



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

	September 30, 2010		June 30, 2010		September 30, 2009		QoQ		YoY		
ASSETS:											
Current assets											
Cash and cash equivalents	167,842	13%	180,634	14%	204,126	18%	(12,792)	-7%	(36,284)	-18%	
Financial assets at fair value through profit or loss - current	168,349	13%	163,850	13%	149,682	13%	4,499	3%	18,667	12%	
Notes receivable, net	4,316	0%	3,110	0%	5,076	0%	1,206	39%	(760)	-15%	
Accounts receivable, net	137,698	11%	170,105	13%	145,029	13%	(32,407)	-19%	(7,331)	-5%	
Accounts receivable - related parties, net	99,346	8%	99,161	8%	77,069	7%	185	0%	22,277	29%	
Other receivables- net	31,695	2%	35,153	3%	45,359	4%	(3,458)	-10%	(13,664)	-30%	
Other receivables- related parties, net	1,480	0%	2,436	0%	1,284	0%	(956)	-39%	196	15%	
Inventories, net	400,794	31%	362,562	28%	249,992	22%	38,232	11%	150,802	60%	
Other current assets	16,425	1%	11,247	1%	17,537	1%	5,178	46%	(1,112)	-6%	
Total current assets	1,027,945	79%	1,028,258	80%	895,154	78%	(313)	0%	132,791	15%	
Long-term investments											
Investments accounted for by the equity method	41,302	3%	18,838	1%	15,856	1%	22,464	119%	25,446	160%	
Financial assets carried at cost - noncurrent	10,419	1%	10,419	1%	17,012	2%	-	0%	(6,593)	-39%	
Total long-term investments	51,721	4%	29,257	2%	32,868	3%	22,464	77%	18,853	57%	
Property, plant and equipment											
Property, plant and equipment	298,163	23%	297,263	23%	280,000	24%	900	0%	18,163	6%	
Less: Accumulated depreciation	(159,188)	-12%	(153,884)	-12%	(139,720)	-12%	(5,304)	3%	(19,468)	14%	
Less: Accumulated impairment	-	0%	-	0%	(5,170)	0%	-	0%	5,170	-100%	
Construction in progress and prepayments for equipment	4,691	0%	4,188	1%	2,697	0%	503	12%	1,994	74%	
Total property, plant and equipment	143,666	11%	147,567	12%	137,807	12%	(3,901)	-3%	5,859	4%	
Intangible assets and other assets											
	70,199	6%	75,570	6%	87,134	7%	(5,371)	-7%	(16,935)	-19%	
Total assets	1,293,531	100%	1,280,652	100%	1,152,963	100%	12,879	1%	140,568	12%	
LIABILITIES :											
Current liabilities											
Notes payable	2	0%	-	0%	1,146	0%	2	0%	(1,144)	-100%	
Accounts payable	60,782	5%	103,177	8%	49,455	4%	(42,395)	-41%	11,327	23%	
Accounts payable - related parties	4,619	0%	15,694	1%	3,228	0%	(11,075)	-71%	1,391	43%	
Income tax payable	32,505	3%	21,358	2%	15,177	1%	11,147	52%	17,328	114%	
Accrued expenses	113,620	9%	112,183	9%	74,909	7%	1,437	1%	38,711	52%	
Other payable - related parties	635	0%	2,071	0%	-	0%	(1,436)	-69%	635	0%	
Other payable	3,191	0%	8,222	1%	2,999	0%	(5,031)	-61%	192	6%	
Other current liabilities	24,957	2%	21,125	1%	48,497	5%	3,832	18%	(23,540)	-49%	
Total current liabilities	240,311	19%	283,830	22%	195,411	17%	(43,519)	-15%	44,900	23%	
Other liabilities											
	33,496	3%	31,397	3%	29,499	3%	2,099	7%	3,997	14%	
Total liabilities	273,807	22%	315,227	25%	224,910	20%	(41,420)	-13%	48,897	22%	
SHAREHOLDERS' EQUITY :											
Capital stock	709,811	55%	709,811	55%	709,811	61%	-	0%	-	0%	
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%	
Retained earnings	413,944	32%	360,639	28%	321,757	28%	53,305	15%	92,187	29%	
Others-cumulative translation adjustments	(7,674)	-1%	(8,668)	-1%	(7,158)	-1%	994	-11%	(516)	7%	
Treasury stock	(97,458)	-8%	(97,458)	-7%	(97,458)	-8%	-	0%	-	0%	
Total shareholders' equity	1,019,724	78%	965,425	75%	928,053	80%	54,299	6%	91,671	10%	
Total liabilities and shareholders' equity	1,293,531	100%	1,280,652	100%	1,152,963	100%	12,879	1%	140,568	12%	



