

Pan Asia Chemical Corporation
Statements of Cash Flows
Years Ended December 31, 2008 AND 2007
(Expressed in Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 378,405	\$ 281,378
Gain on reversal of bad debts	0	(111)
Loss (Gain) for market price decline(recovery) and obsolete and slow-moving inventories	9,731	689
Investment (gain) loss accounted for under the equity method	(13,474)	(150,384)
Cash dividends from investee's company under equity method	36,773	0
Impairment loss	4,561	10,240
Depreciation and Amortization	11,362	12,680
(Gain) Loss on disposal of property, plant and equipment - net	203	(231)
Changes in assets and liabilities :		
Deferred income tax assets	5,088	(51,061)
Accrued pension liabilities	1,645	1,648
Financial assets measured at fair value through profit or loss - current	5	92,308
Notes and accounts receivable	108,448	14,569
Other receivable	(312)	(14,927)
Inventories	15,335	(91,726)
Prepayment	(14,189)	(13,311)
Notes and accounts payable	(179,012)	84,725
Income tax payable	2,582	(21,515)
Accrued expenses	4,306	(2,316)
Other payable	7,977	(5,053)
Other current liabilities	3,836	(4,114)
Net cash provided by operating activities	383,270	143,488
CASH FLOWS FROM INVESTING ACTIVITIES :		
Proceeds from disposal of financial assets measured at cost	0	0
Increase in available-for-sale financial assets - non current	0	(36,524)
Increase in Equity investments under equity method	(6,740)	(365,932)
Acquisition of properties	(449,981)	(483,501)
Proceeds from disposal of properties	0	391
Decrease (Increase) in refundable deposits	(77)	411
Increase in deferred charges	(1,527)	(2,136)
Decrease (Increase) in restricted assets	413,269	430,144
Net cash used in investing activities	(45,056)	(457,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	130,000	320,000

(Decrease) Increase in short-term notes and bills payable	(49,887)	(58)
Increase (decrease) in long-term loans	(52,006)	0
Dividends paid	(181,625)	(35,847)
Bonuses paid to employees, and remuneration paid to directors and supervisors	(18,994)	(5,770)
Purchase of treasury stock	<u>(118,593)</u>	<u>(7,268)</u>
Net cash provided by financing activities	(291,105)	271,057
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 47,109	 (42,602)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>64,527</u>	 <u>107,129</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 111,636</u>	 <u>\$ 64,527</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION :		
Interest paid	<u>\$ 48,322</u>	<u>\$ 37,249</u>
Income tax paid	<u>\$ 2,040</u>	<u>\$ 31,812</u>