



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

	June 30,2009		March 31,2009		June 30,2008		QoQ		YoY	
<b>Current assets</b>										
Cash and cash equivalents	153,872	14%	253,756	18%	243,137	18%	(99,884)	-39%	(89,265)	-37%
Financial assets at fair value through profit or loss - current	149,622	13%	231,635	16%	265,122	19%	(82,013)	-35%	(115,500)	-44%
Notes receivable, net	2,672	0%	1,081	0%	9,972	1%	1,591	147%	(7,300)	-73%
Accounts receivable, net	148,367	13%	220,199	15%	199,856	14%	(71,832)	-33%	(51,489)	-26%
Accounts receivable - related parties, net	72,320	6%	103,287	7%	87,566	6%	(30,967)	-30%	(15,246)	-17%
Other receivables- related parties, net	6,130	1%	6,652	0%	26,362	2%	(522)	-8%	(20,232)	-77%
Inventories, Net	312,114	27%	315,753	22%	292,659	21%	(3,639)	-1%	19,455	7%
Other current assets	34,167	3%	51,352	5%	38,724	3%	(17,185)	-33%	(4,557)	-12%
<b>Total current assets</b>	<b>879,264</b>	<b>77%</b>	<b>1,183,715</b>	<b>83%</b>	<b>1,163,398</b>	<b>84%</b>	<b>(304,451)</b>	<b>-26%</b>	<b>(284,134)</b>	<b>-24%</b>
<b>Long-term Investments</b>										
Investments accounted for by the equity method	11,442	1%	10,713	1%	12,748	1%	729	7%	(1,306)	-10%
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>28,454</b>	<b>3%</b>	<b>27,725</b>	<b>2%</b>	<b>32,796</b>	<b>2%</b>	<b>729</b>	<b>3%</b>	<b>(4,342)</b>	<b>-13%</b>
<b>Property, plant and equipment</b>										
Property, plant and equipment	280,324	25%	275,896	19%	278,872	20%	4,428	2%	1,452	1%
Less: Accumulated depreciation	(135,297)	-12%	(128,803)	-9%	(141,368)	-10%	(6,494)	5%	6,071	-4%
Less: Accumulated impairment	(5,170)	-1%	(5,170)	0%	(5,170)	0%	-	-	-	-
Construction in progress and prepayments for equipment	350	0%	1,789	0%	17,564	1%	(1,439)	-80%	(17,214)	-98%
<b>Total property, plant and equipment</b>	<b>140,207</b>	<b>12%</b>	<b>143,712</b>	<b>10%</b>	<b>149,898</b>	<b>11%</b>	<b>(3,505)</b>	<b>-2%</b>	<b>(9,691)</b>	<b>-6%</b>
<b>Intangible assets and Other assets</b>	<b>88,441</b>	<b>8%</b>	<b>77,386</b>	<b>5%</b>	<b>43,948</b>	<b>3%</b>	<b>11,055</b>	<b>14%</b>	<b>44,493</b>	<b>101%</b>
<b>TOTAL ASSETS</b>	<b>1,136,366</b>	<b>100%</b>	<b>1,432,538</b>	<b>100%</b>	<b>1,390,040</b>	<b>100%</b>	<b>(296,172)</b>	<b>-21%</b>	<b>(253,674)</b>	<b>-18%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Short-term bills payable	20,000	2%	-	-	-	-	20,000	0%	20,000	0%
Financial liabilities at fair value through profit or loss - current	-	-	128	0%	7	0%	(128)	-100%	(7)	-100%
Notes payable	10	0%	-	-	71	0%	10	-	(61)	-86%
Accounts payable	47,151	4%	43,362	3%	110,990	8%	3,789	9%	(63,839)	-58%
Income tax payable	26,584	2%	34,254	2%	46,158	3%	(7,670)	-22%	(19,574)	-42%
Accrued expenses	62,123	5%	104,872	7%	73,851	5%	(42,749)	-41%	(11,728)	-16%
Other current liabilities	47,919	5%	67,053	5%	24,610	2%	(19,134)	-29%	23,309	95%
<b>Total current liabilities</b>	<b>203,787</b>	<b>18%</b>	<b>249,669</b>	<b>17%</b>	<b>255,687</b>	<b>18%</b>	<b>(45,882)</b>	<b>-18%</b>	<b>(51,900)</b>	<b>-20%</b>
<b>Other liabilities</b>	<b>30,036</b>	<b>3%</b>	<b>37,537</b>	<b>3%</b>	<b>56,385</b>	<b>4%</b>	<b>(7,501)</b>	<b>-20%</b>	<b>(26,349)</b>	<b>-47%</b>
<b>Total liabilities</b>	<b>233,823</b>	<b>21%</b>	<b>287,206</b>	<b>20%</b>	<b>312,072</b>	<b>22%</b>	<b>(53,383)</b>	<b>-19%</b>	<b>(78,249)</b>	<b>-25%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	63%	709,811	50%	709,811	51%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	296,824	26%	539,689	38%	364,988	27%	(242,865)	-45%	(68,164)	-19%
Others-Cumulative Translation Adjustments	(7,735)	-1%	(7,811)	-1%	2,068	0%	76	-1%	(9,803)	-474%
Treasury stock	(97,458)	-9%	(97,458)	-7%	-	-	-	-	(97,458)	0%
<b>Total shareholders' equity</b>	<b>902,543</b>	<b>79%</b>	<b>1,145,332</b>	<b>80%</b>	<b>1,077,968</b>	<b>78%</b>	<b>(242,789)</b>	<b>-21%</b>	<b>(175,425)</b>	<b>-16%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,136,366</b>	<b>100%</b>	<b>1,432,538</b>	<b>100%</b>	<b>1,390,040</b>	<b>100%</b>	<b>(296,172)</b>	<b>-21%</b>	<b>(253,674)</b>	<b>-18%</b>



