



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

	June 30,2012		March 31,2012		June 30,2011		QoQ		YoY	
Current assets										
Cash and cash equivalents	247,104	19%	341,632	24%	165,976	16%	(94,528)	-28%	81,128	49%
Financial assets at fair value through profit or loss - curr	0	0%	62,901	4%	64,700	13%	(62,901)	-100%	(64,700)	-100%
Notes receivable, net	3,291	0%	3,050	0%	7,227	0%	241	8%	(3,936)	-54%
Accounts receivable, net	263,305	20%	198,859	14%	252,501	17%	64,446	32%	10,804	4%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	36,367	3%	35,801	3%	34,678	3%	566	2%	1,689	5%
Inventories, Net	469,366	35%	489,441	34%	396,047	31%	(20,075)	-4%	73,319	19%
Other current assets	26,911	2%	27,741	2%	53,203	1%	(830)	-3%	(26,292)	-49%
Total current assets	1,046,344	79%	1,159,425	81%	974,332	81%	(113,081)	-10%	72,012	7%
Long-term investments										
Investments accounted for by the equity method	5,994	0%	5,971	0%	-	0%	23	0%	5,994	0%
Financial assets carried at cost – noncurrent	10,419	1%	10,419	1%	13,374	1%	0	0%	(2,955)	-22%
Prepayments for investments	-	-	-	-	2,940	-	-	-	2,940.00	- 1.00
Total long-term investments	16,413	1%	16,390	1%	16,314	1%	23	0%	99	1%
Property, plant and equipment										
Property, plant and equipment	351,195	26%	341,283	24%	325,869	24%	9,912	3%	25,326	8%
Less: Accumulated depreciation	(199,211)	-15%	(193,135)	-14%	(179,686)	-12%	(6,076)	3%	(19,525)	11%
Less: Accumulated impairment	-	0%	-	0%	-	0%	-	0%	-	0
Construction in progress and prepayments for equipmen	27,162	2%	14,012	1%	4,229	0%	13,150	94%	22,933	542%
Total property, plant and equipment	179,146	13%	162,160	11%	150,412	12%	16,986	10%	28,734	19%
Intangible assets and other assets	90,891	7%	86,683	6%	76,251	6%	4,208	5%	14,640	19%
Total assets	1,332,794	100%	1,424,658	100%	1,217,309	100%	(91,864)	-6%	115,485	9%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	-	0%	-	0%	-	0	-	0%
Accounts payable	117,139	9%	98,099	7%	106,190	8%	19,040	19%	10,949	10%
Accounts payable - related parties	4,852	0%	8,277	1%	8,322	1%	(3,425)	-41%	(3,470)	-42%
Income tax payable	53,187	4%	49,855	3%	11,120	2%	3,332	7%	42,067	378%
Accrued expenses	128,445	10%	124,817	9%	101,063	9%	3,628	3%	27,382	27%
Other payable - related parties	0	0%	0	0%	22	0%	0	0%	(22)	-100%
Other payable	10,851	1%	7,433	1%	7,163	1%	3,418	46%	3,688	51%
Other current liabilities	9,011	1%	16,139	1%	27,756	2%	(7,128)	-44%	(18,745)	-68%
Total current liabilities	323,485	24%	304,620	21%	261,636	23%	18,865	6%	61,849	24%
Other liabilities	15,291	1%	15,211	1%	15,560	1%	80	1%	(269)	-2%
Total liabilities	338,776	25%	319,831	22%	277,196	24%	18,945	6%	61,580	22%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	53%	709,811	50%	709,811	56%	0	0%	0	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Share-based Payments	0	0%	0	0%	25,614	0%	0	0%	25,614	-100%
Retained earnings	376,876	28%	486,867	34%	371,001	28%	(109,991)	-23%	5,875	2%
Others-cumulative translation adjustments	(6,201)	0%	(5,649)	0%	(5,493)	-1%	(552)	10%	(708)	13%
Treasury stock	(89,645)	-7%	(89,645)	-6%	(161,921)	-7%	0	0%	72,276	-45%
Minority interest	2,076	0%	2,342	0%	0	-7%	(266)	-11%	2,076	0%
Total shareholders' equity	994,018	75%	1,104,827	78%	940,113	76%	(110,809)	-10%	53,905	6%
Total liabilities and shareholders' equity	1,332,794	100%	1,424,658	100%	1,217,309	100%	(91,864)	-6%	115,485	9%



