



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

	December 31,2008		September 30,2008		December 31,2007		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	316,287	22%	253,948	18%	401,854	26%	62,339	25%	(85,567)	-21%
Financial Assets at Fair Value through Profit or Loss	231,325	16%	230,449	17%	396,148	25%	876	0%	(164,823)	-42%
Notes Receivable, Net	7,774	1%	5,760	0%	10,171	1%	2,014	35%	(2,397)	-24%
Accounts Receivable, Net	227,936	16%	234,848	17%	250,721	16%	(6,912)	-3%	(22,785)	-9%
Inventories, Net	393,477	27%	383,925	28%	265,114	17%	9,552	2%	128,363	48%
Other Current Assets	28,600	2%	43,287	3%	41,565	3%	(14,687)	-34%	(12,965)	-31%
Total Current Assets	1,205,399	84%	1,152,217	84%	1,365,573	88%	53,182	5%	(160,174)	-12%
Long-term Equity Investments	15,048	1%	20,048	1%	21,726	1%	(5,000)	-25%	(6,678)	-31%
Property, Plant and Equipment										
Property, Plant and Equipment	278,883	19%	262,141	19%	263,187	17%	16,742	6%	15,696	6%
Less : Accumulated depreciation	(129,724)	-9%	(122,926)	-9%	(134,947)	-9%	(6,798)	6%	5,223	-4%
Less : Accumulated impairment loss	(5,170)	0%	(5,170)	0%	(5,170)	0%	0	0%	0	0%
construction in progress and prepayments for equipment	803	0%	20,348	1%	3,032	0%	(19,545)	-96%	(2,229)	-74%
Property, Plant and Equipment, Net	144,792	10%	154,393	11%	126,102	8%	(9,601)	-6%	18,690	15%
Intangible assets and Other assets	74,922	5%	51,267	4%	41,423	3%	23,655	46%	33,499	81%
TOTAL ASSETS	1,440,161	100%	1,377,925	100%	1,554,824	100%	62,236	5%	(114,663)	-7%
LIABILITIES :										
Current Liabilities										
Notes Payable	-	-	286	0%	11,350	1%	(286)	-100%	(11,350)	-100%
Accounts Payable	80,458	6%	143,918	11%	25,427	2%	(63,460)	-44%	55,031	216%
Income Tax Payable	24,645	2%	2,260	0%	43,473	3%	22,385	990%	(18,828)	-43%
Accrued Expenses	121,441	8%	110,809	8%	117,020	8%	10,632	10%	4,421	4%
Other Current Liabilities	86,049	6%	26,281	2%	39,523	3%	59,768	227%	46,526	118%
Total Current Liabilities	312,593	22%	283,554	21%	236,793	15%	29,039	10%	75,800	32%
Other Liabilities	16,496	1%	16,566	1%	16,574	1%	(70)	0%	(78)	0%
Total Liabilities	329,089	23%	300,120	22%	253,367	16%	28,969	10%	75,722	30%
SHAREHOLDERS' EQUITY :										
Capital Stock	709,811	49%	709,811	52%	709,811	46%	0	0%	0	0%
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Retained Earnings	501,636	35%	426,367	31%	591,101	38%	75,269	18%	(89,465)	-15%
Others-Cumulative Translation Adjustments	(4,018)	0%	(2,569)	0%	(556)	0%	(1,449)	56%	(3,462)	623%
Treasury stock	(97,458)	-7%	(56,905)	-4%	-	-	(40,553)	71%	(97,458)	#DIV/0!
Total Shareholders' Equity	1,111,072	77%	1,077,805	78%	1,301,457	84%	33,267	3%	(190,385)	-15%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,440,161	100%	1,377,925	100%	1,554,824	100%	62,236	5%	(114,663)	-7%



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Income Statements
FOR THE THREE MONTHS ENDED December 31,2008,September 30,2008
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Q4 2008		Q3 2008		QoQ	
Net Sales	394,082	100%	349,865	100%	44,217	13%
Cost of Goods Sold	(152,120)	-39%	(162,596)	-46%	10,476	-6%
Gross Profit	241,962	61%	187,269	54%	54,693	29%
Operating Expenses	(132,509)	-34%	(122,584)	-35%	(9,925)	8%
Sales and Marketing Expenses	(38,011)	-10%	(66,771)	-19%	28,760	-43%
General and Administrative Expenses	(63,147)	-16%	(34,665)	-10%	(28,482)	82%
Research and Development Expenses	(31,351)	-8%	(21,148)	-6%	(10,203)	48%
Operating Income	109,453	28%	64,685	18%	44,768	69%
Nonoperating Income	67,931	17%	29,656	8%	38,275	129%
Interest income	1,453	0%	1,506	0%	(53)	-4%
Dividend income	319	0%	-	-	319	100%
Valuation Gain on financial assets and liabilities, net	876	0%	1,108	0%	(232)	-21%
Reversal of Bad Debt Expenses	15,790	4%	4,025	1%	11,765	292%
Reversal of loss on inventories	38,858	10%	-	-	38,858	100%
Exchange Gain, net	10,451	3%	23,024	7%	(12,573)	-55%
Miscellaneous income and Others	184	0%	(7)	0%	191	-2729%
Nonoperating Expenses and Losses	(77,562)	-20%	(19,380)	-6%	(58,182)	300%
Exchange loss, net	-	-	(1,348)	0%	1,348	-100%
Provision for loss on inventories and loss on disposal of inventories	(65,674)	-17%	(17,031)	-5%	(48,643)	286%
Loss on physical inventory	(11,249)	-3%	-	-	(11,249)	-100%
Miscellaneous expenses	(639)	0%	(1,001)	0%	362	-36%
Income Before Income Tax	99,822	25%	74,961	21%	24,861	33%
Income Tax	(24,552)	-6%	(13,582)	-4%	(10,970)	81%
Net Income	75,270	19%	61,379	18%	13,891	23%
Consolidated Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.43		1.06		0.37	
Basic Earnings Per Share After Income Tax	1.09		0.87		0.22	