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

	1H 2009		1H 2008		YoY	
Net Sales	488,958	100%	671,528	100%	(182,570)	-27%
Cost of Goods Sold	(263,778)	-54%	(294,922)	-44%	31,144	-11%
Gross Profit	225,180	46%	376,606	56%	(151,426)	-40%
Unrealized Profit	(13,551)	-2%	(39,810)	-6%	26,259	-66%
Realized Profit	25,451	5%	50,086	8%	(24,635)	-49%
Realized Gross Profit	237,080	49%	386,882	58%	(149,802)	-39%
Operating Expenses						
Sales and Marketing Expenses	(62,046)	-13%	(66,519)	-10%	4,473	-7%
General and Administrative Expenses	(31,240)	-6%	(39,559)	-6%	8,319	-21%
Research and Development Expenses	(57,876)	-12%	(34,868)	-5%	(23,008)	66%
Total operating expenses	(151,162)	-31%	(140,946)	-21%	(10,216)	7%
Operating Income	85,918	18%	245,936	37%	(160,018)	-65%
Non-operating Income						
Interest income	882	0%	5,106	1%	(4,224)	-83%
Dividend income	765	0%	2,720	1%	(1,955)	-72%
Gain on sale of investments, net	-	-	1,478	0%	(1,478)	-100%
Exchange gain, net	3,050	1%	-	-	3,050	0%
Reversal of Bad Debt Expenses	-	-	14,255	2%	(14,255)	-100%
Valuation gain on financial assets, net	431	0%	-	-	431	0%
Miscellaneous income	497	0%	547	0%	(50)	-9%
Total non-operating income and gains	5,625	1%	24,106	4%	(18,481)	-77%
Non-operating expenses and losses						
Interest expense	(16)	0%	-	-	(16)	0%
Investment loss recognized under equity method	(13,636)	-3%	(17,278)	-3%	3,642	-21%
Exchange loss, net	-	-	(21,098)	-3%	21,098	-100%
Valuation loss on financial assets, net	-	-	(32,223)	-5%	32,223	-100%
Valuation loss on financial liabilities, net	-	-	(7)	0%	7	-100%
Total non-operating expenses and losses	(13,652)	-3%	(70,606)	-11%	56,954	-81%
Income before income tax	77,891	16%	199,436	30%	(121,545)	-61%
Income tax expense (benefit)	(20,575)	-4%	(40,974)	-6%	20,399	-50%
Net income	57,316	12%	158,462	24%	(101,146)	-64%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.13		2.81		(1.68)	
Basic Earnings Per Share After Income Tax	0.83		2.23		(1.40)	



