,397	3,681,606	(634,209)	(17.23)

(1) Analysis for Deviation

1. Decrease in Non-Operating Expenses primarily due to higher realized loss from long-term-investment in year 2003.
2. Increase in income tax expenses primarily due to larger amount of tax rebate in year 2003.

(2) Reasons for changing the company's major line of business; variance resulting from the adjustment of selling prices or costs, the combination of production and selling, or the replacement of old products. If the company's operation strategy, market situation, economic environment or other internal or external factors has changed or is expected to have any significant change, explain the facts, influencing factors and the possible impacts to the Company's future and Company's proposed response: Not applicable.

(3) Any possible factors that might impact sales growth in the following year: PCSC projects a continuing trend towards increased operations in 2005, and hence estimates continued increased sales.

2-2 Gross Profit Variance Analysis: Not applicable since variance was less than 20%.

3. Cash Flow

3-1 Variance Analysis of Cash Flow

Unit: NT\$1,000

Cash Balance as of December 2003	Net Cash Provided by Operating Activities	Net Cash Outflows from Investing and Financing Activities	Cash Balance as of December 2004	Remedy for Cash Shortage	
				Investment Plans	Financing Plans
2,729,345	5,632,543	(7,424,111)	937,777	-	-

(1) Operating Cash Flow: Net operating cash inflow is NT\$5.63 billion, mainly from company's net profit.

(2) Investing Cash Flow: Net investing cash outflow is NT\$5.17 billion, mainly for acquisition of operating fixed assets and long-term investments.

(3) Financing Cash Flow: Net financing cash outflow is NT\$2.26 billion, mainly for cash dividend paid out.

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

3-3 Analysis of Cash Flow for Next Year

Unit: NT\$1,000

Beginning Balance as of December 2004	Projected Net Cash Provided by Operating Activities	Projected Net Cash Outflows From Investing and Financing Activities	Projected Cash Balance as of December 2005	Remedy for Cash Shortage	
				Investment Plans	Financing Plans
937,777	4,982,890	(5,006,010)	914,657	-	-

4. Major Capital Expenditures

4-1 Major Capital Expenditures and Sources of Capital

Unit: NT\$1,000

Project	Actual or Planned Source of Capital	Date of Project Completion	Total Capital	Actual or Expected Capital Expenditures						
				2003	2004	2005	2006	2007	2008	2009
Purchase of Operational Headquarters Building	Working Capital & Owner's Equity/Debt	Annual	1,639,705	-	1,639,705	-	-	-	-	-
New Store Investment	Working Capital & Owner's Equity/Debt	Annual	3,965,073	640,228	581,205	708,840	508,700	508,700	508,700	508,700
POS facilities and R&D Expenses	Working Capital & Owner's Equity/Debt	Annual	1,872,027	279,337	1,004,615	168,075	105,000	105,000	105,000	105,000
Store Renovation	Working Capital & Owner's Equity/Debt	Annual	2,841,822	379,479	393,643	455,900	403,200	403,200	403,200	403,200

4-2 Estimated Possible Benefit

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

Unit: NT\$1,000

Year	Item	Sales Revenue	Gross Profit
2005	New Store Investments	3,802,500	1,064,700
2006	New Store Investments	2,925,000	819,000
2007	New Store Investments	2,925,000	819,000
2008	New Store Investments	2,925,000	819,000
2009	New Store Investments	2,925,000	819,000

(2) Other Effective Results:

Effects from POS system:

a. Track customers' needs and improve marketing strategies.

b. Monitor inventories level and reduce stock shortage.

c. Improve business competitiveness.

5. Long-Term Investment

5-1 Annual Long-Term Investment

Item / Explanation	Amount(Note 1)	Strategy	Major Factors Behind Gain or Loss	Improvement Plan
Tong-Jeng Development Corp.	461,500,000	Group Resource Integration	Since the cost method of accounting is employed, investment plan has no direct impact on 2004 figures.	Not applicable

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

5-2 Future Investment Plan for Year 2005

Item / Explanation	Amount(Note 1)	Strategy
PresiCarre Corp.	3,382,580,000	Group Resource Integration

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

6. Risk Management

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

- (1) Interest Rate Fluctuation: PCSC's exposure to interest rate is due to interest expenses from long-term and short-term debt. As a cash sale company, PCSC can repay debts quickly and interest rate fluctuation won't have significant impact on the business. For essential long-term capital needs in the future, PCSC will lock cost of capital on steady level by fixed-rate debts.
- (2) Foreign Exchange Rate Fluctuation: PCSC deals with only a small portion of imported goods, so foreign exchange rate fluctuation has no significant impact on the business.
- (3) Inflation: No significant impacts.

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

- (1) Company Policy: PCSC is focusing on retail related business, and has not engaged in any high risk and high leverage investments. For internal control purposes, PCSC has structured relevant policies in compliance with Taiwan Securities and Futures Commission laws. The relevant policies are included under "Procedures For Lending Funds To Other Counterparties", "Procedures For Acquisition Or Disposal Of Assets" And "Procedures For Endorsement". Our Internal Auditing Department also has relevant evaluation standards for risk control and management in compliance with Taiwan Securities and Futures Commission laws.

The status of lending to other counterparties, endorsement and derivatives are as follows:

(a) Lending to other counterparties:

Unit: NT\$1,000

Year	Name of Borrower	Relations	Interest Rate	Amount	Reason for Short-Term Leverage
As of December 31, 2004	Uni-President Yellow Hat Corp.	Equity method investment subsidiary	2.08%~2.73%	NT\$ 21,000	Operating Leverage
	21 Century Enterprise Co., Ltd.	Equity method investment subsidiary	2.63%	NT\$ 4,000	Operating Leverage
	President Information Corp.	Subsidiary	1.93%~2.2%	NT\$ 30,000	Operating Leverage
	Retail Support Taiwan Corp.	Subsidiary of Retail Support International Corp.	2.38%~2.43%	NT\$ 30,000	Operating Leverage
As of March 31, 2005	Retail Support Taiwan Corp.	Subsidiary of Retail Support International Corp.	2.34%~2.45%	NT\$ 30,000	Operating Leverage

(b) Detailed of Endorsement: Due to the financial needs of invested corporations, PCSC provides reasonable endorsement for said companies, detailed below:

Unit: NT\$1,000

Parties of being Endorsed	Relations	Year 2004	Endorsed Amount As of March 31, 2005
President Transnet Corp.	Subsidiary	NT\$ 760,000	NT\$ 760,000
Retail Support International Corp.	Business relations	NT\$ 450,000	NT\$ 450,000
President Drugstore Business Corp.	Subsidiary	NT\$ 305,000	NT\$ 305,000
Mech-President Corp.	Subsidiary	NT\$ 90,000	NT\$ 90,000
President Information Corp.	Subsidiary	NT\$ 8,000	NT\$ 8,000
Philippine Seven Corp.	Subsidiary	US\$ 2,000	US\$ 2,000
		PESO 180,000	PESO 260,000

(c) Engaged in Financial Derivatives Transaction:

Detailed information of derivatives transaction for first quarter 2005 and 2004 below:

(1) Amount and Credit Rating:

Unit: NT\$1,000

Financial Products	As of March 31, 2005		As of December 31, 2004	
	Amount	Credit Rating	Amount	Credit Rating
Interest rate swap (non speculation)	NT\$ 700,000	-	NT\$ 700,000	-

The counterparty has high creditability.

(2) Any Gain or Loss from the Transaction:

In the first quarter of 2005 and 2004, interest expense decreases from interest rate swaps amounted to NT\$203,000 and NT\$6,205,000, respectively.

(3) Future Strategy: Not applicable.

6-3 Research and Development Plans and Projected Investments Therein:

- (1) In order to effectively respond to customers' needs and maintain the company's competitive advantage, PCSC is striving to make further advances in POS technology. Following the introduction of the first-generation POS system in 1996, the POS-II system was fully implemented in stores throughout Taiwan and the offshore island stores by August, 2004.
- (2) Anticipating the coming age of the cash card and the electronic wallet, BankPro, President Information Corp., and President Technology Corp. initiated research and development into the icash reloadable prepaid card in 2003. Regional testing began in October 2004, and full implementation followed in December of that year. The main goal is to provide customers with more convenient payment methods, and in the hopes of increased store traffic and simplified cash management at stores.
- (3) By means of the POS II system and digital platform, and making use of the multi-functional service platform, research is being pursued into the Multi-Media Kiosk (MMK). It is estimated that request on demand convenience services will be able to create a completely new shopping experience for customers.
- (4) PCSC does not anticipate the need for research and development expenditures for POS and related systems.

6-4 Financial Impacts from Government Policy and Statutory Changes

PCSC has taken appropriate measures towards government policy and statutory changes, so there will be no significant financial impact on PCSC. Furthermore, PCSC has already set up a cross-department team to pay attention on changes in government policy and statutory.

6-5 Financial Impacts from Changes in Technology

Even though PCSC is in the retail industry, aside from its know-how in its own industry area, it continues to carefully keep abreast of developments in e-commerce, broadband applications, developmental trends in telecommunications, and retail banking services, all areas closely related to the consumer. As for changes in technology occurring in the current year, there are no major financial impacts on PCSC.

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

Aside from striving to provide the public with the most secure, convenient and high-quality goods and services, PCSC is proactively pursuing activities that benefit the public good and the environment, fulfilling its role as a good public citizen. In 2004, PCSC received, for the first time, top ranking in Commonwealth Magazine's corporate citizenship awards, affirming its sustained, decade-long work in the community and its care for society's needy. PCSC was ranked fifth in Commonwealth Magazine's rankings of the Top 500 corporations, in service industry having appeared ten years a row on the magazine's rankings of the best businesses, taking its place alongside other model businesses such as Taiwan Semiconductor, Citibank Taiwan, and China Steel.

6-7 Possible benefits and risks from merger and acquisition plans: none.**6-8 Possible benefits and risks from expanding factories: none.****6-9 Possible risks encountered centralized purchasing and distribution of goods: none.****6-10 Possible effects and risks of board members, supervisors, or major shareholders holding more than 10% of company stock selling or transferring large quantities of shares: none.****6-11 Possible effects and risks of changes in operation rights: none.**

6-12 In situations arising from lawsuits or administrative lawsuits naming board members, supervisors, president, responsible party, or major shareholders (holding more than 10% of company shares) and affiliated companies, whether judged or in suspense, information on the effects of the handling of such in terms of the legal outcome and its bearing on shareholder equity or share price, should be revealed in terms of the until the date of the printing of the annual report.

6-13 Other main sources of risk: none.

7. Other Supplements: None

VII. CORPORATE GOVERNANCE

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

issues	Status	Variance from public listed company guidelines
(1) Share holding structure and shareholders' rights		
1. The Company's policy in handling shareholders'	PCSC has established an investor relations team and has appointed suggestions or disputes.	Complies with current regulations and will change accordingly to meet new a specific job function to handle shareholder issues requirements.
2. The Company's possession of the list of major shareholders and the ultimate owners of these major shareholders	PCSC has control over the shareholder information and can provide crossholding information among affiliate companies upon request	
3. The Company's risk control mechanism for its affiliates	Established internal controls as required by regulation to effectively manage affiliates' business risks	
(2) Structure and responsibilities of Board of directors		
1. Presence of independent directors		PCSC has not yet inducted independent directors; however, institutional investors' representatives with professional financial credentials are currently present and provide professional and fair assessment. PCSC will comply with regulatory requirements and changes going forward.
2. Periodically assess independence of external auditors		According to PCSC's internal evaluation on its auditors' independence, we have concluded our auditors are independent, since they are neither part of the board of directors & supervisors, nor shareholders, employees nor parties with conflicts of interest.
(3) Structure and responsibilities of board of supervisors		
1. Presence of independent supervisors		PCSC has not inducted independent supervisors; however, institutional investors' representatives with professional financial credentials are currently present and provide professional and fair assessment. PCSC will follow regulatory changes going forward.
2. Communication between supervisors and employees or shareholders		PCSC has not established clear protocols, and shall comply with regulatory requirements and changes going forward.

Issues	Status	Variance from public listed company guidelines
(4) Establishing communication channels with stakeholders	1. PCSC upholds an honest and open policy towards creditors and provides necessary financial and sales information for their review and assessment.	
	2. PCSC has established communication channels with employees, encouraging them to communicate directly with management but also amongst each other.	
	3. PCSC has established a public website to disclose company financial and sales information.	
(5) Information disclosure		
1. Public website established and information disclosure about finance, business and corporate governance	PCSC has established a corporate website: www.7-11.com.tw, which is maintained and updated on a regular basis with disclosure of related public information.	PCSC has not disclosed corporate governance information, but will comply with future regulatory requirements and changes accordingly.
2. Other forms of information disclosure (i.e. English language website, company spokesperson, and disclosure of analyst meeting information on website)	PCSC has established a corporate website with English language version: www.7-11.com.tw, which is regularly maintained and updated with relevant information for foreign investors. PCSC also has established Investor Relations team with acting spokesperson and disclosed analyst meeting information on website regularly.	
(6) Presence of audit committee on the board of Directors or other functional committee		PCSC has already established a set of appropriate internal control systems but has not yet inducted audit committees or related committees, and will comply with future regulatory requirements and changes accordingly.
(7) Establishment of corporate governance directives and corporate governors, its operation and implementation status: PCSC has determined rules of procedure for the shareholders meeting and the process for selecting board members and supervisors, and has completed revisions to rules of procedure for the board meeting. In the future these will be implemented according to applicable regulations.		
(8) Other helpful and significant information to understand the implementation of corporate governance (i.e. training for directors & supervisors, meeting attendance records, risk management and controls, customer and client satisfaction directives, directors' avoidance of conflict of interest and insurance for directors and supervisors).		
1. PCSC's chairman and president are not related by law or by blood.		
2. PCSC has established a Good Neighbor Foundation as part of its charity program, with funds collected from donation boxes installed in PCSC retail stores; the Foundation provides necessary financial support to the disadvantaged. Moreover, PCSC established the Green Fund, which through local community competitions is able to bring together collective efforts to work on various environmental and community projects. PCSC was selected as the top-ranked company on Commonwealth Magazine's list of awardees in the category for best corporate citizen.		
3. Aside from providing periodic executive summaries to the directors and supervisors, PCSC will continue to plan out related measures in this area.		
4. For the period of 2004 to the date of printing of this annual report, PCSC convened 9 board meetings, with an attendance rate of 100% (including proxy attendance) for directors and 75% for supervisors.		
5. PCSC has established a "Customer Relationship and Services Center" in purpose to facilitate communication between vendors and customers.		
6. Directors have no personal interests that could interfere with major resolutions.		
7. PCSC is planning on insurance programs for its board of directors and supervisors.		
8. In regard to other matters relating to corporate governance, PCSC will continue to comply with relevant laws and regulations.		

VIII. SPECIAL NOTES

1. Affiliates Information

1-1 Consolidated Business Report of Affiliated Enterprises, 2004: Please refer to the attached 2004 annual report disc.

1-2 Affiliation Report, 2004: Please refer to the attached 2004 annual report disc.

2. Internal Control System Execution Status

2-1 Internal Control Statement: Please refer to the attached 2004 annual report disc.

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

3. Major Issues of Record or Written Statements Made by any Director or Supervisor Specifying Dissent on Important Resolutions Passed by the Board of Directors:

From the period comprising 2004 until March 8, 2005, neither board of directors nor supervisors expressed opposition in writing or orally with regard to major decisions made in the course of the multiple meetings held.

4. Private Placement Securities: None

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

6. Major Decisions of Shareholders' Meetings and Board Meetings

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

For the period comprising most recent year till date of publication of 2005 annual report, one shareholder meeting was held, on June 29, 2004. Summary of major resolutions: Acceptance of the business report, financial statements and profit distribution for 2003; accepting the capitalization of profits for 2003; revisions to the company's Articles of Incorporation; voting for PCSC Supervisors.

6-2 Review of Board Meetings (except regarding China Shandong and Sichuan investments, and 2004 profit distribution, all other resolutions having been implemented):

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

Approval of investment in drugstore business in Canton province; acceptance of the business report, financial statements and profit distribution for 2003; approval of increased investment of NT\$250 million in Uni-President Takashimaya Co. Ltd.; approval of increased investment of NT\$147.8 million in Tong-Ho Development Corp.; approval of disposal of 2.101% of Toppoly Optoelectronics Corp. to Ren-Hui Investment Corp. (total amount NT\$690,037,330, which also is a subscription to Ren-Hui Investment for the same amount); approval of subscription of 0.43% stake for Duskin Japan through Duskin Franchise Japan for 420 million Yen; approval of subscription of Uni-President Organics Corp. for NT\$12 million; approval of 2003 profit distribution proposal; approval of revisions to articles 2, 6, 24-1, 29, and 33 of Articles of Incorporation; approval of credit line limitation of NT\$30 million to Retail Support Taiwan Corp.; approval of proposal regarding procedures for election of supervisors per Articles of Incorporation; approval of withdrawal of endorsement for President Packaging Corp., Ren-Hui Investment Corp., Copres Corp. Kaohsiung Rapid Transit Corp., PCS (BVI) Holdings Ltd., President Yamako Corp.; approval of endorsement of NT\$400 million for Retail Support International Corp.; approval of investment of NT\$180 million in the National Center for traditional art to operate tourism business; approval of 2004 internal audit results; approval of 2004 General Shareholder meeting and 6th Board of Director meeting date and location; approval of proposal for increased investment in Tong-Jeng Development Corp. in the amount of NT\$461.5 million; approval of investment of NT\$100 million in President Development Corp., approval of proposal for chairman to determine ex-right and ex-right base period dates as well as new share issuance dates; approval of plans to invest in and operate retail and wholesale businesses in Shandong Province, China; approval of endorsement of US\$100 million for Philippine Seven Corp.; approval of increased investment of NT\$30 million in Uni-President Yellow Hat Corp.; approval of purchase of Copres Corp. from Conforama Holdings S.A. and Conforama Asia Pte Ltd. in the amount of NT\$8,174,523; approval disposal of Allianz President General Insurance Co., Inc. stock rights; approval of auditor's report for first half of 2004; approval of plans to invest in 50% stake in Mister Donut Taiwan Corp. in the amount of NT\$100 million; approval of credit line limitation of NT\$100 million to President Information Corp.; approval credit line limitation of NT\$50 million to 21 Century Enterprise Co., Ltd.; approval of purchase of President World Trade Center building from President Construction Corp. for NT\$1.674 billion; approval of increased investment of NT\$120 million in Uni-President Oven Bakery Corp.; approval of disposal of 50% stake in President Musashino Corp. to Uni-President Enterprises Corp. for NT\$290,993,850; approval of disposal of 10% stake in President Transnet Corp. to Yamato Transport in the amount of NT\$100 million; approval of disposal of the Hetung and Chinchieh Buildings for NT\$24.21 million; approval of funding for establishing auxiliary employee training center for PCSC employees; approval of endorsement of \$80 million pesos for Philippine Seven Corp. approval of credit line limitation of NT\$100 million to President Musashino Corp.; approval of increased investment in Presclere China Co., Ltd.(Beijing); approval of plans for investment and operations in retail business in Vietnam; approval of plans for acquisition of 9.5% stake in Presicarre Corp. from ABN AMRO Bank N.V. in the amount of NT\$3,382,579,935; approval of 2004 business report, financial statements and profit loss distribution proposals; approval of increased investment of NT\$17,750,000 in 21 Century Enterprise Co., Ltd.; approval of 2004 dividend distribution and capitalization of profits proposal; approval of investment in President supermarket (Sichuan); approval of credit line limitation of NT\$50 million to Uni-President Yellow Hat Corp.; approval of credit line limitation of NT\$50 million to Retail Support Taiwan Corp.; approval of rules of procedure for board meeting; approval of internal audit results; approval of times and locations for 7th annual board meeting and 2005 shareholders meeting; approval of revisions to articles 23 and 33 of Articles of Incorporation.

7. Legal Penalties & Internal Disciplinary Actions: None.

8. Other Necessary Supplements : None

IX. Clause Described In Part 2, Section 2, Article 36 of The Securities Law: No major factors influencing shareholder equity or share prices as relating to aforementioned provisions of the Securities Law.

