



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

	September 30,2008(unaudited)		June 30,2008(audited)		QoQ	
Current assets						
Cash and Cash Equivalents	253,948	18%	266,477	20%	(12,529)	-5%
Financial Assets at Fair Value through Profit or Loss	230,449	17%	265,122	20%	(34,673)	-13%
Notes Receivable, Net	5,760	0%	9,972	1%	(4,212)	-42%
Accounts Receivable, Net	234,848	17%	221,806	17%	13,042	6%
Inventories-, Net	383,925	28%	314,884	23%	69,041	22%
Other Current Assets	43,287	3%	40,246	3%	3,041	8%
Total Current Assets	1,152,217	84%	1,118,507	83%	33,710	3%
Long-term Equity Investments	20,048	1%	20,048	1%	-	-
Property, Plant and Equipment						
Property, Plant and Equipment	262,141	19%	286,650	21%	(24,509)	-9%
Less : Accumulated depreciation	(122,926)	-9%	(144,603)	-11%	21,677	-15%
Less : Accumulated impairment loss	(5,170)	0%	(5,170)	0%	-	-
construction in progress and prepayments for equipment	20,348	1%	17,564	1%	2,784	16%
Property, Plant and Equipment, Net	154,393	11%	154,441	12%	(48)	0%
Intangible assets and Other assets	51,267	4%	48,665	4%	2,602	5%
TOTAL ASSETS	1,377,925	100%	1,341,661	100%	36,264	3%
LIABILITIES :						
Current Liabilities						
Financial liabilities at fair value through profit or loss - current	-	-	7	0%	(7)	-100%
Notes Payable	286	0%	765	0%	(479)	-63%
Accounts Payable	143,918	11%	96,899	7%	47,019	49%
Income Tax Payable	2,260	0%	46,158	3%	(43,898)	-95%
Accrued Expenses	110,809	8%	79,363	6%	31,446	40%
Other Current Liabilities	26,281	2%	23,926	2%	2,355	10%
Total Current Liabilities	283,554	21%	247,118	18%	36,436	15%
Other Liabilities	16,566	1%	16,575	1%	(9)	0%
Total Liabilities	300,120	22%	263,693	20%	36,427	14%
SHAREHOLDERS' EQUITY :						
Capital Stock	709,811	52%	709,811	53%	0	0%
Capital Surplus	1,101	0%	1,101	0%	0	0%
Retained Earnings	426,367	31%	364,988	27%	61,379	17%
Others-Cumulative Translation Adjustments	(2,569)	0%	2,068	0%	(4,637)	-224%
Treasury stock	(56,905)	-4%	-	-	(56,905)	100%
Total Shareholders' Equity	1,077,805	78%	1,077,968	80%	(163)	0%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,377,925	100%	1,341,661	100%	36,264	3%



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Income Statements
FOR THE THREE MONTHS ENDED September 30 ,2008, June 30,2008
AND FOR THE NINE MONTHS ENDED September 30 ,2008

