

Sunshine Social Welfare Foundation

Financial Report and Auditor Report

For the years 2005 and 2004

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萬象翻譯股份有限公司	
Linguitronics Co., Ltd.	
14TH FLOOR, NO. 91, FUXING NORTH ROAD, SONGSHAN DISTRICT, TAIPEI, POST CODE 106	
I HEREBY CERTIFY THAT THIS TRANSLATION IS A TRUE AND CORRECT ENGLISH VERSION OF THE ATTACHED ORIGINAL TO THE BEST OF MY KNOWLEDGE AND BELIEF.	
DATE:	TRANSLATOR:
AUG 21 2007	V. K. K. K.

Accountant Auditing Report

Sunshine Social Welfare Foundation

We have audited the balance sheets and fund statement of Sunshine Social Welfare Foundation for 2005 and December 31, 2004, as well as the statement of income, statement of changes in funds, and cash flow statement for 2005 and for the period of January 1 to December 31, 2004. These financial statements are the responsibility of the foundation's directors. The responsibility of this firm is to express an opinion on these statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunshine Social Welfare Foundation as of December 31, 2005 and 2004 and the results of its balance sheet and amount of funds, as well as income and expenditure and cash flows for the years then ended, in conformity with the requirements of the relevant financial accounting standards, and accounting principles generally accepted in the Republic of China.

As specified in reference four of the financial statements, Sunshine Social Welfare Foundation started on January 1, 2005 to list as expenses the actual use of business incubator reserve fund expenditures. These accounting modifications resulted in a NT\$25,555,046 reduction of income for the year 2005.

Deloitte and Touche
YOU Chih-Hui, Accountant
March 22, 2007

Sunshine Social Welfare Foundation
Balance sheet and fund statement
2005 and December 31, 2004

Currency: NT\$

Assets	Dec. 31, 2005		Dec. 31, 2004	
	Amount	%	Amount	%
Current assets				
Cash (Note 4)	\$ 81,829,424	29	\$ 81,739,105	29
Short term investment (Note 3 and 5)	9,993,048	3	9,993,048	4
Accounts receivable	13,456,945	5	12,504,513	4
Inventory (Note 3 and 6)	2,873,461	1	3,247,271	1
Prepaid expenses and other current assets	<u>1,968,862</u>	<u>1</u>	<u>2,357,191</u>	<u>1</u>
Total current assets	110,121,740	39	109,841,128	39
Time deposit (Note 2)	30,000,000	11	30,000,000	11
Long term investment (Note 2, 3 and 7)	22,391,000	8	22,391,000	8
Fixed assets – net value (Note 2, 3, 8 and 10)	119,195,525	42	118,220,784	42
Other assets	<u>715,705</u>	<u>-</u>	<u>611,550</u>	<u>-</u>
Total of assets	<u>\$ 282,423,970</u>	<u>100</u>	<u>\$ 281,064,462</u>	<u>100</u>
Liabilities and funds				
Current liabilities				
Accounts payable	\$ 10,786,697	4	\$ 7,489,463	3
Accrued expenses	11,565,357	4	12,123,916	4
Feedback fund payable (Note 14)	7,252,293	2	4,404,068	1
Other current liabilities	<u>2,503,661</u>	<u>1</u>	<u>4,828,872</u>	<u>2</u>
Total current liabilities	<u>32,108,008</u>	<u>11</u>	<u>28,846,319</u>	<u>10</u>
Other liabilities				
Pension fund liabilities (Note 3, 9 and 11)	4,113,329	2	3,158,747	1
Deposits received	<u>44,500</u>	<u>-</u>	<u>39,000</u>	<u>-</u>
Total other liabilities	<u>4,157,829</u>	<u>2</u>	<u>3,197,747</u>	<u>1</u>
Total of liabilities	<u>36,265,837</u>	<u>13</u>	<u>32,044,066</u>	<u>11</u>
Funds				
Foundation fund	162,276,000	57	162,276,000	58
Asset fund	8,564,552	3	7,135,867	3
Contingency fund (Note 14)	4,688,794	2	19,918,011	7
Budget surplus	<u>70,628,787</u>	<u>25</u>	<u>59,690,518</u>	<u>21</u>
Total funds	<u>246,158,133</u>	<u>87</u>	<u>249,020,396</u>	<u>89</u>
Total liabilities and funds	<u>\$ 282,423,970</u>	<u>100</u>	<u>\$ 281,064,462</u>	<u>100</u>

