



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

	June 30,2010		March 31,2010		June 30,2009		QoQ		YoY	
Current assets										
Cash and cash equivalents	198,569	16%	237,886	18%	176,618	16%	(39,317)	-17%	21,951	12%
Financial assets at fair value through profit or loss - current	163,850	13%	185,546	14%	149,622	13%	(21,696)	-12%	14,228	10%
Notes receivable, net	3,405	0%	4,034	0%	2,672	0%	(629)	-16%	733	27%
Accounts receivable, net	222,174	17%	238,898	18%	178,656	16%	(16,724)	-7%	43,518	24%
Other receivable	35,209	3%	40,979	3%	13,190	1%	(5,770)	-14%	22,019	167%
Inventories, Net	397,741	31%	357,642	27%	336,015	30%	40,099	11%	61,726	18%
Other current assets	14,048	1%	23,276	2%	23,512	2%	(9,228)	-40%	(9,464)	-40%
Total current assets	1,034,996	81%	1,088,261	82%	880,285	78%	(53,265)	-5%	154,711	18%
Long-term Investments										
Total Long-term Investments	10,419	1%	10,419	1%	17,012	2%	-	0%	(6,593)	-39%
Property, plant and equipment										
Property, plant and equipment	304,736	24%	303,660	23%	289,027	26%	1,076	0%	15,709	5%
Less: Accumulated depreciation	(159,162)	-12%	(155,675)	-12%	(140,622)	-12%	(3,487)	2%	(18,540)	13%
Less: Accumulated impairment	-	0%	-	0%	(5,170)	-1%	-	0%	5,170	-100%
Construction in progress and prepayments for equipment	4,188	0%	1,653	0%	350	0%	2,535	153%	3,838	1097%
Total property, plant and equipment	149,762	12%	149,638	11%	143,585	13%	124	0%	6,177	4%
Intangible assets and Other assets	76,573	6%	85,117	6%	89,722	7%	(8,544)	-10%	(13,149)	-15%
TOTAL ASSETS	1,271,750	100%	1,333,435	100%	1,130,604	100%	(61,685)	-5%	141,146	12%
LIABILITIES :										
Current liabilities										
Short-term bills payable	-	0%	-	0%	20,000	2%	-	0%	(20,000)	-100%
Notes payable	-	0%	868	0%	10	0%	(868)	-100%	(10)	-100%
Accounts payable	103,195	8%	135,026	10%	46,004	4%	(31,831)	-24%	57,191	124%
Accounts payable - related parties	15,694	1%	1,815	0%	1,593	0%	13,879	765%	14,101	885%
Income tax payable	21,358	2%	17,171	1%	26,584	2%	4,187	24%	(5,226)	-20%
Accrued expenses	117,670	9%	96,595	7%	63,945	6%	21,075	22%	53,725	84%
Other payable - related parties	1,658	0%	-	0%	-	0%	1,658	0%	1,658	0%
Other payable	9,777	1%	5,109	1%	18,524	2%	4,668	91%	(8,747)	-47%
Other current liabilities	21,126	2%	60,834	5%	35,810	3%	(39,708)	-65%	(14,684)	-41%
Total current liabilities	290,478	23%	317,418	24%	212,470	19%	(26,940)	-8%	78,008	37%
Other liabilities	15,847	1%	15,779	1%	15,591	1%	68	0%	256	2%
Total liabilities	306,325	24%	333,197	25%	228,061	20%	(26,872)	-8%	78,264	34%
SHAREHOLDERS' EQUITY :										
Capital Stock	709,811	56%	709,811	53%	709,811	63%	-	0%	-	0%
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained Earnings	360,639	28%	394,470	30%	296,824	26%	(33,831)	-9%	63,815	21%
Others-Cumulative Translation Adjustments	(8,668)	-1%	(7,686)	-1%	(7,735)	-1%	(982)	13%	(933)	12%
Treasury stock	(97,458)	-7%	(97,458)	-7%	(97,458)	-8%	-	0%	-	0%
Total shareholders' equity	965,425	76%	1,000,238	75%	902,543	80%	(34,813)	-3%	62,882	7%
Total liabilities and shareholders' equity	1,271,750	100%	1,333,435	100%	1,130,604	100%	(61,685)	-5%	141,146	12%



