



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

	December 31,2011		September 30,2011		December 31,2010		QoQ		YoY	
<b>ASSETS:</b>										
<b>Current assets</b>										
Cash and cash equivalents	324,985	22%	279,711	20%	250,544	20%	45,274	16%	74,441	30%
Financial assets at fair value thrc	62,799	4%	62,887	5%	162,263	13%	(88)	0%	(99,464)	-61%
Notes receivable, net	5,972	0%	3,399	0%	5,152	0%	2,573	76%	820	16%
Accounts receivable, net	258,324	17%	228,303	16%	191,393	15%	30,021	13%	66,931	35%
Other receivable	36,597	2%	35,852	2%	30,050	2%	745	2%	6,547	22%
Inventories, Net	506,122	34%	482,857	35%	378,464	30%	23,265	5%	127,658	34%
Other current assets	29,291	2%	53,120	3%	19,382	2%	(23,829)	-45%	9,909	51%
<b>Total current assets</b>	<b>1,224,090</b>	<b>81%</b>	<b>1,146,129</b>	<b>81%</b>	<b>1,037,248</b>	<b>82%</b>	<b>77,961</b>	<b>7%</b>	<b>186,842</b>	<b>18%</b>
<b>Long-term investments</b>										
Total long-term investments	16,386	1%	16,410	1%	10,419	1%	(24)	0%	5,967	57%
<b>Property, plant and equipment</b>										
Property, plant and equipment	337,825	22%	331,199	24%	311,600	24%	6,626	2%	26,225	8%
Less: Accumulated depreciation	(187,980)	-13%	(184,562)	-13%	(170,041)	-13%	(3,418)	2%	(17,939)	11%
Less: Accumulated impairment	0	0%	0	0%	0	0%	0	0%	0	0%
Construction in progress and pre	13,039	1%	8,428	0%	5,533	0%	4,611	55%	7,506	136%
<b>Total property, plant and equipm</b>	<b>162,884</b>	<b>10%</b>	<b>155,065</b>	<b>11%</b>	<b>147,092</b>	<b>11%</b>	<b>7,819</b>	<b>5%</b>	<b>15,792</b>	<b>11%</b>
<b>Intangible assets and other assets</b>										
	86,541	6%	78,350	6%	74,728	6%	8,191	10%	11,813	16%
<b>Total assets</b>	<b>1,489,901</b>	<b>98%</b>	<b>1,395,954</b>	<b>100%</b>	<b>1,269,487</b>	<b>100%</b>	<b>93,947</b>	<b>7%</b>	<b>220,414</b>	<b>17%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Notes payable	0	0%	0	0%	0	0%	0	0%	0	0%
Accounts payable	133,748	9%	153,369	11%	43,953	3%	(19,621)	-13%	89,795	204%
Accounts payable - related partie	10,400	1%	11,582	1%	2,353	0%	(1,182)	-10%	8,047	342%
Income tax payable	40,835	3%	15,575	1%	31,540	2%	25,260	162%	9,295	29%
Accrued expenses	169,459	11%	113,582	8%	108,363	9%	55,877	49%	61,096	56%
Other payable - related parties	0	0%	381	0%	0	0%	(381)	-100%	0	0%
Other payable	17,425	1%	11,546	1%	20,851	2%	5,879	51%	(3,426)	-16%
Other current liabilities	18,429	1%	23,968	2%	11,909	1%	(5,539)	-23%	6,520	55%
<b>Total current liabilities</b>	<b>390,296</b>	<b>26%</b>	<b>330,003</b>	<b>24%</b>	<b>218,969</b>	<b>17%</b>	<b>60,293</b>	<b>18%</b>	<b>171,327</b>	<b>78%</b>
<b>Other liabilities</b>										
	15,135	2%	15,346	1%	16,037	2%	(211)	-1%	(902)	-6%
<b>Total liabilities</b>	<b>405,431</b>	<b>28%</b>	<b>345,349</b>	<b>25%</b>	<b>235,006</b>	<b>19%</b>	<b>60,082</b>	<b>17%</b>	<b>170,425</b>	<b>73%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital stock	709,811	48%	709,811	51%	709,811	56%	0	0%	0	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Retained earnings	447,713	30%	409,535	29%	442,826	35%	38,178	9%	4,887	1%
Others-cumulative translation adjus	(5,787)	0%	(5,379)	0%	(7,806)	-1%	(408)	8%	2,019	-26%
Treasury stock	(68,368)	-5%	(64,463)	-5%	(111,451)	-9%	(3,905)	6%	43,083	-39%
<b>Total shareholders' equity</b>	<b>1,084,470</b>	<b>73%</b>	<b>1,050,605</b>	<b>75%</b>	<b>1,034,481</b>	<b>81%</b>	<b>33,865</b>	<b>3%</b>	<b>49,989</b>	<b>5%</b>
<b>Total liabilities and shareholders'</b>	<b>1,489,901</b>	<b>101%</b>	<b>1,395,954</b>	<b>100%</b>	<b>1,269,487</b>	<b>100%</b>	<b>93,947</b>	<b>7%</b>	<b>220,414</b>	<b>17%</b>



