



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

| | March 31,2015 | | December 31,2014 | | March 31,2014 | | QoQ | | YoY | |
|--|------------------|-------------|------------------|-------------|------------------|-------------|-----------------|-------------|------------------|-------------|
| Current assets | | | | | | | | | | |
| Cash and cash equivalents | 163,998 | 14% | 230,991 | 19% | 278,569 | 22% | (66,993) | -29% | (114,571) | -41% |
| Financial assets at fair value through profit or loss - currer | 41,394 | 4% | 0 | 0% | 0 | 0% | 41,394 | 100% | 41,394 | 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 | 3,862 | 0% | 1,538 | 0% | 2,502 | 0% | 2,324 | 151% | 1,360 | 54% |
| Accounts receivable, net | 133,963 | 11% | 194,108 | 16% | 179,841 | 14% | (60,145) | -31% | (45,878) | -26% |
| Accounts receivable - related parties, net | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Other receivable | 7,841 | 1% | 8,676 | 1% | 9,581 | 1% | (835) | -10% | (1,740) | -18% |
| Inventories, Net | 551,060 | 47% | 526,018 | 42% | 482,330 | 38% | 25,042 | 5% | 68,730 | 14% |
| Other current assets | 24,517 | 2% | 18,026 | 1% | 35,311 | 3% | 6,491 | 36% | (10,794) | -31% |
| Total current assets | 940,635 | 80% | 993,357 | 80% | 1,002,134 | 78% | (52,722) | -5% | (61,499) | -6% |
| 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 | 610 | 0% | 610 | 0% | 5,098 | 0% | 0 | 0% | (4,488) | -88% |
| Prepayments for investments | - | - | - | - | - | - | - | 0% | - | - |
| Total long-term investments | 610 | 0% | 610 | 0% | 5,098 | 0% | 0 | 0% | (4,488) | -88% |
| Property, plant and equipment | | | | | | | | | | |
| Property, plant and equipment | 165,693 | 14% | 173,769 | 14% | 165,607 | 13% | (8,076) | -5% | 86 | 0% |
| Total property, plant and equipment | 165,693 | 14% | 173,769 | 14% | 165,607 | 13% | (8,076) | -5% | 86 | 0% |
| Intangible assets and other assets | | | | | | | | | | |
| | 71,205 | 6% | 73,911 | 6% | 111,699 | 9% | (2,706) | -4% | (40,494) | -36% |
| Total assets | 1,178,143 | 100% | 1,241,647 | 100% | 1,284,538 | 100% | (63,504) | -5% | (106,395) | -8% |
| LIABILITIES : | | | | | | | | | | |
| Current liabilities | | | | | | | | | | |
| Notes payable | 3 | 0% | - | 0% | 7 | 0% | 3 | 0% | 4 | -57% |
| Accounts payable | 57,848 | 5% | 79,592 | 7% | 104,625 | 9% | (21,744) | -27% | (46,777) | -45% |
| Accounts payable - related parties | 6,454 | 1% | 5,495 | 0% | 5,194 | 0% | 959 | 17% | 1,260 | 24% |
| Other payable | 103,363 | 9% | 139,533 | 12% | 119,276 | 10% | (36,170) | -26% | (15,913) | -13% |
| Other payable - related parties | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Income tax payable | 18,361 | 2% | 16,223 | 1% | 12,563 | 1% | 2,138 | 13% | 5,798 | 46% |
| Long-term liabilities-current portion | 0 | 0% | 0 | 0% | 5,881 | 0% | 0 | 0% | (5,881) | -100% |
| Other current liabilities | 7,167 | 1% | 14,607 | 1% | 10,027 | 1% | (7,440) | -51% | (2,860) | -29% |
| Total current liabilities | 193,196 | 16% | 255,450 | 21% | 257,573 | 20% | (62,254) | -24% | (64,377) | -25% |
| Non-current liabilities | | | | | | | | | | |
| Long-term loans liabilities | 0 | 0% | 0 | 0% | 19,315 | 2% | 0 | 0% | (19,315) | -100% |
| Deferred tax liabilities | 962 | 0% | 2,824 | 0% | 1,125 | 0% | (1,862) | -66% | (163) | -14% |
| Accrued pension liabilities | 18,648 | 2% | 18,652 | 2% | 21,481 | 2% | (4) | 0% | (2,833) | -13% |
| Total non-current liabilities | 19,610 | 2% | 21,476 | 2% | 41,921 | 3% | (1,866) | -9% | (22,311) | -53% |
| Total liabilities | 212,806 | 18% | 276,926 | 22% | 299,494 | 23% | (64,120) | -23% | (86,688) | -29% |
| SHAREHOLDERS' EQUITY : | | | | | | | | | | |
| Capital stock | 684,891 | 58% | 692,991 | 56% | 692,991 | 54% | (8,100) | -1% | (8,100) | -1% |
| Capital surplus | 4,585 | 0% | 4,598 | 0% | 4,598 | 0% | (13) | 0% | (13) | 0% |
| Share-based Payments | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | - | 0% |
| Retained earnings | 275,319 | 23% | 290,181 | 23% | 309,289 | 24% | (14,862) | -5% | (33,970) | -11% |
| Others-cumulative translation adjustments | 541 | 0% | 2,125 | 0% | 2,095 | 0% | (1,584) | -75% | (1,554) | -74% |
| Treasury stock | 0 | 0% | (25,182) | -2% | (25,182) | -2% | 25,182 | -100% | 25,182 | -100% |
| Non-controlling interests | 1 | 0% | 8 | 0% | 1,253 | 0% | (7) | -88% | (1,252) | -100% |
| Total shareholders' equity | 965,337 | 82% | 964,721 | 78% | 985,044 | 77% | 616 | 0% | (19,707) | -2% |
| Total liabilities and shareholders' equity | 1,178,143 | 100% | 1,241,647 | 100% | 1,284,538 | 100% | (63,504) | -5% | (106,395) | -8% |



