



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

	December 31,2009		September 30,2009		December 31,2008		QoQ		YoY	
<b>Current assets</b>										
Cash and Cash Equivalents	325,424	26%	232,574	20%	316,287	22%	92,850	40%	9,137	3%
Financial Assets at Fair Value through Profit or Loss	149,730	12%	149,682	13%	231,325	16%	48	0%	(81,595)	-35%
Notes Receivable, Net	5,105	1%	5,076	1%	7,774	1%	29	1%	(2,669)	-34%
Accounts Receivable, Net	201,854	16%	176,804	15%	227,936	16%	25,050	14%	(26,082)	-11%
Other Receivable, Net	40,049	3%	46,545	4%	7,990	1%	(6,496)	-14%	32,059	401%
Inventories, Net	262,007	21%	275,536	24%	393,477	27%	(13,529)	-5%	(131,470)	-33%
Other Current Assets	16,393	1%	18,636	2%	20,610	1%	(2,243)	-12%	(4,217)	-20%
<b>Total Current Assets</b>	<b>1,000,562</b>	<b>80%</b>	<b>904,853</b>	<b>79%</b>	<b>1,205,399</b>	<b>84%</b>	<b>95,709</b>	<b>11%</b>	<b>(204,837)</b>	<b>-17%</b>
<b>Long-term Equity Investments</b>	<b>10,419</b>	<b>1%</b>	<b>17,012</b>	<b>1%</b>	<b>15,048</b>	<b>1%</b>	<b>(6,593)</b>	<b>-39%</b>	<b>(4,629)</b>	<b>-31%</b>
<b>Property, Plant and Equipment</b>										
Property, Plant and Equipment	298,180	24%	288,490	25%	278,883	19%	9,690	3%	19,297	7%
Less : Accumulated depreciation	(149,905)	-12%	(145,233)	-13%	(129,724)	-9%	(4,672)	3%	(20,181)	16%
Less : Accumulated impairment loss	-	-	(5,170)	0%	(5,170)	0%	5,170	-100%	5,170	-100%
construction in progress and prepayments for equipment	4,510	0%	2,697	0%	803	0%	1,813	67%	3,707	462%
<b>Property, Plant and Equipment, Net</b>	<b>152,785</b>	<b>12%</b>	<b>140,784</b>	<b>12%</b>	<b>144,792</b>	<b>10%</b>	<b>12,001</b>	<b>9%</b>	<b>7,993</b>	<b>6%</b>
<b>Intangible assets and Other assets</b>	<b>89,427</b>	<b>7%</b>	<b>88,046</b>	<b>8%</b>	<b>74,922</b>	<b>5%</b>	<b>1,381</b>	<b>2%</b>	<b>14,505</b>	<b>19%</b>
<b>TOTAL ASSETS</b>	<b>1,253,193</b>	<b>100%</b>	<b>1,150,695</b>	<b>100%</b>	<b>1,440,161</b>	<b>100%</b>	<b>102,498</b>	<b>9%</b>	<b>(186,968)</b>	<b>-13%</b>
<b>LIABILITIES :</b>										
<b>Current Liabilities</b>										
Notes Payable	1,116	0%	1,146	0%	-	-	(30)	-3%	1,116	100%
Accounts Payable	82,521	7%	53,389	5%	80,458	6%	29,132	55%	2,063	3%
Income Tax Payable	15,262	1%	15,177	1%	24,645	2%	85	1%	(9,383)	-38%
Accrued Expenses	121,756	10%	80,027	7%	121,441	9%	41,729	52%	315	0%
Other Current Liabilities	52,596	4%	57,262	5%	86,049	5%	(4,666)	-8%	(33,453)	-39%
<b>Total Current Liabilities</b>	<b>273,251</b>	<b>22%</b>	<b>207,001</b>	<b>18%</b>	<b>312,593</b>	<b>22%</b>	<b>66,250</b>	<b>32%</b>	<b>(39,342)</b>	<b>-13%</b>
<b>Other Liabilities</b>	<b>15,713</b>	<b>1%</b>	<b>15,641</b>	<b>1%</b>	<b>16,496</b>	<b>1%</b>	<b>72</b>	<b>0%</b>	<b>(783)</b>	<b>-5%</b>
<b>Total Liabilities</b>	<b>288,964</b>	<b>23%</b>	<b>222,642</b>	<b>19%</b>	<b>329,089</b>	<b>23%</b>	<b>66,322</b>	<b>30%</b>	<b>(40,125)</b>	<b>-12%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	57%	709,811	62%	709,811	49%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	357,972	29%	321,757	28%	501,636	35%	36,215	11%	(143,664)	-29%
Others-Cumulative Translation Adjustments	(7,197)	-1%	(7,158)	-1%	(4,018)	0%	(39)	1%	(3,179)	79%
Treasury stock	(97,458)	-8%	(97,458)	-8%	(97,458)	-7%	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>964,229</b>	<b>77%</b>	<b>928,053</b>	<b>81%</b>	<b>1,111,072</b>	<b>77%</b>	<b>36,176</b>	<b>4%</b>	<b>(146,843)</b>	<b>-13%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,253,193</b>	<b>100%</b>	<b>1,150,695</b>	<b>100%</b>	<b>1,440,161</b>	<b>100%</b>	<b>102,498</b>	<b>9%</b>	<b>(186,968)</b>	<b>-13%</b>



