



**CIPHERLAB CO.,LTD.**

**Consolidated Condensed Balance Sheets**

**(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	176,618	16%	282,533	20%	266,477	20%	(105,915)	-37%	(89,859)	-34%
Financial assets at fair value through profit or loss - current	149,622	13%	231,635	16%	265,122	20%	(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	178,656	16%	285,584	20%	221,806	17%	(106,928)	-37%	(43,150)	-19%
Inventories, Net	336,015	30%	347,597	24%	314,884	23%	(11,582)	-3%	21,131	7%
Other current assets	36,702	3%	53,377	3%	40,246	2%	(16,675)	-31%	(3,544)	-9%
<b>Total current assets</b>	<b>880,285</b>	<b>78%</b>	<b>1,201,807</b>	<b>83%</b>	<b>1,118,507</b>	<b>83%</b>	<b>(321,522)</b>	<b>-27%</b>	<b>(238,222)</b>	<b>-21%</b>
<b>Long-term Investments</b>										
Total Long-term Investments	17,012	2%	17,012	1%	20,048	2%	-	-	(3,036)	-15%
<b>Property, plant and equipment</b>										
Property, plant and equipment	289,027	26%	285,647	20%	286,650	22%	3,380	1%	2,377	1%
Less: Accumulated depreciation	(140,622)	-12%	(134,869)	-9%	(144,603)	-11%	(5,753)	4%	3,981	-3%
Less: Accumulated impairment	(5,170)	-1%	(5,170)	-1%	(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>143,585</b>	<b>13%</b>	<b>147,397</b>	<b>10%</b>	<b>154,441</b>	<b>12%</b>	<b>(3,812)</b>	<b>-3%</b>	<b>(10,856)</b>	<b>-7%</b>
<b>Intangible assets and Other assets</b>	<b>89,722</b>	<b>7%</b>	<b>78,534</b>	<b>6%</b>	<b>48,665</b>	<b>3%</b>	<b>11,188</b>	<b>14%</b>	<b>41,057</b>	<b>84%</b>
<b>TOTAL ASSETS</b>	<b>1,130,604</b>	<b>100%</b>	<b>1,444,750</b>	<b>100%</b>	<b>1,341,661</b>	<b>100%</b>	<b>(314,146)</b>	<b>-22%</b>	<b>(211,057)</b>	<b>-16%</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%	-	-	765	0%	10.00	-	(755)	-99%
Accounts payable	47,597	4%	43,684	3%	96,899	7%	3,913	9%	(49,302)	-51%
Income tax payable	26,584	2%	34,254	2%	46,158	3%	(7,670)	-22%	(19,574)	-42%
Accrued expenses	63,945	6%	110,031	8%	79,363	6%	(46,086)	-42%	(15,418)	-19%
Other current liabilities	54,334	5%	94,791	7%	23,926	3%	(40,457)	-43%	30,408	127%
<b>Total current liabilities</b>	<b>212,470</b>	<b>19%</b>	<b>282,888</b>	<b>20%</b>	<b>247,118</b>	<b>19%</b>	<b>(70,418)</b>	<b>-25%</b>	<b>(34,648)</b>	<b>-14%</b>
<b>Other liabilities</b>	<b>15,591</b>	<b>1%</b>	<b>16,530</b>	<b>1%</b>	<b>16,575</b>	<b>1%</b>	<b>(939)</b>	<b>-6%</b>	<b>(984)</b>	<b>-6%</b>
<b>Total liabilities</b>	<b>228,061</b>	<b>20%</b>	<b>299,418</b>	<b>21%</b>	<b>263,693</b>	<b>20%</b>	<b>(71,357)</b>	<b>-24%</b>	<b>(35,632)</b>	<b>-14%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	63%	709,811	49%	709,811	53%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	296,824	26%	539,689	37%	364,988	27%	(242,865)	-45%	(68,164)	-19%
Others-Cumulative Translation Adjustments	(7,735)	-1%	(7,811)	0%	2,068	0%	76	-1%	(9,803)	-474%
Treasury stock	(97,458)	-8%	(97,458)	-7%	-	-	-	-	(97,458)	0%
<b>Total shareholders' equity</b>	<b>902,543</b>	<b>80%</b>	<b>1,145,332</b>	<b>79%</b>	<b>1,077,968</b>	<b>80%</b>	<b>(242,789)</b>	<b>-21%</b>	<b>(175,425)</b>	<b>-16%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,130,604</b>	<b>100%</b>	<b>1,444,750</b>	<b>100%</b>	<b>1,341,661</b>	<b>100%</b>	<b>(314,146)</b>	<b>-22%</b>	<b>(211,057)</b>	<b>-16%</b>



