

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

_	March 31,2009		December 31,20	800	March 31,2008		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	282,533	20%	316,287	22%	565,129	34%	(33,754)	-11%	(282,596)	-50%
Financial Assets at Fair Value through Profit or Loss	231,635	16%	231,325	16%	342,649	21%	310	0%	(111,014)	-32%
Notes Receivable, Net	1,081	0%	7,774	1%	1,161	0%	(6,693)	-86%	(80)	-7%
Accounts Receivable, Net	285,584	20%	227,936	16%	200,082	12%	57,648	25%	85,502	43%
Inventories, Net	347,597	24%	393,477 ⁻	27%	273,687	17%	(45,880)	-12%	73,910	27%
Other Current Assets	53,377	4%	28,600	2%	66,295	4%	24,777	87%	(12,918)	-19%
Total Current Assets	1,201,807	83%	1,205,399	83%	1,449,003	88%	(3,592)	0%	(247,196)	-17%
Long-term Equity Investments	17,012	1%	15,048	1%	21,726	1%	1,964	13%	(4,714)	-22%
Property, Plant and Equipment									:	
Property, Plant and Equipment	285,647	20%	278,883	19%	269,253	16%	6,764	2%	16,394	6%
Less: Accumulated depreciation	(134,869)	-9%	(129,724)	-9%	(139,726)	-8%	(5,145)	4%	4,857	-3%
Less: Accumulated impairment loss	(5,170)	0%	(5,170)	0%	(5,170)	0%	. 0	0%	. 0	0%
construction in progress and prepayments for equipment	1,789	0%	803	0%	6,392	0%	986	123%	(4,603)	-72%
Property, Plant and Equipment, Net	147,397	10%	144,792	10%	130,749	8%	2,605	2%	16,648	13%
İntangible assets and Other assets	78,534	5%	74,922	5%	44,418	3%	3,612	5%	34,116	77%
TOTAL ASSETS	1,444,750	100%	1,440,161	100%	1,645,896	100%	4,589	0%	(201,146)	-12%
LIABILITIES:									:	
Current Liabilities										
Financial liabilities at fair value through profit or loss - current	128	0%	-	-	438.00	0%	128	100%	(310)	-71%
Notes Payable	-	-	-	-	1,043	0%		-	(1,043)	-100%
Accounts Payable	43,684	3%	80,458	6%	87,410	5%	(36,774)	-46%	(43,726)	-50%
Income Tax Payable	34,254	2%	24,645	2%	62,016	4%	9,609	39%	(27,762)	-45%
Accrued Expenses	110,031	8%	121,441	8%	96,987	6%	(11,410)	-9%	13,044	13%
Other Current Liabilities	94,791	7%	86,049	6%	23,389	1%	8,742	10%	71,402	305%
Total Current Liabilities	282,888	20%	312,593	22%	271,283	16%	(29,705)	-10%	11,605	4%
Other Liabilities	16,530	1%	16,496	1%	16,578	1%	34	0%_	(48)	0%
Total Liabilities	299,418	21%	329,089	23%	287,861	17%	(29,671)	-9%	11,557	4%
SHAREHOLDERS' EQUITY:										
Capital Stock	709,811	49%	709,811	49%	709,811	43%	-		• -	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	539,689	37%	501,636	35%	645,077	39%	38,053	8%	(105,388)	-16%
Others-Cumulative Translation Adjustments	(7,811)	-1%	(4,018)	0%	2,046	0%	(3,793)	94%	(9,857)	-482%
Treasury stock	(97,458)	-7%	(97,458)	-7%			. •	-	(97,458)	100%
Total Shareholders' Equity	1,145,332	79%	1,111,072	77%	1,358,035	83%	34,260	3%	. (212,703)	-16%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,444,750	100%	1,440,161	100%	1,645,896	100%	4,589	0%	(201,146)	-12%



CIPHERLAB CO.,LTD.and Subsidiaries

Consolidated Condensed Income Statements FOR THE THREE MONTHS ENDED March 31,2009, December 31,2008 and March 31,2008

