



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

	December 31,2012		September 30,2012		December 31,2011		QoQ		YoY	
Current assets										
Cash and cash equivalents	267,264	20%	197,460	15%	324,985	16%	69,804	35%	(57,721)	-18%
Financial assets at fair value through profit or loss - current	0	0%	0	0%	62,799	13%	0	0%	(62,799)	-100%
Notes receivable, net	3,227	0%	1,207	0%	5,972	0%	2,020	167%	(2,745)	-46%
Accounts receivable, net	259,699	20%	283,107	21%	258,324	17%	(23,408)	-8%	1,375	1%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	6,861	1%	12,272	1%	36,597	3%	(5,411)	-44%	(29,736)	-81%
Inventories, Net	465,913	36%	514,539	39%	506,122	31%	(48,626)	-9%	(40,209)	-8%
Other current assets	23,006	2%	23,269	2%	29,291	1%	(263)	-1%	(6,285)	-21%
Total current assets	1,025,970	79%	1,031,854	78%	1,224,090	81%	(5,884)	-1%	(198,120)	-16%
Long-term investments										
Investments accounted for by the equity method	21	0%	5,982	0%	5,967	0%	(5,961)	-100%	(5,946)	-100%
Financial assets carried at cost – noncurrent	7,969	1%	7,969	1%	10,419	1%	0	0%	(2,450)	-24%
Prepayments for investments	-	-	-	-	-	-	-	-	-	-
Total long-term investments	7,990	1%	13,951	1%	16,386	1%	(5,961)	-43%	(8,396)	-51%
Property, plant and equipment										
Property, plant and equipment	377,181	29%	373,019	28%	337,825	24%	4,162	1%	39,356	12%
Less: Accumulated depreciation	(209,562)	-16%	(202,707)	-15%	(187,980)	-12%	(6,855)	3%	(21,582)	11%
Less: Accumulated impairment	-	0%	-	0%	-	0%	-	0%	-	0%
Construction in progress and prepayments for equipment	23,148	2%	21,576	2%	13,039	0%	1,572	7%	10,109	78%
Total property, plant and equipment	190,767	15%	191,888	15%	162,884	12%	(1,121)	-1%	27,883	17%
Intangible assets and other assets	80,938	6%	83,833	6%	86,541	6%	(2,895)	-3%	(5,603)	-6%
Total assets	1,305,665	100%	1,321,526	100%	1,489,901	100%	(15,861)	-1%	(184,236)	-12%
LIABILITIES :										
Current liabilities										
Notes payable	10	0%	76	0%	-	0%	66	-0.8684	10	0%
Accounts payable	119,416	9%	117,884	9%	133,748	8%	1,532	1%	(14,332)	-11%
Accounts payable - related parties	5,423	0%	6,189	0%	10,400	1%	(766)	-12%	(4,977)	-48%
Income tax payable	35,862	3%	33,889	3%	40,835	2%	1,973	6%	(4,973)	-12%
Accrued expenses	121,315	9%	133,200	10%	169,459	9%	(11,885)	-9%	(48,144)	-28%
Other payable - related parties	471	0%	0	0%	0	0%	471	0%	471	0%
Other payable	7,230	1%	13,601	1%	17,425	1%	(6,371)	-47%	(10,195)	-59%
Other current liabilities	13,271	1%	15,972	1%	18,429	2%	(2,701)	-17%	(5,158)	-28%
Total current liabilities	302,998	23%	320,811	24%	390,296	23%	(17,813)	-6%	(87,298)	-22%
Other liabilities	15,458	1%	15,372	1%	15,135	1%	86	1%	323	2%
Total liabilities	318,456	24%	336,183	25%	405,431	24%	(17,727)	-5%	(86,975)	-21%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	54%	709,811	54%	709,811	56%	0	0%	0	0%
Capital surplus	1,101	0%	1,101	0%	1,101	0%	0	0%	0	0%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	371,173	28%	369,237	28%	447,713	28%	1,936	1%	(76,540)	-17%
Others-cumulative translation adjustments	(6,857)	-1%	(6,750)	-1%	(5,787)	-1%	(107)	2%	(1,070)	18%
Treasury stock	(89,645)	-7%	(89,645)	-7%	(68,368)	-7%	0	0%	(21,277)	31%
Minority interest	1,626	0%	1,589	0%	0	-7%	37	2%	1,626	0%
Total shareholders' equity	987,209	76%	985,343	75%	1,084,470	76%	1,866	0%	(97,261)	-9%
Total liabilities and shareholders' equity	1,305,665	100%	1,321,526	100%	1,489,901	100%	(15,861)	-1%	(184,236)	-12%



