

**MITAC INTERNATIONAL CORP.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEP. 30, 2004 AND 2003**  
**(Figures in thousand of New Taiwan Dollors)**

	<u>3Q 2004</u>	<u>3Q 2003</u>
<u>Cash Flows from Operating Activities :</u>		
Net income	1,540,845	728,141
Depreciation	193,210	194,607
Amortization	160,095	124,443
Long -term investment income accounted for under equity method	(758,609)	(395,847)
Cash dividends from long-term investment accounted for under equity method	19,078	91,022
Gain on disposal of investments	(22,047)	(81,122)
Gain on disposal of fixed assets	(950)	(1,066)
Gain on disposal of other assets	(73,017)	0
Changes in assets and liabilities	748,635	(509,360)
Net Cash Flows Used in Operating Activities	<u>1,807,240</u>	<u>150,818</u>
<u>Cash Flows from Investing Activities :</u>		
Increase in marketable securities ,net	655,882	(1,232,166)
Proceeds from disposal of Long-term investments	53,345	271,182
Increase in Long -term investments	(62,977)	(312,921)
Acquisition of fixed assets	(98,653)	(77,570)
Proceeds from disposal of fixed assets	6,992	3,888
Proceeds from disposal of other assets	233,693	0
Increase in deferred charges	(123,076)	(82,652)
Increase in other assets,net	0	(2,866)
Decrease in refundable deposits,net	11	10
Net Cash Flows Used in Investing Activities	<u>665,217</u>	<u>(1,433,095)</u>
<u>Cash Flows from Financing Activities :</u>		
Increase in short-term debts,net	(3,366,613)	3,033,348
Increase in longt-term debts,net	2,000,000	500,000
Redeem bond payable	0	(1,830,748)
Employee stock warranty exercised	101,789	0
Bouns paid to employee	(94,633)	(77,842)
Cash dividends paid	(518,294)	(208,276)
Director' and supervisors' remuneration	(4,000)	(4,000)
Acquisition and disposal treasury stock	(258,927)	(179,368)
Increase in guarantee deposits	0	175
Net Cash Flows provided by FinancingActivities	<u>(2,140,678)</u>	<u>1,233,289</u>
Net decrease in Cash and Cash Equivalents	331,779	(48,988)
Cash and Cash Equivalents at beginning of year	<u>657,623</u>	<u>329,740</u>
Cash and Cash Equivalents at end of year	<u>989,402</u>	<u>280,752</u>

\*Have been reviewed by external auditor