



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

	September 30,2010		June 30,2010		September 30,2009		QoQ		YoY	
ASSETS:										
Current assets										
Cash and cash equivalents	220,064	17%	198,569	16%	232,574	20%	(17,822)	-9%	(12,510)	-5%
Financial assets at fair value through profit or loss - current	168,349	13%	163,850	13%	149,682	13%	(17,197)	-10%	18,667	12%
Notes receivable, net	4,473	0%	3,405	0%	5,076	1%	439	13%	(603)	-12%
Accounts receivable, net	178,252	14%	222,174	17%	176,804	15%	(43,922)	-20%	1,448	1%
Other receivable	32,374	2%	35,209	3%	46,545	4%	(2,835)	-8%	(14,171)	-30%
Inventories, Net	435,980	34%	397,741	31%	275,536	24%	38,239	10%	160,444	58%
Other current assets	19,587	2%	14,048	1%	18,636	2%	5,539	39%	951	5%
Total current assets	1,059,079	82%	1,034,996	81%	904,853	79%	24,083	2%	154,226	17%
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	305,520	24%	304,736	24%	288,490	25%	784	0%	17,030	6%
Less: Accumulated depreciation	(164,617)	-13%	(159,162)	-12%	(145,233)	-13%	(5,455)	3%	(19,384)	13%
Less: Accumulated impairment	-	0%	-	0%	(5,170)	0%	-	0%	5,170	-100%
Construction in progress and prepayments for equipment	4,691	0%	4,188	0%	2,697	0%	503	12%	1,994	74%
Total property, plant and equipment	145,594	11%	149,762	12%	140,784	12%	(4,168)	-3%	4,810	3%
Intangible assets and other assets										
	70,756	6%	76,573	6%	88,046	7%	(5,817)	-8%	(17,290)	-20%
Total assets	1,285,848	100%	1,271,750	100%	1,150,695	100%	14,098	1%	135,153	12%
LIABILITIES :										
Current liabilities										
Notes payable	2	0%	-	0%	1,146	0%	2	0%	(1,144)	-100%
Accounts payable	63,128	5%	103,195	8%	50,161	4%	(40,067)	-39%	12,967	26%
Accounts payable - related parties	4,619	0%	15,694	1%	3,228	0%	(11,075)	-71%	1,391	43%
Income tax payable	32,505	3%	21,358	2%	15,177	1%	11,147	52%	17,328	114%
Accrued expenses	120,240	9%	117,670	9%	80,027	7%	2,570	2%	40,213	50%
Other payable - related parties	32	0%	1,658	0%	-	0%	(1,626)	-98%	32	0%
Other payable	4,676	0%	9,777	1%	8,761	1%	(5,101)	-52%	(4,085)	-47%
Other current liabilities	24,985	3%	21,126	2%	48,501	5%	3,859	18%	(23,516)	-48%
Total current liabilities	250,187	20%	290,478	23%	207,001	18%	(40,291)	-14%	43,186	21%
Other liabilities										
	15,937	1%	15,847	1%	15,641	1%	90	1%	296	2%
Total liabilities	266,124	21%	306,325	24%	222,642	19%	(40,201)	-13%	43,482	20%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	55%	709,811	56%	709,811	62%	-	0%	-	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained earnings	413,944	32%	360,639	28%	321,757	28%	53,305	15%	92,187	29%
Others-cumulative translation adjustments	(7,674)	-1%	(8,668)	-1%	(7,158)	-1%	994	-11%	(516)	7%
Treasury stock	(97,458)	-7%	(97,458)	-7%	(97,458)	-8%	-	0%	-	0%
Total shareholders' equity	1,019,724	79%	965,425	76%	928,053	81%	54,299	6%	91,671	10%
Total liabilities and shareholders' equity	1,285,848	100%	1,271,750	100%	1,150,695	100%	14,098	1%	135,153	12%



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

	Nine Months 2010		Nine Months 2009		YoY	
Net Sales	1,038,666	100%	830,527	100%	208,139	25%
Cost of Goods Sold	(508,313)	-49%	(411,021)	-50%	(97,292)	24%
Gross Profit	530,353	51%	419,506	50%	110,847	26%
Operating Expenses						
Sales and marketing expenses	(130,850)	-13%	(132,244)	-16%	1,394	-1%
General and administrative expenses	(119,325)	-11%	(94,206)	-11%	(25,119)	27%
Research and development expenses	(88,912)	-9%	(88,281)	-11%	(631)	1%
Total operating expenses	(339,087)	-33%	(314,731)	-38%	(24,356)	8%
Operating Income	191,266	18%	104,775	12%	86,491	83%
Non-operating income						
Interest income	1,311	0%	1,149	0%	162	14%
Dividend income	-	0%	765	0%	(765)	-100%
Gain on disposal of property, plant and equipment	2	0%	148	0%	(146)	-99%
Reversal of bad debt expenses	3,351	0%	-	0%	3,351	0%
Valuation gain on financial assets, net	5,586	1%	490	0%	5,096	1040%
Miscellaneous income	6,931	1%	4,099	1%	2,832	69%
Total non-operating income and gains	17,181	2%	6,651	1%	10,530	158%
Non-operating expenses and losses						
Interest expense	(132)	0%	(16)	0%	(116)	725%
Loss on disposal of property, plant and equipment	-	0%	(33)	0%	33	-100%
Exchange loss, net	(1,126)	0%	(1,864)	0%	738	-40%
Miscellaneous expenses	(171)	0%	(346)	0%	175	-51%
Total non-operating expenses and losses	(1,429)	0%	(2,259)	0%	830	-37%
Income before income tax	207,018	20%	109,167	13%	97,851	90%
Income tax expense (benefit)	(47,574)	-5%	(26,918)	-3%	(20,656)	77%
Net income	159,444	15%	82,249	10%	77,195	94%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	3.00		1.58		1.42	
Basic Earnings Per Share After Income Tax	2.31		1.19		1.12	



CIPHERLAB CO., LTD.

