Consolidated projected cash flow for 2014

1. Projected cash inflow from operating activities: Expected to remain stable
2. Projected cash outflow from investment activities: For capital expenditure
3. Projected cash outflow from financing activities: For cash dividend distribution

2014 Consolidated Projected Cash Flow Analysis

Unit: NT$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
7,954,294	26,194,429	26,048,724	8,099,999	—	—

Source of funding for negative cash flow in 2014: Not applicable

Analysis of Major Capex and its Impact on Finance and Operations

Given stable operations and operating cash inflows, the Company funds its major capex with its own working capital, thus, having a minimal impact on its financials.

Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan

All of TWM's long-term holdings are strategic investments. The Company is committed to promoting digital convergence and becoming a leading player in the T.I.M.E (telecommunication, internet, media and entertainment) era. In 2013, on a consolidated basis, TWM's losses from long-term investments under the equity method amounted to NT$55,403,000, as many of these investments were still in the initial stage. The Company expects return on investment to improve going forward. It will also continue to make prudent strategic investments.

Risk Management

Impact of inflation, interest and exchange rate fluctuations, and preventive measures:

1. Impact of interest rate fluctuations

Interest rate fluctuations had a minimal impact on TWM's 2013 short-term bank borrowings, as interest rates remained low and stable because of the global economic slowdown. The Company issued straight corporate bonds and signed a mid-term loan agreement with banks to lock in mid-to-long-term interest rates and minimize impacts from interest rate fluctuations.

2. Impact of exchange rate fluctuations

The Company's main service area is Taiwan. Except for its international roaming business, all operating revenues and expenses are denominated in NT dollars. However, some of the Company's expenditures are denominated in euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign exchange spot market transactions. Overall, exchange rate fluctuations had a minimal impact on the Company.