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements

For the Six Months Ended June 30,2010 and 2009

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

	1H 2010		1H 2009		YoY	
Net Sales	705,525	100%	532,619	100%	172,906	32%
Cost of Goods Sold	(348,562)	-49%	(261,908)	-49%	(86,654)	33%
Gross Profit	356,963	51%	270,711	51%	86,252	32%
Operating Expenses						
Sales and Marketing Expenses	(85,087)	-12%	(78,590)	-15%	(6,497)	8%
General and Administrative Expenses	(82,933)	-12%	(63,917)	-12%	(19,016)	30%
Research and Development Expenses	(62,688)	-9%	(57,876)	-11%	(4,812)	8%
Total operating expenses	(230,708)	-33%	(200,383)	-38%	(30,325)	15%
Operating Income	126,255	18%	70,328	13%	55,927	80%
Non-operating Income						
Interest income	936	0%	916	0%	20	2%
Dividend income	-	0%	765	0%	(765)	-100%
Gain on disposal of property, plant and equipment	2	0%	-	0%	2	0%
Exchange gain, net	5,474	1%	2,725	1%	2,749	101%
Reversal of Bad Debt Expenses	1,748	0%	-	0%	1,748	0%
Valuation gain on financial assets, net	1,085	0%	431	0%	654	152%
Miscellaneous income	2,667	1%	2,910	1%	(243)	-8%
Total non-operating income and gains	11,912	2%	7,747	2%	4,165	54%
Non-operating expenses and losses						
Interest expense	(69)	0%	(16)	0%	(53)	331%
Miscellaneous expenses	(122)	0%	(168)	0%	46	-27%
Total non-operating expenses and losses	(191)	0%	(184)	0%	(7)	4%
Income before income tax	137,976	20%	77,891	15%	60,085	77%
Income tax expense (benefit)	(31,837)	-5%	(20,575)	-4%	(11,262)	55%
Net income	106,139	15%	57,316	11%	48,823	85%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	2.00		1.13		0.87	
Basic Earnings Per Share After Income Tax	1.54		0.83		0.71	



