

UNI-PRESIDENT ENTERPRISES CORP.
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 2012 AND 2011

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Uni-President Enterprises Corp.

We have reviewed the accompanying consolidated balance sheets of Uni-President Enterprises Corp. and subsidiaries as of September 30, 2012 and 2011, and the related consolidated statements of income and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews. As described in Note 2(2), we did not review the financial statements of certain subsidiaries which statements reflect total assets of \$39,207,819 thousand and \$38,659,244 thousand, representing 11.53% and 12.35% of the related consolidated totals, and total liabilities of \$20,062,646 thousand and \$18,832,039 thousand, representing 9.28% and 9.56% of the related consolidated totals, as of September 30, 2012 and 2011, respectively, and total operating revenues of \$20,661,720 thousand and \$19,554,895 thousand, representing 6.37% and 6.95% of the related consolidated totals for the nine-month periods then ended, respectively. We also did not review the financial statements of certain investee companies accounted for under the equity method. These long-term investments amounted to \$540,254 thousand and \$490,212 thousand as of September 30, 2012 and 2011, respectively, and their related net investment income amounted to \$65,671 thousand and \$20,850 thousand for the nine-month periods then ended, respectively. The financial statements of these subsidiaries and investee companies were reviewed by other auditors whose reports thereon have been furnished to us, and our conclusion expressed herein, insofar as it relates to the amounts included in the financial statements for these subsidiaries and investee companies, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 2(2), the financial statements of certain subsidiaries were consolidated based on their unreviewed financial statements as of and for the nine-month periods ended September 30, 2012 and 2011. Total assets of these subsidiaries amounted to \$224,914,584 thousand and \$206,210,481 thousand, representing 66.13% and 65.88% of the related consolidated totals, and total liabilities amounted to \$138,979,830 thousand and \$120,879,150 thousand, representing 64.29% and 61.35% of the related consolidated totals, as of September 30, 2012 and 2011, respectively, and total net income amounted to \$6,247,241 thousand and \$4,551,866 thousand, representing 42.25% and 37.38% of the related consolidated totals for the nine-month periods then ended, respectively. In addition, as described in Note 4(10) to the consolidated financial statements, the financial statements of certain long-term investments accounted for under the equity method were not reviewed by independent accountants. Long-term investments in these companies amounted to \$20,468,499 thousand and \$20,950,859 thousand as of September 30, 2012 and 2011, respectively, and the related investment income amounted to \$1,329,608 thousand and \$507,871 thousand for the nine-month periods then ended, respectively. These amounts were based solely on their unreviewed financial statements. We were unable to satisfy ourselves as to the carrying value of the investments or the equities in their earnings by other review procedures.

Based on our reviews and the reports of other auditors, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain subsidiaries and investee companies been reviewed by independent accountants as described in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", generally accepted accounting principles in the Republic of China and the Gin-Gwen-Jen (6) Letter No. 0960064020 issued by the Financial Supervisory Commission under the Executive Yuan dated November 15, 2007.

Uni-President Enterprises Corp. expects to adopt, starting from January 1, 2013, International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively referred herein as “IFRSs”) as endorsed by the Financial Supervisory Commission, Executive Yuan, R.O.C (“FSC”) and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” effective in 2013 in the preparation of the consolidated financial statements of Uni-President Enterprises Corp. and its subsidiaries. Information relating to the adoption of IFRSs by Uni-President Enterprises Corp. is disclosed in Note 13 in accordance with Jin-Guan-Jen-Shen-Zi Letter No. 0990004943 of FSC dated February 2, 2010. The IFRSs may be subject to changes during the time of transition; therefore, the actual impact of IFRSs adoption on Uni-President Enterprises Corp. and its subsidiaries may also change.

PricewaterhouseCoopers, Taiwan

November 12, 2012

The accompanying 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 financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

UNI-PRESIDENT ENTERPRISES CORP AND SUBSIDIARIES.
CONSOLIDATED BALANCE SHEETS
YEARS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

ASSETS	Notes	2012	2011
Current Assets			
Cash and cash equivalents	4(1)	\$ 33,236,862	\$ 34,406,661
Financial assets at fair value through profit or loss - current	4(2)	11,791,238	9,396,906
Notes receivable, net	3 and 4(3)	2,874,402	3,012,659
Accounts receivable, net	3 and 4(4)	19,682,951	16,561,749
Accounts receivable, net - related parties	3 and 5	2,015,485	1,935,094
Other receivables	3, 4(5) and 5	3,895,172	5,338,222
Other financial assets - current	6	11,714,427	5,373,294
Inventories, net	4(6) and 6	33,142,033	32,583,798
Prepayments	5 and 7	10,054,714	10,904,807
Deferred income tax assets - current		1,362,565	1,128,192
Other current assets		739,860	474,465
Total current assets		<u>130,509,709</u>	<u>121,115,847</u>
Funds and Investments			
Available-for-sale financial assets - non-current	4(7) and 6	8,913,323	8,610,554
Financial assets carried at cost - non-current	4(8)(16) and 6	4,150,000	4,686,848
Investments in bonds without active markets - non-current	4(9)	292,004	303,764
Long-term equity investments accounted for under the equity method	4(10), 5 and 6	27,891,416	27,968,146
Investments in real estate		3,935	3,935
Other financial assets - non-current	6	67,546	44,193
Total funds and investments		<u>41,318,224</u>	<u>41,617,440</u>
Property, Plant and Equipment			
Cost			
Land		12,410,280	9,314,614
Buildings		48,254,911	44,960,031
Machinery and equipment		86,252,718	78,861,904
Piping infrastructure and electricity generation equipment		4,870,858	5,020,586
Transportation equipment		5,025,273	4,343,806
Office equipment		10,899,450	9,472,363
Leased assets		160,228	160,228
Leasehold improvements		11,711,701	10,900,653
Other equipment		40,005,183	37,860,270
Revaluation increments		5,059,245	5,064,707
Cost and revaluation increments		<u>224,649,847</u>	<u>205,959,162</u>
Less: Accumulated depreciation		(103,529,555)	(97,425,745)
Accumulated impairment		(131,883)	(84,952)
Construction in progress and prepayments for equipment		12,829,871	10,696,110
Total property, plant and equipment, net		<u>133,818,280</u>	<u>119,144,575</u>
Intangible Assets			
Deferred pension costs		157,486	186,899
Other intangible assets	4(12)(16) and 6	11,391,764	9,845,144
Total intangible assets		<u>11,549,250</u>	<u>10,032,043</u>
Other Assets			
Assets leased to others	4(11)(13)(16) and 6	9,230,017	9,164,168
Idle assets	4(11)(14)(16) and 6	1,274,373	1,403,353
Refundable deposits	6 and 7	4,264,100	3,920,021
Deferred expenses	4(15)	853,424	946,685
Long-term notes, accounts and overdue receivables	3 and 5	578,402	582,597
Deferred income tax assets - non-current		574,955	692,159
Other assets - other	4(11) and 6	6,148,936	4,409,697
Total other assets		<u>22,924,207</u>	<u>21,118,680</u>
TOTAL ASSETS		<u>\$ 340,119,670</u>	<u>\$ 313,028,585</u>

(Continued)

UNI-PRESIDENT ENTERPRISES CORP AND SUBSIDIARIES.
CONSOLIDATED BALANCE SHEETS
YEARS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2012	2011
Current Liabilities			
Short-term loans	4(17) and 6	\$ 30,798,607	\$ 38,994,143
Notes and bills payable	4(18) and 6	8,429,367	8,899,117
Financial liabilities at fair value through profit or loss - current	4(2)	-	1,962
Notes payable		2,538,166	1,171,512
Accounts payable	5	34,954,513	29,182,196
Income tax payable		1,818,616	1,453,303
Accrued expenses	5 and 7	25,667,698	21,173,696
Other payables	5	15,158,161	11,330,687
Receipts in advance		5,239,363	5,392,660
Long-term liabilities - current portion	4(19)(20)(21) and 6	6,419,833	3,822,543
Deferred income tax liabilities - current		57,212	39,516
Other current liabilities		249,764	118,071
Total current liabilities		<u>131,331,300</u>	<u>121,579,406</u>
Long-term Liabilities			
Bonds payable	4(19)	12,800,000	10,000,000
Long-term loans	4(20) and 6	57,973,270	51,502,532
Long-term notes payable		191,704	399,084
Total long-term liabilities		<u>70,964,974</u>	<u>61,901,616</u>
Reserve			
Reserve for land revaluation incremental tax	4(11)	<u>2,169,441</u>	<u>2,169,441</u>
Other Liabilities			
Accrued pension liabilities		3,601,034	3,416,300
Guarantee deposits received		5,182,506	4,501,032
Deferred income tax liabilities - non-current		881,732	926,599
Other liabilities - other	4(21)	<u>2,050,901</u>	<u>2,531,900</u>
Total other liabilities		<u>11,716,173</u>	<u>11,375,831</u>
Total liabilities		<u>216,181,888</u>	<u>197,026,294</u>
Stockholders' Equity			
Capital			
Common stock	1 and 4(22)	48,624,744	45,443,686
Capital Reserves	4(23)		
Additional paid-in capital in excess of par - common stock		489,454	489,454
Additional paid-in capital - treasury stock transactions		34,027	34,027
Capital reserve from donated assets		621	591
Capital reserve from long-term investments		5,999,206	5,727,749
Retained Earnings	4(22)(24)		
Legal reserve		10,095,973	9,151,205
Special reserve		105,429	95,736
Undistributed earnings		12,032,055	9,139,772
Other Adjustments to Stockholders' Equity			
Cumulative translation adjustments		328,051	1,178,288
Unrecognized pension cost		(2,242,758)	(2,121,934)
Unrealized gain or loss on financial instruments	4(7)(10) and 10	319,736	291,451
Asset revaluations	4(11)	<u>2,457,973</u>	<u>2,388,992</u>
Total Parent Company Stockholders' Equity		<u>78,244,511</u>	<u>71,819,017</u>
Minority interest		45,693,271	44,183,274
Total stockholders' equity		<u>123,937,782</u>	<u>116,002,291</u>
Contingent Liabilities and Commitments	5 and 7		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 340,119,670</u>	<u>\$ 313,028,585</u>

The accompanying notes are an integral part of these financial statements.
See review report of independent accountants dated November 12, 2012.

UNI-PRESIDENT ENTERPRISES CORP AND SUBSIDIARIES.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	2012		2011	
Operating Revenue	5				
Sales		\$ 318,915,637		\$ 277,979,836	
Sales returns		(375,667)		(593,021)	
Sales discounts		(8,688,620)		(8,040,280)	
Net Sales		<u>309,851,350</u>		<u>269,346,535</u>	
Other operating revenues		14,563,432		12,208,220	
Net Operating Revenues		<u>324,414,782</u>		<u>281,554,755</u>	
Operating Costs	4(6) and 5				
Cost of goods sold		(216,340,829)		(190,475,637)	
Other operating Costs		(10,056,729)		(6,537,156)	
Net Operating Costs		<u>(226,397,558)</u>		<u>(197,012,793)</u>	
Gross profit		<u>98,017,224</u>		<u>84,541,962</u>	
Operating Expenses	5				
Sales and marketing expenses		(68,109,571)		(58,451,335)	
General and administrative expenses		(14,246,828)		(13,841,218)	
Research and development expenses		(635,719)		(569,175)	
Total Operating Expenses		<u>(82,992,118)</u>		<u>(72,861,728)</u>	
Operating income		<u>15,025,106</u>		<u>11,680,234</u>	
Non-operating Income and Gains					
Interest income	5	578,733		391,203	
Investment income accounted for under the equity method	4(10)	1,775,479		727,771	
Dividend income		256,972		427,395	
Gain on disposal of property, plant and equipment		130,393		137,428	
Gain on disposal of investments	4(2)	724,191		1,293,130	
Foreign exchange gain, net	4(2)	-		730,268	
Rental income	4(13)	440,066		363,646	
Gain on valuation of financial assets	4(2)	32,065		81,356	
Other non-operating income	5	1,963,607		1,337,866	
Total Non-operating Income and Gains		<u>5,901,506</u>		<u>5,490,063</u>	
Non-operating Expenses					
Interest expense	4(11) and 5	(1,505,252)		(1,193,694)	
Loss on disposal of property, plant and equipment		(138,964)		(181,949)	
Foreign exchange losses	4(2)	(174,694)		-	
Impairment loss	4(8)(11)(12)(13) (14)(16)	(106,416)		(39,608)	
Loss on valuation of financial liabilities	4(2)	-		(39,157)	
Other non-operating losses	4(6)	(1,365,128)		(1,025,215)	
Total Non-operating Expenses and Losses		<u>(3,290,454)</u>		<u>(2,479,623)</u>	
Income before income tax		<u>17,636,158</u>		<u>14,690,674</u>	
Income tax expense		(2,851,200)		(2,513,583)	
Consolidated net income		<u>\$ 14,784,958</u>		<u>\$ 12,177,091</u>	
Attributable to:					
Equity holders of the Company		\$ 9,855,045		\$ 7,740,249	
Minority interest		4,929,913		4,436,842	
		<u>\$ 14,784,958</u>		<u>\$ 12,177,091</u>	
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Basic Earnings per Common Share (in dollars)	4(25)				
Net income		<u>\$ 3.63</u>	<u>\$ 2.03</u>	<u>\$ 3.02</u>	<u>\$ 1.59</u>
Diluted Earnings per Common Share (in dollars)	4(25)				
Net income		<u>\$ 3.61</u>	<u>\$ 2.02</u>	<u>\$ 3.01</u>	<u>\$ 1.58</u>

The accompanying notes are an integral part of these consolidated financial statements.

See review report of independent accountants dated November 12, 2012.

UNI-PRESIDENT ENTERPRISES CORP AND SUBSIDIARIES.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$ 14,784,958	\$ 12,177,091
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on valuation of financial assets and liabilities	(88,284)	(75,217)
Provision for doubtful accounts	128,053	202,082
Reversal of allowance for doubtful accounts	(58,293)	(435,493)
Provision for inventory obsolescence	17,929	-
Reversal of allowance for inventory market price decline	-	(93,167)
Investment income accounted for under the equity method	(1,775,479)	(727,771)
Cash dividends from investments accounted for under the equity method	1,007,378	1,138,356
Gain on disposal of investments	(331,662)	(1,149,637)
Depreciation	10,177,967	9,019,159
Net loss on disposal of property, plant and equipment, assets leased to others, idle assets and other assets	8,571	44,521
Impairment loss	106,416	39,608
Amortization	604,580	666,523
Deferred expenses transferred to other non-operating losses	138,129	-
Changes in assets and liabilities		
Financial assets at fair value through profit or loss-current	(230,489)	4,350,342
Notes receivable	17,608	422,821
Accounts receivable	(4,549,022)	(4,544,572)
Accounts receivable-related parties	(687,085)	(655,170)
Other receivables	(387,765)	(298,612)
Inventories	1,391,115	(1,524,717)
Prepayments	(328,957)	(1,805,543)
Deferred income tax assets	(349,993)	(133,735)
Other current assets	(538,641)	274,643
Deferred pension cost	3,129	17,798
Long-term notes, accounts and overdue receivables	(1,257)	(5,671)
Notes payable	900,156	(27,011)
Accounts payable	6,110,840	3,877,989
Income tax payable	15,228	(736,167)
Accrued expenses	5,803,525	3,161,305
Other payables	877,073	1,874,458
Receipts in advance	(2,410,260)	44,897
Deferred income tax liabilities	64,280	763,189
Other current liabilities	179,012	(41,021)
Long-term notes payable	(135,854)	(117,739)
Accrued pension liabilities	(39,399)	(6,674)
Net cash provided by operating activities	30,423,507	25,696,865

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UNI-PRESIDENT ENTERPRISES CORP AND SUBSIDIARIES.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	2012	2011
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in employees' car loans	\$ 2,582	\$ 823
Decrease in other receivables-related parties	47,552	23,320
Increase in other financial assets - current	(11,550,106)	(5,285,426)
Increase in available-for-sale financial assets - non-current	(1,166,350)	(624,288)
Increase in financial assets carried at cost - non-current	(56,931)	(209,581)
Increase in investments in bonds without active markets - non-current	-	(286,273)
Increase in long-term investments - non-subsidiaries	(295,383)	(2,353,604)
Proceeds from disposal of long-term investment - non-subsidiaries	1,136,385	2,691,396
Proceeds from capital reduction of subsidiaries	54,405	104,284
Increase in other financial assets - non-current	(30,721)	(3,832)
Cash paid for acquisition of property, plant and equipment, assets leased to others, idle assets and other assets	(19,760,255)	(19,212,666)
Proceeds from disposal of property, plant and equipment, assets leased to others, idle assets and other assets	680,747	1,212,313
Increase in other intangible assets	(893,637)	(1,136,113)
Increase in refundable deposits	(250,448)	(245,948)
Increase in other deferred expenses	(332,946)	(353,600)
Increase in other assets-other	(394,032)	-
Net cash used in investing activities	(32,809,138)	(25,679,195)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	995,796	16,210,657
Increase in notes and bills payable	1,719,224	2,503,321
Decrease in other payables-related parties	(1,201)	(12,199)
Increase in bonds payable	5,000,000	3,000,000
Decrease in long-term loans	(5,565,321)	(6,326,944)
Increase in guarantee deposits received	390,425	785,451
(Decrease) increase in other liabilities-other	(161,301)	704,063
Payment of cash dividends	(4,544,369)	(6,001,996)
Decrease in minority interest	(4,888,971)	(3,011,958)
Net cash (used in) provided by financing activities	(7,055,718)	7,850,395
Effect of foreign exchange rate changes on cash	877,937	(137,001)
Net effect of change in the consolidated entities	-	(3,466,198)
(Decrease) increase in cash and cash equivalents	(8,563,412)	4,264,866
Cash and cash equivalents at beginning of period	41,800,274	30,141,795
Cash and cash equivalents at end of period	\$ 33,236,862	\$ 34,406,661
<u>Supplemental disclosures of cash flow information</u>		
1. Interest paid (excluding capitalized interest)	\$ 1,221,948	\$ 1,161,187
2. Income tax paid	\$ 3,085,164	\$ 3,327,461
<u>Investing and financing activities with partial cash payment</u>		
Acquisition of property, plant and equipment, assets leased to others, idle assets and other assets	\$ 20,384,005	\$ 18,681,669
Add: Other payables, beginning of period	4,035,931	3,613,982
Less: Other payables, end of period	(4,659,681)	(3,082,985)
Cash paid for acquisition of property, plant and equipment, assets leased to others, idle assets and other assets	\$ 19,760,255	\$ 19,212,666
<u>Other activities with no cash flow effect</u>		
1. Non-payment of fractional cash dividend from previous year transferred to capital reserve	\$ 30	\$ 43
2. Reclassification of long-term equity investments accounted for under the equity method as available-for-sale financial assets and financial assets carried at cost	\$ 226,414	\$ -
3. Reclassification of available-for-sale financial assets as long-term equity investments accounted for under the equity method	\$ 494,320	\$ -
4. Reclassification of financial assets carried at cost as available-for-sale financial assets due to stock conversion	\$ -	\$ 93,521
5. Land appraisal increment	\$ -	\$ 487,568

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 12, 2012.

UNI-PRESIDENT ENTERPRISES CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

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

1. HISTORY AND ORGANIZATION

- (1) Uni-President Enterprises Corp. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1967 with an initial capital of \$32,000. As of September 30, 2012, the Company’s authorized capital was \$60,000,000, and the paid-in capital was \$48,624,744, consisting of 4,862,474 thousand shares of common stock with a par value of \$10 (in NT dollars) per share. The Company is primarily engaged in the manufacture, processing and sales of various soft drinks, food, animal feeds and flour.
- (2) As of September 30, 2012, the Company and its subsidiaries had approximately 102,700 employees.
- (3) The common shares of the Company have been listed on the Taiwan Stock Exchange since December 1987.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying third-quarter consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the Gin-Gwen-Jen (6) Letter No. 0960064020 of the Financial Supervisory Commission, Executive Yuan, R.O.C., dated November 15, 2007, “Simplified Disclosure for the Notes to Third-Quarter Consolidated Financial Statements”, “Rules Governing the Preparation of Financial Statements by Securities Issuers” and accounting principles generally accepted in the Republic of China.

Except for the changes in accounting principles described in Note 3, the Group’s significant accounting policies remain the same as disclosed in the notes to consolidated financial statements as of and for the six-month period ended June 30, 2012.

