



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

	September 30,2013		June 30,2013		September 30,2012		QoQ		YoY	
Current assets										
Cash and cash equivalents	190,318	15%	227,262	17%	176,142	13%	(36,944)	-16%	14,176	8%
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	0	0%	2,871	0%	0	0%	(2,871)	-100%	0	0%
Current bond investment without active market, net	20,520	2%	22,753	2%	21,318	2%	(2,233)	-10%	(798)	-4%
Notes receivable, net	1,354	0%	2,986	0%	1,207	0%	(1,632)	-55%	147	12%
Accounts receivable, net	242,118	19%	272,348	20%	284,430	22%	(30,230)	-11%	(42,312)	-15%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	9,779	1%	7,735	1%	12,272	1%	2,044	26%	(2,493)	-20%
Inventories, Net	531,785	41%	511,709	37%	514,539	39%	20,076	4%	17,246	3%
Other current assets	20,227	2%	27,862	2%	15,841	1%	(7,635)	-27%	4,386	28%
Total current assets	1,016,101	78%	1,075,526	78%	1,025,749	78%	(59,425)	-6%	(9,648)	-1%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	5,982	0%	0	0%	(5,982)	-100%
Financial assets carried at cost – noncurrent	5,098	0%	5,098	0%	7,969	1%	0	0%	(2,871)	-36%
Prepayments for investments	-	-	-	-	-	-	-	-	-	-
Total long-term investments	5,098	0%	5,098	0%	13,951	1%	0	0%	(8,853)	-63%
Property, plant and equipment										
Property, plant and equipment	161,137	12%	167,584	12%	170,312	13%	(6,447)	-4%	(9,175)	-5%
Total property, plant and equipment	161,137	12%	167,584	12%	170,312	13%	(6,447)	-4%	(9,175)	-5%
Intangible assets and other assets										
Total assets	1,306,630	100%	1,372,974	100%	1,319,540	100%	(66,344)	-5%	(12,910)	-1%
LIABILITIES :										
Current liabilities										
Notes payable	3	0%	304	0%	76	0%	301	-0.9901	73	-96%
Accounts payable	111,926	9%	168,833	12%	117,884	9%	(56,907)	-34%	(5,958)	-5%
Accounts payable - related parties	9,761	1%	13,013	1%	6,189	0%	(3,252)	-25%	3,572	58%
Other payable	149,845	11%	147,135	11%	146,801	11%	2,710	2%	3,044	2%
Other payable - related parties	42	0%	0	0%	0	0%	42	0%	42	0%
Income tax payable	6,587	1%	13,629	1%	33,889	3%	(7,042)	-52%	(27,302)	-81%
Current provisions	752	0%	2,463	0%	1,323	0%	(1,711)	-69%	(571)	-43%
Long-term liabilities-current portion	5,801	0%	5,772	0%	0	0%	29	1%	5,801	0%
Other current liabilities	7,535	1%	14,916	1%	15,972	1%	(7,381)	-49%	(8,437)	-53%
Total current liabilities	292,252	22%	366,065	27%	322,134	24%	(73,813)	-20%	(29,882)	-9%
Non-current liabilities										
Long-term loans liabilities	22,291	2%	23,752	2%	0	0%	(1,461)	-6%	22,291	0%
Deferred tax liabilities	0	0%	3,278	0%	0	0%	(3,278)	-100%	0	0%
Accrued pension liabilities	23,149	2%	23,150	2%	20,780	2%	(1)	0%	2,369	11%
Total non-current liabilities	45,440	3%	50,180	4%	20,780	2%	(4,740)	-9%	24,660	119%
Total liabilities	337,692	26%	416,245	30%	342,914	26%	(78,553)	-19%	(5,222)	-2%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	54%	709,811	52%	709,811	54%	0	0%	0	0%
Capital surplus	4,624	0%	4,624	0%	1,101	0%	0	0%	3,523	320%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	338,739	26%	319,464	23%	354,733	27%	19,275	6%	(15,994)	-5%
Others-cumulative translation adjustments	367	0%	731	0%	(963)	0%	(364)	-50%	1,330	-138%
Treasury stock	(89,645)	-7%	(89,645)	-7%	(89,645)	-7%	0	0%	0	0%
Non-controlling interests	5,042	0%	11,744	1%	1,589	0%	(6,702)	-57%	3,453	217%
Total shareholders' equity	968,938	74%	956,729	70%	976,626	74%	12,209	1%	(7,688)	-1%
Total liabilities and shareholders' equity	1,306,630	100%	1,372,974	100%	1,319,540	100%	(66,344)	-5%	(12,910)	-1%



CIPHERLAB CO.,LTD.

