



CIPHERLAB CO.,LTD.
Condensed Balance Sheets (Unconsolidated)
(In Thousands of New Taiwan Dollars)

	September 30,2008		June 30,2008		September 30,2007		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	224,664	16%	243,137	17%	240,429	16%	(18,473)	-8%	(15,765)	-7%
Financial Assets at Fair Value through Profit or Loss	230,449	16%	265,122	19%	414,452	27%	(34,673)	-13%	(184,003)	-44%
Notes Receivable, Net	5,760	0%	9,972	1%	5,855	0%	(4,212)	-42%	(95)	-2%
Accounts Receivable, Net	208,266	15%	199,856	14%	152,734	10%	8,410	4%	55,532	36%
Accounts Receivable – related parties, Net	95,951	7%	87,566	6%	151,797	10%	8,385	10%	(55,846)	-37%
Other receivables – related parties, Net	19,879	1%	26,362	2%	17,212	1%	(6,483)	-25%	2,667	15%
Inventories-, Net	361,157	25%	292,659	21%	289,595	19%	68,498	23%	71,562	25%
Other Current Assets	41,432	3%	38,724	3%	53,703	4%	2,708	7%	(12,271)	-23%
Total Current Assets	1,187,558	83%	1,163,398	84%	1,325,777	88%	24,160	2%	(138,219)	-10%
Long-term Equity Investments										
Financial Assets Carried at Cost - concurrent	20,048	1%	20,048	1%	15,726	1%	-	-	4,322	27%
Long-term Equity Investments	21,383	2%	12,748	1%	12,674	1%	8,635	68%	8,709	69%
Total Long-term Equity Investments	41,431	3%	32,796	2%	28,400	2%	8,635	26%	13,031	46%
Property, Plant and Equipment										
Property, Plant and Equipment	253,839	18%	278,872	20%	253,612	17%	(25,033)	-9%	227	0%
Less : Accumulated depreciation	(119,435)	-8%	(141,368)	-10%	(127,824)	-8%	21,933	-16%	8,389	-7%
Less : Accumulated impairment loss	(5,170)	0%	(5,170)	0%	(5,170)	0%	-	-	-	-
construction in progress and prepayments for equipment	20,348	1%	17,564	1%	376	0%	2,784	16%	19,972	5312%
Property, Plant and Equipment, Net	149,582	10%	149,898	11%	120,994	8%	(316)	0%	28,588	24%
Intangible and Other assets	46,778	3%	43,948	3%	33,649	2%	2,830	6%	13,129	39%
TOTAL ASSETS	1,425,349	100%	1,390,040	100%	1,508,820	100%	35,309	3%	(83,471)	-6%
LIABILITIES :										
Current Liabilities										
Financial liabilities at fair value through profit or loss - current	-	-	7	0%	-	-	(7)	-100%	-	-
Notes Payable	286	0%	71	0%	45,008	3%	215	303%	(44,722)	-99%
Accounts Payable	149,611	10%	110,990	8%	58,429	4%	38,621	35%	91,182	156%
Income Tax Payable	2,260	0%	46,158	3%	9,288	1%	(43,898)	-95%	(7,028)	-76%
Accrued Expenses	107,388	8%	73,851	5%	92,786	6%	33,537	45%	14,602	16%
Other Current Liabilities	26,278	2%	24,610	2%	12,807	1%	1,668	7%	13,471	105%
Total Current Liabilities	285,823	20%	255,687	18%	218,318	14%	30,136	12%	67,505	31%
Other liabilities	61,721	4%	56,385	4%	67,573	4%	5,336	9%	(5,852)	-9%
Total Liabilities	347,544	24%	312,072	22%	285,891	19%	35,472	11%	61,653	22%
SHAREHOLDERS' EQUITY :										
Capital Stock	709,811	50%	709,811	51%	709,811	47%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	426,367	30%	364,988	26%	512,833	34%	61,379	17%	(86,466)	-17%
Others-Cumulative Translation Adjustments	(2,569)	0%	2,068	0%	(816)	0%	(4,637)	-224%	(1,753)	215%
Treasury stock	(56,905)	-4%	-	-	-	-	(56,905)	-100%	(56,905)	-100%
Total Shareholders' Equity	1,077,805	76%	1,077,968	78%	1,222,929	81%	(163)	0%	(145,124)	-12%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,425,349	100%	1,390,040	100%	1,508,820	100%	35,309	3%	(83,471)	-6%



CIPHERLAB CO.,LTD.

