



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

	September 30,2009		June 30,2009		September 30,2008		QoQ		YoY	
<b>Current assets</b>										
Cash and cash equivalents	204,126	18%	153,872	14%	224,664	16%	50,254	33%	(20,538)	-9%
Financial assets at fair value through profit or loss - current	149,682	13%	149,622	13%	230,449	16%	60	0%	(80,767)	-35%
Notes receivable, net	5,076	0%	2,672	0%	5,760	0%	2,404	90%	(684)	-12%
Accounts receivable, net	145,029	13%	148,367	13%	208,266	15%	(3,338)	-2%	(63,237)	-30%
Accounts receivable - related parties, net	77,069	7%	72,320	6%	95,951	7%	4,749	7%	(18,882)	-20%
Other receivables- related parties, net	1,284	0%	6,130	1%	19,879	1%	(4,846)	-79%	(18,595)	-94%
Inventories, Net	249,992	22%	312,114	27%	361,157	25%	(62,122)	-20%	(111,165)	-31%
Other current assets	62,896	5%	34,167	3%	41,432	3%	28,729	84%	21,464	52%
<b>Total current assets</b>	<b>895,154</b>	<b>78%</b>	<b>879,264</b>	<b>77%</b>	<b>1,187,558</b>	<b>83%</b>	<b>15,890</b>	<b>2%</b>	<b>(292,404)</b>	<b>-25%</b>
<b>Long-term Investments</b>										
Investments accounted for by the equity method	15,856	1%	11,442	1%	21,383	2%	4,414	39%	(5,527)	-26%
Financial assets carried at cost – noncurrent	17,012	2%	17,012	1%	20,048	1%	-	-	(3,036)	-15%
<b>Total Long-term Investments</b>	<b>32,868</b>	<b>3%</b>	<b>28,454</b>	<b>2%</b>	<b>41,431</b>	<b>3%</b>	<b>4,414</b>	<b>16%</b>	<b>(8,563)</b>	<b>-21%</b>
<b>Property, plant and equipment</b>										
Property, plant and equipment	280,000	24%	280,324	25%	253,839	18%	(324)	0%	26,161	10%
Less: Accumulated depreciation	(139,720)	-12%	(135,297)	-12%	(119,435)	-8%	(4,423)	3%	(20,285)	17%
Less: Accumulated impairment	(5,170)	0%	(5,170)	0%	(5,170)	0%	-	-	-	-
Construction in progress and prepayments for equipment	2,697	0%	350	0%	20,348	1%	2,347	671%	(17,651)	-87%
<b>Total property, plant and equipment</b>	<b>137,807</b>	<b>12%</b>	<b>140,207</b>	<b>13%</b>	<b>149,582</b>	<b>11%</b>	<b>(2,400)</b>	<b>-2%</b>	<b>(11,775)</b>	<b>-8%</b>
<b>Intangible assets and Other assets</b>	<b>87,134</b>	<b>8%</b>	<b>88,441</b>	<b>8%</b>	<b>46,778</b>	<b>3%</b>	<b>(1,307)</b>	<b>-1%</b>	<b>40,356</b>	<b>86%</b>
<b>TOTAL ASSETS</b>	<b>1,152,963</b>	<b>100%</b>	<b>1,136,366</b>	<b>100%</b>	<b>1,425,349</b>	<b>100%</b>	<b>16,597</b>	<b>1%</b>	<b>(272,386)</b>	<b>-19%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Short-term bills payable	-	-	20,000	2%	-	-	(20,000)	-100%	-	-
Notes payable	1,146	0%	10	0%	286	0%	1,136	11360%	860	301%
Accounts payable	52,683	5%	47,151	4%	149,611	10%	5,532	12%	(96,928)	-65%
Income tax payable	15,177	1%	26,584	2%	2,260	0%	(11,407)	-43%	12,917	572%
Accrued expenses	74,909	6%	62,123	5%	107,388	8%	12,786	21%	(32,479)	-30%
Other current liabilities	51,496	4%	47,919	4%	26,278	2%	3,577	7%	25,218	96%
<b>Total current liabilities</b>	<b>195,411</b>	<b>16%</b>	<b>203,787</b>	<b>18%</b>	<b>285,823</b>	<b>20%</b>	<b>(8,376)</b>	<b>-4%</b>	<b>(90,412)</b>	<b>-32%</b>
<b>Other liabilities</b>	<b>29,499</b>	<b>3%</b>	<b>30,036</b>	<b>3%</b>	<b>61,721</b>	<b>4%</b>	<b>(537)</b>	<b>-2%</b>	<b>(32,222)</b>	<b>-52%</b>
<b>Total liabilities</b>	<b>224,910</b>	<b>19%</b>	<b>233,823</b>	<b>21%</b>	<b>347,544</b>	<b>24%</b>	<b>(8,913)</b>	<b>-4%</b>	<b>(122,634)</b>	<b>-35%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	62%	709,811	62%	709,811	50%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	321,757	28%	296,824	26%	426,367	30%	24,933	8%	(104,610)	-25%
Others-Cumulative Translation Adjustments	(7,158)	-1%	(7,735)	-1%	(2,569)	0%	577	-7%	(4,589)	179%
Treasury stock	(97,458)	-8%	(97,458)	-9%	(56,905)	-4%	-	-	(40,553)	71%
<b>Total shareholders' equity</b>	<b>928,053</b>	<b>81%</b>	<b>902,543</b>	<b>79%</b>	<b>1,077,805</b>	<b>76%</b>	<b>25,510</b>	<b>3%</b>	<b>(149,752)</b>	<b>-14%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,152,963</b>	<b>100%</b>	<b>1,136,366</b>	<b>100%</b>	<b>1,425,349</b>	<b>100%</b>	<b>16,597</b>	<b>1%</b>	<b>(272,386)</b>	<b>-19%</b>



