



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

	June 30,2015		December 31,2014		June 30,2014		QoQ		YoY	
Current assets										
Cash and cash equivalents	191,227	17%	230,991	19%	267,769	24%	(39,764)	-17%	(76,542)	-29%
Financial assets at fair value through profit or loss - currer	41,007	4%	0	0%	0	0%	41,007	100%	41,007	100%
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%	14,000	1%	0	0%	0	0%
Notes receivable, net	1,641	0%	1,538	0%	3,207	0%	103	7%	(1,566)	-49%
Accounts receivable, net	144,701	13%	194,108	16%	182,732	16%	(49,407)	-25%	(38,031)	-21%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	1,965	0%	8,676	1%	10,636	1%	(6,711)	-77%	(8,671)	-82%
Inventories, Net	480,519	43%	526,018	42%	515,517	46%	(45,499)	-9%	(34,998)	-7%
Other current assets	19,190	2%	18,026	1%	30,551	3%	1,164	6%	(11,361)	-37%
Total current assets	894,250	79%	993,357	80%	1,024,412	91%	(99,107)	-10%	(130,162)	-13%
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%	610	0%	4,048	0%	0	0%	(3,438)	-85%
Prepayments for investments	-	-	-	-	-	-	-	0%	-	-
Total long-term investments	610	0%	610	0%	4,048	0%	0	0%	(3,438)	-85%
Property, plant and equipment										
Property, plant and equipment	164,441	15%	173,769	14%	160,773	14%	(9,328)	-5%	3,668	2%
Total property, plant and equipment	164,441	15%	173,769	14%	160,773	14%	(9,328)	-5%	3,668	2%
Intangible assets and other assets										
	66,834	6%	73,911	6%	106,803	9%	(7,077)	-10%	(39,969)	-37%
Total assets	1,126,135	100%	1,241,647	100%	1,296,036	115%	(115,512)	-9%	(169,901)	-13%
LIABILITIES :										
Current liabilities										
Notes payable	5	0%	-	0%	15	0%	5	0%	10	-67%
Accounts payable	26,952	2%	79,592	6%	135,440	12%	(52,640)	-66%	(108,488)	-80%
Accounts payable - related parties	931	0%	5,495	0%	9,277	1%	(4,564)	-83%	(8,346)	-90%
Other payable	179,589	16%	139,533	11%	163,762	15%	40,056	29%	15,827	10%
Other payable - related parties	0	0%	0	0%	0	0%	0	0%	0	0%
Income tax payable	9,849	1%	16,223	1%	14,607	1%	(6,374)	-39%	(4,758)	-33%
Current provisions	0	0%	0	0%	0	0%	0	0%	0	0%
Long-term liabilities-current portion	0	0%	0	0%	0	0%	0	0%	0	0%
Other current liabilities	6,703	1%	14,607	1%	16,180	1%	(7,904)	-54%	(9,477)	-59%
Total current liabilities	224,029	20%	255,450	21%	339,281	30%	(31,421)	-12%	(115,252)	-34%
Non-current liabilities										
Long-term loans liabilities	0	0%	0	0%	0	0%	0	0%	0	0%
Deferred tax liabilities	466	0%	2,824	0%	2	0%	(2,358)	-83%	464	23200%
Accrued pension liabilities	18,645	2%	18,652	2%	21,485	2%	(7)	0%	(2,840)	-13%
Total non-current liabilities	19,111	2%	21,476	2%	21,487	2%	(2,365)	-11%	(2,376)	-11%
Total liabilities	243,140	22%	276,926	22%	360,768	32%	(33,786)	-12%	(117,628)	-33%
SHAREHOLDERS' EQUITY :										
Capital stock	684,891	61%	692,991	56%	692,991	62%	(8,100)	-1%	(8,100)	-1%
Capital surplus	1,062	0%	4,598	0%	4,840	0%	(3,536)	-77%	(3,778)	-78%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	196,648	17%	290,181	23%	261,502	23%	(93,533)	-32%	(64,854)	-25%
Others-cumulative translation adjustments	394	0%	2,125	0%	1,018	0%	(1,731)	-81%	(624)	-61%
Treasury stock	0	0%	(25,182)	-2%	(25,182)	-2%	25,182	-100%	25,182	-100%
Non-controlling interests	0	0%	8	0%	99	0%	(8)	-100%	(99)	-100%
Total shareholders' equity	882,995	78%	964,721	78%	935,268	83%	(81,726)	-8%	(52,273)	-6%
Total liabilities and shareholders' equity	1,126,135	100%	1,241,647	100%	1,296,036	115%	(115,512)	-9%	(169,901)	-13%



