



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

	December 31,2010		September 30,2010		December 31,2009		QoQ		YoY	
ASSETS:										
Current assets										
Cash and cash equivalents	250,544	20%	220,064	17%	325,424	26%	30,480	14%	(74,880)	-23%
Financial assets at fair value thrc	162,263	13%	168,349	13%	149,730	12%	(6,086)	-4%	12,533	8%
Notes receivable, net	5,152	0%	4,473	0%	5,105	1%	679	15%	47	1%
Accounts receivable, net	191,393	15%	178,252	14%	201,854	16%	13,141	7%	(10,461)	-5%
Other receivable	30,050	2%	32,374	2%	40,049	3%	(2,324)	-7%	(9,999)	-25%
Inventories, Net	378,464	30%	435,980	34%	262,007	21%	(57,516)	-13%	116,457	44%
Other current assets	19,382	2%	19,587	2%	16,393	1%	(205)	-1%	2,989	18%
Total current assets	1,037,248	82%	1,059,079	82%	1,000,562	80%	(21,831)	-2%	36,686	4%
Long-term investments										
Total long-term investments	10,419	1%	10,419	1%	10,419	1%	-	0%	0	0%
Property, plant and equipment										
Property, plant and equipment	311,600	24%	305,520	24%	298,180	24%	6,080	2%	13,420	5%
Less: Accumulated depreciation	(170,041)	-13%	(164,617)	-13%	(149,905)	-12%	(5,424)	3%	(20,136)	13%
Less: Accumulated impairment	-	0%	-	0%	0	0%	-	0%	-	0%
Construction in progress and pre	5,533	0%	4,691	0%	4,510	0%	842	18%	1,023	23%
Total property, plant and equipn:	147,092	11%	145,594	11%	152,785	12%	1,498	1%	(5,693)	-4%
Intangible assets and other assets	74,728	6%	70,756	6%	89,427	6%	3,972	6%	(14,699)	-16%
Total assets	1,269,487	100%	1,285,848	100%	1,253,193	99%	(16,361)	-1%	16,294	1%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	2	0%	1,116	0%	(2)	-100%	(1,116)	-100%
Accounts payable	43,953	3%	63,128	5%	76,081	6%	(19,175)	-30%	(32,128)	-42%
Accounts payable - related partie	2,353	0%	4,619	0%	6,440	1%	(2,266)	-49%	(4,087)	-63%
Income tax payable	31,540	2%	32,505	3%	15,262	1%	(965)	-3%	16,278	107%
Accrued expenses	108,363	9%	120,240	9%	121,756	10%	(11,877)	-10%	(13,393)	-11%
Other payable - related parties	0	0%	32	0%	-	0%	(32)	-100%	0	0%
Other payable	20,851	2%	4,676	0%	1,632	0%	16,175	346%	19,219	1178%
Other current liabilities	11,909	1%	24,985	2%	50,964	4%	(13,076)	-52%	(39,055)	-77%
Total current liabilities	218,969	17%	250,187	19%	273,251	22%	(31,218)	-12%	(54,282)	-20%
Other liabilities	16,037	2%	15,937	1%	15,713	1%	100	1%	324	2%
Total liabilities	235,006	19%	266,124	20%	288,964	23%	(31,118)	-12%	(53,958)	-19%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	56%	709,811	56%	709,811	57%	-	0%	-	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained earnings	442,826	35%	413,944	33%	357,972	29%	28,882	7%	84,854	24%
Others-cumulative translation adjus	(7,806)	-1%	(7,674)	-1%	(7,197)	-1%	(132)	2%	(609)	8%
Treasury stock	(111,451)	-9%	(97,458)	-8%	(97,458)	-8%	-	13,993	14%	14%
Total shareholders' equity	1,034,481	81%	1,019,724	80%	964,229	77%	14,757	1%	70,252	7%
Total liabilities and shareholders'	1,269,487	100%	1,285,848	100%	1,253,193	100%	(16,361)	-1%	16,294	1%



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

	2010		2009		YoY	
Net Sales	1,366,658	100%	1,185,442	100%	181,216	15%
Cost of Goods Sold	(682,278)	-50%	(598,679)	-50%	(83,599)	14%
Gross Profit	684,380	50%	586,763	50%	97,617	17%
Operating Expenses						
Sales and marketing expenses	(232,432)	-17%	(190,385)	-16%	(42,047)	22%
General and administrative expenses	(101,656)	-7%	(119,977)	-10%	18,321	-15%
Research and development expenses	(118,583)	-9%	(123,518)	-11%	4,935	-4%
Total operating expenses	(452,671)	-33%	(433,880)	-37%	(18,791)	4%
Operating Income	231,709	17%	152,883	13%	78,826	52%
Non-operating income						
Interest income	1,632	0%	1,667	0%	(35)	-2%
Dividend income	52	0%	765	0%	(713)	-93%
Gain on disposal of property, plant and equipment	2	0%	303	0%	(301)	-99%
Reversal of bad debt expenses	8,662	1%	-	0%	8,662	0%
Valuation gain on financial assets, net	1,902	0%	539	0%	1,363	253%
Miscellaneous income	7,005	1%	10,027	1%	(3,022)	-30%
Total non-operating income and gains	19,255	2%	13,301	1%	5,954	45%
Non-operating expenses and losses						
Interest expense	(145)	0%	(113)	0%	(32)	28%
Loss on disposal of property, plant and equipment	-	0%	0	0%	0	0%
Exchange loss, net	(15,140)	-1%	(1,540)	0%	(13,600)	883%
Miscellaneous expenses	(66)	0%	(7,605)	-1%	7,539	-99%
Total non-operating expenses and losses	(15,351)	-1%	(9,258)	-1%	(6,093)	66%
Income before income tax	235,613	18%	156,926	13%	78,687	50%
Income tax expense (benefit)	(47,287)	-3%	(38,462)	-3%	(8,825)	23%
Net income	188,326	15%	118,464	10%	69,862	59%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	3.40		2.27		1.13	
Basic Earnings Per Share After Income Tax	2.73		1.72		1.01	



CIPHERLAB CO., LTD.