**CIPHERLAB CO., LTD. and Subsidiaries**  
**Consolidated Condensed Income Statements**  
**FOR THE YEAR ENDED December 31, 2009 and 2008**  
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2009		2008		YoY	
Net Sales	1,185,442	100%	1,454,482	100%	(269,040)	-18%
Cost of Goods Sold	(598,679)	-50%	(660,026)	-45%	61,347	-9%
Gross Profit	586,763	50%	794,456	55%	(207,693)	-26%
Operating Expenses	(433,880)	-37%	(449,769)	-31%	15,889	-4%
Sales and Marketing Expenses	(190,385)	-16%	(192,196)	-13%	1,811	-1%
General and Administrative Expenses	(119,977)	-10%	(170,206)	-12%	50,229	-30%
Research and Development Expenses	(123,518)	-11%	(87,367)	-6%	(36,151)	41%
Operating Income	152,883	13%	344,687	24%	(191,804)	-56%
Nonoperating Income	13,301	1%	65,889	5%	(52,588)	-80%
Interest income	1,667	0%	8,206	1%	(6,539)	-80%
Dividend income	765	0%	3,039	0%	(2,274)	-75%
Valuation Gain on financial assets and liabilities, net	539	0%	-	-	539	100%
Gain on sale of investments, net	-	-	1,478	0%	(1,478)	-100%
Gain on disposal of property, plant and equipment	303	0%	-	-	303	100%
Reversal of Bad Debt Expenses	-	-	34,070	2%	(34,070)	-100%
Exchange Gain, net	-	-	13,536	1%	(13,536)	-100%
Miscellaneous income and Others	10,027	1%	5,560	1%	4,467	80%
Nonoperating Expenses and Losses	(9,258)	-1%	(36,589)	-3%	27,331	-75%
Interest expense	(113)	0%	-	-	(113)	-100%
Valuation loss on financial assets, net	-	-	(30,246)	-2%	30,246	-100%
Exchange loss, net	(1,540)	0%	-	-	(1,540)	-100%
Miscellaneous expenses	(7,605)	-1%	(6,343)	-1%	(1,262)	20%
Income Before Income Tax	156,926	13%	373,987	26%	(217,061)	-58%
Income Tax	(38,462)	-3%	(78,876)	-6%	40,414	-51%
Net Income	118,464	10%	295,111	20%	(176,647)	-60%
Consolidated Earnings Per Share						
Basic Earnings Per Share Before Income Tax	2.27		5.30		(3.03)	
Basic Earnings Per Share After Income Tax	1.72		4.19		(2.47)	



