



CIPHERLAB CO.,LTD.

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

	March 31,2011		December 31,2010		March 31,2010		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	229,031	18%	212,989	17%	221,207	17%	16,042	8%	7,824	4%
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	1%	4,878	0%	2,416	1%	109	2%	2,571	106%
Accounts Receivable, Net	116,192	9%	139,725	11%	207,697	15%	(23,533)	-17%	(91,505)	-44%
Accounts Receivable – related parties, Net	94,569	7%	84,915	7%	77,214	6%	9,654	11%	17,355	22%
Other receivables , Net	30,646	2%	30,009	2%	40,472	3%	637	2%	(9,826)	-24%
Other receivables – related parties, Net	8,192	1%	2,470	0%	1,206	0%	5,722	232%	6,986	579%
Inventories, Net	331,637	26%	349,769	27%	325,652	24%	(18,132)	-5%	5,985	2%
Other Current Assets	31,084	2%	15,129	1%	18,624	1%	15,955	105%	12,460	67%
Total Current Assets	1,010,745	79%	1,002,147	78%	1,080,034	81%	8,598	1%	(69,289)	-6%
Long-term Equity Investments										
Financial Assets Carried at Cost - concurrent	42,196	3%	42,773	3%	10,419	1%	577	- 0	31,777	305%
Long-term Equity Investments	13,374	1%	10,419	1%	17,843	1%	2,955	28%	(4,469)	100%
Total Long-term Equity Investments	55,570	4%	53,192	4%	28,262	2%	2,378	4%	27,308	97%
Property, Plant and Equipment										
Property, Plant and Equipment	309,043	24%	304,693	24%	296,532	22%	4,350	1%	12,511	4%
Less : Accumulated depreciation	(169,428)	-13%	(164,693)	-13%	(150,704)	-11%	(4,735)	3%	(18,724)	12%
Less : Accumulated impairment loss	-	-	-	0%	0	0%	-	-	0	0%
construction in progress and prepayments for equipn	6,038	0%	5,533	0%	1,653	0%	505	9%	4,385	265%
Property, Plant and Equipment, Net	145,653	11%	145,533	11%	147,481	11%	120	0%	(1,828)	-1%
Intangible and Other assets	78,790	6%	72,844	7%	84,326	6%	5,946	8%	(5,536)	-7%
TOTAL ASSETS	1,290,758	100%	1,273,716	100%	1,340,103	100%	17,042	1%	(49,345)	-4%
LIABILITIES :										
Current Liabilities										
Notes Payable	-	0%	-	0%	868.00	0	0	0%	(868)	100%
Accounts Payable	96,235	7%	43,953	3%	132,605	10%	52,282	119%	(36,370)	-27%
Accounts Payable – related parties, Net	4,901	0%	2,353	0%	1,815	0%	2,548	108%	3,086	170%
Income Tax Payable	24,655	2%	30,677	2%	17,171	1%	(6,022)	-20%	7,484	44%
Accrued Expenses	87,902	7%	99,863	8%	92,493	7%	(11,961)	-12%	(4,591)	-5%
Other payable - related parties	976	0%	373	0%	29	0%	603	162%	947	3266%
Other payable	3,336	0%	18,052	1%	5,067	0%	(14,716)	-82%	(1,731)	-34%
Other Current Liabilities	21,856	2%	11,880	1%	60,815	5%	9,976	84%	(38,959)	-64%
Total Current Liabilities	239,861	19%	207,151	15%	310,863	23%	32,710	16%	(71,002)	-23%
Other liabilities	33,837	3%	32,084	3%	29,002	2%	1,753	5%	4,835	17%
Total Liabilities	273,698	21%	239,235	18%	339,865	25%	34,463	14%	(66,167)	-19%
SHAREHOLDERS' EQUITY :										
Capital Stock	709,811	55%	709,811	56%	709,811	53%	-	0%	-	0%
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained Earnings	474,684	37%	442,826	35%	394,470	30%	31,858.00	7%	80,214.00	20%
Others-Cumulative Translation Adjustments	(6,615)	-1%	(7,806)	-1%	(7,686)	-1%	1,191.00	-15%	1,071.00	-14%
Treasury stock	(161,921)	-13%	(111,451)	-8%	(97,458)	-7%	50,470.00	45%	64,463.00	66%
Total Shareholders' Equity	1,017,060	79%	1,034,481	82%	1,000,238	75%	(17,421)	-2%	16,822	2%
TOTAL LIABILITIES AND SHAREHOLDERS' EC	1,290,758	100%	1,273,716	100%	1,340,103	100%	17,042	-218%	(49,345)	-4%

Condensed Income Statements (Unconsolidated)