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

| | Three Months 2015 | | Three Months 2014 | | YoY | |
|---|-------------------|------|-------------------|------|----------|-------|
| Net Sales | 250,453 | 100% | 338,097 | 100% | (87,644) | -26% |
| Cost of Goods Sold | (129,651) | 52% | (185,217) | 55% | 55,566 | -30% |
| Gross Profit | 120,802 | 48% | 152,880 | 45% | (32,078) | -21% |
| Unrealized Profit | 0 | 0% | 0 | 0% | 0 | 0% |
| Realized Profit | 0 | 0% | 0 | 0% | 0 | 0% |
| Realized Gross Profit | 120,802 | 48% | 152,880 | 45% | (32,078) | -21% |
| Operating Expenses | | | | | | |
| Sales and Marketing Expenses | (40,901) | 16% | (56,986) | 17% | 16,085 | -28% |
| General and Administrative Expenses | (23,464) | 9% | (21,183) | 6% | (2,281) | 11% |
| Research and Development Expenses | (53,220) | 21% | (55,135) | 16% | 1,915 | -3% |
| Total operating expenses | (117,585) | 47% | (133,304) | 39% | 15,719 | -12% |
| Operating Income | 3,217 | 1% | 19,576 | 6% | (16,359) | -84% |
| Non-operating Income | | | | | | |
| Interest income | 298 | 0% | 368 | 0% | (70) | -19% |
| 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% | 5,190 | 2% | (5,190) | -100% |
| Reversal of Bad Debt Expenses | 0 | 0% | 0 | 0% | 0 | 0% |
| Gain on financial asset at fair value through profit or loss | 140 | 0% | 0 | 0% | 140 | 100% |
| Miscellaneous income | 950 | 0% | 219 | 0% | 731 | 334% |
| Total non-operating income and gains | 1,388 | 1% | 5,777 | 2% | (4,389) | -76% |
| Non-operating expenses and losses | | | | | | |
| Interest expense | 0 | 0% | (113) | 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 | 0 | 0% | (3,672) | 1% | 3,672 | -100% |
| Exchange loss, net | (2,392) | 1% | 0 | 0% | (2,392) | 100% |
| Miscellaneous expenses | (8) | 0% | (16) | 0% | 8 | -50% |
| Total non-operating expenses and losses | (2,400) | 1% | (3,801) | 1% | 1,401 | -37% |
| Income before income tax | 2,205 | 1% | 21,552 | 6% | (19,347) | -90% |
| Income tax expense (benefit) | (5) | 0% | (6,259) | 2% | 6,254 | -100% |
| Net income | 2,200 | 1% | 15,293 | 5% | (13,093) | -86% |
| Other comprehensive income | | | | | | |
| Exchange differences on translation | (1,909) | 1% | 1,281 | 0% | (3,190) | -249% |
| Actuarial gains and losses of defined benefit plans | 0 | 0% | 0 | 0% | 0 | 0% |
| Other comprehensive income | 325 | 0% | (218) | 0% | 543 | -249% |
| Other comprehensive income, net | (1,584) | 1% | 1,063 | 0% | (2,647) | -249% |
| Total comprehensive income | 616 | 0% | 16,356 | 5% | (15,740) | -96% |
| Profit (loss), attributable to: | | | | | | |
| Profit (loss), attributable to owners of parent | 2,207 | | 18,464 | | (16,257) | |
| Profit (loss), attributable to non-controlling interests | (7) | | (3,171) | | 3,164 | |
| Comprehensive income attributable to: | | | | | | |
| Comprehensive income, attributable to owners of parent | 623 | | 19,527 | | (18,904) | |
| Comprehensive income, attributable to non-controlling interests | (7) | | (3,171) | | 3,164 | |
| Earnings Per Share | | | | | | |
| Basic Earnings Per Share After Income Tax | 0.03 | | 0.27 | | - | 0.24 |
| Diluted Earnings Per Share After Income Tax | 0.03 | | 0.27 | | - | 0.24 |



