



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

	June 30,2011		March 31,2011		June 30,2010		QoQ		YoY	
Current assets										
Cash and cash equivalents	165,976	14%	267,584	21%	198,569	16%	(101,608)	-38%	(32,593)	-16%
Financial assets at fair value through profit or loss	64,700	5%	164,407	13%	163,850	13%	(99,707)	-61%	(99,150)	-61%
Notes receivable, net	7,227	1%	4,987	0%	3,405	0%	2,240	45%	3,822	112%
Accounts receivable, net	252,501	21%	157,394	12%	222,174	17%	95,107	60%	30,327	14%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	34,678	3%	31,851	2%	35,209	3%	2,827	9%	(531)	-2%
Inventories, Net	396,047	33%	376,442	29%	397,741	31%	19,605	5%	(1,694)	0%
Other current assets	53,203	4%	32,897	3%	14,048	1%	20,306	62%	39,155	279%
Total current assets	974,332	80%	1,035,562	81%	1,034,996	81%	(61,230)	-6%	(60,664)	-6%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	13,374	1%	13,374	1%	10,419	1%	0	0%	2,955	28%
Prepayments for investments	2,940	0.00	-	-	-	-	2,940.00	-	2,940.00	-
Total long-term investments	16,314	1%	13,374	1%	10,419	1%	2,940	22%	5,895	57%
Property, plant and equipment										
Property, plant and equipment	325,869	27%	316,022	25%	304,736	24%	9,847	3%	21,133	7%
Less: Accumulated depreciation	(179,686)	-15%	(174,505)	-14%	(159,162)	-12%	(5,181)	3%	(20,524)	13%
Less: Accumulated impairment	-	0%	-	0%	-	0%	-	0%	-	0%
Construction in progress and prepayments for equi	4,229	0%	6,038	0%	4,188	0%	(1,809)	-30%	41	1%
Total property, plant and equipment	150,412	12%	147,555	12%	149,762	12%	2,857	2%	650	0%
Intangible assets and other assets	76,251	6%	80,798	6%	76,573	6%	(4,547)	-6%	(322)	0%
Total assets	1,217,309	100%	1,277,289	100%	1,271,750	100%	(59,980)	-5%	(54,441)	-4%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	-	0%	-	0%	-	0	-	0%
Accounts payable	106,190	9%	101,127	8%	103,195	8%	5,063	5%	2,995	3%
Accounts payable - related parties	8,322	1%	0	0%	15,694	1%	8,322	0%	(7,372)	-47%
Income tax payable	11,120	1%	25,028	2%	21,358	2%	(13,908)	-56%	(10,238)	-48%
Accrued expenses	101,063	8%	90,744	7%	117,670	9%	10,319	11%	(16,607)	-14%
Other payable - related parties	22	0%	0	0%	1,658	0%	22	0%	(1,636)	-99%
Other payable	7,163	1%	5,157	0%	9,777	1%	2,006	39%	(2,614)	-27%
Other current liabilities	27,756	2%	22,374	2%	21,126	2%	5,382	24%	6,630	31%
Total current liabilities	261,636	21%	244,430	19%	290,478	23%	17,206	7%	(28,842)	-10%
Other liabilities	15,560	1%	15,799	1%	15,847	1%	(239)	-2%	(287)	-2%
Total liabilities	277,196	23%	260,229	20%	306,325	24%	16,967	7%	(29,129)	-10%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	58%	709,811	56%	709,811	56%	0	0%	0	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Share-based Payments	25,614	2%	0	0%	0	0%	25,614	0%	25,614	0%
Retained earnings	371,001	30%	474,684	37%	360,639	28%	(103,683)	-22%	10,362	3%
Others-cumulative translation adjustments	(5,493)	0%	(6,615)	-1%	(8,668)	-1%	1,122	-17%	3,175	-37%
Treasury stock	(161,921)	-13%	(161,921)	-13%	(97,458)	-7%	0	0%	(64,463)	66%
Total shareholders' equity	940,113	77%	1,017,060	80%	965,425	76%	(76,947)	-8%	(25,312)	-3%
Total liabilities and shareholders' equity	1,217,309	100%	1,277,289	100%	1,271,750	100%	(59,980)	-5%	(54,441)	-4%



