



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

	September 30,2012		June 30,2012		September 30,2011		QoQ		YoY	
ASSETS:										
Current assets										
Cash and cash equivalents	131,439	11%	165,044	10%	217,645	13%	(33,605)	-20%	(86,206)	-40%
Financial assets at fair value through profit or loss -	0	0%	0	5%	62,887	13%	0	0%	(62,887)	#####
Notes receivable, net	993	0%	3,072	1%	3,220	0%	(2,079)	-68%	(2,227)	-69%
Accounts receivable, net	212,338	16%	183,875	15%	162,419	11%	28,463	15%	49,919	31%
Accounts receivable - related parties, net	126,574	10%	153,579	13%	185,811	8%	(27,005)	-18%	(59,237)	-32%
Other receivables- net	10,893	1%	36,205	3%	35,773	2%	(25,312)	-70%	(24,880)	-70%
Other receivables- related parties, net	200	0%	34,454	0%	68	0%	(34,254)	-99%	132	194%
Inventories, net	436,826	33%	390,666	26%	390,657	31%	46,160	12%	46,169	12%
Other current assets	20,865	1%	23,336	4%	51,627	1%	(2,471)	-11%	(30,762)	-60%
Total current assets	940,128	72%	990,231	77%	1,110,107	79%	(50,103)	-5%	(169,979)	-15%
Long-term investments										
Investments accounted for by the equity method	123,959	9%	96,749	4%	56,826	3%	27,210	28%	67,133	118%
Financial assets carried at cost – noncurrent	7,969	1%	10,419	1%	10,419	1%	2,450	-24%	(2,450)	-24%
Total long-term investments	131,928	10%	107,168	5%	67,245	4%	24,760	23%	64,683	96%
Property, plant and equipment										
Property, plant and equipment	351,872	26%	339,468	26%	322,650	23%	12,404	4%	29,222	9%
Less: Accumulated depreciation	(195,635)	-15%	(192,948)	-14%	(178,957)	-12%	(2,687)	1%	(16,678)	9%
Less: Accumulated impairment	-	0%	-	0%	0	0%	-	0%	-	0%
Construction in progress and prepayments for equip	21,511	2%	22,019	1%	8,428	0%	(508)	-2%	13,083	155%
Total property, plant and equipment	177,748	13%	168,539	13%	152,121	11%	9,209	5%	25,627	17%
Intangible assets and other assets	80,650	6%	88,219	6%	75,201	6%	(7,569)	-9%	5,449	7%
Total assets	1,330,454	101%	1,354,157	100%	1,404,674	100%	(23,703)	-2%	(74,220)	-5%
LIABILITIES :										
Current liabilities										
Notes payable	76	0%	-	0%	-	0%	76	0%	76	0%
Accounts payable	117,884	9%	117,139	9%	150,418	5%	745	1%	(32,534)	-22%
Accounts payable - related parties	6,189	0%	4,852	1%	11,591	0%	1,337	28%	(5,402)	-47%
Income tax payable	33,303	3%	52,426	1%	13,799	2%	(19,123)	-36%	19,504	141%
Accrued expenses	123,588	9%	121,284	7%	110,413	9%	2,304	2%	13,175	12%
Other payable - related parties	2,014	0%	2,108	0%	4,651	0%	(94)	-4%	(2,637)	-57%
Other payable	13,407	0%	10,468	1%	7,113	0%	2,939	28%	6,294	88%
Other current liabilities	11,179	1%	8,905	2%	10,812	2%	2,274	26%	367	3%
Total current liabilities	307,640	22%	317,182	21%	308,797	18%	(9,542)	-3%	(1,157)	0%
Other liabilities	39,060	3%	45,033	3%	45,272	3%	(5,973)	-13%	(6,212)	-14%
Total liabilities	346,700	25%	362,215	24%	354,069	21%	(15,515)	-4%	(7,369)	-2%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	53%	709,811	58%	709,811	55%	-	0%	-	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	-	0%	-	0%
Share-based Payments			0	2%						
Retained earnings	369,237	28%	376,876	30%	409,535	32%	(7,639)	-2%	(40,298)	-10%
Others-cumulative translation adjustments	(6,750)	-1%	(6,201)	0%	(5,379)	-1%	(549)	9%	(1,371)	25%
Treasury stock	(89,645)	-7%	(89,645)	-14%	(64,463)	-7%	-	0%	25,182	39%
Total shareholders' equity	983,754	73%	991,942	76%	1,050,605	79%	(8,188)	-1%	(66,851)	-6%
Total liabilities and shareholders' equity	1,330,454	98%	1,354,157	100%	1,404,674	100%	(23,703)	-2%	(74,220)	-5%