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

Net Sales		Q1 2009		Q4 2008		Q1 2008		QoQ		YoY	
Gross Profit 193,937 46% 241,962 61% 196,066 59% (102,655) 42% (77,599) 29% (102,655) 42% (77,599) 29% (102,655) 42% (102,789) 39% (103,209) 34% (88),178) 27% (22,202) 17% (20,611) 23% (2	Net Sales	300,723	100%	394,082	100%	332,464	100%	(93,359)	-24%	(31,741)	-10%
Operating Expenses (10978) 37% (13250) 34% (89178) 27% 27.70 17% (20,61) 28 Sales and Marketing Expenses (34,65) 1-1% (38,01) 1-0% (37,681) 1-1% (89,694) 25% (96,224) 28 General and Administrative Expenses (35,523) -1% (31,551) 8% (16,525) -5% 2,828 45% 10,101 -7% Operating Income (29,518) 10% (13,531) 28% (107,728) 22% (79,933) -7% (18,60) 7% Nonoperating Income 15,238 5% 67,931 17% 11,700 4% (51,543) -6% 4,688 40% Interest income 519 0% 14,53 0% 2,30 1% (91,40) -0% 103,10 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 10%	Cost of Goods Sold	(161,416)	-54%	(152,120)	-39%	(135,558)	-41%	(9,296)	6%	(25,858)	19%
Sales and Marketing Expenses (46,705) -10% (38,011) -10% (37,081) -11% (8,694) 29% (9,024) 20% General and Administrative Expenses (34,561) -11% (63,147) -16% (35,572) -11% 28,586 -45% 1,011 -3% Research and Development Expenses (28,523) -9% (31,551) -8% (16,525) -5% 2,283 -9% (11,998) 73% Operating Income 16,388 5% 67,931 17% 11,700 4% (51,543) -76% 4,688 40% Interest income 519 0% 1,453 0% 2,600 1% 0304 -64% (1,841) -78% Dividend income 519 0% 1,453 0% 2,60 1% 0304 -64% (1,841) -78% Dividend income 519 0% 876 0% 2,60 15% 33.0 10% Reversal of both Expenses 130 0%	Gross Profit	139,307	46%	241,962	61%	196,906	59%	(102,655)	-42%	(57,599)	-29%
Research and Development Expenses 34,561 -11% (63,147) -16% (35,572) -11% 28,586 -45% 1,011 -3% 73%	Operating Expenses	(109,789)	-37%	(132,509)	-34%	(89,178)	-27%	22,720	-17%	(20,611)	23%
Research and Development Expenses (28,522) 9% (31,351) -8% (16,525) -5% 2,828 -9% (11,998) 73% Operating Income 29,518 10% 109,453 28% 107,728 32% (79,955) -73% (78,210) -73% Nonoperating Income 16,388 5% 67,931 1% 11,700 4% (51,543) -76% 4,658 40% Interest income 519 0% 1,453 0% 2,300 1% (319) 100% -7 (319) 100% -7 (319) 100% -7 (566) -65% 310 00% 876 0% -7 (566) -65% 310 10% 88 10% -7 (319) 100% -7 (319) 100% -7 (319) 100% -7 -7 (38,588) 100% -7 -7 (38,588) 100% -7 -7 2,662 2.5% 13,113 10% -7 -7 </td <td>Sales and Marketing Expenses</td> <td>(46,705)</td> <td>-16%</td> <td>(38,011)</td> <td>-10%</td> <td>(37,081)</td> <td>-11%</td> <td>(8,694)</td> <td>23%</td> <td>(9,624)</td> <td>26%</td>	Sales and Marketing Expenses	(46,705)	-16%	(38,011)	-10%	(37,081)	-11%	(8,694)	23%	(9,624)	26%
Nonoperating Income 29,518 10% 109,453 28% 107,728 32% (79,935 -73% 768,210 -73% 109,000 -73% 109,000 -73% 109,000 -73% 11,000 4% (51,543) -76% 4,688 40% 10,688 10,688 11,090 11,000	General and Administrative Expenses	(34,561)	-11%	(63,147)	-16%	(35,572)	-11%	28,586	-45%	1,011	-3%
Nonoperating Income 16,388 5% 67,931 17% 11,700 4% (51,543) 76% 4,688 40% Interest income 519 0% 1,453 0% 2,360 1% (934) 64% (11,841) 78% Dividend income -	Research and Development Expenses	(28,523)	-9%	(31,351)	-8%	(16,525)	-5%	2,828	-9%	(11,998)	73%
Interest income	Operating Income	29,518	10%	109,453	28%	107,728	32%	(79,935)	-73%	(78,210)	-73%
Dividend income 1319 10%	Nonoperating Income	16,388	5%	67,931	17%	11,700	4%	(51,543)	-76%	4,688	40%
Valuation Gain on financial assets and liabilities, net 310 0% 876 0% (566) -65% 310 100% Reversal of Bad Debt Expenses 15,790 4% 9,143 3% (15,790) -10% (9,143) -100% Reversal of loss on inventories 38,858 10% (38,858) 10% 2,662 25% 13,113 100% Exchange Gain, net 13,113 4% 10,451 3% 2,662 25% 13,113 100% Miscellaneous income and Others 2,446 1% 184 0% 197 0% 2,262 122% 2,249 1142% Nonoperating Expenses and Losses (298) 0% (77,562) -0% (46,152) -14% 77,264 -10% 45,854 -99% Valuation loss on financial assets, net (128) 0% - (28,900) -9% (128) 10% 28,772 -100% Exchange loss, net <	Interest income	519	0%	1,453	0%	2,360	1%	(934)	-64%	(1,841)	-78%
Reversal of Bad Debt Expenses - - 15,790 4% 9,143 3% (15,790) 10% (9,143) -10% Reversal of loss on inventories - - 38,858 10% - - (38,858) 100% - - Exchange Gain, net 13,113 4% 10,451 3% - - 2,662 25% 13,113 100% Miscellaneous income and Others 2,446 1% 184 0% 197 0% 2,262 129% 2,249 1142% Nonoperating Expenses and Losses (298) 0% (77,562) -0% (46,152) -14% 77,264 -100% 45,854 -99% Valuation loss on financial assets, net (128) 0% - - (28,900) -9% (128) 100% 28,772 -100% Exchange loss, net - - - - - - - - 17,204 -10% - - - 17,204 <	Dividend income	-	-	319	0%	-		(319)	-100%	-	-
Reversal of loss on inventories - 38,858 10% - (38,858) 10% - - (38,858) 10% - - (38,858) 10% - - (38,858) 10% - - 2,662 25% 13,113 10% Miscellaneous income and Others 2,446 1% 184 0% 197 0% 2,262 1229% 2,249 1142% Nonoperating Expenses and Losses (298) 0% (77,562) -20% (46,152) -14% 77,264 -10% 45,854 -99% Valuation loss on financial assets, net (128) 0% - - (17,004) -5% - - 17,204 -100% Exchange loss, net - - (65,674) -17% - - - 17,204 -100% - - 17,204 -100% - - - 17,204 -100% - - - 17,204 -100% - - -	Valuation Gain on financial assets and liabilities, ne	310	0%	876	0%	-	-	(566)	-65%	310	100%
