



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

	September 30,2009		June 30,2009		September 30,2008		QoQ		YoY	
<b>Current assets</b>										
Cash and cash equivalents	232,574	20%	176,618	16%	253,948	18%	55,956	32%	(21,374)	-8%
Financial assets at fair value through profit or loss - current	149,682	13%	149,622	13%	230,449	17%	60	0%	(80,767)	-35%
Notes receivable, net	5,076	1%	2,672	0%	5,760	0%	2,404	90%	(684)	-12%
Accounts receivable, net	176,804	15%	178,656	16%	234,848	17%	(1,852)	-1%	(58,044)	-25%
Inventories, Net	275,536	24%	336,015	30%	383,925	28%	(60,479)	-18%	(108,389)	-28%
Other current assets	65,181	6%	36,702	3%	43,287	2%	28,479	78%	21,894	51%
<b>Total current assets</b>	<b>904,853</b>	<b>79%</b>	<b>880,285</b>	<b>78%</b>	<b>1,152,217</b>	<b>82%</b>	<b>24,568</b>	<b>3%</b>	<b>(247,364)</b>	<b>-21%</b>
<b>Long-term investments</b>										
Total Long-term Investments	17,012	1%	17,012	2%	20,048	2%	-	-	(3,036)	-15%
<b>Property, plant and equipment</b>										
Property, plant and equipment	288,490	25%	289,027	26%	262,141	20%	(537)	0%	26,349	10%
Less: Accumulated depreciation	(145,233)	-13%	(140,622)	-12%	(122,926)	-9%	(4,611)	3%	(22,307)	18%
Less: Accumulated impairment	(5,170)	0%	(5,170)	0%	(5,170)	0%	-	-	-	-
Construction in progress and prepayments for equipment	2,697	0%	350	0%	20,348	1%	2,347	671%	(17,651)	-87%
<b>Total property, plant and equipment</b>	<b>140,784</b>	<b>12%</b>	<b>143,585</b>	<b>14%</b>	<b>154,393</b>	<b>12%</b>	<b>(2,801)</b>	<b>-2%</b>	<b>(13,609)</b>	<b>-9%</b>
<b>Intangible assets and Other assets</b>	<b>88,046</b>	<b>8%</b>	<b>89,722</b>	<b>6%</b>	<b>51,267</b>	<b>4%</b>	<b>(1,676)</b>	<b>-2%</b>	<b>36,779</b>	<b>72%</b>
<b>TOTAL ASSETS</b>	<b>1,150,695</b>	<b>100%</b>	<b>1,130,604</b>	<b>100%</b>	<b>1,377,925</b>	<b>100%</b>	<b>20,091</b>	<b>2%</b>	<b>(227,230)</b>	<b>-16%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Short-term bills payable	-	-	20,000	2%	-	-	(20,000)	-100%	-	-
Notes payable	1,146	0%	10	0%	286	0%	1,136	11360%	860	301%
Accounts payable	53,389	5%	47,597	4%	143,918	10%	5,792	12%	(90,529)	-63%
Income tax payable	15,177	1%	26,584	2%	2,260	0%	(11,407)	-43%	12,917	572%
Accrued expenses	80,027	7%	63,945	6%	110,809	8%	16,082	25%	(30,782)	-28%
Other current liabilities	57,262	5%	54,334	5%	26,281	3%	2,928	5%	30,981	118%
<b>Total current liabilities</b>	<b>207,001</b>	<b>18%</b>	<b>212,470</b>	<b>19%</b>	<b>283,554</b>	<b>21%</b>	<b>(5,469)</b>	<b>-3%</b>	<b>(76,553)</b>	<b>-27%</b>
<b>Other liabilities</b>	<b>15,641</b>	<b>1%</b>	<b>15,591</b>	<b>1%</b>	<b>16,566</b>	<b>1%</b>	<b>50</b>	<b>0%</b>	<b>(925)</b>	<b>-6%</b>
<b>Total liabilities</b>	<b>222,642</b>	<b>19%</b>	<b>228,061</b>	<b>20%</b>	<b>300,120</b>	<b>22%</b>	<b>(5,419)</b>	<b>-2%</b>	<b>(77,478)</b>	<b>-26%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	62%	709,811	63%	709,811	52%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	321,757	28%	296,824	26%	426,367	31%	24,933	8%	(104,610)	-25%
Others-Cumulative Translation Adjustments	(7,158)	-1%	(7,735)	0%	(2,569)	0%	577	-7%	(4,589)	179%
Treasury stock	(97,458)	-8%	(97,458)	-9%	(56,905)	-4%	-	-	(40,553)	71%
<b>Total shareholders' equity</b>	<b>928,053</b>	<b>81%</b>	<b>902,543</b>	<b>80%</b>	<b>1,077,805</b>	<b>78%</b>	<b>25,510</b>	<b>3%</b>	<b>(149,752)</b>	<b>-14%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,150,695</b>	<b>100%</b>	<b>1,130,604</b>	<b>100%</b>	<b>1,377,925</b>	<b>100%</b>	<b>20,091</b>	<b>2%</b>	<b>(227,230)</b>	<b>-16%</b>