This statement is part of a complete financial report
(Please consult the audit report prepared by Deloitte and Touche on March 22, 2006)

Chairman:

CEO:

Accountant:

Sunshine Social Welfare Foundation
Statement of Income
2005 and January 1 to December 31, 2004

Currency: NT\$

	2005		2004	
	Amount	%	Amount	%
Revenues and profits				
Revenues from donations (Note 2 and 3)	\$ 48,337,274	53	\$ 41,170,432	51
Revenues from subsidies (Note 2)	19,705,694	22	12,520,497	15
Revenues from sale of assistive equipment	2,185,646	3	2,306,436	3
Revenues from interest	1,714,177	2	1,417,693	2
Revenues from charity sales (Note 3)	1,548,142	2	3,972,271	5
Revenues from activities	340,030	-	-	-
Revenues from rehabilitation services	156,020	-	156,200	-
Dividends (Note 3)	-	-	400,000	-
Other	3,808,470	4	1,173,529	1
Profits from social enterprises (Note 2, 11, 12 and 14)	<u>12,927,686</u>	<u>14</u>	<u>18,405,973</u>	<u>23</u>
Total revenues and profits	<u>90,723,139</u>	<u>100</u>	<u>81,523,031</u>	<u>100</u>
Expenses and losses				
Salaries (Note 11)	29,663,018	33	27,690,351	34
Contingency funds expenses (Note 14)	25,555,046	28	-	-
Project and activity expenses	10,331,976	12	6,719,198	8
Scholarships	3,636,500	4	3,466,500	4
Renovation expenses	3,442,991	4	940,747	1
Financial aid	3,482,212	3	3,148,742	4
Insurance fees (Note 11)	2,956,846	3	2,664,012	3
Equipment and material (Note 3 and 10)	2,763,045	3	1,384,490	2
Promotion and promotional material expenses	2,424,053	3	5,999,471	7
Post and communication	1,838,133	2	1,462,995	2
Meal allowances	1,448,505	2	1,316,085	2
Pension fund (Note 3, 9 and 11)	1,432,381	1	775,010	1
Water and electricity fees	724,325	1	623,933	1
Charity sales items production costs	716,232	1	3,248,727	4
Other	<u>4,598,824</u>	<u>5</u>	<u>3,386,711</u>	<u>4</u>
Total expenses and losses	<u>95,014,087</u>	<u>105</u>	<u>62,826,972</u>	<u>77</u>
Budget surplus (deficit)	<u>(\$ 4,290,948)</u>	<u>(5)</u>	<u>\$ 18,696,059</u>	<u>23</u>

This statement is part of a complete financial report
(Please consult the audit report prepared by Deloitte and Touche on March 22, 2006)

Chairman:

CEO:

Accountant:

Sunshine Social Welfare Foundation
Statement of changes in fund balance
2005 and January 1 to December 31, 2004

Currency: NT\$

	Foundation funds		Asset funds		Contingency funds		Total funds
Balance for January 1, 2004	\$ 162,276,000		\$ 6,751,486		\$ 7,148,764	\$ 1,429,753	\$ 8,578,517
Asset acquisition funds – Rehabilitation and other equipment	-	754,621	-	-	-	-	754,621
Transfer of Taichung work station assets to asset funds – other equipment	-	76,340	-	-	-	-	76,340
Dead asset fund – rehabilitation equipment	-	(446,580)	-	-	-	-	(446,580)
Balance surplus for 2004	-	-	-	-	-	18,696,059	18,696,059
Contingency funds							
Business incubator reserve fund	-	-	-	11,499,510	-	-	(11,499,510)
Risk contingency fund	-	-	-	2,446,705	-	-	(2,446,705)
Contingency fund disbursement – Business incubator reserve fund	-	-	-	(2,606,721)	-	-	(2,606,721)
Balance for December 31, 2004	162,276,000		7,135,867	16,041,553	3,876,458	19,918,011	249,020,396
Asset acquisition funds – Rehabilitation and other equipment	-	1,428,685	-	-	-	-	1,428,685
Budget surplus (deficit) for 2005	-	-	-	-	-	(4,290,948)	(4,290,948)
Contingency funds							
Business incubator reserve fund	-	-	-	11,121,277	-	-	(11,121,277)
Risk contingency fund	-	-	-	2,572,167	-	-	(2,572,167)
Carried-over risk contingency fund	-	-	-	3,081,010	(6,448,625)	(3,367,615)	3,367,615
Contingency fund disbursement – Business incubator reserve fund	-	-	-	(25,555,046)	-	-	25,555,046
Balance for December 31, 2005	\$ 162,276,000		\$ 8,564,552	\$ 4,688,794	\$ -	\$ 4,688,794	\$ 246,158,133

