



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

	March 31,2014		December 31,2013		March 31,2013		QoQ		YoY	
Current assets										
Cash and cash equivalents	278,569	22%	212,449	17%	297,568	22%	66,120	31%	(18,999)	-6%
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%	0	0%	0	0%	0	0%	0	0%
Current bond investment without active market, net	14,000	1%	17,343	1%	22,548	2%	(3,343)	-19%	(8,548)	-38%
Notes receivable, net	2,502	0%	1,791	0%	2,811	0%	711	40%	(309)	-11%
Accounts receivable, net	179,841	14%	213,393	17%	189,389	14%	(33,552)	-16%	(9,548)	-5%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	9,581	1%	10,127	1%	9,008	1%	(546)	-5%	573	6%
Inventories, Net	482,330	38%	491,597	39%	508,462	38%	(9,267)	-2%	(26,132)	-5%
Other current assets	35,311	3%	22,604	2%	14,887	1%	12,707	56%	20,424	137%
Total current assets	1,002,134	78%	969,304	77%	1,044,673	78%	32,830	3%	(42,539)	-4%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	-	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	5,098	0%	5,098	0%	7,969	1%	0	0%	(2,871)	-36%
Prepayments for investments	-	-	-	-	-	-	-	0%	-	-
Total long-term investments	5,098	0%	5,098	0%	7,969	1%	0	0%	(2,871)	-36%
Property, plant and equipment										
Property, plant and equipment	165,607	13%	162,452	13%	172,100	13%	3,155	2%	(6,493)	-4%
Total property, plant and equipment	165,607	13%	162,452	13%	172,100	13%	3,155	2%	(6,493)	-4%
Intangible assets and other assets	111,699	9%	121,175	10%	121,542	9%	(9,476)	-8%	(9,843)	-8%
Total assets	1,284,538	100%	1,258,029	100%	1,346,284	100%	26,509	2%	(61,746)	-5%
LIABILITIES :										
Current liabilities										
Notes payable	7	0%	6	0%	179	0%	1	17%	172	-96%
Accounts payable	104,625	8%	66,335	5%	150,044	11%	38,290	58%	(45,419)	-30%
Accounts payable - related parties	5,194	0%	5,174	0%	10,389	1%	20	0%	(5,195)	-50%
Other payable	118,302	9%	152,592	12%	135,822	10%	(34,290)	-22%	(17,520)	-13%
Other payable - related parties	0	0%	0	0%	108	0%	0	0%	(108)	-100%
Income tax payable	12,563	1%	6,587	1%	18,601	1%	5,976	91%	(6,038)	-32%
Current provisions	974	0%	960	0%	420	0%	14	1%	554	132%
Long-term liabilities-current portion	5,881	0%	5,855	0%	0	0%	26	0%	5,881	100%
Other current liabilities	10,027	1%	9,134	1%	10,159	1%	893	10%	(132)	-1%
Total current liabilities	257,573	20%	246,643	20%	325,722	24%	10,930	4%	(68,149)	-21%
Non-current liabilities										
Long-term loans liabilities	19,315	2%	20,795	2%	0	0%	(1,480)	-7%	19,315	100%
Deferred tax liabilities	1,125	0%	416	0%	0	0%	709	170%	1,125	100%
Accrued pension liabilities	21,481	2%	21,487	2%	23,162	2%	(6)	0%	(1,681)	-7%
Total non-current liabilities	41,921	3%	42,698	3%	23,162	2%	(777)	-2%	18,759	81%
Total liabilities	299,494	23%	289,341	23%	348,884	26%	10,153	4%	(49,390)	-14%
SHAREHOLDERS' EQUITY :										
Capital stock	692,991	54%	709,811	56%	709,811	53%	(16,820)	-2%	(16,820)	-2%
Capital surplus	4,598	0%	4,624	0%	4,624	0%	(26)	-1%	(26)	-1%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	309,289	24%	338,442	27%	359,517	27%	(29,153)	-9%	(50,228)	-14%
Others-cumulative translation adjustments	2,095	0%	1,032	0%	71	0%	1,063	103%	2,024	2851%
Treasury stock	(25,182)	-2%	(89,645)	-7%	(89,645)	-7%	64,463	-72%	64,463	-72%
Non-controlling interests	1,253	0%	4,424	0%	13,022	1%	(3,171)	-72%	(11,769)	-90%
Total shareholders' equity	985,044	77%	968,688	77%	997,400	74%	16,356	2%	(12,356)	-1%
Total liabilities and shareholders' equity	1,284,538	100%	1,258,029	100%	1,346,284	100%	26,509	2%	(61,746)	-5%