**CIPHERLAB CO., LTD. and Subsidiaries**  
**Consolidated Condensed Income Statements**  
**FOR THE THREE MONTHS ENDED December 31, 2009, September 30, 2009 and December 31, 2008**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Q4 2009		Q3 2009		Q4 2008		QoQ		YoY	
Net Sales	354,915	100%	297,908	100%	394,082	100%	57,007	19%	(39,167)	-10%
Cost of Goods Sold	(187,658)	-53%	(149,113)	-50%	(189,587)	-48%	(38,545)	26%	1,929	-1%
Gross Profit	167,257	47%	148,795	50%	204,495	52%	18,462	12%	(37,238)	-18%
Operating Expenses	(119,149)	-34%	(114,348)	-38%	(132,509)	-34%	(4,801)	4%	13,360	-10%
Sales and Marketing Expenses	(58,141)	-16%	(53,654)	-18%	(38,011)	-10%	(4,487)	8%	(20,130)	53%
General and Administrative Expenses	(25,771)	-7%	(30,289)	-10%	(63,147)	-16%	4,518	-15%	37,376	-59%
Research and Development Expenses	(35,237)	-10%	(30,405)	-10%	(31,351)	-8%	(4,832)	16%	(3,886)	12%
Operating Income	48,108	14%	34,447	12%	71,986	18%	13,661	40%	(23,878)	-33%
Nonoperating Income	6,650	2%	(1,096)	0%	28,197	7%	7,746	-707%	(21,547)	-76%
Interest income	518	0%	233	0%	1,453	0%	285	122%	(935)	-64%
Dividend income	-	-	-	-	319.00	0%	-	-	(319)	-100%
Valuation Gain on financial assets and liabilities, net	49	0%	59	0%	-	-	(10)	-17%	49	100%
Gain on disposal of property, plant and equipment	155	0%	148	0%	-	-	7	5%	155	100%
Reversal of Bad Debt Expenses	-	-	-	-	15,790	4%	-	-	(15,790)	-100%
Exchange Gain, net	-	-	(2,725)	-1%	10,451	3%	2,725	-100%	(10,451)	100%
Miscellaneous income and Others	5,928	2%	1,189	0%	184	0%	4,739	399%	5,744	3122%
Nonoperating Expenses and Losses	(6,999)	-2%	(2,075)	-1%	(361)	0%	(4,924)	237%	(6,638)	1839%
Interest expense	(97)	0%	-	-	-	-	(97)	-100%	(97)	-100%
Valuation loss on financial assets, net	-	-	-	-	876	0%	-	-	(876)	-100%
Exchange loss, net	324.00	0%	(1,864)	-1%	-	-	2,188	-117%	324	100%
Loss on disposal of property, plant and equipment	33.00	0%	(33)	0%	-	-	66	-200%	33.00	100%
Miscellaneous expenses	(7,259)	-2%	(178)	0%	(1,237)	0%	(7,081)	3978%	(6,022)	487%
Income Before Income Tax	47,759	13%	31,276	10%	99,822	25%	16,483	53%	(52,063)	-52%
Income Tax	(11,544)	-3%	(6,343)	-2%	(24,552)	-6%	(5,201)	82%	13,008	-53%
Net Income	36,215	10%	24,933	8%	75,270	19%	11,282	45%	(39,055)	-52%
Consolidated Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.69		0.45		1.43		0.24		(0.74)	
Basic Earnings Per Share After Income Tax	0.53		0.36		1.09		0.17		(0.56)	



**CIPHERLAB CO., LTD. and Subsidiaries**  
**Consolidated Condensed Statements of Cash Flows**  
**For the Year Ended December 31, 2009 and 2008**  
**(In Thousands of New Taiwan Dollars)**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities :		
Net Income	118,464	295,111
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Valuation loss (gain) on financial assets and liability	(539)	30,246
Loss on sale of investments	-	(1,478)
Provision for (recovery of) loss on inventories and loss on disposal of inventories	9,177	(30,274)
Reversal Bad Debt Expenses (Reversal)	(57)	(43,129)
Depreciation	25,531	22,055
Amortization	14,370	10,018
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	82,134	134,577
Changes in Others assets and liabilities	97,006	32,596
Net Cash (Used by) Provided from Operating Activities	<u>346,086</u>	<u>449,722</u>
Cash Flows from Investing Activities :		
Acquisition of Properties, Plant and Equipment	(37,818)	(33,794)
Acquisition of Intangible Assets	(34,120)	(16,236)
(Increase) Decrease in deferred charges	(66)	(3,072)
Increase in Others	(1,627)	6,227
Net Cash Used by Investing Activities	<u>(73,631)</u>	<u>(46,875)</u>
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	(262,128)	(369,102)
Repurchase of Treasury Stock	-	(97,458)
Net Cash Used by Financing Activities	<u>(262,128)</u>	<u>(482,034)</u>
Effect of Subsidiaries	<u>10,327</u>	<u>(79,187)</u>
Effect of exchange rate changes	<u>(1,190)</u>	<u>(6,380)</u>
Cash and Cash Equivalents at Beginning of Period	<u>316,287</u>	<u>401,854</u>
Cash and Cash Equivalents at End of Period	<u>325,424</u>	<u>316,287</u>