



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

	March 31,2012		December 31,2012		March 31,2011		QoQ		YoY	
<b>Current assets</b>										
Cash and Cash Equivalents	240,898	17%	281,353	19%	229,031	18%	(40,455)	-14%	11,867	5%
Financial Assets at Fair Value through Profit or Loss	62,901	4%	62,799	4%	164,407	13%	102	0%	(101,506)	-62%
Notes Receivable, Net	3,050	1%	4,603	0%	4,987	0%	(1,553)	-34%	(1,937)	-39%
Accounts Receivable, Net	150,228	10%	198,883	13%	116,192	9%	(48,655)	-24%	34,036	29%
Accounts Receivable – related parties, Net	103,648	7%	128,965	8%	94,569	7%	(25,317)	-20%	9,079	10%
Other receivables , Net	34,620	2%	36,589	2%	30,646	2%	(1,969)	-5%	3,974	13%
Other receivables – related parties, Net	48,962	3%	37,456	2%	8,192	1%	11,506	31%	40,770	498%
Inventories, Net	416,669	29%	428,691	28%	331,637	26%	(12,022)	-3%	85,032	26%
Other Current Assets	26,514	2%	28,120	2%	31,084	2%	(1,606)	-6%	(4,570)	-15%
<b>Total Current Assets</b>	<b>1,087,490</b>	<b>76%</b>	<b>1,207,459</b>	<b>80%</b>	<b>1,010,745</b>	<b>78%</b>	<b>(119,969)</b>	<b>-10%</b>	<b>76,745</b>	<b>8%</b>
<b>Long-term Equity Investments</b>										
Financial Assets Carried at Cost - concurrent	101,871	7%	55,562	4%	42,196	3%	46,309	1	59,675	141%
Long-term Equity Investments	10,419	1%	10,419	1%	13,374	1%	0	0%	(2,955)	-22%
Advance payments for investments	-	-	-	0%	-	0%	-	-	0	0%
<b>Total Long-term Equity Investments</b>	<b>112,290</b>	<b>8%</b>	<b>65,981</b>	<b>4%</b>	<b>55,570</b>	<b>4%</b>	<b>46,309</b>	<b>70%</b>	<b>56,720</b>	<b>102%</b>
<b>Property, Plant and Equipment</b>										
Property, Plant and Equipment	332,648	23%	329,164	22%	309,043	24%	3,484	1%	23,605	8%
Less : Accumulated depreciation	(187,256)	-13%	(182,201)	-12%	(169,428)	-13%	(5,055)	3%	(17,828)	11%
Less : Accumulated impairment loss	-	-	-	0%	-	0%	-	-	0	0%
construction in progress and prepayments for equipn	14,012	1%	13,039	1%	6,038	0%	973	7%	7,974	132%
<b>Property, Plant and Equipment, Net</b>	<b>159,404</b>	<b>11%</b>	<b>160,002</b>	<b>11%</b>	<b>145,653</b>	<b>11%</b>	<b>(598)</b>	<b>0%</b>	<b>13,751</b>	<b>9%</b>
