

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

	March 31,2016		December 31,2015		March 31,2015		QoQ		YoY	
<b>Current assets</b>										
Cash and cash equivalents	237,481	19%	221,110	18%	163,998	14%	16,371	7%	73,483	45%
Financial assets at fair value through profit or loss - current	76,974	6%	80,026	7%	41,394.00	4%	(3,052)	-4%	35,580	86%
Current financial assets at cost, net	-	0%	-	0%	-	0%	-	0%	-	0%
Current bond investment without active market, net	14,000	1%	14,000	1%	14,000	1%	-	0%	-	0%
Notes receivable, net	1,968	0%	3,412	0%	3,862	0%	(1,444)	-42%	(1,894)	-49%
Accounts receivable, net	202,904	16%	202,534	17%	133,963	11%	370	0%	68,941	51%
Accounts receivable - related parties, net	-	0%	-	0%	-	0%	-	0%	-	0%
Other receivable	7,339	1%	8,487	1%	7,841	1%	(1,148)	-14%	(502)	-6%
Inventories, Net	479,354	38%	449,496	37%	551,060	47%	29,858	7%	(71,706)	-13%
Other current assets	28,159	2%	10,675	1%	24,517	2%	17,484	164%	3,642	15%
<b>Total current assets</b>	<b>1,048,179</b>	<b>83%</b>	<b>989,740</b>	<b>82%</b>	<b>940,635</b>	<b>80%</b>	<b>58,439</b>	<b>6%</b>	<b>107,544</b>	<b>11%</b>
<b>Long-term investments</b>										
Investments accounted for by the equity method	-	0%	-	0%	-	0%	-	0%	-	0%
Financial assets carried at cost – noncurrent	610	0%	610	0%	610	0%	-	0%	-	0%
Prepayments for investments	-	0%	-	0%	-	0%	-	0%	-	0%
<b>Total long-term investments</b>	<b>610</b>	<b>0%</b>	<b>610</b>	<b>0%</b>	<b>610</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Property, plant and equipment</b>										
Property, plant and equipment	143,259	11%	148,705	12%	165,693	14%	(5,446)	-4%	(22,434)	-14%
Total property, plant and equipment	143,259	11%	148,705	12%	165,693	14%	(5,446)	-4%	(22,434)	-14%
<b>Intangible assets and other assets</b>	<b>63,397</b>	<b>5%</b>	<b>62,203</b>	<b>5%</b>	<b>71,205</b>	<b>6%</b>	<b>1,194</b>	<b>2%</b>	<b>(7,808)</b>	<b>-11%</b>
<b>Total assets</b>	<b>1,255,445</b>	<b>100%</b>	<b>1,201,258</b>	<b>100%</b>	<b>1,178,143</b>	<b>100%</b>	<b>54,187</b>	<b>5%</b>	<b>77,302</b>	<b>7%</b>
<b>LIABILITIES :</b>										
<b>Current liabilities</b>										
Notes payable	470	0%	2	0%	3	0%	468	23400%	467	15567%
Accounts payable	85,630	7%	96,211	8%	57,848	5%	(10,581)	-11%	27,782	48%
Accounts payable - related parties	0	0%	5,088	0%	6,454	1%	(5,088)	-100%	(6,454)	-100%
Other payable	135,957	11%	126,999	11%	103,363	9%	8,958	7%	32,594	32%
Other payable - related parties	-	0%	-	0%	-	0%	-	0%	-	0%
Income tax payable	20,514	2%	9,065	1%	18,361	2%	11,449	126%	2,153	12%
Current provisions	-	0%	-	0%	-	0%	-	0%	0	0%
Long-term liabilities-current portion	-	0%	-	0%	-	0%	-	0%	-	0%
Other current liabilities	6,314	1%	8,206	1%	7,167	1%	(1,892)	-23%	(853)	-12%
<b>Total current liabilities</b>	<b>248,885</b>	<b>20%</b>	<b>245,571</b>	<b>20%</b>	<b>193,196</b>	<b>16%</b>	<b>3,314</b>	<b>1%</b>	<b>55,689</b>	<b>29%</b>
<b>Non-current liabilities</b>										
Long-term loans liabilities	-	0%	-	0%	-	0%	-	0%	-	0%
Deferred tax liabilities	1,233	0%	2,415	0%	962	0%	(1,182)	-49%	271	28%
Accrued pension liabilities	16,553	1%	16,555	1%	18,648	2%	(2)	0%	(2,095)	-11%
Total non-current liabilities	17,786	1%	18,970	1%	19,610	2%	(1,184)	-6%	(1,824)	-9%
<b>Total liabilities</b>	<b>266,671</b>	<b>21%</b>	<b>264,541</b>	<b>22%</b>	<b>212,806</b>	<b>18%</b>	<b>2,130</b>	<b>1%</b>	<b>53,865</b>	<b>25%</b>
<b>SHAREHOLDERS' EQUITY :</b>										
Capital stock	684,891	55%	684,891	57%	684,891	58%	-	0%	0	0%
Capital surplus	1,062	0%	1,062	0%	4,585	0%	-	0%	(3,523)	-77%
Share-based Payments	-	0%	-	0%	-	0%	-	0%	-	0%
Retained earnings	300,196	24%	247,284	21%	275,319	23%	52,912	21%	24,877	9%
Others-cumulative translation adjustments	2,625	0%	3,480	0%	541	0%	(855)	-25%	2,084	385%
Treasury stock	-	0%	-	0%	0	0%	-	0%	0	0%
Non-controlling interests	-	0%	-	0%	1	0%	-	0%	(1)	-100%
<b>Total shareholders' equity</b>	<b>988,774</b>	<b>79%</b>	<b>936,717</b>	<b>78%</b>	<b>965,337</b>	<b>82%</b>	<b>52,057</b>	<b>6%</b>	<b>23,437</b>	<b>2%</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,255,445</b>	<b>100%</b>	<b>1,201,258</b>	<b>100%</b>	<b>1,178,143</b>	<b>100%</b>	<b>54,187</b>	<b>5%</b>	<b>77,302</b>	<b>7%</b>