(1) Principles of consolidation

- (a) All majority-owned subsidiaries or controlled entities, which meet the criteria of the amended Statement of Financial Accounting Standards No. 7, Consolidated Financial Statements, even though the Company owns less than 50% of the voting rights of the investee companies directly or indirectly, are included in the consolidated financial statements. The income (loss) of the subsidiaries is included in the consolidated statement of income effective on the date the Company gains control over the subsidiaries. The income (loss) of the subsidiaries is excluded from the consolidated statement of income effective the date on which the Company loses control over the subsidiaries. The Group prepares consolidated financial statements quarterly. The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries after eliminating all significant intercompany accounts and transactions.
- (b) Names of consolidated subsidiaries, their major business activities, the percentage owned by the Company and their changes in 2012 were as follows:

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
Uni-President Enterprises Corp.	Cayman President Holdings Ltd.	Professional investment	100.00	100.00	(Note 1)
	Kai Yu Investment Co., Ltd.	Professional investment	100.00	100.00	(Note 1)
	President International Trade and Investment Corp.	Professional investment	100.00	100.00	(Note 1)
	Kai Nan Investment Co., Ltd.	Professional investment	100.00	100.00	(Note 1)
	President Global Corp.	Instant noodle and juice can importation	100.00	100.00	(Note 1)
	Tone Sang Construction Corp.	Construction of buildings	100.00	100.00	(Note 1)
	Uni-President Glass Industrial Co., Ltd.	Manufacturing and sales of glass products	100.00	100.00	(Note 1)
	Uni-President Vendor Corp.	Sales of soft drinks and food	100.00	100.00	(Note 1)
	Presco Netmarketing Inc.	Information services	100.00	100.00	(Note 1)
	Tung-Yuan Corp.	Distribution center	100.00	100.00	(Note 1)
	Uni-President Dream Parks Corp.	Wholesale and retailing of food, advertising, etc.	100.00	100.00	(Note 1)
	President Baseball Team Corp.	Management of professional baseball	100.00	100.00	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
Uni-President Enterprises Corp.	President Entertainment Corp.	Entertainment business	100.00	100.00	(Note 1) (Note 3)
	President Organics Corp.	Sales of rice, vegetable, tea and drinks, etc.	100.00	100.00	(Note 1) (Note 3)
	President Fair Development Corp.	Operation of shopping mall, department store, international trade, etc.	100.00	100.00	(Note 1) (Note 3)
	Tung Ho Development Corp.	Entertainment business	100.00	100.00	(Note 1) (Note 3)
	Nanlien International Corp.	Import and export trading	99.99	99.99	(Note 1)
	President Natural Industrial Corp.	Sales of healthy food	97.85	97.85	(Note 1) (Note 3)
	President International Development Corp.	Industry investment	75.36	75.36	(Note 1) (Note 3)
	Uni-President Development Corp.	The construction, development and operation of an MRT Station	70.00	70.00	(Note 1) (Note 3)
	Tait Marketing & Distribution Co., Ltd.	Channel retailing and distribution centers, etc.	64.30	64.30	(Note 1) (Note 3)
	President Tokyo Corp.	Car rental	51.00	51.00	(Note 1) (Note 3)
	President Nissin Corp.	Processing, manufacturing and sales of vegetable oil	51.00	51.00	(Note 1) (Note 3)
	Ton Yi Pharmaceutical Corp.	Distribution of pharmaceuticals	51.00	51.00	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
Uni-President Enterprises Corp.	President Packaging Corp.	Package and container sales	50.59	50.59	(Note 1) (Note 3)
	President Kikkoman Inc.	Manufacturing and sales of soya sauce	50.00	50.00	(Note 1)
	Uni-President Biotechnology Co., Ltd.	Research and development of traditional chinese medicine, wholesale	50.00	50.00	(Note 1)
	Scino Pharm Taiwan Ltd.	Research, manufacturing and sales of pharmaceuticals	48.25	48.09	(Note 3)
	Ton Yi Industrial Corp.	Manufacturing of tinplates	47.24	47.24	(Note 2) (Note 3)
	President Chain Store Corp.	Operation of supermarkets	45.80	45.80	(Note 3)
Cayman President Holdings Ltd.	Uni-President Southeast Asia Holdings Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1)
	Uni-President Foodstuff (BVI) Holdings Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1)
	Sanshui Jianlibao Commerce Co., Ltd.	Sale of soft drinks	100.00	100.00	(Note 1)
	Uni-President Enterprises China Holdings Ltd. and its subsidiaries	Professional investment, etc.	73.49	73.49	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
Cayman President Holdings Ltd.	President Energy Development (Cayman Islands) Ltd.	Investment in energy resources	65.79	65.79	(Note 1) (Note 3)
	Zhangjiagang President Nisshin Food Co., Ltd.	Manufacturing and sales of fats, feeds and flour	60.00	60.00	(Note 1)
	President Kikkoman Zhenji Foods Co., Ltd.	Manufacturing and sales of food	45.00	45.00	(Note 1)
	Songjiang President Enterprises Co., Ltd.	Manufacturing and sales of fats, feed, flour	—	100.00	(Note 1) (Note 4)
Kai Yu Investment Co., Ltd.	Kai Yu (BVI) Investment Co., Ltd. and its subsidiaries	Investment in manufacturing business, etc.	100.00	100.00	(Note 1)
	Tung Ang Enterprises Corp.	Sales of soft drinks, etc.	100.00	100.00	(Note 1)
	Tung Guan Enterprises Co., Ltd.	Sales of livestock products	100.00	100.00	(Note 1)
	Tung Jun International Corp.	Wholesale of poultry and livestock	100.00	100.00	(Note 1)
	Tung Huei Corp.	Sales of pet feeds	100.00	—	(Note 1) (Note 5)
President Global Corp.	Ameripecc Inc.	Manufacturing of food	100.00	100.00	(Note 1)
Uni-President Dream Parks Corp.	Uni-Oao Travel Services Corp.	Tours business	100.00	100.00	(Note 1) (Note 3)
	Shanghai Uni-President Dream Parks Trading Corp.	Trading	100.00	—	(Note 1) (Note 5)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
President Fair Development Corp.	President Century Corp.	Department store, etc.	100.00	100.00	(Note 1)
Tung Ho Development Corp.	Uni-Resort Corp.	Operation of restaurants, hotels and gymnasium, etc.	100.00	100.00	(Note 1)
Nanlien International Corp.	Cayman Nanlien Holdings Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1)
	Wei Lien Enterprises Corp. and its subsidiaries	Trade agency and general investments, etc.	100.00	100.00	(Note 1)
	Uni-President Auto Accessories Corp.	Wholesale of motor vehicle parts and supplies	100.00	100.00	(Note 1)
	Tun Hsiang Enterprises Corp., etc.	Sales of food, etc.	—	—	(Note 1) (Note 6)
President Natural Industrial Corp.	High Wave Biotech Corp.	Sales of healthy food	100.00	100.00	(Note 1)
President International Development Corp.	President (BVI) International Investment Holdings Ltd. and its subsidiaries	Investment in manufacturing business, etc.	100.00	100.00	(Note 1)
	Ton Yu Investment Inc.	Professional investment	100.00	100.00	(Note 1)
	President Life Sciences Co., Ltd. and its subsidiaries	Manufacturing of chemical materials and instruments, etc.	100.00	100.00	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		
			September 30, 2012	September 30, 2011	Note
Tait Marketing & Distribution Co., Ltd.	Tait Distribution Service Co., Ltd.	Manufacturing of various soft drinks	100.00	100.00	(Note 1)
	Sonic International Cayman and its subsidiaries	General investment, etc.	100.00	100.00	(Note 1)
	Tait (H.K.) Limited and its subsidiaries	International trade	100.00	100.00	(Note 1)
President Tokyo Corp.	President Tokyo Renting Corp.	Car rental	100.00	100.00	(Note 1)
President Packaging Corp.	President Packaging Holdings Co., Ltd. and its subsidiaries	General investments, etc.	100.00	—	(Note 1) (Note 5)
ScinoPharm Taiwan Ltd.	SPT International, Ltd. and its subsidiaries	General investments, etc.	100.00	100.00	(Note 1)
	ScinoPharm Singapore Pte Ltd.	General investments	100.00	100.00	(Note 1)
	President Scino Pharm (Cayman), Ltd.	General investments	60.00	60.00	(Note 1)
	Han Feng (BVI), Ltd. and its subsidiaries	General investments	—	100.00	(Note 1) (Note 7)
Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1)
	Tovecan Corp.	Manufacturing of cans, etc.	51.00	51.00	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
President Chain Store Corp.	President Chain Store (BVI) Holdings Co., Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1) (Note 8)
	President Drugstore Business Corp.	Sales of cosmetics and medicine	100.00	100.00	(Note 1)
	Ren-Hui Investment Corp.	Professional investment	100.00	100.00	(Note 1)
	Capital Inventory Services Corp.	Enterprise management consultancy	100.00	100.00	(Note 1)
	Wisdom Distribution Services Corp. and its subsidiaries	Delivery of magazines, etc.	100.00	100.00	(Note 1)
	Uni-President Cold Chain Corp. and its subsidiaries	Distribution center, etc.	100.00	100.00	(Note 1) (Note 3)
	Uni-President Oven Bakery Corp.	Bread retailing, etc.	100.00	100.00	(Note 1)
	Uni-President Department Store Corp.	Retail business	100.00	100.00	(Note 1) (Note 3)
	President Insurance Brokers Co., Ltd.	Personal and property insurance	100.00	100.00	(Note 1) (Note 9)
	Cold Stone Creamery Taiwan Ltd.	Operation of restaurants	100.00	100.00	(Note 1)
	President Lanyang Art Center Co., Ltd.	Arts and culture	100.00	100.00	(Note 1)

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
President Chain Store Corp.	President Being Corp.	Operation of gymnasium, spa, etc.	100.00	100.00	(Note 1)
	Century Quick Services Restaurant Corp.	Operation of fastfood chain restaurant	100.00	100.00	(Note 1)
	President Chain Store Tokyo Marketing Corp.	Enterprise management consultancy	100.00	100.00	(Note 1)
	PCSC BVI (China) Drugstore Ltd. and its subsidiaries	Professional investment, etc.	100.00	100.00	(Note 1)
	Mech-President Co. Ltd. and its subsidiaries	Operation of gas stations and manufacturing of elevator, etc.	99.76	99.76	(Note 1) (Note 3)
	President Transnet Corp.	Distribution business	90.00	90.00	(Note 1) (Note 3)
	President Musashino Corp.	Sales of fresh food	90.00	90.00	(Note 1)
	Qware Systems and Services Corp.	Data processing and software design services, etc.	86.76	86.76	(Note 1)
	President Information Corp.	Information services	86.00	86.00	(Note 1)
	Sato Restaurant System Co., Ltd.	Operation of restaurants	81.00	81.00	(Note 1)
President Pharmaceutical Corp. and its subsidiaries	Wholesale of medicines and medical appliances	73.74	73.74	(Note 1)	

Name of investors	Name of subsidiaries	Business activities	Percentage owned by the Company		Note
			September 30, 2012	September 30, 2011	
President Chain Store Corp.	AHB Pet Plus Co., Ltd.	Cosmetology for pets	70.00	70.00	(Note 1)
	President Collect Service Co., Ltd.	Collection agent for government institutions	70.00	70.00	(Note 1)
	Retail Support International Corp. and its subsidiaries	Distribution centers, etc.	65.00	65.00	(Note 1) (Note 3)
	Bank Pro E-Services Technology Company	Information services	58.33	58.33	(Note 1) (Note 3)
	Duskin Serve Taiwan Co., Ltd. and its subsidiaries	Sales of cleaning instruments, etc.	51.00	51.00	(Note 1)
	Muji Taiwan Co., Ltd.	Retail business	51.00	51.00	(Note 1)
	Afternoon Tea Taiwan Corp.	Operation of restaurants	51.00	51.00	(Note 1)
	Books.Com. Co., Ltd.	Network bookstore	50.03	50.03	(Note 1)
	Mister Donut Co., Ltd.	Bread retailing	50.00	50.00	(Note 1) (Note 8)
	President Starbucks Coffee Corp.	Operation of a chain of coffee shops	50.00	50.00	(Note 1) (Note 3) (Note 8)
	Uni-President Yellow Hat Corp.	Wholesale and retail of automotive accessories	—	50.00	(Note 1) (Note 3) (Note 7) (Note 8)

(Note1)The financial statements of certain subsidiaries reflect total assets amounting to \$224,914,584 and \$206,210,481, representing 66.13% and 65.88% of the related consolidated totals, and total liabilities amounting to \$138,979,830 and \$120,879,150, representing 64.29% and 61.35% of the related consolidated totals, as of September 30, 2012 and 2011, respectively, and total net income amounting to \$6,247,241 and \$4,551,866, representing 42.25% and 37.38% of the consolidated net income for the nine-month periods then ended, respectively. Those statements were not reviewed by independent accountants.

(Note 2) We did not review the financial statements of certain subsidiaries which reflect total assets amounting to \$39,207,819 and \$38,659,244, representing 11.53% and 12.35% of the related consolidated totals, and total liabilities amounting to \$20,062,646 and \$18,832,039, representing 9.28% and 9.56% of the related consolidated totals as of September 30, 2012 and 2011, respectively, and total operating revenues amounting to \$20,661,720 and \$19,554,895, representing 6.37% and 6.95% of the related consolidated totals for the nine-month periods then ended, respectively. These amounts were based on the financial statements that were reviewed by other independent accountants.

(Note 3) Jointly owned by the Company and the subsidiaries.

(Note 4) Adjustment in investment framework of Uni-President Foodstuff (BVI) Holdings Ltd.

(Note 5) Newly established company or acquired the majority interest in 2012.

(Note 6) The percentage owned by the Company as of September 30, 2012 and 2011 were between 30% ~ 100%.

(Note 7) Lost the majority interest in 2011.

(Note 8) In accordance with R.O.C. SFAS No. 31, "Accounting for Joint Ventures", President Chain Store Corp. adopted the proportionate consolidation method to account for its share of the respective accounts of certain investees' assets, liabilities, revenues, and expenses in the consolidated financial statements of President Chain Store Corp. The financial statements of certain investees were consolidated based on their unreviewed financial statements.

(Note 9) Formerly President FN Business Corp. and changed its business activities.

(c) Subsidiaries not included in the consolidated financial statements: None.

(d) Adjustments for subsidiaries with different balance sheet dates: None.

(e) Special operating risk of foreign subsidiaries: None.

(f) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(g) Contents of subsidiaries' securities issued by the parent company: None.

(h) Information on convertible bonds and common stock issued by subsidiaries: Subsidiaries have not issued convertible bonds payable and issued stocks by increasing capital that significantly affects the Company's stockholders' equity.

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Notes receivable, accounts receivable and other receivables

Effective January 1, 2011, the Group prospectively adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The Group recognizes impairment loss on notes receivable, accounts receivable and other receivables when there is an objective evidence of impairment. This accounting change did not have a significant effect on the Company's consolidated financial statements as of and for the nine-month period ended September 30, 2011.

(2) Operating segments

Effective January 1, 2011, the Group adopted the newly issued SFAS No. 41, "Operating Segments" which supersedes SFAS No. 20, "Segment Reporting." This change in accounting principle had no significant effect on the consolidated net income and earnings per common share for the nine-month period ended September 30, 2011.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Cash:		
Cash on hand	\$ 3,566,998	\$ 1,003,599
Checking deposits	1,686,613	1,761,265
Demand deposits	12,753,460	15,941,339
Time deposits	9,749,572	8,724,296
	<u>27,756,643</u>	<u>27,430,499</u>
Cash equivalents:		
Repurchase of bonds	4,499,753	5,952,885
Commercial papers	980,466	1,023,277
	<u>5,480,219</u>	<u>6,976,162</u>
	<u>\$ 33,236,862</u>	<u>\$ 34,406,661</u>

(2) Financial assets and liabilities at fair value through profit or loss

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Current items:		
Financial assets held for trading		
Mutual funds	\$ 11,310,325	\$ 8,732,882
Equity linked notes	195,921	81,891
Convertible bonds	133,302	-
Corporation bonds	103,585	383,259
Listed (TSE and OTC) stocks	89,972	240,753
Derivatives	833	22,685
	<u>11,833,938</u>	<u>9,461,470</u>
Adjustment of financial assets held for trading	(42,700)	(64,564)
	<u>\$ 11,791,238</u>	<u>\$ 9,396,906</u>

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Current items:		
Financial liabilities held for trading		
Over-allotment option	\$ -	\$ 1,962

(a) The Group recognized net gain of \$227,751 and \$185,692 for the nine-month periods ended September 30, 2012 and 2011, respectively.

(b) The trading items and contract information of derivatives were as follows: (Units in thousands of currencies indicated):

	September 30, 2012			September 30, 2011		
	Contract Amount	Contract Period		Contract Amount	Contract Period	
Forward foreign exchange futures	USD	45,635	2. 2012~1. 2013	USD	37,800	7. 2011~12. 2011
Sales of forward foreign exchange	USD	14,370	8. 2012~11. 2012	USD	17,290	8. 2011~12. 2011
"	EUR	420	8. 2012~10. 2012	EUR	680	8. 2011~10. 2011
"	—	—	—	JPY	1,070,000	3. 2011~10. 2012
Equity linked notes	TWD	49,421	8. 2012~10. 2012	—	—	—
"	USD	5,000	5. 2012~5. 2014	USD	3,793	10. 2010~12. 2011
Convertible bonds	USD	4,550	—	—	—	—

The Group entered into the forward foreign exchange contracts to manage exposures due to fluctuations of foreign exchange rates. However, the Group did not apply hedge accounting on the forward foreign exchange contracts.

(3) Notes receivable, net

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Notes receivable	\$ 2,931,858	\$ 3,082,720
Less: Allowance for doubtful accounts	(57,456)	(70,061)
	<u>\$ 2,874,402</u>	<u>\$ 3,012,659</u>

(4) Accounts receivable, net

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Accounts receivable	\$ 20,435,765	\$ 17,200,419
Less: Allowance for doubtful accounts	(752,814)	(638,670)
	<u>\$ 19,682,951</u>	<u>\$ 16,561,749</u>

(5) Other receivables

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Other receivables	\$ 3,935,944	\$ 5,363,455
Less: Allowance for doubtful accounts	(40,772)	(25,233)
	<u>\$ 3,895,172</u>	<u>\$ 5,338,222</u>

(6) Inventories

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Merchandise	\$ 12,328,070	\$ 11,107,921
Raw materials	8,971,268	9,183,365
Raw materials in transit	514,478	1,031,058
Supplies	2,795,953	2,660,442
Work in process	2,887,141	2,781,259
Finished goods	6,170,193	5,758,940
By-products	810	366
Land held for construction	189,314	128,351
Construction in progress-land	114,650	153,400
Construction in progress-buildings	70,811	24,942
Buildings and land held for sale	<u>110,415</u>	<u>391,422</u>
	34,153,103	33,221,466
Less: Allowance for price decline of inventories	(<u>1,011,070</u>)	(<u>637,668</u>)
	<u>\$ 33,142,033</u>	<u>\$ 32,583,798</u>

Expenses and losses on inventories recognized:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Cost of inventories sold	\$ 215,128,778	\$ 189,639,929
Provision for inventory obsolescence (Note 1)	17,929	-
Reversal of allowance for inventory market price decline (Note 2)	-	(93,167)
Loss on physical inventory	324,199	263,483
Loss on production stoppage	73,639	52,897
Loss on discarding inventory (Note 1)	1,188,168	1,006,141
Revenue from sale of scraps	(<u>391,884</u>)	(<u>393,646</u>)
Cost of goods sold	<u>\$ 216,340,829</u>	<u>\$ 190,475,637</u>

(Note 1) Due to the plasticizer food scandal, the provision for inventory obsolescence and loss on discarding inventory of \$20 and \$65,921 which were provided for the nine-month period ended September 30, 2011, respectively had been reclassified to Non-operating Expenses and Losses (shown as "Other non-operating losses").

(Note 2) As the selling price increased, the allowance for inventory obsolescence and market price decline was reversed.

For details of interest capitalized to inventories, please refer to Note 4(11).

(7) Available-for-sale financial assets

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 10,738,096	\$ 10,044,625
Corporation bonds	<u> -</u>	<u> 83,896</u>
	10,738,096	10,128,521
Valuation adjustment for available-for-sale financial assets	(<u>1,824,773</u>)	(<u>1,517,967</u>)
	<u>\$ 8,913,323</u>	<u>\$ 8,610,554</u>

(8) Financial assets carried at cost

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Non-current items:		
Unlisted stocks	\$ 4,368,335	\$ 4,958,842
Privately placed funds	1,024,588	1,063,292
Emerging stocks	<u> 47,274</u>	<u> 75,046</u>
	5,440,197	6,097,180
Less: Accumulated impairment	(<u>1,290,197</u>)	(<u>1,410,332</u>)
	<u>\$ 4,150,000</u>	<u>\$ 4,686,848</u>

(a) These investments have no active quoted market price and their fair value cannot be measured reliably. Therefore, they were measured at cost.

