



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

	June 30,2013		December 31,2012		June 30,2012		QoQ		YoY	
Current assets										
Cash and cash equivalents	227,262	17%	244,675	19%	199,384	15%	(17,413)	-7%	27,878	14%
Financial assets at fair value through profit or loss - currer	0	0%	0	0%	0	0%	0	0%	0	0%
Current financial assets at cost, net	2,871	0%	0	0%	0	0%	2,871	0%	2,871	0%
Current bond investment without active market, net	22,753	2%	22,589	2%	47,720	4%	164	1%	(24,967)	-52%
Notes receivable, net	2,986	0%	3,227	0%	3,291	0%	(241)	-7%	(305)	-9%
Accounts receivable, net	272,348	20%	260,872	20%	264,253	20%	11,476	4%	8,095	3%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	7,735	1%	6,861	1%	36,367	3%	874	13%	(28,632)	-79%
Inventories, Net	511,709	37%	465,913	36%	469,366	35%	45,796	10%	42,343	9%
Other current assets	27,862	2%	13,834	1%	20,356	2%	14,028	101%	7,506	37%
Total current assets	1,075,526	78%	1,017,971	78%	1,040,737	78%	57,555	6%	34,789	3%
Long-term investments										
Investments accounted for by the equity method	0	0%	21	0%	5,994	0%	(21)	-100%	(5,994)	-100%
Financial assets carried at cost – noncurrent	5,098	0%	7,969	1%	10,419	1%	(2,871)	-36%	(5,321)	-51%
Prepayments for investments	-	-	-	-	-	-	-	-	-	-
Total long-term investments	5,098	0%	7,990	1%	16,413	1%	(2,892)	-36%	(11,315)	-69%
Property, plant and equipment										
Property, plant and equipment	167,584	12%	167,619	13%	151,984	11%	(35)	0%	15,600	10%
Total property, plant and equipment	167,584	12%	167,619	13%	151,984	11%	(35)	0%	15,600	10%
Intangible assets and other assets										
	124,766	9%	109,348	8%	121,563	9%	15,418	14%	3,203	3%
Total assets	1,372,974	100%	1,302,928	100%	1,330,697	100%	70,046	5%	42,277	3%
LIABILITIES :										
Current liabilities										
Notes payable	304	0%	10	0%	-	0%	294	29.4	304	0%
Accounts payable	168,833	12%	119,416	9%	117,139	9%	49,417	41%	51,694	44%
Accounts payable - related parties	13,013	1%	5,423	0%	4,852	0%	7,590	140%	8,161	168%
Other payable	147,135	11%	128,545	10%	139,296	10%	18,590	14%	7,839	6%
Other payable - related parties	0	0%	471	0%	0	0%	(471)	-100%	0	0%
Income tax payable	13,629	1%	35,862	3%	53,187	4%	(22,233)	-62%	(39,558)	-74%
Current provisions	2,463	0%	1,173	0%	948	0%	1,290	110%	1,515	160%
Long-term liabilities-current portion	5,772	0%	0	0%	0	0%	5,772	0%	5,772	0%
Other current liabilities	14,916	1%	13,271	1%	9,011	1%	1,645	12%	5,905	66%
Total current liabilities	366,065	27%	304,171	23%	324,433	24%	61,894	20%	41,632	13%
Non-current liabilities										
Long-term loans liabilities	23,752	2%	0	0%	0	0%	23,752	0%	23,752	0%
Deferred tax liabilities	3,278	0%	0	0%	778	0%	3,278	0%	2,500	321%
Accrued pension liabilities	23,150	2%	23,149	2%	20,761	2%	1	0%	2,389	12%
Total non-current liabilities	50,180	4%	23,149	2%	21,539	2%	27,031	117%	28,641	133%
Total liabilities	416,245	30%	327,320	25%	345,972	26%	88,925	27%	70,273	20%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	52%	709,811	54%	709,811	53%	0	0%	0	0%
Capital surplus	4,624	0%	1,101	0%	1,101	0%	3,523	320%	3,523	320%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	319,464	23%	353,785	27%	361,796	27%	(34,321)	-10%	(42,332)	-12%
Others-cumulative translation adjustments	731	0%	(1,070)	0%	(414)	0%	1,801	-168%	1,145	-277%
Treasury stock	(89,645)	-7%	(89,645)	-7%	(89,645)	-7%	0	0%	0	0%
Non-controlling interests	11,744	1%	1,626	0%	2,076	0%	10,118	622%	9,668	466%
Total shareholders' equity	956,729	70%	975,608	75%	984,725	74%	(18,879)	-2%	(27,996)	-3%
Total liabilities and shareholders' equity	1,372,974	100%	1,302,928	100%	1,330,697	100%	70,046	5%	42,277	3%