Consolidated Condensed Income Statements

For the Three Months Ended September 30, 2010, June 30, 2010 and September 30, 2009

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

	3Q 2010		2Q 2010		3Q 2009		QoQ		YoY	
Net Sales	333,141	100%	400,728	100%	297,908	100%	(67,587)	-17%	35,233	12%
Cost of Goods Sold	(159,751)	-48%	(206,259)	-51%	(149,113)	-50%	46,508	-23%	(10,638)	7%
Gross Profit	173,390	52%	194,469	49%	148,795	50%	10,896	6%	24,595	17%
Operating Expenses										
Sales and marketing expenses	(45,763)	-14%	(41,509)	-10%	(53,654)	-18%	(4,254)	10%	7,891	-15%
General and administrative expenses	(36,392)	-11%	(48,186)	-12%	(30,289)	-10%	11,794	-24%	(6,103)	20%
Research and development expenses	(26,224)	-8%	(32,957)	-8%	(30,405)	-9%	6,733	-20%	4,181	-14%
Total operating expenses	(108,379)	-33%	(122,652)	-30%	(114,348)	-37%	14,273	-12%	5,969	-5%
Operating Income	65,011	19%	71,817	19%	34,447	13%	(6,806)	-9%	30,564	89%
Non-operating Income										
Interest income	375	0%	388	0%	233	0%	(13)	-3%	142	61%
Exchange gain, net	-	0%	5,968	2%	-	0%	(5,968)	-100%	-	0%
Reversal of bad debt expenses	1,603	0%	1,748	0%	-	0%	(145)	-8%	1,603	0%
Valuation gain on financial assets, net	4,501	1%	1,130	0%	59	0%	3,371	298%	4,442	7529%
Miscellaneous income	4,264	1%	1,227	0%	1,337	0%	3,037	248%	2,927	219%
Total non-operating income and gains	5,269	2%	10,461	2%	1,629	0%	(5,192)	-50%	3,640	223%
Non-operating expenses and losses										
Interest expense	(63)	0%	(69)	0%	-	0%	6	-9%	(63)	0%
Exchange loss, net	(6,600)	-2%	-	0%	(4,589)	-2%	(6,600)	0%	(2,011)	44%
Miscellaneous expenses	(49)	0%	(85)	0%	(211)	0%	36	-42%	162	-77%
Total non-operating expenses and losses	(1,238)	-2%	(154)	0%	(4,800)	-2%	(1,084)	704%	3,562	-74%
Income before income tax	69,042	19%	82,124	21%	31,276	11%	(13,082)	-16%	37,766	121%
Income tax expense (benefit)	(15,737)	-5%	(12,483)	-3%	(6,343)	-2%	(3,254)	26%	(9,394)	148%
Net income	53,305	14%	69,641	18%	24,933	9%	(16,336)	-23%	28,372	114%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.00		1.19		0.45		(0.19)		0.55	
Basic Earnings Per Share After Income Tax	0.77		1.01		0.36		(0.24)		0.41	



CIPHERLAB CO., LTD.

Consolidated Condensed Statements of Cash Flows

For the Nine Months Ended September 30, 2010 and for the Three Months Ended, September 30, 2010, June 30, 2010 and September 30, 2009

(In Thousands of New Taiwan Dollars)

	Nine Months 2010	3Q 2010	2Q 2010	3Q 2009
Cash flows from operating activities				
Net income	159,444	53,305	69,641	24,933
Depreciation	17,377	5,701	5,864	6,131
Amortization	16,108	5,158	5,304	3,495
Provision(Reversal) for doubtful accounts	(3,351)	(1,603)	(3,651)	(2,139)
Provision for (Recovery of) loss on inventories	5,267	(1,838)	13,081	3,988
Valuation loss (gain) on financial instruments	(5,586)	(4,501)	(1,130)	(174)
Financial assets at fair value through profit or loss - currer	(13,033)	2	22,826	-
Others	(168,122)	(30,915)	(44,711)	49,797
Net cash provided by (used in) operating activities	8,104	25,309	67,224	86,031
Cash flows from investing activities				
Acquisition of property, plant and equipment	(9,869)	(3,985)	(3,387)	(2,296)
Acquisition of intangible assets	(5,472)	(3,409)	65	(8,956)
Others	3,887	180	1,922	836
Net cash used in investing activities	(11,454)	(7,214)	(1,400)	(10,834)
Cash flows from financing activities				
Increase in short-term bills payable	-	-	-	(20,000)
Cash dividends	(103,472)	-	(103,472)	-
Net cash used in financing activities	(103,472)	-	(103,472)	(20,000)
Effect of exchange rate changes	1,464	3,402	(1,669)	759
Net decrease in cash and cash equivalents	(105,358)	21,497	(39,317)	55,956
Cash and cash equivalents at beginning of period	325,424	198,569	237,886	176,618
Cash and cash equivalents at end of period	220,066	220,066	198,569	232,574