



CIPHERLAB CO.,LTD.and Subsidiaries  
Audited Consolidated Condensed Balance Sheets  
DECEMBER 31,2007 AND 2006  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31,2007		December 31,2006		LIABILITIES AND SHAREHOLDERS' EQUITY	December 31,2007		December 31,2006	
<b>Current assets</b>					<b>LIABILITIES :</b>				
Cash and Cash Equivalents	401,854	26%	460,472	29%	<b>Current Liabilities</b>				
Financial Assets at Fair Value through Profit or Loss	396,148	25%	353,039	23%	Short-term Loan	0	0%	17,376	1%
Notes Receivable, Net	10,171	1%	13,278	1%	Notes Payable	11,350	1%	51,308	3%
Accounts Receivable, Net	250,721	16%	225,456	14%	Accounts Payable	25,427	2%	104,221	7%
Inventories-, Net	265,114	17%	271,846	17%	Income Tax Payable	43,473	3%	34,740	2%
Other Current Assets	41,565	3%	52,158	3%	Accrued Expenses	117,020	8%	81,155	5%
Total Current Assets	<u>1,365,573</u>	<u>88%</u>	<u>1,376,249</u>	<u>88%</u>	Other Current Liabilities	39,523	3%	16,855	1%
					Total Current Liabilities	<u>236,793</u>	<u>15%</u>	<u>305,655</u>	<u>20%</u>
<b>Long-term Equity Investments</b>					<b>Other Liabilities</b>	16,574	1%	16,484	1%
Financial Assets Carried at Cost - concurrent	21,726	1%	15,726	1%	<b>Total Liabilities</b>	<u>253,367</u>	<u>17%</u>	<u>322,139</u>	<u>21%</u>
Advance payments for investments	-	0%	7,510	0%					
Total Long-term Equity Investments	<u>21,726</u>	<u>1%</u>	<u>23,236</u>	<u>1%</u>	<b>SHAREHOLDERS' EQUITY :</b>				
<b>Property, Plant and Equipment</b>					Capital Stock	709,811	46%	709,811	45%
Property, Plant and Equipment	263,187	17%	245,088	16%	Capital Surplus	1,101	0%	1,101	0%
Less : Accumulated depreciation	(134,947)	-9%	(116,045)	-7%	Retained Earnings	591,101	38%	529,472	34%
Less : Accumulated impairment loss	(5,170)	0%	(5,170)	0%	Others-Cumulative Translation Adjustments	(556)	0%	(1,044)	0%
construction in progress and prepayments for equipment	3,032	0%	342.00	0%	Total Shareholders' Equity	<u>1,301,457</u>	<u>84%</u>	<u>1,239,340</u>	<u>79%</u>
Property, Plant and Equipment, Net	<u>126,102</u>	<u>8%</u>	<u>124,215</u>	<u>8%</u>					
<b>Intangible assets and Other assets</b>					<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>1,554,824</u>	<u>100%</u>	<u>1,561,479</u>	<u>100%</u>
	41,423	3%	37,779	2%					
<b>TOTAL ASSETS</b>	<u>1,554,824</u>	<u>100%</u>	<u>1,561,479</u>	<u>100%</u>					



CIPHERLAB CO.,LTD.and Subsidiaries

Audited Consolidated Condensed Income Statements

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	December 31,2007		December 31,2006	
Net Sales	1,570,923	100%	1,376,072	100%
Cost of Goods Sold	(656,729)	-42%	(588,867)	-43%
Gross Profit	914,194	58%	787,205	57%
Operating Expenses	(385,162)	-25%	(319,978)	-23%
Sales and Marketing Expenses	(154,821)	-10%	(111,417)	-8%
General and Administrative Expenses	(147,633)	-9%	(128,475)	-9%
Research and Development Expenses	(82,708)	-5%	(80,086)	-6%
Operating Income	529,032	34%	467,227	34%
Nonoperating Income	59,489	4%	52,858	4%
Nonoperating Expenses and Losses	(52,008)	-3%	(25,667)	-2%
Income Before Income Tax	536,513	34%	494,418	36%
Income Tax	(112,125)	-7%	(100,038)	-7%
Net Income Before Cumulative Effect of Changed In Accou	424,388	27%	394,380	29%
Cumulative Effect of Changed In Accounting Principles	-	0%	7,290	1%
Net Income	424,388	27%	401,670	29%
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Consolidated Earnings Per Share				
Basic Earnings Per Share	7.55	5.98	6.97	5.56
Cumulative Effect of Changed In Accounting Principles		-		0.10