**CIPHERLAB CO., LTD.**  
**Consolidated Condensed Income Statements**  
**For the Year Ended December 31, 2011 and 2010**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	2011		2010		YoY	
Net Sales	1,557,865	100%	1,366,658	100%	191,207	14%
Cost of Goods Sold	(811,777)	-52%	(682,278)	-50%	(129,499)	19%
Gross Profit	746,088	48%	684,380	50%	61,708	9%
Realized Gross Profit	746,088	48%	684,380	50%	61,708	9%
Operating Expenses						
Sales and marketing expenses	(246,814)	-16%	(232,432)	-17%	(14,382)	6%
General and administrative expenses	(135,453)	-9%	(101,656)	-7%	(33,797)	33%
Research and development expenses	(148,005)	-10%	(118,583)	-9%	(29,422)	25%
Total operating expenses	(530,272)	-35%	(452,671)	-33%	(77,601)	17%
Operating Income	215,816	13%	231,709	17%	(15,893)	-7%
Non-operating income						
Interest income	1,627	0%	1,632	0%	(5)	0%
Investment income recognized under equity method	71	0%	0	0%	71	0%
Dividend income	187	0%	52	0%	135	260%
Gain on disposal of property, plant and equipment	0	0%	2	0%	(2)	-100%
Gain on sale of investments, net	179	0%	0	0%	179	0%
Exchange gain, net	19,767	1%	0	0%	19,767	0%
Reversal of bad debt expenses	5,847	0%	8,662	1%	(2,815)	-32%
Valuation gain on financial assets, net	106	0%	1,902	0%	(1,796)	-94%
Miscellaneous income	5,513	0%	7,005	1%	(1,492)	-21%
Total non-operating income and gains	33,297	1%	19,255	2%	14,042	73%
Non-operating expenses and losses						
Interest expense	(66)	0%	(145)	0%	79	-54%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(446)	0%	0	0%	(446)	0%
Exchange loss, net	0	0%	(15,140)	-1%	15,140	-100%
Miscellaneous expenses	(117)	0%	(66)	0%	(51)	77%
Total non-operating expenses and losses	(629)	0%	(15,351)	-1%	14,722	-96%
Income before income tax	248,484	14%	235,613	18%	12,871	5%
Income tax expense (benefit)	(61,505)	-4%	(47,287)	-3%	(14,218)	30%
Net income	186,979	10%	188,326	15%	(1,347)	-1%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	3.63		3.40		0.23	
Basic Earnings Per Share After Income Tax	2.75		2.73		0.02	



CIPHERLAB CO., LTD.