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Six Months Ended June 30,2011 and 2010
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	1H 2011		1H 2010		YoY	
Net Sales	725,699	100%	705,525	97%	20,174	3%
Cost of Goods Sold	(369,516)	-51%	(348,562)	-48%	(20,954)	6%
Gross Profit	356,183	49%	356,963	49%	(780)	0%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	356,183	49%	356,963	49%	(780)	0%
Operating Expenses						
Sales and Marketing Expenses	(117,199)	-16%	(100,220)	-14%	(16,979)	17%
General and Administrative Expenses	(67,124)	-9%	(67,800)	-9%	676	-1%
Research and Development Expenses	(74,268)	-10%	(62,688)	-9%	(11,580)	18%
Total operating expenses	(258,591)	-36%	(230,708)	-32%	(27,883)	12%
Operating Income	97,592	13%	126,255	17%	(28,663)	-23%
Non-operating Income						
Interest income	788	0%	936	0%	(148)	-16%
Gain on disposal of property, plant and equipment	0	0%	2	0%	(2)	-100%
Gain on sale of investments, net	179	0%	-	0%	179	0%
Exchange gain, net	0	0%	5,474	1%	(5,474)	-100%
Reversal of Bad Debt Expenses	6,006	1%	1,748	0%	4,258	244%
Valuation gain on financial assets, net	2,004	0%	1,085	0%	919	85%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	3,174	1%	2,667	1%	507	19%
Total non-operating income and gains	12,151	2%	11,912	2%	239	2%
Non-operating expenses and losses						
Interest expense	(49)	0%	(69)	0%	20	-29%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(420)	0%	0	0%	(420)	0%
Exchange loss, net	(1,387)	0%	-	-	(1,387)	0%
Miscellaneous expenses	(106)	0%	(122)	0%	16	-13%
Total non-operating expenses and losses	(1,962)	0%	(191)	0%	(1,771)	927%
Income before income tax	107,781	16%	137,976	19%	(30,195)	-22%
Income tax expense (benefit)	(11,358)	-2%	(31,837)	-4%	20,479	-64%
Net income	96,423	13%	106,139	15%	(9,716)	-9%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.59		2.00		-	0.41
Basic Earnings Per Share After Income Tax	1.43		1.54		-	0.11



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Three Months Ended June 30,2011 , March 31,2011 and June 30,2010
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2Q 2011		1Q 2011		2Q 2010		QoQ		YoY	
Net Sales	446,766	100%	278,933	100%	400,728	100%	167,833	60%	46,038	11%
Cost of Goods Sold	(223,295)	-50%	(146,221)	-52%	(206,259)	-51%	(77,074)	53%	(17,036)	8%
Gross Profit	223,471	50%	132,712	48%	194,469	49%	90,759	68%	29,002	15%
Unrealized Profit	0	0%	0	0%	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%	0	0%	0	0%
Realized Gross Profit	223,471	50%	132,712	48%	194,469	49%	90,759	68%	29,002	15%
Operating Expenses										
Sales and Marketing Expenses	(74,271)	-17%	(42,928)	-15%	(41,509)	-10%	(31,343)	73%	(32,762)	79%
General and Administrative Expenses	(35,092)	-8%	(32,032)	-11%	(48,186)	-12%	(3,060)	10%	13,094	-27%
Research and Development Expenses	(44,040)	-10%	(30,228)	-11%	(32,957)	-7%	(13,812)	46%	(11,083)	34%
Total operating expenses	(153,403)	-35%	(105,188)	-37%	(122,652)	-29%	(48,215)	46%	(30,751)	25%
Operating Income	70,068	15%	27,524	11%	71,817	20%	42,544	155%	(1,749)	-2%
Non-operating Income										
Interest income	494	0%	294	0%	388	0%	200	68%	106	27%
Investment income recognized under equity m	0	0%	0	0%	0	0%	0	0%	0	0%
Dividend income	0	0%	-	0%	0	0%	0	0%	0	0%
Gain on disposal of property, plant and equipr	0	0%	-	0%	2	0%	0	0%	(2)	-100%
Gain on sale of investments, net	179	-	-	0%	-	0%	179	0%	179	0%
Gain on physical inventory	0	0%	-	0%	-	0%	0	0%	0	0%
Exchange gain, net	(3,549)	0%	3,549	1%	-	0%	(7,098)	-200%	(3,549)	0%
Reversal of Bad Debt Expenses	2,278	1%	3,728	1%	1,748	0%	(1,450)	-39%	530	30%
Reversal of loss on inventories	0	0%	-	0%	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	-	0%	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	(223)	0%	2,227	1%	1,085	0%	(2,450)	-110%	(1,308)	-121%
Valuation gain on financial liabilities, net	0	0%	-	0%	0	0%	0	0%	0	0%
Miscellaneous income	2,976	1%	198	0%	1,140	0%	2,778	1403%	1,836	161%
Total non-operating income and gains	2,155	2%	9,996	3%	4,363	0%	(7,841)	-78%	(2,208)	-51%
Non-operating expenses and losses										
Interest expense	(49)	0%	-	0%	(69)	0%	(49)	0%	20	-29%
Investment loss recognized under equity meth	0	0%	-	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipn	(24)	0%	396.00	0%	0	0%	372	-94%	(24)	0%
Loss on sale of investments, net	0	0%	-	0%	0	0%	0	0%	0	0%
Loss on physical inventory	0	0%	-	0%	0	0%	0	0%	0	0%
Exchange loss, net	(1,387)	0%	0	0%	494	0%	(1,387)	0%	(1,881)	-381%
Provision for loss on inventories	0	0%	0	0%	0	0%	0	0%	0	0%
Impairment loss	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation loss on financial assets, net	0	0%	0	0%	45	0%	0	0%	(45)	-100%
Valuation loss on financial liabilities, net	0	-	0	0%	0	0%	0	0%	0	0%
Miscellaneous expenses	(100)	0%	(6)	0%	-	0%	(94)	1567%	(100)	0%
Total non-operating expenses and losses	(1,560)	0%	(402)	0%	470	0%	(1,158)	288%	(2,030)	-432%
Income before income tax	70,663	17%	37,118	13%	76,650	20%	33,545	90%	(5,987)	-8%
Income tax expense (benefit)	(6,098)	-1%	(5,260)	-2%	(12,483)	-3%	(838)	16%	6,385	-51%
Net income	64,565	16%	31,858	11%	64,167	17%	32,707	103%	398	1%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.04		0.55		1.19		0.49		(0.15)	
Basic Earnings Per Share After Income Tax	0.96		0.47		1.01		0.49		(0.05)	