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

Name	Current Position in other Affiliates
Kao, Chin Yen	<p>Chairman: Uni-President Enterprises Corp. Ton Yi Industrial Corp. TTET Union Corp. President Investment Corp. Guang Dan Commodity Corp. Kai Yu Investment Co., Ltd. Tong-Jeng Development Corp. President International Development Corp. Scino Pharm Taiwan Ltd. Latin American Development Co., Ltd. Kai Nan Investment Co., Ltd. Tong Yu Investment Corp. Tong Shou Investment Corp. Tong Cheng Investment Corp. Scino Pham Biochemical Technology Co., Ltd. Tung Li Development Corp. Synergy Sciotech Corp. President Leasing Corp. Kao Chyuan Inv. Co. Uni-President Assets Management Co., Ltd., President Development Corp. President Global Corp. PRCC (Bermuda) I, Ltd.</p> <p>Director: Prince Housing Development Co. Ltd. Ta Chen Construction & Engineering Corp. Tainan Spinning Co. Ltd. Uni-President Takashimaya Co., Ltd. Han Tech Venture Capital Corporation. CDIB & Partners Investment Holding Corp. Toppoly Optoelectronics Corp. PK Venture Capital Corp. Presitex Co., Ltd. President Chain Store (BVI) Holding Ltd. PCSC(China) Limited, PCSC(China) Drugstore Limited, President Chain Store (Labuan) Holdings Ltd. Cayman President Holdings Ltd., President Energy Development (Cayman) Ltd. Unisebaco S.A. Presitex. Corp. S.A. Global Strategic Investment Inc. UNI-Hometech Corp. Kai-Yu (BVI) Investment Co., Ltd.</p> <p>President : President International Development Corp.</p>
Lin, Chang Sheng	<p>Chairman: President Baseball Team Corp. President Natural Industrial Corp. Mospec Semiconductor Corp. President Pharmaceutical Corp. Ton Yi Pharmaceutical Corp. President Coffee Corp. Qware System & Services Corp. President Transnet Corp. Uni-President Oven Bakery Corp. Presitex Co., Ltd. President Medical Technologies Corp. President Biosystems Co., Ltd. President Life Sciences Co., Ltd. President Collect Service Co., Ltd. Uni-President Takashimaya Co., Ltd. Kainan Plywood & Wood Mfg. Co., Ltd. Uni-President Biotechnologies Co., Ltd. Xinjiang President Enterprises Food Co., Ltd. Tianjiang President Enterprises Food Co., Ltd. Meishan President Feed & Oil Co., Ltd. Zhongshan President Enterprises Co., Ltd. Guangzhou President Enterprises Co., Ltd. Zhengzhou President Enterprises Co., Ltd. Changjiagang President Nisshin Food Co., Ltd. Oingdao President Feed & Livestock Co., Ltd. Beijing President Enterprises Drinks & Food Co., Ltd. Nanchang President Enterprises Co., Ltd. President Enterprises (China) Investment Co., Ltd. Chengdu President Enterprises Food Co., Ltd. Kunshan President Enterprises Food Co., Ltd. Wuhan President Enterprises Food Co., Ltd. Harbin President Enterprises Co., Ltd. Hefei President Enterprises Co., Ltd. Shenyang President Enterprises Co., Ltd. Shanghai President International Food Co., Ltd. Fuzhou President Enterprises Co., Ltd. Shanghai Songjiang President Enterprises Co., Ltd. Zhuhai Kirin President Brewery Co., Ltd. Shanghai President Coffee Co., Ltd. Uni-President Southeast Asia Holdings Ltd. President Coffee (Cayman) Holdings Ltd. Presiclrc Ltd. Uni-President (Vietnam) Co., Ltd. Uni-President (USA), Inc.</p> <p>Vice Chairman : President Nisshin Corp. President Kikkoman Inc. Toppoly Optoelectronics Corp. Beijing President Food Co., Ltd.</p> <p>Director: Uni-President Enterprises Corp. Nanlien International Corp. President Entertainment Corp. Tone Sang Construction Corp. Ztong Yee Industrial Co., Ltd. Presicarre Corp. Ton Yi Industrial Corp. TTET Union Corp. Mech-President Corp. President Investment Corp. Ta Chen Construction & Engineering Corp. Prince Housing Development Corp. President Development Corp. Kai Yu Investment Co., Ltd. Tung-Ho Development Corp. Tong-Jeng Development Corp. President International development Corp. Scino Pharm Taiwan Ltd. President Tokyo Corp. President Tokyo Auto Leasing Corp. Latin America Development Co., Ltd. Kai Nan Investment Co. PK Venture Capital Corp. Scino Pham Biochemical Technology Co., Ltd. Tong Ting Gas Corp. Taiwan Genome Sciences, Inc. Tung Li Development Corp. Synergy Sciotech Corp. Kuan Tang Industrial Harbor Corp. Tong Yu Investment Corp. Tong Shou Investment Corp. Tong Cheng Investment Corp. Kanh Na Hsiung Enterprise</p>

	<p>Co., Ltd. Uni-Splendor Corp. Swenc Technology Co., Ltd. 21 Century Enterprise Co., Ltd. Hontung Venture Capital Co., Ltd. Union Chinese Corp. President Direct Marketing Corp. Dayeh Takashimaya Department Store Inc. Uni-President Assets Management Co., Ltd., Chongqing Carrefour Hypermarket Chainstore Co., Ltd. Jiafu (Tianjin) International Trading Co., Ltd. Xiang Lu Industrie Ltd. Xiang Lu Petrochemicals (Xiamen) Co., Ltd. Guangzhou Jiaguang Supermarket Co., Ltd. Ztong Yee (Tianjin) Industrial Co. PRCC (Bermuda)I, Ltd. Outlook Investment Pte Ltd. eASPNet Inc. eASPNet Taiwan Inc. Uni-President (Thailand) Ltd. President Energy Development (Cayman) Ltd. President International Trade & Investment Corp. Unisebaco S.A. Presitex.Corp.,S.A.</p> <p>President : Kai Yu Investment Co., Ltd. Kai Nan Investment Co., Ltd.</p>
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp. President Direct Marketing Corp. Ren-Hui Investment Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. President YiLan Art & Culture Corp. President Information Corp. BankPro E-Service Technology Co. Duskin Serve Taiwan Co. Ltd. Books.com. Co., Ltd. Mister Donut Taiwan Corp. Muji Taiwan Co. Ltd. Uni-President Yellow Hat Corp. Retail Support International Corp. President Cosmed Chain Store(Shen Zhen) Co., Ltd. President Being Corp.</p> <p>Director : President Transnet Corp. President Collect Service Co. Ltd. Mech-President Corp. Uni-President Cold Chain Corp. Uni-President Oven Bakery Corp. Uni-President Takashimaya Co., Ltd. President Coffee Corp. President Pharmaceutical Corp. 21 Century Enterprise Co., Ltd. President Development Corp. Tong-Ho Development Corp. Presicarre Corp. Tong-Jeng Development Corp. Toppoly Optoelectronics Corp. Latin America Development Corp. Philippine Seven Corp. Presiclerc Ltd. President Coffee (Cayman) Holdings Ltd. Shanghai President Coffee Corp. T&T Supermarket Inc. President International Development Corp. Dayeh Takashimaya Department Store Inc. Nanlien International Corp.</p> <p>President: Ren-Hui Investment Corp.</p>
Lin, Lung Yi	<p>Chairman : Uni-President Glass Industrial Co., Ltd. President Organics Co. Uni-President Dream Parks Corp.</p> <p>Vice Chairman : Uni-President (Vietnam) Co. Ltd.</p> <p>Director : Nanlien International Corp. President Entertainment Corp. President Baseball Team Corp. Tone Sang Construction Corp. Retail Support International Corp. President Nisshin Corp. Mech-President Corp. Prince Housing Development Corp. Ta Chen Construction & Engineering Corp. Mospec Semiconductor Corp. Tung-Ho Development Co., Ltd. Kai Yu Investment Co. Ltd. Tong-Jeng Development Corp. President International Development Corp. Sino-Aerospace Investment Corp. Kai Nan Investment Co. Ltd. President Transnet Corp. President Development Corp. Uni-President Oven Bakery Corp. Tong Yu Investment Corp. Tong Shuo Investment Corp. Tong Cheng Investment Corp. President Life Sciences Co., Ltd. President Biosystems Co., Ltd. Presitex Co., Ltd. 21 Century Enterprise Co., Ltd. President Drugstore Business Corp. Uni-President Assets Management Co., Ltd., Kainan Plywood & Wood Mfg. Co., Ltd. Xinjiang President Enterprises Food Co., Ltd. Beijing President Food Co., Ltd. Tianjing President Enterprises Food Co., Ltd. Meishan President Feed & Oil Co., Ltd. Zhongshan President Enterprises Co., Ltd. Guangzhou President Enterprises Co., Ltd. Zhengzhou President Enterprise Co., Ltd. Changjiagang President Nisshin Food Co., Ltd. Qingdao President Feed & Livestock Co., Ltd. Beijing President Enterprises Drink & Food Co., Ltd. Nanchang President Enterprises Co., Ltd. President Enterprise (Chain) Investment Co., Ltd. Chengdu President Enterprises Food Co., Ltd. Kunshan President Enterprises Food Co., Ltd. Wuhan President Enterprises Food Co., Ltd. Harbin President Enterprises Co., Ltd. Hefei President Enterprises Co., Ltd. Shenyang President Enterprises Co., Ltd. Fuchou President Co., Ltd. Shanghai Songjiang President Enterprises Co., Ltd. Guangzhou President Heathly Food Technonlgy Co.,Ltd. President Cosmed Chain</p>

	<p>Store(Shen Zhen) Co., Ltd. President Energy Development (Cayman) Ltd. Prospect Top Development Co. Ltd. Ningbo Malting Co. Ltd.</p> <p>Supervisor : President Kikkoman Inc. Presicarre Corp. Ton Yi Industrial Corp. Ztong Yee Industrial Co. Grand Bills Finance Corp. Scinopharm Taiwan. Limited. President Collect Service Co. Ltd. Tong-Li Development Corp. Uni-Splendor Corp. Scino Pham Biochemical Technology Co., Ltd. Ztong Yee(Tianjin) Industrial Co., Ltd.</p> <p>President : Uni-President Enterprises Corp.</p>
Lo, Chih Hsieh	<p>Chairman : Pcyber.com. Co., Ltd. Uni-President Cold Chain Corp. Parabola Creative Inc. President Packaging Corp. President Musashino Corp. Uni-Outdoor Aloha Oxygen Travel Services Corp. XinYa Enterprises Corp. Tung Sheng Enterprises Corp. Tung Shun Enterprises Corp. Uni-President (Thailand) Ltd. Uni-President Foods Corp. Uni-President (Philippines) Corp.</p> <p>Director : President Baseball Team Corp. Nanlien International Corp. President Entertainment Corp. Tong-Ho Development Corp. President Organics Co. Uni-President Dream Parks Corp. President International Development Corp. Uni-President Glass Industrial Co. Ltd. Muji Taiwan Co. Ltd. Uni-President Vender Corp. President Investment Trust Corp. Uni-President Assets Management Co., Ltd., President Enterprises (China) Investment Co. Ltd. Zhuhai Kirin President Brewery Co., Ltd. Guangzhou President Heathly Food Technonlgy Co.,Ltd. Kuang Chuan Dairy Co., Ltd. Kuang Chuan Foods Co., Ltd. Uni-President International (HK) Co., Ltd. Prospect Top Development Co. Ltd. Ningbo Malting Co. Ltd. Uni-President (Vietnam) Co., Ltd. PT ABC President Enterprises Indonesia, Sino Swearingen Aircraft Corporation</p> <p>Supervisor : Kao Chyuan Inv. Co. President Energy Development (Cayman) Ltd.</p> <p>Exective Vice President : Uni-President Enterprises Corp.</p>
Huang, Xian Yan	<p>Chairman : AIM Service Uni-President Co., Ltd. Aetch System Integrated Co., Ltd., Professional E-Commerce Services Ltd.(BVI), Ho Yi Message Technical (Shanghai) Ltd.</p> <p>Director : Nanlien International Corp. Retail Support International Corp. President Natural Industrial Co. President Information Corp. President International Development Corp. President Coffee Corp. Qware System & Services Corp. President Organics Co. Pcyber.com. Co., Ltd. Uni-President Dream Parks Corp. BankPro E-Service Technology Co. Uni-President Oven Bakery Corp. 21 Century Enterprise Co., Ltd. eASPNet Taiwan Inc.</p> <p>Vice President : Uni-President Enterprises Corp.</p>
Yang, Wen Lung	<p>Chairman : Uni-President Vender Corp. Tung Ang Enterprise Corp. Tung Min Tea Corp.</p> <p>Director : Parabola Creative Inc., Ton Yi Industrial Corp, Concordant Alliance Enterprise Co. Ltd. Lian Lu Enterprise Co. Ltd. Jian Hua Enterprises Corp. President International Development Corp. Uni-President (Thailand) Ltd.; Uni-President Marketing Co., Ltd.; PT ABC President Enterprises Indonesia</p>
Tsuei, Jung	<p>Chairman : Far Eastern Air Transport Corp.</p> <p>Executive Director : AIG Investment Corporation (Asia) Ltd. Taiwan Branch</p> <p>Director : Primax Electronics Ltd. Universal Scientific Industrial Co., Ltd. Enlight Corp. Destiny Technology Corp. Pihsiang Machinery MFG. Co. Ltd.</p> <p>Supervisor : Yageo Corp.</p>

Hwang, Tsing Yuan	<p>Director : United Microelectronics Corp. Hon Hai Precision Industry Co., Ltd.</p> <p>Managing Director : Taiwan Television Enterprise, Ltd.</p>
Tu, Te Cheng	<p>Chairman : President Capital Management Corp.</p> <p>Director : President International Development Corp. President Medical Technologies Corp. Lian Hsing Optoelectronic Inc. Scinopharm Taiwan. Ltd. Huairan International Corp. Scino Pham Biolchemical Technology Co., Ltd. Uni-Splendor Corp. United Venture Capital Corp. C&C Laboratry Co., Ltd. Sitronix Technology Co. Ltd. Tong-Jeng Developgment Corp. Xiang Lu Petrochemicals(Xiamen)Co., Ltd. Accuray Incorporated, Super Bright Investment Inc. China Technology Venture Company Ltd.</p> <p>Supervisor : President Coffee Corp. Allianz President Life Insurance Co., Ltd. President Development Corp. Toppoly Optoelectronics Corp. Presitex Co., Ltd. South Epitaxy Corp. Tong Ting Gas Corporation. President Life Sciences Co., Ltd. Kuan Tang Industrial Harbor Corp. Tong Yu Investment Corp. Tong Shou Investment Corp. Tong Cheng Investment Corp. Synergy Sciencetech Corp. Kanh Na Hsiung Enterprise Co., Ltd. Univision Technology Inc. Swenc Technology Co., Ltd. President Biosystems Co., Ltd. Trident Medical Corp. Unisebaco S.A., Presitex.Corp., S.A.</p> <p>Executive Vice President: President International Development Corp.</p>
Ying, Chien Li	<p>Director : Grand Bills Finance Co.</p> <p>Supervisor : President Entertainment Corp. Tone Sang Construction Corp. Parabola Creative Inc., President Natural Industrial Co. Mospec Semiconductor Corp. President Packaging Corp. President Musashino Corp. President Investment Trust Corp. Kai Yu Investment Co. President Pharmaceutical Corp. Tung-Ho Development Co., Ltd. Tong-Jeng Developgment Corp. President International Development Corp. President Organics Co. Uni-President Dream Parks Corp. Kai Nan Investment Co. Ltd. AIM Service Uni-President Co., Ltd. Uni-President Glass Industrial Co. Ltd. Uni-President Biotechnologies Co., Ltd. Uni-President Vender Corp. 21 Century Enterprise Co., Ltd. Uni-Outdoor Aloha Oxygen Travel Services Corp. President Medical Technologies Corp. Kainan Plywood & Wood Mfg. Co., Ltd. Uni-President Assets Management Co., Ltd.</p>

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

Name	Current Position in other Affiliates
Hsu, Chung Jen	<p>Chairman: President Drugstore Business Corp. President Direct Marketing Corp. Ren-Hui Investment Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. President YiLan Art & Culture Corp. President Information Corp. BankPro E-Service Technology Co. Duskin Serve Taiwan Co. Ltd. Books.com. Co., Ltd. Mister Donut Taiwan Corp. Muji Taiwan Co. Ltd. Uni-President Yellow Hat Corp. Retail Support International Corp. President Cosmed Chain Store(Shen Zhen) Co., Ltd. President Being Corp.</p> <p>Director : President Transnet Corp. President Collect Service Co. Ltd. Mech-President Corp. Uni-President Cold Chain Corp. Uni-President Oven Bakery Corp. Uni-President Takashimaya Co., Ltd. President Coffee Corp. President Pharmaceutical Corp. 21 Century Enterprise Co., Ltd. President Development Corp. Tong-Ho Development Corp. Presicarre Corp. Tong-Jeng Development Corp. Toppoly Optoelectronics Corp. Latin America Development Corp. Philippine Seven Corp. Presiclerc Ltd. President Coffee (Cayman) Holdings Ltd. Shanghai President Coffee Corp. T&T Supermarket Inc. President International Development Corp. Dayeh Takashimaya Department Store Inc. Nanlien International Corp.</p> <p>President: Ren-Hui Investment Corp.</p>
Chang Jen, Yu Huei	None
Wu, Kuo Hsuan	<p>Director : Ren-Hui Investment Corp. Capital Inventory Services Corp. President YiLan Art & Culture Corp. Mech-President Corp. Mister Donut Taiwan Corp. Uni-President Yellow Hat Corp. Philippine Seven Corp.</p>
Hsieh, Chien Nan	<p>Chairman : Retail Support Taiwan Corp. President Logistics Internation Corp.</p> <p>Director : President Drugstore Business Corp. Ren-Hui Investment Corp. President Transnet Corp. President Collect Service Co. Ltd. President Information Corp. Mech-President Corp. Uni-President Cold Chain Corp. Uni-President Oven Bakery Corp. BankPro E-Service Technology Co., Ltd. Duskin Serve Taiwan Co. President Organics Co. Uni-President Yellow Hat Corp. Retail Support International Corp. 21 Century Enterprise Co., Ltd. President Technology Corp. Philippine Seven Corp. Presiclerc Ltd. President Cosmed Chain Store (Shen Zhen) Co., Ltd.</p> <p>President: President Information Corp.</p>
Chen, Fu Tang	<p>Director : Philippine Seven Corp. President Investment Trust Corp.</p> <p>Supervisor : President Direct Marketing Corp. Capital Inventory Services Corp. Wisdom Distribution Service Corp. President YiLan Art & Culture Corp. Books.com. Co., Ltd. Uni-President Takashimaya Co. Ltd. Mister Donut Taiwan Corp.</p>
Chen, Jui Tang	<p>Director : President Direct Marketing Corp. Wisdom Distribution Service Corp. President YiLan Art & Culture Corp. President Musashino Corp. Duskin Serve Taiwan Co. Ltd. Books.com. Co., Ltd. President Organics Co. Philippine Seven Corp. President Yamako Corp.</p> <p>Supervisor : Uni-President Cold Chain Corp. Uni-President Oven Bakery Corp. Retail Support International Corp.</p>
Chung, Mao Chia	<p>Director: Capital Inventory Services Corp.</p> <p>Supervisor: President Information Corp.</p>

Lin, Wen Ching	Director : Allianz President Life Insurance Co., Ltd. President Cosmed Chain Store (Shen Zhen) Co., Ltd. Supervisor : President Drugstore Business Corp. President Transnet Corp. Mech-President Corp. Duskin Serve Taiwan Co. Ltd.
Zeng, Fan Bin	None
Wang, Wen Kui	Director : Capital Inventory Services Corp. President : Capital Inventory Services Corp.
Yang, Yen Sen	Director : Books.com. Co., Ltd. Supervisor : Muji Taiwan Co. Ltd.
Lai, Hsin Ti	None
Chen, Chang He	None

President Chain Store Corporation

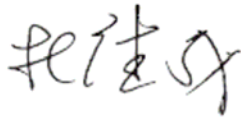
Supervisors' Report

The Board of Directors have prepared and submitted the Company's 2004 Operation Report, Financial Statements, and proposal for allocating profits to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

President Chain Store Corp.

Supervisor:

Tu, Te Cheng

A handwritten signature in black ink, appearing to be 'Tu, Te Cheng' in a stylized, cursive script.

March 8, 2005

President Chain Store Corporation

Supervisors' Report

The Board of Directors have prepared and submitted the Company's 2004 Operation Report, Financial Statements, and proposal for allocating profits to us. The above have been further examined as being correct and accurate by the undersigned, the supervisor of President Chain Store Corp. According to Article 219 of the Company Law, we hereby submit this report.

President Chain Store Corp.

Supervisor:

Ying, Chien Li



March 8, 2005

PRESIDENT CHAIN STORE CORP.
NON CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT
ACCOUNTANTS
DECEMBER 31, 2004 AND 2003

These English financial statements and report of independent accountants were translated from the financial statements and report of independent accountants prepared originally in Chinese.

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying non-consolidated balance sheets of President Chain Store Corp. as of December 31, 2004 and 2003, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We did not audit the financial statements of a subsidiary, accounted for under the equity method, which statements effect long-term investment balance of \$307,857,000 and \$321,551,000 as of December 31, 2004 and 2003, respectively, and with related investment income of \$2,458,000 and loss of \$1,945,000 for the years then ended, respectively. These statements were audited by other auditors whose reports thereon have been furnished to us and opinion, expressed herein, insofar as it relates to the amounts included for this long-term investment is based solely upon the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of President Chain Store Corp. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements (not presented therein) of President Chain Store Corp. and its subsidiaries for the years ended December 31, 2004 and 2003. Our report, dated March 4, 2005, on these consolidated financial statements expressed a modified unqualified opinion.