This statement is part of a complete financial report
(Please consult the audit report prepared by Deloitte and Touche on March 22, 2006)

CEO:

Chairman:

Accountant:

Sunshine Social Welfare Foundation

Cash flow statement

2005 and January 1 to December 31, 2004

Currency: NT\$

	<u>2005</u>	<u>2004</u>
Cash flow of operating activities		
Budget surplus (deficit)	(\$ 4,290,948)	\$ 18,696,059
Equipment and material expenses	1,428,685	830,961
Depreciation and amortization	884,386	1,436,649
Pension fund	954,582	127,866
Asset sale net loss	237,920	4,349
Net changes in operating assets & liabilities		
Accounts receivable	(952,432)	(4,191,362)
Inventories	373,810	(667,706)
Prepaid expenses and other current assets	388,329	(1,095,429)
Accounts payable	3,297,234	(946,641)
Accrued expenses	(558,559)	2,050,368
Feedback fund payable	2,848,225	2,259,438
Other current liabilities	(2,325,211)	(1,280,634)
Net cash inflow from operating activities	<u>2,286,021</u>	<u>17,223,918</u>
Cash flow from investment activities		
Purchase of fixed assets	(2,124,685)	(754,621)
Proceeds from sales of fixed assets	100,000	9,000
Increase in other assets	(176,517)	(147,500)
Net cash outflow from investment activities	<u>(2,201,202)</u>	<u>(893,121)</u>
Cash flow from financing activities		
Contingency fund expenses	-	(2,606,721)
Increase of deposits received	<u>5,500</u>	<u>9,000</u>
Net cash inflow (outflow) from financing activities	<u>5,500</u>	<u>(2,597,721)</u>
Net cash increase	90,319	13,733,076
Cash balance – beginning of year	<u>81,739,105</u>	<u>68,006,029</u>
Cash balance – end of year	<u>\$ 81,829,424</u>	<u>\$ 81,739,105</u>

This statement is part of a complete financial report
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Accountant:

Sunshine Social Welfare Foundation
Notes to financial statements
2005 and 2004

Unit: NT\$

1. Foundation Principles and Organization History

The Foundation, in accordance with the Civil Code regulations for Non-profit Corporation and other related laws, was established through registration on October 5, 1982 and originally named "Sunshine Culture & Education Foundation, ROC". In 1999, the Foundation received further approval from the Ministry of the Interior to change its name to "Sunshine Social Welfare Foundation".

The Foundation aims at providing social welfare services including psychological counseling, job-placement assistance, career training, legal services, education, nursing, special education, financial aid, medical rehabilitation, and social education for people with facial disfigurement and burn survivors. The Foundation established in December 1992 the Hoping Carwash Center, followed by the Nanking MRT Station store in March 1996, the Peihsin Carwash Center in December 1998, the Kuting MRT Station store in March 2000, the Sunshine Gas Station in March 2003, and the Taichung City store in July 2003. However, operations of the Nanking MRT Station store, the Taichung store, and the Peihsin Carwash Station were terminated in July 2005, December 2004 and October 2003.

At the end of 2004 the Foundation had 182 employees, and at the end of 2005, 204 employees.

2. Source of Fund and Budget

The total asset amount of the Foundation approved through the Court and relevant government supervising authorities on February 5, 2004 was \$162,276,000, including \$30,000,000 for Certificate of Deposit, \$22,391,000 for stocks and \$109,885,000 for real estate.

The Foundation's main sources of income include donations, government subsidy income, interest generated from funds, and net profit from subsidiary organizations.

