



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

	December 31,2010		September 30,2010		December 31,2009		QoQ		YoY	
ASSETS:										
Current assets										
Cash and cash equivalents	212,989	17%	167,842	13%	304,473	18%	45,147	27%	(91,484)	-30%
Financial assets at fair value thro	162,263	13%	168,349	13%	149,730	13%	(6,086)	-4%	12,533	8%
Notes receivable, net	4,878	0%	4,316	0%	4,870	0%	562	13%	8	0%
Accounts receivable, net	139,725	11%	137,698	11%	170,015	13%	2,027	1%	(30,290)	-18%
Accounts receivable - related par	84,915	7%	99,346	8%	77,453	7%	(14,431)	-15%	7,462	10%
Other receivables- net	30,009	2%	31,695	2%	38,968	4%	(1,686)	-5%	(8,959)	-23%
Other receivables- related parties	2,470	0%	1,480	0%	1,219	0%	990	67%	1,251	103%
Inventories, net	349,769	27%	400,794	31%	232,061	22%	(51,025)	-13%	117,708	51%
Other current assets	15,129	1%	16,425	1%	15,168	1%	(1,296)	-8%	(39)	0%
Total current assets	1,002,147	78%	1,027,945	79%	993,957	78%	(25,798)	-3%	8,190	1%
Long-term investments										
Investments accounted for by the	42,773	3%	41,302	3%	10,419	1%	1,471	4%	32,354	311%
Financial assets carried at cost -	10,419	1%	10,419	1%	18,984	2%	-	0%	(8,565)	-45%
Total long-term investments	53,192	4%	51,721	4%	29,403	3%	1,471	3%	23,789	81%
Property, plant and equipment										
Property, plant and equipment	304,693	24%	298,163	23%	291,039	24%	6,530	2%	13,654	5%
Less: Accumulated depreciation	(164,693)	-13%	(159,188)	-12%	(145,152)	-12%	(5,505)	3%	(19,541)	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 equipm	145,533	11%	143,666	11%	150,397	12%	1,867	1%	(4,864)	-3%
Intangible assets and other assets	72,844	7%	70,199	6%	88,290	7%	2,645	4%	(15,446)	-17%
Total assets	1,273,716	100%	1,293,531	100%	1,262,047	100%	(19,815)	-2%	11,669	1%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	2	0%	1,116	0%	(2)	-100%	(1,116)	-100%
Accounts payable	43,953	3%	60,782	5%	74,632	4%	(16,829)	-28%	(30,679)	-41%
Accounts payable - related partie	2,353	0%	4,619	0%	6,440	0%	(2,266)	-49%	(4,087)	-63%
Income tax payable	30,677	2%	32,505	3%	15,177	1%	(1,828)	-6%	15,500	102%
Accrued expenses	99,863	8%	113,620	9%	116,835	7%	(13,757)	-12%	(16,972)	-15%
Other payable - related parties	373	0%	635	0%	-	0%	(262)	-41%	373	0%
Other payable	18,052	1%	3,191	0%	1,238	0%	14,861	466%	16,814	1358%
Other current liabilities	11,880	1%	24,957	1%	50,386	5%	(13,077)	-52%	(38,506)	-76%
Total current liabilities	207,151	15%	240,311	18%	265,824	17%	(33,160)	-14%	(58,673)	-22%
Other liabilities	32,084	3%	33,496	3%	31,994	3%	(1,412)	-4%	90	0%
Total liabilities	239,235	18%	273,807	21%	297,818	20%	(34,572)	-13%	(58,583)	-20%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	56%	709,811	56%	709,811	61%	-	0%	-	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained earnings	442,826	35%	413,944	32%	357,972	28%	28,882	7%	84,854	24%
Others-cumulative translation adjust	(7,806)	-1%	(7,674)	-1%	(7,197)	-1%	(132)	2%	(609)	8%
Treasury stock	(111,451)	-8%	(97,458)	-8%	(97,458)	-8%	13,993	14%	13,993	14%
Total shareholders' equity	1,034,481	82%	1,019,724	79%	964,229	80%	14,757	1%	70,252	7%
Total liabilities and shareholders'	1,273,716	100%	1,293,531	100%	1,262,047	100%	(19,815)	-2%	11,669	1%



