



CIPHERLAB CO., LTD.

Consolidated Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

	September 30,2011		June 30,2011		September 30,2010		QoQ		YoY	
ASSETS:										
Current assets										
Cash and cash equivalents	279,711	20%	165,976	14%	220,064	17%	113,735	69%	59,647	27%
Financial assets at fair value through profit or loss - current	62,887	5%	64,700	5%	168,349	13%	(1,813)	-3%	(105,462)	-63%
Notes receivable, net	3,399	0%	7,227	1%	4,473	0%	(3,828)	-53%	(1,074)	-24%
Accounts receivable, net	228,303	16%	252,501	21%	178,252	14%	(24,198)	-10%	50,051	28%
Other receivable	35,852	2%	34,678	3%	32,374	2%	1,174	3%	3,478	11%
Inventories, Net	482,857	35%	396,047	33%	435,980	34%	86,810	22%	46,877	11%
Other current assets	53,120	3%	53,203	4%	19,587	2%	(83)	0%	33,533	171%
Total current assets	1,146,129	81%	974,332	80%	1,059,079	82%	171,797	18%	87,050	8%
Long-term investments										
Total long-term investments	16,410	1%	16,314	1%	10,419	1%	96	1%	5,991	58%
Property, plant and equipment										
Property, plant and equipment	331,199	24%	325,869	27%	305,520	24%	5,330	2%	25,679	8%
Less: Accumulated depreciation	(184,562)	-13%	(179,686)	-15%	(164,617)	-13%	(4,876)	3%	(19,945)	12%
Construction in progress and prepayments for equipment	8,428	0%	4,229	0%	4,691	0%	4,199	99%	3,737	80%
Total property, plant and equipment	155,065	11%	150,412	12%	145,594	11%	4,653	3%	9,471	7%
Intangible assets and other assets										
	78,350	6%	76,251	6%	70,756	6%	2,099	3%	7,594	11%
Total assets	1,395,954	100%	1,217,309	100%	1,285,848	100%	178,645	15%	110,106	9%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	-	0%	2	0%	0	0%	(2)	-100%
Accounts payable	153,369	11%	106,190	9%	63,128	5%	47,179	44%	90,241	143%
Accounts payable - related parties	11,582	1%	8,322	1%	4,619	0%	3,260	39%	6,963	151%
Income tax payable	15,575	1%	11,120	1%	32,505	3%	4,455	40%	(16,930)	-52%
Accrued expenses	113,582	8%	101,063	8%	120,240	9%	12,519	12%	(6,658)	-6%
Other payable - related parties	381	0%	22	0%	32	0%	359	1632%	349	1091%
Other payable	11,546	1%	7,163	1%	4,676	0%	4,383	61%	6,870	147%
Other current liabilities	23,968	2%	27,756	2%	24,985	3%	(3,788)	-14%	(1,017)	-4%
Total current liabilities	330,003	24%	261,636	21%	250,187	20%	68,367	26%	79,816	32%
Other liabilities										
	15,346	1%	15,560	1%	15,937	1%	(214)	-1%	(591)	-4%
Total liabilities	345,349	25%	277,196	23%	266,124	21%	68,153	25%	79,225	30%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	51%	709,811	58%	709,811	55%	-	0%	-	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Share-based Payments			25,614	2%						
Retained earnings	409,535	29%	371,001	30%	413,944	32%	38,534	10%	(4,409)	-1%
Others-cumulative translation adjustments	(5,379)	0%	(5,493)	0%	(7,674)	-1%	114	-2%	2,295	-30%
Treasury stock	(64,463)	-5%	(161,921)	-13%	(97,458)	-7%	97,458	-60%	32,995	-34%
Total shareholders' equity	1,050,605	75%	940,113	77%	1,019,724	79%	110,492	12%	30,881	3%
Total liabilities and shareholders' equity	1,395,954	100%	1,217,309	100%	1,285,848	100%	178,645	15%	110,106	9%