The budget required for the Foundation in performing various businesses shall in principle be derived from interest generated from funds and donations obtained after establishment. Except via resolution of the board and permission of the authorities in charge, registered foundation assets shall not be used.

3. Important Accounting Policies

The financial statements are prepared in accordance with generally recognized accounting principles. The important accounting principles are described as follows:

Standards of dividing assets and liabilities into current and non-current ones

Current assets refer to the assets expected to be cashed or consumed within one year; the assets not attributed to current assets shall be non-current assets. Current liabilities refer to the liabilities expected to be liquidated in one year; the liabilities not attributed to current liabilities shall be non-current liabilities.

Short-term Investment

Short-term investment mainly refers to the beneficiary certificates of investment in domestic open funds, and loss/profit of the said term recognized when market value of short-term investments is below their costs under the lower of cost or market valuation method.

When a comparison is made with cost and market value, it shall deal with the total costs and total market values, and a valuation subject of allowance for reduction of investment loss shall be provided for disposition; when market returns, the valuation subject shall be offset in the balance of the credit site. The weighted average method shall be applied to cost calculation. The calculation of market value for the beneficiary certificates of open funds refers to the net asset value at the end of year.

Inventories

Inventories are valued under the lower of cost or market valuation method. The inventory cost of fuel shall be priced by the weighted average method.

Long-term Equity Investment

Long-term equity investment refers to the equity of unlisted

companies (not through OTC) that are donated by others as legacy, to be recorded as the net value of the said stocks on the ownership transfer day. As the invested companies release cash dividends, such dividends shall be recorded as investment revenue; if stocks as dividends are distributed, only the increased stock number will be recorded without increase of the book value. If investment value is indeed reduced and there is very little hope of recovery, its book value shall be adjusted by recognizing investment loss.

Stock sale cost shall be calculated by the weighted average method.

Fixed Assets

Upon acquisition, and in accordance with the acquisition cost, fixed assets of the Foundation are recorded into the fixed assets and recognized as asset funds, and are also recognized as equipment and appliance expense. In addition, in accordance with legal regulations, as real estate is registered with the court and government supervising authorities as the asset of the Foundation, it shall be re-listed from asset fund under the foundation fund. No depreciation shall be provided for the fixed asset in normal time; upon retirement or disposal, they shall be written off as fixed assets and asset funds.

The fixed asset of the gas station, the car wash center and the MRT store shall be priced at cost less accumulated depreciation. Major changes or improvements are to be capitalized. Renovation and maintenance expenses are to be recognized as incurred in the said year. The depreciation of fixed asset is calculated and provided in accordance with the serviceable years of 2 to 5 years by linear methods. Upon disposition of fixed asset, besides offsetting its related cost and accumulated depreciation, the disposition loss or profit shall be listed as loss/profit of the said year.

No. 35 of Statements of Financial Accounting Standards – Accounting for the Impairment of Assets has been applicable to the Foundation since 2005. The application of the said SFAS caused no impact on the financial statements of the Foundation in 2005.

Recognition and Listing of Income

Donation income is recognized as the Foundation receives cash, equipment and items in practice.

The donated assets shall be estimated and recorded according to objective valuation basis; in case no objective valuation basis is available, they will not be estimated and recorded in book.

The income of sales and charity bazaar shall be recognized as income upon occurrence of the sales and charity bazaar.

Division of Capital Expenditure and Income Expenditure

Any expenditure above the amount of \$60,000 shall be listed as an asset; the rest shall be listed as expense or loss.

Pension

The pension confirmed to be under the Defined Contribution Plan (DCP) refers to recognition of the required pension for contribution during the employee service period as the expense of the said year.

Concerning pensions under the Defined Benefit Plan (DBP), when revising the retirement regulations, based on the average year number for the incurred service cost of the previous terms from the revision date till the date when the service cost of the previous terms conforms to the existing benefit condition, such incurred service cost of the previous terms shall be allocated and recognized by linear methods. When confirming that the cost upon revising the DBP conforms to the benefit conditions, it shall be recognized as expense.

In case reduction or liquidation occurs to DBP, the reduced or liquidated loss/profit shall be listed as the net pension cost of the said year.