Exchange Gain, net 13,113 4% 10,451 3% 2,662 25% 13,113 100% Miscellaneous income and Others 2,446 1% 184 0% 197 0% 2,262 1229% 2,249 1142% Nonoperating Expenses and Losses (298) 0% (77,562) -20% (46,152) -14% 77,264 -100% 45,854 -99% Valuation loss on financial assets, net (128) 0% (28,900) -9% (128) 100% 28,772 -100% Exchange loss, net (117,204) -5% 17,204 -100% -100% Provision for loss on inventories and loss on dispose (65,674) -17% (65,674) -100% 17,204 -100% 11,249 -100%	Reversal of Bad Debt Expenses	-	-	15,790	4%	9,143	3%	(15,790)	-100%	(9,143)	-100%
Miscellaneous income and Others 2,446 1% 184 0% 197 0% 2,262 1229% 2,49 1142% Nonoperating Expenses and Losses (298) 0% (77,562) -20% (46,152) -14% 77,264 -100% 45,854 -99% Valuation loss on financial assets, net (128) 0% - - (28,900) -9% (128) 100% 28,772 -100% Exchange loss, net - - - - (17,204) -5% - - 17,204 -100% Provision for loss on inventories and loss on disposa - - (65,674) -17% - - 65,674 -100% - - - 11,249 -3% - - 65,674 -100% - - - 11,249 -3% - - 11,249 -100% - - - 11,249 -100% - - - 11,249 -100% - - - <t< td=""><td>Reversal of loss on inventories</td><td>-</td><td>-</td><td>38,858</td><td>10%</td><td>- `</td><td></td><td>(38,858)</td><td>-100%</td><td>-</td><td>-</td></t<>	Reversal of loss on inventories	-	-	38,858	10%	- `		(38,858)	-100%	-	-
Nonoperating Expenses and Losses (298) 0% (77,562) -20% (46,152) -14% 77,264 -100% 45,854 -99% Valuation loss on financial assets, net (128) 0% (28,900) -9% (128) 100% 28,772 -100% Exchange loss, net (17,204) -5% 17,204 -100% 17,204 -100% 17,204 -100% 17,204 -100% (11,204) -5% 11,204 -100%	Exchange Gain, net	13,113	4%	10,451	3%	-	-	2,662	25%	13,113	100%
Valuation loss on financial assets, net (128) 0% - - (28,900) -9% (128) 100% 28,772 -100% Exchange loss, net - - - - - (17,204) -5% - - 17,204 -100% Provision for loss on inventories and loss on disposa - (65,674) -17% - - 65,674 -100% - - Loss on physical inventory - - (11,249) -3% - - 11,249 -100% - - Miscellaneous expenses (170) 0% (639) 0% (48) 0% 469 -73% (122) 254% Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053	Miscellaneous income and Others	2,446	1%	184	0%	197	0%	2,262	1229%	2,249	1142%
Exchange loss, net - - - - (17,204) -5% - 17,204 -100% Provision for loss on inventories and loss on disposa - - (65,674) -17% - - 65,674 -100% - - Loss on physical inventory - - (11,249) -3% - - 11,249 -100% - - Miscellaneous expenses (170) 0% (639) 0% (48) 0% 469 -73% (122) 254% Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -6% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share 0.66 1.43	Nonoperating Expenses and Losses	(298)	0%	(77,562)	-20%	(46,152)	-14%	77,264	-100%	45,854	-99%
Provision for loss on inventories and loss on disposa - (65,674) -17% - 65,674 -100% - - Loss on physical inventory - (11,249) -3% - - 11,249 -100% - - - Miscellaneous expenses (170) 0% (639) 0% (48) 0% 469 -73% (122) 25% Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 1.03 (0.77) . (0.37)	Valuation loss on financial assets, net	(128)	0%	-	-	(28,900)	-9%	(128)	100%	28,772	-100%
Loss on physical inventory - (11,249) -3% - - 11,249 -100% - - Miscellaneous expenses (170) 0% (639) 0% (48) 0% 469 -73% (122) 254% Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37) (0.37)	Exchange loss, net	, -	-	-	-	(17,204)	-5%	-	-	17,204	-100%
Miscellaneous expenses (170) 0% (639) 0% (48) 0% 469 -73% (122) 254% Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37) (0.37)	Provision for loss on inventories and loss on disposa	<u>-</u> `	-	(65,674)	-17%	-	-	65,674	-100%	· -	-
Income Before Income Tax 45,608 15% 99,822 25% 73,276 22% (54,214) -54% (27,668) -38% Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37) (0.37)	Loss on physical inventory	-	-	(11,249)	-3%	-	-	11,249	-100%	-	-
Income Tax (7,555) -3% (24,552) -6% (19,300) -6% 16,997 -69% 11,745 -61% Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37) (0.37)	Miscellaneous expenses	(170)	0%	(639)	0%	(48)	0%	469	-73%	(122)) 254%
Net Income 38,053 13% 75,270 19% 53,976 16% (37,217) -49% (15,923) -30% Consolidated Earnings Per Share Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37) (0.37)	İncome Before Income Tax	45,608	15%	99,822	25%	73,276	22%	(54,214)	-54%	(27,668)) -38%
Consolidated Earnings Per Share Incompany of the Before Income Tax 0.66 1.43 1.03 (0.77) (0.37)	Income Tax	(7,555)	-3%	(24,552)	-6%	(19,300)	-6%	16,997	-69%	11,745	-61%
Basic Earnings Per Share Before Income Tax 0.66 1.43 1.03 (0.77) (0.37)	Net Income	38,053	13%	75,270	19%	53,976	16%	(37,217)	-49%	(15,923)) -30%
	Consolidated Earnings Per Share			•			•				
Basic Earnings Per Share After Income Tax 0.55 1.09 0.76 (0.54) (0.21)	Basic Earnings Per Share Before Income Tax	0.66		1.43		1.03	=	(0.77)		(0.37)	<u>)</u>
	Basic Earnings Per Share After Income Tax	0.55		1.09		0.76		(0.54)	•	(0.21)	<u>)</u>



