



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

	March 31, 2010		December 31, 2009		March 31, 2009		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	237,886	18%	325,424	26%	282,533	20%	(87,538)	-27%	(44,647)	-16%
Financial Assets at Fair Value through Profit or Loss	185,546	14%	149,730	12%	231,635	16%	35,816	24%	(46,089)	-20%
Notes Receivable, Net	4,034	0%	5,105	1%	1,081	0%	(1,071)	-21%	2,953	273%
Accounts Receivable, Net	238,898	18%	201,854	16%	285,584	20%	37,044	18%	(46,686)	-16%
Other Receivable, Net	40,979	3%	40,049	3%	6,827	0%	930	2%	34,152	500%
Inventories, Net	357,642	27%	262,007	21%	347,597	24%	95,635	37%	10,045	3%
Other Current Assets	23,276	2%	16,393	1%	46,550	3%	6,883	42%	(23,274)	-50%
Total Current Assets	1,088,261	82%	1,000,562	80%	1,201,807	83%	87,699	9%	(113,546)	-9%
Long-term Equity Investments	10,419	1%	10,419	1%	17,012	1%	-	-	(6,593)	-39%
Property, Plant and Equipment										
Property, Plant and Equipment	303,660	23%	298,180	24%	285,647	20%	5,480	2%	18,013	6%
Less : Accumulated depreciation	(155,675)	-12%	(149,905)	-12%	(134,869)	-9%	(5,770)	4%	(20,806)	15%
Less : Accumulated impairment loss	-	-	-	-	(5,170)	-1%	-	-	5,170	-100%
construction in progress and prepayments for equipment	1,653	0%	4,510	0%	1,789	0%	(2,857)	-63%	(136)	-8%
Property, Plant and Equipment, Net	149,638	11%	152,785	12%	147,397	10%	(3,147)	-2%	2,241	2%
Intangible assets and Other assets	85,117	6%	89,427	7%	78,534	6%	(4,310)	-5%	6,583	8%
TOTAL ASSETS	1,333,435	100%	1,253,193	100%	1,444,750	100%	80,242	6%	(111,315)	-8%
LIABILITIES :										
Current Liabilities										
Financial liabilities at fair value through profit or loss - current	-	-	-	-	128	0%	-	-	(128)	-100%
Notes Payable	868	0%	1,116	0%	-	-	(248)	-22%	868	100%
Accounts Payable	136,841	10%	82,521	7%	43,684	3%	54,320	66%	93,157	213%
Income Tax Payable	17,171	1%	15,262	1%	34,254	2%	1,909	13%	(17,083)	-50%
Accrued Expenses	96,595	7%	121,756	10%	110,031	8%	(25,161)	-21%	(13,436)	-12%
Other Current Liabilities	65,943	6%	52,596	4%	94,791	7%	13,347	25%	(28,848)	-30%
Total Current Liabilities	317,418	24%	273,251	22%	282,888	20%	44,167	16%	34,530	12%
Other Liabilities	15,779	1%	15,713	1%	16,530	1%	66	0%	(751)	-5%
Total Liabilities	333,197	25%	288,964	23%	299,418	21%	44,233	15%	33,779	11%
SHAREHOLDERS' EQUITY :				0%						
Capital Stock	709,811	53%	709,811	57%	709,811	49%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	394,470	30%	357,972	28%	539,689	37%	36,498	10%	(145,219)	-27%
Others-Cumulative Translation Adjustments	(7,686)	-1%	(7,197)	0%	(7,811)	0%	(489)	7%	125	-2%
Treasury stock	(97,458)	-7%	(97,458)	-8%	(97,458)	-7%	-	-	-	-
Total Shareholders' Equity	1,000,238	75%	964,229	77%	1,145,332	79%	36,009	4%	(145,094)	-13%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,333,435	100%	1,253,193	100%	1,444,750	100%	80,242	6%	(111,315)	-8%