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements
For the Three Months Ended March 31,2015 , December 31,2014 and March 31,2014
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

| | 1Q 2015 | | 4Q 2014 | | 1Q 2014 | | QoQ | | YoY | |
|--|-----------|------|-----------|------|-----------|------|-----------|-------|----------|-------|
| Net Sales | 250,453 | 100% | 366,249 | 100% | 338,097 | 92% | (115,796) | -32% | (87,644) | -26% |
| Cost of Goods Sold | (129,651) | -52% | (211,837) | -58% | (185,217) | -51% | 82,186 | -39% | 55,566 | -30% |
| Gross Profit | 120,802 | 48% | 154,412 | 42% | 152,880 | 42% | (33,610) | -22% | (32,078) | -21% |
| 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 | 120,802 | 48% | 154,412 | 42% | 152,880 | 42% | (33,610) | -22% | (32,078) | -21% |
| Operating Expenses | | | | | | | | | | |
| Sales and Marketing Expenses | (40,901) | -16% | (53,314) | -15% | (56,986) | -16% | 12,413 | -23% | 16,085 | -28% |
| General and Administrative Expenses | (23,464) | -9% | (22,295) | -6% | (21,183) | -6% | (1,169) | 5% | (2,281) | 11% |
| Research and Development Expenses | (53,220) | -21% | (62,416) | -17% | (55,135) | -15% | 9,196 | -15% | 1,915 | -3% |
| Total operating expenses | (117,585) | -47% | (138,025) | -38% | (133,304) | -36% | 20,440 | -15% | 15,719 | -12% |
| Operating Income | 3,217 | 1% | 16,387 | 4% | 19,576 | 5% | (13,170) | -80% | (16,359) | -84% |
| Non-operating Income | | | | | | | | | | |
| Interest income | 298 | 0% | 295 | 0% | 298 | 0% | 3 | 1% | 0 | 0% |
| 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% |
| 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 | 0 | 0% | 13,477 | 4% | 0 | 0% | (13,477) | -100% | 0 | 0% |
| 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 | 140 | 0% | 251 | 0% | 140 | 0% | (111) | -44% | 0 | 0% |
| Miscellaneous income | 950 | 1% | 771 | 1% | 950 | 1% | 179 | 23% | 0 | 0% |
| Total non-operating income and gains | 1,388 | 1% | 14,794 | 5% | 1,388 | 1% | (13,406) | -91% | 0 | 0% |
| Non-operating expenses and losses | | | | | | | | | | |
| Interest expense | 0 | 0% | (32) | 0% | 0 | 0% | 32 | -100% | 0 | 0% |
| 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 | (2,392) | -1% | 0 | 0% | (2,392) | -1% | (2,392) | 100% | 0 | 0% |
| Miscellaneous expenses | (8) | 0% | (18) | 0% | (8) | 0% | 10 | -56% | 0 | 0% |
| Total non-operating expenses and losses | (2,400) | -1% | (3,488) | -1% | (2,400) | -1% | 1,088 | -31% | 0 | 0% |
| Income before income tax | 2,205 | 3% | 27,693 | 10% | 18,564 | 7% | (25,488) | -92% | (16,359) | -88% |
| Income tax expense (benefit) | (5) | 0% | (4,587) | -1% | (6,259) | -2% | 4,582 | -100% | 6,254 | -100% |
| Net income | 2,200 | 1% | 23,106 | 6% | 12,305 | 3% | (20,906) | -90% | (10,105) | -82% |
| Other comprehensive income | | | | | | | | | | |
| Exchange differences on translation | (1,909) | -1% | 1,368 | 0% | 1,281 | 0% | (3,277) | -240% | (3,190) | -249% |
| Actuarial gains and losses of defined benefit plans | 0 | 0% | 2,872 | 1% | 0 | 0% | (2,872) | -100% | 0 | 0% |
| Other comprehensive income | 325 | 0% | (721) | 0% | (218) | 0% | 1,046 | -145% | 543 | -249% |
| Other comprehensive income, net | (1,584) | -1% | 3,519 | 1% | 1,063 | 0% | (5,103) | -145% | (2,647) | -249% |
| Total comprehensive income | 616 | 0% | 26,625 | 7% | 13,368 | 4% | (26,009) | -98% | (12,752) | -95% |
| Profit (loss), attributable to: | | | | | | | | | | |
| Profit (loss), attributable to owners of parent | 2,207 | | 23,658 | | 18,464 | | (21,451) | | (16,257) | |
| Profit (loss), attributable to non-controlling interests | (7) | | (552) | | (6,159) | | 545 | | 6,152 | |
| Comprehensive income attributable to: | | | | | | | | | | |
| Comprehensive income, attributable to owners of parent | 623 | | 27,177 | | 19,527 | | (26,554) | | (18,904) | |
| Comprehensive income, attributable to non-controlling interest | (7) | | (552) | | (6,159) | | 545 | | 6,152 | |
| Earnings Per Share | | | | | | | | | | |
| Basic Earnings Per Share After Income Tax | 0.03 | | 0.34 | | 0.27 | | (0.31) | | (0.24) | |
| Diluted Earnings Per Share After Income Tax | 0.03 | | 0.34 | | 0.27 | | (0.31) | | (0.24) | |