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements
For the Six Months Ended June 30,2013 and 2012
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	1H 2013		1H 2012		YoY	
Net Sales	705,949	100%	773,886	100%	(67,937)	-9%
Cost of Goods Sold	(394,173)	-56%	(422,482)	-55%	28,309	-7%
Gross Profit	311,776	44%	351,404	45%	(39,628)	-11%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	311,776	44%	351,404	45%	(39,628)	-11%
Operating Expenses						
Sales and Marketing Expenses	(106,929)	-15%	(94,667)	-12%	(12,262)	13%
General and Administrative Expenses	(54,287)	-8%	(60,187)	-8%	5,900	-10%
Research and Development Expenses	(124,574)	-18%	(86,842)	-11%	(37,732)	43%
Total operating expenses	(285,790)	-40%	(241,696)	-31%	(44,094)	18%
Operating Income	25,986	4%	109,708	14%	(83,722)	-76%
Non-operating Income						
Interest income	817	0%	1,401	0%	(584)	-42%
Investment income recognized under equity method	(62)	0%	18	0%	(80)	-444%
Dividend income	-	0%	0	0%	0	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	0	0%
Gain on sale of investments, net	-	0%	-	0%	-	0%
Exchange gain, net	9,813	1%	0	0%	9,813	0%
Reversal of Bad Debt Expenses	-	0%	-	0%	0	0%
Valuation gain on financial assets, net	0	0%	199	0%	(199)	-100%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	1,498	1%	874	1%	624	71%
Total non-operating income and gains	12,066	2%	2,492	1%	9,574	384%
Non-operating expenses and losses						
Interest expense	(77)	0%	0	0%	(77)	0%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	(8)	0%	8	-100%
Exchange loss, net	0	0%	(5,155)	-1%	5,155	-100%
Miscellaneous expenses	0	0%	0	0%	0	0%
Total non-operating expenses and losses	(77)	0%	(5,163)	-1%	5,086	-99%
Income before income tax	37,975	6%	107,037	16%	(69,062)	-65%
Income tax expense (benefit)	(5,166)	-1%	(20,244)	-3%	15,078	-74%
Net income	32,809	5%	86,793	11%	(53,984)	-62%
Other comprehensive income						
Exchange differences on translation	2,169	0%	(499)	0%	2,668	-535%
Other comprehensive income	(368)	0%	85	0%	(453)	-533%
Other comprehensive income, net	1,801	0%	(414)	0%	2,215	-535%
Total comprehensive income	34,610	5%	86,379	11%	(51,769)	-60%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	35,969		86,653		(50,684)	
Profit (loss), attributable to non-controlling interests	(1,359)		(274)		(1,085)	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	35,969		86,653		(50,684)	
Comprehensive income, attributable to non-controlling interests	(1,359)		(274)		(1,085)	
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	0.53		1.56		-	1.02
Basic Earnings Per Share After Income Tax	0.50		1.27		-	0.77



CIPHERLAB CO.,LTD.
Consolidated Condensed Statements of Cash Flows
FOR THE SIX MONTHS ENDED June 30,2013 AND 2012
(In Thousands of New Taiwan Dollars)

	Six Months 2013	Six Months 2012
Cash flows from operating activities		
Net income	37,975	107,037
Depreciation	17,526	11,618
Amortization	9,344	9,548
Provision(Reversal) for doubtful accounts	2,801	545
Provision for (recovery of) loss on inventories	10,263	11,502
Loss (gain) on sale of investments	0	0
Investment loss (income) recognized under equity method	62	(18)
Loss (gain) on disposal of property, plant and equipment	0	8
Valuation loss (gain) on financial instruments	0	(199)
Unrealized foreign exchange loss (gain)	2,273	(12)
Others	(739)	(1,368)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss - current	0	0
Notes receivable	241	2,670
Accounts receivable	(6,835)	(5,143)
Other receivables	(396)	197
Inventories	(52,561)	23,738
Other current assets	(14,481)	3,537
Notes payable	294	0
Accounts payable	49,467	(16,435)
Accounts payable – related parties	7,590	(5,548)
Other payables	5,127	(41,653)
Other payables – related parties	(471)	0
Provision	1,205	(1,244)
Other current liabilities	1,097	(9,361)
Interest revenue	835	1,434
Income tax paid	(26,307)	(11,467)
Net cash provided by (used in) operating activities	<u>44,310</u>	<u>79,386</u>
Cash flows from investing activities		
Proceeds from financial assets carried at cost at fair value	0	62,998
Acquisition of bond investments without active market	(17)	0
Proceeds from bond investments without active market	0	8,000
Acquisition of investments accounted for by equity method	0	0
Acquisition of property, plant and equipment	(8,041)	(8,746)
Acquisition of Intangible assets	(8,789)	(11,374)
Decrease (increase) in financial assets	(7)	(6)
Decrease (increase) in refundable deposits	0	0
Decrease (increase) in other non-current assets	(6,347)	(21,504)
Net cash used in investing activities	<u>(23,201)</u>	<u>29,368</u>
Cash flows from financing activities		
Decrease (increase) in long-term loans	29,524	0
Increase in short-term bills payable	0	0
Cash dividends	(68,489)	(157,525)
Increase in minority interest	0	2,350
Cash paid for acquisition of treasury stock	0	(25,182)
Others	(50)	0
Net cash used in financing activities	<u>(39,015)</u>	<u>(180,357)</u>
Effect of exchange rate changes	493	1,969
Net decrease in cash and cash equivalents	(17,413)	(69,634)
Cash and cash equivalents at Beginning of Period	244,675	269,018
cash and cash equivalents at End of Period	<u>227,262</u>	<u>199,384</u>