



CIPHERLAB CO.,LTD.

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

	March 31,2010		December 31,2009		March 31,2009		QoQ		YoY	
Current assets										
Cash and Cash Equivalents	221,207	17%	304,473	24%	253,756	18%	(83,266)	-27%	(32,549)	-13%
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	2,416	1%	4,870	0%	1,081	0%	(2,454)	-50%	1,335	123%
Accounts Receivable, Net	207,697	15%	170,015	14%	220,199	15%	37,682	22%	(12,502)	-6%
Accounts Receivable – related parties, Net	77,214	6%	77,453	6%	103,287	7%	(239)	0%	(26,073)	-25%
Other receivables , Net	40,472	3%	38,968	3%	5,999	1%	1,504	4%	34,473	575%
Other receivables – related parties, Net	1,206	0%	1,219	0%	6,652	1%	(13)	-1%	(5,446)	-82%
Inventories, Net	325,652	24%	232,061	19%	315,753	22%	93,591	40%	9,899	3%
Other Current Assets	18,624	1%	15,168	1%	45,353	3%	3,456	23%	(26,729)	-59%
Total Current Assets	1,080,034	81%	993,957	79%	1,183,715	83%	86,077	9%	(103,681)	-9%
Long-term Equity Investments										
Financial Assets Carried at Cost - concurrent	10,419	1%	10,419	1%	17,012	1%	-	-	(6,593)	-39%
Long-term Equity Investments	17,843	1%	18,984	1%	10,713	1%	(1,141)	-6%	7,130	100%
Total Long-term Equity Investments	28,262	2%	29,403	2%	27,725	2%	(1,141)	-4%	537	2%
Property, Plant and Equipment										
Property, Plant and Equipment	296,532	22%	291,039	23%	275,896	19%	5,493	2%	20,636	7%
Less : Accumulated depreciation	(150,704)	-11%	(145,152)	-11%	(128,803)	-9%	(5,552)	4%	(21,901)	17%
Less : Accumulated impairment loss	-	-	-	-	(5,170)	0%	-	-	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	147,481	11%	150,397	12%	143,712	10%	(2,916)	-2%	3,769	3%
Intangible and Other assets	84,326	6%	88,290	7%	77,386	5%	(3,964)	-4%	6,940	9%
TOTAL ASSETS	1,340,103	100%	1,262,047	100%	1,432,538	100%	78,056	6%	(92,435)	-6%
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	132,605	10%	81,072	6%	42,925	3%	51,533	64%	89,680	209%
Accounts Payable – related parties, Net	1,815	0%	-	-	437	0%	1,815	100%	1,378	315%
Income Tax Payable	17,171	1%	15,177	1%	34,254	3%	1,994	13%	(17,083)	-50%
Accrued Expenses	92,493	7%	116,835	9%	104,872	7%	(24,342)	-21%	(12,379)	-12%
Other Current Liabilities	65,911	5%	51,624	5%	67,053	4%	14,287	28%	(1,142)	-2%
Total Current Liabilities	310,863	23%	265,824	21%	249,669	17%	45,039	17%	61,194	25%
Other liabilities	29,002	2%	31,994	3%	37,537	3%	(2,992)	-9%	(8,535)	-23%
Total Liabilities	339,865	25%	297,818	24%	287,206	20%	42,047	14%	52,659	18%
SHAREHOLDERS' EQUITY :										
Capital Stock	709,811	53%	709,811	56%	709,811	49%	-	-	-	-
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	-	-	-
Retained Earnings	394,470	30%	357,972	28%	539,689	38%	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	76%	1,145,332	80%	36,009	4%	(145,094)	-13%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,340,103	100%	1,262,047	100%	1,432,538	100%	78,056	6%	(92,435)	-6%



CIPHERLAB CO.,LTD.