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

	Nine Months 2011		Nine Months 2010		YoY	
Net Sales	1,131,491	100%	1,038,666	100%	92,825	9%
Cost of Goods Sold	(589,183)	-52%	(508,313)	-49%	(80,870)	16%
Gross Profit	542,308	48%	530,353	51%	11,955	2%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	542,308	48%	530,353	51%	11,955	2%
Operating Expenses						
Sales and marketing expenses	(179,975)	-16%	(152,462)	-15%	(27,513)	18%
General and administrative expenses	(102,916)	-9%	(97,713)	-9%	(5,203)	5%
Research and development expenses	(111,187)	-10%	(88,912)	-9%	(22,275)	25%
Total operating expenses	(394,078)	-35%	(339,087)	-33%	(54,991)	16%
Operating Income	148,230	13%	191,266	18%	(43,036)	-23%
Non-operating income						
Interest income	1,133	0%	1,311	0%	(178)	-14%
Investment income recognized under equity method	92	0%	0	0%	92	0%
Dividend income	-	0%	0	0%	0	0%
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%
Gain on physical inventory	0	0%	0	0%	0	0%
Exchange gain, net	22,382	2%	0	0%	22,382	0%
Reversal of bad debt expenses	5,896	1%	3,351.00	0%	2,545	76%
Basic Earnings Per Share Before Income Tax	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	193	0%	5,586	1%	(5,393)	-97%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	7,874	1%	6,931	1%	943	14%
Total non-operating income and gains	37,749	4%	17,181	2%	20,568	120%
Non-operating expenses and losses						
Interest expense	(52)	0%	(132)	0%	80	-61%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(439)	0%	0	0%	(439)	0%
Loss on sale of investments, net	0	0%	0	0%	0	0%
Loss on physical inventory	0	0%	0	0%	0	0%
Exchange loss, net	0	0%	(1,126)	0%	1,126	-100%
Miscellaneous expenses	(107)	0%	(171)	0%	64	-37%
Total non-operating expenses and losses	(598)	0%	(1,429)	0%	831	-58%
Income before income tax	185,381	17%	207,018	20%	(21,637)	-10%
Income tax expense (benefit)	(36,580)	-3%	(47,574)	-5%	10,994	-23%
Net income	148,801	14%	159,444	15%	(10,643)	-7%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	2.72		3.00		-	0.28
Basic Earnings Per Share After Income Tax	2.20		2.31		-	0.11



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

	3Q 2011		2Q 2011		3Q 2010		QoQ		YoY	
Net Sales	405,792	100%	446,766	100%	333,141	100%	(40,974)	-9%	72,651	22%
Cost of Goods Sold	(219,667)	-54%	(223,295)	-50%	(159,751)	-48%	3,628	-2%	(59,916)	38%
Gross Profit	186,125	46%	223,471	50%	173,390	52%	(37,346)	-17%	12,735	7%
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	186,125	46%	223,471	50%	173,390	52%	(37,346)	-28%	12,735	7%
Operating Expenses										
Sales and marketing expenses	(62,776)	-15%	(74,271)	-17%	(45,763)	-14%	11,495	-15%	(17,013)	37%
General and administrative expenses	(35,792)	-9%	(35,092)	-8%	(36,392)	-11%	(700)	2%	600	-2%
Research and development expenses	(36,919)	-9%	(44,040)	-10%	(26,224)	-8%	7,121	-16%	(10,695)	41%
Total operating expenses	(135,487)	-33%	(153,403)	-35%	(108,379)	-33%	17,916	-12%	(27,108)	25%
Operating Income	50,638	13%	70,068	15%	65,011	19%	(19,430)	-28%	(14,373)	-22%
Non-operating Income										
Interest income	345	0%	494	0%	375	0%	(149)	-30%	(30)	-8%
Investment income recognized under equity method	92	0%	0	0%	0	0%	92	0%	92	0%
Gain on sale of investments, net	0	0%	179	0%	-	0%	(179)	0%	0	0%
Gain on physical inventory	0	0%	0	0%	-	0%	0	0%	0	0%
Exchange gain, net	22,382	6%	(3,549)	-1%	(5,474)	0%	25,931	-731%	27,856	-509%
Reversal of bad debt expenses	(110)	0%	2,278	1%	1,603	0%	(2,388)	-105%	(1,713)	-107%
Valuation gain on financial assets, net	(1,811)	0%	(223)	0%	4,501	1%	(1,588)	712%	(6,312)	-140%
Valuation gain on financial liabilities, net	-	0%	-	0%	-	0%	-	0%	-	0%
Miscellaneous income	4,700	1%	2,976	1%	4,264	1%	1,724	58%	436	10%
Total non-operating income and gains	25,598	7%	2,155	1%	5,269	2%	23,443	1088%	20,329	386%
Non-operating expenses and losses										
Interest expense	(3)	0%	(49)	0%	(63)	0%	46	-94%	60	-95%
Investment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(19)	0%	(24)	0%	0	0%	5	-21%	(19)	0%
Exchange loss, net	1,387	0%	(1,387)	0%	(1,126)	-2%	2,774	-200%	2,513	-223%
Miscellaneous expenses	(1)	0%	(100)	0%	(49)	0%	99	-99%	48	-98%
Total non-operating expenses and losses	1,364	0%	(1,560)	0%	(1,238)	-2%	2,924	-187%	2,602	-210%
Income before income tax	77,600	20%	70,663	16%	69,042	19%	6,937	10%	8,558	12%
Income tax expense (benefit)	(25,222)	-6%	(6,098)	-1%	(15,737)	-5%	(19,124)	314%	(9,485)	60%
Net income	52,378	14%	64,565	15%	53,305	14%	(12,187)	-19%	(927)	-2%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.13		1.04		1.00		0.09		0.13	
Basic Earnings Per Share After Income Tax	0.77		0.96		0.77		(0.19)		0.00	