CIPHERLAB CO.,LTD.and Subsidiaries  
 Audited Consolidated Condensed STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31,2007 AND 2006  
 (In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Cumulative Translation Adjustment	Total Shareholders' Equity	
			Legal Capital Reserve	Special reserve			Unappropriated
Balance, January 1, 2006	621,850	1,101	79,660	0	438,089	(771)	1,139,929
Appropriations of Prior Year's Earnings							
Legal Capital Reserve			43,566		(43,566)		-
Bonus to Directors and Supervisors					(13,070)		(13,070)
Cash Dividends					(261,177)		(261,177)
Employee's Profit Sharing - in cash					(27,739)		(27,739)
Transfer of Employee's Profit Sharing to Common St	13,339				(13,339)		-
Transfer of Retained Earnings to Common Stock	74,622				(74,622)		-
Changes in Cumulative Translation Adjustment						(273)	(273)
Net Income in 2006					401,670		401,670
Balance, December 31, 2006	<u>709,811</u>	<u>1,101</u>	<u>123,226</u>	<u>0</u>	<u>406,246</u>	<u>(1,044)</u>	<u>1,239,340</u>
Balance, January 1, 2007	709,811	1,101	123,226	0	406,246	(1,044)	1,239,340
Appropriations of Prior Year's Earnings							
Legal Capital Reserve			40,168		(40,168)		0
Special reserve				1,044	(1,044)		0
Bonus to Directors and Supervisors					(12,050)		(12,050)
Cash Dividends					(340,709)		(340,709)
Employee's Profit Sharing - in cash					(10,000)		(10,000)
Changes in Cumulative Translation Adjustment						488	488
Net Income in 2007					424,388		424,388
Balance, December 31, 2007	<u>709,811</u>	<u>1,101</u>	<u>163,394</u>	<u>1,044</u>	<u>426,663</u>	<u>(556)</u>	<u>1,301,457</u>



CIPHERLAB CO.,LTD.and Subsidiaries  
Audited Consolidated Condensed Statements of Cash Flows  
FOR THE YEARS ENDED DECEMBER 31,2007 AND 2006  
(In Thousands of New Taiwan Dollars)

	December 31,2007	December 31,2006
Cash Flows from Operating Activities :		
Net Income	424,388	401,670
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Cumulative Effect of Changed In Accounting Principles	-	(7,290)
Bad Debt Expenses(Reversal)	1,395	(3,211)
Gain on Valuation of Financial assets	(3,242)	(6,939)
Gain on disposal of investments	(6,868)	(2,771)
Loss on Decline in Market Value of inventories	8,769	13,416
Loss on physical inventory	2,461	173
Depreciation	20,197	21,994
Loss on Disposal of Property, Plant and Equipment, Net	-	492
Amortization	7,217	6,266
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	(32,999)	(202,205)
Changes in Others assets and liabilities	(68,110)	(160,211)
Net Cash Provided from Operating Activities	353,208	61,384
Cash Flows from Investing Activities :		
Increase in Long-term Investments and Advance payments for investments	0	(7,510)
Increase Acquisition of financial assets carried at cost	(6,000)	-
Acquisition of Properties, Plant and Equipment	(19,863)	(11,248)
Proceeds from Disposal of Properties, Plant and Equipment	0	505
Increase in Others	(13,826)	(5,476)
Net Cash Used by Investing Activities	(39,689)	(23,729)
Cash Flows from Financing Activities :		
Increase (Decrease) in Short-term Loans	(17,376)	12,605
Cash Dividend	(340,709)	(261,177)
Bonus Paid to Employees, Directors and Supervisors	(22,050)	(40,809)
Net Cash Used by Financing Activities	(380,135)	(289,381)
Effect of exchange rate changes and Others	7,998	(61)
Net Decrease in Cash and Cash Equivalents	(58,618)	(252,337)
Cash and Cash Equivalents at Beginning of Period	460,472	712,809
Cash and Cash Equivalents at End of Period	401,854	460,472
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	121	391
Cash Paid for Income Tax	97,356	141,513
Investing activities affecting both cash and non-cash items		
Acquisition of Properties, Plant and Equipment	22,084	11,248
Increase in payable for equipment purchased	(2,221)	-
	19,863	11,248
Non-cash investing and financing activities		
Changes in Cumulative Translation Adjustment	488	(273)