**CIPHERLAB CO.,LTD.**

**Consolidated Condensed Income Statements**  
**For the Nine Months Ended September 30,2015 and 2014**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Three Months 2016		Three Months 2015		YoY	
<b>Net Sales</b>	365,704	100%	250,453	100%	115,251	46%
<b>Cost of Goods Sold</b>	(191,857)	52%	(129,651)	52%	(62,206)	48%
Gross Profit	173,847	48%	120,802	48%	53,045	44%
Unrealized Profit	-	0%	-	-	-	0%
Realized Profit	-	0%	-	-	-	0%
<b>Realized Gross Profit</b>	173,847	48%	120,802	48%	53,045	44%
<b>Operating Expenses</b>						
Sales and Marketing Expenses	(36,638)	10%	(40,901)	16%	4,263	-10%
General and Administrative Expenses	(21,995)	6%	(23,464)	9%	1,469	-6%
Research and Development Expenses	(49,567)	14%	(53,220)	21%	3,653	-7%
<b>Total operating expenses</b>	(108,200)	30%	(117,585)	47%	9,385	-8%
<b>Operating Income</b>	65,647	18%	3,217	1%	62,430	1941%
Non-operating Income						
Interest income	231	0%	298	0%	(67)	-22%
Investment income recognized under equity method	-	0%	-	0%	-	0%
Dividend income	-	0%	-	0%	-	0%
Gain on disposal of property, plant and equipment	-	0%	-	0%	-	0%
Gain on disposal of available-for-sale financial assets	-	0%	-	0%	-	0%
Gain on physical inventory	-	0%	-	0%	-	0%
Gain on financial asset at fair value through profit or loss	(833)	0%	140	0%	(973)	-695%
Miscellaneous income	236	0%	950	0%	(714)	-75%
<b>Total non-operating income and gains</b>	(366)	0%	1,388	1%	(1,754)	-126%
Non-operating expenses and losses						
Interest expense	-	0%	-	0%	-	0%
Investment loss recognized under equity method	-	0%	-	0%	-	0%
Investment Impairment loss recognized under equity method	-	0%	-	0%	-	0%
Loss on disposal of property, plant and equipment	(60)	0%	-	0%	(60)	100%
Loss on sale of investments, net	-	0%	-	0%	-	0%
Loss on disposal of intangible asset	-	0%	-	0%	-	0%
Exchange loss, net	(4,311)	1%	(2,392)	1%	(1,919)	80%
Miscellaneous expenses	-	0%	(8)	0%	8	-100%
<b>Total non-operating expenses and losses</b>	(4,371)	1%	(2,400)	1%	(1,971)	82%
<b>Income before income tax</b>	60,910	17%	2,205	1%	58,705	2662%
<b>Income tax expense (benefit)</b>	(7,998)	2%	(5)	0%	(7,993)	159860%
<b>Net income</b>	52,912	14%	2,200	1%	50,712	2305%
Other comprehensive income						
Exchange differences on translation	(1,030)	0%	(1,909)	1%	879	-46%
Actuarial gains and losses of defined benefit plans	1,851	1%	-	0%	1,851	100%
Other comprehensive income	175	0%	325	0%	(150)	-46%
Other comprehensive income, net	(855)	0%	(1,584)	1%	729	-46%
<b>Total comprehensive income</b>	52,057	14%	616	0%	51,441	8351%
<b>Profit (loss), attributable to:</b>						
Profit (loss), attributable to owners of parent	52,912		2,207		50,705	
Profit (loss), attributable to non-controlling interests	-		(7)		7	
	52,912		2,200			
<b>Comprehensive income attributable to:</b>						
Comprehensive income, attributable to owners of parent	52,057		623		51,434	
Comprehensive income, attributable to non-controlling interests	-		(7)		7	
	52,057		616			
<b>Earnings Per Share</b>						
Basic Earnings Per Share After Income Tax	0.77		0.03		0.74	
Diluted Earnings Per Share After Income Tax	0.77		0.03		0.74	