CIPHERLAB CO.,LTD.

Consolidated Condensed Statements of Cash Flows

FOR THE SIX MONTHS ENDED June 30,2011 AND FOR THE THREE MONTHS ENDED ,June 30,2011 ,March 31,2011 AND June 30,2010

(In Thousands of New Taiwan Dollars)

	Six Months 2011	2Q 2011	1Q 2011	2Q 2010
Cash flows from operating activities				
Net income	96,423	64,565	31,858	69,641
Depreciation	10,371	5,331	5,040	5,864
Amortization	10,626	5,330	5,296	5,304
Provision(Reversal) for doubtful accounts	(6,006)	(2,278)	(3,728)	(3,651)
Provision for (recovery of) loss on inventories	672	(9,350)	10,022	13,118
Loss (gain) on disposal of property, plant and equipment	259	(155)	414	(2)
Valuation loss (gain) on financial instruments	(2,004)	223	(2,227)	(1,130)
Deferred income tax	3,323	3,262	61	8,006
Others	23,982	24,220	(238)	1,723
Changes in operating assets and liabilities:		0		
Financial assets at fair value through profit or loss - current	99,567	99,484	83	22,826
Notes receivable	(2,029)	(2,242)	213	623
Accounts receivable	(54,176)	(92,543)	38,367	18,180
Other receivables	(4,610)	(2,810)	(1,800)	5,769
Inventories	(19,263)	(12,389)	(6,874)	(52,577)
Prepaid expenses	(36,278)	(22,746)	(13,532)	6,827
Notes payable	0	0	0	(868)
Accounts payable	62,237	9,955	52,282	(15,886)
Accounts payable – related parties	5,969	3,430	2,539	(1,370)
Income tax payable	(20,423)	(13,899)	(6,524)	4,193
Accrued expenses	(7,384)	5,524	(12,908)	21,246
Other payables	(11,925)	6,288	(18,213)	1,248
Receipts in advance	18,044	7,507	10,537	(39,223)
Other current liabilities	(258)	(91)	(167)	(2,637)
Net cash provided by (used in) operating activities	167,117	76,616	90,501	67,224
Cash flows from investing activities				0
Acquisition of investments accounted for by equity method	(2,940)	15	(2,955)	0
Acquisition of property, plant and equipment	(14,213)	(7,980)	(6,233)	(3,387)
Acquisition of Intangible assets	(13,447)	(427)	(13,020)	65
Decrease (increase) in other receivables – related parties		0		0
Others	31	31		2,165
Acquisition of financial assets carried at cost	(2,955)	(2,955)		0
Proceeds from financial assets carried at cost		0		0
Decrease (increase) in restricted assets	38	(60)	98	72
Decrease (increase) in refundable deposits	(259)	(992)	733	(315)
Proceeds from disposal of property, plant and equipment		0		0
Increase in deferred charges	(786)	(83)	(703)	0
Net cash used in investing activities	(34,531)	(12,451)	(22,080)	(1,400)
Cash flows from financing activities				0
Increase in short-term bills payable		-		-
Cash dividends	(168,248)	(168,248)		(103,472)
Cash paid for acquisition of treasury stock	(50,963)	0	(50,963)	0
Others		0		0
Net cash used in financing activities	(219,211)	(168,248)	(50,963)	(103,472)
Effect of exchange rate changes	2,057	2,475	(418)	(1,669)
Net decrease in cash and cash equivalents	(84,568)	(101,608)	17,458	(39,317)
Cash and cash equivalents at Beginning of Period	250,544	267,584	250,544	237,886
Cash and cash equivalents at End of Period	165,976	168,451	267,584	196,900