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

	Three Months 2014		Three Months 2013		YoY	
Net Sales	338,097	100%	300,575	100%	37,522	12%
Cost of Goods Sold	(185,217)	55%	(175,603)	58%	(9,614)	5%
Gross Profit	152,880	45%	124,972	42%	27,908	22%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	152,880	45%	124,972	42%	27,908	22%
Operating Expenses						
Sales and Marketing Expenses	(56,986)	17%	(53,443)	18%	(3,543)	7%
General and Administrative Expenses	(21,183)	6%	(27,013)	9%	5,830	-22%
Research and Development Expenses	(55,135)	16%	(48,185)	16%	(6,950)	14%
Total operating expenses	(133,304)	39%	(128,641)	43%	(4,663)	4%
Operating Income	19,576	6%	(3,669)	1%	23,245	-634%
Non-operating Income						
Interest income	368	0%	384	0%	(16)	-4%
Investment income recognized under equity method	0	0%	(62)	0%	62	-100%
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	5,190	2%	7,302	2%	(2,112)	-29%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	0	0%	0	0%	0	0%
Miscellaneous income	219	0%	524	0%	(305)	-58%
Total non-operating income and gains	5,777	2%	8,148	3%	(2,371)	-29%
Non-operating expenses and losses						
Interest expense	(113)	0%	0	0%	(113)	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	(3,672)	1%	0	0%	(3,672)	100%
Exchange loss, net	0	0%	0	0%	0	0%
Miscellaneous expenses	(16)	0%	0	0%	(16)	100%
Total non-operating expenses and losses	(3,801)	1%	0	0%	(3,801)	100%
Income before income tax	21,552	6%	4,479	1%	17,073	381%
Income tax expense (benefit)	(6,259)	2%	1,172	0%	(7,431)	-634%
Net income	15,293	5%	5,651	2%	9,642	171%
Other comprehensive income						
Exchange differences on translation	1,281	0%	1,374	0%	(93)	-7%
Actuarial gains and losses of defined benefit plans	0	0%	0	0%	0	0%
Other comprehensive income	(218)	0%	(233)	0%	15	-6%
Other comprehensive income, net	1,063	0%	1,141	0%	(78)	-7%
Total comprehensive income	16,356	5%	6,792	2%	9,564	141%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	18,464		5,732		12,732	
Profit (loss), attributable to non-controlling interests	(3,171)		(81)		(3,090)	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	19,527		6,873		12,654	
Comprehensive income, attributable to non-controlling interests	(3,171)		(81)		(3,090)	
Earnings Per Share						
Basic Earnings Per Share After Income Tax	0.27		0.08		0.19	
Diluted Earnings Per Share After Income Tax	0.27		0.08		0.19	



CIPHERLAB CO.,LTD.