(b) For details of accumulated impairment, please refer to Note 4(16).

(9) Investments in bonds without active markets

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Non-current item:		
Finance bonds	<u>\$ 292,004</u>	<u>\$ 303,764</u>

(10) Long-term equity investments accounted for under the equity method

(a) Details of long-term equity investments accounted for under the equity method are set forth below:

Name of investee companies	September 30, 2012		September 30, 2011	
	Amount	Percentage owned	Amount	Percentage owned
Cargill President Holding Pte Ltd.	\$ 911,630	50.00	\$ 1,014,330	50.00
Jimmailang Beverage (Beijing) Ltd.	3,120,196	47.83	2,856,225	50.00
Presicarre Corp.	6,593,359	40.00	7,091,470	40.00
United Advisor Venture Management Ltd.	921,370	39.74	979,735	39.74
TTET Union Corp.	1,104,331	37.64	1,090,270	37.64
Weilih Food Industrial Co., Ltd.	1,076,192	33.30	1,029,408	33.30
President Securities Corp.	7,200,601	33.20	6,230,156	30.04
Kuang Chuan Dairy Co., Ltd.	1,221,551	31.25	1,597,811	31.25
Kang Na Hsiung Enterprise Co., Ltd.	638,223	20.71	616,281	20.71
Yantai North Andrejuice Co., Ltd. (Note)	1,153,663	15.65	1,160,290	15.00
Others (individually less than 2%)	3,950,300	20.00	4,302,170	20.00
		~50.00		~50.00
	<u>\$27,891,416</u>		<u>\$27,968,146</u>	

(Note) The Group accounted for the investment of Yantai North Andrejuice Co., Ltd. under the equity method because the Group had the ability to exercise significant influence, even though the Group's ownership in this investee company was less than 20%.

(b) Long-term investment income accounted for under the equity method were \$1,775,479 and \$727,771 for the nine-month periods ended September 30, 2012 and 2011, respectively. Except for TTET Union Corp. and 2 other companies, the Group's long-term investments in certain investee companies accounted for under the equity method were measured based on their financial statements which were not reviewed by independent accountants. As of September 30, 2012 and 2011, long-term investments in these investee companies was \$20,468,499 and \$20,950,859, respectively and the related investment income was \$1,329,608 and \$507,871 for the nine-month periods then ended, respectively.

(c) In accordance with R.O.C. SFAS No. 5, "Long-term Investments under Equity Method", the Company adjusts its carrying amount to reflect changes in its proportionate interests in the investee arising from changes in the investee's equity. The Group recognized unrealized loss on financial instruments of \$25,250 and \$2,285,703 (classified as unrealized gain or loss on financial instruments) for the nine-month periods ended September 30, 2012 and 2011, respectively.

(11) Property, plant and equipment

- (a) As of September 30, 2012 and 2011, the revaluation increment and accumulated depreciation of property, plant and equipment are listed as follows:

<u>Assets</u>	<u>September 30, 2012</u>		<u>September 30, 2011</u>	
	<u>Revaluation increments</u>	<u>Accumulated depreciation</u>	<u>Revaluation increments</u>	<u>Accumulated depreciation</u>
Land	\$4,804,058	\$ -	\$4,804,058	\$ -
Buildings	196,797	14,322,541	197,284	13,040,442
Machinery and equipment	31,653	45,682,031	36,337	42,994,634
Utilities equipment	5,973	2,785,391	5,981	2,453,720
Transportation equipment	-	2,978,144	-	2,741,352
Office equipment	287	5,603,430	287	5,272,895
Leased assets	-	137,385	-	112,672
Leasehold improvements	-	6,604,123	-	6,294,394
Other equipment	20,477	25,416,510	20,760	24,515,636
	<u>\$5,059,245</u>	<u>\$ 103,529,555</u>	<u>\$5,064,707</u>	<u>\$ 97,425,745</u>

- (b) In the years 1975, 1979, 1981, 1983, 1990, 1995, 2005 and 2011, the Group revalued certain property, plant and equipment (including assets leased to others and idle assets) in accordance with the Regulations for the Revaluation of Assets in the Republic of China. The amount of appraisal increments credited to asset revaluations was \$2,748,031. The balance of asset revaluation (shown as capital reserve from asset revaluations before the amendment of the “Business Entity Accounting Law”) amounted to \$1,736,573 as of September 30, 2012 and 2011. In addition, as a result of the adoption of R.O.C. SFAS No. 5, “Long-term Investments under Equity Method”, the Company recognized its proportionate interest of the unrealized asset revaluation arising from change in investee’s equity amounting to \$721,400 and \$652,419 as of September 30, 2012 and 2011, respectively.
- (c) The balance of the provision for land revaluation incremental tax was \$2,169,441 as of September 30, 2012 and 2011.
- (d) Interest expense before capitalization for the nine-month periods ended September 30, 2012 and 2011 were \$1,585,763 and \$1,211,962, respectively. Interest capitalized in inventories and property, plant and equipment totaled \$80,511 and \$18,268 with interest rates of 0.80% ~ 7.59% and 0.80% ~ 5.20% for the nine-month periods ended September 30, 2012 and 2011, respectively.
- (e) As of September 30, 2012 and 2011, the Group owned certain agricultural land amounting to \$920,474, and \$1,008,169, respectively for expansion of plant facilities. This land has yet to be rezoned for industrial purposes. Accordingly, legal title of such land has not been officially transferred to the Group. However, the Group has secured the land deeds and other ownership documents.
- (f) Tung Ho Development Corp. (“Tung Ho”) had purchased 56 lots in Da-Pu, which is located in Jiayi, Taiwan from Mr. Tsai Xu Tang in October 2000. Tung Ho issued memberships with fair value of \$103,680 and cash in exchange of the lots. The membership entrance revenue was deferred till disposal of the land. The Board of Directors had approved the sale of the land.

However, the disposal process has not been finalized. As of September 30, 2012 and 2011, the book value of the land was \$176,320 (with total cost of \$280,000 less deferred revenue of \$103,680).

- (g) The accumulated impairment of property, plant and equipment as of September 30, 2012 and 2011 was \$131,883 and \$84,952, respectively. Please refer to Note 4(16).

(12) Other intangible assets

As of September 30, 2012 and 2011, other intangible assets are as follows:

Item	For the nine-month period ended September 30, 2012										
	Beginning balance				Ending balance						
	Initial cost	Accumulated amortization	Effect of exchange rate changes	Book value	Additions	Amortization	Effect of exchange rate changes	Initial cost	Accumulated amortization	Effect of exchange rate changes	Net book value
Trademarks	\$ 534,749	(\$ 62,192)	\$ 6,600	\$ 479,157	\$ 381	(\$ 9,074)	(\$ 12,941)	\$ 535,130	(\$ 71,266)	(\$ 6,341)	\$ 457,523
Copyrights	14,057	(512)	-	13,545	-	-	-	14,057	(512)	-	13,545
Land use rights	2,500,000	(306,478)	-	2,193,522	-	(32,347)	-	2,500,000	(338,825)	-	2,161,175
Land occupancy rights	7,329,052	(422,269)	331,740	7,238,523	661,688	(111,995)	(286,206)	7,990,740	(534,264)	45,534	7,502,010
Others	3,777,378	(2,181,359)	(908)	1,595,111	231,568	(178,244)	(15,460)	4,008,946	(2,359,603)	(16,368)	1,632,975
	<u>\$ 14,155,236</u>	<u>(\$ 2,972,810)</u>	<u>\$ 337,432</u>	<u>11,519,858</u>	<u>\$ 893,637</u>	<u>(\$ 331,660)</u>	<u>(\$ 314,607)</u>	<u>\$ 15,048,873</u>	<u>(\$ 3,304,470)</u>	<u>\$ 22,825</u>	<u>11,767,228</u>
Less: Discount on land use rights				(347,933)							(347,933)
Accumulated impairment				(27,531)							(27,531)
				<u>\$ 11,144,394</u>							<u>\$ 11,391,764</u>

Item	For the nine-month period ended September 30, 2011										
	Beginning balance				Ending balance						
	Initial cost	Accumulated amortization	Effect of exchange rate changes	Book value	Additions (Note)	Amortization	Effect of exchange rate changes	Initial cost	Accumulated amortization	Effect of exchange rate changes	Net book value
Trademarks	\$ 534,749	(\$ 49,340)	(\$ 20,422)	\$ 464,987	\$ -	(\$ 8,797)	\$ 25,014	\$ 534,749	(\$ 58,137)	\$ 4,592	\$ 481,204
Copyrights	14,057	(512)	-	13,545	-	-	-	14,057	(512)	-	13,545
Land use rights	2,500,000	(263,283)	-	2,236,717	-	(35,432)	-	2,500,000	(298,715)	-	2,201,285
Land occupancy rights	2,434,472	(299,124)	(74,429)	2,060,919	3,799,730	(67,401)	385,371	6,234,202	(366,525)	310,942	6,178,619
Others	3,172,466	(1,908,449)	(19,223)	1,244,794	343,159	(256,283)	10,145	3,515,625	(2,164,732)	(9,078)	1,341,815
	<u>\$ 8,655,744</u>	<u>(\$ 2,520,708)</u>	<u>(\$ 114,074)</u>	<u>6,020,962</u>	<u>\$ 4,142,889</u>	<u>(\$ 367,913)</u>	<u>\$ 420,530</u>	<u>\$ 12,798,633</u>	<u>(\$ 2,888,621)</u>	<u>\$ 306,456</u>	<u>10,216,468</u>
Less: Discount on land use rights				(347,091)							(347,091)
Accumulated impairment				(24,233)							(24,233)
				<u>\$ 5,649,638</u>							<u>\$ 9,845,144</u>

(Note) Increase in land occupancy rights amounting to \$ 3,006,776 resulted from the change in the consolidated entities.

For details of accumulated impairment, please refer to Note 4(16).

(13) Assets leased to others

September 30, 2012

Assets	Cost			Accumulated depreciation			Net book value
	Historical cost	Revaluation increment	Total	Historical cost	Revaluation increment	Total	
Land	\$4,452,455	\$1,694,681	\$ 6,147,136	\$ -	\$ -	\$ -	\$ 6,147,136
Buildings	4,122,983	13,787	4,136,770	(1,030,813)	(13,657)	(1,044,470)	3,092,300
Machinery and equipment	8,212	-	8,212	(8,022)	-	(8,022)	190
Utilities equipment	10,841	-	10,841	(9,076)	-	(9,076)	1,765
Office equipment	2,117	-	2,117	(2,054)	-	(2,054)	63
Other equipment	193,030	4,290	197,320	(173,228)	(4,290)	(177,518)	19,802
	<u>\$8,789,638</u>	<u>\$1,712,758</u>	<u>\$10,502,396</u>	<u>(\$1,223,193)</u>	<u>(\$ 17,947)</u>	<u>(\$ 1,241,140)</u>	9,261,256
Less: Accumulated impairment							(31,239)
							<u>\$ 9,230,017</u>

September 30, 2011

Assets	Cost			Accumulated depreciation			Net book value
	Historical cost	Revaluation increment	Total	Historical cost	Revaluation increment	Total	
Land	\$4,425,696	\$1,694,681	\$ 6,120,377	\$ -	\$ -	\$ -	\$ 6,120,377
Buildings	3,889,331	14,075	3,903,406	(867,205)	(13,844)	(881,049)	3,022,357
Machinery and equipment	27,021	-	27,021	(21,882)	-	(21,882)	5,139
Utilities equipment	9,883	-	9,883	(8,841)	-	(8,841)	1,042
Office equipment	2,117	-	2,117	(2,034)	-	(2,034)	83
Other equipment	237,844	4,290	242,134	(191,435)	(4,290)	(195,725)	46,409
	<u>\$8,591,892</u>	<u>\$1,713,046</u>	<u>\$10,304,938</u>	<u>(\$1,091,397)</u>	<u>(\$ 18,134)</u>	<u>(\$ 1,109,531)</u>	9,195,407
Less: Accumulated impairment							(31,239)
							<u>\$ 9,164,168</u>

(a) Rental revenues for the nine-month periods ended September 30, 2012 and 2011 were \$402,267 and \$337,995, respectively.

(b) The Group revalued certain assets leased to others in accordance with the Regulations for the Revaluation of Assets in the Republic of China.

Please refer to Note 4(11) Property, plant and equipment.

(c) For details of accumulated impairment, please refer to Note 4(16) Impairment of assets.

(14) Idle assets

September 30, 2012

Assets	Cost			Accumulated depreciation			Net book value
	Historical cost	Revaluation increment	Total	Historical cost	Revaluation increment	Total	
Land	\$1,247,167	\$ 566	\$1,247,733	\$ -	\$ -	\$ -	\$ 1,247,733
Buildings	228,299	-	228,299	(43,267)	-	(43,267)	185,032
Machinery and equipment	223,885	-	223,885	(84,442)	-	(84,442)	139,443
Utilities equipment	26	-	26	(1)	-	(1)	25
Office equipment	1,335	-	1,335	(1,148)	-	(1,148)	187
Other equipment	47,173	-	47,173	(6,286)	-	(6,286)	40,887
	<u>\$1,747,885</u>	<u>\$ 566</u>	<u>\$1,748,451</u>	<u>(\$ 135,144)</u>	<u>\$ -</u>	<u>(\$ 135,144)</u>	1,613,307
Less: Accumulated impairment							(338,934)
							<u>\$ 1,274,373</u>

September 30, 2011

Assets	Cost			Accumulated depreciation			Net book value
	Historical cost	Revaluation increment	Total	Historical cost	Revaluation increment	Total	
Land	\$1,517,800	\$ 566	\$1,518,366	\$ -	\$ -	\$ -	\$ 1,518,366
Buildings	210,280	-	210,280	(35,430)	-	(35,430)	174,850
Machinery and equipment	271,361	-	271,361	(151,298)	-	(151,298)	120,063
Utilities equipment	27	-	27	(11)	-	(11)	16
Office equipment	1,221	-	1,221	(1,120)	-	(1,120)	101
Other equipment	60,136	-	60,136	(44,211)	-	(44,211)	15,925
	<u>\$2,060,825</u>	<u>\$ 566</u>	<u>\$2,061,391</u>	<u>(\$ 232,070)</u>	<u>\$ -</u>	<u>(\$ 232,070)</u>	1,829,321
Less: Accumulated impairment							(425,968)
							<u>\$ 1,403,353</u>

(a)The Group revalued certain idle assets in accordance with the Regulations for the Revaluation of Assets in the Republic of China. Please refer to Note 4(11) Property, plant and equipment.

(b)For details of accumulated impairment, please refer to Note 4(16) Impairment of assets.

(15) Deferred expenses

	<u>For the nine-month periods ended September 30</u>	
	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 949,730	\$ 886,413
Additions	332,946	353,600
Amortization	(272,920)	(298,610)
Transferred to other non-operating losses (Note)	(138,129)	–
Effect of foreign exchange rate changes	(18,203)	5,282
Ending balance	<u>\$ 853,424</u>	<u>\$ 946,685</u>

(Note) Sai Gon Beverages Joint Stock Company goes into liquidation during the nine-month period ended September 30, 2012. As deferred expenses of \$138,129 have no economic benefit in the future, these were fully transferred to other non-operating losses.

The deferred expenses include lease of packing machines. The minimum advance rental payments are amortized over a period of 7~8 years, the estimated economic lives of the packing machines. Other quarterly rental payments and cost based on the units-of-production are charged as current expense.

(16) Impairment of assets

After recognizing impairment loss and reversal of impairment loss previously recognized, the total accumulated impairment as of September 30, 2012 and 2011 were \$1,819,784 and \$1,976,724, respectively. Details are set forth below:

<u>Item</u>	<u>September 30, 2012</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Recorded as impairment loss:		
Financial assets carried at cost - non-current	\$ 1,290,197	\$ –
Property, plant and equipment	131,883	–
Other intangible assets	27,531	–
Assets leased to others	31,239	–
Idle assets	338,934	–
	<u>\$ 1,819,784</u>	<u>\$ –</u>
<u>Item</u>	<u>September 30, 2011</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Recorded as impairment loss:		
Financial assets carried at cost - non-current	\$ 1,410,332	\$ –
Property, plant and equipment	84,952	–
Other intangible assets	24,233	–
Assets leased to others	31,239	–
Idle assets	425,968	–
	<u>\$ 1,976,724</u>	<u>\$ –</u>

The accumulated impairment summarized by department was as follows:

<u>Department</u>	<u>September 30, 2012</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Entertainment business	\$ 190,659	\$ -
Tinplate business	31,539	-
Foods	456,466	-
Feeds	1,560	-
Retail chain stores	371,619	-
General department	767,941	-
	<u>\$ 1,819,784</u>	<u>\$ -</u>

<u>Department</u>	<u>September 30, 2011</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Entertainment business	\$ 190,659	\$ -
Tinplate business	31,539	-
Foods	352,781	-
Feeds	648	-
Retail chain stores	290,211	-
General department	1,110,886	-
	<u>\$ 1,976,724</u>	<u>\$ -</u>

Certain assets have been recognized or disposed during the nine-month periods ended September 30, 2012 and 2011. As such, impairment loss of \$106,416 and \$39,608 were recognized for the nine-month periods ended September 30, 2012 and 2011, respectively.

(17) Short-term loans

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Collateral or security</u>
Unsecured bank loans	\$ 28,172,045	\$ 36,622,625	None
Secured bank loans	<u>2,626,562</u>	<u>2,371,518</u>	(Note)
	<u>\$ 30,798,607</u>	<u>\$ 38,994,143</u>	
Range of interest rates	<u>0.90%~19.50%</u>	<u>0.76%~19.50%</u>	

(Note) For details of collateral or security, please refer to Note 6 Pledged assets.

(18) Notes and bills payable

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Collateral or security</u>
Commercial papers payable	\$ 8,430,000	\$ 8,900,000	(Note)
Less: Prepaid interest	(<u>633</u>)	(<u>883</u>)	
	<u>\$ 8,429,367</u>	<u>\$ 8,899,117</u>	
Range of interest rates	<u>0.99%~1.36%</u>	<u>0.20%~1.94%</u>	

The above commercial papers were issued and secured by banks and other financing institutions for short-term financing.

(Note) For details of collateral or security, please refer to Note 6 Pledged assets.

(19) Bonds payable

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Collateral or security</u>
Unsecured ordinary bonds payable	\$ 15,000,000	\$ 10,000,000	None
Less: Current portion of bonds payable	(<u>2,200,000</u>)	<u>-</u>	
	<u>\$ 12,800,000</u>	<u>\$ 10,000,000</u>	

A. The Company issued unsecured ordinary bonds payable in December 2009. The significant terms of the bonds are as follows:

(a) Total issue amount:

The Company issued unsecured domestic bonds totaling \$3,000,000, including \$1,500,000 of A and B.

(b) Issue price: At par value of \$1,000 per bond

(c) Coupon rate:

(i) A Bond: the coupon rate is 1.23% per annum

(ii) B Bond: the coupon rate is 1.59% per annum

(d) Term of interest repayment:

The bond interest is calculated on simple rate every year starting December 2009 based on the coupon rate.

(e) Repayment term:

(i) A Bond: the bonds are repayable in December 2012 upon the maturity of the bonds.

(ii) B Bond: the bonds are repayable starting December 2013 to December 2014 in two installments at the rate of 50% and 50%, respectively.

(f) Period:

(i) A Bond: 3 years, from December 22, 2009 to December 22, 2012

(ii) B Bond: 5 years, from December 22, 2009 to December 22, 2014

(g) Guarantee Bank:

The bonds are guaranteed by Hwa Nan Commercial Bank.

B. The Company issued unsecured ordinary bonds payable in June 2010. The significant terms of the bonds are as follows:

(a) Total issue amount:

The Company issued unsecured domestic bonds totaling \$2,200,000, including \$700,000 of A and \$1,500,000 of B.

(b) Issue price: At par value of \$1,000 per bond

(c) Coupon rate:

(i) A Bond: the coupon rate is 1.22% per annum

(ii) B Bond: the coupon rate is 1.57% per annum

(d) Term of interest repayment:

The bond interest is calculated on simple rate every year starting June 2010 based on the coupon rate.

(e) Repayment term:

(i) A Bond: the bonds are repayable in June 2013 upon the maturity of the bonds.

(ii) B Bond: the bonds are repayable starting June 2014 to June 2015 in two installments at the rate of 50% and 50%, respectively.