CIPHERLAB CO.,LTD.
Consolidated Condensed Statements of Cash Flows
FOR THE Three MONTHS ENDED March 31,2015 AND 2014
(In Thousands of New Taiwan Dollars)

| | 2015 | 2014 |
|---|----------|----------|
| Cash flows from operating activities | | |
| Net income | 2,205 | 21,552 |
| Provision(Reversal) for doubtful accounts | (1,016) | (452) |
| Depreciation | 10,817 | 9,273 |
| Amortization | 4,414 | 5,520 |
| Investment loss (income) recognized under equity method | 0 | 0 |
| Interest revenue | (298) | (368) |
| Gain on financial asset at fair value through profit or loss | (140) | 0 |
| Financial Cost | 0 | 113 |
| Loss (gain) on disposal of property, plant and equipment | 0 | 3,672 |
| Loss (gain) on sale of investments | 0 | 0 |
| Investment Impairment loss | 0 | 0 |
| Unrealized foreign exchange loss (gain) | 3,751 | 2,568 |
| Difference Between Net Pension Cost and Plan Contribution | (4) | (6) |
| Others | (27) | (63) |
| Changes in operating assets and liabilities: | | |
| Notes receivable | (2,324) | (711) |
| Notes receivable – related parties | 0 | 0 |
| Net (gain) loss on fair value change of financial assets held for trading | (41,254) | 0 |
| Accounts receivable | 55,500 | 34,811 |
| Accounts receivable – related parties | 0 | 0 |
| Other receivables | 849 | 677 |
| Inventories | (26,183) | 11,050 |
| Other current assets | (6,559) | (12,658) |
| Notes payable | 3 | 1 |
| Accounts payable | (21,331) | 38,154 |
| Accounts payable – related parties | 959 | 20 |
| Other payables | (35,950) | (33,336) |
| Other payables – related parties | 0 | 0 |
| Provisions | 0 | 0 |
| Other current liabilities | (6,409) | 837 |
| Cash generated from operations | (62,997) | 80,654 |
| Interest received | 283 | 343 |
| Income tax paid | (23) | (28) |
| Net cash provided by (used in) operating activities | (62,737) | 80,969 |
| Cash flows from investing activities | | |
| Acquisition of bond investments without active market | 0 | 0 |
| Proceeds from bond investments without active market | 0 | 3,412 |
| Acquisition of property, plant and equipment | (1,120) | (3,002) |
| Proceeds from property, plant and equipment | 0 | 0 |
| Acquisition of Intangible assets | (816) | (840) |
| Decrease (increase) in other financial assets | 0 | 0 |
| Decrease (increase) in other non-current assets | (2,040) | (11,891) |
| Net cash used in investing activities | (3,976) | (12,321) |
| Cash flows from financing activities | | |
| Decrease (increase) in long-term loans | 0 | (1,454) |
| Interest paid | 0 | (114) |
| Net cash used in financing activities | 0 | (1,568) |
| Effect of exchange rate changes | (280) | (960) |
| Net decrease in cash and cash equivalents | (66,993) | 66,120 |
| Cash and cash equivalents at Beginning of Period | 230,991 | 212,449 |
| cash and cash equivalents at End of Period | 163,998 | 278,569 |