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Six Months Ended June 30,2012 and 2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	1H 2012		1H 2011		YoY	
Net Sales	773,886	100%	725,699	94%	48,187	7%
Cost of Goods Sold	(422,482)	-55%	(369,516)	-48%	(52,966)	14%
Gross Profit	351,404	45%	356,183	46%	(4,779)	-1%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	351,404	45%	356,183	46%	(4,779)	-1%
Operating Expenses						
Sales and Marketing Expenses	(94,667)	-12%	(117,199)	-15%	22,532	-19%
General and Administrative Expenses	(60,310)	-8%	(67,124)	-9%	6,814	-10%
Research and Development Expenses	(86,842)	-11%	(74,268)	-10%	(12,574)	17%
Total operating expenses	(241,819)	-31%	(258,591)	-33%	16,772	-6%
Operating Income	109,585	14%	97,592	13%	11,993	12%
Non-operating Income						
Interest income	1,401	0%	788	0%	613	78%
Investment income recognized under equity method	18	0%	0	0%	18	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	0	0%
Gain on sale of investments, net	-	0%	179	0%	- 179	-100%
Exchange gain, net	0	0%	0	0%	0	0%
Reversal of Bad Debt Expenses	-	0%	6,006	1%	(6,006)	-100%
Valuation gain on financial assets, net	199	0%	2,004	0%	(1,805)	-90%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	877	1%	3,174	1%	(2,297)	-72%
Total non-operating income and gains	2,495	1%	12,151	2%	(9,656)	-79%
Non-operating expenses and losses						
Interest expense	0	0%	(49)	0%	49	-100%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(8)	0%	(420)	0%	412	-98%
Exchange loss, net	(5,155)	-1%	(1,387)	0%	(3,768)	272%
Miscellaneous expenses	(3)	0%	(106)	0%	103	-97%
Total non-operating expenses and losses	(5,166)	-1%	(1,962)	0%	(3,204)	163%
Income before income tax	106,914	16%	107,781	15%	(867)	-1%
Income tax expense (benefit)	(20,500)	-3%	(11,358)	-1%	(9,142)	80%
Net income	86,414	11%	96,423	12%	(10,009)	-10%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.55		1.59		- 0.04	
Basic Earnings Per Share After Income Tax	1.26		1.43		- 0.17	



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Three Months Ended June 30,2012 , March 31,2012 and June 30,2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2Q 2012		1Q 2012		2Q 2011		QoQ		YoY	
Net Sales	413,558	100%	360,328	100%	446,766	100%	53,230	15%	(33,208)	-7%
Cost of Goods Sold	(229,273)	-55%	(193,209)	-54%	(223,295)	-50%	(36,064)	19%	(5,978)	3%
Gross Profit	184,285	45%	167,119	46%	223,471	50%	17,166	10%	(39,186)	-18%
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	184,285	45%	167,119	46%	223,471	50%	17,166	10%	(39,186)	-18%
Operating Expenses										
Sales and Marketing Expenses	(50,530)	-12%	(44,137)	-12%	(74,271)	-17%	(6,393)	14%	23,741	-32%
General and Administrative Expenses	(30,013)	-7%	(30,297)	-8%	(35,092)	-8%	284	-1%	5,079	-14%
Research and Development Expenses	(49,165)	-12%	(37,677)	-10%	(44,040)	-9%	(11,488)	30%	(5,125)	12%
Total operating expenses	(129,708)	-31%	(112,111)	-30%	(153,403)	-34%	(17,597)	16%	23,695	-15%
Operating Income	54,577	14%	55,008	16%	70,068	16%	(431)	-1%	(15,491)	-22%
Non-operating Income										
Interest income	541	0%	860	0%	494	0%	(319)	-37%	47	10%
Investment income recognized under equity m	10	0%	8	0%	0	0%	2	25%	10	0%
Dividend income	0	0%	-	0%	0	0%	0	0%	0	0%
Gain on disposal of property, plant and equipr	0	0%	-	0%	-	0%	0	0%	0	0%
Gain on sale of investments, net	0	-	-	0%	179	0%	0	0%	(179)	-100%
Gain on physical inventory	0	0%	-	0%	-	0%	0	0%	0	0%
Exchange gain, net	0	1%	-	0%	-	0%	0	0%	0	0%
Reversal of Bad Debt Expenses	0	0%	-	0%	2,278	1%	0	0%	(2,278)	-100%
Reversal of loss on inventories	0	0%	-	0%	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	-	0%	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	97	0%	102	0%	223	0%	(5)	-5%	320	-143%
Valuation gain on financial liabilities, net	0	0%	-	0%	0	0%	0	0%	0	0%
Miscellaneous income	528	0%	349	0%	2,876	1%	179	51%	(2,348)	-82%
Total non-operating income and gains	1,176	1%	1,319	-1%	5,604	2%	(143)	-11%	(4,428)	-79%
Non-operating expenses and losses										
Interest expense	0	0%	-	0%	(49)	0%	0	0%	49	-100%
Investment loss recognized under equity meth	0	0%	-	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipn	0	0%	8.00	0%	(24)	0%	8	-100%	24	-100%
Loss on sale of investments, net	0	0%	-	0%	0	0%	0	0%	0	0%
Loss on physical inventory	0	0%	-	0%	0	0%	0	0%	0	0%
Exchange loss, net	4,181	1%	(9,336)	-3%	(1,387)	0%	13,517	-145%	5,568	-401%
Provision for loss on inventories	0	0%	0	0%	0	0%	0	0%	0	0%
Impairment loss	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation loss on financial assets, net	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation loss on financial liabilities, net	0	-	0	0%	0	0%	0	0%	0	0%
Miscellaneous expenses	0	0%	(3)	0%	-	0%	3	-100%	0	0%
Total non-operating expenses and losses	4,181	1%	(9,347)	-3%	(1,460)	0%	13,528	-145%	5,641	-386%
Income before income tax	59,934	16%	46,980	13%	74,212	18%	12,954	28%	(14,278)	-19%
Income tax expense (benefit)	(12,666)	-3%	(7,834)	-2%	(6,098)	-1%	(4,832)	62%	(6,568)	108%
Net income	47,268	13%	39,146	11%	68,114	17%	8,122	21%	(20,846)	-31%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.86		0.55		1.04		0.31		(0.18)	
Basic Earnings Per Share After Income Tax	0.69		0.47		0.96		0.22		(0.27)	