CIPHERLAB CO.,LTD.
Consolidated Condensed Income Statements
For the Year Ended December 31, 2012 and 2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2012		2011		YoY	
Net Sales	1,534,215	100%	1,557,865	100%	(23,650)	-2%
Cost of Goods Sold	(898,610)	-59%	(811,777)	-52%	(86,833)	11%
Gross Profit	635,605	41%	746,088	48%	(110,483)	-15%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	635,605	41%	746,088	48%	(110,483)	-15%
Operating Expenses						
Sales and Marketing Expenses	(223,313)	-15%	(246,814)	-16%	23,501	-10%
General and Administrative Expenses	(113,218)	-7%	(135,453)	-9%	22,235	-16%
Research and Development Expenses	(182,251)	-12%	(148,005)	-10%	(34,246)	23%
Total operating expenses	(518,782)	-34%	(530,272)	-34%	11,490	-2%
Operating Income	116,823	8%	215,816	14%	(98,993)	-46%
Non-operating Income						
Interest income	2,045	0%	1,627	0%	418	26%
Investment income recognized under equity method	7	0%	71	0%	(64)	-90%
Dividend income	141	0%	187	0%	(46)	-25%
Gain on disposal of property, plant and equipment	451	0%	0	0%	451	0%
Gain on sale of investments, net	-	0%	179	0%	- 179	-100%
Exchange gain, net	0	0%	19,767	1%	(19,767)	-100%
Reversal of Bad Debt Expenses	-	0%	5,847	0%	(5,847)	-100%
Valuation gain on financial assets, net	199	0%	106	0%	93	88%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	1,973	1%	5,513	1%	(3,540)	-64%
Total non-operating income and gains	4,816	1%	33,297	2%	(28,481)	-86%
Non-operating expenses and losses						
Interest expense	(71)	0%	(66)	0%	(5)	8%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(168)	0%	(446)	0%	278	-62%
Exchange loss, net	(14,121)	-1%	0	0%	(14,121)	0%
Impairment loss	(5,962)	0%	-	0%	(5,962)	0%
Miscellaneous expenses	(4)	0%	(117)	0%	113	-97%
Total non-operating expenses and losses	(20,326)	-1%	(629)	0%	(19,697)	3131%
Income before income tax	101,313	10%	248,484	16%	(147,171)	-59%
Income tax expense (benefit)	(21,052)	-1%	(61,505)	-4%	40,453	-66%
Net income	80,261	5%	186,979	12%	(106,718)	-57%
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	1.48		3.63		- 2.15	
Basic Earnings Per Share After Income Tax	1.18		2.75		- 1.57	



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements

For the Three Months Ended September 30,2012 , June 30,2012 and September 30,2011

