



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

	June 30,2011		March 31,2011		June 30,2010		QoQ		YoY	
Current assets										
Cash and cash equivalents	117,744	10%	229,031	18%	180,634	14%	(111,287)	-49%	(62,890)	-35%
Financial assets at fair value through profit or loss - current	64,700	5%	164,407	13%	163,850	13%	(99,707)	-61%	(99,150)	-61%
Notes receivable, net	7,227	1%	4,987	1%	3,110	0%	2,240	45%	4,117	132%
Accounts receivable, net	181,496	15%	116,192	9%	170,105	13%	65,304	56%	11,391	7%
Accounts receivable - related parties, net	166,064	13%	94,569	7%	99,161	8%	71,495	76%	66,903	67%
Other receivables- net	34,568	3%	30,646	2%	35,153	3%	3,922	13%	(585)	-2%
Other receivables- related parties, net	3,925	0%	8,192	1%	2,436	0%	(4,267)	-52%	1,489	61%
Inventories, Net	323,439	26%	331,637	26%	362,562	28%	(8,198)	-2%	(39,123)	-11%
Other current assets	50,371	4%	31,084	2%	11,247	1%	19,287	62%	39,124	348%
Total current assets	949,534	77%	1,010,745	79%	1,028,258	80%	(61,211)	-6%	(78,724)	-8%
Long-term Investments										
Investments accounted for by the equity method	49,360	4%	45,151	3%	18,838	1%	4,209	9%	30,522	162%
Financial assets carried at cost – noncurrent	13,374	1%	10,419	1%	10,419	1%	2,955	28%	2,955	28%
Total Long-term Investments	62,734	5%	55,570	4%	29,257	2%	7,164	13%	33,477	114%
Property, plant and equipment										
Property, plant and equipment	317,821	26%	309,043	24%	297,263	23%	8,778	3%	20,558	7%
Less: Accumulated depreciation	(174,578)	-14%	(169,428)	-13%	(153,884)	-12%	(5,150)	3%	(20,694)	13%
Less: Accumulated impairment	-	0%	-	0%	0	0%	-	0%	-	0%
Construction in progress and prepayments for equipment	4,229	1%	6,038	0%	4,188	1%	(1,809)	-30%	41	1%
Total property, plant and equipment	147,472	13%	145,653	11%	147,567	12%	1,819	1%	(95)	0%
Intangible assets and Other assets	73,220	6%	78,790	6%	75,570	6%	(5,570)	-7%	(2,350)	-3%
TOTAL ASSETS	1,232,960	100%	1,290,758	100%	1,280,652	100%	(57,798)	-4%	(47,692)	-4%
LIABILITIES :										
Current liabilities										
Short-term bills payable	-	0%	-	0%	0	0%	-	0%	0	0%
Notes payable	-	0%	-	7%	-	0%	0	0%	0	0%
Accounts payable	106,190	9%	96,235	0%	103,177	8%	9,955	10%	3,013	3%
Accounts payable - related parties	8,331	1%	4,901	2%	15,694	1%	3,430	70%	(7,363)	-47%
Income tax payable	10,275	1%	24,655	7%	21,358	2%	(14,380)	-58%	(11,083)	-52%
Accrued expenses	92,384	7%	87,902	0%	112,183	9%	4,482	5%	(19,799)	-18%
Other payable - related parties	3,018	0%	976	0%	2,071	0%	2,042	209%	947	46%
Other payable	6,993	1%	3,336	2%	8,222	1%	3,657	110%	(1,229)	-15%
Other current liabilities	27,541	2%	21,856	19%	21,125	2%	5,685	26%	6,416	30%
Total current liabilities	254,732	21%	239,861	3%	283,830	23%	14,871	6%	(29,098)	-10%
Other liabilities	38,115	3%	33,837	21%	31,397	2%	4,278	13%	6,718	21%
Total liabilities	292,847	24%	273,698		315,227	25%	19,149	7%	(22,380)	-7%
SHAREHOLDERS' EQUITY :				55%						
Capital Stock	709,811	58%	709,811	0%	709,811	55%	0	0%	0	0%
Capital Surplus	1,101	0%	1,101	37%	1,101	0%	0	0%	0	0%
Share-based Payments	25,614	2%	-	-	0	0%	25,614	0%	25,614	0%
Retained Earnings	371,001	30%	474,684	-1%	360,639	28%	(103,683)	-22%	10,362	3%
Others-Cumulative Translation Adjustments	(5,493)	0%	(6,615)	-13%	(8,668)	-1%	1,122	-17%	3,175	-37%
Treasury stock	(161,921)	-14%	(161,921)	79%	(97,458)	-7%	0	0%	(64,463)	66%
Total shareholders' equity	940,113	76%	1,017,060	100%	965,425	75%	(76,947)	-8%	(25,312)	-3%
Total liabilities and shareholders' equity	1,232,960	100%	1,290,758	100%	1,280,652	100%	(57,798)	-4%	(47,692)	-4%