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Six Months Ended June 30,2015 and 2014
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Six Months 2015		Six Months 2014		YoY	
Net Sales	490,518	100%	662,743	135%	(172,225)	-26%
Cost of Goods Sold	(273,916)	56%	(368,371)	75%	94,455	-26%
Gross Profit	216,602	44%	294,372	60%	(77,770)	-26%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	216,602	44%	294,372	60%	(77,770)	-26%
Operating Expenses						
Sales and Marketing Expenses	(87,686)	18%	(117,303)	24%	29,617	-25%
General and Administrative Expenses	(42,237)	9%	(41,853)	9%	(384)	1%
Research and Development Expenses	(101,418)	21%	(121,342)	25%	19,924	-16%
Total operating expenses	(231,341)	47%	(280,498)	57%	49,157	-18%
Operating Income	(14,739)	3%	13,874	3%	(28,613)	-206%
Non-operating Income						
Interest income	539	0%	817	0%	(278)	-34%
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%	0	0%	0	0%
Gain on physical inventory	0	0%	0	0%	0	0%
Exchange gain, net	0	0%	0	0%	0	0%
Gain on Disposal of Investment	3,523	1%	0	0%	3,523	100%
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	(247)	0%	0	0%	(247)	100%
Miscellaneous income	1,310	0%	1,820	0%	(510)	-28%
Total non-operating income and gains	5,125	1%	2,637	1%	2,488	94%
Non-operating expenses and losses						
Interest expense	0	0%	(147)	0%	147	-100%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Investment Impairment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	0	0%	0	0%
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	(5,863)	1%	(2,365)	0%	(3,498)	148%
Provision for loss on inventories	-	-	-	-	0	0%
Impairment loss	-	-	-	-	0	0%
Valuation loss on financial assets, net	-	-	-	-	0	0%
Valuation loss on financial liabilities, net	-	-	-	-	0	0%
Miscellaneous expenses	0	0%	0	0%	0	0%
Total non-operating expenses and losses	(5,863)	1%	(2,512)	1%	(3,351)	133%
Income before income tax	(15,477)	3%	13,999	3%	(29,476)	-211%
Income tax expense (benefit)	7,494	2%	(6,311)	1%	13,805	-219%
Net income	(7,983)	2%	7,688	2%	(15,671)	-204%
Other comprehensive income						
Exchange differences on translation	(2,085)	0%	(17)	0%	(2,068)	#####
Actuarial gains and losses of defined benefit plans	0	0%	0	0%	0	0%
Other comprehensive income	354	0%	3	0%	351	#####
Other comprehensive income, net	(1,731)	0%	(14)	0%	(1,717)	#####
Total comprehensive income	(9,714)	2%	7,674	2%	(17,388)	-227%

Profit (loss), attributable to:			
Profit (loss), attributable to owners of parent	(7,975)	11,757	(19,732)
Profit (loss), attributable to non-controlling interests	(8)	(4,083)	4,075
Comprehensive income attributable to:			
Comprehensive income, attributable to owners of parent	(9,706)	11,757	(21,463)
Comprehensive income, attributable to non-controlling interests	(8)	(4,083)	4,075
Earnings Per Share			
Basic Earnings Per Share After Income Tax	- 0.12	0.17	- 0.29
Diluted Earnings Per Share After Income Tax	- 0.12	0.17	- 0.29



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Three Months Ended June 30,2015 , March 31,2015 and June 30,2014
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2Q 2015		1Q 2015		2Q 2014		QoQ		YoY	
Net Sales	240,065	100%	250,453	104%	324,646	100%	(10,388)	-4%	(84,581)	-26%
Cost of Goods Sold	(144,265)	-60%	(129,651)	-54%	(183,154)	-56%	(14,614)	11%	38,889	-21%
Gross Profit	95,800	40%	120,802	50%	141,492	44%	(25,002)	-21%	(45,692)	-32%
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	95,800	40%	120,802	50%	141,492	44%	(25,002)	-21%	(45,692)	-32%
Operating Expenses										
Sales and Marketing Expenses	(46,785)	-19%	(40,901)	-17%	(60,317)	-19%	(5,884)	14%	13,532	-22%
General and Administrative Expenses	(18,773)	-8%	(23,464)	-10%	(20,670)	-6%	4,691	-20%	1,897	-9%
Research and Development Expenses	(48,198)	-20%	(53,220)	-22%	(66,207)	-20%	5,022	-9%	18,009	-27%
Total operating expenses	(113,756)	-47%	(117,585)	-49%	(147,194)	-45%	3,829	-3%	33,438	-23%
Operating Income	(17,956)	-7%	3,217	1%	(5,702)	-2%	(21,173)	-658%	(12,254)	215%
Non-operating Income										
Interest income	241	0%	298	0%	450	0%	(57)	-19%	(209)	-46%
Exchange gain, net	0	0%	0	0%	(3,867)	-1%	0	0%	3,867	-100%
Gain on Disposal of Investment	3,523	1%	0	0%	0	0%	3,523	100%	3,523	100%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	(387)	0%	140	0%	0	0%	(1,337)	-141%	(387)	100%
Miscellaneous income	368	1%	950	1%	1,600	1%	(1,020)	-73%	(1,232)	-77%
Total non-operating income and gains	3,745	2%	1,388	1%	(1,817)	0%	3,745	100%	5,562	-306%
Non-operating expenses and losses										
Interest expense	0	0%	0	0%	(34)	0%	0	0%	34	-100%
Investment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Investment Impairment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	0	0%	0	0%	0	0%	0	0%
Exchange loss, net	(3,471)	-1%	(2,392)	-1%	0	0%	(3,471)	100%	(3,471)	100%
Miscellaneous expenses	0	0%	(8)	0%	0	0%	2,400	-100%	0	0%
Total non-operating expenses and losses	(3,471)	-1%	(2,400)	-1%	(34)	0%	(5,676)	-257%	(3,437)	10109%
Income before income tax	(17,682)	-4%	2,205	3%	(7,553)	-2%	(17,677)	353540%	(10,129)	134%
Income tax expense (benefit)	7,499	3%	(5)	0%	(52)	0%	5,299	241%	7,551	-14521%
Net income	(10,183)	-4%	2,200	1%	(7,605)	-2%	(10,183)	100%	(2,578)	34%
Other comprehensive income										
Exchange differences on translation	(176)	0%	(1,909)	-1%	(1,298)	0%	(176)	100%	1,122	-86%
Actuarial gains and losses of defined benefit plans	0	0%	0	0%	0	0%	(325)	-100%	0	0%
Other comprehensive income	29	0%	325	0%	221	0%	1,613	-102%	(192)	-87%
Other comprehensive income, net	(147)	0%	(1,584)	-1%	(1,077)	0%	(763)	-124%	930	-86%
Total comprehensive income	(10,330)	-4%	616	0%	(8,682)	-3%	(10,330)	100%	(1,648)	19%
Profit (loss), attributable to:										
Profit (loss), attributable to owners of parent	(10,329)		2,207		(7,770)		(10,322)		(2,559)	
Profit (loss), attributable to non-controlling interests	(1)		(7)		(912)		(1)		911	
Comprehensive income attributable to:										
Comprehensive income, attributable to owners of parent	(10,329)		623		(7,770)		(10,322)		(2,559)	
Comprehensive income, attributable to non-controlling interest	(1)		(7)		(912)		(1)		911	
Earnings Per Share										
Basic Earnings Per Share After Income Tax	(0.15)		0.03		(0.10)		(0.18)		(0.05)	
Diluted Earnings Per Share After Income Tax	(0.15)		0.03		(0.10)		(0.15)		(0.05)	