<b>Intangible and Other assets</b>	<b>85,118</b>	<b>6%</b>	<b>83,983</b>	<b>6%</b>	<b>78,790</b>	<b>6%</b>	<b>1,135</b>	<b>1%</b>	<b>6,328</b>	<b>8%</b>
<b>TOTAL ASSETS</b>	<b>1,444,302</b>	<b>100%</b>	<b>1,517,425</b>	<b>100%</b>	<b>1,290,758</b>	<b>100%</b>	<b>(73,123)</b>	<b>-5%</b>	<b>153,544</b>	<b>12%</b>
<b>LIABILITIES :</b>										
<b>Current Liabilities</b>										
Accounts Payable	98,099	7%	133,653	9%	96,235	7%	(35,554)	-27%	1,864	2%
Accounts Payable – related parties, Net	8,277	1%	10,400	1%	4,901	0%	(2,123)	-20%	3,376	69%
Income Tax Payable	49,505	3%	40,110	3%	24,655	2%	9,395	23%	24,850	101%
Accrued Expenses	120,067	8%	164,774	11%	87,902	7%	(44,707)	-27%	32,165	37%
Other payable - related parties	4,301	0%	6,998	0%	976	0%	(2,697)	-39%	3,325	341%
Other payable	5,036	0%	16,696	1%	3,336	0%	(11,660)	-70%	1,700	51%
Other Current Liabilities	16,044	1%	18,204	1%	21,856	2%	(2,160)	-12%	(5,812)	-27%
<b>Total Current Liabilities</b>	<b>301,329</b>	<b>21%</b>	<b>390,835</b>	<b>26%</b>	<b>239,861</b>	<b>19%</b>	<b>(89,506)</b>	<b>-23%</b>	<b>61,468</b>	<b>26%</b>
<b>Other liabilities</b>	<b>40,488</b>	<b>3%</b>	<b>42,120</b>	<b>3%</b>	<b>33,837</b>	<b>3%</b>	<b>(1,632)</b>	<b>-4%</b>	<b>6,651</b>	<b>20%</b>
<b>Total Liabilities</b>	<b>341,817</b>	<b>24%</b>	<b>432,955</b>	<b>29%</b>	<b>273,698</b>	<b>21%</b>	<b>(91,138)</b>	<b>-21%</b>	<b>68,119</b>	<b>25%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital Stock	709,811	49%	709,811	47%	709,811	55%	-	0%	-	0%
Capital Surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Retained Earnings	486,867	34%	447,713	30%	474,684	37%	39,154.00	9%	12,183.00	3%
Others-Cumulative Translation Adjustments	(5,649)	0%	(5,787)	0%	(6,615)	-1%	138.00	-2%	966.00	-15%
Treasury stock	(89,645)	-6%	(68,368)	-5%	(161,921)	-13%	21,277.00	31%	72,276.00	-45%
<b>Total Shareholders' Equity</b>	<b>1,102,485</b>	<b>77%</b>	<b>1,084,470</b>	<b>71%</b>	<b>1,017,060</b>	<b>79%</b>	<b>18,015</b>	<b>2%</b>	<b>85,425</b>	<b>8%</b>