Income Tax

In accordance with the regulations under Item 8, Section 1 of Article 2 of the "Applicable Standards of Income Tax Waiver for Educational, Cultural, Public Welfare and Charitable Organizations or Societies"

7. Long-term Equity Investment

	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Book value</u>	<u>Shareholding %</u>	<u>Book value</u>	<u>Shareholding %</u>
Trust Venture Capital Co., Ltd.	<u>\$ 22,391,000</u>	<u>4</u>	<u>\$ 22,391,000</u>	<u>4</u>

In accordance with the net value calculated in the financial statements of the said company without an accountant audit at the end of 2005, the total was \$29,181,351.

8. Fixed Asset – Net Amount

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
<u>Foundation</u>		
Cost		
Land	\$ 79,502,000	\$ 79,502,000
Building	30,383,000	30,383,000
Rehabilitation equipment	3,336,555	3,283,555
Transportation equipment	1,838,000	1,838,000
Miscellaneous equipment	<u>3,389,997</u>	<u>2,014,312</u>
Total fixed asset of the Foundation	<u>118,449,552</u>	<u>117,020,867</u>
 <u>Sunshine Gas Station</u>		
Cost – Miscellaneous equipment	-	1,276,190
Accumulated depreciation –	<u>-</u>	<u>812,112</u>
Miscellaneous equipment		
Net amount of the fixed asset of the gas station	<u>-</u>	<u>464,078</u>
 <u>Car wash center – Heping Station</u>		
Cost – Machinery equipment	696,000	3,689,929
Accumulated depreciation – Machinery equipment	<u>-</u>	<u>3,130,465</u>
Net amount of the fixed asset of Heping Station	<u>696,000</u>	<u>559,464</u>
 <u>Store – Nanking Station</u>		
Cost		
Miscellaneous equipment	-	422,545
Leasehold improvements	<u>-</u>	<u>181,661</u>
Total cost	<u>-</u>	<u>604,206</u>
Accumulated depreciation		
Miscellaneous equipment	-	396,115
Leasehold improvements	<u>-</u>	<u>181,661</u>
Total accumulated depreciation	<u>-</u>	<u>577,776</u>
Net amount of the fixed asset of Nanking Station	<u>-</u>	<u>26,430</u>
 <u>Store – Kuting Station</u>		
Cost – Miscellaneous equipment	1,227,207	1,227,207
Accumulated depreciation – Miscellaneous equipment	<u>1,177,234</u>	<u>1,077,262</u>
Net amount of the fixed asset of Kuting Station	<u>49,973</u>	<u>149,945</u>
	<u>\$ 119,195,525</u>	<u>\$ 118,220,784</u>

The total fixed asset depreciation costs of the subsidiary operation organizations for 2005 and 2004 were of \$812,024 and \$1,364,301 respectively.

9. Pensions

The "Labor Pension Act" has been enforced since July 1, 2005. An employee recruited before June 30 and still employed on July 1 must choose whether to continue applying the related pension regulations of the "Labor Insurance Act", or to apply the pension system of the "Labor Pension Act" and retain application of the work seniority before the said Act. Newly admitted employees after July 1, 2005 can only be governed by the pension system under the "Labor Pension Act".

The Foundation established its employee retirement regulations in accordance with the "Labor Pension Act", under the Defined Contribution Plan (DCP). Since July 1, 2005, 6% of employee's monthly wages have been allocated to exclusive personal pension accounts in the Bureau of Labor Insurance. The pension cost of the Foundation recognized in the second half of the year 2005 was \$1,566,191.

The Foundation established retirement regulations for formal employees. In accordance with the rules of the said regulations, the pension payment is calculated by the service seniority and the average basic wages of the month before retirement. The Foundation provides pension liabilities at 3% of the total amount of monthly wages each month. The Taipei City Government approved in July 1998 that from the said month on, the Foundation's provision and allocation according to 3% of the total wages amount each month would be under the management of the Labor Retirement Reserve Fund Supervision Committee, and be deposited under the name of the Committee into the Central Trust of China. The Foundation has provided and allocated pension according to 2% of the total wage amount each month since the second half of the year 2005.

The allocated retirement reserve funds in 2005 and 2004 were of \$415,111 and \$1,394,330 respectively; the provided pension expenses in 2005 and 2004 were of \$1,274,134 and \$1,462,158 respectively.