(f) Period:

(i) A Bond: 3 years, from June 25, 2010 to June 25, 2013

(ii) B Bond: 5 years, from June 25, 2010 to June 25, 2015

(g) Guarantee Bank:

- The bonds are guaranteed by Taipei Fubon Commercial Bank.
- C. The Company issued unsecured ordinary bonds payable in October 2010. The significant terms of the bonds are as follows:
- (a) Total issue amount: \$1,800,000
 - (b) Issue price: At par value of \$1,000 per bond
 - (c) Coupon rate: 1.23%
 - (d) Term of interest repayment:
The bond interest is calculated on simple rate every year starting October 2010 based on the coupon rate.
 - (e) Repayment term:
The bonds are repayable starting June 2014 to June 2015 in two installments at the rate of 50% and 50%, respectively.
 - (f) Period: 5 years, from October 27, 2010 to October 27, 2015
 - (g) Guarantee Bank:
The bonds are guaranteed by Taipei Fubon Commercial Bank.
- D. The Company issued unsecured ordinary bonds payable in June 2011. The significant terms of the bonds are as follows:
- (a) Total issue amount: \$3,000,000
 - (b) Issue price: At par value of \$1,000 per bond
 - (c) Coupon rate: 1.43%
 - (d) Term of interest repayment:
The bond interest is calculated on simple rate every year starting June 2011 based on the coupon rate.
 - (e) Repayment term:
The bonds are repayable starting June 2015 to June 2016 in two installments at the rate of 50% and 50%, respectively.
 - (f) Period: 5 years, from June 17, 2011 to June 17, 2016
 - (g) Guarantee Bank:
The bonds are guaranteed by Taipei Fubon Commercial Bank.
- E. The Company issued unsecured ordinary bonds payable in June 2012. The significant terms of the bonds are as follows:
- (a) Total issue amount: \$5,000,000
 - (b) Issue price: At par value of \$1,000 per bond
 - (c) Coupon rate: 1.35%
 - (d) Term of interest repayment:
The bond interest is calculated on simple rate every year starting June 2012 based on the coupon rate.
 - (e) Repayment term:
The bonds are repayable starting June 2016 to June 2017 in two installments at the rate of 50% and 50%, respectively.
 - (f) Period: 5 years, from June 18, 2012 to June 18, 2017
 - (g) Guarantee Bank:
The bonds are guaranteed by Taipei Fubon Commercial Bank.

(20) Long-term loans

	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>Collateral or security</u>
Unsecured bank loans	\$ 48,061,461	\$ 31,099,347	None
Secured bank loans	12,484,301	22,478,563	(Note)
Revolving credit facility	<u>1,400,000</u>	<u>1,500,000</u>	None
	61,945,762	55,077,910	
Less: Prepaid interest	(896)	(943)	
Current portion of long-term loans	<u>(3,971,596)</u>	<u>(3,574,435)</u>	
	<u>\$ 57,973,270</u>	<u>\$ 51,502,532</u>	
Range of maturity date	<u>2013.5~2025.9</u>	<u>2012.7~2025.9</u>	
Range of interest rates	<u>0.68%~20.50%</u>	<u>0.50%~20.50%</u>	

(Note) For details of collateral or security, please refer to Note 6 Pledged assets.

(21) Other liabilities - other

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Land use rights payable	\$ 750,000	\$ 1,000,000
Less: Discount on land use rights payable	<u>(17,633)</u>	<u>(35,697)</u>
	732,367	964,303
Less: Current portion of land use rights payable	<u>(248,237)</u>	<u>(248,108)</u>
	<u>\$ 484,130</u>	<u>\$ 716,195</u>

As of September 30, 2012, land use rights payable and discount were listed as follows:

<u>Year</u>	<u>Land use rights payable</u>	<u>Discount on land use rights payable</u>
October 1~December 31, 2012	\$ -	\$ 3,472
2013	250,000	9,540
2014	250,000	4,621
2015 (Note)	<u>250,000</u>	<u>-</u>
	<u>\$ 750,000</u>	<u>\$ 17,633</u>

(Note) The Taipei City Government agreed with the payment extended to 2015.

(22) Common stock

(a) The stockholders at their annual stockholders' meeting on June 23, 2011 adopted a resolution to increase the authorized capital by \$12,000,000 and increase capital through unappropriated retained earnings of \$2,572,284. Pursuant to the approval by the Financial Supervisory Commission, Securities and Futures Bureau, the capital increase was effective on August 15, 2011. After the capital increase, the authorized capital was set as \$60,000,000, and the paid-in capital was \$45,443,686, consisting of 4,544,369,000 shares with a par value of \$10 (in NT dollars) per share.

(b) The stockholders at their annual stockholders' meeting on June 22, 2012 adopted a resolution to increase capital through unappropriated retained earnings of \$3,181,058. Pursuant to the approval by the Financial Supervisory Commission, Securities and Futures Bureau, the capital increase was effective on August 17, 2012. After the capital increase, the authorized capital was \$60,000,000, and the paid-in capital was \$48,624,744, consisting of 4,862,474,000 shares with a par value of \$10 (in NT dollars) per share.

(23) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stock and donations shall be exclusively used to cover accumulated deficit or, distribute cash or stocks in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(24) Retained earnings

(a) Pursuant to the amended R.O.C. Company Law, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

(b) Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' bonuses shall comprise 50% to 100% of the unappropriated retained earnings, the percentage of cash dividends shall not be less than 30% of dividends distributed. Directors' and supervisors' remuneration shall comprise 2% and at least 0.2% for employees' bonuses.

(c) The appropriations of 2011 and 2010 earnings had been resolved at the stockholders' meeting on June 22, 2012 and June 23, 2011, respectively. Details are summarized below:

	<u>2011</u>		<u>2010</u>	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 944,768		\$ 1,092,904	
Cash dividends	4,544,369	\$ 1.00	6,001,996	\$ 1.40
Stock dividends	3,181,058	0.70	2,572,284	0.60
Employees' cash bonus	817,572		955,370	
Directors' and supervisors' remuneration	170,058		196,723	
Total	<u>\$ 9,657,825</u>		<u>\$10,819,277</u>	

(d) The estimated amounts of employees' bonus and directors' and supervisors' remuneration for the nine-month periods ended September 30, 2012 and 2011 were \$1,171,509 and \$931,756, respectively, and are recognized as operating cost or operating expense for 2012 and 2011. These estimates are based on a certain percentage of 2012 and 2011 net income after taking into account the legal reserve and other factors, as prescribed under the Company's Articles of

Incorporation. Information on the appropriation of the Company's employees' bonus and directors' and supervisors' remuneration as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. The actual amount approved at the stockholders' meeting for employees' bonus and directors' and supervisors' remuneration for 2011 and 2010 were \$987,819 and \$1,150,518, respectively, which were different from the estimated amounts recognized in the 2011 and 2010 financial statements by \$189 and \$1,575, respectively. Such differences were recognized in profit or loss for the nine-month periods ended September 30, 2012 and 2011, respectively.

(e) As of September 30, 2012 and 2011, the balance of unappropriated earnings was as follows:

	<u>September 30, 2012</u>	<u>September 30, 2011</u>
(a) Unappropriated earnings before 1998	\$ 36,165	\$ 36,165
(b) Unappropriated earnings in and after 1998	<u>2,140,845</u>	<u>1,363,358</u>
	<u>\$ 2,177,010</u>	<u>\$ 1,399,523</u>

Consolidated net income in the amount of \$9,855,045 and \$7,740,249 for the nine-month periods ended September 30, 2012 and 2011, respectively, cannot be distributed since these amounts have not yet been approved by the shareholders.

- (f) As of September 30, 2012 and 2011, the imputation tax credit account balance amounted to \$240,859 and \$165,284, respectively. The Company distributed unappropriated earnings in 2011 and 2010 as dividends in accordance with the resolution adopted at the stockholders' meeting on June 22, 2012 and June 23, 2011, respectively, and the date of dividends distribution was on August 17, 2012 and August 15, 2011, respectively. The 2012 and 2011 creditable ratio were 11.24% and 11.79%, respectively.
- (g) President Securities Corp. an investee company accounted for under the equity method, reclassified its reserves for trading losses and default losses into special reserve in accordance with relevant laws and regulations. Such special reserve can only be used to cover accumulated deficit, or when total amount of special reserve reached 50% of paid-in capital, half of it can be capitalized. As of September 30, 2012 and 2011, in accordance with R.O.C SFAS No. 5, "Long-term Investments under Equity Method," the Company recognized special reserve of \$105,429 and \$95,736, respectively.

(25) Earnings per share ("eps")

For the nine-month period ended September 30, 2012					
	Amount		Weighted- average number of shares outstanding during the period (shares in thousands)	EPS (in NT dollars)	
	Before tax	After tax		Before tax	After tax
	Basic earnings per share				
Net income	\$17,636,158	\$9,855,045	4,862,474	<u>\$ 3.63</u>	<u>\$ 2.03</u>
Dilutive effect of common stock equivalents:					
Employees' bonuses	—	—	20,859		
Diluted earnings per share					
Net income	<u>\$17,636,158</u>	<u>\$9,855,045</u>	<u>4,883,333</u>	<u>\$ 3.61</u>	<u>\$ 2.02</u>
For the nine-month period ended September 30, 2011					
	Amount		Weighted- average number of shares outstanding during the period (shares in thousands)	EPS (in NT dollars)	
	Before tax	After tax		Before tax	After tax
	Basic earnings per share				
Net income	14,690,674	7,740,249	4,862,474	<u>\$ 3.02</u>	<u>\$ 1.59</u>
Dilutive effect of common stock equivalents:					
Employees' bonuses	—	—	23,478		
Diluted earnings per share					
Net income	<u>\$14,690,674</u>	<u>\$7,740,249</u>	<u>4,885,952</u>	<u>\$ 3.01</u>	<u>\$ 1.58</u>

- (a) The above weighted-average outstanding common shares have been adjusted retroactively in proportion to retained earnings as of December 31, 2011.
- (b) As employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends, the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

5. RELATED PARTY TRANSACTIONS

(a) Related parties and their relationship with the Company

Name of related parties	Relationship with the Company
Presicarre Corp.	An investee company accounted for under the equity method
TTET Union Corp.	"
Kuang Chuan Dairy Co., Ltd.	"
Weilih Food Industrial Co., Ltd.	"
Uni-President Land Corporation	An affiliated company of Cayman President Holdings Ltd.
Jimmailang Beverage (Beijing) Co., Ltd.	"
Yantai Tongli Beverage Industries Co., Ltd.	"
President Fuche (Qingdo) Co., Ltd. (Note 1)	An affiliated company of Uni-President Foodstuff (BVI) Holdings Ltd.
San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	"
Chang-Tung Corporation Limited	An investee company of Kai Nan Investment Co., Ltd. (accounted for under the equity method)
Far-Tung Enterprises Corp.	An investee company of Nanlien International Corp. (accounted for under the equity method)
Union Chinese Corp.	"
Kuan Chang Wholesale & Logistics Co., Ltd.	An affiliated company of Nanlien International Corp.
Hi-life International Co., Ltd.	An investee company of Kuang Chuan Dairy Co., Ltd. (accounted for under the equity method)
Huei Tung Enterprises Corp.	Same chairman with Nanlien International Corp.
Naturally Yours Corp.	A director of President Natural International Corp.
Yellow Hat Ltd.	The representative is the chairman of Uni-President Yellow Hat Corp. (Note 2)
Kinh Do Joint Stock Company	Stockholder of Binh Duong Tribeco Joint Stock company (accounted for under the equity method)
Toyota Tsusho Corp.	A director of Ton-Yi Industrial Corp.
(Note 1)The percentage owned by the Group increased during the fourth quarter of 2011, and thus became a consolidated entity.	
(Note 2)The stock ownership of the Group was sold during the fourth quarter of 2011, and thus became a third party.	

(b) Transactions and balances with related parties

1. Sales

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	Percentage of net sales	Amount	Percentage of net sales
Huie Tung Enterprises Corp.	\$ 1,371,068	1	\$ 1,271,742	-
Presicarre Corp.	1,347,840	-	1,610,224	1
Others (Individually less than 10%)	<u>7,039,492</u>	<u>2</u>	<u>7,704,381</u>	<u>3</u>
	<u>\$ 9,758,400</u>	<u>3</u>	<u>\$10,586,347</u>	<u>4</u>

(i) The collection period for related parties was approximately one month after sales. The collection period for third parties was two weeks after sales for foodstuff, 60~120 days after sales for animal feed products and 10~15 days after sales for soybean products. Except for the collection period mentioned above, other terms of sales were the same for related and third parties.

(ii) The sales terms of other subsidiaries to related parties were the same for third parties.

2. Purchases

	For the nine-month periods ended September 30,			
	2012		2011	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Toyota Tsusho Corp.	\$ 3,855,699	2	\$ 2,942,722	1
TTET Union Corp.	243,312	-	944,217	1
Others (Individually less than 10%)	<u>2,837,604</u>	<u>1</u>	<u>3,896,436</u>	<u>2</u>
	<u>\$ 6,936,615</u>	<u>3</u>	<u>\$ 7,783,375</u>	<u>4</u>

(i) The terms of purchases and payments of the Company (due within one month) from the related parties were the same with third party suppliers, except for TTET Union Corp. (closes its accounts 30 days from the end of each month.)

(ii) The payment term for purchases from President Musahino Corp. for the related parties was 30~70 days. The payment term for third parties was 45~70 days or pays postdated checks due in 45~60 days.

(iii) The purchase terms of other subsidiaries from related parties were the same for third parties.

3. Acquisition of long-term investments

	For the nine-month periods ended September 30,	
	2012	2011
	Amount	Amount
Naturally Yours Corp.	<u>\$ -</u>	<u>\$ 77,280</u>

In June 2011, the Company acquired 2,760,000 shares of common stock of President Natural Corp. from Naturally Yours Corp. There was no such transaction during the nine-month period ended September 30, 2012.

4. Acquisition of property, plant and equipment

		<u>For the nine-month periods ended September 30,</u>	
<u>Items</u>		<u>2012</u>	<u>2011</u>
Jimmailang Beverage (Beijing) Co., Ltd.	Transportation equipment, office equipment and other equipment	\$ <u> -</u>	\$ <u> 216,211</u>

The Group acquired certain property, plant and equipment from other related parties at negotiated prices. There was no such transaction during the nine-month period ended September 30, 2012.

5. Processing expenses

		<u>For the nine-month periods ended September 30,</u>	
		<u>2012</u>	<u>2011</u>
TTET Union Corp.		\$ <u> 64,094</u>	\$ <u> 195,174</u>

6. Other expenses

		<u>For the nine-month periods ended September 30,</u>	
		<u>2012</u>	<u>2011</u>
Huei Tung Enterprises Corp.		\$ 190,464	\$ 206,638
Presicarre Corp.		105,741	80,611
Kuan Chang Wholesale & Logistics Co., Ltd.		95,498	96,292
Others (Individually less than 10%)		<u>508,897</u>	<u>714,534</u>
		\$ <u> 900,600</u>	\$ <u> 1,098,075</u>

7. Interest income: Please refer to Note 5 (3).

8. Other income

	For the nine-month periods ended September 30,	
	2012	2011
Management and technical consultancy income:		
Far Tung Enterprises Corp.	\$ 7,655	\$ 6,129
Others (Individually less than 10%)	51,400	50,175
	<u>59,055</u>	<u>56,304</u>
Other income:		
TTET Union Corp.	33,482	8,955
Yantai Tongli Beverage Industries Co., Ltd.	26,509	-
Chang-Tung Corporation Limited	18,507	15,554
Hi-life International Co., Ltd.	14,501	12,595
Union Chinese Corp.	13,287	38,767
Others (Individually less than 10%)	97,947	49,408
	<u>204,233</u>	<u>125,279</u>
	<u>\$ 263,288</u>	<u>\$ 181,583</u>

9. Accounts receivable

	September 30, 2012		September 30, 2011	
	Amount	Percentage	Amount	Percentage
Presicarre Corp.	\$ 615,255	3	\$ 616,031	3
Huei Tung Enterprises Corp.	385,171	2	306,485	2
Hi-life International Co., Ltd.	273,983	1	296,889	1
Others (Individually less than 10%)	741,076	3	715,689	4
	<u>\$2,015,485</u>	<u>9</u>	<u>\$1,935,094</u>	<u>10</u>

10. Other receivables (Financing)

	September 30, 2012		September 30, 2011	
	Amount	Percentage	Amount	Percentage
Jimmailang Beverage (Beijing) Co., Ltd.	\$ 18,204	-	\$ -	-
San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	11	-	48,255	1
Others (Individually less than 10%)	33,895	1	48,334	1
	<u>\$ 52,110</u>	<u>1</u>	<u>\$ 96,589</u>	<u>2</u>

11. Prepayments

	<u>September 30, 2012</u>		<u>September 30, 2011</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Jimmailang Beverage (Beijing) Co., Ltd.	\$ 8,884	–	\$ 220,958	2
Others (Individually less than 10%)	<u>1,812</u>	<u>–</u>	<u>2,834</u>	<u>–</u>
	<u>\$ 10,696</u>	<u>–</u>	<u>\$ 223,792</u>	<u>2</u>

12. Accounts payable

	<u>September 30, 2012</u>		<u>September 30, 2011</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Kuang Chuan Dairy Co., Ltd.	\$ 112,509	1	\$ 71,474	–
Weilih Food Industrial Co., Ltd.	83,570	–	48,871	–
Yantai Tongli Beverage Industries Co., Ltd.	66,341	–	132,600	1
Toyota Tsusho Corp.	20,510	–	118,074	–
Others (Individually less than 10%)	<u>326,269</u>	<u>1</u>	<u>497,796</u>	<u>2</u>
	<u>\$ 609,199</u>	<u>2</u>	<u>\$ 868,815</u>	<u>3</u>

13. Accrued expenses

	<u>September 30, 2012</u>		<u>September 30, 2011</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Presicarre Corp.	\$ 116,926	1	\$ 98,970	1
Huei Tung Enterprises Corp.	92,332	–	61,392	–
Hi-Life International Co., Ltd.	63,250	–	60,639	–
Others (Individually less than 10%)	<u>81,533</u>	<u>–</u>	<u>94,618</u>	<u>1</u>
	<u>\$ 354,041</u>	<u>1</u>	<u>\$ 315,619</u>	<u>2</u>

14. Other payables (Financing)

	<u>September 30, 2012</u>		<u>September 30, 2011</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Kinh Do Joint Stock Company	\$ 58,736	1	\$ 58,550	1
Yellow Hat Ltd.	–	–	43,647	–
Others (Individually less than 10%)	<u>18,608</u>	<u>–</u>	<u>48,810</u>	<u>–</u>
	<u>\$ 77,344</u>	<u>1</u>	<u>\$ 151,007</u>	<u>1</u>

(c) Financing

(i) Loans receivable to related parties (classified as other receivables - related parties and long-term notes receivable - related parties):

For the nine-month period ended September 30, 2012					
	<u>Maximum balance date</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Annual interest rate</u>	<u>Total interest income</u>
Uni-President Land Corporation	2012.6	\$ 33,181	\$ 32,859	7.00%	\$ 1,715
San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	2012.9	108,560	<u>–</u>	6.69% ~7.50%	<u>2,356</u>
			<u>\$ 32,859</u>		<u>\$ 4,071</u>

For the nine-month period ended September 30, 2011					
	<u>Maximum balance date</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Annual interest rate</u>	<u>Total interest income</u>
San Tong Wan Fu (Qingdo) Food Industry Co., Ltd.	2011.9	\$ 48,189	\$ 48,189	4.92% ~6.96%	\$ 2,077
Uni-President Land Corporation	2011.9	32,612	32,612	7.00%	1,653
President Fuche (Qingdo) Co., Ltd.	2011.3	29,182	<u>–</u>	5.41% ~6.70%	<u>750</u>
			<u>\$ 80,801</u>		<u>\$ 4,480</u>

(ii) Loans payable to related parties (classified as other payable-related parties)

For the nine-month period ended September 30, 2012					
	<u>Maximum balance date</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Annual interest rate</u>	<u>Total interest expense</u>
Kinh Do Joint Stock Company	2012.1	\$ 55,601	<u>\$ 54,400</u>	12.00% ~14.00%	<u>\$ 6,334</u>

For the nine-month period ended September 30, 2011					
	<u>Maximum balance date</u>	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Annual interest rate</u>	<u>Total interest expense</u>
Kinh Do Joint Stock Company	2011.3	\$ 68,797	<u>\$ 56,598</u>	12.80% ~14.00%	<u>\$ 6,112</u>

(d) Contingent liabilities and commitments

As of September 30, 2012 and 2011, the endorsements and guarantees provided by the Group amounted to \$1,404,362 and \$1,515,326, respectively.

