

SOFT WORLD INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>Nine Months Ended September 30</u>	
	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 558,394	\$ 341,895
Depreciation	6,990	7,381
Bad debt	3,320	22,815
Amortization	20,356	26,113
Accrued pension liabilities	5,681	6,894
Interest compensation payable	4,510	3,114
Losses on disposal of inventory	30,950	7,988
Gains on sales of short-term investment	(20,763)	(53,887)
Net investment income under equity method	(434,404)	(221,871)
Unrealized profit of affiliates	24,643	-
Deferred tax assets	6,817	(6,361)
Gains on sales of disposal of property, plant and equipment	(29)	56
Foreign exchange (gains) losses	1,602	(1,468)
Changes in assets and liabilities:		
Notes receivable	39,756	7,098
Accounts receivable	(160,868)	(133,019)
Inventories	(20,066)	(42,206)
Prepayments	3,094	3,261
Other financial assets-current	79,156	(2,934)
Notes payable	83,578	(22,386)
Accounts payable	97,721	192,816
Accrued expenses	468	8,242
Income tax payable	1,425	3,291
Other payables	(10)	(387)
Other current liabilities	(2,193)	(12,334)
Net cash provided by operating activities	<u>330,128</u>	<u>134,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease Short-term investments	267,688	(244,448)
Accommodation of finance to affiliate	(35,000)	-
Increase in long-term investments	(222,658)	(83,865)
Acquisition of property, plant and equipment	(4,831)	(1,469)
Proceed from property, plant and equipment	266	230
Proceed from long-term investments	-	54,237
Guarantee deposits paid	513	(163)
Intangible assets	(26,341)	(34,231)
Un-amortized expenses	(820)	(2,968)
Deferred insurance cost	-	(385)
Net cash used in investing activities	<u>(21,183)</u>	<u>(313,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short-term borrowings	-	(10,000)
Net decrease in commercial papers	-	(10,000)

(continued)

	Nine Months Ended September 30	
	2003	2002
Employees' bonuses	(7,346)	-
Shareholder's bonuses	(190,192)	-
Decrease in receipts under custody	(333)	(320)
Decrease in long-term debts	-	(85,259)
Decrease in notes payables for purchase of equipment	(146)	(203)
Increase in customers deposits	40	-
Increase in bonds payable	-	300,000
Net cash provided by (used in) financing activities	(197,977)	194,218
Foreign exchange rate influence	(1,602)	1,468
NET DECREASE IN CASH AND CASH EQUIVALENTS	109,366	16,735
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>79,098</u>	<u>94,771</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 188,464</u>	<u>\$ 111,506</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 80</u>	<u>\$ 3,463</u>
Income tax paid	<u>\$ 21,460</u>	<u>\$ 13,498</u>
Acquisition of properties		
Purchase of properties	\$ 4,950	\$ 1,558
Increase in equipment payable	(119)	(89)
	<u>\$ 4,831</u>	<u>\$ 1,469</u>
Proceed from properties		
Sale of properties	\$ 266	\$ 404
Less : equipment receivable	-	(174)
	<u>\$ 266</u>	<u>\$ 230</u>
NONCASH FINANCING ACTIVITIES		
Shareholder's bonuses payable	\$ -	\$ 41,316
Directors' bonuses payable	\$ 6,615	\$ 2,956