**CIPHERLAB CO.,LTD.**

**Consolidated Condensed Income Statements**  
**For the Three Months Ended September 30,2015 , June 30,2015 and September 30,2014**  
**(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	1Q 2016		4Q 2015		1Q 2015		QoQ		YoY	
<b>Net Sales</b>	365,704	100%	379,157	100%	250,453	100%	(13,453)	-4%	115,251	46%
<b>Cost of Goods Sold</b>	(191,857)	-52%	(223,192)	-61%	(129,651)	-52%	31,335	-14%	(62,206)	48%
Gross Profit	173,847	48%	155,965	39%	120,802	48%	17,882	11%	53,045	44%
Unrealized Profit	-	0%	-	0%	-	0%	-	0%	-	0%
Realized Profit	-	0%	-	0%	-	0%	-	0%	-	0%
<b>Realized Gross Profit</b>	173,847	48%	155,965	39%	120,802	48%	17,882	11%	53,045	44%
<b>Operating Expenses</b>										
Sales and Marketing Expenses	(36,638)	-10%	(28,108)	-17%	(40,901)	-16%	(8,530)	30%	4,263	-10%
General and Administrative Expenses	(21,995)	-6%	(21,067)	-8%	(23,464)	-9%	(928)	4%	1,469	-6%
Research and Development Expenses	(49,567)	-14%	(47,990)	-19%	(53,220)	-21%	(1,577)	3%	3,653	-7%
<b>Total operating expenses</b>	(108,200)	-30%	(97,165)	-43%	(117,585)	-47%	(11,035)	11%	9,385	-8%
<b>Operating Income</b>	65,647	18%	58,800	-5%	3,217	1%	6,847	12%	62,430	1941%
<b>Non-operating Income</b>										
Interest income	231	0%	359	0%	298	0%	(128)	-36%	(67)	-22%
Investment income recognized under equity method	-	0%	-	0%	-	0%	-	0%	-	0%
Dividend income	-	0%	-	0%	-	0%	-	0%	-	0%
Gain on disposal of property, plant and equipment	-	0%	(5)	0%	-	0%	5	-100%	-	0%
Gain on sale of investments, net	-	0%	-	0%	-	0%	-	0%	-	0%
Gain on physical inventory	-	0%	-	0%	-	0%	-	0%	-	0%
Exchange gain, net	-	0%	(374)	5%	-	0%	374	-100%	-	0%
Gain on financial asset at fair value through profit or loss	(833)	0%	150	0%	140	0%	(983)	-655%	(973)	-695%
Miscellaneous income	236	1%	1,128	1%	950	0%	(892)	-79%	(714)	-75%
<b>Total non-operating income and gains</b>	(366)	1%	1,258	6%	1,388	1%	(1,624)	-129%	(1,754)	-126%
<b>Non-operating expenses and losses</b>										
Interest expense	-	0%	(66)	0%	-	0%	66	-100%	-	0%
Investment loss recognized under equity method	-	0%	-	0%	-	0%	-	0%	-	0%
Investment Impairment loss recognized under equity meth	-	0%	-	0%	-	0%	-	0%	-	0%
Loss on disposal of property, plant and equipment	(60)	0%	59.00	0%	-	0%	(1)	2%	(60)	100%
Exchange loss, net	(4,311)	-1%	-	0%	(2,392)	-1%	(4,311)	100%	(1,919)	80%
Provision for loss on inventories	-	0%	-	0%	-	0%	-	0%	-	0%
Impairment loss	-	0%	-	0%	-	0%	-	0%	-	0%
Valuation loss on financial assets, net	-	0%	-	0%	-	0%	-	0%	-	0%
Valuation loss on financial liabilities, net	-	0%	-	0%	-	0%	-	0%	-	0%
Miscellaneous expenses	-	0%	39.00	0%	(8)	0%	39	-100%	8	-100%
<b>Total non-operating expenses and losses</b>	(4,371)	-1%	(164)	0%	(2,400)	-1%	(4,207)	2565%	(1,971)	82%
<b>Income before income tax</b>	60,910	17%	59,894	16%	2,205	1%	1,016	2%	58,705	2662%
<b>Income tax expense (benefit)</b>	(7,998)	-2%	(12,254)	-3%	(5)	0%	4,256	-35%	(7,993)	159860%
<b>Net income</b>	52,912	14%	47,640	13%	2,200	1%	5,272	11%	50,712	2305%
<b>Other comprehensive income</b>										
Exchange differences on translation	(1,030)	0%	(21)	0%	(1,909)	-1%	(1,009)	4805%	879	-46%
Actuarial gains and losses of defined benefit plans	1,851	1%	1,851.00	0%	0	0%	0	0%	1,851	100%
Other comprehensive income	175	0%	(312)	0%	325	0%	487	-156%	(150)	-46%
Other comprehensive income, net	(855)	0%	1,518	0%	(1,584)	-1%	(2,373)	-156%	729	-46%
<b>Total comprehensive income</b>	52,057	14%	49,158	13%	616	0%	2,899	6%	51,441	8351%
<b>Profit (loss), attributable to:</b>										
Profit (loss), attributable to owners of parent	52,912		47,640		2,207		5,272		50,705	
Profit (loss), attributable to non-controlling interests	-		-		(7)		-		7	
<b>Comprehensive income attributable to:</b>										
Comprehensive income, attributable to owners of parent	52,057		49,158		623		2,899		51,434	
Comprehensive income, attributable to non-controlling interes	-		-		(7)		-		7	
<b>Earnings Per Share</b>										
Basic Earnings Per Share After Income Tax	0.77		0.02		0.03		0.75		0.74	
Diluted Earnings Per Share After Income Tax	0.77		0.02		0.03		0.75		0.74	