	Six Months 2012	2Q 2012	1Q 2012	2Q 2011
Cash flows from operating activities				
Net income	86,414	47,268	39,146	64,565
Depreciation	11,618	6,035	5,583	5,331
Amortization	9,548	5,708	3,840	5,330
Provision(Reversal) for doubtful accounts	545	510	35	(2,278)
Provision for (recovery of) loss on inventories	13,009	7,210	5,799	(9,350)
Loss (gain) on sale of investments	0	0		(179)
Investment loss (income) recognized under equity method	(18)	(10)	(8)	0
Loss (gain) on disposal of property, plant and equipment	8	0	8	24
Valuation loss (gain) on financial instruments	(199)	(97)	(102)	223
Reversal of impairment loss on financial instruments		0	0	0
Impairment loss		0	0	0
Unrealized gross profit		0	0	0
Realized gross profit		0	0	0
Deferred income tax	(3,330)	(1,920)	(1,410)	3,262
Others	(1,088)	(1,164)	76	24,220
Changes in operating assets and liabilities:		0		
Financial assets at fair value through profit or loss - current	62,998	62,998	0	99,484
Notes receivable	2,670	(230)	2,900	(2,242)
Accounts receivable	(5,173)	(63,183)	58,010	(92,543)
Other receivables	230	(566)	796	(2,810)
Inventories	22,231	13,927	8,304	(12,389)
Prepaid expenses	3,537	1,120	2,417	(22,746)
Notes payable	0	0	0	0
Accounts payable	(16,609)	19,040	(35,649)	9,955
Accounts payable – related parties	(5,548)	(3,425)	(2,123)	3,430
Income tax payable	12,364	3,327	9,037	(13,899)
Accrued expenses	(40,972)	3,597	(44,569)	5,524
Other payables	(681)	(2,425)	1,744	6,288
Receipts in advance	(9,470)	(7,756)	(1,714)	7,507
Other current liabilities	53	626	(573)	(91)
Net cash provided by (used in) operating activities	142,137	90,590	51,547	76,616
Cash flows from investing activities				0
Acquisition of investments accounted for by equity method	0	0	0	0
Acquisition of property, plant and equipment	(29,922)	(15,848)	(14,074)	(7,980)
Acquisition of Intangible assets	(11,374)	(8,491)	(2,883)	(427)
Decrease (increase) in other receivables – related parties		0	0	0
Others	0	0	0	52
Acquisition of financial assets carried at cost	0	0	0	(2,955)
Proceeds from financial assets carried at cost		0	0	0
Decrease (increase) in restricted assets	(6)	(6)	0	(66)
Decrease (increase) in refundable deposits	(328)	(921)	593	(992)
Increase in deferred charges	0	(94)	94	(83)
Net cash used in investing activities	(41,630)	(25,360)	(16,270)	(12,451)
Cash flows from financing activities				0
Increase in short-term bills payable		-		-
Cash dividends	(157,525)	(157,525)		(168,248)
Increase in minority interest	2,350	0	2,350	0
Cash paid for acquisition of treasury stock	(25,182)	0	(25,182)	0
Others		0		0
Net cash used in financing activities	(180,357)	(157,525)	(22,832)	(168,248)
Effect of exchange rate changes	1,969	(2,233)	4,202	2,475
Net decrease in cash and cash equivalents	(77,881)	(94,528)	16,647	(101,608)
Cash and cash equivalents at Beginning of Period	324,985	341,632	324,985	267,584
cash and cash equivalents at End of Period	247,104	244,871	341,632	168,451