

ALI CORPORATION
Consolidated Statements of Cashflow
For the periods ended Jun.30 , 2008 and 2007

(Amounts in thousand New Taiwan Dollars)

	2008	2007
Cash flows from operating activities :		
Net income	92,878	432,280
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation	18,948	19,288
Amortization	44,708	38,256
Bad debt expense	0	1,389
Amortization - deferred credit	(1,414)	(1,515)
Provision for inventory loss (reversal)	30,267	(57,619)
Gain on disposal of investments	(982)	0
Valuation loss (gain) on financial instruments	25	(16,327)
Loss on disposal of property and equipment, net	476	1,689
Loss on impairment of financial assets	1,160	0
Change in deferred income tax assets	16,201	9,295
Decrease in financial assets at fair value through profit or loss -current	254,797	142,665
Increase in notes receivable	(546)	(103)
Decrease(increase) in accounts receivable	51,256	(46,804)
Increase in receivables to related parties	0	(127)
Decrease in other financial assets -current	5,601	9,004
Decrease in inventory	167,708	165,980
Decrease in prepaid expenses and other current assets	779	10,116
Decrease in prepaid pension	1,162	399
Decrease in notes payable	(13)	(29)
Decrease in accounts payable	(192,277)	(119,963)
Increase in payables to related parties	15,014	11,135
Decrease in tax payable	(51,962)	(1,130)
Decrease in accrued expenses and other current liabilities	(47,957)	(21,079)
Amortization of premium on anticipated bond redemption	0	316
Cash provided by operating activities	<u>405,829</u>	<u>577,116</u>
Cash flows from investing activities :		
Increase in certificate of deposit - restricted	(841)	5,000
Decrease(increase) in financial assets available for sale -current	982	(240,000)
Additions to property, plant and equipment	(8,230)	(11,827)
Proceeds from sale of property, plant and equipment	26	67
Increase in intangible assets	(20,886)	(23,413)
Decrease of refundable deposits	42	147
Increase in deferred assets	(1,307)	(84)
Cash used in investing activities	<u>(30,214)</u>	<u>(270,110)</u>
Cash flows from financing activities :		
Employee stock option	13,674	79,050
Increase of deposit- in	134	11
Cash provided by financing activities	<u>13,808</u>	<u>79,061</u>
Effect of exchange rate change on cash	(1,194)	2,203
Net increase in cash and cash equivalents	<u>388,229</u>	<u>388,270</u>
Cash and cash equivalents at beginning of year	<u>1,670,294</u>	<u>793,420</u>
Cash and cash equivalents at end of the period	<u><u>2,058,523</u></u>	<u><u>1,181,690</u></u>