PricewaterhouseCoopers

March 4, 2005

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

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

<u>ASSETS</u>	<u>DECEMBER 31</u>	
	<u>2004</u>	<u>2003</u>
Current Assets		
Cash and cash equivalents (Note 4(1))	\$ 937,777	\$ 2,729,345
Short-term investments	242,978	98,385
Accounts receivable-net (Note 5)	248,519	240,473
Other receivables (Note 5)	325,351	717,867
Inventories (Note 4(2))	2,202,557	2,055,650
Others current assets (Notes 5 and 7)	<u>747,532</u>	<u>742,072</u>
	<u>4,704,714</u>	<u>6,583,792</u>
Long-term Investments - equity method	5,086,723	4,797,951
Long-term Investments - cost method	8,576,990	7,990,890
Long-term Investment in debt securities	<u>100,000</u>	<u>-</u>
Long-term Investments (Notes 4(3), 5 and 9)	<u>13,763,713</u>	<u>12,788,841</u>
Property, Plant and Equipment (Notes 4(4) and 5)		
Cost:		
Land	2,911,090	1,860,184
Buildings	1,362,762	772,201
Operating equipment	7,689,213	7,042,634
Leasehold improvements	3,188,712	2,954,537
Other equipment	<u>21,154</u>	<u>48,884</u>
Cost and revaluation	15,172,931	12,678,440
Less: Accumulated depreciation	(6,189,521)	(6,024,237)
Construction in progress and advances to suppliers	<u>210,402</u>	<u>178,815</u>
	<u>9,193,812</u>	<u>6,833,018</u>
Other Assets		
Guarantee deposits (Note 7)	819,318	870,893
Others	<u>713,381</u>	<u>763,305</u>
	<u>1,532,699</u>	<u>1,634,198</u>
TOTAL ASSETS	<u>\$ 29,194,938</u>	<u>\$ 27,839,849</u>

(Continued on next page)

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

<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>DECEMBER 31</u>	
	<u>2004</u>	<u>2003</u>
Current Liabilities		
Notes payable	417,474	425,135
Notes payable-related parties (Note 5)	913,682	1,032,519
Accounts payable-third parties	160,490	181,740
Accounts payable-related parties (Note 5)	4,023,633	4,150,403
Income tax payable (Note 4(8))	354,071	461,347
Accrued expenses (Notes 4(5) and 5)	1,676,540	1,557,116
Other payables (Note 4(5))	2,445,152	2,264,140
Cash received in advance	<u>585,543</u>	<u>356,485</u>
	<u>10,597,585</u>	<u>10,428,885</u>
Long-term Liabilities		
Bonds payable (Note 4(6))	2,200,000	2,200,000
Long-term loans	<u>500,000</u>	<u>-</u>
	<u>2,700,000</u>	<u>2,200,000</u>
Other Liabilities		
Provision for retirement plan (Note 4(7))	362,063	372,810
Customers' deposits	<u>1,163,465</u>	<u>1,031,365</u>
	<u>1,525,528</u>	<u>1,404,175</u>
TOTAL LIABILITIES	<u>14,823,113</u>	<u>14,033,060</u>
Stockholders' Equity		
Common stock (Note 4(9))	9,151,604	8,584,995
Capital reserve		
Retained earnings (Notes 4(9) and (4(10)))		
Legal reserve	1,873,794	1,512,726
Unappropriated earnings	3,402,185	3,680,418
Cumulative translation adjustment	<u>(55,758)</u>	<u>28,650</u>
	<u>14,371,825</u>	<u>13,806,789</u>
Contingent Liabilities and Commitments (Notes 5 and 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 29,194,938</u>	<u>\$ 27,839,849</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 4, 2005.

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

	YEARS ENDED DECEMBER 31			
	2004	2003		
Operating Revenues				
Net sales	\$ 78,390,063	\$ 75,744,481		
Others (Note 5)	<u>2,553,036</u>	<u>2,117,135</u>		
	80,943,099	77,861,616		
Operating Costs				
Cost of goods sold (Note 5)	(<u>56,383,842</u>)	(<u>54,489,672</u>)		
Gross Profit	24,559,257	23,371,944		
Operating Expenses (Note 5)				
Selling expenses	(18,699,298)	(17,750,068)		
Administrative and general expenses	(<u>2,668,531</u>)	(<u>2,300,472</u>)		
	(<u>21,367,829</u>)	(<u>20,050,540</u>)		
Operating Income	<u>3,191,428</u>	<u>3,321,404</u>		
Other Income				
Investment gain under the equity method (Note4 (3))	28,638	411,979		
Dividends income	224,133	38,366		
Gain on sale of investments (Note 5)	140,592	-		
Gain on recovery of short-term investment reevaluation	49,311	170,426		
Others (Note 5)	<u>394,252</u>	<u>323,148</u>		
	<u>836,926</u>	<u>943,919</u>		
Other Expenses				
Interest expenses	(65,588)	(79,007)		
Other investment loss (Note 4(3))	(91,885)	(155,801)		
Loss on disposal of property, plant and equipment	(42,082)	(48,959)		
Loss on sale of investments	-	(16,318)		
Others	(<u>42,891</u>)	(<u>30,506</u>)		
	(<u>242,446</u>)	(<u>330,591</u>)		
Income from continuing operations before income taxes	3,785,908	3,934,732		
Income tax expense (Note 4(8))	(<u>738,511</u>)	(<u>253,126</u>)		
Net Income	<u>\$ 3,047,397</u>	<u>\$ 3,681,606</u>		
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Net income (Note 4(11))	<u>\$ 4.14</u>	<u>\$ 3.33</u>	<u>\$ 4.58</u>	<u>\$ 4.29</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 4, 2005.

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

			<u>Retained Earnings</u>			
<u>For the year ended December 31, 2003</u>	<u>Common Stock</u>	<u>Capital Reserve</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Cumulative Translation Adjustment</u>	<u>Total</u>
Balance at January 1, 2003	\$ 7,720,319	\$ 308	\$ 1,250,782	\$ 2,666,553	\$ 70,995	\$ 11,708,957
Distribution of net income from 2002 :						
Appropriation of legal reserve	-	-	261,944	(261,944)	-	—
Employees' bonuses	-	-	-	(47,989)	-	(47,989)
Directors' and supervisors' remuneration	-	-	-	(47,989)	-	(47,989)
Issuance of stock dividends	864,676	-	-	(864,676)	-	—
Issuance of cash dividends	-	-	-	(1,374,217)	-	(1,374,217)
Net income for 2003	-	-	-	3,681,606	-	3,681,606
Cumulative translation adjustment	-	-	-	-	(42,345)	(42,345)
Adjustment due to change in ownership of subsidiaries	-	(308)	-	(70,926)	-	(71,234)
Balance at December 31, 2003	<u>\$ 8,584,995</u>	<u>\$ -</u>	<u>\$ 1,512,726</u>	<u>\$ 3,680,418</u>	<u>\$ 28,650</u>	<u>\$ 13,806,789</u>
Balance at January 1, 2004	\$ 8,584,955	-	\$ 1,512,726	\$ 3,680,418	\$ 28,650	\$ 13,806,789
Distribution of net income from 2003 :						
Appropriation of legal reserve	-	-	361,068	(361,068)	-	—
Employees' bonuses	-	-	-	(64,992)	-	(64,992)
Directors' and supervisors' remuneration	-	-	-	(64,992)	-	(64,992)
Issuance of stock dividends	566,609	-	-	(566,609)	-	—
Issuance of cash dividends	-	-	-	(2,266,439)	-	(2,266,439)
Net income for 2004	-	-	-	3,047,397	-	3,047,397
Cumulative translation adjustment	-	-	-	-	(84,408)	(84,408)
Adjustment due to change in ownership of subsidiaries	-	-	-	(1,530)	-	(1,530)
Balance at December 31, 2004	<u>\$ 9,151,604</u>	<u>\$ -</u>	<u>\$ 1,873,794</u>	<u>\$ 3,402,185</u>	<u>(\$ 55,758)</u>	<u>\$ 14,371,825</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 4, 2005.

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

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 3,047,397	\$ 3,681,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	3,254	22,587
Depreciation	1,561,532	1,335,635
Amortization	304,880	124,638
Reversal of provision for market value decline of short-term investments	(49,311)	(170,426)
Investment gain recognized under equity method	(28,638)	(411,979)
Loss on permanent decline in value of long-term investments	91,885	155,801
Cash dividends from equity subsidiaries	159,056	168,770
Gain on disposal of long-term investments	(167,555)	(92,958)
Loss on disposal of property, plant and equipment	42,082	48,959
Changes in assets and liabilities:		
(Increase) decrease in assets		
Accounts receivable	(8,046)	2,762
Other receivables	419,262	(228,045)
Inventories	(146,907)	(253,967)
Prepayments	(6,657)	39,048
Increase (decrease) in liabilities		
Notes payable	(126,498)	249,445
Accounts payable	(148,020)	464,468
Income tax payable	(107,276)	226,809
Accrued expenses	150,924	292,449
Other payables	421,246	851,191
Cash received in advance	229,058	217,564
Deferred income tax	1,622	(2,154)
Provision for retirement plan	(10,747)	919
Net cash provided by operating activities	<u>5,632,543</u>	<u>6,723,122</u>

(Continued to next page)

PRESIDENT CHAIN STORE CORP.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
(Increase) decrease in short-term investments	(\$ 95,282)	\$ 329,567
Purchase of property, plant and equipment	(3,802,620)	(1,311,135)
Proceeds from disposal of property, plant and equipment	78,814	13,249
Increase in long-term investments–subsidiaries	(368,832)	(805,729)
Increase in long-term investments–non subsidiaries	(1,250,750)	(381,704)
Return of long-term investments	49,399	179,000
Proceeds from the sale of long-term investments	554,625	979,408
Increase in guarantee deposits	51,575	(40,323)
Increase in other receivable from loans to related parties	(30,000)	-
Increase in long – term investments in debt securities	(120,000)	-
Return of long-term investments in debt securities	20,000	-
Increase in other assets	(255,381)	(245,583)
Net cash used in investing activities	(5,168,452)	(1,283,250)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payment of cash dividends	(2,266,439)	(1,374,217)
Decrease in short-term loans	-	(250,000)
Decrease in commercial paper payable	-	(498,795)
Increase (decrease) in long-term loans	500,000	(2,150,000)
Increase in customers' deposits	132,100	158,934
Payment of employees' bonuses and directors' and supervisors' remuneration	(129,984)	(95,978)
Payment for property, plant and equipment purchased in prior year	(480,836)	(343,626)
Increase in bonds payable	-	1,500,000
Payment for other assets in prior year	(10,500)	(290,266)
Net cash used in financing activities	(2,255,659)	(3,343,948)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,791,568)	2,095,924
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,729,345</u>	<u>633,421</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 937,777</u>	<u>\$ 2,729,345</u>
<u>Supplemental disclosures of cash flow information</u>		
Interest paid	<u>\$ 66,161</u>	<u>\$ 72,055</u>
Income taxes paid	<u>\$ 844,166</u>	<u>\$ 29,185</u>
Investing and financing activities with partial cash payment:		
Purchase of property, plant and equipment	\$ 4,043,222	\$ 1,791,971
Less: other payables	(240,602)	(480,836)
Cash purchase of property, plant and equipment	<u>\$ 3,802,620</u>	<u>\$ 1,311,135</u>
Purchase of other assets	\$ 255,381	\$ 256,083
Less: other payables	-	(10,500)
Cash purchase of other assets	<u>\$ 255,381</u>	<u>\$ 245,583</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of independent accountants dated March 4, 2005.

PRESIDENT CHAIN STORE CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN
DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Note 1. HISTORY AND ORGANIZATION

President Chain Store Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China on June 10, 1987. The Company is engaged in the operation of convenience stores and the retail sale of food, cans, household goods, and other similar products. The common shares of the Company have been listed on the Taiwan Stock Exchange since August 1997. As of December 31, 2004, the Company had 6,160 employees.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Cash equivalents

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

2. Foreign currency translation

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

3. Short-term investments

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

4. Allowance for doubtful accounts

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

5. Inventories

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

6. Long-term investments

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

Long-term investments in which the Company owns at least 20% of the voting rights of the investee company are accounted for under the equity method unless the Company cannot exercise significant influence over the investee company. The difference between the acquisition cost and the Company's share of the investee's net book value on the date of acquisition is amortized over 5-10 years using the straight line method.

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

- (1) The subsidiaries total assets and total operating revenues constitute more than 10% of the respective accounts of the Company.
- (2) When total assets and total operating revenues of all majority owned and non-consolidated subsidiaries have exceeded 30% of those of the Company, subsidiaries with total assets and total operating revenues in excess of 3% of the respective accounts of the Company are consolidated. These subsidiaries should be engaged to consolidated financial statements unless the shares of them were decrease to 20%.

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

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

7. Property, plant and equipment

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

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

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

8. Deferred expense

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

9. Retirement plan and cost

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

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

10. Income tax

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

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

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

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

11. Derivative financial instruments

Interest rate swaps are recorded in the memorandum account on the trading date. For hedging transactions, receipt or payment of the settlement amount of the difference between the floating interest rate and the fixed interest rate are recognized as an adjustment to the interest expense of the hedge underlying the settlement date or the balance sheet date.

12. Earnings per share

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

13. Revenues and costs

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

14. Use of estimates

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

Note 3. CHANGE IN ACCOUNTING PRINCIPLE

None.

Note 4. DETAILS OF SIGNIFICANT ACCOUNTS

1. CASH AND CASH EQUIVALENTS

	December 31,	
	2004	2003
Cash on hand	\$ 260,124	\$ 205,730
Checking deposits and demand deposits	677,653	617,352
Cash equivalents		
Commercial paper with resale agreement	-	1,906,263
	<u>\$ 937,777</u>	<u>\$ 2,729,345</u>

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

2. INVENTORIES

	December 31,	
	2004	2003
Merchandise	<u>\$ 2,202,557</u>	<u>\$ 2,055,650</u>

3. LONG-TERM INVESTMENTS

(1) LONG-TERM INVESTMENTS IN STOCKS

Name of subsidiaries	December 31, 2004		December 31, 2003	
	Amount	Percentage owned	Amount	Percentage owned
<u>Equity method:</u>				
President Chain Store (BVI) Corp.	1,189,163	100.00	1,423,496	100.00
Uni-President Cold-Chain Corp.	300,465	60.00	335,927	60.00
President Musashino Corp.	-	-	333,176	60.00
Mech-President Corp.	389,537	62.95	367,612	62.95
President Drugstore Business Corp.	301,345	100.00	238,347	100.00
President Transnet Corp.	194,631	70.00	151,971	80.00
Ren-Hui Investment Corp.	872,440	100.00	859,560	100.00
Wisdom Distribution Service Corp.	142,294	100.00	136,656	100.00
President Information Corp.	189,496	70.00	169,054	70.00
Retail Support International Corp.	113,853	25.00	113,855	25.00
Uni-President Yi-Lan Art and Culture Corp.	154,572	90.00	-	-
Uni-President Oven Bakery Corp.	160,665	60.00	50,363	60.00
President Coffee Corp.	105,539	30.00	71,546	30.00
Uni-President Takashimaya Co., Ltd.	228,886	50.00	66,323	50.00
President Development Corp. and others	<u>743,837</u>	20.00	<u>480,065</u>	20.00
		~ 100.00		~ 100.00
	<u>5,086,723</u>		<u>4,797,951</u>	
<u>Cost or the lower of cost or market:</u>				

Name of subsidiaries	December 31, 2004		December 31, 2003	
	Amount	Percentage owned	Amount	Percentage owned
President Securities Corp.	<u>140,534</u>	2.57	<u>140,534</u>	2.57
<u>Cost method:</u>				
Presicarre Corp.	3,559,448	10.00	3,559,448	10.00
Tonpal Optoelectronics Corp.	1,609,160	4.89	1,609,160	4.89
Tong-Jeng Development Corp.	1,086,500	19.00	625,000	14.29
President International Development Corp.	500,000	3.33	500,000	3.33
Allianz President Life Insurance Ltd. and others	<u>1,681,348</u>	0.02 ~ 19.93	<u>1,556,748</u>	0.02 ~ 19.31
	<u>8,436,456</u>		<u>7,850,356</u>	
	<u>\$13,663,713</u>		<u>\$12,788,841</u>	

(2) LONG-TERM INVESTMENT IN DEBT SECURITIES

	December 31,	
	2004	2003
Bonds of Retail Support International Corp.	<u>\$ 100,000</u>	<u>\$ -</u>

- (3) The long-term investments gain recognized under the equity method based on the audited financial statements of the investee companies was \$28,638 and \$411,979 in 2004 and 2003, respectively.
- (4) Due to the capital reduction or continuous operation losses of Tung Ho Development Co., Ltd. ect, recognized a loss of \$91,885 and \$155,801 in 2004 and 2003, respectively.
- (5) Uni-President Cold-Chain Corp., Mech-President Corp., President Transnet Corp., Wisdom Distribution Service Corp. and President Chain Store (BVI) Corp. were included in the preparation of consolidated financial statements in 2004 and 2003 , respectively. The other companies in which the Company's voting rights exceed 50% were not included in the preparation of consolidated financial statements because these companies did not meet the criteria for consolidation.

4. ACCUMULATED DEPRECIATION

	December 31,	
	2004	2003
Buildings	\$ 151,387	\$ 138,136
Operating equipment	4,276,842	4,232,573
Leasehold improvements	1,741,902	1,606,734
Other equipment	<u>19,390</u>	<u>46,794</u>
	<u>\$ 6,189,521</u>	<u>\$ 6,024,237</u>

5. ACCRUED EXPENSES AND OTHER PAYABLES

	December 31,	
	2004	2003
Accrued salaries and bonuses	\$ 764,446	\$ 698,987
Accrued incentives for franchisee	339,491	321,877
Bills collected for others	1,903,586	1,535,858
Accrued liabilities for purchase equipment	240,602	480,836
System development and maintenance expenses	147,640	168,511
Other	<u>746,927</u>	<u>615,187</u>
	<u>\$ 4,142,692</u>	<u>\$ 3,821,256</u>

6. BONDS PAYABLE

		December 31,	
	Term	2004	2003
The first secured bonds	From January 16, 2002 to January 18, 2007	\$ 700,000	\$ 700,000
The second secured bonds	From June 10, 2003 to June 13, 2008	<u>1,500,000</u>	<u>1,500,000</u>
		<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>

- a. The first secured bonds are secured by Chain Development Industrial Bank and Bank of Taiwan Chunglun Branch. with principal due on maturity and annual interest rate of 2.8% payable annually. Under the indenture agreement between the Company and Bank of Taiwan, the proceeds from the bonds are to be used exclusively for the repayment of bank loans.
- b. The second secured bonds are secured by Taipei Bank and Bank of Taiwan Chunglun Branch. The terms of issuance are as shown below:
 1. A: Eight Hundred Million. The Company will redeem 25%, 25% and 50% of the principal amount, at the end of 3rd, 4th and 5th year respectively from the issuance date, with annual interest rate of 1.4%. The interest will be paid annually, commencing from the issuance date.
 2. B: Seven Hundred Million. The Company will redeem the principal amount in full on maturity. The interest rate is 4% less Floating Rate Index, subject to a Floor of 0%. Floating Rate Index is either 6 month USD LIBOR or 180 day CPBA, to be determined by AABTAI 2 business days prior to the start of each semi-annual interest period. Semi-annually, the Company has the option to use either Floating Rate Index for interest determination.

7. RETIREMENT PLAN

- (1) The details of net periodic pension cost for the period ended December 31, 2004 and 2003 are as follows:

	December 31,	
	2004	2003
Service cost	\$ 52,169	\$ 45,982
Interest cost	27,568	21,448
Expected return on plan assets	(5,764)	(4,756)
Amortization of the unrecognized net obligation at transition	(5,961)	(5,961)
Amortization of the net gain of unrecognized pension assets	<u>17,398</u>	<u>1,450</u>
Net periodic pension cost	<u>\$ 85,410</u>	<u>\$ 58,163</u>

- (2) The funded status of the plan at December 31, 2004 and 2003 are as follows:

	December 31,	
	2004	2003
Benefit obligation:		
Vested benefit obligation	(\$ 70,604)	(\$ 33,257)
Nonvested benefit obligation	(<u>437,021</u>)	(<u>389,049</u>)
Accumulated benefit obligation	(507,625)	(422,306)
Additional benefit based on future salaries	(<u>380,029</u>)	(<u>365,354</u>)
Projected benefit obligation	(887,654)	(787,660)
Plan assets at fair value	<u>301,518</u>	<u>209,589</u>
Plan funded status	(586,136)	(578,071)
Unrecognized net transition obligation	(34,772)	(40,731)
Unrecognized plan assets gain	<u>258,845</u>	<u>252,739</u>
Accrued prepaid cost	(<u>\$ 362,063</u>)	(<u>\$ 366,063</u>)
Vested benefit	<u>\$ 90,829</u>	<u>\$ 40,534</u>

The assumptions used in the actuarial calculation are as follows:

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

8.DEFERRED INCOME TAX AND INCOME TAX

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

	For the years ended 31st December.	
	2004	2003
Income tax payable	\$ 354,071	\$ 461,347
Net change amount of deferred income tax assets from temporary differences	1,622	(2,154)
Net change amount of deferred income tax assets from investment tax credits	-	(216,395)
Under provision of prior years' income tax	(28,395)	1,442
Income tax withheld	1,564	396
Prepaid income tax	<u>409,649</u>	<u>8,490</u>
Income tax expense	<u>\$ 738,511</u>	<u>\$ 253,126</u>
The details of income tax expense:		
Current income tax expense	\$ 692,949	\$ 178,103
10% income tax on undistributed retained earnings	45,562	75,023
	<u>\$ 738,511</u>	<u>\$ 253,126</u>

- (2) Deferred income tax assets as of December 31, 2004 and 2003 are as follows:

	December 31,			
	2004		2003	
	<u>Amount</u>	<u>Income tax effect</u>	<u>Amount</u>	<u>Income tax effect</u>
Current Items:				
Temporary Differences				
Employee welfare expenses	\$ 6,237	\$ 1,559	\$ 6,839	\$ 1,709
Provision for doubtful accounts	21,453	<u>5,363</u>	25,636	<u>6,409</u>
		<u>\$ 6,922</u>		<u>\$ 8,118</u>
Non-current Items:				
Temporary Differences				
Employee welfare expenses	\$ 8,423	\$ 2,106	\$ 10,127	\$ 2,532
Investment loss under the equity method	279,031	<u>69,758</u>	126,003	<u>31,501</u>
		71,864		34,033
Allowance for deferred income tax assets		(<u>69,758</u>)		(<u>31,501</u>)
		<u>\$ 2,106</u>		<u>\$ 2,532</u>

- (3) The Company's investment tax credits for 2004 are as follows:

<u>Investment tax credit</u>	<u>Total investment tax credit</u>
Employees training	19,166
Investment in rural area	53,042
921 The Temporary Act for Post-Earthquake Reconstruction etc.	33,658

- (4) The Company's income tax returns for the years through 2002 have been assessed and approved by the Tax Authority.