6. PLEDGED ASSETS

As of September 30, 2012 and 2011, the details of pledged assets were as follows:

Assets	September 30, 2012	September 30, 2011	Purpose of collateral
Demand deposits, certificate of deposit and short-term bills (Classified as other financial asset current and non-current)	\$ 87,647	\$ 195,386	Performance guarantees
Inventories	-	174,658	Short-term loans
Available-for-sale financial assets-non-current	106,500	-	Notes and bills payable
Financial assets carried at cost - non-current	148,148	250,000	Notes and bills payable and long-term loans
Long-term equity investments accounted for under the equity method	1,938,222	3,130,736	Short-term loans, notes and bills payable and long-term loans
Land (Note)	9,508,304	9,672,176	Short-term loans, notes and bills payable and long-term loans
Buildings-net (Note)	14,498,944	14,835,634	Short-term loans, notes and bills payable and long-term loans
Machinery and equipment-net (Note)	2,568,659	2,539,434	Short-term loans and long-term loans
Transportation equipment-net	622,056	526,912	Long-term loans
Other equipment-net	141,274	184,017	Long-term loans
Other intangible assets-land occupancy rights	2,185,929	2,279,593	Short-term loans and long-term loans
Other intangible assets-land use rights	1,813,242	1,854,195	Long-term loans
Refundable deposits	164,374	541,146	Performance guarantees
Other assets-other	629,935	870,746	Notes and bills payable
	\$ 34,413,234	\$ 37,054,633	

(Note) Including property, plant and equipment, assets leased to others, idle assets and other assets.

7. COMMITMENTS AND CONTINGENT LIABILITIES

As of September 30, 2012 and 2011, the contingent liabilities and commitments of the Group, in addition to Note 5 (d) were as follows:

- (a) As of September 30, 2012 and 2011, the remaining balance due for construction in progress and prepayments for equipment were \$6,495,941 and \$4,654,708, respectively.
- (b) As of September 30, 2012 and 2011, the unused letters of credit amounted to \$1,748,992 and \$2,295,125, respectively.
- (c) As of September 30, 2012 and 2011, the endorsements and guarantees provided by the Group amounted to \$7,986,283 and \$8,357,187, respectively.
- (d) In July 2000, President Chain Store Corp. signed a perpetual technical cooperation contract (the Contract) with the Southland Corporation. The terms of the Contract are as follows:
 - (1) The Company guarantees that President Chain Store Corp. will fulfill all payments or other obligations due under the Contract to Southland Corporation.

- (2) Without the written approval of Southland Corporation in advance, the Company may not sell, transfer, or pledge the ownership or the assets of President Chain Store Corp.
- (3) The Company should maintain no less than 40% ownership of President Chain Store Corp.
- (e) In October 2008, the Company borrowed from Taiwan Bank and 7 other banks under a 5-year syndicated credit facilities agreement from October 17, 2008 to October 17, 2013. Under the terms of the loan agreement, the Company agrees that:
- (1) The current ratio computed from the year-end audited non-consolidated financial statements shall not be below 75%.
 - (2) The debt-to-equity ratio computed from the year-end audited non-consolidated financial statements shall not be above 150%.
 - (3) The interest coverage ratio computed from the year-end audited non-consolidated financial statements shall not be below 150%.
 - (4) The year-end audited consolidated tangible stockholders' equity shall not be less than \$30,000,000.
- (f) In January 2010, the Company borrowed from Chang Hwa Bank and 9 other banks under a 5-year syndicated credit facilities agreement from January 2, 2010 to January 2, 2015. Under the terms of the loan agreement, the Company agrees that:
- (1) The current ratio computed from the year-end audited non-consolidated financial statements shall not be below 75%.
 - (2) The debt-to-equity ratio computed from the year-end audited non-consolidated financial statements shall not be above 150%.
 - (3) The interest coverage ratio computed from the year-end audited non-consolidated financial statements shall not be below 150%.
 - (4) The year-end audited consolidated tangible stockholders' equity shall not be less than \$30,000,000.
- (g) Due to the plasticizer food scandal, the Consumers' Foundation, Chinese Taipei (CFCT) filed a lawsuit against the Company with the Banciao District Court and claimed \$1,573,775 for punitive and damage penalty in March, 2012. The Company's legal counsel indicated that the case has not began court sessions, and therefore, reasons and evidences advocated by CFCT for the benefits of consumers remain unjustified. Accordingly, the ultimate outcome of this case is presently undeterminable.
- (h) In May and November 2010, Cayman President Holdings Ltd. and Uni-President Southeast Asia Holdings Ltd. borrowed from Mega International Commercial Bank and other banks under a 5-year syndicated credit facilities agreement from May 25, 2010 to May 25, 2015 and from December 17, 2010 to December 17, 2015, respectively. Under the terms of the loan agreement, Cayman President Holdings Ltd. agrees that:
- (1) The current ratio computed from the year-end audited consolidated financial statements shall not be below 90%.
 - (2) The debt-to-equity ratio computed from the year-end audited consolidated financial statements shall not be above 180% in 2011, 230% in 2012 to 2013, and 200% in 2014.
 - (3) The interest coverage ratio computed from the year-end audited consolidated financial statements shall not be below 200%.
 - (4) The year-end audited consolidated tangible stockholders' equity shall not be less than USD600,000,000.
- (i) President Entertainment Corp. (PEC) signed a non-public use hillside land development contract with the National Property Bureau in July 2001. The National Property Bureau agreed to allow PEC to jointly develop certain pieces of land with a security deposit of \$63,055 and issued the certificates to PEC. PEC replaced the security deposits with time deposit in the same account. The certificates allow PEC to apply for the joint hillside development within a year which may be

extended. As of September 30, 2012, it has been extended to July 30, 2013. In addition, within three months from the approval of the application, PEC shall acquire the land. If PEC fails to acquire the land, the National Property Bureau will charge 1% of guarantee fund as penalty each month. If the land is changed or used illegally, the National Property Bureau would charge 25% of public price of the land as compensation.

- (j) President Entertainment Corp. (PEC) signed a non-public use hillside land development contract with National Property Bureau in July 2003. The National Property Bureau agreed to allow PEC to jointly develop certain pieces of land with a security deposit of \$39,434 and issued the certificates to PEC. PEC replaced the security deposits with time deposit in the same account. The certificates allow PEC to apply for the joint hillside development within two years which may be extended. As of September 30, 2012, it has been extended to July 30, 2013. In addition, within three months from the approval of the application, PEC shall acquire the land. If PEC fails to acquire the land, the National Property Bureau will charge 1% of guarantee fund as penalty each month. If the land is changed or used illegally, the National Property Bureau would charge 25% of public price of the land as compensation.
- (k) As of September 30, 2012 and 2011, a subsidiary of Nanlien International Corp. signed credit limits of performance with the bank for purchase of goods, renting warehouses and guarantee of tariff account both amounting to \$90,000.
- (l) Uni-President Development Corp. signed a "Build-Operate-Transfer Contract for the Construction, Development and Operation of a Mass Rapid Transit (MRT) Station" with the Taipei City Government in August 2004. The main contents of the contract are as follows:
 - (1)The contract includes the construction, development and operation of an MRT Station including all auxiliary structures and facilities.
 - (2)The Taipei City Government shall provide the right of land located in Shin-Yi District Lot No. 3 to carry out the contract.
 - (3)The development and operation period is 50 years starting from the time the right of land is registered (date registered - October 15, 2004). On December 31, 2007, the Taipei City Government agreed that the period shall be extended (for a total of 484 days) due to processing of building capacity compensation and changes in design.
 - (4)Uni-President Development Corp. shall pay two kinds of royalty fees:
 - (i)Royalty fees for development
Total amount is \$2,500,000 and as of September 30, 2012, Uni-President Development Corp. has paid \$1,750,000. The remainder will be paid in accordance with the terms of the contract.
 - (ii)Royalty fees for operation
Uni-President Development Corp. shall pay operation royalty fees to the Taipei City Government using the progressive increase method one year after the start of commercial operations.
 - (5)Uni-President Development Corp. shall pay the rent to the Taipei City Government based on a fixed percentage of the announced land value one year after the start of commercial operations.
 - (6)Uni-President Development Corp. shall transfer freely the operating right for the MRT Station to the Taipei City Government when the contract expires.
Uni-President Development Corp. also agrees to enter into a new contract with the Taipei City Government to bring the MRT Station back into public ownership 5 years before the end of the contract. The new contract shall be finished within 6 months. In addition, Uni-President Development Corp. shall propose a detailed plan before entering into a new contract with regard to the rights and responsibilities of the transfer of the MRT Station. Uni-President Development Corp. has obtained the license described above on January 12, 2010.
- (m)The contract signed by Uni-President Development Corp. with the Taipei City Government described above was identified by the Taipei Revenue Service Office in 2004. The land was

assessed to be free from land value tax starting from 2005 to 2009 based on “Taipei City regulations to promote private sector participation in major public construction on land tax, house tax, and deed tax relief”. However, the Taipei Revenue Service wrote to the Taipei City Department of Public Transport and affirmed that the land described above is subject to land value tax based on general rate of land from 2005 to 2009. The Taipei City Department of Public Transport informed Uni-President Development Corp. to pay \$167,406 for the rent of the land from 2005 to 2009. Uni-President Development Corp. refused to accept the assessment, and authorized its legal counsel to handle the procedures for reexamination and appeals. Based on the opinion of the Company’s legal counsel, the ultimate outcome of the case is still undeterminable. Uni-President Development Corp. had recognized the related liability for conservative purpose. However, the Company has recognized the related additional tax payable which was classified as “accrued expenses”.

- (n) To sustain interim working capital, Ton Yi Industrial Corp. has signed a syndicated loan agreement with Taiwan Bank, and Mega International Commercial Bank, etc. in 2011 and 2009, respectively. Ton Yi Industrial Corp. and its subsidiaries have to maintain consolidated debt-to-equity ratio of less than 180%, interest coverage ratio of over 200%, and the consolidated tangible stockholders’ equity of not less than \$15,000,000. Under the terms of the loan agreement, if any of the financial ratios or regulations above has been violated, Ton Yi Industrial Corp. and its subsidiaries shall improve it within four months after the announcement of financial reports. Should Ton Yi Industrial Corp. meet the required financial ratios and regulations by then, it will not be considered as a violation of the agreement. The credit rate should be overcharged by 0.1% of annual floating rate from the day after the announcement of the financial report which violates the financial ratios or regulations above to the day before Ton Yi Industrial Corp. and its subsidiaries meet the required financial ratios. Otherwise, the banks have the rights to demand Ton Yi Industrial Corp. to pay off the loan balance immediately. The rights to use the loan balance will terminate automatically once Ton Yi Industrial Corp. fails to meet the regulations above, and cannot be used again unless agreed by majority of the above banks. However, if Ton Yi Industrial Corp. and its subsidiaries adopt IFRSs, and they fail to meet the required financial ratios, it will not be considered as a violation of the agreement. But Ton Yi Industrial Corp. shall communicate with Taiwan Bank about the required financial ratios which shall be agreed by majority of other banks.
- (o) President Chain Store Corp., Philippine Seven Corporation and President Chain Store Corp (Shanghai) signed a perpetual technical cooperation contract (the Contract) with 7-ELEVEN Inc. As required by the contract, the above companies shall pay royalties to 7-ELEVEN Inc. based on total monthly sales.
- (p) President Chain Store Corp. (PCSC) and its subsidiaries signed rental agreements with non-related parties to rent store spaces with lease periods ranging from 3 to 20 years. As of September 30, 2012, PCSC and its subsidiaries have prepaid rent and guarantee deposits in the amount of \$564,380 and \$1,789,315, respectively. Summary of the estimated annual rental expense of PCSC and its subsidiaries is as follows:

<u>Year</u>	<u>Total rental expense</u>
2012.10.1~2012.12.31	\$ 2,300,703
2013	9,103,073
2014	8,339,652
2015	7,365,797
2016	7,251,691
2017 and thereafter (Present Value \$14,872,227)	<u>15,423,728</u>
	<u>\$ 49,784,644</u>

8. SIGNIFICANT CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) The fair values of the financial instruments

	September 30, 2012			September 30, 2011		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated using a valuation method		Quotations in an active market	Estimated using a valuation method
<u>Non-derivative financial instruments</u>						
Assets						
Financial assets with book value equal to fair value	\$ 73,419,299	\$ -	\$ 73,419,299	\$ 66,627,679	\$ -	\$ 66,627,679
Financial assets at fair value through profit or loss	11,461,182	11,461,182	-	9,292,330	9,292,330	-
Available-for-sale financial assets	8,913,323	8,913,323	-	8,610,554	8,610,554	-
Financial assets carried at cost- non-current	4,150,000	-	-	4,686,848	-	-
Investments in bonds without active markets - non-current	292,004	-	-	303,764	-	-
Other financial assets - non-current	67,546	-	67,546	44,193	-	44,193
Refundable deposits	4,264,100	-	4,264,100	3,920,021	-	3,920,021
Long-term notes, accounts and overdue receivables	578,402	-	578,402	582,597	-	582,597

	September 30, 2012			September 30, 2011		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated using a valuation method		Quotations in an active market	Estimated using a valuation method
<u>Non-derivative financial instruments</u>						
Liabilities						
Financial liabilities with book						
equal to fair value	\$124,216,109	\$ -	\$ 124,216,109	\$114,691,965	\$ -	\$ 114,691,965
Bonds payable	12,800,000	-	12,800,000	10,000,000	-	10,000,000
Long-term loans	57,973,270	-	57,973,270	51,502,532	-	51,502,532
Long-term notes payable	191,704	-	191,704	399,084	-	399,084
Guarantee deposits received	5,182,506	-	5,182,506	4,501,032	-	4,501,032
<u>Derivative financial instruments</u>						
Assets						
Equity-linked notes	195,921	-	195,921	81,891	-	81,891
Convertible bonds	133,302	-	133,302	-	-	-
Forward foreign exchange contracts	833	-	833	22,685	-	22,685
Liabilities						
Over-allotment option	-	-	-	1,962	-	1,962

(a) The methods and assumptions used to estimate the fair values of financial instruments are summarized as follows:

1. For short-term financial instruments, the fair values were determined based on their carrying amounts because of short maturities of the instruments. This applied to cash and cash equivalents, notes receivable and accounts receivable, other receivables, other financial assets - current, short-term loans, notes and bills payable, notes payable and accounts payable, accrued expenses, other payables, the current portion of long-term loan due within one year and other current liabilities.
2. The fair values of other financial assets - non-current, refundable deposits and long-term notes, accounts and overdue receivables are based on the discounted value of expected future cash inflows, which are discounted based on the interest rate of one-year time deposit of the Postal Savings System at September 30, 2012 and 2011.
3. The fair values of bonds payable, long-term loans, long-term notes payable and guarantee deposits received were based on the discounted value of expected future cash flow amounts, which are discounted based on the interest rates of similar long-term loans at September 30, 2012 and 2011.
4. The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based on the amounts to be received or paid assuming that the contracts were settled as of the reporting date.

(b) The Group recognized the amount of \$851,227 and \$2,345,504 as deduction and addition to stockholders' equity for the changes in fair value of available-for-sale financial assets for the nine-month periods ended September 30, 2012 and 2011, respectively.

(2) Procedure of financial risk control and hedge

The Group adopts a comprehensive control system to identify all risks (including market risk, credit risk, liquidity risk and cash flow risk), which enables the Group to control and measure the market risk, credit risk, liquidity risk and cash flow risk effectively. The target of the market risk management is to appropriately consider the economic environment, competition, and impact of market value risk, to optimize risk exposure, to sustain liquidity, and to manage all the foreseen market risk collectively.

(3) Information of material financial risk

(a) Market risk

1. Exchange rate risk

Some purchases are valued in US dollars, therefore the fair value changes with market exchange rate. The Group holds equivalent assets and liabilities in foreign currencies, and the period of collection and payment is equivalent to offset the market risk, thus the risk is minimal. The Group carries on business transactions involving non-functional currency which would be affected by fluctuations in exchange rates. Certain foreign currency denominated assets and liabilities affected by significant fluctuations in exchange rates are shown below:

(foreign currency: functional currency)	September 30, 2012		September 30, 2011	
	Foreign currency amount	Exchange rate	Foreign currency amount	Exchange rate
	(thousand dollars)	(dollars)	(thousand dollars)	(dollars)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 35,884	29.30	\$ 26,547	30.48
CAD : NTD	596	29.93	3,194	29.21
JPY : NTD	343,663	0.38	4,737	0.40
EUR : NTD	1,011	37.89	1,803	41.23
HKD : NTD	2,828	3.78	-	-
<u>Non-Monetary items</u>				
JPY : NTD	475,992	0.38	475,200	0.40
HKD : NTD	117,015	3.78	13,188	3.91
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	6,736	29.30	41,124	30.48
JPY : NTD	485,557	0.38	168,388	0.40

2. Interest rate risk

Short-term loans, notes and bills payable and long-term loans are debts with floating interest rates; however, the risk is minimal due to insignificant fluctuations.

3. Price risk

The Group entered into equity derivative financial instruments which are affected by changes in market price. The Group has set a stop-loss point in these transactions, therefore, the Group does not expect to have significant market risk.

(b) Credit risk

The Group entered into derivative financial instruments with financial institutions with good credit ratings. The Group traded equity derivative financial instruments in centralized trading markets and GreTai Securities Market. The counterparties to the foregoing financial instruments are reputable institutions. The Group also assesses the credit ratings of the counterparties when they trade. The possibility of default by those parties is low. The maximum value is the carrying amount of derivative financial instruments. Loan guarantees provided by the Group follows "the Endorsements and Guarantees Procedure". Since the Group has assessed the credit rating of guaranteed companies, the Group did not require the guaranteed companies to provide collateral. The possible credit risk loss is equal to the guaranteed amount.

(c) Liquidity risk

The available-for-sale financial instruments-mutual funds, publicly traded stocks or corporation bonds have active markets where the Group can sell financial instruments near their fair value. In the case of financial assets carried at cost without active markets, the liquidity risk is material.

(d) Interest change cash flow risk

Short-term and long-term loans are debts with floating interest rates that change with market

interest rate fluctuations. Commercial papers payable have no market risk due to its having fixed interest rates.

(e) The information on derivative financial instruments are described in Note 4 (2).

(4) Certain accounts in the September 30, 2011 consolidated financial statements were reclassified to conform with the September 30, 2012 consolidated financial statement presentation.

11. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES

(1) Related information of significant transactions

This information is not required to be disclosed in quarterly consolidated financial statements.

(2) Disclosure information of investee company

This information is not required to be disclosed in quarterly consolidated financial statements.

(3) Disclosure of information on indirect investments in Mainland China

This information is not required to be disclosed in quarterly consolidated financial statements.