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

	1Q 2014		4Q 2013		1Q 2013		QoQ		YoY	
Net Sales	338,097	100%	341,562	100%	300,575	88%	(3,465)	-1%	37,522	12%
Cost of Goods Sold	(185,217)	-55%	(189,960)	-56%	(175,603)	-51%	4,743	-2%	(9,614)	5%
Gross Profit	152,880	45%	151,602	44%	124,972	37%	1,278	1%	27,908	22%
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	152,880	45%	151,602	44%	124,972	37%	1,278	1%	27,908	22%
Operating Expenses										
Sales and Marketing Expenses	(56,986)	-17%	(60,752)	-18%	(53,443)	-16%	3,766	-6%	(3,543)	7%
General and Administrative Expenses	(21,183)	-6%	(23,430)	-7%	(27,013)	-8%	2,247	-10%	5,830	-22%
Research and Development Expenses	(55,135)	-16%	(74,489)	-22%	(48,185)	-14%	19,354	-26%	(6,950)	14%
Total operating expenses	(133,304)	-39%	(158,671)	-46%	(128,641)	-38%	25,367	-16%	(4,663)	4%
Operating Income	19,576	6%	(7,069)	-2%	(3,669)	-1%	26,645	-377%	23,245	-634%
Non-operating Income										
Interest income	368	0%	312	0%	384	0%	56	18%	(16)	-4%
Investment income recognized under equity method	0	0%	0	0%	(62)	0%	0	0%	62	-100%
Dividend income	-	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%
Exchange gain, net	5,190	2%	3,466	1%	7,302	2%	1,724	50%	(2,112)	-29%
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	0	0%	0	0%	0	0%	0	0%	0	0%
Miscellaneous income	219	1%	574	1%	524	1%	(355)	-62%	(305)	-58%
Total non-operating income and gains	5,777	3%	4,352	2%	8,148	3%	1,425	33%	(2,371)	-29%
Non-operating expenses and losses										
Interest expense	(113)	0%	(140)	0%	0	0%	27	-19%	(113)	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	(3,672)	-1%	(4)	0%	0	0%	(3,668)	#####	(3,672)	100%
Exchange loss, net	0	0%	0	0%	0	0%	0	0%	0	0%
Miscellaneous expenses	(16)	0%	(9)	0%	0	0%	(7)	78%	(16)	100%
Total non-operating expenses and losses	(3,801)	-1%	(153)	0%	0	0%	(3,648)	2384%	(3,801)	100%
Income before income tax	21,552	10%	(2,870)	0%	4,479	2%	24,422	-851%	17,073	381%
Income tax expense (benefit)	(6,259)	-2%	535	0%	1,172	0%	(6,794)	-1270%	(7,431)	-634%
Net income	15,293	5%	(2,335)	-1%	5,651	2%	17,628	-755%	9,642	171%
Other comprehensive income										
Exchange differences on translation	1,281	0%	800	0%	1,374	0%	481	60%	(93)	-7%
Actuarial gains and losses of defined benefit plans	0	0%	1,711	1%	0	0%	(1,711)	-100%	0	0%
Other comprehensive income	(218)	0%	(426)	0%	(233)	0%	208	-49%	15	-6%
Other comprehensive income, net	1,063	0%	2,085	1%	1,141	0%	(1,022)	-49%	(78)	-7%
Total comprehensive income	16,356	5%	(250)	0%	6,792	2%	16,606	-6642%	9,564	141%
Profit (loss), attributable to:										
Profit (loss), attributable to owners of parent	18,464		(1,717)		5,732		20,181		12,732	
Profit (loss), attributable to non-controlling interests	(3,171)		(618)		(81)		(2,553)		(3,090)	
Comprehensive income attributable to:										
Comprehensive income, attributable to owners of parent	19,527		368		6,873		19,159		12,654	
Comprehensive income, attributable to non-controlling interest	(3,171)		(618)		(81)		(2,553)		(3,090)	
Earnings Per Share										
Basic Earnings Per Share After Income Tax	0.27		(0.03)		0.08		0.29		0.19	
Diluted Earnings Per Share After Income Tax	0.27		(0.03)		0.08		0.29		0.19	



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

	2014	2013
Cash flows from operating activities		
Net income	21,552	4,479
Provision(Reversal) for doubtful accounts	(452)	1,911
Depreciation	9,273	8,675
Amortization	5,520	3,465
Investment loss (income) recognized under equity method	0	62
Interest revenue	(368)	(384)
Gain on financial asset at fair value through profit or loss	0	0
Financial Cost	113	0
Loss (gain) on disposal of property, plant and equipment	3,672	0
Loss (gain) on sale of investments	0	0
Investment Impairment loss	0	0
Unrealized foreign exchange loss (gain)	2,568	(5,014)
Difference Between Net Pension Cost and Plan Contribution	(6)	13
Others	(63)	0
Changes in operating assets and liabilities:		
Notes receivable	(711)	416
Notes receivable – related parties	0	0
Accounts receivable	34,811	76,933
Accounts receivable – related parties	0	0
Other receivables	677	(1,686)
Inventories	11,050	(40,082)
Other current assets	(12,658)	(1,531)
Notes payable	1	169
Accounts payable	38,154	31,004
Accounts payable – related parties	20	(4,966)
Other payables	(33,336)	2,565
Other payables – related parties	0	(363)
Provisions	0	(777)
Other current liabilities	837	(3,792)
Cash generated from operations	80,654	71,097
Interest received	343	386
Income tax paid	(28)	(14,002)
Net cash provided by (used in) operating activities	80,969	57,481
Cash flows from investing activities		
Acquisition of bond investments without active market	0	(17)
Proceeds from bond investments without active market	3,412	0
Acquisition of property, plant and equipment	(3,002)	(1,649)
Proceeds from property, plant and equipment	0	0
Acquisition of Intangible assets	(840)	(8,216)
Decrease (increase) in other financial assets	0	0
Decrease (increase) in other non-current assets	(11,891)	(1,675)
Net cash used in investing activities	(12,321)	(11,557)
Cash flows from financing activities		
Decrease (increase) in long-term loans	(1,454)	0
Interest paid	(114)	0
Net cash used in financing activities	(1,568)	0
Effect of exchange rate changes	(960)	6,969
Net decrease in cash and cash equivalents	66,120	52,893
Cash and cash equivalents at Beginning of Period	212,449	244,675
cash and cash equivalents at End of Period	278,569	297,568