- (5) As of December 31, 2004 and 2003 the balances of unappropriated earnings are as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Unappropriated earnings during and before 1997	\$ 31,142	\$ 34,352
Unappropriated earnings during and after 1998	<u>3,371,043</u>	<u>3,646,066</u>
	<u>\$ 3,402,185</u>	<u>\$ 3,680,418</u>

- (6) As of December 31, 2004 and 2003, the balances of the shareholder's creditable tax account and the actual or expected tax credit percentages of unappropriated earnings are as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
The balance of the shareholders' creditable tax account	<u>\$ 464,640</u>	<u>\$ 16,552</u>

	<u>For the years ended 31st December,</u>	
	<u>2004</u>	<u>2003</u>
The expected or actual tax credit percentages of unappropriated earnings	<u>13.78%</u>	<u>15.51%</u>

The expected or actual tax credit percentages of unappropriated earnings are accounted by the balance of the shareholders' creditable tax account of December 31, 2004. The amount of deductible tax distributable by the Company to its shareholders shall be limited to an amount not exceeding the amount of the imputation tax credit account balance on the date of distribution of the dividends. Accordingly, the actual creditable ratio for the distribution of 1998 or each ensuing year thereafter undistributed earnings will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

9. COMMON STOCK

- (1) On June 29, 2004, the stockholders resolved to capitalize unappropriated retained earnings \$566,609. This was approved by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. on July 20, 2004 and was registered with the Ministry of Economics Affairs (MOEA) on September 7, 2004.
- (2) The Company's authorized common stock were 960,000,000 shares and 900,000,000 shares in 2004 and 2003, respectively. The issued and outstanding common stock were 915,160,436 and 858,499,471 shares with a par value of \$10 (dollar) per share as of December 31, 2004 and 2003, respectively.

10. RETAINED EARNINGS

- (1) Under the Company's Articles of Incorporation, as amended on June 29, 2004, after paying all taxes and dues and offsetting prior year's losses, 10% of the Company's current earnings shall be set aside as legal reserve and an amount equal to the total of the cumulative translation adjustment, unrealized loss on long-term investments, etc, that resulted in a net reduction of the shareholders' equity as of the end of the current year shall be set aside as special reserve. The remaining current year's earnings and the accumulated unappropriated earnings from prior years shall be distributed in accordance with a resolution passed by a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount distributed by the Company, 2% of the remaining current year's earnings should be allocated for directors' and supervisors' remuneration, not less than 0.2% of that should be allocated for employees' bonuses and 80% to 100% of the accumulated unappropriated earnings after deducting directors' and supervisors' remuneration and employees' bonuses will be distributed as dividends to stockholders, of which 50% to 100% shall be distributed in the form of cash. The remaining balance was unappropriated earnings which was allocated after approved at the stockholders' meeting.
- (2) In accordance with ROC Company Law, 10% of annual earnings should be appropriated as a legal reserve until the accumulated legal reserve equals the total paid-in capital of the Company. The legal reserve may only be used to offset deficits or increase capital.
- (3) In accordance with the related law, in addition to the appropriation for legal reserve and prior to the distribution of earnings, the Company should set aside a special reserve from retained earnings equal to the net reduction of shareholder's equity as of the end of the current year, resulting from adjustments such as cumulative translation adjustment and unrealized loss on long-term investments.

(4) The dividends per share details are as follow:

	December 31,	
	2004	2003
Cash dividend	<u>\$ 2.64</u>	<u>\$ 1.78</u>
Stock dividend	<u>0.66</u>	<u>1.12</u>

(5) As of March 4, 2005, the resolution for the distribution of 2004 earnings has not been adopted by the Board of Directors. Details of distribution of earnings are posted on the official website of the Taiwan Stock Exchange.

(6) The details on the 2003 earnings distributed in 2004 for employees' bonuses and directors' and supervisors' remuneration based on the resolution adopted by the board of directors and approved in the shareholders' meetings are as follows:

(1) The amount of the retained earnings distributed

A. Employees' cash bonuses	<u>\$ 64,992</u>
B. Directors' and supervisors' remuneration	<u>\$ 64,992</u>

(2) 2003 earnings per common shares (in dollars) is listed below:

A. Original earnings per common share	<u>\$ 4.29</u>
B. Pro forma earnings per common share	<u>\$ 4.14</u>

11. EARNINGS PER COMMON SHARE

	For the years ended 31st December, 2004				
	Amount		Weighted average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share					
Net income	<u>\$3,785,908</u>	<u>\$3,047,397</u>	<u>915,160,436</u>	<u>\$ 4.14</u>	<u>\$ 3.33</u>
	For the years ended 31st December, 2003				
	Amount		Weighted average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share					
Net income	<u>\$3,934,732</u>	<u>\$3,681,606</u>	<u>915,160,436</u>	<u>\$ 4.29</u>	<u>\$ 4.02</u>

12.PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

Item	Operating expenses	
	For the year ended 31st December,	
	2004	2003
Personnel expenses		
Salaries and wages	\$ 2,739,122	\$ 2,532,824
Insurance	199,724	185,772
Pension	79,665	61,383
Others	237,854	207,993
Depreciation	1,561,532	1,335,635
Amortization	304,880	124,638

13.ACCOUNTS CLASSIFICATION

Certain accounts in the financial statements as of and for the year ended 31 December 2003 were reclassified to conform with the presentation adopted in the financial statements as of and for the year ended 31 December 2004.

Note 5. RELATED PARTY TRANSACTIONS

1. Related parties and their relationship with the Company

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Uni-President Enterprises Corp.	Shareholder of the Company
President Packaging Co., Ltd.	A subsidiary of Uni-President Enterprises Corp.
Q-Ware System&Services Corp.	"
Tung Ang Enterprises Corp.	"
President Kikkoman Inc.	"
Pcyber.com Co., Ltd.	"
Uni-President Dream Park Corp.	"
President Natural Industrial Corp.	"
President Direct Marketing Corp.	A subsidiary
President Drugstore Business Corp.	"
Wisdom Distribution Service Corp.	"
Mech-President Corp.	"
Duskin Serve Taiwan Co., Ltd.	"

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Capital Inventory Services Corp.	A subsidiary
President Information Corp.	"
Uni-President Cold-Chain Corp.	"
President Chain Store (BVI) Corp.	"
PCSC (China) Limited	"
President Transnet Corp.	"
Uni-President Oven Bakery Corp.	"
Ren-Hui Investment Corp.	"
President Collect Service Corporation	"
Bank Pro E-Service Technology Co., Ltd.	"
Books.com Co., Ltd.	"
Uni-President Yi-Lan Art and Culture Corp.	"
President Coffee Corp.	Subsidiary accounted for under the equity method
Muji (Taiwan) Co., Ltd.	"
Uni-President Yellow Hat Co., Ltd.	"
President Pharmaceutical Corp.	"
Retail Support International Corp.	"
Uni-President Takashimaya Co., Ltd.	"
Uni-President Organ Corp.	"
Mister Donut Taiwan Co.	"
21 Century Enterprise Co., Ltd.	"
President Chain Store (Labuan) Holdings Ltd.	Indirect owned subsidiary
Philippine Seven Corp.	"
Convenience Distribution Inc.	"
President Jing Corp.	"
PCSC (China) Drgstore Limited	"
President Cosmed Chain Store (Shen Zhen) Co. Ltd.	"
Safety Elevator Corp.	"
Mech-President (BVI) Corp.	"
Shanghai President Machine Corp.	"

<u>Name of related parties</u>	<u>Relationship with the Company</u>
President Engineering Technology Corp.	A subsidiary liquidated in Oct.2004
President Technology Corp.	The Company has a seat on its board of directors
President Musashino Corp.	"
Tong-Ho Development Corp.	The Company has a seat on its board of directors
Allianz President Life Insurance Co., Ltd.	"
Retail Support Taiwan Corp.	A subsidiary of Retail Support International Corp.
President Logistics Transportation Corp	A subsidiary of Retail Support International Corp.
President Construction Corporation	Related party in substance
Grand Commercial Bank	The Company has a seat on the related party's board of directors (The relationship was terminated on 30 September 2003)

2. Significant transactions with related parties are as follows:

(1) Other operating revenue—sales bonus

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Retail Support International Corp.	\$ 118,860	8%	\$ 137,308	11%
Uni-President Enterprises Corp.	27,809	2%	19,951	2%
Others	<u>46,927</u>	<u>3%</u>	<u>54,486</u>	<u>5%</u>
	<u>\$ 193,596</u>	<u>13%</u>	<u>\$ 211,745</u>	<u>18%</u>

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

	<u>For the years ended 31st December.</u>			
	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>Percentage of net purchases</u>	<u>Amount</u>	<u>Percentage of net purchases</u>
Retail Support International Corp.	\$ 36,613,852	64%	\$ 35,110,524	64%
Uni-President Cold-Chain Corp.	11,964,388	21%	9,714,506	18%
Wisdom Distribution Service Corp.	4,094,148	7%	3,782,202	7%
Uni-President Enterprises Corp.	1,193,917	2%	1,373,965	2%
Others	<u>928,089</u>	<u>2%</u>	<u>1,221,523</u>	<u>2%</u>
	<u>\$ 54,794,394</u>	<u>96%</u>	<u>\$ 51,202,720</u>	<u>93%</u>

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

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

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

	For the years ended 31st December.			
	2004		2003	
	Amount	Percentage	Amount	Percentage
Uni-President Cold-Chain Corp.	\$ 140,890	46%	\$ 138,028	49%
Retail Support International Corp.	129,264	43%	102,367	36%
Uni-President Enterprises Corp.	<u>34,239</u>	<u>11%</u>	<u>17,973</u>	<u>6%</u>
	<u>\$ 304,393</u>	<u>100%</u>	<u>\$ 258,368</u>	<u>91%</u>

(4) Operating Expenses

	For the years ended 31st December.			
	2004		2003	
	Amount	Percentage	Amount	Percentage
1. Cleaning service expense				
Duskin Serve Taiwan. Co., Ltd.	<u>\$ 52,544</u>	<u>40%</u>	<u>\$ 44,624</u>	<u>44%</u>
2. Supplies (accounted as packing and other expense)				
Retail Support International Corp.	<u>\$ 180,278</u>	<u>56%</u>	<u>\$ 186,024</u>	<u>49%</u>
3. Physical inventory expense				
Capital Inventory Services Corp.	<u>\$ 114,493</u>	<u>100%</u>	<u>\$ 108,952</u>	<u>100%</u>
4. Electronic ordering system management charges				
President Information Corp.	\$ 462,335	59%	\$ 273,793	53%
President Technology Corp.	<u>62,934</u>	<u>8%</u>	<u>63,901</u>	<u>12%</u>
	<u>\$ 525,269</u>	<u>67%</u>	<u>\$ 337,694</u>	<u>65%</u>
5. Repair and professional service charges				
President Engineering Technology Corp.	<u>\$ 206,916</u>	<u>52%</u>	<u>\$ 429,324</u>	<u>88%</u>
6. Training expense				
Capital Inventory Services Corp.	<u>\$ 48,681</u>	<u>61%</u>	<u>\$ 19,773</u>	<u>37%</u>

(5) Other Income

	For the years ended 31st December.			
	2004		2003	
	Amount	Percentage	Amount	Percentage
1. Subsidy for electronic orderings (accounted for as other income– others)				
Retail Support International Corp.	\$ 135,171	63%	\$ 125,208	62%
Uni-President Cold-Chain Corp.	61,593	29%	59,537	30%
Others	<u>7,274</u>	<u>3%</u>	<u>5,353</u>	<u>2%</u>
	<u>\$ 204,038</u>	<u>95%</u>	<u>\$ 190,098</u>	<u>94%</u>

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

(6) Assets (Liabilities) Accounts

	For the years ended 31st December.			
	2004		2003	
	Amount	Percentage	Amount	Percentage
1. Accounts receivable				
Retail Support International Corp.	-	-	\$ 14,109	6%
Others	<u>3,666</u>	<u>1%</u>	<u>10,449</u>	<u>5%</u>
	<u>\$ 3,666</u>	<u>1%</u>	<u>\$ 24,558</u>	<u>11%</u>
2. Other receivables				
Retail Support International Corp.	\$ 17,550	5%	\$ 331,447	46%
Uni-President Cold-Chain Corp.	-	-	71,162	10%
Others	<u>37,016</u>	<u>11%</u>	<u>37,634</u>	<u>5%</u>
	<u>\$ 54,566</u>	<u>16%</u>	<u>\$ 440,243</u>	<u>61%</u>
3. Prepayment for goods				
Retail Support International Corp.	<u>\$ 66,500</u>	<u>9%</u>	<u>\$ 70,300</u>	<u>8%</u>
4. Notes and accounts payable				
Retail Support International Corp.	\$3,088,597	56%	\$3,391,440	58%
Uni-President Cold-Chain Corp.	878,221	16%	908,025	16%
Wisdom Distribution Service Corp.	690,070	13%	600,724	10%
Others	<u>280,427</u>	<u>5%</u>	<u>282,733</u>	<u>5%</u>
	<u>\$4,937,315</u>	<u>90%</u>	<u>\$5,182,922</u>	<u>89%</u>
5. Accrued expenses				
President Information Corp.	\$ 56,112	3%	\$ 56,291	4%
Retail Support International Corp.	50,329	3%	27,458	2%
Others	<u>93,505</u>	<u>6%</u>	<u>68,280</u>	<u>4%</u>
	<u>\$ 199,946</u>	<u>12%</u>	<u>\$ 152,029</u>	<u>10%</u>

(7) Property transactions

1. The Company engaged President Construction Corporation to acquire an office building in November, 2004. The purchase price of \$1,639,705 was paid in full in 2004.

2. Details of securities transactions are as follows:

A. Acquisitions of marketable securities

<u>Name of related parties</u>	<u>Name of marketable securities</u>	<u>Number of shares</u>	<u>Amount</u>	
			<u>2004</u>	<u>2003</u>
Grand Commercial Bank	Bank Pro E-Service Technology Co., Ltd.	3,600,000	-	37,764
	President Information Corp.	759,500	-	11,271
Retail Support International Corp.	President Information Corp.	1,012,000	-	15,028

B. Disposals of marketable securities

<u>Name of related parties</u>	<u>Name of marketable securities</u>	<u>Number of shares</u>	<u>Amount</u>		<u>Gain on disposal</u>	
			<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Uni-President Enterprises Corp.	President Musashino Corp.	26,145,000	290,121	-	42,230	-
Uni-President Enterprises Corp.	President Packaging Co., Ltd.	6,473,808	-	\$161,781	-	\$ 75,098
Ren-Hui Investment Corp.	Tonpal Optoelectronics Corp.	62,800,000	-	See below	-	-

The Company exchanged 62,800,000 shares of Tonpal Optoelectronics Corp. for 69,003,733 shares of Ren-Hui Investment Corp. in 2003.

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

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

	<u>Maximum balance in 2003</u>		Balance at	<u>Rate</u>	Interest income
	<u>Date</u>	<u>Amount</u>	<u>December 31, 2003</u>		<u>in 2003</u>
Uni-President Yellow Hat Co., Ltd.	2003.3~2003.12	\$ 5,000	<u>\$ 5,000</u>	2.89%	<u>\$ 111</u>

(9) Endorsement and guarantee

Endorsements and guarantees for related parties as of December 31, 2004 are as follows:

President Transnet Corp.	\$	760,000
Retail Support International Corp.		450,000
President Drugstore Business Corp.		305,000
Mech-President Corp.		90,000
President Information Corp.		<u>8,000</u>
	\$	<u>1,613,000</u>
Philippine Seven Corp	USD	2,000
	PHP	<u>180,000</u>

(10) Commitments

According to the “PEC National Building Construction Contract” dated November 1998, the Company and seven companies (including Uni-President Enterprises Corp.) will construct PEC National Building at an estimated cost of \$55.6 billion. The Company’s commitment is 5% of the total cost. As of December 31, 2004, the unpaid amount of the Company’s commitment is \$68,903.

Note 6. PLEDGED ASSETS : None.

Note 7. CONTINGENT LIABILITIES AND COMMITMENTS

- (1) According to the franchise agreement with The Southland Corporation, the monthly franchise payment to The Southland Corporation is based on monthly sales.
- (2) The Company signed rental agreements with non-related parties to rent store space with lease periods ranging from 3 to 12 years. As of December 31, 2004, the Company has prepaid rent and security deposits in the amount of \$562,197 and \$801,373, respectively.

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

<u>Year</u>	<u>Total rental expense</u>
2005	\$ 3,812,995
2006	3,676,905
2007	3,390,704
2008	2,960,931
2009 and thereafter	<u>7,134,681</u>
	<u>\$ 20,976,216</u>

Note 8. SIGNIFICANT CASUALTY LOSS: None.

Note 9. SIGNIFICANT SUBSEQUENT EVENTS:

The Board of Directors passed a resolution to acquire 34,396,786 shares of Presicarre Corp. at \$98.34 per share from ABN AMRO BANK NV. The purchase price of \$3,382,580 was based on an appraisal report and were paid on February 24, 2005 in full.

Note 10. OTHERS:

(1) INFORMATION OF INVESTMENT ON DERIVATIVE FINANCIAL INSTRUMENTS

The Company had the following derivative financial instrument transactions in 2004 and 2003.

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

Financial instrument	<u>December 31, 2004 and 2003</u>	
	<u>Amount of agreement or nominal principal</u>	<u>Credit risk</u>
Interest rate swap contract	<u>\$ 700,000</u>	<u>\$ -</u>

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

b. Market price risk:

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

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

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

- d. Type and purpose of derivative financial instruments:

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

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

	<u>December 31, 2004</u>		<u>December 31, 2003</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial instrument				
Interest swap contract	(\$ <u>45</u>)	<u>\$ 18,758</u>	<u>\$ 2,621</u>	<u>(\$ 5,453)</u>

At the end of year 2004 and 2003, the net amount receivable and payable from the interest swap were \$45 and \$2,621, which was booked as “Other receivables” and the credit side as “Interest expense”. The interest swap resulted in reducing interest expense by \$6,205 and \$6,028 in 2004 and 2003, respectively.

(2) FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

	<u>December 31, 2004</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>		
Financial assets of the same book and fair value	\$ 1,611,647	\$ 1,611,647
Short-term investments	242,978	245,609
Long-term investments	13,663,713	13,893,987
Guaranteed deposits	819,318	753,954
	<u>December 31, 2004</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial liabilities</u>		
Financial liabilities with book value equal to fair value	\$12,712,042	\$ 12,712,042
Customers deposits	1,163,465	1,048,784
Provision for retirement plan	362,063	586,136

	<u>December 31, 2003</u>	
	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>		
Financial assets of the same book and fair value	\$ 3,687,685	\$ 3,687,685
Short-term investments	98,385	98,066
Long-term investments	12,788,841	12,804,560
Guaranteed deposits	870,893	806,052

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

- a. The fair values of the short-term financial instruments, bonds payable, long-term liabilities are their book values at the balance sheet date due to their short maturities.
- b. The fair values of short-term investments in listed stocks are estimated based on the closing price at the balance sheet date. The fair value of short-term open-end funds is based on the fund's net asset value at the balance sheet date.
- c. The fair values of long-term investments in listed stocks are estimated based on the closing price at the balance sheet date. The fair values of long-term investments in equity securities without market prices accounted for under the equity method are their underlying equity in the net assets based on the audited financial statements of the investee companies.

The fair values of long-term investments in equity securities without market prices accounted for at cost are their underlying equity in the net assets based on the unaudited financial statements of the investee companies.

- d. The fair values of guaranteed deposits and customers' deposit are based on the discounted value of expected future cash inflow and the discount rate is based on the fixed rate of one year time deposit in the post office as of December 31, 2004.
- e. The fair values of provision for retirement plan is based on the funding status presented in the actuarial report measured as of December 31, 2004.

11. DISCLOSURE OF OTHER INFORMATION

A. Related information of significant transactions

1) Lending to others:

Creditor	Name of the debtor	Accounts used to record lending	Maximum balance	The ending	Interest	Purpose	Total amount of business transaction	Reason for short-term financing	Bad debts provision provided	Collateral		Ceiling of fund financing for a single enterprise (Note3)	Ceiling of fund financing for the borrower (Note3)
			during 2004	balance	rate					Description	Amount		
President Chain Store Corp.	Uni-President Yellow Hat Co., Ltd.	Other receivables	\$ 21,000	\$ -	2.08%~2.73%	Note 1	\$ -	Operating Capital	\$ -	-	\$ -	\$ 50,000	\$ 5,748,730
	21 Century Enterprise Co., Ltd	Other receivables	4,000	-	2.63%	Note 1	-	Operating Capital	-	-	-	50,000	5,748,730
	President Information Corp.	Other receivables	30,000	-	1.93%~2.2%	Note 2	462,335	-	-	-	-	100,000	5,748,730
	Retail Support Taiwan Corp.	Other receivables	30,000	30,000	2.38%~2.43%	Note 1	-	Operating Capital	-	-	-	50,000	5,748,730

Note 1: Short-term financing.

Note 2: Business transactions.

Note 3: The ceiling of total outstanding loan is 40% of the company's capital ; the ceiling borrows to single enterpr which exists business transactions is the lower of \$100,000 or the amount of business transactions ; the ceiling borrows to single enterpr which demands short-term financing is \$50,000.

