



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

	March 31,2012		December 31,2011		March 31,2011		QoQ		YoY	
<b>Current assets</b>										
Cash and cash equivalents	341,632	24%	279,711	20%	267,584	21%	61,921	22%	74,048	28%
Financial assets at fair value through profit or loss	62,901	4%	62,887	5%	164,407	13%	14	0%	(101,506)	-62%
Notes receivable, net	3,050	0%	3,399	0%	4,987	0%	(349)	-10%	(1,937)	-39%
Accounts receivable, net	198,859	14%	228,303	16%	157,394	12%	(29,444)	-13%	41,465	26%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	35,801	3%	35,852	2%	31,851	2%	(51)	0%	3,950	12%
Inventories, Net	489,441	34%	482,857	35%	376,442	29%	6,584	1%	112,999	30%
Other current assets	27,741	2%	53,120	3%	32,897	3%	(25,379)	-48%	(5,156)	-16%
<b>Total current assets</b>	<b>1,159,425</b>	<b>81%</b>	<b>1,146,129</b>	<b>81%</b>	<b>1,035,562</b>	<b>81%</b>	<b>13,296</b>	<b>1%</b>	<b>123,863</b>	<b>12%</b>
<b>Long-term investments</b>										
Investments accounted for by the equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	16,390	1%	10,419	1%	13,374	1%	5,971	57%	3,016	23%
<b>Total long-term investments</b>	<b>16,390</b>	<b>1%</b>	<b>16,410</b>	<b>1%</b>	<b>13,374</b>	<b>1%</b>	<b>(20)</b>	<b>0%</b>	<b>3,016</b>	<b>23%</b>
<b>Property, plant and equipment</b>										
Property, plant and equipment	341,283	24%	331,199	24%	316,022	25%	10,084	3%	25,261	8%
Less: Accumulated depreciation	(193,135)	-14%	(184,562)	-13%	(174,505)	-14%	(8,573)	5%	(18,630)	11%
Less: Accumulated impairment	0	0%	0	0%	0	0%	0	0%	0	0%
Construction in progress and prepayments for equipment	14,012	1%	8,428	0%	6,038	0%	5,584	66%	7,974	132%
<b>Total property, plant and equipment</b>	<b>162,160</b>	<b>11%</b>	<b>155,065</b>	<b>11%</b>	<b>147,555</b>	<b>12%</b>	<b>7,095</b>	<b>5%</b>	<b>14,605</b>	<b>10%</b>
<b>Intangible assets and other assets</b>										
	86,683	6%	78,350	6%	80,798	6%	8,333	11%	5,885	7%
<b>Total assets</b>	<b>1,424,658</b>	<b>100%</b>	<b>1,395,954</b>	<b>100%</b>	<b>1,277,289</b>	<b>100%</b>	<b>28,704</b>	<b>2%</b>	<b>147,369</b>	<b>12%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Short-term bills payable	0	0%	0	0%	0	0%	0	0%	0	0%
Financial liabilities at fair value through profit or loss	0	0%	0	0%	0	0%	0	0%	0	0%
Notes payable	0	0%	0	0%	0	0%	0	0%	0	0%
Accounts payable	106,376	7%	153,369	11%	101,127	8%	(46,993)	-31%	5,249	5%
Accounts payable - related parties	0	0%	11,582	1%	0	0%	(11,582)	-100%	0	0%
Income tax payable	49,855	3%	15,575	1%	25,028	2%	34,280	220%	24,827	99%
Accrued expenses	124,817	9%	113,582	8%	90,744	7%	11,235	10%	34,073	38%
Other payable - related parties	0	0%	381	0%	0	0%	(381)	-100%	0	0%
Other payable	7,433	1%	11,546	1%	5,157	0%	(4,113)	-36%	2,276	44%
Other current liabilities	16,139	1%	23,968	2%	22,374	2%	(7,829)	-33%	(6,235)	-28%
<b>Total current liabilities</b>	<b>304,620</b>	<b>21%</b>	<b>330,003</b>	<b>24%</b>	<b>244,430</b>	<b>19%</b>	<b>(25,383)</b>	<b>-8%</b>	<b>60,190</b>	<b>25%</b>
<b>Other liabilities</b>	<b>15,211</b>	<b>1%</b>	<b>15,346</b>	<b>1%</b>	<b>15,799</b>	<b>1%</b>	<b>(135)</b>	<b>-1%</b>	<b>(588)</b>	<b>-4%</b>
<b>Total liabilities</b>	<b>319,831</b>	<b>22%</b>	<b>345,349</b>	<b>25%</b>	<b>260,229</b>	<b>20%</b>	<b>(25,518)</b>	<b>-7%</b>	<b>59,602</b>	<b>23%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital stock	709,811	50%	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	486,867	34%	409,535	29%	474,684	37%	77,332	19%	12,183	3%
Others-cumulative translation adjustments	(5,649)	0%	(5,379)	0%	(6,615)	-1%	(270)	5%	966	-15%
Treasury stock	(89,645)	-6%	(64,463)	-5%	(161,921)	-13%	(25,182)	39%	72,276	-45%
minority interest	2,342	0%	0	0%	0	0%	2,342	0%	2,342	0%
<b>Total shareholders' equity</b>	<b>1,104,827</b>	<b>78%</b>	<b>1,050,605</b>	<b>75%</b>	<b>1,017,060</b>	<b>80%</b>	<b>54,222</b>	<b>5%</b>	<b>87,767</b>	<b>9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,424,658</b>	<b>100%</b>	<b>1,395,954</b>	<b>100%</b>	<b>1,277,289</b>	<b>100%</b>	<b>28,704</b>	<b>2%</b>	<b>147,369</b>	<b>12%</b>