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

	2010		2009		YoY	
Net Sales	1,271,183	100%	1,104,257	100%	166,926	15%
Cost of Goods Sold	(683,052)	-54%	(603,447)	-55%	(79,605)	13%
Gross Profit	588,131	46%	500,810	45%	87,321	17%
Unrealized Profit	(16,047)	-1%	(16,281)	-1%	234	-1%
Realized Profit	16,281	1%	25,451	2%	(9,170)	-36%
Realized Gross Profit	588,365	46%	509,980	46%	78,385	15%
Operating Expenses						
Sales and marketing expenses	(175,278)	-14%	(154,757)	-14%	(20,521)	13%
General and administrative expenses	(69,473)	-5%	(65,656)	-6%	(3,817)	6%
Research and development expenses	(118,583)	-9%	(123,518)	-11%	4,935	-4%
Total operating expenses	(363,334)	-29%	(343,931)	-31%	(19,403)	6%
Operating Income	225,031	18%	166,049	15%	58,982	36%
Non-operating Income						
Interest income	1,600	0%	1,498	0%	102	7%
Investment income recognized under equity method	13,416	1%	-	0%	13,416	0%
Dividend income	52	0%	765	0%	(713)	-93%
Gain on disposal of property, plant and equipment	-	0%	147	0%	(147)	-100%
Reversal of bad debt expenses	7,958	1%	-	0%	7,958	0%
Valuation gain on financial assets, net	1,902	0%	539	0%	1,363	253%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	1,400	0%	6,241	1%	(4,841)	-78%
Total non-operating income and gains	26,328	2%	9,190	1%	17,138	186%
Non-operating expenses and losses						
Interest expense	(145)	0%	(105)	0%	(40)	38%
Investment loss recognized under equity method	-	0%	(10,292)	-1%	10,292	-100%
Exchange loss, net	(16,510)	-1%	(3,171)	0%	(13,339)	421%
Miscellaneous expenses	-	0%	(5,093)	0	5,093	-100%
Total non-operating expenses and losses	(16,655)	-1%	(18,661)	-1%	2,006	-11%
Income before income tax	234,704	18%	156,578	15%	78,126	50%
Income tax expense (benefit)	(46,378)	-4%	(38,114)	-2%	(8,264)	22%
Net income	188,326	15%	118,464	13%	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.
Condensed Income Statements (Unconsolidated)
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	298,823	100%	306,492	100%	339,610	100%	(7,669)	-3%	(40,787)	-12%
Cost of Goods Sold	(169,404)	-57%	(158,280)	-52%	(188,650)	-56%	(11,124)	7%	19,246	-10%
Gross Profit	129,419	43%	148,212	48%	150,960	44%	(18,793)	-13%	(21,541)	-14%
Unrealized Profit	1,512	1%	(2,009)	-1%	(3,150)	-1%	3,521	-175%	4,662	-148%
Realized Profit	-	0%	0	0%	0	0%	0	0%	0	0%
Realized Gross Profit	130,931	44%	146,203	47%	147,810	44%	(15,272)	-10%	(16,879)	-11%
Operating Expenses										
Sales and marketing expenses	(51,298)	-17%	(39,597)	-13%	(49,516)	-15%	(11,701)	30%	(1,782)	4%
General and administrative expenses	(13,633)	-5%	(18,198)	-6%	(19,452)	-6%	4,565	-25%	5,819	-30%
Research and development expenses	(29,679)	-10%	(26,216)	-9%	(35,237)	-10%	(3,463)	13%	5,558	-16%
Total operating expenses	(94,610)	-32%	(84,011)	-28%	(104,205)	-31%	(10,599)	13%	9,595	-9%
Operating Income	36,321	12%	62,192	19%	43,605	13%	(25,871)	-42%	(7,284)	-17%
Non-operating Income										
Interest income	315	0%	364	0%	389	0%	(49)	-13%	74	-19%
Investment income recognized under equity method	4,283	1%	7,099	2%	-	0%	(2,816)	-40%	4,283	0%
Dividend income	52	0%	0	0%	-	0%	52	0%	52	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	(1)	0%	0	0%	1	-100%
Exchange gain, net	-	0%	(5,341)	-2%	-	0%	5,341	-100%	-	0%
Reversal of bad debt expenses	5,094	2%	1,770	1%	-	0%	3,324	188%	5,094	0%
Valuation gain on financial assets, net	(3,684)	-1%	4,501	1%	-	0%	(8,185)	-182%	(3,684)	0%
Valuation gain on financial liabilities, net	-	0%	0	0%	49.00	0%	-	0%	(49)	-100%
Miscellaneous income	124	0%	224	0%	5,376	2%	(100)	-45%	(5,252)	-98%
Total non-operating income and gains	6,184	2%	8,617	2%	5,813	2%	(2,433)	-28%	371	6%
Non-operating expenses and losses										
Interest expense	(13)	0%	(63)	0%	89.00	0%	50	-79%	76	-85%
Investment loss recognized under equity method	-	0%	-	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on sale of investments, net	0	0%	0	0%	4,123	1%	0	0%	(4,123)	-100%
Loss on physical inventory	0	0%	0	0%	0	0%	0	0%	0	0%
Exchange loss, net	(14,806)	-5%	-	0%	(948)	0%	(14,806)	0%	(13,858)	1462%
Provision for loss on inventories	0	0%	-	0%	0	0%	0	0%	0	0%
Impairment loss	-	0%	-	0%	-	0%	0	0%	0	0%
Valuation loss on financial assets, net	-	0%	-	0%	-	0%	-	0%	-	0%
Valuation loss on financial liabilities, net	-	0%	-	0%	-	0%	0	0%	-	-
Miscellaneous expenses	-	0%	-	0%	(5,093)	-1%	0	0%	5,093	-100%
Total non-operating expenses and losses	(14,819)	-5%	(63)	0%	(2,007)	-1%	(14,756)	23422%	(12,812)	638%
Income before income tax	27,686	9%	70,746	21%	47,411	14%	(43,060)	-61%	(19,725)	-42%
Income tax expense (benefit)	1,196	0%	(15,737)	-5%	(11,196)	-3%	16,933	-108%	12,392	-111%
Net income	28,882	9%	55,009	16%	36,215	11%	(26,127)	-47%	(7,333)	-20%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.40		1.00		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.