CIPHERLAB CO.,LTD.
Condensed Income Statements (Unconsolidated)
For the Nine Months Ended September 30, 2010 and 2009
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Nine Months 2010		Nine Months 2009		YoY	
Net Sales	972,360	100%	764,647	100%	207,713	27%
Cost of Goods Sold	(513,648)	-53%	(414,797)	-54%	(98,851)	24%
Gross Profit	458,712	47%	349,850	46%	108,862	31%
Unrealized Profit	(17,559)	-2%	(13,131)	-2%	(4,428)	34%
Realized Profit	16,281	2%	25,451	3%	(9,170)	-36%
Realized Gross Profit	457,434	47%	362,170	47%	95,264	26%
Operating Expenses						
Sales and marketing expenses	(123,980)	-13%	(105,241)	-14%	(18,739)	18%
General and administrative expenses	(55,840)	-6%	(46,204)	-6%	(9,636)	21%
Research and development expenses	(88,904)	-9%	(88,281)	-11%	(623)	1%
Total operating expenses	(268,724)	-28%	(239,726)	-31%	(28,998)	12%
Operating Income	188,710	19%	122,444	16%	66,266	54%
Non-operating Income						
Interest income	1,285	0%	1,109	0%	176	16%
Investment income recognized under equity method	9,133	1%	-	0%	9,133	0%
Dividend income	-	0%	765	0%	(765)	-100%
Gain on disposal of property, plant and equipment	-	0%	148	0%	(148)	-100%
Reversal of bad debt expenses	2,864	0%	-	0%	2,864	0%
Valuation gain on financial assets, net	5,586	1%	490	0%	5,096	1040%
Miscellaneous income	1,276	0%	865	0%	411	48%
Total non-operating income and gains	20,144	2%	3,377	0%	16,767	497%
Non-operating expenses and losses						
Interest expense	(132)	0%	(16)	0%	(116)	725%
Investment loss recognized under equity method	-	0%	(14,415)	-2%	14,415	-100%
Exchange loss, net	(1,704)	0%	(2,223)	0%	519	-23%
Total non-operating expenses and losses	(1,836)	0%	(16,654)	-2%	14,818	-89%
Income before income tax	207,018	21%	109,167	14%	97,851	90%
Income tax expense (benefit)	(47,574)	-5%	(26,918)	-3%	(20,656)	77%
Net income	159,444	16%	82,249	11%	77,195	94%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	3.00		1.58		1.42	
Basic Earnings Per Share After Income Tax	2.31		1.19		1.12	



