



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

	March 31,2011		December 31,2010		March 31,2010		QoQ		YoY	
Current assets										
Cash and cash equivalents	267,584	21%	250,544	20%	237,886	18%	17,040	7%	29,698	12%
Financial assets at fair value through profit or loss	164,407	13%	162,263	13%	185,546	14%	2,144	1%	(21,139)	-11%
Notes receivable, net	4,987	0%	5,152	0%	4,034	0%	(165)	-3%	953	24%
Accounts receivable, net	157,394	12%	191,393	15%	238,898	18%	(33,999)	-18%	(81,504)	-34%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	31,851	2%	30,050	2%	40,979	3%	1,801	6%	(9,128)	-22%
Inventories, Net	376,442	29%	378,464	30%	357,642	27%	(2,022)	-1%	18,800	5%
Other current assets	32,897	3%	19,382	2%	23,276	2%	13,515	70%	9,621	41%
Total current assets	1,035,562	81%	1,037,248	82%	1,088,261	82%	(1,686)	0%	(52,699)	-5%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	13,374	1%	10,419	1%	10,419	1%	2,955	28%	2,955	28%
Prepayments for investments	-	-	-	-	-	-	-	-	-	-
Total long-term investments	13,374	1%	10,419	1%	10,419	1%	2,955	28%	2,955	28%
Property, plant and equipment										
Property, plant and equipment	316,022	25%	311,600	24%	303,660	23%	4,422	1%	12,362	4%
Less: Accumulated depreciation	(174,505)	-14%	(170,041)	-13%	(155,675)	-12%	(4,464)	3%	(18,830)	12%
Less: Accumulated impairment	-	0%	-	0%	-	0%	-	0%	-	0%
Construction in progress and prepayments for equi	6,038	0%	5,533	0%	1,653	0%	505	9%	4,385	265%
Total property, plant and equipment	147,555	12%	147,092	11%	149,638	11%	463	0%	(2,083)	-1%
Intangible assets and other assets	80,798	6%	74,728	6%	85,117	6%	6,070	8%	(4,319)	-5%
Total assets	1,277,289	100%	1,269,487	100%	1,333,435	100%	7,802	1%	(56,146)	-4%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	-	0%	868	0%	-	0	868	100%
Accounts payable	101,127	8%	43,953	3%	136,841	10%	57,174	130%	(35,714)	-26%
Accounts payable - related parties	0	0%	2,353	0%	0	0%	(2,353)	-100%	0	0%
Income tax payable	25,028	2%	31,540	2%	17,171	1%	(6,512)	-21%	7,857	46%
Accrued expenses	90,744	7%	108,363	9%	96,595	7%	(17,619)	-16%	(5,851)	-6%
Other payable - related parties	0	0%	0	0%	0	0%	0	0%	0	0%
Other payable	5,157	0%	20,851	2%	5,109	0%	(15,694)	-75%	48	1%
Other current liabilities	22,374	2%	11,909	1%	60,834	5%	10,465	88%	(38,460)	-63%
Total current liabilities	244,430	19%	218,969	17%	317,418	24%	25,461	12%	(72,988)	-23%
Other liabilities	15,799	1%	16,037	2%	15,779	1%	(238)	-1%	20	0%
Total liabilities	260,229	20%	235,006	19%	333,197	25%	25,223	11%	(72,968)	-22%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	56%	709,811	56%	709,811	53%	0	0%	0	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Retained earnings	474,684	37%	442,826	35%	394,470	30%	31,858	7%	80,214	20%
Others-cumulative translation adjustments	(6,615)	-1%	(7,806)	-1%	(7,686)	-1%	1,191	-15%	1,071	-14%
Treasury stock	(161,921)	-13%	(111,451)	-9%	(97,458)	-7%	(50,470)	45%	(64,463)	0%
Total shareholders' equity	1,017,060	80%	1,034,481	81%	1,000,238	75%	(17,421)	-2%	16,822	2%
Total liabilities and shareholders' equity	1,277,289	100%	1,269,487	100%	1,333,435	100%	7,802	1%	(56,146)	-4%