2) Endorsements and guarantees for others:

Name of the company	Name of parties being guaranteed	Relationship with the Company	Ceiling for single party (Note)	Maximum outstanding guarantee amount during the year ended 31st December, 2004	Outstanding guarantee amount at 31st December, 2004	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net asset value of the Company (%)	Ceiling of the outstanding guarantees for the respective party (Note)
President Chain Store Corp.	Mech-President Corp.	A majority-owned subsidiary	\$ 2,874,365	\$ 320,000	\$ 90,000	None	0.63%	\$ 7,185,913
	President Transnet Corp.	A majority-owned subsidiary	2,874,365	760,000	760,000	None	5.29%	7,185,913
	President Drugstore Business Corp.	A majority-owned subsidiary	2,874,365	320,000	305,000	None	2.12%	7,185,913
	Retail Support International Corp.	Relation of business transactions.	2,874,365	450,000	450,000	None	3.13%	7,185,913
	President Information Corp.	A majority-owned subsidiary	2,874,365	8,000	8,000	None	0.06%	7,185,913
	Philippine Seven Corp.	Indirect subsidiary of the Company	2,874,365	USD 2,000	USD 2,000	None	1.15%	7,185,913
				PHP 180,000	PHP 180,000			

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

3) Marketable securities held at 31st December, 2004:

		(NT\$)		31st December, 2004			
Name of the company	Name and type of marketable securities	Relationship of the issuers with the Company	General ledger account	Number of shares	Book value	Percentage	Market value
President Chain Store Corp.	United Microelectronics Corp.	None	Short-term Investment	1,039,901	\$ 65,119	-	\$ 20,881
	Chunghwa Telecom Corp.	"	"	595,000	32,702	-	37,277
	Ton Yi Industrial Corp.ect.	"	"	-	132,361	-	94,820
	UPAMC James Bond Fund	"	"	5,987,068	90,000	-	90,000
					320,182		\$ 242,978
			Deduct: Valuation allowance		(77,204)		
					\$ 242,978		
		Subsidiary accounted for under the equity method	Long-term Investment-Stock				
	President Chain Store (BVI) Corp			46,405,458	1,189,163	100.00%	1,198,944
	Ren-Hui Investment Corp.	"	"	85,303,733	872,440	100.00%	872,560
	Mech-President Corp.	"	"	34,921,758	389,537	62.95%	389,335
	Uni-President Cold-Chain Corp.	"	"	19,563,272	300,465	60.00%	269,653
	Uni-President Takashimaya Corp.	"	"	37,500,000	228,886	50.00%	228,886
	President Drugstore Business Corp.	"	"	19,800,000	301,345	100.00%	301,345
	Uni-President Yi-Lan Art and Culture Corp	"	"	18,000,000	154,572	90.00%	153,371
	President Information Corp.	"	"	14,345,100	189,496	70.00%	180,428
	President Transnet Corp.	"	"	70,000,000	194,631	70.00%	138,363
	Wisdom Distribution Service Corp.	"	"	9,432,540	142,294	100.00%	142,294
	Retail Support International Corp.	"	"	5,000,000	113,853	25.00%	100,493
	Uni-President Oven Bakery Corp.	"	"	17,400,000	160,665	60.00%	155,313
	President Coffee Corp.	"	"	6,652,800	105,539	30.00%	105,320
	President Securities Corp.	-	"	29,328,669	140,534	2.57%	517,064
	Presicarre Corp.	-	"	36,208,230	3,559,448	10.00%	-
	Tonpal Optoelectronics Corp.	-	"	146,448,927	1,609,160	4.89%	-
	Tong-Jeng Development Corp.	-	"	85,500,000	1,086,500	19.00%	-
	President International Development Corp.	The Company has a seat on the related party's board of directors	"	50,000,000	500,000	3.33%	-
	New Century InfoComm Tech. Co., Ltd. etc.	-	"	-	2,425,185	0.02%	-
					\$13,663,713	~100.00%	
	Bond of Retail Support International Corp.	Subsidiary accounted for under the equity method	Long-term Investment- Bond		\$ 100,000	-	100,000

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

Name of the company	Name of marketable securities	General ledger account	Counterparties	Relationship	Beginning balance		Additions		Disposals				Other adjustment		Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Proceeds from disposal (Note 5)	Book value	Gain (loss) from disposal	Number of shares	Book value	Number of shares	Amount
President Chain Store Corp.	JF(Taiwan) Bond Fund	Short-term Investment	NA	NA	-	\$ -	291,929,134	\$ 4,310,000	291,929,134	\$ 4,311,816	\$ 4,310,000	\$ 1,816	-	\$ -	-	\$ -
	Polaris De-Li Fund	"	"	"	-	-	81,487,008	1,190,000	81,487,008	1,190,729	1,190,000	729	-	-	-	-
	NITC Bond Fund	"	"	"	-	-	3,659,996	580,000	3,659,996	580,546	580,000	546	-	-	-	-
	Cathay Bond Fund	"	"	"	-	-	54,302,013	605,000	54,302,013	605,565	605,000	565	-	-	-	-
	Union Bond Fund	"	"	"	-	-	124,561,066	1,460,000	124,561,066	1,461,352	1,460,000	1,352	-	-	-	-
	Shinkong Chi-Shin Fund	"	"	"	-	-	174,898,469	2,420,000	174,898,469	2,421,456	2,420,000	1,456	-	-	-	-
	RSIT Forever Fund	"	"	"	-	-	27,198,840	380,000	27,198,840	380,364	380,000	364	-	-	-	-
	UBS Taiwan Bond Fund	"	"	"	-	-	69,804,649	1,000,000	69,804,649	1,000,274	1,000,000	274	-	-	-	-
	Fubon Ju-I Fund	"	"	"	-	-	8,500,004	100,000	8,500,004	100,125	100,000	125	-	-	-	-
	Ta Chong Bond Fund	"	"	"	-	-	31,937,670	400,000	31,937,670	400,364	400,000	364	-	-	-	-
	Dresdner Bond Dam Fund	"	"	"	-	-	35,956,105	400,000	35,956,105	400,221	400,000	221	-	-	-	-
	Kgi Victory Fund	"	"	"	-	-	50,085,187	520,000	50,085,187	520,344	520,000	344	-	-	-	-
	Grand Cathay Bond Fund	"	"	"	-	-	70,484,001	880,000	70,484,001	880,789	880,000	789	-	-	-	-
	En Trust Phoenix Bond Fund	"	"	"	-	-	14,790,268	214,000	14,790,268	214,233	214,000	233	-	-	-	-
	Tiim Bond Fund	"	"	"	-	-	117,310,767	1,610,000	117,310,767	1,611,169	1,610,000	1,169	-	-	-	-
	UPAMC James Bond Fund	"	"	"	-	-	599,341,980	8,984,500	593,354,912	8,898,753	8,894,500	4,253	-	-	5,987,068	90,000
	Abn Amro Bond Fund	"	"	"	-	-	38,315,190	560,000	38,315,190	560,230	560,000	230	-	-	-	-
	JF(Taiwan) First Bond Fund	"	"	"	-	-	83,748,471	1,140,000	83,748,471	1,140,464	1,140,000	464	-	-	-	-
	Chung Hsing Pion Fund	"	"	"	-	-	101,888,080	1,055,000	101,888,080	1,055,697	1,055,000	697	-	-	-	-
	JIH Sun Bond Fund	"	"	"	-	-	22,806,257	300,000	22,806,257	300,437	300,000	437	-	-	-	-
	Sheng Hua 1699 Bond Fund	"	"	"	-	-	43,204,199	520,000	43,204,199	520,414	520,000	414	-	-	-	-
	Barits Bond Fund	"	"	"	-	-	8,497,981	100,000	8,497,981	100,047	100,000	47	-	-	-	-
	Pca Well Pool Fund	"	"	"	-	-	32,840,888	400,000	32,840,888	400,174	400,000	174	-	-	-	-
	Polaris Di-Po Fund	"	"	"	-	-	9,303,537	100,000	9,303,537	100,060	100,000	60	-	-	-	-
	Abn Amro Select Bond Fund	"	"	"	-	-	121,268,759	1,330,000	121,268,759	1,330,400	1,330,000	400	-	-	-	-
	Hsbc Ntd Money Management Fund	"	"	"	-	-	13,822,751	200,000	13,822,751	200,057	200,000	57	-	-	-	-
	Uni-President Takashimaya Corp.	Long-term Investment-stock	seasoned equity offerings	"	-	-	-	-	-	-	-	-	-	-	37,500,000	228,886
					12,500,000	66,323	25,000,000	250,000						(87,437)		
	Tung Ho Development Co., Ltd.	"	"	"	30,236,994	18,401	14,477,536	144,775	-	-	-	-	(24,788,288)	(83,753)	19,926,242	79,423
	Tong-Jeng Development Corp.	"	"	"	50,000,000	625,000	35,500,000	461,500	-	-	-	-	-	-	85,500,000	1,086,500
	Duskin Co.,Ltd	"	Note 1	None	-	-	60,000	126,550	-	-	-	-	-	(1,477)	60,000	125,073
	Uni-President Yi-Lan Art and Culture Corp.	"	new establishment	NA	-	-	18,000,000	180,000	-	-	-	-	-	(25,428)	18,000,000	154,572
	President Development Corp.	"	"	"	-	-	10,000,000	100,000	-	-	-	-	-	(5,514)	10,000,000	94,486
	Mister Donut Taiwan Co.	"	"	"	-	-	10,000,000	100,000	-	-	-	-	-	(7,611)	10,000,000	92,389
	Allianz President General Insurance Co., Ltd.	"	Note 2	None	11,000,000	110,000	-	-	11,000,000	164,504	110,000	54,504	-	-	-	-
	President Musashino Corp.	"	Note 3	Note 3	31,374,000	333,176	-	-	26,145,000	290,121	247,891	42,230	-	(36,823)	5,229,000	48,462
	President Transnet Corp.	"	Note 4	None	80,000,000	151,971	-	-	10,000,000	100,000	29,179	70,821	-	71,839	70,000,000	194,631
	Uni-President Oven Bakery Corp.	"	seasoned equity offerings	NA	5,400,000	50,363	12,000,000	120,000	-	-	-	-	-	(9,698)	17,400,000	160,665
	Bond of Retail Support International Corp.	Long-term Investment-Bond	NA	NA	-	-	-	120,000	-	-	-	-	-	(20,000)	-	100,000

Note 1: The company purchased the securities of Duskin Co.,Ltd from Duskin Franchise Co.,Ltd

Note 2: The company sold the securities to Millea Asia Pte.Ltd.

Note 3: The company sold the securities to the Uni-President Enterprises Corp., Shareholder of the Company

Note 4: The company sold the securities to Yamato Transport Co.,Ltd.

5) Real estate acquired exceeding \$100,000 or 20% of contributed capital:

Name of the company	Name of the real estate	Transaction date	Amount of transaction	Status of payment	Counter party	Relationship	Data on previous sales				Basis of price determination	Purpose of accquisition status of usage	Others agreement
							Owner	with the owner	Date of sales	Amount			
President Chain Store Corp.	President World Trade Center	November 29 , 2004	1,639,705	Paid	President Construction Corporation	Note 1	-	-	-	-	Approved value by Great Easten Real Estate Appraisers Firm of \$1,770,861 on November 22 2004, from Dawaland Asset Management Consulting Co. Ld. of \$1,853,344 on November 24 2004.	Head office	None

Note 1: Related party in essence.

Note 2: None, as the building is newly constructed.

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

Name of the company	Name of the counterparty	Relationship with the counterparty	Description of the transactions				Disclosure of non-standard transaction terms		Accounts or notes receivable (payable)	Note
			Purchases (sales)	Amount	% of total purchases (sales)	Credit terms	Price	Terms	Balance	
President Chain Store Corp.	Retail Support International Corp.	Investee company accounted for under the equity method	Purchases	\$ 36,613,852	64	10-80 days after the month	Note	No significant	\$ 3,088,597	56
	Uni-President Cold-Chain Corp.	The Company's subsidiary	"	11,964,388	21	15-30 days after the month	Note	"	878,221	16
	Wisdom Distribution Service Corp.	"	"	4,094,148	7	20-35 days after the month	Note	"	690,070	13
	Uni-President Enterprises Corp.	Shareholder of the Company	"	1,193,917	2	30-40 days after the month	No significant difference	"	90,452	2
	President Transnet Corp.	The Company's subsidiary	Operating Cost	566,518	1	15 days after the month of billing	delivery. NA	"	51,527	1
	Q-Ware System & Services Corp	A subsidiary of Uni-President Enterprises Corp. (accounted by equity method)	"	265,128		30-40 days after the month of billing	Cost of copy and fax . NA.	"	47,861	1

Note : Based on cost plus agreed upon amount basis

- 8) Receivables from related parties exceeding \$100,000 or 20% of contributed capital:None.
9) Transactions of derivative financial instruments: Note 10(1).

B. Related information of investment:

1) Related information of investee companies:

Name of company	Name of investee company	Address	Major operating activities	Accumulated capital infusion as at 31st December,		Holding Status		Book value	Net income (loss) of investee company	Investment income (loss) recognized by the Company (Note)	Relationship with the Company
				2004	2003	Shares	Percentage				
President Chain Store Corp.	President Chain Store (BVI) Corp	BVI	Professional investment	\$ 1,520,766	\$ 1,520,766	46,405,458	100.00%	\$ 1,189,163	(\$ 143,245)	(\$ 153,027)	The Company's subsidiary
	Ren-Hui Investment Corp.	Taipei, Taiwan	Professional investment	853,037	853,037	85,303,733	100.00%	872,440	13,040	12,880	The Company's subsidiary
	Mech-President Corp.	Tainan, Taiwan	Gas station and electric wiring	364,683	364,683	34,921,758	62.95%	389,537	44,282	25,027	The Company's subsidiary
	Uni-President Cold-Chain Corp.	Tainan, Taiwan	Delivery of cold or frozen food	237,437	237,437	19,563,272	60.00%	300,465	81,538	28,118	The Company's subsidiary
	Uni-President Takashimaya Corp.	Taipei, Taiwan	Department store retail bussiness	375,000	125,000	37,500,000	50.00%	228,886	(174,875)	(87,437)	Affiliated Company
	President Drugstore Business Corp.	Taipei, Taiwan	Sales of drugs and cosmetics	396,000	396,000	19,800,000	100.00%	301,345	61,087	62,998	The Company's subsidiary
	Uni-President Yi-Lan Art and Culture Corp.	Yilan, Taiwan	Art exhibition	180,000	-	18,000,000	90.00%	154,572	(29,587)	(25,428)	The Company's subsidiary
	President Information Corp.	Taipei, Taiwan	Information consulting	135,956	135,956	14,345,100	70.00%	189,496	38,163	20,442	The Company's subsidiary
	President Transnet Corp.	Taipei, Taiwan	Delivery and selling of food and merchandise	711,576	813,230	70,000,000	70.00%	194,631	120,752	71,839	The Company's subsidiary
	Wisdom Distribution Service Corp.	Taipei, Taiwan	Delivery of magazine	50,000	50,000	9,432,540	100.00%	142,294	36,196	34,973	The Company's subsidiary
	Retail Support International Corp.	Chung-Li, Taiwan	Delivery of food	91,414	91,414	5,000,000	25.00%	113,853	128,602	27,499	Affiliated Company
	Uni-President Oven Bakery Corp.	Taipei, Taiwan	Sales of bread	221,700	101,700	17,400,000	60.00%	160,665	(11,511)	(9,699)	The Company's subsidiary
	President Coffee Corp.	Taipei, Taiwan	Sales of coffee	59,400	59,400	6,652,800	30.00%	105,539	119,249	35,775	Affiliated Company
	President International Development Corp., etc.	-	-	993,456	695,000	-	20.00%~100.00%	743,837	-	(15,322)	-
Retail Support International Corp. etc.	President Logistics Transportation Corp. etc.	Chung-Li, Taiwan	Delivery	345,258	339,258	-	20.00%~100.00%	379,387	-	NA	-
President Chain Store (BVI) Corp.	President Coffee (Cayman) Holdings Ltd.	British Cayman	Professional investment	USD 1,800	USD 1,800	1,800,000	30.00%	USD 1,841	USD 1,203	"	Note 1
	President Chain Store (Labuan) Holdings Ltd.	Labuan Island	Professional investment	USD 20,684	USD 20,684	20,684,321	100.00%	USD 13,427	(USD 1,593)	"	Indirect subsidiary of the Company
	Presiclerc Limited	BVI	Professional investment	USD 8,581	USD 7,726	8,339,100	47.74%	USD 828	(USD 3,553)	"	Note 1
	T&T Supermarket Inc.	Canada	Sales of household goods	CAD 12,000	CAD 12,000	200	20.00%	USD 5,698	CAD 6,578	"	Note 1
President Chain Store (Labuan) Holdings Ltd.	Phippine Seven Corp.	Philippine	Sales of household goods	USD 20,656	USD 20,656	134,257,625	56.59%	USD 13,413	(PHP 2,457)	"	Indirect subsidiary of the Company
Phippine Seven Corp.	Convenience Distribution Inc. etc.	Philippine	-	PHP 80,822	PHP 80,822	-	40.00%~100.00%	PHP 95,505	-	"	-
PCSC (China) Supermarket Limited	PCSC (China) Drugstore Limited	BVI	Investments holdings	USD 2,100	-	2,100,000	100.00%	USD 2,100	Note 2	"	Indirect subsidiary of the Company
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co. Ltd.	China	Sales of household goods	USD 1,965	-	-	65.00%	USD 1,965	Note 2	"	"

Note 1: The Company's subsidiary under equity method

Note 2: No income or loss, during preparation period.

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

(1) Lending to others:.

Creditor	Name of the debtor	Accounts used to record lending	Maximum balance during 2004	The ending balance	Interest rate	Purpose	Total amount of business transaction	Reason for short-term financing	Bad debts Provision	Collateral		Ceiling of fund financing for a single enterprise	Ceiling of fund financing for the borrower
										Description	Amount		
Ren-Hui Investment Corp.	Being Beauty Spa Consultant Co., Ltd.	Other receivables	\$ 40,000	\$ 40,000	2.79%~3.05%	Note 1	\$ -	Operating Capital	\$ -	-	\$ -	Note 2	Note 2
Mech-President Corp.	Shanghai President Machine Corp.	Other receivables	USD 1,000	USD 1,000	3.5%	Note 1	-	Operating Capital	-	-	-	Note 2	Note 2

Note 1: Short-term financing.

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

(2) Endorsements and guarantees for others:

<u>Name of the company</u>	<u>Name of parties being guaranteed</u>	<u>Relationship with the Company</u>	<u>Ceiling of Ceiling of guarantee for single party</u>	<u>Maximum outstanding guarantee amount during the year ended 31st December, 2004</u>	<u>Outstanding guarantee amount at 31st December, 2004</u>	<u>Amount of guarantee with collateral placed</u>	<u>Ratio of accumulated guarantee amount to net asset value of the Company (%)</u>	<u>Ceiling of the outstanding guarantees for the respective party (Note)</u>
Mech-President Corp.	President Jing Corp.	Company' subsidiary	Note	\$ 22,000	\$ 22,000	\$ -	3.56%	Note

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

3) Marketable securities held at 31st December, 2004.