(4) Intercompany Relationships and Significant Intercompany Transactions

For the nine-month period ended September 30, 2012 (Units in thousands of currencies indicated):

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms		The percentage of total combined revenue or total assets (Note 4)
						Transaction terms		
0	Uni-President Enterprises Corp.	Uni-President Cold Chain Corp.	1	(Sales)	(\$ 5,819,001)	Closes its accounts 30 days after the end of each month		(2%)
			1	Accounts receivable	1,060,075	—		—
			2	Other expenses	319,017	—		—
			2	(Accrued expenses)	(128,884)	—		—
		Tung Ang Enterprises Corp.	1	(Sales)	(5,376,545)	Settle its accounts every 10 days and remit within 28 days after settelewent		(2%)
			1	Accounts receivable	747,333	—		—
		President Chain Store Corp.	1	(Sales)	(2,128,973)	Closes its accounts 35 days after the end of each month		(1%)
			1	Accounts receivable	533,742	—		—
			2	(Accrued expenses)	100,022	—		—
		Retail Support International Corp.	1	(Sales)	(2,064,892)	Closes its accounts 30~60 days after the end of each month		(1%)
			1	Accounts receivable	285,718	—		—
		Tun Hsiang Enterprises Corp.	1	(Sales)	(1,362,098)	2 months after sales		—
			2	Other expenses	141,210	—		—
			1	Accounts receivable	416,443	—		—
		Tung Shun Enterprises Corp.	1	(Sales)	(1,028,275)	2 months after sales		—
			1	Accounts receivable	317,454	—		—
		Uni-President Vendor Corp.	1	(Sales)	(484,065)	Closes its accounts 30~60 days after the end of each month		—
		Tone Chu Enterprises Corp.	1	(Sales)	(475,923)	2 months after sales		—
			1	Accounts receivable	126,520	—		—
		Tung Yi Enterprises Corp.	1	(Sales)	(437,759)	2 months after sales		—
			1	Accounts receivable	130,439	—		—
		Tung-Hsiang Enterprises Corp.	1	(Sales)	(394,250)	2 months after sales		—
			1	Accounts receivable	114,386	—		—
		Tung Che Enterprises Corp.	1	(Sales)	(223,996)	2 months after sales		—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
		Hsin Tung Enterprises Corp.	1	(Sales)	(\$ 194, 896)	"	—
		Xin Ya Enterprises Corp.	1	(Sales)	(167, 148)	"	—
		Tung Yu Enterprises Corp.	1	(Sales)	(135, 943)	"	—
		Tung Shen Enterprises Corp.	1	(Sales)	(117, 131)	"	—
0	Uni-President Enterprises Corp.	Yuan-Tai Enterprises Corp.	1	(Sales)	(116, 011)	2 months after sales	—
		Tait Marketing & Distribution Co., Ltd.	1	(Sales)	(137, 908)	One month	—
		President Kikkoman Inc.	2	Purchases	819, 330	One month	—
		President Nisshin Corp.	2	Purchases	338, 629	Closes its accounts 30 days after the end of each month	—
		President Packaging Corp.	2	Purchases	167, 339	One month	—
		Uni-President Dream Parks Corp.	2	advertising expenses	414, 438	—	—
1	President Packaging Corp.	Retail Support International Corp.	3	(Sales)	(228, 550)	Closes its accounts 30~50 days after the end of each month	—
2	Nanlien International Corp.	Lien Bo Enterprises Corp.	3	(Sales)	(789, 834)	Closes its accounts 15~60 days after the end of each month	—
		Lien Song Enterprises Corp.	3	(Sales)	(195, 158)	Closes its accounts 12 days after the end of each month	—
3	Tait Marketing & Distribution Co., Ltd.	Retail Support International Corp.	3	(Sales)	(156, 714)	One month	—
4	President Musashino Corp.	Uni-President Cold Chain Corp.	3	(Sales)	(1, 300, 386)	Closes its accounts 45 days after the end of each month	—
			3	Accounts receivable	375, 380	—	—
5	Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	3	(Sales)	(5, 839, 260)	30 days after shipping	(2%)
			3	Accounts receivable	656, 607	—	—
		Fujian Ton Yi Tinplate Co., Ltd.	3	(Sales)	(163, 708)	30 days after shipping	—
		Tovecan Corp.	3	(Sales)	(153, 509)	"	—
		Jiangsu Ton Yi Tinplate Co., Ltd.	3	(Sales)	(105, 339)	"	—
6	President Chain Store Corp.	Wisdom Distribution Services Corp.	3	Other receivables	100, 712	—	—
7	Uni-President Cold Chain Corp.	President Chain Store Corp.	3	(Sales)	(18, 370, 172)	Closes its accounts 20~70 days after the end of each month	(6%)
			3	Accounts receivable	4, 149, 296	—	1%
8	Retail Support International Corp.	President Chain Store Corp.	3	(Sales)	(40, 528, 308)	Closes its accounts 10~54 days after the end of each month	(12%)
			3	Accounts receivable	4, 357, 433	—	1%
		President Drugstore Business Corp.	3	(Sales)	(4, 848, 384)	Closes its accounts 45~60 days after the end of each month	(1%)
			3	Accounts receivable	1, 146, 867	—	—
		President Starbucks Coffee Corp.	3	(Sales)	(438, 498)	Closes its accounts 15~28 days after the end of each month	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
9	President Information Corp.	President Chain Store Corp.	3	(Service revenue)	(\$ 538,724)	Closes its accounts 30 days after the end of each month	—
				Accounts receivable	106,057	—	—
10	President Pharmaceutical Corp.	Retail Support International Corp.	3	(Sales)	(1,073,691)	Closes its accounts 30~80 days after the end of each month	—
				Accounts receivable	351,299	—	—
11	President Transnet Corp.	Retail Support International Corp.	3	(Sales)	(170,548)	Closes its accounts 30~45 days after the end of each month	—
12	Wisdom Distribution Services Corp.	President Chain Store Corp.	3	(Sales)	(8,183,687)	Closes its accounts 30~60 days after the end of each month	(3%)
				Accounts receivable	1,591,673	—	—
13	Century Quick Services Restaurant Corp.	Uni-President Cold Chain Corp.	3	(Sales)	(113,674)	Closes its accounts 50 days after the end of each month	—
14	Capital Inventory Services Corp.	President Chain Store Corp.	3	(Service revenue)	(154,464)	Closes its accounts 60 days after the end of each month	—
15	Duskin Serve Taiwan Co., Ltd.	President Chain Store Corp.	3	(Service revenue)	(139,878)	Closes its accounts 40~60 days after the end of each month	—
16	Uni-President Oven Bakery Corp.	Uni-President Cold Chain Corp.	3	(Sales)	(130,693)	Closes its accounts 50 days after the end of each month	—
17	Qware Systems & Services Corp.	President Chain Store Corp.	3	(Sales)	(259,616)	Closes its accounts 45 days after the end of each month	—
18	Tung Ang Enterprises Corp.	Retail Support International Corp.	3	(Sales)	(1,764,706)	Closes its accounts 30 days after the end of each month	(1%)
				Accounts receivable	207,451	—	—
		Tun Hsiang Enterprises Corp.	3	(Sales)	(1,333,251)	77 days after delivery	—
		Accounts receivable	3	417,249	—	—	
		Tung Yu Enterprises Corp.	3	(Sales)	(405,995)	12 days after delivery	—
		Tone Chu Enterprises Corp.	3	(Sales)	(275,249)	77 days after delivery	—
		Hsin Tung Enterprises Corp.	3	(Sales)	(162,759)	17 days after delivery	—
Tung-Bo Enterprises Corp.	3	(Sales)	(128,226)	12 days after delivery	—		
19	Scino Pharm (Kunshan) Biochemical Technology Co., Ltd.	Scino Pharm Taiwan Ltd.	3	(Sales)	(CNY 66,425)	90 days after delivery	—
20	Lien Bo Enterprises Corp.	Retail Support International Corp.	3	(Sales)	(587,916)	Closes its accounts 15~70 days after the end of each month	—
				Accounts receivable	130,854	—	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Transaction terms		The percentage of total combined revenue or total assets (Note 4)
					Amount		
21	President Logistics International Corp.	Uni-President Cold Chain Corp.	3	(Distribution revenue)	(\$ 695,764)	Closes its accounts 20 days after the end of each month	—
		Retail Support International Corp.	3	(Distribution revenue)	(518,971)	"	—
		Wisdom Distribution Services Corp.	3	(Distribution revenue)	(217,828)	"	—
22	Chieh Shun Transport Corp.	President Transnet Corp.	3	(Distribution revenue)	(412,380)	Closes its accounts 40 days after the end of each month	—
			3	Accounts receivable	112,718	—	—
		President Logistics International Corp.	3	(Distribution revenue)	(222,695)	Closes its accounts 20 days after the end of each month	—
23	Presi Clerc Ltd.	PresiClerc (Beijing) Supermarket Ltd.	3	Other receivables	310,919	—	—
24	Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	(Sales)	(USD 113,941)	30 days after shipping	(1%)
				Accounts receivable	USD 11,156	—	—
24	Cayman Ton Yi Industrial Holdings Ltd.	Jiangsu Ton Yi Tinplate Co., Ltd.	3	(Sales)	(USD 81,699)	30 days after shipping	(1%)
				Accounts receivable	USD 10,112	—	—
				Other receivables	USD 10,000	—	—
				Other receivables	USD 10,000	—	—
25	Uni-President (Thailand) Ltd.	Uni-President Marketing Ltd.	3	(Sales)	(THB 1,191,726)	Closes its accounts 60 days after the end of each month	—
				Accounts receivable	THB 260,340	—	—
26	Tribeco Binh Duong Co., Ltd.	Sai Gon Beverages Joint Stock Company	3	(Sales)	(VND 239,532,351)	Closes its accounts 25 days after the end of each month	—
				Accounts receivable	VND 213,047,619	—	—
27	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	3	(Sales)	(USD 12,865)	67 days after invoice date	—
				Accounts receivable	USD 4,143	—	—
28	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	3	(Sales)	(USD 15,699)	67 days after invoice date	—
				Accounts receivable	USD 5,519	—	—
				Accounts receivable	USD 8,206	—	—
29	Taizhou Ton Yi Industrial Co., Ltd.	Taizhou President Enterprises Co., Ltd.	3	(Sales)	(USD 27,636)	40-50 days after invoice date	—
				Accounts receivable	USD 12,869	—	—
				Accounts receivable	CNY 23,807	—	—
30	Wuhan President Enterprises Food Co., Ltd.	Changsha President Enterprises Co., Ltd.	3	(Sales)	(CNY 230,299)	Closes its accounts 30 days after the end of each month	—
				Accounts receivable	CNY 40,000	—	—
				Other receivables	CNY 40,000	—	—
				Accounts receivable	(CNY 35,801)	Closes its accounts 30 days after the end of each month	—
		Kunshan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 22,202)	"	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount		Transaction terms	The percentage of total combined revenue or total assets (Note 4)
31	Kunshan President Enterprises Food Co., Ltd.	Uni-President Trading (Kunshan) Co., Ltd.	3	(Sales)	(CNY	337,860)	"	—
		Hefei President Enterprises Co., Ltd.	3	(Sales)	(CNY	81,608)	"	—
			3	Accounts receivable	CNY	51,311	—	—
		Guangzhou President Enterprises Co., Ltd.	3	(Sales)	(CNY	38,135)	Closes its accounts 30 days after the end of each month	—
		Shanghai President Coffee Co., Ltd.	3	(Sales)	(CNY	38,160)	"	—
		Wuhan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY	21,709)	"	—
32	Hefei President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY	130,144)	"	—
			3	Accounts receivable	CNY	44,989	—	—
		Uni-President Trading (Kunshan) Co., Ltd.	3	(Sales)	(CNY	50,005)	Closes its accounts 30 days after the end of each month	—
			3	Accounts receivable	CNY	43,626	—	—
		Zhengzhou President Enterprises Food Co., Ltd.	3	(Sales)	(CNY	23,857)	Closes its accounts 30 days after the end of each month	—
32	Hefei President Enterprises Co., Ltd.	President Enterprises (China) Investment Corp.	3	Other receivables	CNY	100,000	—	—
33	Shenyang President Enterprises Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	3	(Sales)	(CNY	73,069)	Closes its accounts 30 days after the end of each month	—
		Harbin President Enterprises Co., Ltd.	3	(Sales)	(CNY	28,794)	—	—
34	Chongqing President Enterprise Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	3	(Sales)	(CNY	34,630)	Closes its accounts 30 days after the end of each month	—
			3	(Sales)	(CNY	25,578)	"	—
35	Changchun President Enterprise Co., Ltd.	Shenyang President Enterprises Co., Ltd.	3	(Sales)	(CNY	23,786)	"	—
36	Zhengzhou President Enterprises Food Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	3	(Sales)	(CNY	36,261)	"	—
		Nanchang President Enterprises Co., Ltd.	3	(Sales)	(CNY	34,317)	"	—
		Henan President Enterprise Co., Ltd.	3	Other receivables	CNY	40,000	—	—
37	Beijing President Enterprises Drinks & Food Co., Ltd.	Beijing President Food Co., Ltd.	3	(Sales)	(CNY	45,716)	Closes its accounts 30 days after the end of each month	—
		Hefei President Enterprises Co., Ltd.	3	(Sales)	(CNY	32,648)	"	—
38	Guangzhou President Enterprises Co., Ltd.	President Enterprises (China) Investment Corp.	3	Other receivables	CNY	100,000	—	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Transaction terms			The percentage of total combined revenue or total assets (Note 4)
				Subject	Amount	Transaction terms	
39	Taizhou President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 302,038)	Closes its accounts 30 days after the end of each month	—
			3	Accounts receivable	CNY 160,630	—	—
		Jinan President Enterprise Co., Ltd.	3	Other receivables	CNY 60,000	—	—
40	Nanchang President Enterprises Co., Ltd.	Wuhan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 61,813)	Closes its accounts 30 days after the end of each month	—
			3	Accounts receivable	CNY 28,972	—	—
		Zhengzhou President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 43,640)	Closes its accounts 30 days after the end of each month	—
41	Chengdu President Enterprises Food Co., Ltd.	Xinjiang President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 46,984)	"	—
		Kunming President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 26,970)	"	—
		Chongqing President Enterprises Co., Ltd.	3	Other receivables	CNY 100,000	—	—
42	Xinjiang President Enterprises Food Co., Ltd.	Aksu President Enterprises Co., Ltd.	3	Other receivables	CNY 75,000	—	—
43	Changsha President Enterprises Co., Ltd.	Wuhan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 69,309)	Closes its accounts 30 days after the end of each month	—
44	Shanghai E & P Trading Co., Ltd.	Beijing President Enterprises Drinks & Food Co., Ltd.	3	(Sales)	(CNY 105,218)	Closes its accounts 30 days after the end of each month	—
		Kunshan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 107,669)	"	—
		Guangzhou President Enterprises Co., Ltd.	3	(Sales)	(CNY 96,550)	"	—
		Wuhan President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 71,693)	"	—
		Zhengzhou President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 48,296)	"	—
		Hefei President Enterprises Co., Ltd.	3	(Sales)	(CNY 51,123)	"	—
		Changsha President Enterprises Co., Ltd.	3	(Sales)	(CNY 42,846)	"	—
		Fuzhou President Enterprises Co., Ltd.	3	(Sales)	(CNY 42,101)	"	—
		Nanchang President Enterprises Co., Ltd.	3	(Sales)	(CNY 41,703)	"	—
		Shenyang President Enterprises Co., Ltd.	3	(Sales)	(CNY 26,893)	"	—
45	Nanning President Enterprises Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	3	(Sales)	(CNY 240,589)	"	—
			3	Accounts receivable	CNY 44,288	—	—
46	Aksu President Enterprises Co., Ltd.	Xinjiang President Enterprises Food Co., Ltd.	3	(Sales)	(CNY 33,072)	Closes its accounts 30 days after the end of each month	—
			3	Accounts receivable	CNY 27,024	—	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
47	Zhanjiang President Enterprises Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	3	(Sales)	(CNY 72,643)	Closes its accounts 30 days after the end of each month	—
48	Da Tong Ying Corp.	Uni-Splendor Corp.	3	(Sales)	(CNY 109,465)	"	—
49	Uni-Splendor Corp.	Ever-Splendor Electrics (Shenzhen) Co., Ltd.	3	(Sales)	(USD 22,826)	According to the state of fund	—
		Uni-Splendor Technology (Huizhou) Corp.	3	Accounts receivable	USD 26,958	—	—
			3	(Sales)	(USD 42,304)	According to the state of fund	—
			3	Accounts receivable	USD 110,289	—	1%
50	Grand-Prosper (HK) Ltd.	Uni-Splendor Corp.	3	Accounts receivable	USD 99,627	—	1%
51	Ever-Splendor Electrics (Shenzhen) Co., Ltd.	Uni-Splendor Corp.	3	(Sales)	(CNY 512,542)	According to the state of fund	(1%)
			3	Accounts receivable	CNY 75,518	—	—
52	Uni-Splendor Technology (Huizhou) Corp.	Uni-Splendor Corp.	3	(Sales)	(CNY 717,355)	According to the state of fund	(1%)
			3	Accounts receivable	CNY 62,149	—	—
53	Cayman President Holdings Ltd.	Sanshui Jianlibao Commerce Co., Ltd.	3	Other receivables	USD 30,000	—	—
		Uni-President Foodstuff (BVI) Holdings Ltd.	3	Other receivables	USD 30,000	—	—
54	Uni-Home Tech Corp.	Grand-Prosper (HK) Ltd.	3	Accounts receivable	USD 127,501	—	1%
55	Uni-President Foodstuff (BVI) Holdings Ltd.	Zhongshan President Enterprises Co., Ltd.	3	Other receivables	USD 9,074	—	—
56	Vision Distribution Service Corp.	Wisdom Distribution Services Corp.	3	(Sales)	(646,384)	Closes its accounts 65 days after the end of each month	—
			3	Accounts receivable	307,875	—	—
57	Tung Guan Enterprises Co., Ltd.	President Chain Store Corp.	3	(Sales)	(120,282)	Closes its accounts 55 days after the end of each month	—
58	President Collect Service Co., Ltd.	President Transnet Corp.	3	Other receivables	822,404	—	—
59	Books. Com	President Chain Store Corp.	3	Other receivables	177,017	—	—
60	Kai Yu (BVI) Investment Co., Ltd.	Uni-President Foodstuff (BVI) Holdings Ltd.	3	Other receivables	USD 24,500	—	—
		Cayman President Holdings Ltd.	3	Other receivables	USD 11,080	—	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)		
61	Uni-President Enterprises China Holdings Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	Other receivables	CNY 310,709	—	—		
		Guangzhou President Enterprises Co., Ltd.	3	Other receivables	CNY 190,230	—	—		
		Chengdu President Enterprises Food Co., Ltd.	3	Other receivables	CNY 158,525	—	—		
		Beijing President Enterprises Drinks & Food Co., Ltd.	3	Other receivables	CNY 144,138	—	—		
		Shenyang President Enterprises Co., Ltd.	3	Other receivables	CNY 126,820	—	—		
		Wuhan President Enterprises Food Co., Ltd.	3	Other receivables	CNY 126,820	—	—		
		Zhengzhou President Enterprises Food Co., Ltd.	3	Other receivables	CNY 95,115	—	—		
		Fuzhou President Enterprises Co., Ltd.	3	Other receivables	CNY 95,115	—	—		
		Harbin President Enterprises Co., Ltd.	3	Other receivables	CNY 63,410	—	—		
		Changsha President Enterprises Co., Ltd.	3	Other receivables	CNY 44,387	—	—		
		Uni-President Asia Holdings Ltd.	3	Other receivables	CNY 41,851	—	—		
		Kunming President Enterprises Food Co., Ltd.	3	Other receivables	CNY 31,705	—	—		
		62	President Enterprises (China) Investment Corp.	Nanning President Enterprises Co., Ltd.	3	Other receivables	CNY 235,000	—	—
				Changchun President Enterprise Co., Ltd.	3	Other receivables	CNY 147,200	—	—
Changsha President Enterprises Co., Ltd.	3			Other receivables	CNY 145,000	—	—		
Jinan President Enterprise Co., Ltd.	3			Other receivables	CNY 120,000	—	—		
Baiyin President Enterprise Co., Ltd.	3			Other receivables	CNY 116,000	—	—		
Beijing President Enterprises Drinks & Food Co., Ltd.	3			Other receivables	CNY 110,000	—	—		
Kunshan President Enterprises Food Co., Ltd.	3			Other receivables	CNY 98,000	—	—		
Uni-President Shanghai Pearly Century Co., Ltd.	3			Other receivables	CNY 80,000	—	—		
Zhanjiang President Enterprises Co., Ltd.	3			Other receivables	CNY 78,000	—	—		
Xuzhou President Enterprises Co., Ltd.	3			Other receivables	CNY 60,000	—	—		
Aksu President Enterprises Co., Ltd.	3	Other receivables	CNY 58,000	—	—				

For the nine-month period ended September 30,2011(Units in thousands of currencies indicated):

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms		The percentage of total combined revenue or total assets (Note 4)	
0	Uni-President Enterprises Corp.	Uni-President Cold Chain Corp.	1	(sales)	(\$ 5,838,668)	Closes its accounts 30 days after the end of each month	(2%)		
			1	Accounts receivable	1,089,312	-	-		
			2	Other expenses	391,685	-	-		
					2	(Accred expenses)	(148,592)	-	-
				Tung Ang Enterprises Corp.	1	(sales)	(5,495,469)	Closes its accounts 28 days after 10 days	(2%)
					1	Accounts receivable	1,037,150	-	-
				President Chain Store Corp.	1	(sales)	(2,173,033)	Closes its accounts 30 days after the end of each month	(1%)
					1	Accounts receivable	275,585	-	-
					1	(Long-term investment)	318,802	-	-
					2	(Accred expenses)	(131,496)	-	-
				Retail Support International Corp.	1	(sales)	(1,667,134)	Closes its accounts 30 days after the end of each month	(1%)
					1	Accounts receivable	192,890	-	-
				TungHsiang Enterprises Corp.	1	(sales)	(1,327,758)	2 months after sales	-
					1	Accounts receivable	294,797	-	-
					2	Other expenses	145,036	-	-
				Tung Shun Enterprises Corp.	1	(sales)	(939,067)	2 months after sales	-
					1	Accounts receivable	310,633	-	-
				Uni-President Vendor Corp.	1	(sales)	(523,021)	Closes its accounts 30-60 days after the end of each month	-
				Tone Chu Enterprises Corp.	1	(sales)	(447,992)	2 months after sales	-
				Tung Yi Enterprises Corp.	1	(sales)	(378,800)	"	-
					1	Accounts receivable	127,824	-	-
				Tung-Hsiang Enterprises Corp.	1	(sales)	(319,784)	2 months after sales	-
				Tung Che Enterprises Corp.	1	(sales)	(237,784)	"	-
				Hsin Tung Enterprises Corp.	1	(sales)	(202,575)	"	-
				Tung Yu Enterprises Corp.	1	(sales)	(180,357)	"	-
				Xin Ya Enterprises Corp.	1	(sales)	(146,847)	"	-