Consolidated Condensed Income Statements

For the Three Months Ended December 31, 2011, September 30, 2011 and December 31, 2010

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	4Q 2011		3Q 2011		4Q 2010		QoQ		YoY	
Net Sales	426,374	100%	405,792	100%	327,992	100%	20,582	5%	98,382	30%
Cost of Goods Sold	(222,594)	-52%	(219,667)	-54%	(173,965)	-53%	(2,927)	1%	(48,629)	28%
Gross Profit	203,780	48%	186,125	46%	154,027	47%	17,655	9%	49,753	32%
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	203,780	48%	186,125	46%	154,027	47%	17,655	0%	49,753	32%
Operating Expenses										
Sales and marketing expenses	(66,839)	-16%	(62,776)	-15%	(79,970)	-24%	(4,063)	6%	13,131	-16%
General and administrative expense	(32,537)	-8%	(35,792)	-9%	(3,943)	-1%	3,255	-9%	(28,594)	725%
Research and development expense	(36,818)	-9%	(36,919)	-9%	(29,671)	-8%	101	0%	(7,147)	24%
Total operating expenses	(136,194)	-33%	(135,487)	-33%	(113,584)	-33%	(707)	1%	(22,610)	20%
Operating Income	67,586	15%	50,638	13%	40,443	14%	16,948	33%	27,143	67%
Non-operating Income										
Interest income	494	0%	345	0%	321	0%	149	43%	173	54%
Investment income recognized unde	(21)	0%	92	0%	0	0%	(113)	-123%	(21)	0%
Dividend income	187	0%	0	0%	52	0%	187	0%	135	260%
Exchange gain, net	(2,615)	-1%	22,382	7%	0	0%	(24,997)	-112%	(2,615)	0%
Reversal of bad debt expenses	(49)	0%	(110)	0%	5,311	2%	61	-55%	(5,360)	-101%
Basic Earnings Per Share Before Inco	0	0%	0	0%	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation gain on financial assets, r	(87)	0%	(1,811)	0%	(3,684)	-1%	1,724	-95%	3,597	-98%
Valuation gain on financial liabiliti	0	0%	0	0%	0	0%	0	0%	0	0%
Miscellaneous income	(2,361)	-1%	4,700	1%	74	0%	(7,061)	-150%	(2,435)	-3291%
Total non-operating income and gains	(4,452)	-2%	25,598	8%	2,074	1%	(30,050)	-117%	(6,526)	-315%
Non-operating expenses and losses										
Interest expense	(14)	0%	(3)	0%	(13)	0%	(11)	367%	(1)	8%
Investment loss recognized under ex	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant :	(7)	0%	(19)	0%	0	0%	12	-63%	(7)	0%
Exchange loss, net	0	0%	1,387	0%	(14,014)	-4%	(1,387)	-100%	14,014	-100%
Miscellaneous expenses	(10)	0%	(1)	0%	105	0%	(9)	900%	(115)	-110%
Total non-operating expenses and losses	(31)	0%	1,364	0%	(13,922)	-4%	(1,395)	-102%	13,891	-100%
Income before income tax	63,103	13%	77,600	21%	28,595	11%	(14,497)	-19%	34,508	121%
Income tax expense (benefit)	(24,925)	-6%	(25,222)	-6%	287	0%	297	-1%	(25,212)	-8785%
Net income	38,178	7%	52,378	15%	28,882	11%	(14,200)	-27%	9,296	32%
Earnings Per Share										
Basic Earnings Per Share Before Inco	0.91		1.13		0.40		(0.22)		0.51	
Basic Earnings Per Share After Incom	0.55		0.77		0.42		(0.22)		0.13	



## CIPHERLAB CO., LTD.

Consolidated Condensed Statements of Cash Flows  
For the Year Ended December 31, 2010 and 2009

(In Thousands of New Taiwan Dollars)