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

	Nine Months 2013		Nine Months 2012		YoY	
Net Sales	1,089,792	100%	1,138,382	100%	(48,590)	-4%
Cost of Goods Sold	(622,362)	-57%	(640,939)	-56%	18,577	-3%
Gross Profit	467,430	43%	497,443	44%	(30,013)	-6%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	467,430	43%	497,443	44%	(30,013)	-6%
Operating Expenses						
Sales and Marketing Expenses	(175,217)	-16%	(148,244)	-13%	(26,973)	18%
General and Administrative Expenses	(67,128)	-6%	(95,596)	-8%	28,468	-30%
Research and Development Expenses	(196,017)	-18%	(146,420)	-13%	(49,597)	34%
Total operating expenses	(438,362)	-40%	(390,260)	-34%	(48,102)	12%
Operating Income	29,068	3%	107,183	9%	(78,115)	-73%
Non-operating Income						
Interest income	1,135	0%	1,691	0%	(556)	-33%
Investment income recognized under equity method	0	0%	5	0%	(5)	-100%
Dividend income	0	0%	0	0%	0	0%
Gain on disposal of property, plant and equipment	0	0%	148	0%	(148)	-100%
Gain on sale of investments, net	17,038	2%	0	0%	17,038	0%
Exchange gain, net	6,359	1%	0	0%	6,359	0%
Reversal of Bad Debt Expenses	0	0%	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	2,289	1%	1,602	1%	687	43%
Total non-operating income and gains	26,821	4%	3,645	1%	23,176	636%
Non-operating expenses and losses						
Interest expense	(233)	0%	(54)	0%	(179)	331%
Investment loss recognized under equity method	(62)	0%	0	0%	(62)	0%
Loss on disposal of property, plant and equipment	(70)	0%	(8)	0%	(62)	775%
Exchange loss, net	0	0%	(13,211)	-1%	13,211	-100%
Miscellaneous expenses	0	0%	(3)	0%	3	-100%
Total non-operating expenses and losses	(365)	0%	(13,276)	-1%	12,911	-97%
Income before income tax	55,524	7%	97,552	12%	(42,028)	-43%
Income tax expense (benefit)	(10,142)	-1%	(18,309)	-2%	8,167	-45%
Net income	45,382	4%	79,243	7%	(33,861)	-43%
Other comprehensive income						
Exchange differences on translation	1,732	0%	(1,161)	0%	2,893	-249%
Other comprehensive income	(295)	0%	198	0%	(493)	-249%
Other comprehensive income, net	1,437	0%	(963)	0%	2,400	-249%
Total comprehensive income	46,819	4%	78,280	7%	(31,461)	-40%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	53,443		80,004		(26,561)	
Profit (loss), attributable to non-controlling interests	(8,061)		(761)		(7,300)	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	53,443		80,004		(26,561)	
Comprehensive income, attributable to non-controlling interests	(8,061)		(761)		(7,300)	
Earnings Per Share						
Basic Earnings Per Share After Income Tax	0.78		1.17		-	0.39
Diluted Earnings Per Share After Income Tax	0.78		1.16		-	0.38



CIPHERLAB CO.,LTD.