CIPHERLAB CO.,LTD.
Condensed Income Statements (Unconsolidated)
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	725,580	100%	665,868	92%	59,712	9%
Cost of Goods Sold	(414,210)	-57%	(355,368)	-49%	(58,842)	17%
Gross Profit	311,370	43%	310,500	43%	870	0%
Unrealized Profit	(22,555)	-3%	(15,550)	-2%	(7,005)	45%
Realized Profit	16,047	2%	16,281	2%	(234)	-1%
Realized Gross Profit	304,862	42%	311,231	43%	(6,369)	-2%
Operating Expenses						
Sales and Marketing Expenses	(90,978)	-13%	(84,383)	-12%	(6,595)	8%
General and Administrative Expenses	(43,187)	-6%	(37,642)	-5%	(5,545)	15%
Research and Development Expenses	(74,338)	-10%	(62,688)	-9%	(11,650)	19%
Total operating expenses	(208,503)	-29%	(184,713)	-25%	(23,790)	13%
Operating Income	96,359	13%	126,518	17%	(30,159)	-24%
Non-operating Income						
Interest income	746	0%	921	0%	(175)	-19%
Investment income recognized under equity method	3,915	1%	2,034	1%	1,881	92%
Gain on sale of investments, net	179	0%	-	-	179	0%
Gain on physical inventory	0	0%	0	0%	0	0%
Exchange gain, net	0	0%	5,341	1%	(5,341)	-100%
Reversal of Bad Debt Expenses	6,005	1%	1,094	0%	4,911	449%
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	369	0%	1,052	0%	(683)	-65%
Total non-operating income and gains	13,218	2%	11,527	2%	1,691	15%
Non-operating expenses and losses						
Interest expense	(49)	0%	(69)	0%	20	-29%
Investment loss recognized under equity method	-	0%	-	0%	0	0%
Loss on disposal of property, plant and equipment	(5)	0%	0	0%	(5)	0%
Exchange loss, net	(2,046)	0%	-	-	(2,046)	0%
Total non-operating expenses and losses	(2,100)	0%	(69)	0%	(2,031)	2943%
Income before income tax	107,477	15%	137,976	19%	(30,499)	-22%
Income tax expense (benefit)	(11,054)	-2%	(31,837)	-4%	20,783	-65%
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.
Condensed Income Statements (Unconsolidated)
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	445,912	100%	279,668	100%	381,428	100%	166,244	59%	64,484	17%
Cost of Goods Sold	(248,778)	-56%	(165,432)	-59%	(208,258)	-55%	(83,346)	50%	(40,520)	19%
Gross Profit	197,134	44%	114,236	41%	173,170	45%	82,898	73%	23,964	14%
Unrealized Profit	(22,555)	-5%	(18,038)	-5%	(2,327)	-1%	(4,517)	25%	(20,228)	869%
Realized Profit	18,038	5%	16,047	6%	0	0%	1,991	12%	18,038	0%
Realized Gross Profit	192,617	44%	112,245	42%	170,843	45%	80,372	72%	21,774	13%
Operating Expenses										
Sales and Marketing Expenses	(52,351)	-12%	(38,627)	-14%	(47,660)	-12%	(13,724)	36%	(4,691)	10%
General and Administrative Expenses	(25,767)	-6%	(17,420)	-6%	(18,985)	-5%	(8,347)	48%	(6,782)	36%
Research and Development Expenses	(46,831)	-11%	(27,507)	-10%	(32,957)	-9%	(19,324)	70%	(13,874)	42%
Total operating expenses	(124,949)	-28%	(83,554)	-30%	(99,602)	-26%	(41,395)	50%	(25,347)	25%
Operating Income	67,668	16%	28,691	11%	71,241	19%	38,977	136%	(3,573)	-5%
Non-operating Income										
Interest income	469	0%	277	0%	379	0%	192	69%	90	24%
Investment income recognized under equity method	3,915	1%		0%	1,823	0%	3,915	0%	2,092	115%
Gain on sale of investments, net	179	0%		0%	0	0%	179.00	0%	179	0%
Exchange gain, net	(3,283)	-1%	3,283	1%	5,341	1%	(6,566)	-200%	(8,624)	-161%
Reversal of Bad Debt Expenses	2,419	1%	3,586	1%	1,094	0%	(1,167)	-33%	1,325	121%
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%
Miscellaneous income	229	0%	140	0%	757	0%	89	64%	(528)	-70%
Total non-operating income and gains	3,705	0%	9,513	3%	10,479	1%	(5,808)	-61%	(6,774)	-65%
Non-operating expenses and losses										
Interest expense	(49)	0%		0%	(69)	0%	(49)	0%	20	-29%
Investment loss recognized under equity method	1,081	0%	(1,081)	0	0	0%	2,162	-200%	1,081	0%
Loss on disposal of property, plant and equipment	0	0%	(5)	0%	0	0%	5	-100%	0	0%
Exchange loss, net	-	0%		0%	428	0%	0	0%	(428)	-100%
Valuation loss on financial assets, net	-	0%	0	0%	45	0%	0	0%	(45)	-100%
Total non-operating expenses and losses	1,032	0%	(1,086)	0%	404	0%	2,118	-195%	628	155%
Income before income tax	72,405	15%	37,118	13%	82,124	22%	35,287	95%	(9,719)	-12%
Income tax expense (benefit)	(5,794)	-1%	(5,260)	-2%	(12,483)	-3%	(534)	10%	6,689	-54%
Net income	66,611	15%	31,858	11%	69,641	18%	34,753	109%	(3,030)	-4%
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.