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

	Nine Months 2012		Nine Months 2011		YoY	
Net Sales	1,083,430	100%	1,127,480	100%	(44,050)	-4%
Cost of Goods Sold	(643,876)	-59%	(646,336)	-53%	2,460	0%
Gross Profit	439,554	41%	481,144	47%	(41,590)	-9%
Unrealized Profit	(23,688)	-2%	(29,926)	-2%	6,238	-21%
Realized Profit	26,985	2%	16,047	2%	10,938	68%
Realized Gross Profit	442,851	41%	467,265	47%	(24,414)	-5%
Operating Expenses						
Sales and marketing expenses	(127,908)	-12%	(143,457)	-13%	15,549	-11%
General and administrative expenses	(46,989)	-4%	(61,802)	-6%	14,813	-24%
Research and development expenses	(132,158)	-12%	(111,331)	-9%	(20,827)	19%
Total operating expenses	(307,055)	-28%	(316,590)	-28%	9,535	-3%
Operating Income	135,796	13%	150,675	19%	(14,879)	-10%
Non-operating Income						
Interest income	1,492	0%	1,056	0%	436	41%
Investment income recognized under equity met	0	0%	5,163	1%	(5,163)	-100%
Dividend income	-	0%	0	0%	0	0%
Gain on disposal of property, plant and equipme	147	0%	0	0%	147	0%
Gain on sale of investments, net	-	0%	179	0%	(179)	-100%
Exchange gain, net	0	0%	20,657	0%	(20,657)	-100%
Reversal of bad debt expenses	33	0%	5,904	0%	(5,871)	-99%
Valuation gain on financial assets, net	199	0%	193	1%	6	3%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	1,725	0%	500	0%	1,225	245%
Total non-operating income and gains	3,596	0%	33,652	2%	(30,056)	-89%
Non-operating expenses and losses						
Interest expense	(54)	0%	(52)	0%	(2)	4%
Investment loss recognized under equity method	(29,804)	-3%	0	0%	(29,804)	0%
Loss on disposal of property, plant and equipme	(8)	0%	(5)	0%	(3)	60%
Exchange loss, net	(12,186)	-1%	0	0%	(12,186)	0%
Total non-operating expenses and losses	(42,052)	-4%	(57)	0%	(41,995)	73675%
Income before income tax	97,340	9%	184,270	21%	(86,930)	-47%
Income tax expense (benefit)	(18,291)	-2%	(35,469)	-5%	17,178	-48%
Net income	79,049	7%	148,801	16%	(69,752)	-47%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.42		2.72		(1.30)	
Basic Earnings Per Share After Income Tax	1.15		2.20		(1.05)	



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

	3Q 2012		2Q 2012		3Q 2011		QoQ		YoY	
Net Sales	343,033	100%	403,959	100%	401,900	100%	(60,926)	-15%	(58,867)	-15%
Cost of Goods Sold	(219,714)	-64%	(232,907)	-56%	(232,126)	-52%	13,193	-6%	12,412	-5%
Gross Profit	123,319	36%	171,052	44%	169,774	48%	(47,733)	-28%	(46,455)	-27%
Unrealized Profit	6,054	2%	(4,465)	-1%	(7,371)	-1%	10,519	-236%	13,425	-182%
Realized Profit	-	0%	0	1%	0	0%	0	0%	0	0%
Realized Gross Profit	129,373	38%	166,587	44%	162,403	47%	(37,214)	-22%	(33,030)	-20%
Operating Expenses			0							
Sales and marketing expenses	(50,966)	-15%	(42,355)	-12%	(52,479)	-13%	(8,611)	20%	1,513	-3%
General and administrative expenses	(14,047)	-4%	(16,325)	-6%	(18,615)	-6%	2,278	-14%	4,568	-25%
Research and development expenses	(50,555)	-14%	(43,921)	-11%	(36,993)	-8%	(6,634)	15%	(13,562)	37%
Total operating expenses	(115,568)	-33%	(102,601)	-28%	(108,087)	-27%	(12,967)	13%	(7,481)	7%
Operating Income	13,805	5%	63,986	16%	54,316	20%	(50,181)	-78%	(40,511)	-75%
Non-operating Income			0							
Interest income	208	0%	471	0%	310	0%	(263)	-56%	(102)	-33%
Investment income recognized under equity methc	0	0%	0	1%	1,248	2%	0	0%	(1,248)	-100%
Dividend income	-	0%	-	0%	0	0%	-	0%	0	0%
Gain on disposal of property, plant and equipment	147	0%	0	0%	0	0%	147	0%	147	0%
Gain on sale of investments, net	0	0%	0	0%	0	0%	0	0%	0	0%
Gain on physical inventory	0	0%	0	0%	0	0%	0	0%	0	0%
Exchange gain, net	-	0%	0	-1%	20,657	0%	0	0%	20,657	-100%
Reversal of bad debt expenses	(3)	0%	(22)	1%	(101)	1%	19	-86%	98	-97%
Reversal of loss on inventories	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, net	0	0%	97	0%	(1,811)	1%	(97)	-100%	1,811	-100%
Valuation gain on financial liabilities, net	-	0%	-	0%	0	-	-	0%	0	0%
Miscellaneous income	700	0%	609	0%	131	0%	91	15%	569	434%
Total non-operating income and gains	1,052	0%	1,155	0%	20,434	4%	(103)	-9%	(19,382)	-95%
Non-operating expenses and losses			0							
Interest expense	(54)	0%	0	0%	(3)	0%	(54)	0%	(51)	1700%
Investment loss recognized under equity method	(16,369)	-5%	(10,405)	0%	0	0%	(5,964)	57%	(16,369)	0%
Loss on disposal of property, plant and equipment	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on sale of investments, net	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on physical inventory	0	0%	0	0%	0	0%	0	0%	0	0%
Exchange loss, net	(7,638)	-2%	4,627	0%	2,046	-2%	(12,265)	-265%	(9,684)	-473%
Total non-operating expenses and losses	(24,061)	-7%	(5,778)	0%	2,043	-2%	(18,283)	316%	(26,104)	-1278%
Income before income tax	(9,204)	-2%	59,363	15%	76,793	22%	(68,567)	-116%	(85,997)	-112%
Income tax expense (benefit)	1,565	0%	(11,829)	-1%	(24,415)	-5%	13,394	-113%	25,980	-106%
Net income	(7,639)	-2%	47,534	15%	52,378	17%	(55,173)	-116%	(60,017)	-115%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	(0.13)		0.86		1.13		(0.99)		(1.26)	
Basic Earnings Per Share After Income Tax	(0.11)		0.69		0.77		(0.80)		(0.88)	



