

**SOFT-WORLD INTERNATIONAL CORPORATION**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2002 AND 2001

(In Thousands of New Taiwan Dollars)

	2002	2001
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 397,032	\$ 172,381
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Bad debt	24,315	1,167
Depreciation	9,523	10,200
Amortization	28,740	17,755
Other losses	16,046	14,652
(Gains) Losses on disposal of property, plant and equipment	56	(30)
Gains on disposal of short-term investments and long-term equity investments	(58,232)	(239)
Interest compensation of bonds payable	5,067	-
Foreign exchange gains	(17)	(568)
Equity in net earnings of affiliates	(271,600)	(87,542)
Unrealized profit of affiliates	29,786	-
<b>Changes in assets and liabilities</b>		
Notes receivable	39,363	(13,842)
Notes receivable-related parties	(35,712)	(3,624)
Accounts receivable	(36,970)	(19,501)
Accounts receivable-related parties	(11,003)	(12,233)
Inventories	(5,131)	(76,511)
Prepayments	8,387	(2,503)
Other current assets	(29,270)	(19,331)
Deferred income tax assets-current	(21,080)	(5,069)
Deferred income tax assets-non-current	1,828	(7,057)
Notes payable	17,241	(58,830)
Notes payable-related parties	1,321	45,831
Accounts payable	(36,078)	(40,430)
Accounts payable-related parties	113,643	118,344
Income tax payable	6,938	8,101
Accrued expenses	30,379	9,144
Other payables	(404)	(353)
Other current liabilities	- 10,086	8,060
Accrued pension liabilities	9,239	6,472
<b>Total adjustment</b>	<b>- 173,711</b>	<b>- 107,937</b>
<b>Net cash provided by operating activities</b>	<b>223,321</b>	<b>64,444</b>