



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

	December 31,2014		September 30,2014		December 31,2013		QoQ		YoY	
Current assets										
Cash and cash equivalents	230,991	19%	163,878	13%	212,449	17%	67,113	41%	18,542	9%
Financial assets at fair value through profit or loss - curr	0	0%	0	0%	0	0%	0	0%	0	0%
Current financial assets at cost, net	0	0%	0	0%	0	0%	0	0%	0	0%
Current bond investment without active market, net	14,000	1%	14,000	1%	17,343	1%	0	0%	(3,343)	-19%
Notes receivable, net	1,538	0%	5,791	0%	1,791	0%	(4,253)	-73%	(253)	-14%
Accounts receivable, net	194,108	16%	186,609	15%	213,393	17%	7,499	4%	(19,285)	-9%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	8,676	1%	10,454	1%	10,127	1%	(1,778)	-17%	(1,451)	-14%
Inventories, Net	526,018	42%	574,466	46%	491,597	39%	(48,448)	-8%	34,421	7%
Other current assets	18,026	1%	23,145	2%	22,604	2%	(5,119)	-22%	(4,578)	-20%
Total current assets	993,357	80%	978,343	79%	969,304	77%	15,014	2%	24,053	2%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	610	0%	4,048	0%	5,098	0%	(3,438)	-85%	(4,488)	-88%
Prepayments for investments	-	-	-	-	-	-	-	-	-	-
Total long-term investments	610	0%	4,048	0%	5,098	0%	(3,438)	-85%	(4,488)	-88%
Property, plant and equipment										
Property, plant and equipment	173,769	14%	183,077	15%	162,452	13%	(9,308)	-5%	11,317	7%
Total property, plant and equipment	173,769	14%	183,077	15%	162,452	13%	(9,308)	-5%	11,317	7%
Intangible assets and other assets	73,911	6%	76,063	6%	121,175	10%	(2,152)	-3%	(47,264)	-39%
Total assets	1,241,647	100%	1,241,531	100%	1,258,029	100%	116	0%	(16,382)	-1%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	5	0%	6	0%	5	-1	6	-100%
Accounts payable	79,592	6%	125,887	10%	66,335	5%	(46,295)	-37%	13,257	20%
Accounts payable - related parties	5,495	0%	6,872	1%	5,174	0%	(1,377)	-20%	321	6%
Other payable	139,481	11%	127,202	10%	152,592	12%	12,279	10%	(13,111)	-9%
Other payable - related parties	0	0%	0	0%	0	0%	0	0%	0	0%
Income tax payable	16,223	1%	11,331	1%	6,587	1%	4,892	43%	9,636	146%
Current provisions	52	0%	49	0%	960	0%	3	6%	(908)	-95%
Long-term liabilities-current portion	0	0%	0	0%	5,855	0%	0	0%	(5,855)	-100%
Other current liabilities	14,607	1%	9,620	1%	9,134	1%	4,987	52%	5,473	60%
Total current liabilities	255,450	21%	280,966	23%	246,643	20%	(25,516)	-9%	8,807	4%
Non-current liabilities										
Long-term loans liabilities	0	0%	0	0%	20,795	2%	0	0%	(20,795)	-100%
Deferred tax liabilities	2,824	0%	986	0%	416	0%	1,838	186%	2,408	579%
Accrued pension liabilities	18,652	2%	21,483	2%	21,487	2%	(2,831)	-13%	(2,835)	-13%
Total non-current liabilities	21,476	2%	22,469	2%	42,698	3%	(993)	-4%	(21,222)	-50%
Total liabilities	276,926	22%	303,435	24%	289,341	23%	(26,509)	-9%	(12,415)	-4%
SHAREHOLDERS' EQUITY :										
Capital stock	692,991	56%	692,991	56%	709,811	56%	0	0%	(16,820)	-2%
Capital surplus	4,598	0%	4,598	0%	4,624	0%	0	0%	(26)	-1%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	290,181	23%	264,139	21%	338,442	27%	26,042	10%	(48,261)	-14%
Others-cumulative translation adjustments	2,125	0%	990	0%	1,032	0%	1,135	115%	1,093	106%
Treasury stock	(25,182)	-2%	(25,182)	-2%	(89,645)	-7%	0	0%	64,463	-72%
Non-controlling interests	8	0%	560	0%	4,424	0%	(552)	-99%	(4,416)	-100%
Total shareholders' equity	964,721	78%	938,096	76%	968,688	77%	26,625	3%	(3,967)	0%
Total liabilities and shareholders' equity	1,241,647	100%	1,241,531	100%	1,258,029	100%	116	0%	(16,382)	-1%



