



CIPHERLAB CO.,LTD.
Audited Condensed Balance Sheets (Unconsolidated)
DECEMBER 31,2007 AND 2006
(In Thousands of New Taiwan Dollars)

ASSETS	December 31,2007		December 31,2006		LIABILITIES AND SHAREHOLDERS' EQUITY	December 31,2007		December 31,2006	
Current assets					LIABILITIES :				
Cash and Cash Equivalents	353,407	22%	414,017	26%	Current Liabilities				
Financial Assets at Fair Value through Profit or Loss	396,148	25%	353,039	22%	Short-term Loan	-	0%	17,376	1%
Notes Receivable, Net	9,396	1%	13,278	1%	Notes Payable	11,351	1%	51,308	3%
Accounts Receivable, Net	239,877	15%	202,479	13%	Accounts Payable	32,753	2%	101,211	6%
Accounts Receivable – related parties, Net	100,416	6%	121,378	8%	Income Tax Payable	43,473	3%	34,740	2%
Other receivables – related parties, Net	49,394	3%	20,040	1%	Accrued Expenses	108,930	7%	80,444	5%
Inventories-, Net	236,342	15%	238,663	15%	Other Current Liabilities	39,520	2%	16,083	1%
Other Current Assets	39,400	2%	51,713	3%	Total Current Liabilities	<u>236,027</u>	<u>15%</u>	<u>301,162</u>	<u>19%</u>
Total Current Assets	<u>1,424,380</u>	<u>89%</u>	<u>1,414,607</u>	<u>89%</u>	Other Liabilities	68,683	4%	55,235	3%
Long-term Equity Investments					Total Liabilities	<u>304,710</u>	<u>20%</u>	<u>356,397</u>	<u>22%</u>
Financial Assets Carried at Cost - concurrent	21,726	1%	15,726	1%	SHAREHOLDERS' EQUITY :				
Long-term Equity Investments	149	0%	4,494	0%	Capital Stock	709,811	44%	709,811	44%
Advance payments for investments	-	0%	7,510	0%	Capital Surplus	1,101	0%	1,101	0%
Total Long-term Equity Investments	<u>21,875</u>	<u>1%</u>	<u>27,730</u>	<u>2%</u>	Retained Earnings	591,101	37%	529,472	33%
Property, Plant and Equipment					Others-Cumulative Translation Adjustments	(556)	0%	(1,044)	0%
Property, Plant and Equipment	255,457	16%	240,818	15%	Total Shareholders' Equity	<u>1,301,457</u>	<u>81%</u>	<u>1,239,340</u>	<u>78%</u>
Less : Accumulated depreciation	(131,629)	-8%	(114,201)	-7%	TOTAL ASSETS	<u>1,606,167</u>	<u>100%</u>	<u>1,595,737</u>	<u>100%</u>
Less : Accumulated impairment loss	(5,170)	0%	(5,170)	0%	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>1,606,167</u>	<u>100%</u>	<u>1,595,737</u>	<u>100%</u>
construction in progress and prepayments for equipment	3,032	0%	-	0%					
Property, Plant and Equipment, Net	<u>121,690</u>	<u>7%</u>	<u>121,447</u>	<u>8%</u>					
Other assets	38,222	2%	31,953	2%					



CIPHERLAB CO.,LTD.

Audited Condensed STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unconsolidated)