Condensed Income Statements (Unconsolidated)

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	284,440	100%	339,610	100%	291,691	100%	(55,170)	-16%	(7,251)	-2%
Cost of Goods Sold	(147,110)	-52%	(188,650)	-56%	(169,413)	-58%	41,540	-22%	22,303	-13%
Gross Profit	137,330	48%	150,960	44%	122,278	42%	(13,630)	-9%	15,052	12%
Unrealized Profit	(13,223)	-4%	(3,150)	-1%	(21,007)	-7%	(10,073)	320%	7,784	-37%
Realized Profit	16,281	6%	-	-	25,451	9%	16,281	100%	(9,170)	-36%
Realized Gross Profit	140,388	50%	147,810	44%	126,722	44%	(7,422)	-5%	13,666	11%
Operating Expenses	(85,111)	-30%	(104,205)	-31%	(80,435)	-28%	19,094	-18%	(4,676)	6%
Sales and Marketing Expenses	(36,723)	-13%	(49,516)	-15%	(31,525)	-11%	12,793	-26%	(5,198)	16%
General and Administrative Expenses	(18,657)	-7%	(19,452)	-6%	(20,387)	-7%	795	-4%	1,730	-8%
Research and Development Expenses	(29,731)	-10%	(35,237)	-10%	(28,523)	-10%	5,506	-16%	(1,208)	4%
Operating Income	55,277	20%	43,605	13%	46,287	16%	11,672	27%	8,990	19%
Non-operating Income	1,048	0%	5,813	2%	14,427	5%	(4,765)	-82%	(13,379)	-93%
Interest income	542	0%	389	0%	503	0%	153	39%	39	8%
Valuation gain on financial assets and liabilities, net	-	-	49	0%	310	0%	(49)	-100%	(310)	100%
Investment gain recognized under equity method	211	0%	-	-	-	-	211	100%	211	100%
Exchange gain, net	-	-	-	-	13,180	5%	-	-	(13,180)	100%
Reversal of loss on inventories	-	-	(1)	0%	-	-	1	-100%	-	-
Miscellaneous income	295	0%	5,376	2%	434	0%	(5,081)	-95%	(139)	-32%
Non-operating Expenses and Losses	(473)	0%	(2,007)	-1%	(15,106)	-5%	1,534	-76%	14,633	-97%
Interest expense	-	-	(89)	0%	-	-	89	-100%	-	-
Valuation loss on financial assets and liabilities, net	-	-	-	-	(128)	0%	-	-	128	-100%
Valuation loss on financial liabilities, net	(45)	0%	-	-	-	-	(45)	-100%	(45)	-100%
Investment loss recognized under equity method	-	-	4,123	1%	(14,978)	-5%	(4,123)	-100%	14,978	-100%
Exchange loss, net	(428)	0%	(948)	0%	-	-	520.00	-55%	(428)	-100%
Miscellaneous expenses	-	-	(5,093)	-1%	-	-	5,093	-100%	-	-
Income Before Income Tax	55,852	20%	47,411	14%	45,608	16%	8,441	18%	10,244	22%
Income Tax	(19,354)	-7%	(11,196)	-3%	(7,555)	-3%	(8,158)	73%	(11,799)	156%
Net Income	36,498	13%	36,215	11%	38,053	13%	283	1%	(1,555)	-4%
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)	



CIPHER LAB CO., LTD.

Condensed Statement of Cash Flows (Unconsolidated)
FOR THE THREE MONTHS 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	(182)
Loss(Reversal) on Decline in Market Value of inventories and loss on disposal of inventories	(5,904)	6,235
Investment Loss Recognized by Equity Method	(211)	14,978
Depreciation	5,552	6,101
Amortization	5,592	3,230
Bad Debt Expenses(Reversal)	2,215	3,301
Net changes in operating assets and liabilities		
Financial Assets at Fair Value through Profit or Loss	(35,861)	-
Changes in Others assets and liabilities	(84,822)	(52,679)
Net Cash Provided from Operating Activities	<u>(76,896)</u>	<u>19,037</u>
Cash Flows from Investing Activities :		
Increase in Advance payments for investments	-	-
Acquisition of Properties, Plant and Equipment	(2,417)	(15,467)
Acquisition of Intangible Assets	(2,128)	(2,131)
Acquisition of investments accounted for by equity method	-	(90,368)
Increase in Others	(1,854)	49,225
Net Cash (Used by) Provided from Investing Activities	<u>(6,399)</u>	<u>(58,741)</u>
Cash Flows from Financing Activities :		
Increase in Others	29	(97)
Net Cash Used by Financing Activities	<u>29</u>	<u>(97)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(83,266)	(39,801)
Cash and Cash Equivalents at Beginning of Period	<u>304,473</u>	<u>293,557</u>
Cash and Cash Equivalents at End of Period	<u><u>221,207</u></u>	<u><u>253,756</u></u>