CIPHERLAB CO.,LTD.

Condensed Income Statements (Unconsolidated)

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	336,438	100%	1,518,756	100%	279,668	100%	(1,182,318)	-78%	56,770	20%
Cost of Goods Sold	(191,255)	-57%	(857,769)	-56%	(165,432)	-59%	666,514	-78%	(25,823)	16%
Gross Profit	145,183	43%	660,987	44%	114,236	41%	(515,804)	-78%	30,947	27%
Unrealized Profit	(25,277)	-8%	(26,985)	-2%	(18,038)	-6%	1,708	-6%	(7,239)	40%
Realized Profit	26,985	8%	16,047	1%	16,047	6%	10,938	100%	10,938	68%
Realized Gross Profit	146,891	44%	650,049	43%	112,245	40%	(503,158)	-77%	34,646	31%
Operating Expenses										
Sales and marketing expenses	(34,587)	-10%	(203,531)	-13%	(38,627)	-14%	168,944	-83%	4,040	-10%
General and administrative expenses	(16,617)	-5%	(80,863)	-5%	(17,420)	-6%	64,246	-79%	803	-5%
Research and development expenses	(37,682)	-11%	(148,312)	-10%	(27,507)	-10%	110,630	-75%	(10,175)	37%
Total operating expenses	(88,886)	-26%	(432,706)	-28%	(83,554)	-30%				
Operating Income	58,005	17%	217,343	14%	28,691	10%	490,711	-113%	29,314	102%
Non-operating Income										
Interest income	813	0%	1,485	0%	277	0%	(672)	-45%	536	194%
Investment income recognized under equity method	0	0%	2,972	0%	0	0%	(2,972)	-100%	0	0%
Dividend income	0	0%	187	0%	0	0%	(187)	-100%	0	0%
Gain on sale of investments, net	0	0%	179.00	0%	0	0%	(179)	-100%	0	0%
Exchange gain, net	0	0%	18,143	1%	3,283	1%	(18,143)	-100%	(3,283)	-100%
Reversal of bad debt expenses	58	0%	5,901	0%	3,586	1%	(5,843)	-99%	(3,528)	-98%
Valuation gain on financial assets, net	102	0%	106	0%	2,227	1%	(4)	-4%	(2,125)	-95%
Valuation gain on financial liabilities, net	0	0%	0	0%	-	0%	0	0%	0	0%
Miscellaneous income	416	0%	1,037	0%	140	0%	(621)	-60%	276	197%
Total non-operating income and gains	1,389	0%	30,010	2%	9,513	3%	(28,621)	-95%	(8,124)	-85%
Non-operating expenses and losses										
Interest expense	0	0%	(66)	0%	0	0%	66	-100%	0	0%
Investment loss recognized under equity method	(3,030)	-1%	0	0%	(1,081)	0%	(3,030)	0%	(1,949)	100%
Loss on disposal of property, plant and equipment	(8)	0%	(5)	0%	(5)	0%	(3)	60%	(3)	200%
Exchange loss, net	(9,175)	-3%	0	0%	0	0%	(9,175)	0%	(9,175)	500%
Total non-operating expenses and losses	(12,213)	-4%	(71)	0%	(1,086)	0%	(12,142)	17101%	(11,127)	1025%
Income before income tax	47,181	14%	247,282	16%	37,118	13%	(200,101)	-81%	10,063	27%
Income tax expense (benefit)	(8,027)	-2%	(60,303)	-4%	(5,260)	-2%	52,276	-87%	(2,767)	53%
Net income	39,154	12%	186,979	12%	31,858	11%	(147,825)	-79%	7,296	23%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.69		3.63		0.55		(2.94)		0.14	
Basic Earnings Per Share After Income Tax	0.57		2.75		0.47		(2.18)		0.10	



## CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)  
FOR THE THREE MONTHS ENDED March 31,2012 AND 2011  
(In Thousands of New Taiwan Dollars)

	Q1 2012	Q1 2011
Cash flows from operating activities		
Net income	39,154	31,858
Depreciation	5,352	4,823
Amortization	3,808	5,266
Provision(Reversal) for doubtful accounts	0	0
Provision for (Recovery of) loss on inventories	(317)	10,045
Loss (gain) on sale of investments	0	0
Investment loss (income) recognized under equity method	3,030	1,081
Loss (Gain) on disposal of property, plant and equipment	8	5
Valuation loss (gain) on financial instruments	(102)	(2,227)
Reversal of impairment loss on financial instruments	0	0
Impairment loss	0	0
Unrealized gross profit	25,277	18,038
Realized gross profit	(26,985)	(16,047)
Deferred income tax	(1,410)	61
Changes in operating assets and liabilities:	0	0
Financial assets at fair value through profit or loss - current	0	83
Others	14,656	39,260
Net cash provided by (used in) operating activities	62,471	92,246
Cash flows from investing activities		
Acquisition of investments accounted for by equity method	(47,650)	0
Acquisition of property, plant and equipment	(13,901)	(5,323)
Acquisition of Intangible assets	(2,878)	(12,771)
Decrease (Increase) in other receivables – related parties	(13,029)	(4,795)
Others	(221)	(2,955)
Net cash used in investing activities	(77,679)	(25,844)
Cash flows from financing activities		
Increase in short-term bills payable	(65)	603
Cash dividends	0	0
Cash bonus to directors, supervisors and employees	0	0
Cash paid for acquisition of treasury stock	(25,182)	(50,963)
Treasury Stock Sold to Employees	0	0
Others	0	0
Increase (decrease) in short-term loans	0	0
Increase (decrease) in guarantee deposits received	0	0
Net cash used in financing activities	(25,247)	(50,360)
Effect of exchange rate changes		
Net decrease in cash and cash equivalents	(40,455)	16,042
Cash and cash equivalents at beginning of period	281,353	212,989
Cash and cash equivalents at end of period	240,898	229,031