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	4Q 2012		3Q 2012		4Q 2011		QoQ		YoY	
Net Sales	395,833	100%	364,496	100%	426,374	100%	31,337	9%	(30,541)	-7%
Cost of Goods Sold	(257,671)	-65%	(218,457)	-60%	(222,594)	-52%	(39,214)	18%	(35,077)	16%
Gross Profit	138,162	35%	146,039	40%	203,780	48%	(7,877)	-5%	(65,618)	-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	138,162	35%	146,039	40%	203,780	48%	(7,877)	-5%	(65,618)	-32%
Operating Expenses										
Sales and Marketing Expenses	(75,069)	-19%	(53,577)	-15%	(66,839)	-16%	(21,492)	40%	(8,230)	12%
General and Administrative Expenses	(17,036)	-4%	(35,872)	-10%	(32,537)	-8%	18,836	-53%	15,501	-48%
Research and Development Expenses	(35,831)	-9%	(59,578)	-16%	(36,818)	-8%	23,747	-40%	987	-3%
Total operating expenses	(127,936)	-32%	(149,027)	-41%	(136,194)	-32%	21,091	-14%	8,258	-6%
Operating Income	10,226	3%	(2,988)	-1%	67,586	16%	13,214	-442%	(57,360)	-85%
Non-operating Income										
Interest income	353	0%	291	0%	494	0%	62	21%	(141)	-29%
Investment income recognized under equity method	2	0%	(13)	0%	(21)	0%	15	-115%	23	-110%
Dividend income	141	0%	0	0%	187	0%	141	0%	(46)	-25%
Gain on disposal of property, plant and equipment	304	0%	147	0%	0	0%	157	107%	304	0%
Gain on sale of investments, net	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	0	1%	0	0%	(2,615)	-1%	0	0%	2,615	-100%
Reversal of Bad Debt Expenses	(401)	0%	401	0%	(49)	0%	(802)	-200%	(352)	718%
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%	(87)	0%	0	0%	87	-100%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%	0	0%	0	0%
Miscellaneous income	371	0%	725	0%	(2,361)	-1%	(354)	-49%	2,732	-116%
Total non-operating income and gains	770	1%	1,551	-1%	(4,452)	-2%	(781)	-50%	5,222	-117%
Non-operating expenses and losses										
Interest expense	(17)	0%	(54)	0%	(14)	0%	37	-69%	(3)	21%
Investment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	(160)	0%	0	0%	(7)	0%	(160)	0%	(153)	2186%
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	(910)	0%	(8,056)	-2%	0	0%	7,146	-89%	(910)	0%
Provision for loss on inventories	0	0%	0	0%	0	0%	0	0%	0	0%
Impairment loss	(5,962)	-2%	0	0%	0	0%	(5,962)	0%	(5,962)	0%
Valuation loss on financial assets, net	0	0%	0	0%	0	0%	0	0%	0	0%
Valuation loss on financial liabilities, net	0	-	0	0%	0	0%	0	0%	0	0%
Miscellaneous expenses	(1)	0%	0	0%	(10)	0%	(1)	0%	9	-90%
Total non-operating expenses and losses	(7,050)	-2%	(8,110)	-2%	(31)	0%	1,060	-13%	(7,019)	22642%
Income before income tax	3,946	2%	(9,547)	-3%	63,103	14%	13,493	-141%	(59,157)	-94%
Income tax expense (benefit)	(1,972)	0%	1,420	0%	(24,925)	-6%	(3,392)	-239%	22,953	-92%
Net income	1,974	2%	(8,127)	-3%	38,178	8%	10,101	-124%	(36,204)	-95%
Earnings Per Share										
Basic Earnings Per Share Before Income Tax	0.06		(0.13)		0.91		0.19		(0.85)	
Basic Earnings Per Share After Income Tax	0.03		(0.11)		0.55		0.14		(0.52)	



CIPHERLAB CO., LTD.
Consolidated Condensed Statements of Cash Flows
For the Year Ended December 31, 2010 and 2009
(In Thousands of New Taiwan Dollars)

	2012	2011
Cash flows from operating activities		
Net income	80,261	186,979
Depreciation	27,562	22,153
Amortization	20,039	19,820
Provision(Reversal) for doubtful accounts	(1,074)	(5,847)
Provision for (Recovery of) loss on inventories	2,278	2,265
Provision (Reversal of Provision) for Sales Returns, Discounts and Allowance	(990)	(613)
Share-based Compensation	0	25,614
Difference Between Net Pension Cost and Plan Contribution	323	(902)
Loss (Gain) on sale of investments	0	(179)
Investment loss (income) recognized under equity method	(7)	(71)
Loss (gain) on disposal of property, plant and equipment	(283)	446
Property, Plan and Equipment Transferred to Expenses	0	18
Loss (Gain) on Disposal of Intangible Assets	1,930	0
Valuation loss (gain) on financial instruments	(199)	(106)
Impairment loss	5,962	0
Deferred income tax	(7,534)	3,895
Changes in operating assets and liabilities:	(1,664)	(43,742)
Financial assets at fair value through profit or loss - current	62,998	99,570
Others	0	0
Net cash provided by (used in) operating activities	<u>189,602</u>	<u>309,300</u>
Cash flows from investing activities		
Capital Reduction of Financial Assets Carried at Cost	2,450	0
Acquisition of Long-term Investments under Equity Method	0	(5,895)
Proceeds from Disposal of Long-term Investments under Equity Method	0	37
Acquisition of property, plant and equipment	(62,808)	(29,167)
Proceeds from Disposal of Property, Plant and Equipment	521	0
Acquisition of intangible assets	(11,893)	(33,007)
Others	0	
Decrease (increase) in restricted assets	(6)	298
Decrease (increase) in refundable deposits	(564)	(359)
Increase in deferred charges	0	(805)
Net cash used in investing activities	<u>(72,300)</u>	<u>(68,898)</u>
Cash flows from financing activities		
Cash dividends	(157,525)	(168,248)
Cash paid for acquisition of treasury stock	(25,182)	(50,963)
Treasury Stock Sold to Employees	0	58,000
Changes in Minority Interest	2,350	0
Net cash used in financing activities	<u>(180,357)</u>	<u>(161,211)</u>
Effect of exchange rate changes	5,334	(4,750)
Net decrease in cash and cash equivalents	(57,721)	74,441
Cash and cash equivalents at beginning of period	324,985	250,544
Cash and cash equivalents at end of period	<u>267,264</u>	<u>324,985</u>