



2003 STATEMENT OF CASH FLOWS-CONTINUED (CONDENSED)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

2003

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 5,944,518
Adjustments to reconcile net income to net cash provided by operating activities	
Provision (reversion) of decline - short - term investments	(71,532)
Provision (reversion) of decline - trading securities	(1,088,825)
Provision for allowance for loss on increase of borrowing charges	12,263
Provision for bad debts	180,758
(Gain) loss on long-term equity investments accounted for under the equity method	(1,503,103)
Cash dividends form long-term investments	194,356
Gain on disposal of short-term investments	(107,987)
(Gain) loss on disposal of long-term investments	(1,308)
Loss on disposal of fixed assets (including assets for lease and idle assets)	151,643
Depreciation (including assets for lease and idle assets)	323,430
Amortization	5,900
Provision for trading loss reserve	32,263
Interest-premium liability	195,643
Short-term investments	(1,510,916)
Bonds purchased under resale agreements	(3,150,363)
Trading securities – dealing	3,865,446
Trading securities – underwriting	1,591,935
Trading securities-hedging	(4,803,482)
Call options	18,169
Margin loans receivable	(5,966,494)
Receivable on refinance guaranty	76,200
Futures transactions guarantee deposits receivable	(31,921)
Derivative instruments - over-the-counter-(assets)	(1,527,412)
Notes receivable and accounts receivable	(265,808)
Prepayments	66,769
Other receivables	124,632
Deferred income tax	156,775
Deferred loss on warrants	(163,932)
Deferred loss on option contracts	(506,672)
Other current assets	2,729
Other assets	3,238
Bonds sold under repurchase agreements	(2,224,168)
Warrants issuance liabilities	1,060,334

Put options	(1,550)
Deposits on short sales	(571,629)
Short sales proceeds payable	(701,489)
Payable for securities borrowing charges - hedging	90,926
Derivative instruments - over-the-counter-(liabilities)	2,105,907
Notes payable and accounts payable	(543,559)
Receipts in advance	(16,688)
Other payables	467,476
Other current liabilities	(2,730)
Other liabilities - other	64,294
Net cash provided by operating activities	(8,025,964)

CASH FLOWS FROM INVESTING ACTIVITIES:

Decrease in pledged time deposits and negotiable certificates of deposit	(\$ 94,101)
Purchases of long-term investments - subsidiary	(73,550)
Purchases of long-term investments - others	(1,240,816)
Proceeds from disposal of long-term investment	16,008
Proceeds from liquidation of long-term investment	-
Proceeds from retirement of common stock of long-term investment	17,200
Proceeds from disposal of fixed assets (including assets for lease and idle assets)	19,518
Purchases of fixed assets	(913,489)
(Increase) decrease in operating guarantee deposits	(56,000)
(Increase) decrease in exchange clearing deposits	(48,284)
Decrease in deposits-out	164,778
Net cash (used in) provided by investing activities	(2,208,736)

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase (decrease) in short-term loans	7,809,963
Increase (decrease) in commercial paper payable	1,580,000
Proceeds from issuance of convertible bonds	5,000,000
Redemption of bonds payable	(6,054,831)
Increase in deposits-in	1,359
Proceeds from sales of treasury stock to employees	44,469
Remunerations to directors and supervisors	(14,443)
Cash dividends	(443,134)
Stock bonus to employees	(28,885)
Purchase of treasury stock	-
Proceeds from merger	-
Net cash used in financing activities	7,894,498
Net (decrease) increase in cash	(2,340,202)
Cash and cash equivalents-beginning balance	3,414,190
Cash and cash equivalents-ending balance	\$ 1,073,988

Supplemental disclosure of cash flow information:

Cash paid for interest(included interest expense capitalized)	\$ 547,482
Less : Interest expense capitalized	(6,747)
Cash paid for interest(excluded interest expense capitalized)	\$ 540,735
Cash paid for income tax	\$ 888,962
Investing and financing activities not affecting cash:	
Convertible bonds and interest-premium payable transfer to common stock	\$ 321,196