		(NT\$)		31st December, 2004			
Name investor	Name of marketable securities	Relationship of the issuers with the Company	General ledger account	Number of shares	Book value	Percentage	Market value
Ren-Hui Investment Corp.	Nitc Taiwan Bond Fund etc.	-	Short-term Investments	-	\$ 146,886	-	\$ 146,886
Wisdom Distribution Service Corp.	Abn amro Taiwan Bond Fund etc.	-	"	-	165,000	-	165,172
President Coffee Corp.	Fuh-Hwa Bond Fund etc.	-	"	-	111,000	-	111,051
Mech-President Corp.	Upamc Home-Run Bond Fund etc.	-	"	-	140,000	-	140,009
Uni-President Takashimaya Co., Ltd.	Pca Unique Fund. etc.	-	"	-	186,114	-	186,962
Uni-President Oven Bakery Corp.	Upamc James Bond Fund etc.	-	"	-	209,003	-	209,058
Capital Inventory Services Corp. etc.	Union Bond Fund etc.	-	"	-	469,289	-	474,131
Ren-Hui Investment Corp.	Tonpal Optoelectronics Corp.	-	Long-term Investments	62,800,000	690,037	-	690,037
Retail Support International Corp.	President Logistics Transportation Corp etc.	-	"	-	116,191	-	116,191
President Chain Store (BVI) Corp.	President Coffee (Cayman) Holdings Ltd etc.	-	"	-	USD 26,111	-	USD 23,498
Wisdom Distribution Service Corp. etc.	President Logistics Transportation Corp etc.	-	"	-	269,161	-	270,350
President Chain Store (Labuan) Holdings Ltd.	Philippine Seven Corp.	The Company's subsidiary	"	134,257,625	USD 13,413	-	USD 6,217
Philippine Seven Corp.	Convenience Distribution Inc etc.	"	"	-	PHP 95,505	-	PHP 95,505
PCSC (China) Supermarket Limited	PCSC (China) Drugstore Limited	"	"	2,100,000	USD 2,100	-	USD 2,100
PCSC (China) Drugstore Limited	President Cosmed Chain Store (Shen Zhen) Co. Ltd.	"	"	-	USD 1,965	-	USD 1,965

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

Name of the company	Name of marketable securities	General ledger account	Counterparties	Relationship	Beginning balance		(NT\$) Additions		Disposals				Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Proceeds from disposal	Book value	Gain (loss) from disposal	Number of shares	Amount
Retail Support International Corp.	UPAMC James Bond Fund	Short-term Investments	NA	NA	1,349,792	\$ 20,000	7,084,067	\$ 105,500	8,433,859	\$ 125,607	\$ 125,500	\$ 107	-	\$ -
	UPAMC Home-Run Bond Fund		"	"	-	-	48,370,766	658,700	46,875,708	638,610	638,262	348	1,495,058	20,438
	NITC Bond Fund	"	"	"	-	-	5,548,311	880,700	5,450,520	865,474	865,056	418	97,791	15,644
	Ta Chong Bond Fund	"	"	"	608,604	7,600	84,887,450	1,065,100	85,496,054	1,073,246	1,072,700	546	-	-
Wisdom Distribution Service Corp.	Union Bond Fund	"	"	"	4,291,809	50,000	61,834,846	726,000	66,126,655	776,965	776,000	965	-	-
	ABN AMRO Bond Fund	"	"	"	4,360,855	63,000	72,347,352	1,052,002	72,612,138	1,055,854	1,055,002	852	4,096,069	60,000
	JIH SUN Bond Fund	"	"	"	-	-	20,512,180	271,000	17,050,384	225,246	225,000	246	3,461,796	46,000
	Barits Bond Fund	"	"	"	4,625,228	54,000	56,257,330	663,000	55,895,295	658,754	658,000	754	4,987,263	59,000
	UPAMC James Bond Fund	"	"	"	-	-	7,875,069	118,000	7,875,069	118,207	118,000	207	-	-
	UPAMC Home-Run Bond Fund	"	"	"	-	-	10,051,679	137,000	10,051,679	137,069	137,000	69	-	-
President Information Corp.	Prudential Financial Bond Fund	"	"	"	1,786,762	25,003	15,171,584	214,000	16,958,346	239,359	239,003	356	-	-
	UPAMC James Bond Fund	"	"	"	692,522	10,129	2,998,741	45,000	2,204,135	33,000	32,809	191	1,487,128	22,320
Uni-President Takashimaya Co., Ltd.	PCA Unique Fund	"	"	"	4,224,191	60,033	6,758,035	100,000	4,960,926	73,417	70,919	2,498	6,021,300	89,114
	UPAMC James Bond Fund	"	"	"	2,766,811	39,967	9,303,702	139,000	9,409,257	140,573	138,967	1,606	2,661,256	40,000
Mech-President Corp.	Polaris Di-Po Fund	"	"	"	-	-	38,987,885	418,000	38,987,885	418,124	418,000	124	-	-
	The First Global Investment Trust Duo Li-2 Bond Fund	"	"	"	-	-	48,173,062	680,000	48,173,062	680,204	680,000	204	-	-
	TIIM Bond Fund	"	"	"	-	-	46,576,178	640,000	45,126,241	620,227	620,000	227	1,449,937	20,000
	The First Global Investment Trust Duo Li Bond Fund	"	"	"	-	-	9,974,267	160,000	9,974,267	160,065	160,000	65	-	-
	UPAMC James Bond Fund	"	"	"	2,024,783	30,000	33,652,515	501,000	35,677,298	531,196	531,000	196	-	-
	UPAMC Home-Run Bond Fund	"	"	"	2,600,366	35,000	43,962,971	599,000	42,174,597	574,226	574,000	226	4,388,740	60,000
	Polaris De-Li Fund	"	"	"	-	-	13,842,713	202,000	13,842,713	202,051	202,000	51	-	-
	Union Bond Fund	"	"	"	-	-	28,858,731	340,000	26,326,252	310,103	310,000	103	2,532,479	30,000
President Logistics Transportation Corp.	PCA Well Pool Fund	"	"	"	2,317,451	27,911	22,647,998	273,980	24,965,449	302,188	301,891	297	-	-
	Sheng Hua 1699 Bond Fund	"	"	"	202,813	2,412	2,912,045	35,007	2,576,674	30,998	30,912	86	538,184	6,507
	UPAMC Home-Run Bond Fund	"	"	"	-	-	12,592,741	171,670	10,221,475	139,430	139,250	180	2,371,266	32,420
	UPAMC James Bond Fund	"	"	"	-	-	3,171,251	47,538	2,530,112	37,958	37,900	58	641,139	9,638
	Sheng Hua 5599 Bond Fund	"	"	"	-	-	1,643,630	17,788	1,643,630	17,822	17,788	34	-	-
	PCA Bond Fund	"	"	"	-	-	6,080,535	91,781	5,057,297	76,358	76,270	88	1,023,238	15,511
Chieh-Shuen Logistics International Corporation	Sheng Hua 5599 Bond Fund	"	"	"	186,797	2,007	1,830,105	19,853	1,792,235	19,452	19,407	45	224,667	2,453
	UPAMC Home-Run Bond Fund	"	"	"	-	-	4,554,456	62,142	3,948,052	53,891	53,852	39	606,404	8,290
	PCA Well Pool Fund	"	"	"	-	-	6,325,553	76,659	6,062,883	73,511	73,450	61	262,670	3,209
	PCA Bond Fund	"	"	"	525,986	7,854	3,677,809	55,310	4,203,795	63,330	63,164	166	-	-
	Sheng Hua 1699 Bond Fund	"	"	"	3,191,730	37,959	308,575	3,700	3,500,305	41,807	41,659	148	-	-
President Coffee Corp.	CITC Safe Income Fund	"	"	"	-	-	8,093,587	116,000	6,222,015	89,318	89,000	318	1,871,572	27,000
Retail Support Taiwan Corp.	UPAMC Home-Run Bond Fund	"	"	"	1,723,984	23,161	7,161,999	97,450	8,865,188	120,637	120,327	310	20,795	284
Uni-President Cold-Chain Corp.	UPAMC James Bond Fund	"	"	"	5,575,700	82,433	33,440,939	499,500	39,016,639	582,431	581,933	498	-	-
	UPAMC Home-Run Bond Fund	"	"	"	2,233,140	30,000	37,002,272	502,501	39,235,412	532,910	532,501	409	-	-
	PCA Well Pool Fund	"	"	"	-	-	9,864,938	120,000	9,864,938	120,069	120,000	69	-	-
	Ta Chong Bond Fund	"	"	"	-	-	16,667,692	209,500	16,667,692	209,631	209,500	131	-	-
	JIH Sun Bond Fund	"	"	"	-	-	13,653,852	180,000	13,653,852	180,130	180,000	130	-	-
	Polaris De-Li Fund	"	"	"	-	-	10,119,149	148,000	10,119,149	148,065	148,000	65	-	-
	TIIM Bond Fund	"	"	"	-	-	33,450,497	456,000	33,450,497	456,261	456,000	261	-	-
	The First Global Investment Trust Duo Li-2 Bond Fund	"	"	"	-	-	30,431,940	430,000	30,431,940	430,303	430,000	303	-	-
Uni-President Oven Bakery Corp.	UPAMC James Bond Fund	"	"	"	1,135,226	16,810	14,914,883	224,000	2,685,811	40,000	39,919	81	13,364,298	200,891

C. Disclosure of investment in mainland China:

1) Basic information as of and for the nine-month periods ended 31st December, 2003:

Share of the investee company in mainland China	Main activities of investee company	Capital	Investment method	Accumulated amount remitted out from Taiwan at the beginning of the period	Transactions during the period		Accumulated amount remitted out from Taiwan at the end of the period	Percentage directly or indirectly owned by the Company	Investment income (loss) recognized during the period(Note 4)	Book value of investment at the end of the period	Investment income collected as of the end of the period
					Remitted amount	Collected amount					
Shanghai President Coffee Corp.	Selling of coffee	USD 4,000	Invested through the Company's subsidiary(Note1)	USD 2,000	-	-	USD 2,000	30%	USD 361	USD 1,841	-
Presiclerc (Shantou) Ltd.	Operation of supermarket	USD 5,200	Invested through the Company's subsidiary(Note2)	USD 2,470	-	-	USD 2,470	47.74%	(USD 337)	(USD 471)	-
Presiclerc (Qingdao) Ltd.	Operation of supermarket	USD 4,600	Invested through the Company's subsidiary(Note2)	USD 998	USD 1,187 (Note2)	-	USD 2,185	47.74%	(USD 795)	(USD 345)	-
Presiclerc (Beijing) Ltd.	Operation of supermarket	USD 4,238	Invested through the Company's subsidiary(Note2)	USD 1,309	-	-	USD 1,309	31.03%	(USD 498)	USD 678	-
President Cosmed Chain Store (Shen Zhen) Co. Ltd.	Selling of household goods	USD 1,965	Invested through the Company's subsidiary(Note3)	-	USD 1,965	-	USD 1,965	65%	Note 5	USD 1,965	-
Accumulated amount wired out from Taiwan to Mainland China as of the end of the period	Investment amount approved by FIC of MOEA		Ceiling of investment amount of the Company								
USD 9,929	USD 17,513	NTD	4,374,365								

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

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

The loan of Preciclerc Limited from Presiclerc (Qingdao) transferred to the capital has been approved by Investment Commission.

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

As of December 31 2004, the company had invested by share-holding proportion and completed the capital examining on June 7 2005.

Note 4: Investment income (loss) recognized was based on the unaudited financial statements of the investee companies.

Note 5: No investment gain or loss , during preparation period .

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

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

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

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

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

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

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

12. Segment Information

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

B. Operation in different geographic areas: Not applicable as the company has no branches outside the ROC in 2004 and 2003.

C. Export Sales: Not applicable as the company has no export sales in 2004 and 2003.

D. Information on major customers: No single customers accounted for more than 10 % of total revenue of income statements in 2004 and 2003.

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2004 & 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	2004		2003	
	Amount	%	Amount	%
Current Assets				
Cash and cash equivalent (Note 4(1))	\$1,834,935	5	\$3,525,836	11
Short-term investments	549,294	2	453,914	1
Accounts receivable (Note 5)	820,376	2	643,277	2
Other receivables (Note 5)	541,983	2	829,941	3
Inventories (Note 4(2))	2,884,685	8	2,557,573	8
Other current assets (Note 4(9) and 5 and 7)	910,279	3	953,997	3
Total Current Assets	7,541,552	22	8,964,538	28
Long-term Investments (Notes 4(3) and 5)				
Long-term investments (Equity method)	3,340,409	10	2,888,727	9
Long-term investments (Cost method)	8,714,456	26	8,178,265	26
Long-term bond investments	100,000	-	-	-
Total Long-term Investments	12,154,865	36	11,066,992	35
Fixed Assets (Note 4(4) and 5)				
Cost:				
Land	3,321,219	10	2,270,312	7
Buildings	1,899,727	6	1,309,300	4
Operating equipment	8,417,088	25	7,623,293	24
Lease improvement	3,912,628	11	3,502,117	11
Other equipment	1,660,025	5	1,634,600	5
Cost and revaluation	19,210,687	57	16,339,622	51
Less: Accumulated depreciation	(7,699,609)	(23)	(7,162,441)	(23)
Construction in progress and advance to suppliers	290,775	1	241,386	1
Total Fixed Assets	11,801,853	35	9,418,567	29
Intangible Assets				
Other Intangible Assets	36,873	-	18,255	-
Other Assets				
Guarantee deposits (Note 7)	1,190,507	3	1,183,034	4
Other assets-other (Note 4(9))	1,194,052	4	1,285,506	4
Total Other Assets	2,384,559	7	2,468,540	8
TOTAL ASSETS	\$33,919,702	100	\$31,936,892	100

The accompanying notes are an integral part of the financial statements.
Please refer to the report of the independent auditors dated March 4, 2005.

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2004 & 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%
Current Liabilities				
Short-term Loan	\$539,339	1	\$639,442	2
Commercial paper payable	584,208	2	474,464	1
Notes payable (Note 5)	1,608,803	5	1,768,336	6
Accounts payable	2,107,527	6	1,829,098	6
Accounts payable–related parties (Note 5)	3,003,688	9	3,003,601	9
Income tax payable (Notes 4(9))	378,529	1	489,482	1
Accrued expenses (Notes 4(5) and 5)	2,349,763	7	2,134,249	7
Other payables (Note 4(5))	2,628,418	8	2,417,085	8
Cash in advance	593,113	2	376,600	1
Current portion of long-term liabilities (Note 4(7) and 5)	199,226	-	308,676	1
Total Current Liabilities	<u>13,992,614</u>	<u>41</u>	<u>13,441,033</u>	<u>42</u>
Long-term Liabilities				
Bonds payable (Note 4(6))	2,200,000	7	2,200,000	7
Long-term loans (Note 4(7))	1,123,887	3	376,720	1
Long-term payables–related parties (Note 5)	62,201	-	86,056	-
Total Long-term Liabilities	<u>3,386,088</u>	<u>10</u>	<u>2,662,776</u>	<u>8</u>
Other Liabilities				
Provision for retirement plan (Notes 4(8))	380,412	1	404,994	2
Deposits-in	1,169,160	4	1,032,495	3
Total Other Liabilities	<u>1,549,572</u>	<u>5</u>	<u>1,437,489</u>	<u>5</u>
TOTAL LIABILITIES	<u>18,928,274</u>	<u>56</u>	<u>17,541,298</u>	<u>55</u>
Stockholders' Equity				
Capital (Note 4(10))				
Common stock	9,151,604	27	8,584,995	27
Retained earnings (Notes 4(10) (11))				
Legal reserve	1,873,794	5	1,512,726	5
Unappropriated earnings	3,402,185	10	3,680,418	11
Cumulative translation adjustment	(55,758)	-	28,650	-
Minority Interest in Subsidiaries	619,603	2	588,805	2
TOTAL STOCKHOLDERS' EQUITY	<u>14,991,428</u>	<u>44</u>	<u>14,395,594</u>	<u>45</u>
Contingent Liabilities and Commitments(Notes 5 and 7)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$33,919,702</u>	<u>100</u>	<u>\$31,936,892</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
Please refer to the report of the independent auditors dated March 4, 2005.

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS
EXCEPT FOR EARNINGS PER SHARE AMOUNT)

	2004		2003	
	Amount	%	Amount	%
Operating Revenues				
Net sales	\$92,001,931	97	\$87,329,293	97
Other operating revenue (Notes 5)	3,273,426	3	2,733,867	3
Total operating revenue	95,275,357	100	90,063,160	100
Operating Costs				
Cost of goods sold (Note 5)	(66,486,131)	(70)	(63,103,884)	(70)
Gross Profit	28,789,226	30	26,959,276	30
Operating Expenses (Note 5)				
Selling expenses	(22,370,412)	(24)	(20,927,374)	(23)
Administrative and general expenses	(3,033,050)	(3)	(2,626,779)	(3)
Total Operating Expenses	(25,403,462)	(27)	(23,554,153)	(26)
Total Operating Income	3,385,764	3	3,405,123	4
Other Income				
Investment gain under the equity method (Note4(3))	-	-	107,110	-
Dividends income	224,133	-	38,366	-
Gain on sale of investments (Note 5)	140,592	-	291,743	-
Gain on recovery of short-term investment revaluation	49,531	-	170,648	-
Others (Note 5)	484,846	1	425,696	1
Total Other Income	899,102	1	1,033,563	1
Other Expenses				
Interest expenses	(127,448)	-	(144,382)	-
Investment loss under the equity method (Notes 4(3))	(31,600)	-	-	-
Other investment loss (Notes 4(3))	(131,385)	-	(155,801)	(1)
Loss on disposal of property, plant and equipment	(42,830)	-	(63,942)	-
Others	(63,366)	-	(54,908)	-
Total Other Expenses	(396,629)	-	(419,033)	(1)
Income from continuing operations before income taxes	3,888,237	4	4,019,653	4
Income taxes expenses(Notes 4(9))	(765,700)	(1)	(259,883)	-
Income from continuing operations	3,122,537	3	3,759,770	4
Minority Interest in Loss of Subsidiaries	(75,140)	-	(78,164)	-
Net Income	\$3,047,397	3	\$3,681,606	4
Earnings Per Common Share (in dollars) (Note 4(12))	Before Tax	After Tax	Before Tax	After Tax
Income from continuing operations	\$4.25	\$3.41	\$4.39	\$4.11
Minority interest in subsidiaries	(0.10)	(0.08)	(0.09)	(0.09)
Net Income	\$4.15	\$3.33	\$4.30	\$4.02

The accompanying notes are an integral part of the financial statements.
Please refer to the report of the independent auditors dated March 4, 2005.

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Common stock	Capital Reserve- Long-term investments	Retained Earnings		Cumulative translation adjustment	Minority interest	Total
			Legal reserve	Unappropriated earnings			
For the year ended December 31, 2003							
Balance at January 1, 2003	\$7,720,319	\$308	\$1,250,782	\$2,666,553	\$70,995	\$568,309	\$12,277,266
Distribution of net income of 2003 :							
Appropriation of legal reserve	-	-	261,944	(261,944)	-	-	-
Employees' bonuses	-	-	-	(47,989)	-	-	(47,989)
Directors' and supervisors' remuneration	-	-	-	(47,989)	-	-	(47,989)
Issuance of stock dividends	864,676	-	-	(864,676)	-	-	-
Issuance of cash dividends	-	-	-	(1,374,217)	-	-	(1,374,217)
Net income for 2003	-	-	-	3,681,606	-	-	3,681,606
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares	-	(308)	-	(70,926)	-	-	(71,234)
Cumulative translation adjustment	-	-	-	-	(42,345)	-	(42,345)
Minority Interest in Subsidiaries	-	-	-	-	-	20,496	20,496
Balance at December 31, 2003	\$8,584,995	\$-	\$1,512,726	\$3,680,418	\$28,650	\$588,805	\$14,395,594
For the year ended December 31, 2004							
Balance at January 1, 2004	\$8,584,995	\$-	\$1,512,726	\$3,680,418	\$28,650	\$588,805	\$14,395,594
Distribution of net income of 2004 :							
Appropriation of legal reserve	-	-	361,068	(361,068)	-	-	-
Employees' bonuses	-	-	-	(64,992)	-	-	(64,992)
Directors' and supervisors' remuneration	-	-	-	(64,992)	-	-	(64,992)
Issuance of stock dividends	566,609	-	-	(566,609)	-	-	-
Issuance of cash dividends	-	-	-	(2,266,439)	-	-	(2,266,439)
Net income for 2004	-	-	-	3,047,397	-	-	3,047,397
Adjustment of capital reserve due to the Company's disproportionate subscription to the subsidiaries issuance of new shares	-	-	-	(1,530)	-	-	(1,530)
Cumulative translation adjustment	-	-	-	-	(84,408)	-	(84,408)
Minority Interest in Subsidiaries	-	-	-	-	-	30,798	30,798
Balance at December 31, 2004	\$9,151,604	\$-	\$1,873,794	\$3,402,185	(\$55,758)	\$619,603	\$14,991,428

The accompanying notes are an integral part of the financial statements.
Please refer to the report of the independent auditors dated March 4, 2005.

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 & 2003
(EXPRESSED IN THOUSAND OF NEW TAIWAN DOLLARS)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$3,047,397	\$3,681,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	3,513	25,301
Depreciation	2,036,814	1,768,843
Amortization	421,645	247,094
Reversal loss of short-term investments decline in market value	(49,531)	(170,648)
Investment (gain) loss recognized under equity method	31,600	(107,110)
Loss on permanent decline in value of long-term investments	131,385	155,801
Cash dividends from equity subsidiaries	68,276	204,985
Gain on disposal of long-term investments	(96,734)	(388,023)
Loss on disposal of property, plant and equipment	50,036	63,941
Changes in assets and liabilities:		
Accounts receivable	(180,130)	(85,608)
Other receivables	314,704	(235,999)
Inventories	(337,643)	(440,369)
Other current asset	42,619	85,614
Deferred income tax	(24,942)	(32,036)
Deferred retirement pension	-	13,670
Notes payable	(159,533)	340,931
Accounts payable	294,823	324,744
Income tax payable	(110,953)	228,297
Accrued expenses	234,708	395,652
Other payables	508,136	914,332
Cash received in advance	216,513	231,032
Provision for retirement plan	(22,981)	(8,311)
Net cash provided by operating activities	<u>6,419,722</u>	<u>7,213,739</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in short-term investments	(45,849)	262,780
Increase in loans receivable--related parties	(30,000)	-
Acquisition of long-term investments--subsidiaries	(374,832)	(806,729)
Acquisition of long-term investments--non-subsidiaries	(1,250,750)	(426,158)
Return of long-term investment	49,399	179,000
Proceeds from the sale of long-term investments	454,625	1,307,052
Acquisition of long-term corporate bonds	(120,000)	-
Return of long-term corporate bonds	20,000	-
Acquisition of property, plant and equipment	(4,261,062)	(1,692,493)
Proceeds from disposal of property, plant and equipment	126,410	40,047
Acquisition of other intangible assets	(39,096)	-
Increase in guarantee deposits	(11,093)	(79,563)
Acquisition of other assets	(273,396)	(269,158)
Net cash used for investing activities	<u>(5,755,644)</u>	<u>(1,485,222)</u>

PRESIDENT CHAIN STORE CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004
(EXPRESSED IN THOUSAND OF NEW TAIWAN DOLLARS)

	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) Increase in short-term loan	(\$93,334)	\$33,205
(Decrease) Increase in commercial paper payable	109,744	(348,892)
(Decrease) Increase in long-term loan	715,301	(2,336,441)
Increase in bonds payable	-	1,500,000
Increase in deposits-in	136,665	159,602
Payments of cash dividends	(2,266,439)	(1,374,217)
Payments of employees' bonuses and directors' and supervisors' remuneration	(129,984)	(95,978)
Payments of equipment purchased last year	(612,048)	(520,538)
Payments of installments of long-term accounts payables	(150,774)	(84,432)
Payments of other assets	(10,500)	(290,266)
Increase in minority interest in subsidiaries	30,798	20,496
Net cash provided by financing activities	(2,270,571)	(3,337,461)
Adjustment of currency exchange	(84,408)	(42,345)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	(1,690,901)	2,348,711
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	3,525,836	1,177,125
CASH AND CASH EQUIVALENT, END OF YEAR	\$1,834,935	\$3,525,836
Supplemental disclosures of cash flow information		
Interest paid	\$127,619	\$141,408
Income taxes paid	\$898,749	\$76,571
Investing and financing activities with partial cash payment:		
Purchase of property, plant and equipment	\$4,573,077	\$2,304,541
Less: other payables	(312,015)	(612,048)
Cash purchase of property, plant and equipment	\$4,261,062	\$1,692,493
Purchase of other assets	\$273,396	\$279,658
Less: other payables	-	(10,500)
Cash purchase of other assets	\$273,396	\$269,158

The accompanying notes are an integral part of the financial statements.
Please refer to the report of the independent auditors dated March 4, 2005.