**CIPHERLAB CO.,LTD.**  
**Consolidated Condensed Income Statements**  
**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	532,619	100%	710,535	100%	(177,916)	-25%
Cost of Goods Sold	(261,908)	-49%	(290,808)	-41%	28,900	-10%
Gross Profit	270,711	51%	419,727	59%	(149,016)	-36%
Operating Expenses						
Sales and Marketing Expenses	(78,590)	-15%	(87,414)	-12%	8,824	-10%
General and Administrative Expenses	(63,917)	-12%	(72,394)	-10%	8,477	-12%
Research and Development Expenses	(57,876)	-11%	(34,868)	-5%	(23,008)	66%
Total operating expenses	(200,383)	-38%	(194,676)	-27%	(5,707)	3%
Operating Income	70,328	13%	225,051	32%	(154,723)	-69%
Non-operating Income						
Interest income	916	0%	5,247	1%	(4,331)	-83%
Dividend income	765	0%	2,720	0%	(1,955)	-72%
Gain on sale of investments, net	-	-	1,478	0%	(1,478)	-100%
Exchange gain, net	2,725	1%	-	-	2,725	0%
Reversal of Bad Debt Expenses	-	-	14,255	2%	(14,255)	-100%
Valuation gain on financial assets, net	431	0%	-	-	431	0%
Miscellaneous income	2,910	1%	5,383	1%	(2,473)	-46%
Total non-operating income and gains	7,747	2%	29,083	4%	(21,336)	-73%
Non-operating expenses and losses						
Interest expense	(16)	0%	-	-	(16)	0%
Exchange loss, net	-	-	(18,584)	-3%	18,584	-100%
Valuation loss on financial assets, net	-	-	(32,223)	-4%	32,223	-100%
Valuation loss on financial liabilities, net	-	-	(7)	0%	7	-100%
Miscellaneous expenses	(168)	0%	(4,116)	-1%	3,948	-96%
Total non-operating expenses and losses	(184)	0%	(54,930)	-8%	54,746	-100%
Income before income tax	77,891	15%	199,204	28%	(121,313)	-61%
Income tax expense (benefit)	(20,575)	-4%	(40,742)	-6%	20,167	-49%
Net income	57,316	11%	158,462	22%	(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.**  
**Consolidated Condensed Income Statements**  
**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	231,896	100%	300,723	100%	378,071	100%	(68,827)	-23%	(146,175)	-39%
Cost of Goods Sold	(100,492)	-43%	(161,416)	-54%	(155,250)	-41%	60,924	-38%	54,758	-35%
Gross Profit	131,404	57%	139,307	46%	222,821	59%	(7,903)	-6%	(91,417)	-41%
Operating Expenses										
Sales and Marketing Expenses	(31,885)	-13%	(46,705)	-16%	(50,333)	-13%	14,820	-32%	18,448	-37%
General and Administrative Expenses	(29,356)	-13%	(34,561)	-11%	(36,822)	-10%	5,205	-15%	7,466	-20%
Research and Development Expenses	(29,353)	-13%	(28,523)	-9%	(18,343)	-5%	(830)	3%	(11,010)	60%
Total operating expenses	(90,594)	-39%	(109,789)	-36%	(105,498)	-28%	19,195	-17%	14,904	-14%
Operating Income	40,810	18%	29,518	10%	117,323	31%	11,292	38%	(76,513)	-65%
Non-operating Income										
Interest income	397	0%	519	0%	2,887	1%	(122)	-24%	(2,490)	-86%
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	-	-	13,113	4%	-	-	(13,113)	-100%	-	-
Reversal of Bad Debt Expenses	-	-	-	-	5,112	1%	-	-	(5,112)	-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	464	0%	2,446	1%	5,186	1%	(1,982)	-81%	(4,722)	-91%
Total non-operating income and gains	1,875	0%	16,388	5%	17,814	4%	(14,513)	-89%	(15,939)	-89%
Non-operating expenses and losses										
Interest expense	(16)	0%	-	-	-	-	(16)	0%	(16)	0%
Exchange loss, net	(10,388)	-4%	-	-	(1,380)	0%	(10,388)	0%	(9,008)	653%
Valuation loss on financial assets, net	-	-	-	-	(3,761)	-1%	-	-	3,761	-100%
Valuation loss on financial liabilities, net	-	-	(128)	0%	-	-	128	-100%	-	-
Miscellaneous expenses	2	0%	(170)	0%	(4,068)	-1%	172	-101%	4,070	-100%
Total non-operating expenses and losses	(10,402)	-4%	(298)	0%	(9,209)	-2%	(10,104)	3391%	(1,193)	13%
Income before income tax	32,283	14%	45,608	15%	125,928	33%	(13,325)	-29%	(93,645)	-74%
Income tax expense (benefit)	(13,020)	-6%	(7,555)	-2%	(21,442)	-5%	(5,465)	72%	8,422	-39%
Net income	19,263	8%	38,053	13%	104,486	28%	(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.

Consolidated Condensed Statements of Cash Flows

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	13,400	6,841	6,559	4,936
Amortization	6,771	3,318	3,453	1,652
Provision(Reversal) for doubtful accounts	3,274	(27)	3,301	(5,112)
Provision for (recovery of) loss on inventories	3,380	(4,844)	8,224	(3,746)
Loss (gain) on sale of investments	-	-	-	(1,478)
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	(19,775)	45,805	(65,580)	(73,938)
Net cash provided by (used in) operating activities	<u>146,069</u>	<u>152,241</u>	<u>(6,172)</u>	<u>103,896</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(19,461)	(3,980)	(15,481)	(21,142)
Acquisition of Intangible assets	(19,602)	(17,471)	(2,131)	(313)
Others	(2,069)	(226)	(1,843)	(4,264)
Net cash used in investing activities	<u>(41,132)</u>	<u>(21,677)</u>	<u>(19,455)</u>	<u>(25,719)</u>
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)
Net cash used in financing activities	<u>(242,128)</u>	<u>(242,128)</u>	<u>-</u>	<u>(384,575)</u>
Effect of exchange rate changes	(2,478)	5,649	(8,127)	7,746
Net decrease in cash and cash equivalents	(139,669)	(105,915)	(33,754)	(298,652)
Cash and cash equivalents at Beginning of Period	<u>316,287</u>	<u>282,533</u>	<u>316,287</u>	<u>565,129</u>
cash and cash equivalents at End of Period	<u><u>176,618</u></u>	<u><u>176,618</u></u>	<u><u>282,533</u></u>	<u><u>266,477</u></u>