CIPHERLAB CO., LTD.

Consolidated Condensed Statements of Cash Flows

For the Nine Months Ended September 30, 2011 and for the Three Months Ended, September 30, 2011, June 30, 2011 and September 30, 2010
(In Thousands of New Taiwan Dollars)

	Nine Months 2011	3Q 2011	2Q 2011	3Q 2010
Cash flows from operating activities				
Net income	148,801	52,378	64,565	53,305
Depreciation	16,025	5,654	5,331	5,701
Amortization	15,819	5,193	5,330	5,158
Provision(Reversal) for doubtful accounts	(5,896)	110	(2,278)	(1,526)
Provision for (recovery of) loss on inventories	4,772	4,100	(9,350)	(1,875)
Loss (gain) on disposal of property, plant and equipment	439	19	24	0
Valuation loss (gain) on financial instruments	(193)	1,811	223	1,085
Financial assets at fair value through profit or loss	99,569	2	99,484	2
Notes receivable	1,815	3,844	(2,242)	(1,084)
Notes receivable – related parties		0	0	0
Accounts receivable	(27,468)	26,708	(92,543)	(2,929)
Other receivables	(5,798)	(1,188)	(2,810)	2,275
Inventories	(106,634)	(87,371)	(12,389)	(37,348)
Construction in progress in excess of progressive billings		0	0	0
Prepaid expenses		36,278	(22,746)	1,996
Notes payable		0	0	2
Accounts payable	107,197	44,960	9,955	(15,698)
Accounts payable – related parties	9,229	3,260	3,430	(11,075)
Income tax payable	(16,038)	4,385	(13,899)	(6,109)
Accrued expenses	4,778	12,162	5,524	2,616
Other payables	(10,584)	1,341	6,288	(2,030)
Receipts in advance	15,184	(2,860)	7,507	5,109
Progressive billings in excess of construction in progress		0	0	0
Other current liabilities	(11,375)	(10,956)	(270)	39,488
Net cash provided by (used in) operating activities	239,642	72,525	76,616	25,307
Cash flows from investing activities				
		0		
Acquisition of investments accounted for by cash	0	2,940	15	0
Acquisition of property, plant and equipment	(20,862)	(6,649)	(7,980)	(3,985)
Acquisition of Intangible assets	(21,418)	(7,971)	(427)	(3,409)
Others	(5,858)	(5,889)	31	(226)
Acquisition of financial assets carried at cost	0	2,955	(2,955)	0
Proceeds from financial assets carried at cost	0	0	0	0
Decrease (increase) in restricted assets	297	259	(60)	62
Decrease (increase) in refundable deposits	(219)	40	(992)	316
Proceeds from disposal of property, plant and equipment	0	0	0	28
Increase in deferred charges	(792)	(6)	(83)	0
Net cash used in investing activities	(48,852)	(14,321)	(12,451)	(7,214)
Cash flows from financing activities				
Cash dividends	(168,248)	-	(168,248)	0
Cash paid for acquisition of treasury stock	(50,963)	-	0	0
Net cash used in financing activities	(161,211)	-	(168,248)	0
Effect of exchange rate changes	(412)	(2,469)	2,475	3,402
Net decrease in cash and cash equivalents	29,167	55,735	(101,608)	21,495
Cash and cash equivalents at Beginning of Period	250,544	168,451	267,584	198,569
Cash and cash equivalents at End of Period	279,711	224,186	168,451	220,064