CIPHERLAB CO.,LTD.and Subsidiaries

Consolidated Condensed Statements of Cash Flows

For the Three Months Ended March 31, 2009 and 2008

(In Thousands of New Taiwan Dollars)

	Q1 2009	Q1 2008
Cash Flows from Operating Activities:	**	• ••
Net Income	38,053	53,976
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Valuation loss (gain) on financial assets and liability	(182)	28,900
Provision for (recovery of) loss on inventories and loss on disposal of inventories	8,224	(4,701)
Loss (gain)on physical inventory	-	1,606
Reversal Bad Debt Expenses (Reversal)	3,301	(9,143)
Depreciation	6,559	5,011
Amortization	3,453	1,639
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	· -	25,037
Changes in Others assets and liabilities	(65,580)	69,603
Net Cash (Used by)Provided from Operating Activities	(6,172)	171,928
Cash Flows from Investing Activities:	. •	
Acquisition of Properties, Plant and Equipment	(15,481)	(9,952)
(Increase) Decrease in deferred charges	·, -	3,026
Increase in Others	(3,974)	(1,727)
Net Cash Used by Investing Activities	(19,455)	(8,653)
Effect of exchange rate changes	(8,127)	· <u>-</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(33,754)	163,275
Cash and Cash Equivalents at Beginning of Period	316,287	401,854
Cash and Cash Equivalents at End of Period	282,533	565,129