Condensed Statement of Cash Flows (Unconsolidated)

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	21,996	23,906
Amortization	21,002	14,031
Provision(Reversal) for doubtful accounts	(7,958)	2,648
Provision for (Recovery of) loss on inventories	10,360	11,652
Loss (gain) on sale of investments	-	
Investment loss (income) recognized under equity method	(13,416)	10,292
Loss (Gain) on disposal of property, plant and equipment	-	(147)
Valuation loss (gain) on financial instruments	(1,902)	(1,268)
Financial assets at fair value through profit or loss - current	(10,631)	82,134
Others	(142,004)	119,025
Net cash provided by (used in) operating activities	<u>65,773</u>	<u>380,737</u>
Cash flows from investing activities		
Acquisition of investments accounted for by equity method	(20,000)	(94,811)
Acquisition of property, plant and equipment	(14,082)	(37,023)
Acquisition of Intangible assets	(12,384)	(34,095)
Decrease (Increase) in other receivables – related parties	2,373	60,219
Others	3,435	(1,886)
Net cash used in investing activities	<u>(40,658)</u>	<u>(107,596)</u>
Cash flows from financing activities		
Increase in short-term bills payable	-	
Cash dividends	(103,472)	(262,128)
Cash bonus to directors, supervisors and employees	0	
Cash paid for acquisition of treasury stock	(13,500)	
Others	373	(97)
Net cash used in financing activities	<u>(116,599)</u>	<u>(262,225)</u>
Effect of exchange rate changes	<u>0</u>	
Net decrease in cash and cash equivalents	(91,484)	10,916
Cash and cash equivalents at beginning of period	304,473	293,557
Cash and cash equivalents at end of period	<u><u>212,989</u></u>	<u><u>304,473</u></u>