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Year Ended December 31, 2014 and 2013
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2014		2013		YoY	
Net Sales	1,355,735	100%	1,431,354	100%	(75,619)	-5%
Cost of Goods Sold	(776,526)	-57%	(812,322)	-57%	35,796	-4%
Gross Profit	579,209	43%	619,032	43%	(39,823)	-6%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	579,209	43%	619,032	43%	(39,823)	-6%
Operating Expenses						
Sales and Marketing Expenses	(223,727)	-17%	(235,969)	-16%	12,242	-5%
General and Administrative Expenses	(85,777)	-6%	(90,558)	-6%	4,781	-5%
Research and Development Expenses	(243,391)	-18%	(270,506)	-19%	27,115	-10%
Total operating expenses	(552,895)	-41%	(597,033)	-42%	44,138	-7%
Operating Income	26,314	2%	21,999	2%	4,315	20%
Non-operating Income						
Interest income	1,423	0%	1,447	0%	(24)	-2%
Investment income recognized under equity method	0	0%	0	0%	0	0%
Dividend income	0	0%	0	0%	0	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	0	0%
Gain on disposal of available-for-sale financial assets	0	0%	17,038	1%	(17,038)	-100%
Gain on physical inventory	0	0%	0	0%	0	0%
Exchange gain, net	20,768	2%	9,825	1%	10,943	111%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%
Reversal of loss on inventories	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	0	0%	0	0%	0	0%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	251	0%	0	0%	251	0%
Miscellaneous income	3,948	1%	2,863	1%	1,085	38%
Total non-operating income and gains	26,390	3%	31,173	3%	(4,783)	-15%
Non-operating expenses and losses						
Interest expense	(179)	0%	(373)	0%	194	-52%
Investment loss recognized under equity method	0	0%	(62)	0%	62	-100%
Investment Impairment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(3,672)	0%	(74)	0%	(3,598)	4862%
Loss on sale of investments, net	0	0%	0	0%	0	0%
Loss on physical inventory	0	0%	0	0%	0	0%
Exchange loss, net	0	0%	0	0%	0	0%
Valuation loss on financial assets, net	(3,438)	0%	-	-	(3,438)	0%
Miscellaneous expenses	(101)	0%	(9)	0%	(92)	1022%
Total non-operating expenses and losses	(7,390)	-1%	(518)	0%	(6,872)	1327%
Income before income tax	45,314	6%	52,654	5%	(7,340)	-14%
Income tax expense (benefit)	(11,664)	-1%	(9,607)	-1%	(2,057)	21%
Net income	33,650	2%	43,047	3%	(9,397)	-22%
Other comprehensive income						
Exchange differences on translation	1,317	0%	2,532	0%	(1,215)	-48%
Actuarial gains and losses of defined benefit plans	2,872	0%	1,711	0%	1,161	68%
Other comprehensive income	(712)	0%	(721)	0%	9	-1%
Other comprehensive income, net	3,477	0%	3,522	0%	(45)	-1%
Total comprehensive income	37,127	3%	46,569	3%	(9,442)	-20%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	38,435		51,726		(13,291)	
Profit (loss), attributable to non-controlling interests	(4,785)		(8,679)		3,894	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	41,912		55,248		(13,336)	
Comprehensive income, attributable to non-controlling interests	(4,785)		(8,679)		3,894	
Earnings Per Share						
Basic Earnings Per Share After Income Tax	0.56		0.76		-	0.19
Diluted Earnings Per Share After Income Tax	0.56		0.75		-	0.18