PRESIDENT CHAIN STORE CORPORATION

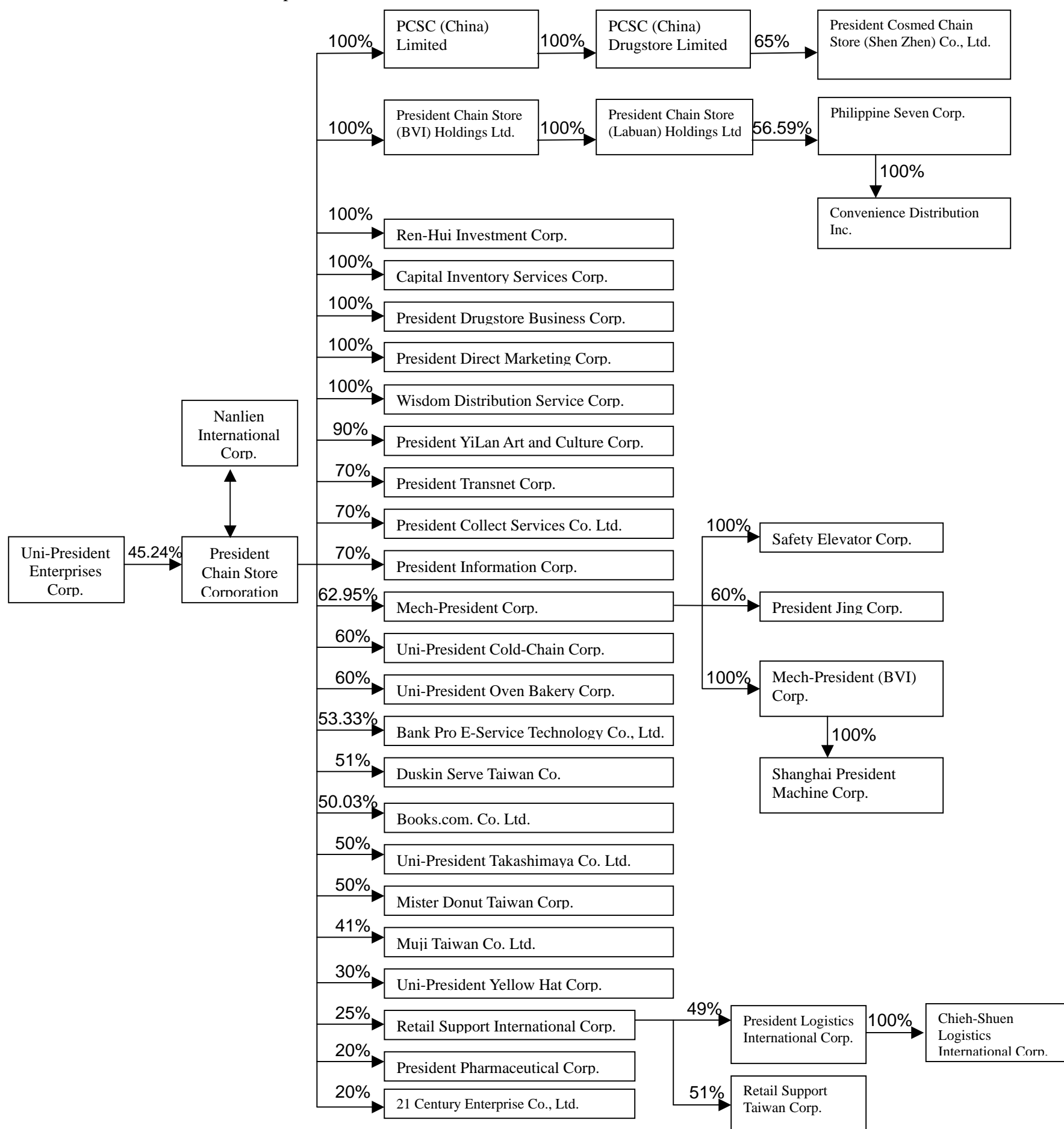
CONSOLIDATED BUSINESS REPORT OF AFFILIATED ENTERPRISES

DECEMBER 31, 2004

1. Affiliates Information

(1) The overview of PCSC affiliated companies

A. PCSC affiliated companies chart



B. President Chain Store Corp. presumed to have a relationship of control and subordination under Article 369-3 of the Company Law with the following company. However, due to no relationship of control and subordination under Article 369-2-2 of the Company Law, this company was not included in the consolidated financial statements of Affiliates. Details are as follows:

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

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

<i>Affiliated Enterprises</i>	<i>Relationship</i>
President Pharmaceutical Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
21 Century Enterprise Co., Ltd.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
Mister Donut Taiwan Corp.	The appointee of President Chain Store Corp. is engaged as general manager of the affiliated enterprise.
Uni-President Takashimaya Co. Ltd.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Uni-President Yellow Hat Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Retail Support International Corp.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
Muji Taiwan Co. Ltd.	The appointee of President Chain Store Corp. is voted as the chairman of the affiliated enterprise.
President Logistics International Corp.	The appointee of Retail Support International Corp. is engaged as general manager of the affiliated enterprise.

(2) PCSC affiliated companies

Unit : NT\$ '000

<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
PCSC (China) Ltd.	2002.11.01	P.O. Box957, Offshore Incorporations Centre, Raod Town, Tortola, British Virgin Islands	USD 2,150 (Note1)	Professional Investment
President Chain Store (BVI) Holdings Ltd.	1998.07.09	Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD 46,405 (Note1)	Professional Investment
Ren-Hui Investment Corp.	1996.12.20	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	853,037	Professional Investment
Capital Inventory Services Corp.	1998.04.13	1F., No.35, Lane 245, Sec. 4, Bade Rd., Taipei City 105, Taiwan	45,494	Inventory consulting
President Drugstore Business Corp.	1995.07.27	7F, No.8 Tung Hsing Rd., Taipei, Taiwan	198,000	Selling of drugs and cosmetics
President Direct Marketing Corp.	1995.09.18	4F., No.3-1, Yuancyu St., Taipei City 115, Taiwan	70,000	Selling of household goods by catalogs
Wisdom Distribution Service Corp.	1999.01.11	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	94,325	Delivery of magazine
President YiLan Art and Culture Corp.	2004.06.07	No.201, Sec. 2, Wubin Rd., Wujie Township, Yilan County 268, Taiwan (R.O.C.)	200,000	Art & Culture
President Transnet Corp.	2000.01.24	13F, No.173 Cheng Kung Rd., Sanchung, Taipei Taiwan	1,000,000	Delivery and selling of food and merchandise
President Collect Services Co. Ltd.	2002.06.24	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	15,000	Collect service
President Information Corp.	1997.08.27	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	204,930	Information consulting
Mech-President Corp.	1992.03.27	No.67, Huangong Rd., Yongkang City, Tainan County 710, Taiwan	554,717	Gas station and electric wire
Uni-President Cold-Chain Corp.	1999.01.22	No.340, Tzu Chiang Rd., Yungkang City, Tainan, Taiwan	326,055	Delivery of cold or frozen food
Uni-President Oven Bakery Corp.	2000.11.20	12F, No.8 Tung Hsing Rd., Taipei, Taiwan	290,000	Selling of bread
Bank Pro E-Service Technology Co., Ltd.	2000.10.17	7F., No.261, Sec. 3, Nanjing E. Rd., Taipei, Taiwan	135,000	E-commerce and software service sector
Duskin Serve Taiwan Co.	1994.10.28	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	300,000	Selling and renting of cleaning instruments

Note1: The exchange rates as of Dec. 31, 2004 are as follows: USD: NT = 1:31.71; PHP:NT = 1:0.5637; and RMB:NT = 1:3.83.

<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
Books.com. Co. Ltd.	1995.12.27	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	199,900	Internet bookstore
Uni-President Takashimaya Co. Ltd.	2001.10.08	9F-2, No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	750,000	Department stores and restaurants
Mister Donut Taiwan Corp.	2004.09.07	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	200,000	Selling of bread
Muji Taiwan Co. Ltd.	2003.09.15	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	100,000	General merchandise trading sector
Uni-President Yellow Hat Corp.	2001.01.03	8F, No.8 Tung Hsing Rd., Taipei, Taiwan	290,000	Wholesale and retailing of automotive accessory
Retail Support International Corp.	1990.08.11	7F, No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	200,000	Delivery of food
President Pharmaceutical Corp.	1993.09.03	B2, No.8 Tung Hsing Rd., Taipei, Taiwan	198,000	Pharmacy and medical equipment retailing
21 Century Enterprise Co., Ltd.	1995.11.18	B2, No.8 Tung Hsing Rd., Taipei, Taiwan	130,000	Fast food chain store
PCSC (China) Drugstore Limited	2004.02.16	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	USD 2,100 (Note1)	Professional Investment
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	2004.12.17	Room 909, Zhongxin Technology Building, Bagua Road, Shenzhen	(Note2)	Selling of drugs and cosmetics
President Chain Store (Labuan) Holdings Ltd.	2000.10.24	Level 7(E), Main Office Tower, Financial labuan, Jalan Merdeka, 87000 Labuan, F.T. Labuan, Malaysia	USD 20,684 (Note1)	Professional investment
Philippine Seven Corp.	1984.02.29	7/F The Columbia Tower, Ortigas Avenue Mandaluyong City Metro Manila	PHP 237,938 (Note1)	Selling of household goods
Convenience Distribution Inc.	1998.09.17	No. 8 Mercury Ave Libis , Quezon City Metro Manila	PHP 45,000 (Note1)	Delivery and storage
Safety Elevator Corp.	1998.10.29	6F, No16-21, Lane 10, Chung-Hwa Rd., Yung-Kang City, Tainan, Taiwan	5,000	Installment of elevators and machine
President Jing Corp.	2003.07.04	No 138, Huan Dao North Rd, Shi Men area, Gincheng County, Kingmen	25,000	Gas station
Mech-President (BVI) Corp.	1997.07.24	P.O.Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands.	USD 2,500 (Note1)	Professional investment

Note1: The exchange rates as of Dec. 31, 2004 are as follows: USD: NT = 1:31.71; PHP:NT = 1:0.5637; and RMB:NT = 1:3.83.

Note2: PCSC invested USD\$ 1,965,000 as of January 7, 2005.

<i>Company</i>	<i>Date of incorporation</i>	<i>Place of Registration</i>	<i>Capital Stock</i>	<i>Business Activities</i>
Shanghai President Machine Corp.	2001.11.09	No. 3839, Hu Chi Ping Rd., Yue Gang Town, Shanghai, P.R.C	USD 2,500 (Note1)	Producing of elevators
President Logistics International Corp.	1998.02.11	1F., No.244, Minzu Rd., Jhongli City, Taoyuan County 320, Taiwan	130,000	Delivery of food
Chieh-Shuen Logistics International Corp.	2003.08.01	1F., No.218, Minzu Rd., Jhongli City, Taoyuan County 320, Taiwan	50,000	Delivery of food
Retail Support Taiwan Corp.	1997.04.16	11F.-1, No.815, Sec. 5, Jhongsiao E. Rd., Nangang District, Taipei, Taiwan	56,300	Delivery of food
Nanlien International Corp.	1979.04.04	12F, No.560 Sec. 4 Chang Hsiao E. Rd., Taipei, Taiwan	1,000,000	Trading

Note1: The exchange rates as of Dec. 31, 2004 are as follows: USD: NT = 1:31.71; PHP:NT = 1:0.5637; and RMB:NT = 1:3.83.

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

Unit : NT\$'000 / shares / %

<i>subordinate company</i>	<i>Reason that affiliation is presumed</i>	<i>Name of common directors</i>	<i>Shareholding status</i>		<i>Date of incorporation</i>	<i>Address</i>	<i>Capital stock</i>	<i>Business activities</i>
			<i>Shares</i>	<i>%</i>				
Nanlien International Corp.	Majority of directors of the subordinate company are the same with those of President Chain Store Corp.	Uni-President Enterprises Corp. Representatives : Lin, Chang Sheng; Hsu, Chung Jen; Huang, Xian Yan; Lin, Lung Yi; Lo, Chih Hsien	414,042,816 (Note)	45.24%	1979.04.04	12F No.560, Sec.4 Chung Hsiao E. Rd., Taipei, Taiwan	1,000,000	Trading

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

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

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

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

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

Unit : shares / %

<i>Company</i>	<i>Title</i>	<i>Representative</i>	<i>Shareholding status</i>	
			<i>Shares</i>	<i>%</i>
PCSC (China) Ltd.	Director	Representative of President Chain Store Corp.: Kao, Chin Yen	2,149,994	100.00
President Chain Store (BVI) Holdings Ltd.	Director	Representative of President Chain Store Corp.: Kao, Chin Yen	46,405,458	100.00
Ren-Hui Investment Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	85,303,733	100.00
	Director	Representatives of President Chain Store Corp.: Hsien, Chien Nan; Wu, Kuo Hsuan	85,303,733	100.00
	Supervisor	Representative of President Chain Store Corp.: Huang, Chien Li	85,303,733	100.00
	General Manager	Hsu, Chung Jen	-	-
Capital Inventory Services Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,549,380	100.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Chung, Mao Chia; Wang, Wen Kue	4,549,380	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	4,549,380	100.00
	General Manager	Wang, Wen Kue	-	-
President Drugstore Business Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	19,800,000	100.00
	Director	Representatives of President Chain Store Corp.: Lin, Lung Yi; Tsai Du Chuan; Hsieh Chien Nan	19,800,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	19,800,000	100.00
	General Manager	Tsai, Du Chuan	-	-
President Direct Marketing Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,000,000	100.00

Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representatives of President Chain Store Corp.: Lin, Chang Sheng; Chen, Jui Tang; Victor Lai	7,000,000	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	7,000,000	100.00
	General Manager	Victor Lai	-	-
Wisdom Distribution Service Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	9,432,540	100.00
	Director	Representatives of President Chain Store Corp.: Chen, Jui Tang; Victor Lai; Hsieh, Po Chung	9,432,540	100.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	9,432,540	100.00
	General Manager	Hsieh, Po Chung	-	-
President YiLan Art and Culture Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	18,000,000	90.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Chen, Jui Tang	18,000,000	90.00
	Director	Representative of Lan-Yang Cultural and Educational Foundation : D.C. Chen	2,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	18,000,000	90.00
	Supervisor	Representative of Lan-Yang Cultural and Educational Foundation : S.S. Liao	2,000,000	10.00
	General Manager	G.G. Chang	-	-
President Transnet Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	20,000,000	20.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi	20,000,000	20.00
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Huang, Chien Li	70,000,000	70.00
	Director	Representative of Yamato Transport Co., Ltd. : Kuniyuki Koshijima	10,000,000	10.00

Company	Title	Representative	Shareholding status	
			Shares	%
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	70,000,000	70.00
	General Manager	Huang, Chien Li	-	-
President Collect Services Co. Ltd.	Chairman	Representatives of President Chain Store Corp.: Lin, Chang Sheng	1,050,000	70.00
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Huang, Chien Li; Hsieh, Chien Nan; Hung, Jin Gu	1,050,000	70.00
	Director	Representative of Yamato Transport Co., Ltd. : Kuniyuki Koshijima; Kurihara Nobuyuki	450,000	30.00
	Supervisor	Representatives of Uni-President Enterprises Corp.: Lin, Lung Yi	1,050,000	70.00
	Supervisor	Representative of Yamato Transport Co., Ltd. : Toshizo Kurisu	450,000	30.00
	General Manager	Huang, Chien Li	-	-
President Information Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	14,345,100	70.00
	Director	Representatives of President Chain Store Corp.: Victor Lai; Hsieh, Chien Nan; Fukami Yasuo	14,345,100	70.00
	Director	Representative of Uni-President Enterprises Corp.: Huang, Xian Yan; Fang, Mu Xing	6,147,900	30.00
	Supervisor	Representative of President Chain Store Corp.: Chung, Mao Chia	14,345,100	70.00
	General Manager	Hsieh, Chien Nan	-	-
Mech-President Corp.	Chairman	Y.L. Fang	174,586	0.31
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; M. J. Liou; Hsieh, Chien Nan; Wu, Kuo Hsuan	34,921,759	62.95
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Lin, Lung Yi	11,094,336	20.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	34,921,759	62.95
	Supervisor	Representative of Da Ya Cable Corp.: S.Y. Shen	3,852,149	6.94

Company	Title	Representative	Shareholding status	
			Shares	%
	General Manager	M.J. Liou	-	-
Uni-President Cold-Chain Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lo, Chin Hsien	6,521,090	20.00
	Director	Representatives of Uni-President Enterprises Corp.: Huang, Jui Tien	6,521,090	20.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Chen, Dong Ho	19,563,272	60.00
	Director	Representatives of Nanlien International Corp.: Tu, Ju Ken	6,521,090	20.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	19,563,272	60.00
	General Manager	Chen, Dong Ho	-	-
Uni-President Oven Bakery Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lin, Chang Sheng	11,600,000	40.00
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Lung Li; Huang, Xian Yan	11,600,000	40.00
	Director	Representatives of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan; Arther Cheng	17,400,000	60.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Jui Tang	17,400,000	60.00
	General Manager	Arther Cheng	-	-
Bank Pro E-Service Technology Co., Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	7,200,000	53.33
	Director	Representative of President Chain Store Corp.: Hsieh, Chien Nan; Chen, Zhang Zheng	7,200,000	53.33
	Director	Representative of Uni-President Enterprises Corp.: Huang, Xian Yan	675,000	5.00
	Director	Representative of Financial Information Service Co., Ltd. : Chen, Ze Li	1,800,000	13.33
	Director	Representative of Bank Of Taiwan : Song, Xiao Xuao	450,000	3.33
	Director	Representative of E.SUN Financial Holding Co., Ltd. : Chen, Jia Zhong	450,000	3.33

Company	Title	Representative	Shareholding status	
			Shares	%
	Supervisor	Representative of President Chain Store Corp.: Chang, Jia Hua	7,200,000	53.33
	Supervisor	Representative of Financial Information Service Co., Ltd.: Mao, Jing Da	1,800,000	13.33
	General Manager	Chen, Zhang Zheng	220,000	1.63
Duskin Serve Taiwan Co.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	15,300,000	51.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan; Huang, Chien Li; Chen, Jui Tang	15,300,000	51.00
	Director	Representatives of Duskin Co., Ltd.: Komai Teruo; Okai Kazuo; Yamamura Teruji; Miyajima Kenichi	14,700,000	49.00
	Supervisor	Representative of President Chain Store Corp.: Lin, Wen Ching	15,300,000	51.00
	Supervisor	Representatives of Duskin Co., Ltd.: Ishimi Michinobu	14,700,000	49.00
	General Manager	Okai Kazuo	-	-
Books.com. Co. Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.03
	Director	Representatives of President Chain Store Corp.: Hsieh, Po Chung; Yang, Yen Sen; Chen, Jui Tang	10,000,000	50.03
	Director	Representative of Clever Investment Co., Ltd.: Chan, Hung Chin	363,000	1.82
	Director	Lin, Di Jung	2,081,000	10.41
	Director	Terry Chang	1,579,000	7.90
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.03
	Supervisor	Representative of Clever Investment Co., Ltd.: Lin, Li Ching	363,000	1.82
	General Manager	Terry Chang	1,579,000	7.90
Uni-President Takashimaya Co. Ltd.	Chairman	Representatives of President Chain Store Corp.: Lin, Chang Sheng	37,500,000	50.00

Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representative of President Chain Store Corp.: Kao, Chin Yen; Hsu, Chung Jen; Yeh, Chih Chung	37,500,000	50.00
	Director	Representative of Takashimaya Co., Ltd.: Asauchi Tsutomu; Onishi Norio; Shinichi Hagiwara; Matsuoka Joji	37,500,000	50.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	37,500,000	50.00
	Supervisor	Representative of Takashimaya Co., Ltd. : Sho Masayoshi	37,500,000	50.00
	General Manager	Shinichi Hagiwara	-	-
Mister Donut Taiwan Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	10,000,000	50.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Sheu, Jinn Bin; Kevin Lin	10,000,000	50.00
	Director	Representatives of Duskin Co., Ltd.: Kitami Tadashi; Ito Yoichi; Komai Teruo; Nakamura Koshiro	10,000,000	50.00
	Supervisor	Representative of President Chain Store Corp.: Chen, Fu Tang	10,000,000	50.00
	Supervisor	Representatives of Duskin Co., Ltd.: Ishimi Michinobu	10,000,000	50.00
	General Manager	Kevin Lin	-	-
Muji Taiwan Co. Ltd.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	4,100,000	41.00
	Director	Representative of President Chain Store Corp.: Tsai, Du Chuan; Sheu, Jinn Bin	4,100,000	41.00
	Director	Representative of Uni-President Enterprises Corp.: Lo, Chin Hsien	1,000,000	10.00
	Director	Representatives of Ryohin Keikaku Co.,Ltd. : Huruda Masanobu; Azami Hiroyoshi	3,900,000	39.00
	Director	Representatives of Mitsubishi Corp.: Kato Shinya	1,000,000	10.00
	Supervisor	Representative of President Chain Store Corp.: Yang, Yen Sen	4,100,000	41.00