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

	3Q 2013		2Q 2013		3Q 2012		QoQ		YoY	
Net Sales	383,843	100%	405,374	100%	364,496	90%	(21,531)	-6%	19,347	5%
Cost of Goods Sold	(228,189)	-59%	(230,596)	-57%	(218,457)	-54%	2,407	-1%	(9,732)	4%
Gross Profit	155,654	41%	174,778	43%	146,039	36%	(19,124)	-12%	9,615	6%
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	155,654	41%	174,778	43%	146,039	36%	(19,124)	-12%	9,615	6%
Operating Expenses										
Sales and Marketing Expenses	(68,288)	-18%	(53,486)	-13%	(53,577)	-13%	(14,802)	22%	(14,711)	28%
General and Administrative Expenses	(12,841)	-3%	(27,274)	-7%	(35,409)	-9%	14,433	-112%	22,568	-83%
Research and Development Expenses	(71,443)	-19%	(64,363)	-16%	(59,578)	-15%	(7,080)	10%	(11,865)	18%
Total operating expenses	(152,572)	-40%	(145,123)	-36%	(148,564)	-37%	(7,449)	5%	(4,008)	3%
Operating Income	3,082	1%	29,655	7%	(2,525)	-1%	(26,573)	-862%	5,607	19%
Non-operating Income										
Interest income	318	0%	433	0%	290	0%	(115)	-36%	28	6%
Investment income recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Dividend income	-	0%	0	0%	0	0%	0	0%	0	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	148	0%	0	0%	(148)	0%
Gain on sale of investments, net	17,038	4%	0	0%	0	0%	17,038	100%	17,038	0%
Exchange gain, net	0	0%	2,511	1%	0	0%	(2,511)	0%	0	0%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%	0	0%	0	0%
Miscellaneous income	790	1%	975	1%	726	1%	(185)	-23%	64	7%
Total non-operating income and gains	18,146	5%	3,919	2%	1,164	1%	14,227	78%	16,982	433%
Non-operating expenses and losses										
Interest expense	(155)	0%	(78)	0%	(54)	0%	(77)	50%	(101)	129%
Investment loss recognized under equity method	0	0%	0	0%	(13)	0%	0	0%	13	0%
Loss on disposal of property, plant and equipment	(70)	0%	0	0%	0	0%	(70)	100%	(70)	0%
Exchange loss, net	(3,454)	-1%	0	0%	(8,057)	-2%	(3,454)	100%	4,603	0%
Miscellaneous expenses	0	0%	0	0%	0	0%	0	0%	0	0%
Total non-operating expenses and losses	(3,679)	-1%	(78)	0%	(8,124)	-2%	(3,601)	98%	4,445	-5699%
Income before income tax	17,549	7%	33,496	9%	(9,485)	2%	(15,947)	-91%	27,034	81%
Income tax expense (benefit)	(4,976)	-1%	(6,338)	-2%	1,935	0%	1,362	-27%	(6,911)	109%
Net income	12,573	3%	27,158	7%	(7,550)	-2%	(14,585)	-116%	20,123	74%
Other comprehensive income										
Exchange differences on translation	(437)	0%	795	0%	(662)	0%	(1,232)	282%	225	28%
Other comprehensive income	73	0%	(135)	0%	113	0%	208	285%	(40)	30%
Other comprehensive income, net	(364)	0%	660	0%	(549)	0%	(1,024)	281%	185	28%
Total comprehensive income	12,209	3%	27,818	7%	(8,099)	-2%	(15,609)	-128%	20,308	73%
Profit (loss), attributable to:										
Profit (loss), attributable to owners of parent	19,275		28,436		(7,063)		(9,161)		26,338	
Profit (loss), attributable to non-controlling interests	(6,702)		(1,278)		(487)		(5,424)		(6,215)	
Comprehensive income attributable to:										
Comprehensive income, attributable to owners of parent	19,275		28,436		(7,063)		(9,161)		26,338	
Comprehensive income, attributable to non-controlling interests	(6,702)		(1,278)		(487)		(5,424)		(6,215)	
Earnings Per Share										
Basic Earnings Per Share After Income Tax	0.28		0.42		- 0.10		- 0.13		0.38	
Diluted Earnings Per Share After Income Tax	0.28		0.41		- 0.10		- 0.12		0.38	



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

	Nine Months 2013	Nine Months 2012
Cash flows from operating activities		
Net income	55,524	97,552
Depreciation	26,422	19,379
Amortization	15,040	15,252
Provision(Reversal) for doubtful accounts	(739)	(401)
Provision for (recovery of) loss on inventories	11,922	1,889
Loss (gain) on sale of investments	(17,038)	0
Investment loss (income) recognized under equity method	62	(5)
Loss (gain) on disposal of property, plant and equipment	70	(139)
Valuation loss (gain) on financial instruments	0	(199)
Unrealized foreign exchange loss (gain)	261	4,367
Others	(902)	344
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss - current	0	0
Notes receivable	1,873	4,737
Accounts receivable	19,235	(31,828)
Other receivables	(1,853)	24,305
Inventories	(77,902)	(13,828)
Other current assets	(6,386)	8,039
Notes payable	(7)	76
Accounts payable	(7,498)	(16,209)
Accounts payable – related parties	4,338	(4,212)
Other payables	18,833	(36,804)
Other payables – related parties	(429)	-
Provision	(421)	(841)
Other current liabilities	(5,736)	(1,931)
Interest revenue	1,151	1,726
Income tax paid	(40,302)	(32,998)
Net cash provided by (used in) operating activities	(4,482)	38,271
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	0	0
Proceeds from bond investments without active market	2,343	36,000
Acquisition of investments accounted for by equity method	0	0
Acquisition of property, plant and equipment	(4,317)	(33,782)
Acquisition of Intangible assets	(9,620)	(9,817)
Proceeds from financial assets carried at cost	19,909	2,450
Decrease (increase) in financial assets	(7)	(6)
Decrease (increase) in refundable deposits	0	0
Decrease (increase) in other non-current assets	(18,908)	(13,142)
Net cash used in investing activities	(10,600)	44,701
Cash flows from financing activities		
Decrease (increase) in long-term loans	28,092	-
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	(233)	(54)
Net cash used in financing activities	(40,630)	(180,411)
Effect of exchange rate changes	1,355	4,563
Net decrease in cash and cash equivalents	(54,357)	(92,876)
Cash and cash equivalents at Beginning of Period	244,675	269,018
cash and cash equivalents at End of Period	190,318	176,142