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements
For the Three Months Ended December 31,2014 , September 30,2014 and December 31 30,2013
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	4Q 2013		3Q 2014		4Q 2013		QoQ		YoY	
Net Sales	366,249	100%	326,743	100%	341,562	105%	39,506	11%	24,687	8%
Cost of Goods Sold	(211,837)	-58%	(196,318)	-60%	(189,960)	-58%	(15,519)	7%	(21,877)	11%
Gross Profit	154,412	42%	130,425	40%	151,602	46%	23,987	16%	2,810	2%
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	154,412	42%	130,425	40%	151,602	46%	23,987	16%	2,810	2%
Operating Expenses										
Sales and Marketing Expenses	(53,314)	-15%	(53,110)	-16%	(60,752)	-19%	(204)	0%	7,438	-14%
General and Administrative Expenses	(22,295)	-6%	(21,629)	-7%	(23,430)	-7%	(666)	3%	1,135	-5%
Research and Development Expenses	(62,416)	-17%	(59,633)	-18%	(74,489)	-23%	(2,783)	4%	12,073	-20%
Total operating expenses	(138,025)	-38%	(134,372)	-41%	(158,671)	-49%	(3,653)	3%	20,646	-15%
Operating Income	16,387	4%	(3,947)	-1%	(7,069)	-2%	20,334	124%	23,456	-594%
Non-operating Income										
Interest income	295	0%	311	0%	312	0%	(16)	-5%	(17)	-5%
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	0%
Gain on disposal of property, plant and equipment	0	0%	0	0%	0	0%	0	0%	0	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	13,477	4%	5,989	2%	3,466	1%	7,488	56%	10,011	167%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%	0	0%	0	0%
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%	0	0%	0	0%	0	0%	0	0%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	251	0%	0	0%	0	0%	251	100%	251	0%
Miscellaneous income	771	1%	1,357	1%	574	1%	(586)	-76%	197	15%
Total non-operating income and gains	14,794	5%	7,657	3%	4,352	2%	7,137	48%	10,442	136%
Non-operating expenses and losses										
Interest expense	(32)	0%	0	0%	(140)	0%	(32)	100%	108	0%
Investment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Investment Impairment loss recognized under equity met	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	0	0%	(4)	0%	0	0%	4	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	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation loss on financial assets, net	(3,438)	-1%	0	0%	0	0%	(3,438)	100%	(3,438)	0%
Miscellaneous expenses	(18)	0%	(88)	0%	(9)	0%	70	-389%	(9)	10%
Total non-operating expenses and losses	(3,488)	-1%	(88)	0%	(153)	0%	(3,400)	97%	(3,335)	3790%
Income before income tax	27,693	10%	3,622	2%	(2,870)	0%	24,071	87%	30,563	844%
Income tax expense (benefit)	(4,587)	-1%	(766)	0%	535	0%	(3,821)	83%	(5,122)	669%
Net income	23,106	6%	2,856	1%	(2,335)	-1%	20,250	88%	25,441	891%
Other comprehensive income										
Exchange differences on translation	1,368	0%	(34)	0%	800	0%	1,402	102%	568	#####
Actuarial gains and losses of defined benefit plans	2,872	1%	0	0%	1,711	1%	2,872	100%	1,161	0%
Other comprehensive income	(721)	0%	6	0%	(426)	0%	(727)	101%	(295)	#####
Other comprehensive income, net	3,519	1%	(28)	0%	2,085	1%	3,547	101%	1,434	#####
Total comprehensive income	26,625	7%	2,828	1%	(250)	0%	23,797	89%	26,875	950%
Profit (loss), attributable to:										
Profit (loss), attributable to owners of parent	23,658		3,006		(1,717)		20,652		25,375	
Profit (loss), attributable to non-controlling interests	(552)		(150)		(618)		(402)		66	
Comprehensive income attributable to:										
Comprehensive income, attributable to owners of parent	27,177		2,978		368		24,199		26,809	
Comprehensive income, attributable to non-controlling interest	(552)		(150)		(618)		(402)		66	
Earnings Per Share										
Basic Earnings Per Share After Income Tax	0.34		0.04		(0.03)		0.30		0.37	
Diluted Earnings Per Share After Income Tax	0.34		0.04		(0.03)		0.30		0.37	



CIPHERLAB CO.,LTD.
Consolidated Condensed Statements of Cash Flows
FOR THE YEAR ENDED DECEMBER 31,2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from operating activities		
Net income	45,314	52,654
Provision(Reversal) for doubtful accounts	992	795
Depreciation	39,696	35,173
Amortization	28,120	20,696
Investment loss (income) recognized under equity method	0	62
Interest revenue	(1,423)	(1,447)
Gain on financial asset at fair value through profit or loss	0	0
Financial Cost	179	373
Loss (gain) on disposal of property, plant and equipment	3,672	74
Loss (gain) on disposal of intangible assets	83	0
Loss (gain) on sale of investments	0	(17,038)
Investment Impairment loss	0	0
Unrealized foreign exchange loss (gain)	(4,201)	(6,118)
Difference Between Net Pension Cost and Plan Contribution	37	49
Others	784	0
Valuation loss (gain) on financial instruments	3,438	0
Changes in operating assets and liabilities:		
Notes receivable	253	1,436
Notes receivable – related parties	0	0
Accounts receivable	24,547	53,364
Accounts receivable – related parties	0	0
Other receivables	1,450	240
Inventories	(29,125)	(22,119)
Other current assets	4,698	(9,213)
Notes payable	(6)	(4)
Accounts payable	12,846	(52,805)
Accounts payable – related parties	321	(249)
Other payables	(7,521)	20,891
Other payables – related parties	0	(471)
Other current liabilities	5,168	(5,821)
Cash generated from operations	129,322	70,522
Interest received	1,425	1,476
Income tax paid	(5,564)	(40,507)
Net cash provided by (used in) operating activities	125,183	31,491
Cash flows from investing activities		
Proceeds from financial assets carried at cost at fair value	0	0
Proceeds from bond investments without active market	3,278	5,825
Proceeds from financial assets carried at cost	0	19,909
funded by investment company shares shall return	1,050	0
Acquisition of property, plant and equipment	(22,122)	(17,507)
Proceeds from property, plant and equipment	0	0
Acquisition of Intangible assets	(2,457)	(9,623)
Decrease (increase) in other financial assets	(6)	(7)
Decrease (increase) in other non-current assets	(12,651)	(18,229)
Net cash used in investing activities	(32,908)	(19,632)
Cash flows from financing activities		
Decrease (increase) in long-term loans	(26,650)	26,650
Capital Increase by cash of non-controlling interests	0	0
Cash dividends	(41,094)	(68,489)
Cash paid for acquisition of treasury stock	0	0
Interest paid	(202)	(350)
Net cash used in financing activities	(67,946)	(42,189)
Effect of exchange rate changes	(5,787)	(1,896)
Net decrease in cash and cash equivalents	18,542	(32,226)
Cash and cash equivalents at Beginning of Period	212,449	244,675
cash and cash equivalents at End of Period	230,991	212,449