

Consolidated Statements of Cash Flows
For the years ended December 31, 2004 and 2003
 (expressed in thousands of New Taiwan dollars)

	2004	2003
Cash flows from operating activities:		
Net income	\$ 113,061	71,500
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,622	16,346
Provision for asset valuation	15,002	6,372
Investment income under the equity method, net	(28,547)	(42,119)
Increase in notes and accounts receivable	(177,530)	(2,396)
Decrease (increase) in inventories	(55,244)	(95,179)
Decrease in accounts receivable-related parties	2,254	11,467
Decrease (increase) in other financial assets	5,665	(12,680)
Decrease (increase) in prepaid and other current assets	(185)	(5,623)
Increase in notes and accounts payable	15,916	7,790
Increase (decrease) in accrued expenses and other current liabilities	13,543	(15,786)
Increase in income tax payable	6,339	11,306
Other	2,826	(12,933)
Net cash provided by (used in) operating activities	<u>(66,278)</u>	<u>(61,935)</u>
Cash flows from investing activities:		
Decrease (increase) in long-term equity investments	(3,371)	7,172
Decrease (increase) in short-term investments	30,064	(30,064)
Sells the fixed asset	2,428	3,095
Purchase fixed asset	(2,040)	(6,241)
Other	(3,119)	(1,050)
Net cash provided by (used in) investing activities	<u>23,962</u>	<u>(27,088)</u>
Cash flows from financing activities:		
Increase (decrease) in long(short)-term loans	73,062	19,056
Issue Convertible bonds	350,000	
Payment of cash dividends	(68,000)	(48,000)
Distribution of directors' and supervisors' remuneration	(643)	(1,218)
Other	150	
Net cash provided by (used in) financing activities	<u>354,569</u>	<u>(30,162)</u>
Net increase (decrease) in cash and cash equivalents	312,253	(119,185)
Cash and cash equivalents at beginning of year	103,085	222,270
Cash and cash equivalents at end of year	<u>\$ 415,338</u>	<u>103,085</u>
Cash paid during the period for:		
Interest	<u>\$ 1,011</u>	<u>2,147</u>
Income taxes	<u>\$ 43</u>	<u>10,172</u>
Supplementary disclosures of investing and financing activities not affecting cash flows:		
Long-term equity investments reclassified to short-term investments	<u>\$ 3,081</u>	
Convertible bonds payable and others transferred to capital stock and capital surplus	<u>\$ 13,450</u>	
Long-term loans – current portion		<u>10,000</u>