10. Equipment and Appliances

The 2005 and 2004 equipment and appliance expenditures were of \$2,763,045 and \$1,384,490 respectively; of which \$1,428,685 and \$830,961 were used to purchase rehabilitation, transportation and miscellaneous equipment of the Foundation, which are already listed in the asset fund.

11. Personnel, Depreciation and Amortization Costs

	2005			
	Foundation	Subsidiary Operation Organization		Total
		Attributed to operation cost	Attributed to operation expense	
Personnel expense				
Wage expense	\$ 29,663,018	\$ 7,253,356	\$ 24,718,916	\$ 61,635,290
Labor & health insurance expense	2,822,694	813,631	2,280,926	5,917,251
Pension	1,432,381	383,432	1,024,512	2,840,325
Depreciation expense	-	221,544	590,480	812,024
Amortization expense	-	-	72,362	72,362
	<u>\$ 33,918,093</u>	<u>\$ 8,671,963</u>	<u>\$ 28,687,196</u>	<u>\$ 71,277,252</u>

	2004			
	Foundation	Subsidiary Operation Organization		Total
		Attributed to operation cost	Attributed to operation expense	
Personnel expense				
Wage expense	\$ 27,690,351	\$ 7,311,423	\$ 20,805,891	\$ 55,807,665
Labor & health insurance expense	2,541,825	584,036	1,989,086	5,114,947
Pension	775,010	180,857	506,291	1,462,158
Depreciation expense	-	383,336	980,965	1,364,301
Amortization expense	-	-	72,348	72,348
	<u>\$ 31,007,186</u>	<u>\$ 8,459,652</u>	<u>\$ 24,354,581</u>	<u>\$ 63,821,419</u>

12. Profit/Loss of Subsidiary Operation Organization

	2005		2004	
	Amount	%	Amount	%
<u>Sunshine Gas Station</u>				
Operation income	\$ 641,461,622	100	\$ 573,194,220	100
Operation cost	<u>555,361,808</u>	<u>87</u>	<u>491,927,365</u>	<u>86</u>
Gross profit of operation	<u>86,099,814</u>	<u>13</u>	<u>81,266,855</u>	<u>14</u>
Operation expense				
Promotion and advertisement expense	23,241,111	4	23,611,058	4
Wage	19,667,953	3	15,182,902	3
Feedback pay	7,252,293	1	4,404,068	1
Postage	4,860,284	1	4,083,395	1
Rental	3,542,562	1	3,537,954	-
Insurance premium	1,727,978	-	1,299,569	-

(to be continued)

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	2005		2004	
	Amount	%	Amount	%
Depreciation	\$ 464,078	-	\$ 464,064	-
Others	6,796,023	-	8,620,869	2
Total operation expense	<u>67,552,282</u>	<u>11</u>	<u>61,203,879</u>	<u>11</u>
Gas station operation profit	<u>18,547,532</u>	<u>2</u>	<u>20,062,976</u>	<u>3</u>
<u>Car Wash Center – Heping Station</u>				
Operation income	14,440,125	100	20,022,249	100
Operation cost	<u>12,987,982</u>	<u>90</u>	<u>13,591,680</u>	<u>68</u>
Gross profit of operation	<u>1,452,143</u>	<u>10</u>	<u>6,430,569</u>	<u>32</u>
Operation expense				
Promotion and advertisement expense	3,724,736	26	3,263,491	16
Wage	413,391	3	401,084	2
Employee welfare	25,095	-	57,114	-
Others	<u>1,609,216</u>	<u>11</u>	<u>1,336,497</u>	<u>7</u>
Total operation expense	<u>5,772,438</u>	<u>40</u>	<u>5,058,186</u>	<u>25</u>
Heping Station Operation (Loss) Profit	(<u>4,320,295</u>)	(<u>30</u>)	<u>1,372,383</u>	<u>7</u>
<u>Store – Nanking Station</u>				
Operation income	250,830	100	397,165	100
Operation cost	<u>189,438</u>	<u>76</u>	<u>302,239</u>	<u>76</u>
Gross profit of operation	<u>61,392</u>	<u>24</u>	<u>94,926</u>	<u>24</u>
Operation expense				
Rental expenditure	138,027	55	240,000	60
Wage	96,198	38	136,760	35
Depreciation	26,430	11	79,296	20
Insurance premium	11,289	4	17,797	4
Others	<u>57,067</u>	<u>23</u>	<u>109,155</u>	<u>28</u>
Total operation expense	<u>329,011</u>	<u>131</u>	<u>583,008</u>	<u>147</u>
Nanking Station Operation Loss	(<u>267,619</u>)	(<u>107</u>)	(<u>488,082</u>)	(<u>123</u>)
<u>Store – Kuting Station</u>				
Operation income	1,806,692	100	1,973,649	100
Operation cost	<u>877,006</u>	<u>49</u>	<u>946,187</u>	<u>48</u>
Gross profit of operation	<u>929,686</u>	<u>51</u>	<u>1,027,462</u>	<u>52</u>
Operation expense				
Wage	1,230,029	68	1,565,160	79
Depreciation	99,972	6	229,317	12