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Income Statements
FOR THE THREE MONTHS ENDED March 31,2011 ,December 31 and March 31 ,2010
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Q1 2011		Q4 2010		Q1 2010		QoQ		YoY	
Net Sales	278,933	100%	327,992	100%	304,797	100%	(49,059)	-15%	(25,864)	-8%
Cost of Goods Sold	(146,221)	-52%	(173,965)	-53%	(142,303)	-47%	27,744	-16%	(3,918)	3%
Gross Profit	132,712	48%	154,027	47%	162,494	53%	(21,315)	-14%	(29,782)	-18%
Operating Expenses										
Sales and marketing expenses	(42,928)	-15%	(101,582)	-31%	(43,578)	-14%	58,654	-58%	650	-1%
General and administrative expense	(32,032)	-11%	17,669	5%	(34,747)	-11%	(49,701)	-281%	2,715	-8%
Research and development expense	(30,228)	-11%	(29,671)	-9%	(29,731)	-10%	(557)	2%	(497)	2%
Total operating expenses	(105,188)	-38%	(113,584)	-35%	(108,056)	-35%				
Operating Income	27,524	10%	40,443	12%	54,438	18%	(12,919)	-32%	(26,914)	-49%
Non-operating Income										
Interest income	294	0%	321	0%	548	0%	(27)	-8%	(254)	-46%
Dividend income	0	0%	52	0%	0	0%	(52)	-100%	0	0%
Exchange gain, net	3,549	1%	0	0%	0	0%	3,549	0%	3,549	0%
Reversal of bad debt expenses	3,728	1%	5,311	2%	0	0%	(1,583)	-30%	3,728	0%
Valuation gain on financial assets, r	2,227	1%	(3,684)	-1%	0	0%	5,911	-160%	2,227	0%
Miscellaneous income	198	0%	74	0%	1,442	0%	124	168%	(1,244)	-86%
Total non-operating income and gains	9,996	3%	2,074	1%	1,990	0%	7,922	382%	8,006	402%
Non-operating expenses and losses										
Interest expense	0	0%	(13)	0%	0	0%	13	-100%	0	0%
Loss on disposal of property, plant :	(396)	0%	0	0%	0	0%	(396)	0%	(396)	0%
Exchange loss, net	0%		(14,014)	-4%	(494)	0%	14,014	-100%	494	-100%
Valuation loss on financial assets, net	0%		0	0%	(45)	0%	0	0%	45	-100%
Miscellaneous expenses	(6)	0%	105	0%	(37)	0%	(111)	-106%	31	-84%
Total non-operating expenses and losses	(402)	0%	(13,922)	-4%	(576)	0%	13,520	-97%	174	-30%
Income before income tax	37,118	13%	28,595	9%	55,852	18%	8,523	30%	(18,734)	-34%
Income tax expense (benefit)	(5,260)	-2%	287	0%	(19,354)	6%	(5,547)	-1933%	14,094	-73%
Net income	31,858	11%	28,882	9%	36,498	12%	2,976	10%	(4,640)	-13%
Earnings Per Share										
Basic Earnings Per Share Before Incom	0.47		0.40		0.53		0.07		-	0.06
Basic Earnings Per Share After Incom	0.47		0.42		0.53		0.05		-	0.06



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Statements of Cash Flows
For the Year Ended March 31, 2011 and 2010
(In Thousands of New Taiwan Dollars)

	<u>Q1 2011</u>	<u>Q1 2010</u>
Cash Flows from Operating Activities :		
Net Income	31,858	36,498
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Valuation loss (gain) on financial assets and liability	(2,227)	45
Loss on sale of investments		-
Provision for (recovery of) loss on inventories and loss on disposal of inventories	10,022	(5,976)
Loss (gain) on physical inventory		-
Reversal Bad Debt Expenses (Reversal)	(3,728)	1,903
Depreciation	5,040	5,812
Amortization	5,296	5,646
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	83	(35,861)
Changes in Others assets and liabilities	44,157	(92,496)
Net Cash (Used by) Provided from Operating Activities	<u>90,501</u>	<u>(84,429)</u>
Cash Flows from Investing Activities :		
Acquisition of Properties, Plant and Equipment	(6,233)	(2,497)
Acquisition of Intangible Assets	(13,020)	(2,128)
(Increase) Decrease in deferred charges	-	-
Increase in Others	(2,827)	1,785
Net Cash Used by Investing Activities	<u>(22,080)</u>	<u>(2,840)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Effect of Subsidiaries	17,458	(87,269)
Effect of exchange rate changes	(418)	(269)
Cash and Cash Equivalents at Beginning of Period	<u>250,544</u>	<u>325,424</u>
Cash and Cash Equivalents at End of Period	<u><u>267,584</u></u>	<u><u>237,886</u></u>