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Three Months Ended June 30,2010 , March 31,2010 and June 30,2009
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2Q 2010		1Q 2010		2Q 2009		QoQ		YoY	
Net Sales	400,728	100%	304,797	100%	231,896	100%	95,931	31%	168,832	73%
Cost of Goods Sold	(206,259)	-51%	(142,303)	-47%	(100,492)	-43%	(63,956)	45%	(105,767)	105%
Gross Profit	194,469	49%	162,494	53%	131,404	57%	31,975	20%	63,065	48%
Operating Expenses										
Sales and Marketing Expenses	(41,509)	-10%	(43,578)	-14%	(31,885)	-14%	2,069	-5%	(9,624)	30%
General and Administrative Expenses	(48,186)	-12%	(34,747)	-11%	(29,356)	-13%	(13,439)	39%	(18,830)	64%
Research and Development Expenses	(32,957)	-8%	(29,731)	-10%	(29,353)	-12%	(3,226)	11%	(3,604)	12%
Total operating expenses	(122,652)	-30%	(108,056)	-35%	(90,594)	-39%	(14,596)	14%	(32,058)	35%
Operating Income	71,817	19%	54,438	18%	40,810	18%	17,379	32%	31,007	76%
Non-operating Income										
Interest income	388	0%	548	0%	397	0%	(160)	-29%	(9)	-2%
Dividend income	-	0%	-	0%	765	0%	-	0%	(765)	-100%
Gain on disposal of property, plant and equipme	2	0%	-	0%	-	0%	2	0%	2	0%
Exchange gain, net	5,968	2%	-	0%	-	0%	5,968	0%	5,968	0%
Reversal of Bad Debt Expenses	1,748	0%	-	0%	-	0%	1,748.00	0%	1,748	0%
Valuation gain on financial assets, net	1,130	0%	-	0%	121	0%	1,130	0%	1,009	834%
Valuation gain on financial liabilities, net	-	0%	-	0%	128	0%	-	0%	(128)	-100%
Miscellaneous income	1,225	0%	1,442	0%	466	0%	(217)	-15%	759	163%
Total non-operating income and gains	10,461	2%	1,990	0%	1,877	0%	8,471	426%	8,584	457%
Non-operating expenses and losses										
Interest expense	(69)	0%	-	0%	(16)	0%	(69)	0%	(53)	331%
Exchange loss, net	-	0%	(494)	0%	(10,388)	-4%	494	-100%	10,388	-100%
Valuation loss on financial assets, net	-	0%	(45)	0%	-	0%	45.00	-100%	-	0%
Miscellaneous expenses	(85)	0%	(37)	0%	-	0%	(48)	130%	(85)	0%
Total non-operating expenses and losses	(154)	0%	(576)	0%	(10,404)	-4%	422	-73%	10,250	-99%
Income before income tax	82,124	21%	55,852	18%	32,283	14%	26,272	47%	49,841	154%
Income tax expense (benefit)	(12,483)	-3%	(19,354)	-6%	(13,020)	-6%	6,871	-36%	537	-4%
Net income	69,641	18%	36,498	12%	19,263	8%	33,143	91%	50,378	262%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.19		0.81		0.47		0.38		0.72	
Basic Earnings Per Share After Income Tax	1.01		0.53		0.28		0.48		0.73	



CIPHERLAB CO.,LTD.

Consolidated Condensed Statements of Cash Flows

FOR THE SIX MONTHS ENDED June 30,2010 AND FOR THE THREE MONTHS ENDED ,June 30,2010 ,March 31,2010 AND June 30,2009

(In Thousands of New Taiwan Dollars)

	Six Months 2010	2Q 2010	1Q 2010	2Q 2009
Cash flows from operating activities				
Net income	106,139	69,641	36,498	19,263
Depreciation	11,676	5,864	5,812	6,841
Amortization	10,950	5,304	5,646	3,318
Provision(Reversal) for doubtful accounts	(1,748)	(3,651)	1,903	(27)
Provision for (recovery of) loss on inventories	7,105	13,081	(5,976)	(4,844)
Valuation loss (gain) on financial instruments	(1,085)	(1,130)	45	(249)
Financial assets at fair value through profit or loss - current	(13,035)	22,826	(35,861)	82,134
Others	(137,207)	(44,711)	(92,496)	45,805
Net cash provided by (used in) operating activities	<u>(17,205)</u>	<u>67,224</u>	<u>(84,429)</u>	<u>152,241</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(5,884)	(3,387)	(2,497)	(3,980)
Acquisition of Intangible assets	(2,063)	65	(2,128)	(17,471)
Others	3,707	1,922	1,785	(226)
Net cash used in investing activities	<u>(4,240)</u>	<u>(1,400)</u>	<u>(2,840)</u>	<u>(21,677)</u>
Cash flows from financing activities				
Increase in short-term bills payable	-	-	-	20,000
Cash dividends	(103,472)	(103,472)	-	(262,128)
Net cash used in financing activities	<u>(103,472)</u>	<u>(103,472)</u>	<u>-</u>	<u>(242,128)</u>
Effect of exchange rate changes	(1,938)	(1,669)	(269)	5,649
Net decrease in cash and cash equivalents	(126,855)	(39,317)	(87,538)	(105,915)
Cash and cash equivalents at Beginning of Period	325,424	237,886	325,424	282,533
cash and cash equivalents at End of Period	<u>198,569</u>	<u>198,569</u>	<u>237,886</u>	<u>176,618</u>