Condensed Statement of Cash Flows (Unconsolidated)

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	9,973	5,150	4,823	5,526
Amortization	10,512	5,246	5,266	5,252
Provision(Reversal) for doubtful accounts	(6,005)	(2,419)	(3,586)	(3,309)
Provision for (recovery of) loss on inventories	548	(9,497)	10,045	11,891
Loss (gain) on sale of investments	(179)	(179)		0
Investment loss (income) recognized under equity method	(3,915)	(4,996)	1,081	(1,823)
Loss (gain) on disposal of property, plant and equipment	23	0	23	0
Valuation loss (gain) on financial instruments	(2,004)	223	(2,227)	(1,130)
Deferred income tax	3,323	3,262	61	8,006
Changes in operating assets and liabilities:	(84,304)	(127,370)	43,066	(52,856)
Financial assets at fair value through profit or loss - current	99,567	99,484	83	22,826
Others	31,645	29,892	1,753	2,395
Net cash provided by (used in) operating activities	<u>155,607</u>	<u>63,361</u>	<u>92,246</u>	<u>66,419</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(12,020)	(6,697)	(5,323)	(2,973)
Acquisition of Intangible assets	(13,197)	(426)	(12,771)	71
Decrease (increase) in other receivables – related parties	(199)	(199)		(2,729)
Others	(5,864)	1,886	(7,750)	2,138
Net cash used in investing activities	<u>(31,280)</u>	<u>(5,436)</u>	<u>(25,844)</u>	<u>(3,493)</u>
Cash flows from financing activities				
Cash dividends	(168,248)	(168,248)	-	(103,472)
Cash paid for acquisition of treasury stock	(50,963)	-	(50,963)	0
Others	(361)	(964)	603	27
Net cash used in financing activities	<u>(219,572)</u>	<u>(169,212)</u>	<u>(50,360)</u>	<u>(103,499)</u>
Effect of exchange rate changes	-	-	-	-
Net decrease in cash and cash equivalents	(95,245)	(111,287)	16,042	(40,573)
Cash and cash equivalents at Beginning of Period	212,989	229,031	212,989	221,207
Cash and cash equivalents at End of Period	<u>117,744</u>	<u>117,744</u>	<u>229,031</u>	<u>180,634</u>