Consolidated Condensed Income Statements

For the Three Months Ended December 31, 2010, September 30, 2010 and December 31, 2009

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

	4Q 2010		3Q 2010		4Q 2009		QoQ		YoY	
Net Sales	327,992	100%	333,141	100%	354,915	100%	(5,149)	-2%	(26,923)	-8%
Cost of Goods Sold	(173,965)	-53%	(159,751)	-48%	(187,658)	-53%	(14,214)	9%	13,693	-7%
Gross Profit	154,027	47%	173,390	52%	167,257	47%	(19,363)	-11%	(13,230)	-8%
Operating Expenses										
Sales and marketing expenses	(101,582)	-31%	(45,763)	-14%	(58,141)	-16%	(55,819)	122%	(43,441)	75%
General and administrative expense	17,669	5%	(36,392)	-11%	(25,771)	-7%	54,061	-149%	43,440	-169%
Research and development expense	(29,671)	-9%	(26,224)	-8%	(35,237)	-9%	(3,447)	13%	5,566	-16%
Total operating expenses	(113,584)	-35%	(108,379)	-33%	(119,149)	-32%	(5,205)	5%	5,565	-5%
Operating Income	40,443	12%	65,011	19%	48,108	15%	(24,568)	-38%	(7,665)	-16%
Non-operating Income										
Interest income	321	0%	375	0%	518	0%	(54)	-14%	(197)	-38%
Exchange gain, net	0	0%	(5,474)	-1%	0	0%	5,474	-100%	-	0%
Reversal of bad debt expenses	5,311	2%	1,603	0%	0	0%	3,708	231%	5,311	0%
Valuation gain on financial assets, net	(3,684)	-1%	4,501	1%	49	0%	(8,185)	-182%	(3,733)	-7618%
Miscellaneous income	74	0%	4,264	1%	5,928	2%	(4,190)	-98%	(5,854)	-99%
Total non-operating income and gains	2,074	1%	5,269	1%	6,650	2%	(3,195)	-61%	(4,576)	-69%
Non-operating expenses and losses										
Interest expense	(13)	0%	(63)	0%	(97)	0%	50	-79%	84	-87%
Exchange loss, net	(14,014)	-4%	(1,126)	0%	324	0%	(12,888)	1145%	(14,338)	-4425%
Miscellaneous expenses	105	0%	(49)	0%	(7,259)	-2%	154	-314%	7,364	-101%
Total non-operating expenses and losses	(13,922)	-4%	(1,238)	0%	(6,999)	-2%	(12,684)	1025%	(6,923)	99%
Income before income tax	28,595	9%	69,042	20%	47,759	15%	(40,447)	-59%	(19,164)	-40%
Income tax expense (benefit)	287	0%	(15,737)	-5%	(11,544)	-3%	16,024	-102%	11,831	-102%
Net income	28,882	9%	53,305	15%	36,215	12%	(24,423)	-46%	(7,333)	-20%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.40		1		0.69		(0.60)		(0.29)	
Basic Earnings Per Share After Income Tax	0.42		0.77		0.53		(0.35)		(0.11)	



CIPHERLAB CO., LTD.

Consolidated Condensed Statements of Cash Flows
For the Year Ended December 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	2010	2009
Cash flows from operating activities		
Net income	188,326	118,464
Depreciation	23,154	25,531
Amortization	21,189	14,370
Provision(Reversal) for doubtful accounts	(8,662)	258
Provision for (Recovery of) loss on inventories	11,953	9,177
Investment loss (income) recognized under equity method	0	0
Loss (gain) on disposal of property, plant and equipment	0	0
Valuation loss (gain) on financial instruments	(1,902)	(539)
Financial assets at fair value through profit or loss - current	(10,631)	82,134
Others	(162,124)	96,691
Net cash provided by (used in) operating activities	<u>61,303</u>	<u>346,086</u>
Cash flows from investing activities		
Acquisition of investments accounted for by equity method	0	0
Acquisition of property, plant and equipment	(14,615)	(37,818)
Acquisition of intangible assets	(12,389)	(34,120)
Decrease (increase) in other receivables – related parties	0	0
Others	3,439	0
Decrease (increase) in restricted assets	(208)	161
Decrease (increase) in other assets		0
Decrease (increase) in refundable deposits	(517)	(203)
Proceeds from disposal of property, plant and equipment	27	379
Increase in deferred charges	(289)	(66)
Net cash used in investing activities	<u>(24,552)</u>	<u>(73,631)</u>
Cash flows from financing activities		
Cash dividends	(103,472)	(262,128)
Cash paid for acquisition of treasury stock	(13,500)	
Net cash used in financing activities	<u>(116,972)</u>	<u>(262,128)</u>
Effect of exchange rate changes	5,341	(1,190)
Net decrease in cash and cash equivalents	(74,880)	9,137
Cash and cash equivalents at beginning of period	325,424	316,287
Cash and cash equivalents at end of period	<u>250,544</u>	<u>325,424</u>