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

For the Nine Months Ended September 30

	2009		2008		YoY	
Net Sales	830,527	100%	1,060,400	100%	(229,873)	-22%
Cost of Goods Sold	(411,021)	-49%	(470,439)	-44%	59,418	-13%
Gross Profit	419,506	51%	589,961	56%	(170,455)	-29%
Operating Expenses						
Sales and Marketing Expenses	(132,244)	-16%	(154,185)	-15%	21,941	-14%
General and Administrative Expenses	(94,206)	-11%	(107,059)	-10%	12,853	-12%
Research and Development Expenses	(88,281)	-11%	(56,016)	-5%	(32,265)	58%
Total operating expenses	(314,731)	-38%	(317,260)	-30%	2,529	-1%
Operating Income	104,775	13%	272,701	26%	(167,926)	-62%
Non-operating Income						
Interest income	1,149	0%	6,753	1%	(5,604)	-83%
Dividend income	765	0%	2,720	0%	(1,955)	-72%
Gain on disposal of property, plant and equipment	148	0%	-	-	148	0%
Gain on sale of investments, net	-	-	1,478	0%	(1,478)	-100%
Exchange gain, net	-	-	3,085	0%	(3,085)	-100%
Reversal of Bad Debt Expenses	-	-	18,280	2%	(18,280)	-100%
Valuation gain on financial assets, net	490	0%	-	-	490	0%
Miscellaneous income	4,099	0%	5,376	1%	(1,277)	-24%
Total non-operating income and gains	6,651	0%	37,692	4%	(31,041)	-82%
Non-operating expenses and losses						
Interest expense	(16)	0%	-	-	(16)	0%
Loss on disposal of property, plant and equipment	(33)	0%	-	-	(33)	0%
Exchange loss, net	(1,864)	0%	-	-	(1,864)	0%
Valuation loss on financial assets, net	-	-	(31,122)	-2%	31,122	-100%
Miscellaneous expenses	(346)	0%	(5,106)	0%	4,760	-93%
Total non-operating expenses and losses	(2,259)	0%	(36,228)	-2%	33,969	-94%
Income before income tax	109,167	13%	274,165	26%	(164,998)	-60%
Income tax expense (benefit)	(26,918)	-3%	(54,324)	-5%	27,406	-50%
Net income	82,249	10%	219,841	21%	(137,592)	-63%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.58		3.87		(2.29)	
Basic Earnings Per Share After Income Tax	1.19		3.10		(1.91)	



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements

For the Three Months Ended September 30,2009 , June 30,2009 and September 30,2008

