

SOFT-WORLD INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS

PERIOD FROM JANUARY 1 THROUGH JUNE 30, 2003 AND 2002

(In Thousands of New Taiwan Dollars)

| | Six Months Ended June 30 | |
|---|--------------------------|----------------|
| | 2003 | 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 374,010 | \$ 194,590 |
| Depreciation | 4,718 | 5,092 |
| Bad debt | 3,320 | 14,815 |
| Amortization | 7,255 | 17,117 |
| Accrued pension liabilities | 3,795 | 4,555 |
| Interest compensation payable | 3,550 | 1,046 |
| Losses on disposal of inventory | 20,732 | 835 |
| Gains on sales of long-term equity investment | (14,020) | (1,435) |
| Gains on sales of disposal of property, plant and equipment | (29) | - |
| Net investment income | (281,330) | (162,268) |
| Unrealized profit of affiliates | 11,072 | - |
| Foreign exchange (gains) losses | (139) | 1,373 |
| Changes in assets and liabilities: | | |
| Notes receivable | 39,982 | 30,297 |
| Accounts receivable | (106,717) | (133,013) |
| Inventories | 4,076 | (72,299) |
| Prepayments | (2,325) | 24,136 |
| Deferred tax assets-current | 9,017 | (8,085) |
| Other financial assets-current | 42,276 | (30,688) |
| Other assets | (1,478) | 68 |
| Notes payable | (7,187) | 14,816 |
| Accounts payable | 98,512 | 254,481 |
| Accrued expenses | 4,881 | 23,117 |
| Income tax payable | (3,365) | (2,456) |
| Other payables | 2,139 | (3) |
| Other current liabilities | - 3,726 | - 9,571 |
| Net cash provided by operating activities | 209,019 | 166,520 |

(continued)

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| | | |
|---|-------------------|-------------------|
| (Increase) decrease Short-term investments | 185,445 | (196,566) |
| Accommodation of finance to affiliate | (35,000) | - |
| Increase in long-term investments | (222,658) | (83,865) |
| Acquisition of property, plant and equipment | (3,957) | (344) |
| Proceed from property, plant and equipment | 82 | - |
| Guarantee deposits paid | 385 | (2,619) |
| Intangible assets | (17,042) | - |
| Unamortization | (821) | (24,593) |
| Deferred insurance cost | - | (384) |
| Net cash used in investing activities | (93,566) | (308,371) |
| FINANCING ACTIVITIES: | | |
| Net decrease in short-term borrowings | - | (10,000) |
| Net decrease in commercial papers | - | (10,000) |
| Decrease in receipts under custody | (597) | (717) |
| Decrease in long-term debts | - | (57,493) |
| Decrease in notes payables for purchase of equipment | (146) | (203) |
| Increase in customers deposits | 15 | - |
| Increase in bonds payable | - | 300,000 |
| Net cash provided by financing activities | (728) | 221,587 |
| Foreign exchange rate influence | 139 | - 1,373 |
| NET INCREASE IN CASH AND | | |
| CASH EQUIVALENTS | 114,864 | 78,363 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 79,098 | 94,771 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 193,962 | \$ 173,134 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW | | |
| INFORMATION - | | |
| Cash paid during the year for: | | |
| Interest (net of capitalized amount) | \$ 57 | \$ 2,991 |
| Income tax | \$ 19,435 | \$ 13,496 |
| Cash paid during the year for acquisition of property, plant and equipment | | |
| Cost of property, plant and equipment acquired | \$ 4,457 | \$ 1,344 |
| Less: other payables | - 500 | - 955 |
| notes payables | - | (45) |
| Cash paid during the year for acquisition of property, plant and equipment | \$ 3,957 | \$ 344 |

(continued)

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| | | | |
|--|----|---------|--------|
| Cash received during the year for acquisition of property, plant and equipment | | | |
| Cost of property, plant and equipment sold | \$ | 266 | \$ - |
| Less : equipment receivable | | (184) | - |
| Cash received during the year for acquisition of property, plant and equipment | \$ | 82 | \$ - |
| NONCASH FINANCING ACTIVITIES | | | |
| Shareholder's bonuses payable | | 190,192 | 41,316 |
| Employees' bonuses payable | | 7,346 | - |
| Directors' bonuses payable | | 6,615 | 2,956 |
| The accompanying notes are an integral part of the financial statement. | | | |