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

	Q3 2008 (unaudited)		Q2 2008 (unaudited)		QoQ		Nine Months 2008 (unaudited)	
Net Sales	349,865	100%	378,071	100%	(28,206)	-7%	1,060,400	100%
Cost of Goods Sold	(162,596)	-46%	(159,767)	-42%	(2,829)	2%	(461,016)	-43%
Gross Profit	187,269	54%	218,304	58%	(31,035)	-14%	599,384	57%
Operating Expenses	(122,584)	-35%	(105,498)	-28%	(17,086)	16%	(317,260)	-30%
Sales and Marketing Expenses	(66,771)	-19%	(50,333)	-13%	(16,438)	33%	(154,185)	-15%
General and Administrative Expenses	(34,665)	-10%	(36,822)	-10%	2,157	-6%	(107,059)	-10%
Research and Development Expenses	(21,148)	-6%	(18,343)	-5%	(2,805)	15%	(56,016)	-5%
Operating Income	64,685	18%	112,806	30%	(48,121)	-43%	282,124	27%
Nonoperating Income	29,656	8%	24,295	6%	5,361	22%	56,153	5%
Interest income	1,506	0%	2,887	1%	(1,381)	-48%	6,753	1%
Valuation Gain on financial assets and liabilities, net	764	0%	3,272	1%	(2,508)	100%	-	-
Gain on sale of investments, net	344	0%	-	-	344	#DIV/0!	-	-
Gain on physical inventory	-	-	1,365	0%	(1,365)	-100%	-	-
Reversal of Bad Debt Expenses	4,025	1%	5,112	1%	(1,087)	-21%	18,280	2%
Reversal of loss on inventories	-	-	3,746	1%	(3,746)	-100%	-	-
Exchange Gain, net	23,024	7%	-	-	23,024	100%	23,024	2%
Miscellaneous income and Others	(7)	0%	7,913	2%	(7,920)	-100%	5,376	1%
Nonoperating Expenses and Losses	(19,380)	-6%	(11,173)	-3%	(8,207)	73%	(64,112)	-6%
Valuation loss on financial assets, net	-	-	-	-	-	-	(8,282)	-1%
Loss on sale of investments, net	-	-	(5,124)	-1%	5,124	-100%	(21,362)	-2%
Exchange loss, net	(1,348)	0%	(1,387)	0%	39	-3%	(19,939)	-2%
Provision for loss on inventories	(17,031)	-5%	-	-	(17,031)	100%	(8,584)	-1%
Loss on physical inventory	-	-	-	-	-	-	(241)	0%
Miscellaneous expenses	(1,001)	0%	(4,662)	-1%	3,661	-79%	(5,704)	-1%
Income Before Income Tax	74,961	21%	125,928	33%	(50,967)	-40%	274,165	26%
Income Tax	(13,582)	-4%	(21,442)	-6%	7,860	-37%	(54,324)	-5%
Net Income	61,379	18%	104,486	28%	(43,107)	-41%	219,841	21%
Consolidated Earnings Per Share								
Basic Earnings Per Share Before Income Tax	1.06		1.78		0.75		3.87	
Basic Earnings Per Share After Income Tax	0.87		1.47		0.71		3.10	



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Statements of Cash Flows

OR THE NINE MONTHS ENDED September 30,2008 AND FOR THE THREE MONTHS ENDED September 30,June30,2008
(In Thousands of New Taiwan Dollars)

	Nine Months 2008 (Unaudited)	Q3 2008 (Unaudited)	Q2 2008 (Unaudited)
Cash Flows from Operating Activities :			
Net Income	219,841	61,379	104,486
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :			
Valuation loss (gain) on financial assets and liability	8,282	(764)	(3,272)
Loss on sale of investments	21,362	(344)	5,124
Provision for (recovery of) loss on inventories	8,584	17,031	(3,746)
Loss (gain) on physical inventory	241	-	(1,365)
Reversal Bad Debt Expenses	(18,280)	(4,025)	(5,112)
Depreciation	15,062	5,115	4,936
Amortization	5,078	1,787	1,652
Net changes in operating assets and liabilities			
Financial Assets at Fair Value through Profit or Loss	134,577	35,774	73,766
Changes in Others assets and liabilities	(59,369)	(56,399)	(72,573)
Net Cash Provided from Operating Activities	<u>335,378</u>	<u>59,554</u>	<u>103,896</u>
Cash Flows from Investing Activities :			
Acquisition of Properties, Plant and Equipment	(43,522)	-12428	(21,142)
(Increase) Decrease in deferred charges	(2,806)	-168	(5,664)
Increase in Others	(291)	349	1,087
Net Cash Used by Investing Activities	<u>(46,619)</u>	<u>(12,247)</u>	<u>(25,719)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents			
Cash Flows from Financing Activities :			
Increase (Decrease) in Short-term Loans	-	-	-
Bonus Paid to Employees, Directors and Supervisors	(15,473)	-	(15,473)
Cash dividends	(369,102)	-	(369,102)
Repurchase of Treasury Stock	(50,786)	(50,786)	-
Net Cash Used by Financing Activities	<u>(435,361)</u>	<u>(50,786)</u>	<u>(384,575)</u>
Effect of Subsidiaries	-	-	-
Effect of exchange rate changes	(1,304)	(9,050)	7,746
Net Decrease in Cash and Cash Equivalents	(147,906)	(12,529)	(298,652)
Cash and Cash Equivalents at Beginning of Period	401,854	266,477	565,129
Cash and Cash Equivalents at End of Period	<u>253,948</u>	<u>253,948</u>	<u>266,477</u>