(to be continued)

(from previous page)

	2005		2004	
	Amount	%	Amount	%
Insurance premium	\$ 128,268	7	\$ 198,960	10
Packaging cost	79,308	4	73,740	4
Others	424,041	23	496,666	25
Total operation expense	<u>1,961,618</u>	<u>108</u>	<u>2,563,843</u>	<u>130</u>
Kuting Station Operation Loss	(<u>1,031,932</u>)	(<u>57</u>)	(<u>1,536,381</u>)	(<u>78</u>)
<u>Store – Taichung Station</u>				
Operation income	-	-	374,734	100
Operation cost	-	-	<u>167,669</u>	<u>45</u>
Gross profit of operation	-	-	<u>207,065</u>	<u>55</u>
Operation expense	-	-	-	-
Wage	-	-	657,578	175
Depreciation	-	-	208,288	56
Insurance premium	-	-	71,780	19
Others	-	-	<u>274,342</u>	<u>73</u>
Total operation expense	-	-	<u>1,211,988</u>	<u>323</u>
Taichung Station Operation Loss	-	-	(<u>1,004,923</u>)	(<u>268</u>)
Subsidiary operation organization net profit	<u>\$ 12,927,686</u>		<u>\$ 18,405,973</u>	

The Foundation signed the Sunshine Gas Station operation contract with Taipei City Government on December 26, 2002 and it expired at the end of December 2005. The risk reserve fund allocated originally in accordance with the contract was done in response to unexpected natural disasters or emergency events, and still showed balance upon termination of the consigned operation period by the end of 2005. Therefore, the balance was incorporated in the earnings of the 3rd year and then allocated in accordance with proportion.

13. Income Tax

The Foundation in 2005 and 2004 conformed to the regulations under Item 8, Section 1 of Article 2 of the “Applicable Standards of Income Tax Waiver for Educational, Cultural, Public Welfare and Charitable Organizations or Societies” and waived income tax payment. The income tax declaration cases of the Foundation were already approved by the tax levying agencies up to 2003.

14. Commitments

- i. A lease contract was signed by the Foundation with the Department of Labor of Taipei City for the subsidiary Car Wash Center Heping, which will expire by the end of December 2009.

- ii. The Foundation signed an operation contract for the Sunshine Gas Station with Taipei City Government on December 27, 2005 that will expire by the end of December 2008. Upon expiration of the contract, the consignment relationship will terminate accordingly; the Foundation has no priority right of contract renewal.

In accordance with the operation proposal regulations of the operation contract, the Foundation shall each year, in view of the earnings of Sunshine Gas Station, provide feedback pay (book listed as feedback pay payable) in accordance with the agreed percentage and allocate reserve fund for business incubation. The feedback pay is to be allocated into the exclusive account of the job placement fund for people with mental or physical disabilities of Taipei City for the purpose of developing and promoting vocational services by organizations for people with mental or physical disabilities. The reserve fund for business incubation is intended to provide the required capital for future establishment of new sheltered workshops, for job placement service promotion, and for job placement programs.

Since 2005, the Foundation has listed the actual allocation situations of the reserve fund for business incubation as expenses, with the expenditure breakdown listed as follows:

	<u>2005</u>
Car wash center transition project	\$ 12,804,577
Dream Maker project	10,847,761
Supportive job placement service— Northern area	1,474,416
Car wash center education training	<u>428,292</u>
	<u>\$ 25,555,046</u>