CIPHERLAB CO.,LTD.
Condensed Income Statements (Unconsolidated)
For the Three Months Ended September 30, 2010, June 30, 2010 and September 30, 2009
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	3Q 2010		2Q 2010		3Q 2009		QoQ		YoY	
Net Sales	306,492	100%	381,428	100%	275,689	100%	(74,936)	-20%	30,803	11%
Cost of Goods Sold	(158,280)	-52%	(208,258)	-55%	(151,019)	-55%	49,978	-24%	(7,261)	5%
Gross Profit	148,212	48%	173,170	45%	124,670	45%	(24,958)	-14%	23,542	19%
Unrealized Profit	(2,009)	-1%	(15,550)	-4%	(13,131)	-5%	13,541	-87%	11,122	-85%
Realized Profit	-	0%	13,223	3%	13,551	5%	(13,223)	-100%	(13,551)	-100%
Realized Gross Profit	146,203	47%	170,843	44%	125,090	45%	(24,640)	-14%	21,113	17%
Operating Expenses										
Sales and marketing expenses	(39,597)	-13%	(47,660)	-12%	(43,195)	-16%	8,063	-17%	3,598	-8%
General and administrative expenses	(18,198)	-6%	(18,985)	-5%	(14,964)	-5%	787	-4%	(3,234)	22%
Research and development expenses	(26,216)	-8%	(32,957)	-9%	(30,405)	-11%	6,741	-20%	4,189	-14%
Total operating expenses	(84,011)	-27%	(99,602)	-26%	(88,564)	-32%	15,591	-16%	4,553	-5%
Operating Income	62,192	20%	71,241	18%	36,526	13%	(9,049)	-13%	25,666	70%
Non-operating Income										
Interest income	364	0%	379	0%	227	0%	(15)	-4%	137	60%
Investment income recognized under equity method	7,099	2%	1,823	0%	-	0%	5,276	289%	7,099	0%
Exchange gain, net	-	0%	5,769	2%	-	0%	(5,769)	-100%	-	0%
Reversal of bad debt expenses	1,770	1%	1,094	0%	-	0%	676	62%	1,770	0%
Valuation gain on financial assets, net	4,501	1%	1,130	0%	59	0%	3,371	298%	4,442	7529%
Miscellaneous income	224	0%	757	0%	516	0%	(533)	-70%	(292)	-57%
Total non-operating income and gains	13,958	4%	10,952	2%	802	0%	3,006	27%	13,156	1640%
Non-operating expenses and losses										
Interest expense	(63)	0%	(69)	0%	-	0%	6	-9%	(63)	0%
Exchange loss, net	(7,045)	-2%	-	0%	(5,273)	-2%	(7,045)	0%	(1,772)	34%
Total non-operating expenses and losses	(7,108)	-2%	(69)	0%	(6,052)	-2%	(7,039)	10201%	(1,056)	17%
Income before income tax	69,042	22%	82,124	20%	31,276	11%	(13,082)	-16%	37,766	121%
Income tax expense (benefit)	(15,737)	-5%	(12,483)	-3%	(6,343)	-1%	(3,254)	26%	(9,394)	148%
Net income	53,305	17%	69,641	17%	24,933	9%	(16,336)	-23%	28,372	114%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	1.00		1.19		0.45		(0.19)		0.55	
Basic Earnings Per Share After Income Tax	0.77		1.01		0.36		(0.24)		0.41	



CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)

For the Nine Months Ended September 30, 2010 and for the Three Months Ended September 30, 2010, June 30, 2010 and September 30, 2009

(In Thousands of New Taiwan Dollars)

	<u>Nine Months 2010</u>	<u>3Q 2010</u>	<u>2Q 2010</u>	<u>3Q 2009</u>
Cash flows from operating activities				
Net income	159,444	53,305	69,641	24,933
Depreciation	16,491	5,413	5,526	5,819
Amortization	15,957	5,113	5,252	3,420
Provision(Reversal) for doubtful accounts	(2,864)	(1,770)	(3,309)	(1,051)
Provision for (Recovery of) loss on inventories	5,130	(820)	11,854	4,434
Investment loss (income) recognized under equity method	(9,133)	(7,099)	(1,823)	779
Valuation loss (gain) on financial instruments	(5,586)	(4,501)	(1,130)	(59)
Financial assets at fair value through profit or loss - current	(13,033)	2	22,826	-
Others	(168,630)	(41,390)	(42,418)	41,960
Net cash provided by (used in) operating activities	<u>(2,224)</u>	<u>8,253</u>	<u>66,419</u>	<u>80,235</u>
Cash flows from investing activities				
Acquisition of investments accounted for by equity method	(20,000)	(20,000)	-	(4,443)
Acquisition of property, plant and equipment	(9,349)	(3,959)	(2,973)	(2,297)
Acquisition of Intangible assets	(5,467)	(3,410)	71	(8,956)
Decrease (Increase) in other receivables – related parties	338	6,421	(6,083)	5,567
Others	3,435	(203)	5,492	148
Net cash used in investing activities	<u>(31,043)</u>	<u>(21,151)</u>	<u>(3,493)</u>	<u>(9,981)</u>
Cash flows from financing activities				
Increase in short-term bills payable	-	-	-	(20,000)
Cash dividends	(103,472)	-	(103,472)	-
Others	108	106	(27)	-
Net cash used in financing activities	<u>(103,364)</u>	<u>106</u>	<u>(103,499)</u>	<u>(20,000)</u>
Net decrease in cash and cash equivalents	<u>(136,631)</u>	<u>(12,792)</u>	<u>(40,573)</u>	<u>50,254</u>
Cash and cash equivalents at beginning of period	<u>304,473</u>	<u>180,634</u>	<u>221,207</u>	<u>153,872</u>
Cash and cash equivalents at end of period	<u>167,842</u>	<u>167,842</u>	<u>180,634</u>	<u>204,126</u>