FOR THE YEARS ENDED DECEMBER 31,2007 AND 2006

(In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings			Cumulative Translation Adjustment	Total Shareholders' Equity
			Legal Capital Reserve	Special reserve	Unappropriated		
Balance, January 1, 2006	621,850	1,101	79,660	0	438,089	(771)	1,139,929
Appropriations of Prior Year's Earnings							
Legal Capital Reserve			43,566		(43,566)		-
Bonus to Directors and Supervisors					(13,070)		(13,070)
Cash Dividends					(261,177)		(261,177)
Employee's Profit Sharing - in cash					(27,739)		(27,739)
Transfer of Employee's Profit Sharing to Common St	13,339				(13,339)		-
Transfer of Retained Earnings to Common Stock	74,622				(74,622)		-
Changes in Cumulative Translation Adjustment						(273)	(273)
Net Income in 2006					401,670		401,670
Balance, December 31, 2006	<u>709,811</u>	<u>1,101</u>	<u>123,226</u>	<u>0</u>	<u>406,246</u>	<u>(1,044)</u>	<u>1,239,340</u>
Balance, January 1, 2007	709,811	1,101	123,226	0	406,246	(1,044)	1,239,340
Appropriations of Prior Year's Earnings							
Legal Capital Reserve			40,168		(40,168)		-
Special reserve				1,044	(1,044)		-
Bonus to Directors and Supervisors					(12,050)		(12,050)
Cash Dividends					(340,709)		(340,709)
Employee's Profit Sharing - in cash					(10,000)		(10,000)
Changes in Cumulative Translation Adjustment						488	488
Net Income in 2007					424,388		424,388
Balance, December 31, 2007	<u>709,811</u>	<u>1,101</u>	<u>163,394</u>	<u>1,044</u>	<u>426,663</u>	<u>(556)</u>	<u>1,301,457</u>



CIPHERLAB CO.,LTD.

Audited Condensed Statement of Cash Flows (Unconsolidated)

FOR THE YEARS ENDED DECEMBER 31,2007 AND 2006

(In Thousands of New Taiwan Dollars)

	<u>December 31,2007</u>	<u>December 31,2006</u>
Cash Flows from Operating Activities :		
Net Income	424,388	401,670
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Cumulative Effect of Changed In Accounting Principles	-	(7,290)
Reversal Bad Debt Expenses	(9,760)	(3,211)
Gain on Valuation of Financial assets	(3,242)	(6,939)
Gain on disposal of investments	(6,868)	(2,771)
Loss on Decline in Market Value of inventories	665	13,052
Loss on physical inventory	1,765	173
Investment Loss Recognized by Equity Method	63,328	35,632
Depreciation	18,693	20,772
Gain on Disposal of Property, Plant and Equipment, Net	-	(16)
Amortization	3,612	2,970
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	(32,999)	(202,205)
Changes in Others assets and liabilities	(91,352)	(165,949)
Net Cash Provided from Operating Activities	<u>368,230</u>	<u>85,888</u>
Cash Flows from Investing Activities :		
Increase in Long-term Investments and Advance payments for investments	(13,144)	(33,561)
Increase Acquisition of financial assets carried at cost	(6,000)	-
Acquisition of Properties, Plant and Equipment	(16,715)	(10,387)
Proceeds from Disposal of Properties, Plant and Equipment	0	505
Increase in Others	(12,846)	(3,198)
Net Cash Used by Investing Activities	<u>(48,705)</u>	<u>(46,641)</u>
Cash Flows from Financing Activities :		
Increase (Decrease) in Short-term Loans	(17,376)	12,605
Cash Dividend	(340,709)	(261,177)
Bonus Paid to Employees, Directors and Supervisors	(22,050)	(40,809)
Net Cash Used by Financing Activities	<u>(380,135)</u>	<u>(289,381)</u>
Net Decrease in Cash and Cash Equivalents	(60,610)	(250,134)
Cash and Cash Equivalents at Beginning of Period	414,017	664,151
Cash and Cash Equivalents at End of Period	<u>353,407</u>	<u>414,017</u>
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	<u>120</u>	<u>391</u>
Cash Paid for Income Tax	<u>97,356</u>	<u>141,513</u>
Investing activities affecting both cash and non-cash items		
Acquisition of Properties, Plant and Equipment	18,936	10,387
Increase in payable for equipment purchased	(2,221)	0
	<u>16,715</u>	<u>10,387</u>
Non-cash investing and financing activities		
Changes in Cumulative Translation Adjustment	<u>488</u>	<u>(273)</u>