**CIPHERLAB CO.,LTD.and Subsidiaries**  
**Consolidated Condensed Income Statements**  
**FOR THE THREE MONTHS ENDED March 31,2012 ,December 31 and March 31 ,2011**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Q1 2012		Q4 2011		Q1 2011		QoQ		YoY	
Net Sales	360,328	100%	1,557,865	100%	278,933	100%	(1,197,537)	-77%	81,395	29%
Cost of Goods Sold	(193,209)	-54%	(811,777)	-52%	(146,221)	-52%	618,568	-76%	(46,988)	32%
Gross Profit	167,119	46%	746,088	48%	132,712	48%	(578,969)	-78%	34,407	26%
Operating Expenses										
Sales and marketing expenses	(44,137)	-12%	(246,814)	-16%	(42,928)	-15%	202,677	-82%	(1,209)	3%
General and administrative expens	(30,297)	-8%	(135,453)	-9%	(32,032)	-11%	105,156	-78%	1,735	-5%
Research and development expens	(37,677)	-10%	(148,005)	-10%	(30,228)	-11%	110,328	-75%	(7,449)	25%
Total operating expenses	(112,111)	-31%	(530,272)	-35%	(105,188)	-38%	0%	0%	0%	0%
Operating Income	55,008	15%	215,816	13%	27,524	10%	(160,808)	-75%	27,484	100%
Non-operating Income										
Interest income	860	0%	1,627	0%	294	0%	(767)	-47%	566	193%
Investment income recognized und	8	0%	71	0%	0	0%	(63)	-89%	8	0%
Dividend income	0	0%	187	0%	0	0%	(187)	-100%	0	0%
Gain on sale of investments, net	0	0%	179	-	0	-	(179)	-100%	0	0%
Exchange gain, net	0	0%	19,767	1%	3,549	1%	(19,767)	-100%	(3,549)	-100%
Reversal of bad debt expenses	0	0%	5,847	0%	3,728	1%	(5,847)	-100%	(3,728)	-100%
Valuation gain on financial assets,	102	0%	106	0%	2,227	1%	(4)	-4%	(2,125)	-95%
Miscellaneous income	349	0%	5,513	0%	198	0%	(5,164)	-94%	151	76%
Total non-operating income and gains	1,319	-1%	33,297	1%	9,996	3%	(31,978)	-96%	(8,677)	-87%
Non-operating expenses and losses										
Interest expense	0	0%	(66)	0%	0	0%	66	-100%	0	0%
Loss on disposal of property, plant	(8)	0%	(446)	0%	(396)	0%	438	-98%	388	-98%
Exchange loss, net	(9,336)	-3%	0	0%	0	0%	(9,336)	0%	(9,336)	0%
Miscellaneous expenses	(3)	0%	(117)	0%	(6)	0%	114	-97%	3	-50%
Total non-operating expenses and losses	(9,347)	-3%	(629)	0%	(402)	0%	(8,718)	1386%	(8,945)	2225%
Income before income tax	46,980	13%	248,484	14%	37,118	13%	(201,504)	-81%	9,862	27%
Income tax expense (benefit)	(7,834)	-2%	(61,505)	-4%	(5,260)	-2%	53,671	-87%	(2,574)	49%
Net income	39,146	11%	186,979	10%	31,858	11%	(147,833)	-79%	7,288	23%
Treasury stock	39,154	11%	186,979	10%	31,858	11%	(147,825)	-79%	7,296	23%
minority interest	-8	0%	0	0%	0	0%	-8	0%	-8	0%
Net income	39,146	11%	186,979	10%	31,858	11%	(147,833)	-79%	7,288	23%
Earnings Per Share										
Basic Earnings Per Share Before Inco	0.69		3.63		0.55		2.94		0.14	
Basic Earnings Per Share After Incom	0.57		2.75		0.47		2.18		0.10	



**CIPHERLAB CO.,LTD.and Subsidiaries**  
**Consolidated Condensed Statements of Cash Flows**  
**For the Year Ended March 31, 2012 and 2011**  
**(In Thousands of New Taiwan Dollars)**

	<u>Q1 2012</u>	<u>Q1 2011</u>
Cash flows from operating activities		
Net income	39,146	31,858
Depreciation	5,583	5,040
Amortization	3,840	5,296
Provision(Reversal) for doubtful accounts	35	(3,728)
Provision for (Recovery of) loss on inventories	5,799	10,022
Loss (gain) on disposal of property, plant and equipment	8	396
Valuation loss (gain) on financial instruments	(102)	(2,227)
Deferred income tax	(1,410)	61
Changes in operating assets and liabilities:	(1,420)	43,920
Financial assets at fair value through profit or loss - current	0	83
Others	68	(220)
Net cash provided by (used in) operating activities	<u>51,547</u>	<u>90,501</u>
Cash flows from investing activities		
Acquisition of investments accounted for by equity method	0	(2,955)
Acquisition of property, plant and equipment	(14,074)	(6,233)
Acquisition of intangible assets	(2,883)	(13,020)
Decrease (increase) in restricted assets	0	98
Decrease (increase) in refundable deposits	593	733
Increase in deferred charges	94	(703)
Net cash used in investing activities	<u>(16,270)</u>	<u>(22,080)</u>
Cash flows from financing activities		
Cash paid for acquisition of treasury stock	(25,182)	(50,963)
Treasury Stock Sold to Employees	0	0
Proceed fm New Issue	2,350	0
Net cash used in financing activities	<u>(22,832)</u>	<u>(50,963)</u>
Effect of exchange rate changes	4,202	(418)
Net decrease in cash and cash equivalents	16,647	17,040
Cash and cash equivalents at beginning of period	<u>324,985</u>	<u>250,544</u>
Cash and cash equivalents at end of period	<u><u>341,632</u></u>	<u><u>267,584</u></u>