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
0	Uni-President Enterprises Corp.	Tung Shen Enterprises Corp.	1	(sales)	(\$ 123,969)	One month	—
		President Kikkoman Inc.	2	purchases	741,806	"	—
		President Nisshin Corp.	2	purchases	378,458	Closes its accounts 30 days after the end of each month	—
		President Packaging Corp.	2	purchases	157,481	One month	—
		Uni-President Dream Parks Corp.	2	Advertising expenses	297,242	-	—
		Linkhope Int'l LLC	2	Long-term investment	1,006,683	-	—
1	Cayman President Holdings Ltd.	Sanshui Jianlibao Commerce Co., Ltd	3	Other receivables	USD 30,000	-	—
		Uni-President Foodstuff (BVI) Holdings Ltd.	3	Other receivables	USD 30,000	-	—
2	President Packaging Corp.	Retail Support International Corp.	3	(sales)	(212,828)	Closes its accounts 30~50 days after the end of each month	—
3	Nanlien International Corp.	Lien Bo Enterprises Corp.	3	(sales)	(760,341)	Closes its accounts 15~60 days after the end of each month	—
		Lien Song Enterprises Corp.	3	(sales)	(174,360)	Closes its accounts 12 days after the end of each month	—
4	President Musashino Corp.	Uni-President Cold Chain Corp.	3	(sales)	(1,138,861)	Closes its accounts 45 days after the end of each month	—
			3	Accounts receivable	313,446	-	—
			3	(sales)	(6,121,510)	30 days after shipping	(2%)
5	Ton-Yi Industrial Corp.	Cayman Ton Yi Industrial Holdings Ltd.	3	Accounts receivable	1,058,439	-	—
		Tovecan Corp.	3	(sales)	(103,354)	30 days after shipping	—
		Jiangsu Ton Yi Tinplate Co., Ltd.	3	(sales)	(102,234)	"	—
			3	(sales)	(104,928)	a period of 36 after sales	—
6	President Tokyo Corp.	Chieh Shun Transport Corp.	3	Accounts receivable	104,863	-	—
			3	Accounts receivable	157,294	-	—
		President Transnet Corp.	3	Accounts receivable	157,294	-	—
7	Tait Marketing & Distribution Co., Ltd.	Retail Support International Corp.	3	(sales)	(102,569)	Closes its accounts 30~90 days after the end of each month	—
		Uni-President Cold Chain Corp.	3	(sales)	(100,084)	Closes its accounts 30 days after the end of each month	—
8	President Chain Store Corp.	Wisdom Distribution Services Corp.	3	Other receivables	136,753	-	—
9	President Fair Development Corp.	President Century Corp.	3	Other receivables	106,000	-	—
10	Scino Pharm (Kunshan) Biochemical Technology Co., Ltd.	Scino Pharm Taiwan Ltd.	3	(sales)	(CNY 48,993)	90 days after delivery	—
			3	Accounts receivable	CNY 26,287	-	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
11	Uni-President Cold Chain Corp.	President Chain Store Corp.	3	(sales)	(\$ 16,816,749)	Closes its accounts 20~70 days after the end of each month	(6%)
			3	Accounts receivable	3,405,196	-	1%
12	Retail Support International Corp.	President Chain Store Corp.	3	(sales)	(33,602,375)	Closes its accounts 10~54 days after the end of each month	(12%)
			3	Accounts receivable	3,827,434	-	1%
		President Drugstore Business Corp.	3	(sales)	(4,094,974)	Closes its accounts 45~60 days after the end of each month	(1%)
			3	Accounts receivable	974,044	-	—
		President Starbucks Coffee Corp.	3	(sales)	(398,627)	Closes its accounts 15~28 days after the end of each month	—
13	Retail Support Taiwan Corp.	Retail Support International Corp.	3	Distribution Revenue	(190,551)	Closes its accounts 15~20 days after the end of each month	—
14	President Information Corp.	President Chain Store Corp.	3	Service Revenue	(457,640)	Closes its accounts 30 days after the end of each month	—
15	Tait Distribution Service Co., Ltd.	Tait Marketing & Distribution Co., Ltd.	3	(sales)	(173,664)	"	—
16	President Pharmaceutical Corp.	Retail Support International Corp.	3	(sales)	(925,890)	Closes its accounts 30~70 days after the end of each month	—
			3	Accounts receivable	264,361	-	—
17	President Transnet Corp.	President Chain Store Corp.	3	(sales)	(451,094)	Closes its accounts 30 days after the end of each month	—
18	Wisdom Distribution Services Corp.	President Chain Store Corp.	3	(sales)	(7,594,018)	Closes its accounts 30~60 days after the end of each month	(3%)
			3	Accounts receivable	1,350,297	-	—
19	Century Quick Services Restaurant Corp.	Uni-President Cold Chain Corp.	3	(sales)	(112,149)	Closes its accounts 50 days after the end of each month	—
20	Capital Inventory Services Corp.	President Chain Store Corp.	3	Service Revenue	(151,450)	Closes its accounts 60 days after the end of each month	—
			3	Accounts receivable	254,361	-	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
21	Books. Com	President Chain Store Corp.	3	Other receivables	\$ 188,413	-	—
22	Tung Ang Enterprises Corp.	Retail Support International Corp.	3	(sales)	(1,839,295)	75 days after delivery	(1%)
		TungHsiang Enterprises Corp.	3	Accounts receivable	243,198	-	—
			3	(sales)	(1,315,025)	77 days after delivery	—
		Tung Yu Enterprises Corp.	3	Accounts receivable	509,705	-	—
			3	(sales)	(416,650)	12 days after delivery	—
		Tone Chu Enterprises Corp.	3	(sales)	(306,934)	77 days after delivery	—
			3	Accounts receivable	107,171	-	—
		Hsin Tung Enterprises Corp.	3	(sales)	(181,906)	17 days after delivery	—
		Tung-Bo Enterprises Corp.	3	(sales)	(135,447)	12 days after delivery	—
23	Vision Distribution Service Corp.	Wisdom Distribution Services Corp.	3	(sales)	(366,948)	Closes its accounts 65 days after the end of each month	—
			3	Accounts receivable	119,734	-	—
24	Lien Bo Enterprises Corp.	Retail Support International Corp.	3	(sales)	(562,690)	Closes its accounts 15~70 days after the end of each month	—
25	President Logistics International Corp.	Uni-President Cold Chain Corp.	3	Distribute Revenue	(656,901)	Closes its accounts 20 days after the end of each month	—
		Retail Support International Corp.	3	Distribute Revenue	(472,092)	"	—
		Wisdom Distribution Services Corp.	3	Distribute Revenue	(169,784)	"	—
26	Chieh Shun Transport Corp.	President Transnet Corp.	3	Distribute Revenue	(346,001)	Closes its accounts 40 days after the end of each month	—
27	Qware Systems & Services Corp.	President Chain Store Corp.	3	(sales)	(286,496)	Closes its accounts 45 days after the end of each month	—
28	Cayman Ton Yi Industrial Holdings Ltd.	Fujian Ton Yi Tinplate Co., Ltd.	3	(sales)	(USD 123,207)	30 days after shipping	(1%)
			3	Accounts receivable	USD 16,084	-	—
			3	Other receivables	USD 20,084	-	—
		Jiangsu Ton Yi Tinplate Co., Ltd.	3	(sales)	(USD 84,112)	30 days after shipping	(1%)
			3	Accounts receivable	USD 14,662	-	—
			3	Other receivables	USD 10,000	-	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)	
29	Uni-President (Thailand) Ltd.	Uni-President Marketing Ltd.	3	(sales)	(THB 1,011,731)	Closes its accounts 60 days after the end of each month	—	
			3	Accounts receivable	THB 235,736	-	—	
30	Jiangsu Ton Yi Tinplate Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	3	(sales)	(USD 11,350)	67 days after invoice date	—	
			3	Accounts receivable	USD 4,554	-	—	
31	Fujian Ton Yi Tinplate Co., Ltd.	Chengdu Ton Yi Industrial Packaging Co., Ltd.	3	(sales)	(USD 10,367)	67 days after invoice date	—	
			3	Accounts receivable	USD 3,908	-	—	
32	Wuhan President Enterprises Co., Ltd.	Wuxi Ton Yi Industrial Packaging Co., Ltd.	3	(sales)	(USD 7,172)	67 days after invoice date	—	
			3	(sales)	(CNY 117,434)	Closes its accounts 30 days after the end of each month	—	
		3	Accounts receivable	CNY 68,395	-	—		
		3	Other receivables	CNY 40,000	-	—		
		3	Guangzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 97,284)	Closes its accounts 30 days after the end of each month	—
		3	Accounts receivable	CNY 25,428	-	—		
		3	Nanchang President Enterprises Co., Ltd.	3	(sales)	(CNY 46,156)	Closes its accounts 30 days after the end of each month	—
		3	Fuzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 34,329)	"	—
33	Kunshan President Enterprises Food Co., Ltd.	Chengdu President Enterprises Food Co., Ltd.	3	(sales)	(CNY 21,757)	"	—	
			3	(sales)	(CNY 48,274)	"	—	
		3	(sales)	(CNY 42,790)	"	—		
		3	(sales)	(CNY 29,810)	"	—		
34	Hefei President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	(sales)	(CNY 183,404)	Closes its accounts 60 days after the end of each month	—	
			3	Accounts receivable	CNY 62,842	-	—	
35	Shenyang President Enterprises Co., Ltd.	Beijing President Food Co., Ltd.	3	(sales)	(CNY 68,711)	Closes its accounts 30 days after the end of each month	—	
			3	(sales)	(CNY 40,085)	"	—	
		3	(sales)	(CNY 73,400)	"	—		
		3	Changchun President Enterprise Co.,Ltd	3	Other receivables	CNY 45,034	-	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
36	Zhengzhou President Enterprises Food Co., Ltd.	Beijing President Food Co., Ltd.	3	(sales)	(CNY 34,158)	Closes its accounts 30 days after the end of each month	—
		Beijing President Enterprises Drinks & Food Co., Ltd.	3	(sales)	(CNY 98,019)	"	—
		Beijing President Enterprises Drinks & Food Co., Ltd.	3	Accounts receivable	CNY 40,759	-	—
37	Beijing President Enterprises Drinks & Food Co., Ltd.	Hefei President Enterprises Co., Ltd.	3	(sales)	(CNY 34,442)	Closes its accounts 30 days after the end of each month	—
		Beijing President Food Co., Ltd.	3	Other receivables	CNY 40,000	-	—
38	Guangzhou President Enterprises Co., Ltd.	Fuzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 21,664)	Closes its accounts 30 days after the end of each month	—
39	Harbin President Enterprises Co., Ltd.	Shenyang President Enterprises Co., Ltd.	3	(sales)	(CNY 32,168)	"	—
40	Taizhou President Enterprises Co., Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	(sales)	(CNY 56,223)	"	—
41	Nanchang President Enterprises Co., Ltd.	Wuhan President Enterprises Food Co., Ltd.	3	(sales)	(CNY 43,488)	"	—
		Zhengzhou President Enterprises Food Co., Ltd.	3	(sales)	(CNY 28,418)	"	—
42	Chengdu President Enterprises Food Co., Ltd.	Xinjiang President Enterprises Co., Ltd.	3	(sales)	(CNY 34,794)	"	—
		(Kunming President Enterprises Food Co., Ltd.	3	(sales)	(CNY 21,522)	"	—
43	President (Shanghai) Trading Co., Ltd.	Guangzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 40,047)	"	—
			3	Accounts receivable	CNY 21,577	-	—
44	Shanghai E & P Trading Co., Ltd.	Wuhan President Enterprises Food Co., Ltd.	3	(sales)	(CNY 105,207)	Closes its accounts 60 days after the end of each month	—
		Guangzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 24,492)	Closes its accounts 30 days after the end of each month	—
		Beijing President Enterprises Drinks & Food Co., Ltd.	3	(sales)	(CNY 88,512)	Closes its accounts 15 days after the end of each month	—
		Kunshan President Enterprises Food Co., Ltd.	3	(sales)	(CNY 66,780)	Closes its accounts 60 days after the end of each month	—
		Hefei President Enterprises Co., Ltd.	3	(sales)	(CNY 44,959)	Closes its accounts 30 days after the end of each month	—
		Zhengzhou President Enterprises Food Co., Ltd.	3	(sales)	(CNY 40,003)	"	—
		Fuzhou President Enterprises Co., Ltd.	3	(sales)	(CNY 33,589)	"	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
45	Da Tong Ying Corp.	Uni-Splendor Corp.	3	(sales)	(\$ 195,539)	According to the state of fund	—
46	Uni-Splendor Corp.	Ever-Splendor Electrics (Shenzhen) Co., Ltd.	3	(sales)	(USD 23,750)	"	—
		Uni-Splendor Technology (Huizhou) Corp.	3	Accounts receivable	USD 40,522	-	—
			3	(sales)	(USD 32,319)	"	—
			3	Accounts receivable	USD 124,257	-	1%
47	Ever-Splendor Electrics (Shenzhen) Co., Ltd.	Uni-Splendor Corp.	3	(sales)	(CNY 467,817)	According to the state of fund	(1%)
48	Uni-Splendor Technology (Huizhou) Corp.	Uni-Splendor Corp.	3	(sales)	(CNY 524,947)	"	(1%)
49	Uni-President Foodstuff (BVI) Holdings Ltd.	Zhongshan President Enterprises Co., Ltd.	3	Other receivables	USD 7,000	-	—
		Meishan President Feed & Oil Co., Ltd.	3	Other receivables	USD 3,500	-	—
50	President Collect Service Co. Ltd.	President Transnet Corp.	3	Other receivables	232,977	-	—
51	Kai Yu (BVI) Investment Co.,Ltd.	Cayman President Holdings Ltd.	3	Other receivables	USD 11,080	-	—
		Uni-President Foodstuff (BVI) Holdings Ltd.	3	Other receivables	USD 21,500	-	—
52	Uni-President Enterprises China Holdings Ltd.	Uni-President Asia Holdings Ltd.	3	Other receivables	CNY 44,484	-	—
		Uni-President Asia Holdings Ltd.	3	Dividend receivable	CNY 150,000	-	—
		Beijing President Enterprises Drinks & Food Co., Ltd.	3	Other receivables	CNY 82,614	-	—
		Wuhan President Enterprises Food Co., Ltd.	3	Other receivables	CNY 63,549	-	—
		Guangzhou President Enterprises Co., Ltd.	3	Other receivables	CNY 63,549	-	—
		Kunshan President Enterprises Food Co., Ltd.	3	Other receivables	CNY 127,098	-	—
		Chengdu President Enterprises Food Co., Ltd.	3	Other receivables	CNY 63,549	-	—
		Harbin President Enterprises Co., Ltd.	3	Other receivables	CNY 31,775	-	—
		Shenyang President Enterprises Co., Ltd.	3	Other receivables	CNY 31,775	-	—
		(Kunming President Enterprises Food Co., Ltd.	3	Other receivables	CNY 50,839	-	—

Transaction terms

Number (Note 2)	Name of counterparty	Name of transaction parties	Relationship (Note 3)	Subject	Amount	Transaction terms	The percentage of total combined revenue or total assets (Note 4)
53	Uni-President Enterprises Hong Kong Holdings Ltd.	President Enterprises (China) Investment Co.,Ltd.	3	Dividend receivable	CNY 455,616	-	1%
54	President Enterprises (China) Investment Co.,Ltd.	Kunshan President Enterprises Food Co., Ltd.	3	Dividend receivable	CNY 104,880	-	—
		Beijing President Enterprises Drinks & Food Co.,Ltd	3	Other receivables	CNY 300,000	-	—
		Chengdu President Enterprises Food Co., Ltd.	3	Other receivables	CNY 80,000	-	—
		Changsha President Enterprise Co.,Ltd	3	Other receivables	CNY 50,000	-	—
		Nanning President Enterprose Co., Ltd.	3	Other receivables	CNY 45,000	-	—
		Taizhou President Enterprises Co., Ltd.	3	Other receivables	CNY 40,000	-	—
		Zhanjiang President Enterprises Food Co., Ltd.	3	Other receivables	CNY 30,000	-	—
		Uni-President Shanghai Pearly Century Co.,Ltd	3	Other receivables	CNY 30,000	-	—
		Integrated Marketing & Distribution Co.,Ltd.	3	Other receivables	CNY 25,000	-	—
55	Uni-President (Vietnam) Co.,Ltd.	Tribeco Binh Duong Co., Ltd.	3	Owners' current account	VND 31,200	-	—
56	Uni-President Asia Holdings Ltd.	Uni-President Enterprises Hong Kong Holdings Ltd.	3	Dividend receivable	CNY 100,000,000	-	—
57	Grand-Prosper (HK) Ltd.	Uni-Splendor Corp.	3	Accounts receivable	USD 240,000	-	—
58	Uni-Home Tech Corp.	Grand-Prosper (HK) Limited.	3	Accounts receivable	USD 99,565	-	1%
					USD 127,501	-	1%

Note 1: Transactions among the Company and subsidiaries amounted to NT\$100,000 and one side of them are disclosed.

Note 2: The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number" The number means:

1. Number 0 presents the Company
2. The consolidated subsidiaries are in order from number 1.

Note 3: The kinds of relationships between the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note 4: The counting to the percentage of transaction amount on consolidated total operating revenues or total assets is as follows Assets and liabilities are counting at the amount period of consolidated total assets at ending period; Income is counting at the amount of consolidated total revenue at ending period.

12. OPERATING SEGMENT INFORMATION

(1) Basic information

The management of the Company has identified the operating segments based on how the Company's chief operating decision-maker regularly reviews information in order to make decisions. The chief operating decision-maker of the Company manages the business from a product perspective.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pre-tax income excluding non-recurring income. For details of the operating segments' accounting policies, please refer to Note 2.