**CIPHERLAB CO.,LTD.**  
**Condensed Income Statements (Unconsolidated)**  
**For the Nine Months Ended September 30,2009 and 2008**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	For the Nine Months Ended September 30					
	2009		2008		YoY	
Net Sales	764,647	100%	1,000,137	100%	(235,490)	-24%
Cost of Goods Sold	(414,797)	-54%	(466,457)	-47%	51,660	-11%
Gross Profit	349,850	46%	533,680	53%	(183,830)	-34%
Unrealized Profit	(13,131)	-1%	(45,155)	-5%	32,024	-71%
Realized Profit	25,451	3%	50,085	6%	(24,634)	-49%
Realized Gross Profit	362,170	48%	538,610	54%	(176,440)	-33%
Operating Expenses						
Sales and Marketing Expenses	(105,241)	-14%	(113,845)	-11%	8,604	-8%
General and Administrative Expenses	(46,204)	-6%	(57,572)	-6%	11,368	-20%
Research and Development Expenses	(88,281)	-12%	(56,016)	-6%	(32,265)	58%
Total operating expenses	(239,726)	-31%	(227,433)	-23%	(12,293)	5%
Operating Income	122,444	16%	311,177	31%	(188,733)	-61%
Non-operating Income						
Interest income	1,109	0%	6,641	1%	(5,532)	-83%
Dividend income	765	0%	2,720	1%	(1,955)	-72%
Gain on disposal of property, plant and equipment	148	0%	-	-	148	0%
Gain on sale of investments, net	-	-	1,478	0%	(1,478)	-100%
Reversal of Bad Debt Expenses	-	-	18,280	2%	(18,280)	-100%
Valuation gain on financial assets, net	490	0%	-	-	490	0%
Miscellaneous income	865	0%	1,101	0%	(236)	-21%
Total non-operating income and gains	3,377	0%	30,220	4%	(26,843)	-89%
Non-operating expenses and losses						
Interest expense	(16)	0%	-	-	(16)	0%
Investment loss recognized under equity method	(14,415)	-2%	(33,994)	-3%	19,579	-58%
Exchange loss, net	(2,223)	0%	(1,880)	0%	(343)	18%
Valuation loss on financial assets, net	-	-	(31,122)	-3%	31,122	-100%
Total non-operating expenses and losses	(16,654)	-2%	(66,996)	-7%	50,342	-75%
Income before income tax	109,167	14%	274,401	27%	(165,234)	-60%
Income tax expense (benefit)	(26,918)	-4%	(54,560)	-5%	27,642	-51%
Net income	82,249	11%	219,841	22%	(137,592)	-63%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.58		3.87		(2.29)	
Basic Earnings Per Share After Income Tax	1.19		3.10		(1.91)	