	2011	2010
Cash flows from operating activities		
Net income	186,979	188,326
Depreciation	22,153	23,154
Amortization	19,820	21,189
Provision(Reversal) for doubtful accounts	(5,847)	(8,662)
Provision for (Recovery of) loss on inventories	9,056	11,953
Loss (Gain) on sale of investments	(179)	0
Loss (gain) on disposal of property, plant and equipment	446	(2)
Valuation loss (gain) on financial instruments	(106)	(1,902)
Deferred income tax	3,895	10,280
Changes in operating assets and liabilities:	(50,709)	(174,803)
Financial assets at fair value through profit or loss - current	99,570	(10,631)
Others	24,222	2,401
Net cash provided by (used in) operating activities	<u>309,300</u>	<u>61,303</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(29,167)	(14,615)
Acquisition of intangible assets	(33,007)	(12,389)
Others	(5,858)	3,439
Decrease (increase) in restricted assets	298	(208)
Decrease (increase) in refundable deposits	(359)	(517)
Proceeds from disposal of property, plant and equipment	0	27
Increase in deferred charges	(805)	(289)
Net cash used in investing activities	<u>(68,898)</u>	<u>(24,552)</u>
Cash flows from financing activities		
Cash dividends	(168,248)	(103,472)
Cash paid for acquisition of treasury stock	(50,963)	(13,500)
Treasury Stock Sold to Employees	58,000	0
Net cash used in financing activities	<u>(161,211)</u>	<u>(116,972)</u>
Effect of exchange rate changes	(4,750)	5,341
Net decrease in cash and cash equivalents	74,441	(74,880)
Cash and cash equivalents at beginning of period	250,544	325,424
Cash and cash equivalents at end of period	<u>324,985</u>	<u>250,544</u>



CIPHERLAB CO., LTD.

Consolidated Condensed Statements of Cash Flows

For the Nine Months Ended December 31, 2011 and for the Three Months Ended, December 31, 2011, September 30, 2011 and December 31, 2010

(In Thousands of New Taiwan Dollars)

	2011	4Q 2011	3Q 2011	4Q 2010
<b>Cash flows from operating activities</b>				
Net income	186,979	38,178	52,378	28,882
Depreciation	22,153	6,128	5,654	5,777
Amortization	19,820	4,001	5,193	5,081
Provision(Reversal) for doubtful accounts	(5,847)	49	110	(5,311)
Provision for (Recovery of) loss on inventories	9,056	4,284	4,140	6,686
Loss (Gain) on sale of investments	(179)	0	0	0
Loss (gain) on disposal of property, plant and equipment	446	7	19	0
Valuation loss (gain) on financial instruments	(106)	87	1,811	3,684
Deferred income tax	3,895	(1,555)	2,127	603
Changes in operating assets and liabilities:	(50,709)	16,459	2,928	4,988
Financial assets at fair value through profit or loss - curr	99,570	1	2	2,402
Others	24,222	2,019	(1,837)	409
<b>Net cash provided by (used in) operating activities</b>	<b>309,300</b>	<b>69,658</b>	<b>72,525</b>	<b>53,201</b>
<b>Cash flows from investing activities</b>				
Acquisition of investments accounted for by equity met	0	0	0	0
Acquisition of property, plant and equipment	(29,167)	(8,305)	(6,649)	(4,746)
Acquisition of intangible assets	(33,007)	(11,589)	(7,971)	(6,917)
Others	(5,858)	0	0	0
Decrease (increase) in restricted assets	298	1	265	(247)
Decrease (increase) in refundable deposits	(359)	(140)	40	(898)
Proceeds from disposal of property, plant and equipmen	0	0	-	(1)
Increase in deferred charges	(805)	(13)	(6)	(289)
<b>Net cash used in investing activities</b>	<b>(68,898)</b>	<b>(20,046)</b>	<b>(14,321)</b>	<b>(13,098)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term bills payable	-	0	0	0
Cash dividends	(168,248)	0	0	0
Cash paid for acquisition of treasury stock	(50,963)	0	0	(13,500)
Treasury Stock Sold to Employees	58,000	0	58,000	0
<b>Net cash used in financing activities</b>	<b>(161,211)</b>	<b>0</b>	<b>58,000</b>	<b>(13,500)</b>
Effect of exchange rate changes	(4,750)	(4,338)	(2,469)	3,877
<b>Net decrease in cash and cash equivalents</b>	<b>74,441</b>	<b>45,274</b>	<b>113,735</b>	<b>30,480</b>
Cash and cash equivalents at beginning of period	250,544	279,711	165,976	220,064
<b>Cash and cash equivalents at end of period</b>	<b>324,985</b>	<b>324,985</b>	<b>279,711</b>	<b>250,544</b>