CIPHERLAB CO.,LTD.

Condensed Statement of Cash Flows (Unconsolidated)

For the Nine Months Ended September 30, 2012 and for the Three Months Ended September 30, 2012, June 30, 2012 and September 30, 2011

(In Thousands of New Taiwan Dollars)

	<u>Nine Months 2012</u>	<u>3Q 2012</u>	<u>2Q 2012</u>	<u>3Q 2011</u>
Cash flows from operating activities				
Net income	79,049	(7,639)	47,534	52,378
Depreciation	17,886	6,842	5,692	5,410
Amortization	14,751	5,443	5,500	5,073
Provision(Reversal) for doubtful accounts	(33)	3	(36)	101
Provision for (Recovery of) loss on inventories	4,366	2,017	2,666	1,879
Loss (gain) on sale of investments	0	0	0	0
Investment loss (income) recognized under equity method	29,804	16,369	10,405	(1,248)
Loss (Gain) on disposal of property, plant and equipment -	139	(147)	-	(18)
Valuation loss (gain) on financial instruments	(199)	0	(97)	1,811
Unrealized gross profit	23,688	(6,054)	4,465	7,371
Realized gross profit	(26,985)	0	0	0
Deferred income tax	(6,998)	(3,668)	(1,920)	2,127
Changes in operating assets and liabilities:	(65,144)	(31,196)	(33,948)	84,304
Financial assets at fair value through profit or loss - current	62,998	0	62,998	2
Others	2,175	2,019	(14,500)	(97,401)
Net cash provided by (used in) operating activities	<u>135,219</u>	<u>(16,011)</u>	<u>88,759</u>	<u>61,789</u>
Cash flows from investing activities				
Acquisition of investments accounted for by equity metho	(121,890)	(74,240)	-	(5,895)
Acquisition of property, plant and equipment	(35,227)	(13,315)	(8,011)	(6,554)
Acquisition of Intangible assets	(7,777)	3,307	(8,206)	(7,618)
Decrease (Increase) in other receivables – related parties	59,857	64,116	8,770	8,133
Others	2,370	2,597	(6)	5,895
Net cash used in investing activities	<u>(102,667)</u>	<u>(17,535)</u>	<u>(7,453)</u>	<u>(6,039)</u>
Cash flows from financing activities				
Increase in short-term bills payable	-	(300)	365	361
Cash dividends	(157,525)	0	(157,525)	0
Cash paid for acquisition of treasury stock	(25,182)	0	-	0
Treasury Stock Sold to Employees	0	0	-	-
Others	241	241	0	(349)
Net cash used in financing activities	<u>(182,466)</u>	<u>(59)</u>	<u>(157,160)</u>	<u>12</u>
Effect of exchange rate changes	<u>0</u>	<u>0</u>	<u>-</u>	<u>0</u>
Net decrease in cash and cash equivalents	<u>(149,914)</u>	<u>(33,605)</u>	<u>(75,854)</u>	<u>55,762</u>
Cash and cash equivalents at beginning of period	<u>281,353</u>	<u>(116,309)</u>	<u>240,898</u>	<u>117,744</u>
Cash and cash equivalents at end of period	<u>131,439</u>	<u>(149,914)</u>	<u>(116,309)</u>	<u>173,506</u>