(3) Information on profit or loss, assets and liabilities

Information on each reportable segment provided to chief operating decision-maker is as follows:

As of and for the year ended June 30, 2012							
	Feeds	Foods	Electric Appliances	General investments	Chain stores	Circulation	Distribution
Revenue from external customers	\$ 11,626,211	\$ 124,023,493	\$ 6,480,649	\$ 239,105	\$ 100,518,001	\$ 39,684,590	\$ 2,286,346
Revenue from internal customers	605,717	184,946	-	-	955,631	2,908,209	75,484,662
Segment revenue	<u>\$ 12,231,928</u>	<u>\$ 124,208,439</u>	<u>\$ 6,480,649</u>	<u>\$ 239,105</u>	<u>\$ 101,473,632</u>	<u>\$ 42,592,799</u>	<u>\$ 77,771,008</u>
Segment income	<u>\$ 586,741</u>	<u>\$ 7,600,616</u>	<u>(\$ 264,291)</u>	<u>(\$ 18,109)</u>	<u>\$ 6,300,415</u>	<u>\$ 1,773,690</u>	<u>\$ 609,289</u>
Segment assets	<u>\$ 6,785,745</u>	<u>\$ 88,832,644</u>	<u>\$ 8,646,493</u>	<u>\$ 5,997,025</u>	<u>\$ 43,064,123</u>	<u>\$ 18,244,798</u>	<u>\$ 9,520,716</u>

As of and for the year ended June 30, 2012							
	Tinplates	Filling Stations	Leisure Business Development	Pharmaceutical Department	Others	Adjustment and Elimination	Consolidated
Revenue from external customers	\$ 20,701,344	\$ 11,136,037	\$ 5,107,238	\$ 3,210,275	\$ 40,276,860	(\$ 38,341,301)	\$ 326,948,848
Revenue from internal customers	-	-	-	-	4,047,079	(84,186,244)	-
Segment revenue	<u>\$ 20,701,344</u>	<u>\$ 11,136,037</u>	<u>\$ 5,107,238</u>	<u>\$ 3,210,275</u>	<u>\$ 44,323,939</u>	<u>(\$ 122,527,545)</u>	<u>\$ 326,948,848</u>
Segment income	<u>\$ 326,280</u>	<u>\$ 61,468</u>	<u>(\$ 110,230)</u>	<u>\$ 908,257</u>	<u>(\$ 208,393)</u>		<u>\$ 17,565,733</u>
Segment assets	<u>\$ 38,609,511</u>	<u>\$ 2,312,572</u>	<u>\$ 30,694,947</u>	<u>\$ 9,395,883</u>	<u>\$ 36,696,989</u>		<u>\$ 298,801,446</u>

As of and for the year ended June 30, 2011

	Feeds	Foods	Electric Appliances	General investments	Chain stores	Circulation	Distribution
Revenue from external customers	\$ 16,662,315	\$ 100,770,650	\$ 4,974,146	\$ 210,914	\$ 90,401,431	\$ 35,861,324	\$ 2,416,039
Revenue from internal customers	<u>1,126,903</u>	<u>238,258</u>	<u>-</u>	<u>-</u>	<u>330,912</u>	<u>2,957,870</u>	<u>65,179,490</u>
Segment revenue	<u>\$ 17,789,218</u>	<u>\$ 101,008,908</u>	<u>\$ 4,974,146</u>	<u>\$ 210,914</u>	<u>\$ 90,732,343</u>	<u>\$ 38,819,194</u>	<u>\$ 67,595,529</u>
Segment income	<u>\$ 629,047</u>	<u>\$ 4,133,364</u>	<u>(\$ 440,960)</u>	<u>(\$ 44,067)</u>	<u>\$ 5,221,167</u>	<u>\$ 1,573,244</u>	<u>\$ 611,607</u>
Segment assets	<u>\$ 7,816,476</u>	<u>\$ 78,720,832</u>	<u>\$ 9,212,000</u>	<u>\$ 6,059,571</u>	<u>\$ 38,282,425</u>	<u>\$ 15,636,551</u>	<u>\$ 7,059,142</u>

As of and for the year ended June 30, 2011

	Tinplates	Filling Stations	Leisure Business Development	Pharmaceutical Department	Others	Adjustment and Elimination	Consolidated
Revenue from external customers	\$ 19,595,744	\$ 10,079,562	\$ 4,566,056	\$ 1,760,072	\$ 38,060,578	(\$ 41,965,136)	\$ 283,393,695
Revenue from internal customers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,566,733</u>	<u>(73,400,166)</u>	<u>-</u>
Segment revenue	<u>\$ 19,595,744</u>	<u>\$ 10,079,562</u>	<u>\$ 4,566,056</u>	<u>\$ 1,760,072</u>	<u>\$ 41,627,311</u>	<u>(\$ 115,365,302)</u>	<u>\$ 283,393,695</u>
Segment income	<u>\$ 959,937</u>	<u>\$ 59,201</u>	<u>(\$ 233,353)</u>	<u>\$ 803,947</u>	<u>\$ 1,132,378</u>		<u>\$ 14,405,512</u>
Segment assets	<u>\$ 37,986,560</u>	<u>\$ 2,476,322</u>	<u>\$ 31,769,764</u>	<u>\$ 8,750,880</u>	<u>\$ 26,908,947</u>		<u>\$ 270,679,470</u>

(4) Reconciliation information of segment income and assets

(a) The sales between segments were carried out at arm's length. The external revenue reported to the chief operating decision-maker is measured in a manner consistent with the revenues shown in the income statement. The reconciliation of pre-tax income between reportable segments and continuing operation is as follows:

	For the nine-month periods ended September 30,	
	2012	2011
Income of reportable segments	\$ 17,774,126	\$ 13,273,134
Income of other operating segments	(208,393)	1,132,378
Elimination of intersegment transactions	(6,561)	(886,338)
Investment income	1,775,479	727,771
Interest expense	(1,505,252)	(1,193,694)
Other non-operating income	1,591,961	2,923,352
Other non-operating expenses	(1,785,202)	(1,285,929)
Income before income tax	<u>\$ 17,636,158</u>	<u>\$ 14,690,674</u>

(b) The amount of total assets provided to the chief operating decision-maker is measured in a manner consistent with the assets shown in the balance sheet. The reconciliations between reportable segments' assets and total assets were as follows :

	September 30, 2012	September 30, 2011
Assets of reportable segments	\$ 262,104,457	\$ 243,770,523
Assets of other operating segments	36,696,989	26,908,947
Long-term equity investments accounted for under the equity method	27,891,416	27,968,146
Unallocated items	<u>13,426,808</u>	<u>13,649,294</u>
Total assets	<u>\$ 340,119,670</u>	<u>\$ 312,296,910</u>

(5) Information on products and services

Financial information disclosure is not required in interim financial statements.

(6) Information on geographic area

Financial information disclosure is not required in interim financial statements.

(7) Information on significant customers

Financial information disclosure is not required in interim financial statements.

13. PRE-DISCLOSURE FOR ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Pursuant to the regulations of the Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, relevant interpretations and interpretative bulletins (collectively as referred herein as "IFRSs"), and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be applied in 2013 that are ratified by the Financial Supervisory Commission.

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Financial Supervisory Commission, dated February 2, 2010:

A. Major contents and status of execution of the Company's plan for IFRSs adoption:

The Company has formed an IFRSs group headed by the Company's financial planning division, which is responsible for setting up a plan relative to the Company's transition to IFRSs, and the audit division is responsible for supervising the transition. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
1. Formation of an IFRSs group	Completed
2. Setting up a plan relative to the Company's transition to IFRSs	Completed
3. Identification of the differences between current accounting policies and IFRSs	Completed
4. Identification of consolidated entities under the IFRSs framework	Completed
5. Assessment of the impact of each exemption and option on the Company under IFRS 1 – First-time Adoption of IFRSs	Completed
6. Assessment of changes required in the information system related to adoption of IFRSs	Completed
7. Assessment of changes required in internal control related to adoption of IFRSs	Completed
8. Establish IFRSs accounting policies	Completed
9. Selection of exemptions and options available under IFRS 1 – First-time Adoption of IFRSs	Completed
10. Preparation of opening date statement of financial position under IFRSs	Completed
11. Preparation of IFRSs comparative financial information under IFRSs for 2012	In progress
12. Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	Completed

B. Significant differences and effect that may arise between current accounting policies under R.O.C. GAAP and the ones under IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already ratified currently by the Financial Supervisory Commission and the "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company's current assessment results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by the Financial Supervisory Commission or relevant interpretations or amendments to the "Rules Governing the Preparation of Financial Statements by Securities Issuers" come in the future. Significant differences identified by the Company that may arise between current accounting policies under R.O.C. GAAP and the ones under IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future, taking into account the exemptions under IFRS 1, "First-time Adoption of International Financial Reporting Standards" (Note 13(3)), are set forth below:

1. Significant differences reconciliation of its balance sheet as of January 1, 2012:

Item	ROC GAAP	Adjustments	IFRSs	Note
Assets				
Deferred income tax assets -current	\$ 1,176,938	(\$ 1,176,938)	\$ -	(1)
Available-for-sale financial assets - non-current	8,068,438	1,529,970	9,598,408	(2)
Financial assets carried at cost - non-current	4,169,076	(2,209,505)	1,959,571	(2), (3)
Total property, plant and equipment, net	126,234,975	(12,037,821)	114,197,154	(4), (5) (6)
Investments in real estate	-	20,527,191	20,527,191	(5)
Other intangible assets	11,144,394	(8,456,137)	2,688,257	(6), (7)
Long-term prepaid rent expenses	-	9,084,112	9,084,112	(7)
Assets leased to others	9,079,026	(9,066,282)	12,744	(5)
Idle assets	1,194,099	(1,194,099)	-	(5)
Deferred income tax assets - non-current	410,589	2,726,804	3,137,393	(1), (8) (9), (10)
Others assets - prepayments for equipment	-	1,846,923	1,846,923	(4)
Others	<u>159,378,743</u>	<u>598,802</u>	<u>159,977,545</u>	(3), (5) (9), (10)
 Total assets	 <u>\$ 320,856,278</u>	 <u>\$ 2,173,020</u>	 <u>\$ 323,029,298</u>	

Item	ROC GAAP	Adjustments	IFRSs	Note
Liabilities				
Accrued expences	\$ 19,864,173	\$ 1,239,723	\$ 21,103,896	(8), (9)
Land value incremental reserve	2,169,441	(2,169,441)	-	(1)
Accrued pension liabilities	3,640,433	4,984,006	8,624,439	(10)
Deferred income tax liabilities - non-current	865,506	2,331,716	3,197,222	(1), (9) (10)
Others	<u>175,317,251</u>	<u>407,188</u>	<u>175,724,439</u>	(1)
Total liabilities	<u>\$ 201,856,804</u>	<u>\$ 6,793,192</u>	<u>\$ 208,649,996</u>	
Stockholders' Equity				
Capital reserve from long-term investment	\$ 5,976,770	(\$ 5,976,770)	\$ -	(11)
Special reserve	105,429	4,073,027	4,178,456	(14)
Undistributed earnings	10,847,205	242,484	11,089,689	(3), (8) (9), (10) (11), (12) (13), (14)
Cumulative translation adjustments	1,614,590	(1,614,590)	-	(12)
Unrecognized pension cost	(2,242,758)	2,242,758	-	(10)
Unrealized revaluation increments	2,458,437	(2,458,437)	-	(13)
Minority interest	45,652,329	(1,457,220)	44,195,109	(8), (9) (10)
Others	<u>54,587,472</u>	<u>328,576</u>	<u>54,916,048</u>	(2), (11)
Total stockholders' equity	<u>\$ 118,999,474</u>	<u>(\$ 4,620,172)</u>	<u>\$ 114,379,302</u>	

Notes to the reconciliation:

(1) Income taxes

(a) In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current. Therefore, the Company reclassified deferred income tax assets-current of \$1,176,938 to deferred income tax assets-non-current and deferred income tax liabilities - current of \$9,158 (shown as "Liabilities-Other" listed above) to deferred income tax assets - non-current at the date of transition to IFRSs.

(b) The Company revalued its land based on related laws and regulations, which requires it to estimate the land value incremental tax on the revaluation date. Pursuant to the current accounting standards in ROC, such tax is treated as a reserve and presented as "Land value incremental reserve" under long-term liabilities. The nature of such estimated future tax is deferred tax and should be presented as "Deferred tax liabilities" in accordance with IAS 12,

“Income Taxes”. Therefore, the Company reclassified land value incremental reserve of \$2,169,441 to deferred income tax liabilities-non-current at the date of transition to IFRSs.

(2) Financial assets: equity instruments

In accordance with the amended “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated July 7, 2011, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized in “Financial assets carried at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. In accordance with the amended “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated December 22, 2011, the Company designated Financial assets carried at cost-non-current of \$1,510,181 as Available-for sale financial assets-non-current, and adjusted the difference between fair value and book value as an increase in Other equity by \$19,789 (shown as “Equity-Others” listed above).

(3) Investments in associates/long-term equity investments accounted for under the equity method

In accordance with current accounting standards in R.O.C., the Company did not use the equity method for investments in which the Company's ownership was less than 20%. However, in accordance with IAS 28, “Investments in Associates”, when the investor has significant influence over the investee, the investee should be accounted for under the equity method. Therefore, the Company reclassified Financial assets carried at cost - non-current of \$699,324 to the associates investment at the date of transition to IFRSs. Long-term equity investments accounted for under the equity method (shown as “Assets-Others” listed above) was increased by \$1,171,025 based on the book value at transition date, and the difference of \$471,701 as an increase in Undistributed earnings.

(4) Prepayments for equipment

The Company purchased fixed assets and made prepayments, pursuant to the “Rules Governing the Preparation of Financial Statements by Securities Issuers”. Such prepayments are presented as “Property, plant and equipment”. Based on the nature of the transactions, the prepayments should be recognized as “Other assets”. Therefore, the Company reclassified construction in progress and prepayments for equipment of \$1,846,923 to other assets - prepayment for equipment at the date of transition to IFRSs.

(5) Investment property and Idle assets

In accordance with current accounting standards in R.O.C., the Company's property that is leased to others is presented in the ‘Property, plant and equipment’ and ‘Assets leased to others’ accounts. In accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers, idle assets are presented in Other assets - idle assets and Other assets - other. In accordance with IAS 40, “Investment Property”, property that meets the definition of investment property is classified and accounted for as ‘Investment property’. Based on the amendment of the “Rules Governing the Preparation of Financial Statements by Security Issuers”, idle assets shall be transferred to other assets. Therefore, the Company reclassified Property, plant and equipment of \$9,717,130, Leased assets of \$9,066,282, Idle assets of \$1,033,361 and Other assets-other of \$710,418 (shown as “Assets-others” listed above) to Investment property of \$20,527,191, and reclassified Idle assets of \$160,738 to Property, plant and equipment at the date of transition to IFRSs.

(6) Service concession arrangements

The Company contracted with the government to provide construction of the government's infrastructure assets for public services and operate those assets for 50 years after construction is completed. When the term of operating period expires, the underlying infrastructure assets will

be transferred to the government without consideration. In accordance with IFRIC 12, "Service Concession Arrangements", construction costs of a service concession arrangement shall be allocated to construction services and operating services based on their relative fair values, and the operator subsequently recognizes and measures revenue in accordance with IAS 11, "Construction Contracts", and IAS 18, "Revenue", respectively, for the services it performs. The fair values are determined based on the way the grantor pays considerations to the operator specified in the agreement, and are recognized as intangible assets. Therefore, the Company reclassified Property, plant and equipment of \$627,975 to Other intangible assets at the date of transition to IFRSs.

(7) Long-term prepaid rent expenses

In accordance with current accounting standards in R.O.C., the Company's payments to obtain the land-use rights and prepayments to leased lands are presented in "Other intangible assets". However, in accordance with IAS 17, "Leases", such long operating lease should be treated as long-term prepaid rent. Therefore, the Company reclassified "Other intangible assets" of \$9,084,112 to "Long-term prepaid rent expenses" at the date of transition to IFRSs.

(8) Accumulated unused compensated absences

The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognized such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Company increased deferred income tax asset - non-current by \$90,507 and accounts payable by \$528,974, and decreased undistributed earnings by \$302,525 and minority interest by \$135,942 at the date of the transition to IFRSs.

(9) Leases

In accordance with current accounting standards in R.O.C., for the Company's long-term lease contracts with variable rents which are adjusted year by year, the lease payment is recognized as revenue or expense for each term based on each lease agreement. However, in accordance with IAS 17, "Leases", all lease payments stipulated in the lease contracts should be recognized as revenue or expense over the lease term on a straight-line basis. Therefore, the Company increased other receivables by \$811,429 (shown as "assets-other" listed above), deferred income tax assets - non-current by \$76,997, accrued expenses by \$710,749, deferred income tax liabilities - non-current by \$138,402 and undistributed earnings as \$109,817; and decreased prepaid rent expenses by \$2,350 (shown as "assets-Other" listed above) and minority interest by \$72,892.

(10) Pensions

The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan. The Company selected to recognize all unrecognized transitional net benefit obligation and cumulative actuarial gains and losses relating to employee benefits at the date of transition to IFRSs. Besides, the Company shall reserve the minimum amount of pension liability that is required to be recognized on the balance sheet in accordance with current accounting standards in R.O.C.. Therefore, at the date of transition to IFRSs, the Company increased deferred income tax assets - non-current by \$1,288,357, accrued pension liabilities by \$4,984,006, deferred income tax liabilities - non-current by \$5,742, unrecognized pension cost by \$2,214,915 and minority interest by \$75,590; and decreased deferred pension cost of \$160,627 (shown as "assets-others" listed above), other assets - other of \$151,636 (shown as "assets-others" listed above), undistributed earnings by \$5,102,300 and

minority interest by \$1,201,859. In addition, the Company decreased long-term equity investments accounted for under the equity method and undistributed earnings both by \$361,995 in accordance with the holding percentage.

(11) Capital reserve from long-term investments

In accordance with current accounting standards in R.O.C., when an equity method investee (an associate or a subsidiary) issues new shares and the Company does not subscribe or acquire the new shares proportionately but still retains significant influence, which results in a change in the Company's holding percentage and its interest in the investee's net assets, such difference shall be adjusted to the 'Additional paid-in capital' and the 'Long-term equity investments' accounts. However, in accordance with IAS 28, "Investments in Associates", an increase in investment percentage is accounted for as an acquisition of investment; while, decrease in investment percentage is accounted for as a disposal of investment and any related disposal gain or loss is recognized. The Company elected the exemption of business combination and did not retrospectively apply IFRSs to its investment transactions before January 1, 2012. As a result, the Company reclassified to "Undistributed earnings" the amount of \$5,666,186 from "Capital reserve from long-term investments" due to changes in shareholding percentage of equity method investees. In addition, according to the revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the remaining balance of "Capital reserve from long-term investments" amounting to \$310,584 should be reclassified to other equity accounts based on its nature (shown as "Equity-other" listed above).

(12) Cumulative translation adjustments

The Company selected to reset the cumulative translation differences from foreign operations to zero at the date of transition to IFRSs, in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates. Therefore, the Company decreased cumulative translation adjustments by \$1,614,590 and increased undistributed earnings by \$1,614,590 at the date of transition to IFRSs.

(13) Asset revaluations

In accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards", for property, plant and equipment that have been revalued before the date of transition to IFRSs, the revalued amounts of assets will be used as deemed cost on the revaluation date. Therefore, the Company decreased unrealized revaluations increments and undistributed earnings both by \$2,458,437, at the date of transition to IFRSs.

(14) Special reserve

In accordance with the Jin-Guan-Zheng-Fa-Zi Order No.1010012865, dated April 6, 2012, the Company set aside special reserve of \$4,073,027, as the Company selected to reclassify the transition differences of items 12 and 13 above to the "retained earnings" account.

2. The Company has not completed the reconciliation of balance sheet accounts as at June 30, 2012 and income statement accounts for the six-month period ended June 30, 2012 with significant differences in accounting policies adopted. Accordingly, these are not disclosed.

C. According to IFRS 1, "First-time Adoption of International Financial Reporting Standards" and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that are expected to be applied in 2013, the Company selected the following exemptions:

1. Business combinations

The Company selected not to apply IFRS 3, "Business Combinations" retrospectively to business combinations which occurred before January 1, 2012 (the date of transition to IFRSs).

2. Share-based payment

For vested equity instruments and granted liabilities from share-based payment transactions before January 1, 2012, the Company has selected not to apply IFRS 2, "Share-based Payment."

3. Deemed cost

For the Company's property, plant and equipment and investment property (which is classified under property, plant and equipment under R.O.C. GAAP) which have been revalued before January 1, 2012, the revalued amount of assets will be used as the deemed cost on the revaluation date.

4. Leases

The Company elected to apply the transitional rules of IFRIC 4, "Determining whether an Arrangement Contains a Lease". The Company will determine whether a leased arrangement exists based on the economic substance at the transition date.

5. Employee benefits

The Company elected to recognize all cumulative actuarial gains and losses relating to employee benefits plan as retained earnings at the date of transition to IFRSs. In accordance with IAS 19, "Employee Benefits" paragraph 120A, the Company discloses present value of defined benefit obligation, fair value of the employee benefit plan assets, surplus or deficit in the employee benefit plan and experience adjustments determined for each accounting period prospectively from the transition date.

6. Cumulative translation differences

The Company elected to reset the cumulative translation differences to zero at the date of transition to IFRSs, thereafter the exchange differences will comply with IAS 21, "The Effects of Changes in Foreign Exchange Rates".

7. Company's Adoption of IFRSs later than subsidiaries

As the Company has adopted IFRSs for the first-time later than its subsidiaries, in its consolidated financial statements, the Company measures the assets and liabilities of the subsidiaries at the same carrying amounts as in the financial statements of the subsidiaries, after adjusting for consolidation and equity accounting adjustments and for the effects of the business combination in which the entity acquired the subsidiaries.

8. Compound financial instruments

For the liability portion of compound financial instruments which is not outstanding at the date of transition to IFRSs, the Company elected not to separate the liability component from the equity component.

9. Designated financial instruments

The Company has designated certain "Financial assets carried at cost" as "Available-for-sale financial assets".

10. The Company complies with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" to measure the decommissioning obligations of property, plant and equipment at the date of transition to IFRSs.

11. Borrowing costs

The Company has chosen to apply the transitional rules (paragraph 27.28) of IAS No. 23, "Borrowing costs" and comply with the principles from the date of transition to IFRSs.

12. Transfers of assets from customers

The Company elects to apply the transitional rule (paragraph 22) of IFRIC No. 18, "Transfers of Assets from Customers" and comply with the principles from the date of transition to IFRSs.

The optional exemptions mentioned above may change as the FSC may issue new rules governing the adoption of IFRSs or other changes of the economic environment can lead to different choices at the transition date.