



CIPHERLAB CO.,LTD.and Subsidiaries
 Unaudited Consolidated Condensed Balance Sheets
 March 31,2008
 (In Thousands of New Taiwan Dollars)

ASSETS	March 31,2008		LIABILITIES AND SHAREHOLDERS' EQUITY	March 31,2008	
Current assets			LIABILITIES :		
Cash and Cash Equivalents	565,129	34%	Current Liabilities		
Financial Assets at Fair Value through Profit or Loss	342,649	21%	Financial liabilities at fair value through profit or loss - current	438	0%
Notes Receivable, Net	1,161	0%	Notes Payable	1,043	0%
Accounts Receivable, Net	200,082	12%	Accounts Payable	87,410	5%
Inventories-, Net	273,687	17%	Income Tax Payable	62,016	4%
Other Current Assets	66,295	4%	Accrued Expenses	96,987	6%
Total Current Assets	<u>1,449,003</u>	<u>88%</u>	Other Current Liabilities	23,389	2%
			Total Current Liabilities	<u>271,283</u>	<u>17%</u>
Long-term Equity Investments			Other Liabilities	16,578	1%
Financial Assets Carried at Cost - concurrent	21,726	1%	Total Liabilities	<u>287,861</u>	<u>19%</u>
Total Long-term Equity Investments	<u>21,726</u>	<u>1%</u>			
Property, Plant and Equipment			SHAREHOLDERS' EQUITY :		
Property, Plant and Equipment	269,253	16%	Capital Stock	709,811	43%
Less : Accumulated depreciation	(139,726)	-8%	Capital Surplus	1,101	0%
Less : Accumulated impairment loss	(5,170)	0%	Retained Earnings	645,077	39%
construction in progress and prepayments for equipment	6,392	0%	Others-Cumulative Translation Adjustments	2,046	0%
Property, Plant and Equipment, Net	<u>130,749</u>	<u>8%</u>	Total Shareholders' Equity	<u>1,358,035</u>	<u>82%</u>
Intangible assets and Other assets	44,418	3%			
TOTAL ASSETS	<u><u>1,645,896</u></u>	<u><u>100%</u></u>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u><u>1,645,896</u></u>	<u><u>100%</u></u>

**CIPHERLAB CO.,LTD.and Subsidiaries****Unaudited Consolidated Condensed Income Statements****for the three months ended March 31,2008****(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	<u>March 31,2008</u>	
Net Sales	332,464	100%
Cost of Goods Sold	<u>(138,653)</u>	<u>-42%</u>
Gross Profit	193,811	58%
Operating Expenses	<u>(89,178)</u>	<u>-27%</u>
Sales and Marketing Expenses	(37,081)	-11%
General and Administrative Expenses	(35,572)	-11%
Research and Development Expenses	<u>(16,525)</u>	<u>-5%</u>
Operating Income	104,633	31%
Nonoperating Income	<u>20,952</u>	<u>6%</u>
Interest income	2,360	1%
Gain on sale of investments, net	4,551	1%
Reversal of Bad Debt Expenses	9,143	3%
Reversal of loss on inventories	4,701	1%
Miscellaneous income and Others	197	0%
Nonoperating Expenses and Losses	<u>(52,309)</u>	<u>-16%</u>
Valuation loss on financial assets, net	(11,880)	-4%
Valuation loss on financial liabilities, net	(438)	0%
Loss on sale of investments, net	(21,133)	-7%
Exchange loss, net	(17,204)	-5%
Loss on physical inventory	(1,606)	0%
Miscellaneous expenses	<u>(48)</u>	<u>0%</u>
Income Before Income Tax	73,276	22%
Income Tax	<u>(19,300)</u>	<u>-6%</u>
Net Income	<u>53,976</u>	<u>16%</u>
	Before Income Tax	After Income Tax
Consolidated Earnings Per Share		
Basic Earnings Per Share	<u>1.03</u>	<u>0.76</u>



CIPHERLAB CO.,LTD.and Subsidiaries
Unaudited Consolidated Condensed Statements of Cash Flows
for the three months ended March 31,2008
(In Thousands of New Taiwan Dollars)

	<u>March 31,2008</u>
Cash Flows from Operating Activities :	
Net Income	53,976
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :	
Valuation loss (gain) on financial assets and liability	12,318
Loss on sale of investments	16,582
Gain on Decline in Market Value of inventories	(4,701)
Loss on physical inventory	1,606
Reversal Bad Debt Expenses	(9,143)
Depreciation	5,011
Amortization	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	69,603
Net Cash Provided from Operating Activities	<u>171,928</u>
Cash Flows from Investing Activities :	
Acquisition of Properties, Plant and Equipment	(9,952)
Decrease in deferred charges	3,026
Increase in Others	(1,727)
Net Cash Used by Investing Activities	<u>(8,653)</u>
Cash Flows from Financing Activities :	
Increase (Decrease) in Short-term Loans	0
Bonus Paid to Employees, Directors and Supervisors	0
Net Cash Used by Financing Activities	<u>0</u>
Net Decrease in Cash and Cash Equivalents	163,275
Cash and Cash Equivalents at Beginning of Period	401,854
Cash and Cash Equivalents at End of Period	<u>565,129</u>
Supplemental Disclosures of Cash Flow Information	
Cash Paid for Interest	<u>0</u>
Cash Paid for Income Tax	<u>2,164</u>
Investing activities affecting both cash and non-cash items	
Acquisition of Properties, Plant and Equipment	9,735
Increase in payable for equipment purchased	217
	<u>9,952</u>
Non-cash investing and financing activities	
Changes in Cumulative Translation Adjustment	<u>2,602</u>