**CIPHERLAB CO.,LTD.**  
**Condensed Income Statements (Unconsolidated)**  
**For the Three Months Ended June 30,2009 , March 31,2009 and June 30,2008**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2Q 2009		1Q 2009		2Q 2008		QoQ		YoY	
Net Sales	197,267	100%	291,691	100%	363,060	100%	(94,424)	-32%	(165,793)	-46%
Cost of Goods Sold	(94,365)	-48%	(169,413)	-58%	(161,245)	-44%	75,048	-44%	66,880	-41%
Gross Profit	102,902	52%	122,278	42%	201,815	56%	(19,376)	-16%	(98,913)	-49%
Unrealized Profit	(13,551)	-7%	(21,007)	-7%	(39,810)	-11%	7,456	-35%	26,259	-66%
Realized Profit	21,007	11%	25,451	9%	40,318	11%	(4,444)	-17%	(19,311)	-48%
Realized Gross Profit	110,358	56%	126,722	44%	202,323	56%	(16,364)	-13%	(91,965)	-45%
Operating Expenses										
Sales and Marketing Expenses	(30,521)	-15%	(31,525)	-11%	(40,265)	-11%	1,004	-3%	9,744	-24%
General and Administrative Expenses	(10,853)	-6%	(20,387)	-7%	(21,969)	-6%	9,534	-47%	11,116	-51%
Research and Development Expenses	(29,353)	-15%	(28,523)	-10%	(18,343)	-5%	(830)	3%	(11,010)	60%
Total operating expenses	(70,727)	-36%	(80,435)	-28%	(80,577)	-22%	9,708	-12%	9,850	-12%
Operating Income	39,631	20%	46,287	16%	121,746	34%	(6,656)	-14%	(82,115)	-67%
Non-operating Income										
Interest income	379	0%	503	0%	2,753	1%	(124)	-25%	(2,374)	-86%
Investment income recognized under equity method	1,342	1%	-	-	-	-	1,342	0%	1,342	0%
Dividend income	765	0%	-	-	2,720	1%	765	0%	(1,955)	-72%
Gain on sale of investments, net	-	-	-	-	1,478	0%	-	-	(1,478)	-100%
Exchange gain, net	-	-	13,180	5%	-	-	(13,180)	-100%	-	-
Reversal of Bad Debt Expenses	-	-	-	-	5,111	1%	-	-	(5,111)	-100%
Valuation gain on financial assets, net	121	0%	310	0%	-	-	(189)	-61%	121	0%
Valuation gain on financial liabilities, net	128	0%	-	-	431	0%	128	0%	(303)	-70%
Miscellaneous income	63	0%	434	0%	448	0%	(371)	-85%	(385)	-86%
Total non-operating income and gains	2,798	1%	14,427	5%	12,941	3%	(11,629)	-81%	(10,143)	-78%
Non-operating expenses and losses										
Interest expense	(16)	0%	-	-	-	-	(16)	0%	(16)	0%
Investment loss recognized under equity method	-	-	(14,978)	-5%	(3,207)	-1%	14,978	-100%	3,207	-100%
Exchange loss, net	(10,130)	-5%	-	-	(1,559)	0%	(10,130)	0%	(8,571)	550%
Valuation loss on financial assets, net	-	-	-	-	(3,761)	-1%	-	-	3,761	-100%
Valuation loss on financial liabilities, net	-	-	(128)	0%	-	-	128	-100%	-	-
Total non-operating expenses and losses	(10,146)	-5%	(15,106)	-5%	(8,527)	-2%	4,960	-33%	(1,619)	19%
Income before income tax	32,283	16%	45,608	16%	126,160	35%	(13,325)	-29%	(93,877)	-74%
Income tax expense (benefit)	(13,020)	-6%	(7,555)	-3%	(21,674)	-6%	(5,465)	72%	8,654	-40%
Net income	19,263	10%	38,053	13%	104,486	29%	(18,790)	-49%	(85,223)	-82%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.47		0.66		1.78		(0.19)		(1.31)	
Basic Earnings Per Share After Income Tax	0.28		0.55		1.47		(0.27)		(1.19)	



## CIPHERLAB CO.,LTD.

## Condensed Statement of Cash Flows (Unconsolidated)

FOR THE SIX MONTHS ENDED June 30,2009 AND FOR THE THREE MONTHS ENDED ,June 30,2009 ,March 31,2009 AND June 30,2008

(In Thousands of New Taiwan Dollars)

	Six Months 2009	2Q 2009	1Q 2009	2Q 2008
Cash flows from operating activities				
Net income	57,316	19,263	38,053	104,486
Depreciation	12,595	6,494	6,101	4,882
Amortization	6,572	3,342	3,230	1,567
Provision(Reversal) for doubtful accounts	2,986	(315)	3,301	(5,111)
Provision for (recovery of) loss on inventories	4,838	(1,397)	6,235	(3,713)
Loss (gain) on sale of investments	-	-	-	(1,478)
Investment loss (income) recognized under equity method	13,636	(1,342)	14,978	3,207
Valuation loss (gain) on financial instruments	(431)	(249)	(182)	3,330
Financial assets at fair value through profit or loss - current	82,134	82,134	-	73,766
Others	5,549	58,228	(52,679)	(43,599)
Net cash provided by (used in) operating activities	185,195	166,158	19,037	137,337
Cash flows from investing activities				
Acquisition of investments accounted for by equity method	(90,368)	-	(90,368)	(15,413)
Acquisition of property, plant and equipment	(19,430)	(3,963)	(15,467)	(20,673)
Acquisition of Intangible assets	(19,602)	(17,471)	(2,131)	(312)
Decrease (increase) in other receivables – related parties	48,777	(2,406)	51,183	(19,326)
Others	(2,032)	(74)	(1,958)	7,197
Net cash used in investing activities	(82,655)	(23,914)	(58,741)	(48,527)
Cash flows from financing activities				
Increase in short-term bills payable	20,000	20,000	-	-
Cash dividends	(262,128)	(262,128)	-	(369,102)
Cash bonus to directors, supervisors and employees	-	-	-	(15,473)
Cash paid for acquisition of treasury stock	-	-	-	0
Others	(97)	-	(97)	0
Net cash used in financing activities	(242,225)	(242,128)	(97)	(384,575)
Net decrease in cash and cash equivalents	(139,685)	(99,884)	(39,801)	(295,765)
Cash and cash equivalents at Beginning of Period	293,557	253,756	293,557	538,902
Cash and cash equivalents at End of Period	153,872	153,872	253,756	243,137