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	279,668	100%	298,823	100%	284,440	100%	(19,155)	-6%	(4,772)	-2%
Cost of Goods Sold	(165,432)	-59%	(169,404)	-57%	(147,110)	-52%	3,972	-2%	(18,322)	12%
Gross Profit	114,236	41%	129,419	43%	137,330	48%	(15,183)	-12%	(23,094)	-17%
Unrealized Profit	(18,038)	-6%	1,512	1%	(13,223)	-4%	(19,550)	-1293%	(4,815)	36%
Realized Profit	16,047	6%	-	0%	16,281	6%	16,047	100%	234	-1%
Realized Gross Profit	112,245	40%	130,931	44%	140,388	50%	(18,686)	-14%	(28,143)	-20%
Operating Expenses										
Sales and marketing expenses	(38,627)	-14%	(51,298)	-17%	(36,723)	-13%	12,671	-25%	(1,904)	5%
General and administrative expenses	(17,420)	-6%	(13,633)	-5%	(18,657)	-7%	(3,787)	28%	1,237	-7%
Research and development expenses	(27,507)	-10%	(29,679)	-10%	(29,731)	-10%	2,172	-7%	2,224	-7%
Total operating expenses	(83,554)	-30%	(94,610)	-32%	(85,111)	-30%				
Operating Income	28,691	10%	36,321	12%	55,277	20%	123,301	-130%	(26,586)	-48%
Non-operating Income										
Interest income	277	0%	315	0%	542	0%	(38)	-12%	(265)	-49%
Investment income recognized under equity method		0%	4,283	1%	211	0%	(4,283)	-100%	(211)	-100%
Dividend income		0%	52	0%	-	0%	(52)	-100%	0	0%
Exchange gain, net	3,283	1%	-	0%	0	0%	3,283	0%	3,283	0%
Reversal of bad debt expenses	3,586	1%	5,094	2%	0	0%	(1,508)	-30%	3,586	0%
Valuation gain on financial assets, net	2,227	1%	(3,684)	-1%	0	0%	5,911	-160%	2,227	0%
Valuation gain on financial liabilities, net		0%	-	0%	-	0%	0	0	0	0%
Miscellaneous income	140	0%	124	0%	295	0%	16	13%	(155)	-53%
Total non-operating income and gains	9,513	3%	6,184	2%	1,048	0%	3,329	54%	8,465	808%
Non-operating expenses and losses										
Interest expense		0%	(13)	0%	0	0%	13	-100%	0	0%
Investment loss recognized under equity	1,081	0%	-	0%	-	0%	(1,081)	0%	1,081	0
Loss on disposal of property, plant and	(5)	0%	0	0%	0	0%	(5)	0%	(5)	0%
Exchange loss, net		0%	(14,806)	-5%	(428)	0%	14,806	-100%	428	-100%
Valuation loss on financial assets, net	-	0%	-	0%	45	0%	0	0%	45	-100%
Total non-operating expenses and losses	(1,086)	0%	(14,819)	-5%	(473)	0%	13,733	-93%	(613)	130%
Income before income tax	37,118	13%	27,686	9%	55,852	20%	9,432	34%	(18,734)	-34%
Income tax expense (benefit)	(5,260)	-2%	1,196	0%	(19,354)	-7%	(6,456)	-540%	14,094	-73%
Net income	31,858	11%	28,882	9%	36,498	13%	2,976	10%	(4,640)	-13%

Earnings Per Share

Basic Earnings Per Share Before Income Tax	0.47	0.40	0.53	0.07	-	0.06
Basic Earnings Per Share After Income Tax	0.47	0.42	0.53	0.05	-	0.06



CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)
FOR THE THREE MONTHS 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(Reversal) on Decline in Market Value of inventories and loss on disposal of inventories	10,045	(5,904)
Investment Loss Recognized by Equity Method	1,081	(211)
Depreciation	4,823	5,552
Amortization	5,266	5,592
Bad Debt Expenses(Reversal)	(3,586)	2,215
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	44,903	(84,822)
Net Cash Provided from Operating Activities	<u>92,246</u>	<u>(76,896)</u>
Cash Flows from Investing Activities :		
Increase in Advance payments for investments	-	-
Acquisition of Properties, Plant and Equipment	(5,323)	(2,417)
Acquisition of Intangible Assets	(12,771)	(2,128)
Acquisition of investments accounted for by equity method	-	-
Increase in Others	(7,750)	(1,854)
Net Cash (Used by)Provided from Investing Activities	<u>(25,844)</u>	<u>(6,399)</u>
Cash Flows from Financing Activities :		
Increase in Others	(50,360)	29
Net Cash Used by Financing Activities	<u>(50,360)</u>	<u>29</u>
Net Increase(Decrease) in Cash and Cash Equivalents	16,042	(83,266)
Cash and Cash Equivalents at Beginning of Period	212,989	304,473
Cash and Cash Equivalents at End of Period	<u>229,031</u>	<u>221,207</u>