

FORMOSAN RUBBER GROUP INC.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(Expressed in Thousands of New Taiwan Dollars)

DESCRIPTION	2008	2007
Cash flows from operating activities		
Net income	\$ 283,301	\$ (78,383)
Adjustments		
Depreciation	20,725	19,447
Amortization	2,259	2,139
Valuation loss (gain) on financial assets	(71,336)	72,323
Investment loss (income) on equity method	(30,635)	33,354
Cash dividends received from equity method investees	—	14,280
Loss (gain) on sale of investments	(30,402)	—
Loss on disposal of fixed assets	—	438
Recognition on Unrealized revaluation increment by disposal of land	(13,037)	—
Amortization of discount of financial liabilities	—	37
Accrued face-value-to-redemption-price	—	464
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	103,043	—
Notes receivable	18,112	6,563
Accounts receivable	(28,046)	(136,897)
Other receivables	10,154	22,915
Inventories	(7,614)	(27,722)
Construction in progress	(320,906)	(40,293)
Prepaid expenses	(11,228)	(55,632)
Deferred Marketing Expenses	4,673	—
Notes payable	45,472	1,241
Accounts payable	12,628	6,198
Other payables	(10,039)	(3,016)
Advance in real estate receipts	119,845	437,718
Accrued pension cost	(82,352)	5,000
Other current liabilities	21,890	4,730
Net cash provided by operating activities	\$ 36,507	\$ 284,904

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DESCRIPTION	2008	2007
Cash flows from investing activities		
Acquisition of fixed assets	(643)	(1,734)
Proceeds from disposal of fixed assets	—	243
Increase in deferred charges	(2,287)	(2,077)
Net cash used in by investing activities	(2,930)	(3,568)
Cash flows from financing activities		
Decrease in short-term loans	—	(92,000)
Increase in short-term bills payable	—	(78,000)
Repayment of bonds payable	(50,001)	(50,000)
Increase in other liabilities	161	(221)
Net cash used in financing activities	(49,840)	(220,221)
Net increase (decrease) in cash and cash equivalents	(16,263)	61,115
Cash and cash equivalents, beginning of period	639,509	250,100
Cash and cash equivalents, end of period	\$ 623,246	\$ 311,215
Supplemental cash flow information		
Interest paid (excluding capitalized interest)	\$ 1,095	\$ 1,938
Non-cash investing and financing activities		
Current portion of long-term liabilities	\$ 49,999	\$ 101,655