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

	3Q 2009		2Q 2009		3Q 2008		QoQ		YoY	
Net Sales	297,908	100%	231,896	100%	349,865	100%	66,012	28%	(51,957)	-15%
Cost of Goods Sold	(149,113)	-50%	(100,492)	-43%	(179,631)	-51%	(48,621)	48%	30,518	-17%
Gross Profit	148,795	50%	131,404	57%	170,234	49%	17,391	13%	(21,439)	-13%
Operating Expenses										
Sales and Marketing Expenses	(53,654)	-17%	(31,885)	-14%	(66,771)	-19%	(21,769)	68%	13,117	-20%
General and Administrative Expenses	(30,289)	-10%	(29,356)	-13%	(34,665)	-10%	(933)	3%	4,376	-13%
Research and Development Expenses	(30,405)	-10%	(29,353)	-13%	(21,148)	-6%	(1,052)	4%	(9,257)	44%
Total operating expenses	(114,348)	-37%	(90,594)	-40%	(122,584)	-35%	(23,754)	26%	8,236	-7%
Operating Income	34,447	13%	40,810	17%	47,650	14%	(6,363)	-16%	(13,203)	-28%
Non-operating Income										
Interest income	233	0%	397	0%	1,506	0%	(164)	-41%	(1,273)	-85%
Dividend income	-	-	765	0%	-	-	(765)	-100%	0	0%
Gain on disposal of property, plant and equipmen	148	0%	-	-	-	-	148	0%	148	0%
Exchange gain, net	-	-	-	-	21,669	6%	-	-	(21,669)	-100%
Reversal of Bad Debt Expenses	-	-	-	-	4,025	1%	-	-	(4,025)	-100%
Valuation gain on financial assets, net	59	0%	121	0%	1,101	-	(62)	-51%	(1,042)	-95%
Valuation gain on financial liabilities, net	-	-	128	0%	7	0%	(128)	-100%	(7)	-100%
Miscellaneous income	1,189	0%	464	0%	(7)	0%	725	156%	1,196	-17086%
Total non-operating income and gains	1,629	0%	1,875	1%	28,301	7%	(246)	-13%	(26,672)	-94%
Non-operating expenses and losses										
Interest expense	-	-	(16)	0%	-	-	16	-100%	-	-
Loss on disposal of property, plant and equipmen	(33)	0%	-	-	-	-	(33)	0%	(33)	0%
Exchange loss, net	(4,589)	-2%	(10,388)	-4%	-	-	5,799	-56%	(4,589)	0%
Miscellaneous expenses	(178)	0%	2	0%	(990)	0%	(180)	-9000%	812	-82%
Total non-operating expenses and losses	(4,800)	-2%	(10,402)	-4%	(990)	0%	5,602	-54%	(3,810)	385%
Income before income tax	31,276	11%	32,283	14%	74,961	21%	(1,007)	-3%	(43,685)	-58%
Income tax expense (benefit)	(6,343)	-2%	(13,020)	-5%	(13,582)	-3%	6,677	-51%	7,239	-53%
Net income	24,933	9%	19,263	9%	61,379	18%	5,670	29%	(36,446)	-59%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.45		0.47		1.06		(0.02)		(0.61)	
Basic Earnings Per Share After Income Tax	0.36		0.28		0.87		0.08		(0.51)	



CIPHERLAB CO.,LTD.

Consolidated Condensed Statements of Cash Flows

For The Nine Months Ended September 30,2009 and For The Three Months Ended September 30,2009 ,June 31,2009 and September 30,2008

(In Thousands of New Taiwan Dollars)

	Nine Months 2009	3Q 2009	2Q 2009	3Q 2008
Cash flows from operating activities				
Net income	82,249	24,933	19,263	61,379
Depreciation	19,531	6,131	6,841	5,115
Amortization	10,266	3,495	3,318	1,787
Provision(Reversal) for doubtful accounts	1,135	(2,139)	(27)	(4,025)
Provision for (recovery of) loss on inventories	7,368	3,988	(4,844)	17,031
Loss (gain) on disposal of property, plant and equipment	(115)	(115)	-	-
Valuation loss (gain) on financial instruments	(490)	(59)	(249)	(1,108)
Changes in operating assets and liabilities:				
Financial assets at fair value through profit or loss - current	82,133	-	82,134	35,774
Others	30,023	49,797	45,805	(56,399)
Net cash provided by (used in) operating activities	<u>232,100</u>	<u>86,031</u>	<u>152,241</u>	<u>59,554</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(21,757)	(2,296)	(3,980)	(12,428)
Acquisition of Intangible assets	(28,558)	(8,956)	(17,471)	-
Others	(1,651)	418	(226)	181
Net cash used in investing activities	<u>(51,966)</u>	<u>(10,834)</u>	<u>(21,677)</u>	<u>(12,247)</u>
Cash flows from financing activities				
Increase in short-term bills payable	-	(20,000)	20,000	-
Cash dividends	(262,128)	-	(262,128)	-
Cash paid for acquisition of treasury stock	-	-	-	(50,786)
Net cash used in financing activities	<u>(262,128)</u>	<u>(20,000)</u>	<u>(242,128)</u>	<u>(50,786)</u>
Effect of exchange rate changes	(1,719)	759	5,649	(9,050)
Net decrease in cash and cash equivalents	(83,713)	55,956	(105,915)	(12,529)
Cash and cash equivalents at Beginning of Period	316,287	176,618	282,533	266,477
cash and cash equivalents at End of Period	<u><u>232,574</u></u>	<u><u>232,574</u></u>	<u><u>176,618</u></u>	<u><u>253,948</u></u>