Company	Title	Representative	Shareholding status	
			Shares	%
	Supervisor	Representatives of Mitsubishi Corp.: Mitsuki Hiroshi	1,000,000	10.00
	General Manager	Tsai, Du Chuan	-	-
Uni-President Yellow Hat Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	8,700,000	30.00
	Director	Representatives of President Chain Store Corp.: Wu, Kuo Hsuan; Hsien, Chien Nan	8,700,000	30.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	5,800,000	20.00
	Director	Representative of Yellow Hat : Taniguchi Naoi; Shimizu Katsutaro	8,845,000	30.50
	Director	Representative of Itochu Corp. : Kenji Murai; Nakazawa Oji	4,705,000	16.22
	Supervisor	Representative of Yellow Hat : Mashihara Katsuhiko	8,845,000	30.50
	Supervisor	Representative of Nanlien International Corp: Tsai, Jing Ming	5,800,000	20.00
	General Manager	Shimizu Katsutaro	-	-
Retail Support International Corp.	Chairman	Representative of President Chain Store Corp.: Hsu, Chung Jen	5,000,000	25.00
	Director	Representative of Uni-President Enterprises Corp.: Lin, Lung Li; Huang, Xian Yan	4,000,000	20.00
	Director	Representatives of President Chain Store Corp.: Hsieh, Chien Nan	5,000,000	25.00
	Director	Representatives of Mitsubishi Corp.: Tsunao Kijima; Kaneko Noboru	3,000,000	15.00
	Director	Representative of RYOSHOKU Ltd.: Yusuke Fukuda	2,000,000	10.00
	Director	Representative of Nanlien International Corp: Tu, Ju Ken	4,000,000	20.00
	Supervisor	Representatives of President Chain Store Corp.: Chen, Jui Tang	5,000,000	25.00
	Supervisor	Representative of Mitsubishi Corp. (Taiwan) Ltd: Fukuoka Kunihide	2,000,000	10.00
	General Manager	Sheu, Jinn Bin	-	-
President Pharmaceutical Corp.	Chairman	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng	10,640,494	53.74

Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representatives of Uni-President Enterprises Corp.: Lee, Hua Yang; Gao, Min Hang	10,640,494	53.74
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Tsai Du Chuan	3,960,000	20.00
	Director	Representatives of Tung Rui Investment Corp. : Lin, Tian Mao; Wu, Jhong He	382,199	1.93
	Director	Representatives of Taipo Investment Corp. : Wu, Ping Chih	1,980,000	10.00
	Supervisor	Representative of Uni-President Enterprises Corp.: Yin, Jian Li	10,640,494	53.74
	General Manager	Gao, Min Hang	-	-
21 Century Enterprise Co., Ltd.	Chairman	Chien Chin holding company representative : Deng, A Hua	1,029,600	7.92
	Director	Representative of President Chain Store Corp.: Hsu, Chung Jen; Hsieh, Chien Nan	2,600,000	20.00
	Director	Representative of Kai Yu Investment Co., Ltd. : Huang, Xian Yan; Lin, Chang Sheng; Lin, Lung Yi; Yang, Fu Shan	7,800,000	60.00
	Director	Liu, Shu Hsin	520,000	4.00
	Director	Tseng, Wen Lung	5,200	0.04
	Supervisor	Representative of Kai Yu Investment Co., Ltd. : Yin, Jian Li	7,800,000	60.00
	General Manager	Huang, Ku Lin	-	-
PCSC (China) Drugstore Limited	Director	Representative of PCSC (China) Limited : Kao, Chin Yen	2,100,000	100.00
President Cosmed Chain Store (Shen Zhen) Co., Ltd.	Chairman	Representative of PCSC (China) Drugstore Limited : Hsu, Chung Jen	-	65.00
	Director	Representative of PCSC (China) Drugstore Limited : Lin, Lung Yi; Hsieh Chien Nan; Lin, Wen Ching; Tsai, Du Chuan	-	65.00
	Director	Representative of Livzon Pharmaceutical Group Inc. : Hsiao, Szu Yang; Liu, Shu Qing	-	35.00
	General Manager	Kao, Ming Yih	-	35.00

Company	Title	Representative	Shareholding status	
			Shares	%
President Chain Store (Labuan) Holdings Ltd.	Director	Representative of President Chain Store (BVI) Holdings Ltd. : Kao, Chin Yen	20,684,321	100.00
Philippine Seven Corp.	Chairman	Vicente T. Paterno	5,540,746	2.34
	Director	Representatives of President Chain Store (Labuan) Holding Ltd: Hsu, Chung Jen; Ye, Yong Siang; Hsieh, Chien Nan; Chen, Jui Tang; Chen, Fu Tang; Wu, Kuo Hsuan	134,257,619	56.59
	Director	Representative of Asian Holdings Corp.: Diana P. Aguilar	29,208,750	12.31
	Director	Representative of Progressive Development Corp.: Jorge L. Araneta	20,163,080	8.50
	Director	Representative of Agus Philippine Holdings Corp.: Manuel U. Agustines	4,912,178	2.07
	Director	Representative of Anglo Philippine Holdings Corp.: Alfredo C. Ramos	4,333,380	1.83
	General Manager	Ye, Yong Siang	1	-
Convenience Distribution Inc.	Chairman	Representative of Philippine Seven Corp. : Ye, Yong Siang	44,995,000	99.99
	Director	Representative of Philippine Seven Corp. : Jose Victor P. Paterno; Sam Liu; Alex Lin; Liwayway T. Fernandez	44,995,000	99.99
	General Manager	Jose Victor P. Paterno	1,000	-
Safety Elevator Corp.	Chairman	Representative of Mech-President Corp.: C.M. Wong	500,000	100.00
	Director	Representatives of Mech-President Corp.: M.J. Liou; Wang, Yin Yu; Huang, Long Cai ; P.C. Chang ; Syue, Yu Ren	500,000	100.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	500,000	100.00
President Jing Corp.	Chairman	Representative of Mech-President Corp.: Y.L. Fang	1,500,000	60.00
	Director	Representative of Mech-President Corp.: Chen, Ming Cong; M.J. Liou	1,500,000	60.00
	Director	S.C. Cai	146,500	5.86

Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Lin, Shui Qian	375,000	15.00
	Supervisor	Representative of Mech-President Corp.: Jheng, Jyun Yi	1,500,000	60.00
	General Manager	T.S. Cai	478,500	19.14
Mech-President (BVI) Corp.	Director	Representative of Mech-President Corp.: M.J. Liou	2,500,000	100
Shanghai President Machine Corp.	Chairman	Representative of Mech-President (BVI) Corp.: M.J. Liou	2,500,000	100
	Director	Representative of Mech-President (BVI) Corp.: Jheng, Jyun Yi; Huang, Long Cai	2,500,000	100
	General Manager	M.J. Liou	-	-
President Logistics International Corp.	Chairman	Representatives of Retail Support International Corp: Hsieh, Chien Nan	6,370,000	49.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan	6,370,000	49.00
	Director	Representative of Uni-President Cold-Chain Corp: Chen, Dong Ho; C.R. Zeng	3,250,000	25.00
	Director	Representatives of Wisdom Distribution Service Corp: Hsieh, Po Chung; J.J. Chen	2,600,000	20.00
	Director	Representative of Retail Support Taiwan Corp.: Lin, Ming Fang	780,000	6.00
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	6,370,000	49.00
	Supervisor	Representative of Uni-President Cold-Chain Corp: Su, Kun Pin	3,250,000	25.00
	General Manager	Perng, Shyan Show	-	-
Chieh-Shuen Logistics International Corp.	Chairman	Representatives of President Logistics International Corp. : Hsieh, Chien Nan	5,000,000	100.00

Company	Title	Representative	Shareholding status	
			Shares	%
	Director	Representatives of President Logistics International Corp. : Sheu, Jinn Bin; Perng, Shyan Show; Chen, Chieh Shan; Chen, Dong Ho; C.R. Zeng; Hsieh, Po Chung; J.J. Chen; Lin, Ming Fang	5,000,000	100.00
	Supervisor	Representatives of President Logistics International Corp. : Su, Kun Pin; Lu, Chieh Wei	5,000,000	100.00
	General Manager	Perng, Shyan Show	-	-
Retail Support Taiwan Corp.	Chairman	Representatives of Retail Support International Corp: Hsieh, Chien Nan	2,871,300	51.00
	Director	Representatives of Retail Support International Corp: Sheu, Jinn Bin; Kaneko Noboru	2,871,300	51.00
	Director	Representative of FSG Co.: Lin, Ming Fang	1,655,220	29.40
	Director	Representative of Grand Fountain Co., Ltd.: Huang, Wei Yu	1,103,480	19.60
	Supervisor	Representative of Grand Fountain Co., Ltd.: Cheng, Yueh Kuei	1,103,480	19.60
	Supervisor	Representative of Retail Support International Corp: Lu, Chieh Wei	2,871,300	51.00
	General Manager	Lin, Ming Fang	-	-
Nanlien International Corp.	Chairman	Representative of Uni-President Enterprises Corp.: Lee, Tong Liang	99,999,380	99.99
	Director	Representatives of Uni-President Enterprises Corp.: Lin, Chang Sheng; Hsu, Chung Jen; Huang, Xian Yan; Tu, Ju Ken; Lin, Lung Yi; Lo, Chih Hsien	99,999,380	99.99
	Supervisor	Representative of Uni-President Enterprises Corp.: Su, Chong Ming	99,999,380	99.99
	General Manager	Tu, Ju Ken	-	-

2. Operating Highlights for PCSC Affiliated Companies

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

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Income (net of tax)	EPS (net of tax)
PCSC (China) Ltd. (Note 1)	68,177	68,177	-	68,177	(Note 2)	(Note 2)	(Note 2)	(Note 2)
President Chain Store (BVI) Holdings Ltd. (Note 1)	1,471,503	1,198,067	8,910	1,189,157	-	(146,310)	(145,200)	(3.13)
Ren-Hui Investment Corp.	853,037	877,648	5,048	872,600	14,396	13,304	13,040	0.15
Capital Inventory Services Corp.	45,494	99,745	39,763	59,982	211,670	11,210	9,848	2.16
President Drugstore Business Corp.	198,000	791,426	490,081	301,345	2,695,616	13,116	61,087	3.09
President Direct Marketing Corp.	70,000	220,691	143,094	77,597	568,584	(5,516)	384	0.05
Wisdom Distribution Service Corp.	94,325	1,212,353	1,070,059	142,294	4,608,183	42,742	36,196	3.84
President YiLan Art and Culture Corp.	200,000	218,440	48,027	170,413	108,656	(33,260)	(29,587)	(1.48)
President Transnet Corp.	1,000,000	1,172,823	975,162	197,661	2,123,317	74,572	120,752	1.21
President Collect Services Co. Ltd.	15,000	142,244	118,741	23,503	51,370	13,453	10,215	6.81
President Information Corp.	204,930	382,677	124,922	257,755	616,997	32,468	38,163	1.86
Mech-President Corp.	554,717	2,278,716	1,660,274	618,442	9,584,531	23,043	44,282	0.80
Uni-President Cold-Chain Corp.	326,055	1,961,397	1,511,975	449,422	12,267,197	101,846	81,538	2.50
Uni-President Oven Bakery Corp.	290,000	322,080	63,225	258,855	390,541	(7,203)	(11,511)	(0.40)
Bank Pro E-Service Technology Co., Ltd.	135,000	245,485	140,859	104,626	135,566	2,820	3,230	0.24
Duskin Serve Taiwan Co.	300,000	159,530	43,467	116,063	304,205	26,501	27,713	0.92
Books.com. Co. Ltd.	199,900	230,072	176,101	53,971	724,417	19,762	20,263	1.01
Uni-President Takashimaya Co. Ltd.	750,000	516,372	58,601	457,771	0	(97,282)	(174,875)	(2.33)
Mister Donut Taiwan Corp.	200,000	206,642	21,797	184,845	27,111	(15,189)	(15,155)	(0.76)
Muji Taiwan Co. Ltd.	100,000	175,947	66,833	109,114	182,298	20,323	11,909	1.19
Uni-President Yellow Hat Corp.	290,000	231,381	66,147	165,234	264,045	(32,270)	(30,095)	(1.04)

Company	Capital Stock	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Income (net of tax)	EPS (net of tax)
Retail Support International Corp.	200,000	5,419,373	5,017,402	401,971	38,429,756	134,802	128,602	6.43
President Pharmaceutical Corp.	198,000	356,046	164,708	191,338	514,994	33,863	29,952	1.51
21 Century Enterprise Co., Ltd.	130,000	130,734	90,143	40,591	166,187	(3,779)	(5,283)	(0.41)
PCSC (China) Drugstore Limited (Note 1)	66,591	66,591	-	66,591	(Note 2)	(Note 2)	(Note 2)	(Note 2)
President Cosmed Chain Store (Shen Zhen) Co., Ltd. (Note 1)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
President Chain Store (Labuan) Holdings Ltd. (Note 1)	655,890	425,770	-	425,770	-	(50,514)	(50,514)	(2.44)
Philippine Seven Corp. (Note 1)	134,134	917,151	567,876	349,275	2,222,165	29,683	(1,385)	(0.01)
Convenience Distribution Inc. (Note 1)	25,367	41,358	13,107	28,251	55,683	(299)	(2)	-
Safety Elevator Corp.	5,000	6,429	1,575	4,854	19,598	(2,931)	(512)	(1.02)
President Jing Corp.	25,000	71,848	41,876	29,972	141,135	2,911	5,103	2.04
Mech-President (BVI) Corp. (Note 1)	79,275	124,622	68,121	56,501	21,433	(15,089)	(16,091)	(0.01)
Shanghai President Machine Corp. (Note 1)	79,282	124,619	67,956	56,663	21,434	(14,984)	(15,986)	(0.01)
President Logistics International Corp.	130,000	528,420	365,940	162,480	824,589	21,079	27,291	2.10
Chieh-Shuen Logistics International Corp.	50,000	179,592	123,702	55,890	236,542	11,475	5,696	1.14
Retail Support Taiwan Corp.	56,300	222,997	156,097	66,900	163,536	5,625	5,349	0.95
Nanlien International Corp.	1,000,000	3,027,949	1,844,969	1,182,980	2,058,320	(86,569)	72,910	0.73

Note 1 : The numbers are transferred into NTD using the foreign exchange rate as of Dec. 31, 2004. (USD : NT = 1 : 31.71, PHP:NT = 1:0.5637, and RMB : NT = 1 : 3.83)

Note 2 : Under preparation.

Note 3 : At the end of Dec. 31, 2004, PCSC invested NT\$ 62,310 in this company. The investment was reviewed via the investment bureau of China on Jan. 7, 2005.

PRESIDENT CHAIN STORE CORPORATION
THE DECLARATION OF AFFILIATION REPORT

The affiliation report of President Chain Store Corporation for the year ended December 31, 2004 was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” , and the information disclosed in the report is in accordance with the notes to the financial statements for the year ended December 31, 2004.

President Chain Store Corporation



Chairman: Kao, Chin Yen

March 4, 2005

REPORT OF INDEPENDENT ACCOUNTANTS

March 4, 2005

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

We have reviewed the financial information included in the affiliation report of President Chain Store Corporation for the year ended December 31, 2004. Our review was made in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”.

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

PricewaterhouseCoopers

PRESIDENT CHAIN STORE CORPORATION

AFFILIATION REPORT

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

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

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

Name of the controlling company	Reason for the control	Details of Shareholding and pledges			Directors/ Supervisors/Managerial officers appointed by the controlling company	
		Number of Shares	Percentage	Number of shares pledged	Title	Name
Uni-President Enterprises Corp.	Uni-President Enterprises Corp. obtains a majority of directorships of President Chain Store Corp.	414,042,816	45.24%	-	Chairman	Kao, Chin Yen
					Managing Director	Lin, Chang Sheng
					Managing Director (President)	Hsu, Chung Jen
					Director	Lin, Lung Yi
					Director	Huang, Xian Yan
					Director	Lo, Chih Hsieh
					Director	Yang, Wen Long
					Supervisor	Tu, Te Cheng

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

Name of the controlling company	Reason for the control	Details of Shareholding and pledges			Details of common directors	
		Number of Shares	Percentage	Number of shares pledged	Title	Name
Nanlien International Corp.	Majority of directors of Nanlien International Corp. are directors of President Chain Store Corp.	-	-	-	Chairman	Kao, Chin Yen
					Director	Lin, Chang Sheng
					Director	Tu, Ju Ken
					Director	Hsu, Chung Jen
					Director	Huang, Xian Yan
					Director	Lin, Lung Yi
					Director	Lo, Chih Hsieh
					Supervisor	Su, Chong Ming

2. President Chain Store Corp. has the following transactions with Uni-President Enterprises Corp.: (PCSC has no following transactions with Nanlien International Corp.)

(1) Purchases (sales) of goods

Name of the controlling Company	Description of the transactions				Transaction terms with the controlling company		Ordinary transaction terms		Disclosure of non-standard terms	Accounts or notes receivable (payable)		Overdue accounts receivables		
	Purchases (sales)	Amount	% of total purchases (sales)	Gross profit	Price	Credit terms	Price	Credit terms		Balance	% of total accounts or notes receivable (payable)	Amount	Method of treatment	Allowances set aside for bad debt
Uni-President Enterprises Corp.	Purchases	1,193,917	2%	-	Note	30-40 days after the month of billing	Note	Note	No Significant difference	(90,452)	(2%)	-	-	-

Note : No significant difference.

(2) Property transactions:

Transaction Type (Obtain or dispose)	Name of Property	Transaction Date	Amount	Transaction terms	Process of payment	Disposal profit	Reason for trading with controlling company	Detail for former transfer (Note 1)				Method to decide transaction	Price reference	Purpose of obtaining or disposing	Others
								Owner	Relationship	Transfer Date	Amount				
Dispose	President Musashino Corp.	Sep, 2004	290,121	-	Collected	42,230	Group Resource Integration	Uni-President Enterprises Corp.	Mother Company	Sep, 2001	114,840	Approved by board meetings	negotiated price	Group Resource Integration	-

Note 1: The stocks that PCSC hold are from initial investment, capital raising, and purchased from Uni-President Enterprises Corp.

Note 2: The stocks that Uni-President Enterprises Corp. hold are from initial investment and capital raising.

(3) Financing: None.

(4) Asset leasing: None.

(5) Other significant business transactions:

Name of the controlling Company	Description of the transactions			Transaction terms with the controlling company		Ordinary transaction terms		Disclosure of non-standard terms	Note
	Account	Amount	% of total the Account	Price	Credit term	Price	Credit term		
Uni-President Enterprises Corp.	Other operating income	27,809	2%	Note 1	30-45 days after the month of billing	Note 1	Note 3	Note 3	-
Uni-President Enterprises Corp.	Other revenue	5,687	3%	Note 2	30-45 days after the month of billing	Note 2	Note 3	Note 3	-
Uni-President Enterprises Corp.	Bad product compensation	34,239	11%	Note 2	30-45 days after the month of billing	Note 2	Note 3	Note 3	-

Note 1:Marketing supporting fund. Not applicable.

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

Note 3:No significant difference

3. Endorsements and guarantees: None.

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

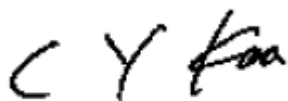
Internal Control Statement

March 8, 2005

PCSC inspected its internal control system through self-evaluation from January 1, 2004 to December 31, 2004. The results are presented in the following statements.

1. PCSC recognizes the establishment; implementation and maintenance of the internal control system are the responsibility of top management. Hence we established the system to achieve reasonable assurance for effective operation (including profitability, performance and asset security), reliability of financial reports and compliance to laws and regulations.
2. Internal control system has its limitation, regardless of how well the system is planned. It may only provide reasonable assurance to the three objectives described above. Furthermore, the internal control system may be affected in accordance to the changes of circumstances and conditions. The internal control has self-monitor function to detect the system, once the malfunction is identified, company will make instant modification.
3. PCSC follows the guideline set by the Ministry of Finance - the Securities and Futures Commission, which established Internal Control System for Listed Companies (hereinafter referred to as "Guideline"). The internal control system is to determine the effectiveness of the company design and execution. The Guideline employs criteria that categorize internal control into 5 comprising elements based on the process. They are 1) control environment; 2) risk review; 3) control operations; 4) information and communications; and 5) supervision. Each element is comprised of several items. Please refer to the Guideline for item details.
4. The company has adopted the internal control criteria to review the effectiveness of design and implementation of the internal control system.
5. Based on the review, the company believes the design and implementation of internal control system for the period described, including operating effectiveness and efficiency, reliability of financial reports and compliance to laws and regulations, was effective so as to provide reasonable assurance for meeting the aforementioned objectives.
6. The statement constitutes the key part of annual corporate prospectus and is open to the public. Frauds and non-disclosure in the published statement is punishable based on Article 20, 32, 171 and 147 of the Securities Regulation.
7. The Statement is approved by the Board of Directors on March 8, 2005 with 8 attending directors agree unanimously.

President Chain Store Corporation (PCSC)



Chairman: Kao, Chin Yen



President: Hsu, Chung Jen



President Chain Store Corp.



Chairman: Kao, Chin Yen

April 25, 2005



PRESIDENT CHAIN STORE CORP.

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