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

	2016 Q1	2015 Q1
<b>Cash flows from operating activities</b>		
Net income	60,910	2,205
Provision(Reversal) for doubtful accounts	(2,905)	(1,016)
Depreciation	9,036	10,817
Amortization	3,572	4,414
Loss (Gains) on financial asset at fair value through profit or loss	833	(140)
Investment loss (income) recognized under equity method	-	-
Interest revenue	(231)	(298)
Loss (gain) on disposal of property, plant and equipment	60	-
Provision for (recovery of) loss on inventories	-	5,135
Unrealized foreign exchange loss (gain)	2,917	3,751
Others – write off allowance for bad debts	-	(27)
Financial asset held for trading	2,219	(41,254)
Notes receivable	1,444	(2,324)
Notes receivable – related parties	-	-
Accounts receivable	2,265	55,500
Accounts receivable – related parties	-	-
Other receivables	1,149	849
Inventories	(32,136)	(31,318)
Other current assets	(17,534)	(6,559)
Notes payable	468	3
Accounts payable	(10,818)	(21,331)
Accounts payable – related parties	(5,088)	959
Other payables	6,834	(35,950)
Other payables – related parties	-	-
Other current liabilities	(1,889)	(6,409)
Net defined benefit liability	(2)	(4)
Cash generated from operations	21,104	(62,997)
Interest received	230	283
Dividends received	-	-
Income tax paid	(13)	(23)
<b>Net cash provided by (used in) operating activities</b>	<b>21,321</b>	<b>(62,737)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,581)	(1,120)
Loss (gain) on disposal of property, plant and equipment	-	-
Decrease (increase) in refundable deposits	145	-
Acquisition of Intangible assets	(356)	(816)
Decrease (increase) in other financial assets	-	-
Decrease (increase) in other non-current assets	(2,117)	(2,040)
<b>Net cash used in investing activities</b>	<b>(4,909)</b>	<b>(3,976)</b>
Effect of exchange rate changes	(41)	(280)
<b>Net decrease in cash and cash equivalents</b>	<b>16,371</b>	<b>(66,993)</b>
Cash and cash equivalents at Beginning of Period	221,110	230,991
<b>Cash and cash equivalents at End of Period</b>	<b>237,481</b>	<b>163,998</b>