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Income Statements
FOR THE THREE MONTHS ENDED March 31,2010 ,December 31 and March 31 ,2009
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Q1 2010		Q4 2009		Q1 2009		QoQ		YoY	
Net Sales	304,797	100%	354,915	100%	300,723	100%	(50,118)	-14%	4,074	1%
Cost of Goods Sold	(142,303)	-47%	(187,658)	-53%	(161,416)	-54%	45,355	-24%	19,113	-12%
Gross Profit	162,494	53%	167,257	47%	139,307	46%	(4,763)	-3%	23,187	17%
Operating Expenses	(108,056)	-35%	(119,149)	-34%	(109,789)	-36%	11,093	-9%	1,733	-2%
Sales and Marketing Expenses	(43,578)	-14%	(58,141)	-16%	(46,705)	-16%	14,563	-25%	3,127	-7%
General and Administrative Expenses	(34,747)	-11%	(25,771)	-7%	(34,561)	-11%	(8,976)	35%	(186)	1%
Research and Development Expenses	(29,731)	-10%	(35,237)	-10%	(28,523)	-9%	5,506	-16%	(1,208)	4%
Operating Income	54,438	18%	48,108	14%	29,518	10%	6,330	13%	24,920	84%
Nonoperating Income	1,990	0%	6,650	2%	16,388	5%	(4,660)	-70%	(14,398)	-88%
Interest income	548	0%	518	0%	519	0%	30	6%	29	6%
Dividend income	-	-	-	-	-	-	-	-	-	-
Valuation Gain on financial assets and liabilities, net	-	-	49	0%	310	0%	(49)	-100%	(310)	-100%
Gain on disposal of property, plant and equipment	-	-	155	0%	-	-	(155)	-100%	-	-
Reversal of Bad Debt Expenses	-	-	-	-	-	-	-	-	-	-
Exchange Gain, net	-	-	-	-	13,113	4%	-	-	(13,113)	-100%
Miscellaneous income and Others	1,442	0%	5,928	2%	2,446	1%	(4,486)	-76%	(1,004)	-41%
Nonoperating Expenses and Losses	(576)	0%	(6,999)	-2%	(298)	0%	6,423	-92%	(278)	93%
Interest expense	-	-	(97)	0%	-	-	97	-100%	-	-
Valuation loss on financial assets, net	(45)	0%	-	-	(128)	0%	(45)	-100%	83	0%
Exchange loss, net	(494)	0%	324	0%	-	-	(818)	-252%	(494)	0%
Loss on disposal of property, plant and equipment	-	-	33	0%	-	-	(33)	-100%	-	-
Miscellaneous expenses	(37)	0%	(7,259)	-2%	(170)	0%	7,222	-99%	133	-78%
Income Before Income Tax	55,852	18%	47,759	13%	45,608	15%	8,093	17%	10,244	22%
Income Tax	(19,354)	-6%	(11,544)	-3%	(7,555)	-2%	(7,810)	68%	(11,799)	156%
Net Income	36,498	12%	36,215	10%	38,053	13%	283	1%	(1,555)	-4%
Consolidated Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.81		0.69		0.66		0.12		0.15	
Basic Earnings Per Share After Income Tax	0.53		0.53		0.55		0.00		(0.02)	



CIPHERLAB CO.,LTD.and Subsidiaries
Consolidated Condensed Statements of Cash Flows
For the Year Ended March 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)

	<u>Q1 2010</u>	<u>Q1 2009</u>
Cash Flows from Operating Activities :		
Net Income	36,498	38,053
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities :		
Valuation loss (gain) on financial assets and liability	45	(310)
Loss on sale of investments	-	-
Provision for (recovery of) loss on inventories and loss on disposal of inventories	(5,976)	8,224
Reversal Bad Debt Expenses (Reversal)	1,903	3,301
Depreciation	5,812	6,559
Amortization	5,646	3,453
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	(35,861)	-
Changes in Others assets and liabilities	(92,496)	(65,452)
Net Cash (Used by)Provided from Operating Activities	<u>(84,429)</u>	<u>(6,172)</u>
Cash Flows from Investing Activities :		
Acquisition of Properties, Plant and Equipment	(2,497)	(15,481)
Acquisition of Intangible Assets	(2,128)	(2,131)
(Increase) Decrease in deferred charges	-	-
Increase in Others	1,785	(1,843)
Net Cash Used by Investing Activities	<u>(2,840)</u>	<u>(19,455)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash Flows from Financing Activities :		
Bonus Paid to Employees, Directors and Supervisors	-	-
Cash dividends	-	-
Repurchase of Treasury Stock	-	-
Net Cash Used by Financing Activities	<u>-</u>	<u>-</u>
Effect of Subsidiaries	(87,269)	(25,627)
Effect of exchange rate changes	(269)	(8,127)
Cash and Cash Equivalents at Beginning of Period	<u>325,424</u>	<u>316,287</u>
Cash and Cash Equivalents at End of Period	<u><u>237,886</u></u>	<u><u>282,533</u></u>