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements

For the Year Ended December 31,2008 and 2007

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

	2008		2007		YoY	
Net Sales	1,454,482	100%	1,570,923	100%	(116,441)	-7%
Cost of Goods Sold	(613,136)	-42%	(656,729)	-42%	43,593	-7%
Gross Profit	841,346	58%	914,194	58%	(72,848)	-8%
Operating Expenses	(449,769)	-31%	(385,162)	-25%	(64,607)	17%
Sales and Marketing Expenses	(192,196)	-13%	(154,821)	-10%	(37,375)	24%
General and Administrative Expenses	(170,206)	-12%	(147,633)	-9%	(22,573)	15%
Research and Development Expenses	(87,367)	-6%	(82,708)	-5%	(4,659)	6%
Operating Income	391,577	27%	529,032	34%	(137,455)	-26%
Non-operating Income	96,163	7%	33,627	2%	62,536	186%
Interest income	8,206	1%	8,276	1%	(70)	-1%
Dividend income	3,039	0%	5,795	0%	(2,756)	-48%
Valuation gain on financial assets, net	-	-	10,110	1%	(10,110)	-100%
Gain on sale of investments, net	1,478	0%	-	-	1,478	100%
Reversal of Bad Debt Expenses	34,070	2%	-	-	34,070	100%
Exchange gain, net	13,536	1%	2,622	0%	10,914	416%
Reversal of loss on inventories	30,274	2%	-	-	30,274	100%
Miscellaneous income	5,560	0%	6,824	0%	(1,264)	-19%
Non-operating Expenses and Losses	(113,753)	-8%	(26,146)	-2%	(87,607)	335%
Interest expense	-	-	(121)	0%	121	-100%
Valuation loss on financial assets, net	(30,246)	-2%	-	-	(30,246)	-100%
Loss on physical inventory	(11,490)	-1%	(2,461)	0%	(9,029)	367%
Provision for loss on inventories and loss on disposal of inventories	(65,674)	-5%	(8,769)	-1%	(56,905)	649%
Miscellaneous expenses	(6,343)	0%	(14,795)	-1%	8,452	-57%
Income Before Income Tax	373,987	26%	536,513	34%	(162,526)	-30%
Income Tax	(78,876)	-5%	(112,125)	-7%	33,249	-30%
Net Income	295,111	20%	424,388	27%	(129,277)	-30%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	5.30		7.55		(2.25)	
Basic Earnings Per Share After Income Tax	4.19		5.98		(1.79)	



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

For the Year Ended December 31,2008 And For the Three Months Ended December 31,September 30
(In Thousands of New Taiwan Dollars)

	2008	Q4 2008	Q3 2008
Cash Flows from Operating Activities :			
Net Income	295,111	75,270	61,379
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :			
Valuation loss (gain) on financial assets and liability	30,246	(876)	(1,108)
Loss on sale of investments	(1,478)	-	-
Provision for (recovery of) loss on inventories and loss on disposal of inventories	35,400	26,816	17,031
Loss (gain)on physical inventory	11,490	11,249	-
Reversal Bad Debt Expenses	(34,070)	(15,790)	(4,025)
Depreciation	22,055	6,993	5,115
Amortization	10,018	4,940	1,787
Net changes in operating assets and liabilities			
Financial Assets at Fair Value through Profit or Loss	134,577	-	35,774
Changes in Others assets and liabilities	(53,627)	5,742	(56,399)
Net Cash Provided from Operating Activities	449,722	114,344	59,554
Cash Flows from Investing Activities :			
Acquisition of Properties, Plant and Equipment	(33,794)	-	(12,428)
(Increase) Decrease in deferred charges	(3,072)	(266)	(168)
Increase in Others	(10,009)	10	349
Net Cash Used by Investing Activities	(46,875)	(256)	(12,247)
Effect of Exchange Rate Changes on Cash and Cash Equivalents			
Cash Flows from Financing Activities :			
Bonus Paid to Employees, Directors and Supervisors	(15,474)	-	-
Cash dividends	(369,102)	-	-
Repurchase of Treasury Stock	(97,458)	(46,672)	(50,786)
Net Cash Used by Financing Activities	(482,034)	(46,672)	(50,786)
Effect of Subsidiaries	-	-	-
Effect of exchange rate changes	(6,380)	(5,077)	(9,050)
Net Decrease in Cash and Cash Equivalents	(85,567)	62,339	(12,529)
Cash and Cash Equivalents at Beginning of Period	401,854	253,948	266,477
Cash and Cash Equivalents at End of Period	316,287	316,287	253,948