Condensed Income Statements (Unconsolidated)

For the Three Months ended September 30, June 30, 2008 and September 30,2007

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Q3 2008(unaudited)		Q2 2008(unaudited)		Q3 2007(unaudited)		QoQ		YoY	
Net Sales	328,609	100%	363,060	100%	315,626	100%	(34,451)	-9%	12,983	4%
Cost of Goods Sold	(154,512)	-47%	(164,123)	-45%	(143,774)	-46%	9,611	-6%	(10,738)	7%
Gross Profit	174,097	53%	198,937	55%	171,852	54%	(24,840)	-12%	2,245	1%
Unrealized Profit	(45,155)	-14%	(39,810)	-11%	(51,100)	-16%	(5,345)	13%	5,945	-12%
Realized Profit	39,810	12%	40,317	11%	63,489	20%	(507)	-1%	(23,679)	-37%
Realized Gross Profit	168,752	51%	199,444	55%	184,241	58%	(30,692)	-15%	(15,489)	-8%
Operating Expenses	(86,487)	-26%	(80,577)	-22%	(75,441)	-24%	(5,910)	7%	(11,046)	15%
Sales and Marketing Expenses	(47,326)	-14%	(40,265)	-11%	(31,602)	-10%	(7,061)	18%	(15,724)	50%
General and Administrative Expenses	(18,013)	-5%	(21,969)	-6%	(23,189)	-7%	3,956	-18%	5,176	-22%
Research and Development Expenses	(21,148)	-6%	(18,343)	-5%	(20,650)	-7%	(2,805)	15%	(498)	2%
Operating Income	82,265	25%	118,867	33%	108,800	34%	(36,602)	-31%	(26,535)	-24%
Non-operating Income	26,439	8%	18,025	5%	29,470	9%	8,414	47%	(3,031)	-10%
Interest income	1,535	0%	2,753	1%	2,271	1%	(1,218)	-44%	(736)	-32%
Dividend income	-	-	2,720	1%	-	-	(2,720)	-100%	-	-
Valuation gain on financial assets and liabilities, net	764	0%	3,272	1%	2,514	1%	2,508	-77%	(1,750)	-70%
Gain on sale of investments, net	344	0%	-	-	11,744	4%	344	0%	(11,400)	-97%
Reversal of Bad Debt Expenses	4,025	1%	5,111	1%	-	0%	(1,086)	-21%	4,025	100%
Exchange gain, net	19,225	6%	-	-	-	0%	19,225	0%	19,225	0%
Reversal of loss on inventories	-	-	3,713	1%	11,525	4%	(3,713)	-100%	(11,525)	-100%
Miscellaneous income	546	0%	456	0%	1,416	0%	90	20%	(870)	-61%
Non-operating Expenses and Losses	(33,739)	-10%	(10,732)	-3%	(5,332)	-2%	(23,007)	214%	(28,407)	533%
Interest expense	-	-	-	-	(5)	0%	-	0%	5	-100%
Investment loss recognized under equity method	(16,716)	-5%	(3,207)	-1%	(3,014)	-1%	(13,509)	421%	(13,702)	455%
Loss on sale of investments, net	-	-	(5,124)	-1%	-	-	5,124	-100%	-	-
Exchange loss, net	-	-	(1,566)	0%	(2,312)	-1%	1,566	-100%	2,312	-100%
Provision for loss on inventories	(17,019)	-5%	-	-	-	-	(17,019)	-100%	(17,019)	-100%
Miscellaneous expenses	(4)	0%	(835)	0%	(1)	0%	831	-100%	(3)	300%
Income Before Income Tax	74,965	23%	126,160	35%	132,938	42%	(51,195)	-41%	(57,973)	-44%
Income Tax	(13,586)	-4%	(21,674)	-6%	(25,640)	-8%	8,088	-37%	12,054	-47%
Net Income	61,379	19%	104,486	29%	107,298	34%	(43,107)	-41%	(45,919)	-43%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.06		1.78		1.87		(0.72)		(0.81)	
Basic Earnings Per Share After Income Tax	0.87		1.47		1.52		(0.60)		(0.65)	



CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)
For the Nine Months Ended September 30,2008 and 2007
(In Thousands of New Taiwan Dollars)

	Nine Months 2008	Nine Months 2007
Cash Flows from Operating Activities :		
Net Income	219,841	346,121
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Valuation loss (gain) on financial assets and liability	8,282	(25,228)
Loss(Gain) on sale of investments	21,362	(11,207)
Loss(Reversal) on Decline in Market Value of inventories	8,522	(2,011)
Investment Loss Recognized by Equity Method	33,994	22,650
Others	241	1,618
Depreciation	14,880	14,160
Amortization	4,804	2,259
Bad Debt Expenses(Reversal)	(18,280)	7,471
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	134,577	(24,978)
Changes in Others assets and liabilities	(41,761)	(91,874)
Net Cash Provided from Operating Activities	<u>386,462</u>	<u>238,981</u>
Cash Flows from Investing Activities :		
Increase in Advance payments for investments	-	-
Acquisition of Properties, Plant and Equipment	(43,021)	(7,349)
Acquisition of investments accounted for by equity method	(35,326)	(7,974)
Increase in Others	(1,497)	(17,111)
Net Cash Used by Investing Activities	<u>(79,844)</u>	<u>(32,434)</u>
Cash Flows from Financing Activities :		
Decrease in Short-term Loans	-	(17,376)
Cash bonus to directors, supervisors and employees	(15,473)	(22,050)
Cash dividends	(369,102)	(340,709)
Repurchase of Treasury Stock	(50,786)	-
Net Cash Used by Financing Activities	<u>(435,361)</u>	<u>(380,135)</u>
Net Decrease in Cash and Cash Equivalents	(128,743)	(173,588)
Cash and Cash Equivalents at Beginning of Period	<u>353,407</u>	<u>414,017</u>
Cash and Cash Equivalents at End of Period	<u><u>224,664</u></u>	<u><u>240,429</u></u>