CIPHERLAB CO.,LTD.
Consolidated Condensed Statements of Cash Flows
FOR THE Six MONTHS ENDED June 30,2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from operating activities		
Net income	(15,477)	13,999
Provision(Reversal) for doubtful accounts	(917)	(639)
Depreciation	21,879	18,558
Amortization	7,414	14,094
Investment loss (income) recognized under equity method	0	0
Interest revenue	(539)	(817)
Dividend income	0	(1,597)
Gain on financial asset at fair value through profit or loss	247	0
Financial Cost	0	147
Loss (gain) on disposal of property, plant and equipment	(5)	3,672
Loss (gain) on sale of investments	(3,523)	0
Provision for (recovery of) loss on inventories	8,586	4,491
Investment Impairment loss	0	0
Unrealized foreign exchange loss (gain)	3,475	(493)
Difference Between Net Pension Cost and Plan Contribution	(7)	(2)
Others	(9)	124
Valuation loss (gain) on financial instruments	0	0
Notes receivable	(103)	(1,416)
Notes receivable – related parties	0	0
Net (gain) loss on fair value change of financial assets held for trading	(41,254)	0
Accounts receivable	44,527	28,264
Accounts receivable – related parties	0	0
Other receivables	3,636	(499)
Inventories	34,725	(28,585)
Other current assets	(1,244)	(7,949)
Notes payable	5	9
Accounts payable	(52,234)	71,472
Accounts payable – related parties	(4,564)	4,103
Other payables	(30,829)	(25,738)
Other payables – related parties	0	0
Provisions	0	0
Other current liabilities	(6,916)	6,637
Cash generated from operations	(33,127)	97,835
Interest received	547	817
Dividends received	0	1,597
Income tax paid	(232)	(269)
Net cash provided by (used in) operating activities	(32,812)	99,980
Cash flows from investing activities		
Acquisition of bond investments without active market	0	0
Proceeds from bond investments without active market	0	3,412
Proceeds from financial assets carried at cost at fair value	0	1,050
Proceeds from financial assets carried at cost	0	0
Acquisition of property, plant and equipment	(1,590)	(9,540)
Proceeds from property, plant and equipment	5	0
Acquisition of Intangible assets	(854)	(1,514)
Decrease (increase) in other financial assets	(6)	(6)
Decrease (increase) in other non-current assets	(5,346)	(12,361)
Net cash used in investing activities	(7,791)	(18,959)
Cash flows from financing activities		
Decrease (increase) in long-term loans	0	(26,650)
Capital Increase by cash of non-controlling interests	0	0
Increase in short-term bills payable	0	0
Cash dividends	0	0
Cash paid for acquisition of treasury stock	0	0
Interest paid	0	(170)
Net cash used in financing activities	0	(26,820)
Effect of exchange rate changes	839	1,119
Net decrease in cash and cash equivalents	(39,764)	55,320
Cash and cash equivalents at Beginning of Period	230,991	212,449
cash and cash equivalents at End of Period	191,227	267,769