**CIPHERLAB CO.,LTD.**  
**Condensed Income Statements (Unconsolidated)**  
**For the Three Months Ended September 30,2009 , June 30,2009 and September 30,2008**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	3Q 2009		2Q 2009		3Q 2008		QoQ		YoY	
Net Sales	275,689	100%	197,267	100%	328,609	100%	78,422	40%	(52,920)	-16%
Cost of Goods Sold	(151,019)	-55%	(94,365)	-48%	(171,535)	-52%	(56,654)	60%	20,516	-12%
Gross Profit	124,670	45%	102,902	52%	157,074	48%	21,768	21%	(32,404)	-21%
Unrealized Profit	(13,131)	-5%	(13,551)	-7%	(45,155)	-14%	420	-3%	32,024	-71%
Realized Profit	13,551	5%	21,007	11%	39,809	12%	(7,456)	-35%	(26,258)	-66%
Realized Gross Profit	125,090	45%	110,358	56%	151,728	46%	14,732	13%	(26,638)	-18%
Operating Expenses										
Sales and Marketing Expenses	(43,195)	-16%	(30,521)	-15%	(47,326)	-14%	(12,674)	42%	4,131	-9%
General and Administrative Expenses	(14,964)	-5%	(10,853)	-6%	(18,013)	-5%	(4,111)	38%	3,049	-17%
Research and Development Expenses	(30,405)	-11%	(29,353)	-15%	(21,148)	-6%	(1,052)	4%	(9,257)	44%
Total operating expenses	(88,564)	-32%	(70,727)	-36%	(86,487)	-26%	(17,837)	25%	(2,077)	2%
Operating Income	36,526	13%	39,631	20%	65,241	20%	(3,105)	-8%	(28,715)	-44%
Non-operating Income										
Interest income	227	0%	379	0%	1,535	0%	(152)	-40%	(1,308)	-85%
Investment income recognized under equity method	-	-	1,342	1%	-	-	(1,342)	-100%	-	-
Dividend income	-	-	765	0%	-	-	(765)	-100%	-	-
Gain on disposal of property, plant and equipment	148	0%	-	-	-	-	148	0%	148	0%
Exchange gain, net	-	-	-	-	19,218	6%	-	-	(19,218)	-100%
Reversal of Bad Debt Expenses	-	-	-	-	4,025	1%	-	-	(4,025)	-100%
Valuation gain on financial assets, net	59	0%	121	0%	1,101	-	(62)	-51%	(1,042)	-95%
Valuation gain on financial liabilities, net	-	-	128	0%	7	0%	(128)	-100%	(7)	-100%
Miscellaneous income	368	0%	63	0%	554	0%	305	484%	(186)	-34%
Total non-operating income and gains	802	0%	2,798	1%	26,440	7%	(1,996)	-71%	(25,638)	-97%
Non-operating expenses and losses										
Interest expense	-	-	(16)	0%	-	-	16	-100%	-	-
Investment loss recognized under equity method	(779)	0%	-	-	(16,716)	-5%	(779)	0%	15,937	-95%
Exchange loss, net	(5,273)	-2%	(10,130)	-5%	-	-	4,857	-48%	(5,273)	0%
Total non-operating expenses and losses	(6,052)	-2%	(10,146)	-5%	(16,716)	-5%	4,094	-40%	10,664	-64%
Income before income tax	31,276	11%	32,283	16%	74,965	23%	(1,007)	-3%	(43,689)	-58%
Income tax expense (benefit)	(6,343)	-1%	(13,020)	-7%	(13,586)	-4%	6,677	-51%	7,243	-53%
Net income	24,933	9%	19,263	10%	61,379	19%	5,670	29%	(36,446)	-59%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.45		0.47		1.06		(0.02)		(0.61)	
Basic Earnings Per Share After Income Tax	0.36		0.28		0.87		0.08		(0.51)	



CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)

For The Nine Months Ended September 30,2009 and for The Three Months Ended September 30,2009 ,June 30,2009 and September 30,2008

(In Thousands of New Taiwan Dollars)

	Nine Months 2009	3Q 2009	2Q 2009	3Q 2008
Cash flows from operating activities				
Net income	82,249	24,933	19,263	61,379
Depreciation	18,414	5,819	6,494	5,057
Amortization	9,992	3,420	3,342	1,755
Provision(Reversal) for doubtful accounts	1,935	(1,051)	(315)	(4,025)
Provision for (recovery of) loss on inventories	9,272	4,434	(1,397)	17,019
Investment loss (income) recognized under equity method	14,415	779	(1,342)	16,716
Loss (gain) on disposal of property, plant and equipment	(148)	(148)	-	-
Valuation loss (gain) on financial instruments	(490)	(59)	(249)	(1,108)
Changes in operating assets and liabilities:				
Financial assets at fair value through profit or loss - current	82,133	-	82,134	35,774
Others	47,658	42,108	58,228	(82,058)
Net cash provided by (used in) operating activities	<u>265,430</u>	<u>80,235</u>	<u>166,158</u>	<u>50,509</u>
Cash flows from investing activities				
Acquisition of investments accounted for by equity method	(94,811)	(4,443)	-	(19,913)
Acquisition of property, plant and equipment	(21,727)	(2,297)	(3,963)	(12,396)
Acquisition of Intangible assets	(28,558)	(8,956)	(17,471)	-
Decrease (increase) in other receivables – related parties	54,344	5,567	(2,406)	14,281
Others	(1,884)	148	(74)	(168)
Net cash used in investing activities	<u>(92,636)</u>	<u>(9,981)</u>	<u>(23,914)</u>	<u>(18,196)</u>
Cash flows from financing activities				
Increase in short-term bills payable	-	(20,000)	20,000	-
Cash dividends	(262,128)	-	(262,128)	-
Cash paid for acquisition of treasury stock	-	-	-	(50,786)
Others	(97)	-	-	-
Net cash used in financing activities	<u>(262,225)</u>	<u>(20,000)</u>	<u>(242,128)</u>	<u>(50,786)</u>
Effect of exchange rate changes	-	-	-	-
Net decrease in cash and cash equivalents	<u>(89,431)</u>	<u>50,254</u>	<u>(99,884)</u>	<u>(18,473)</u>
Cash and cash equivalents at Beginning of Period	<u>293,557</u>	<u>153,872</u>	<u>253,756</u>	<u>243,137</u>
Cash and cash equivalents at End of Period	<u>204,126</u>	<u>204,126</u>	<u>153,872</u>	<u>224,664</u>