



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

	March 31,2013		December 31,2012		March 31,2012		QoQ		YoY	
Current assets										
Cash and cash equivalents	297,568	22%	244,675	19%	285,630	20%	52,893	22%	11,938	4%
Financial assets at fair value through profit or loss - current	0	0%	0	0%	62,901	4%	0	0%	(62,901)	-100%
Current bond investment without active market, net	22,548	2%	22,589	2%	56,002	4%	(41)	0%	(33,454)	-60%
Notes receivable, net	2,811	0%	3,227	0%	3,050	0%	(416)	-13%	(239)	-8%
Accounts receivable, net	189,389	14%	260,872	20%	198,576	14%	(71,483)	-27%	(9,187)	-5%
Accounts receivable - related parties, net	0	0%	0	0%	283	0%	0	0%	(283)	-100%
Other receivable	9,008	1%	6,861	1%	35,801	3%	2,147	31%	(26,793)	-75%
Inventories, Net	508,462	38%	465,913	36%	489,441	34%	42,549	9%	19,021	4%
Other current assets	14,887	1%	13,834	1%	21,477	2%	1,053	8%	(6,590)	-31%
Total current assets	1,044,673	78%	1,017,971	78%	1,153,161	81%	26,702	3%	(108,488)	-9%
Long-term investments										
Investments accounted for by the equity method	0	0%	21	0%	5,971	0%	(21)	-100%	(5,971)	-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	7,969	1%	7,990	1%	16,390	1%	(21)	0%	(8,421)	-51%
Property, plant and equipment										
Property, plant and equipment	172,100	13%	167,619	13%	148,148	10%	4,481	3%	23,952	16%
Total property, plant and equipment	172,100	13%	167,619	13%	148,148	10%	4,481	3%	23,952	16%
Intangible assets and other assets	121,542	9%	109,348	8%	103,530	7%	12,194	11%	18,012	17%
Total assets	1,346,284	100%	1,302,928	100%	1,421,229	100%	43,356	3%	(74,945)	-5%
LIABILITIES :										
Current liabilities										
Notes payable	179	0%	10	0%	-	0%	169	16.9	179	0%
Accounts payable	150,044	11%	119,416	9%	98,099	7%	30,628	26%	51,945	53%
Accounts payable - related parties	10,389	1%	5,423	0%	8,277	1%	4,966	92%	2,112	26%
Other payable	135,822	10%	128,545	10%	132,250	9%	7,277	6%	3,572	3%
Other payable - related parties	108	0%	471	0%	0	0%	(363)	-77%	108	0%
Income tax payable	18,601	1%	35,862	3%	49,855	4%	(17,261)	-48%	(31,254)	-63%
Current provisions	420	0%	1,173	0%	0	0%	(753)	-64%	420	0%
Other current liabilities	10,159	1%	13,271	1%	16,139	1%	(3,112)	-23%	(5,980)	-37%
Total current liabilities	325,722	24%	304,171	23%	304,620	21%	21,551	7%	21,102	7%
Non-current liabilities										
Deferred tax liabilities	0	0%	0	0%	115	0%	0	0%	(115)	-100%
Accrued pension liabilities	23,162	2%	23,149	2%	20,742	1%	13	0%	2,420	12%
Total non-current liabilities	23,162	2%	23,149	2%	20,857	1%	13	0%	2,305	11%
Total liabilities	348,884	26%	327,320	25%	325,477	23%	21,564	7%	23,407	7%
SHAREHOLDERS' EQUITY :										
Capital stock	709,811	53%	709,811	54%	709,811	50%	0	0%	0	0%
Capital surplus	4,624	0%	1,101	0%	1,101	0%	3,523	320%	3,523	320%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	359,517	27%	353,785	27%	472,005	33%	5,732	2%	(112,488)	-24%
Others-cumulative translation adjustments	71	0%	(1,070)	0%	138	0%	1,141	-107%	(67)	-49%
Treasury stock	(89,645)	-7%	(89,645)	-7%	(89,645)	-6%	0	0%	0	0%
Non-controlling interests	13,022	1%	1,626	0%	2,342	0%	11,396	701%	10,680	456%
Total shareholders' equity	997,400	74%	975,608	75%	1,095,752	77%	21,792	2%	(98,352)	-9%
Total liabilities and shareholders' equity	1,346,284	100%	1,302,928	100%	1,421,229	100%	43,356	3%	(74,945)	-5%



CIPHERLAB CO.,LTD.

Consolidated Condensed Income Statements

For the Three Months Ended March 31,2013 and 2012

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

	Three Months 2013		Three Months 2012		YoY	
Net Sales	300,575	100%	360,328	100%	(59,753)	-17%
Cost of Goods Sold	(175,603)	-58%	(193,209)	-54%	17,606	-9%
Gross Profit	124,972	42%	167,119	46%	(42,147)	-25%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	124,972	42%	167,119	46%	(42,147)	-25%
Operating Expenses						
Sales and Marketing Expenses	(53,443)	-18%	(44,137)	-12%	(9,306)	21%
General and Administrative Expenses	(27,013)	-9%	(30,235)	-8%	3,222	-11%
Research and Development Expenses	(48,185)	-16%	(37,677)	-10%	(10,508)	28%
Total operating expenses	(128,641)	-43%	(112,049)	-31%	(16,592)	15%
Operating Income	(3,669)	-1%	55,070	15%	(58,739)	-107%
Non-operating Income						
Interest income	384	0%	860	0%	(476)	-55%
Investment income recognized under equity method	(62)	0%	8	0%	(70)	-875%
Gain on disposal of property, plant and equipment	0	0%	0	0%	0	0%
Gain on sale of investments, net	-	0%	-	0%	-	0%
Exchange gain, net	7,302	2%	0	0%	7,302	0%
Reversal of Bad Debt Expenses	-	0%	-	0%	0	0%
Valuation gain on financial assets, net	0	0%	102	0%	(102)	-100%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Miscellaneous income	524	1%	346	1%	178	51%
Total non-operating income and gains	8,148	3%	1,316	1%	6,832	519%
Non-operating expenses and losses						
Interest expense	0	0%	0	0%	0	0%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	(8)	0%	8	-100%
Exchange loss, net	0	0%	(9,336)	-3%	9,336	-100%
Miscellaneous expenses	0	0%	0	0%	0	0%
Total non-operating expenses and losses	0	0%	(9,344)	-3%	9,344	-100%
Income before income tax	4,479	2%	47,042	19%	(42,563)	-90%
Income tax expense (benefit)	1,172	0%	(7,299)	-2%	8,471	-116%
Net income	5,651	2%	39,743	11%	(34,092)	-86%
Other comprehensive income						
Exchange differences on translation	1,374	0%	166	0%	1,208	728%
Other comprehensive income	(233)	0%	(28)	0%	(205)	732%
Other comprehensive income, net	1,141	0%	138	0%	1,003	727%
Total comprehensive income	6,792	2%	39,881	11%	(33,089)	-83%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	5,732		39,751		(34,019)	
Profit (loss), attributable to non-controlling interests	(81)		(8)		(73)	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	6,873		39,889		(33,016)	
Comprehensive income, attributable to non-controlling interests	(81)		(8)		(73)	
Earnings Per Share						
Basic Earnings Per Share Before Income Tax	0.06		0.68		-	0.62
Basic Earnings Per Share After Income Tax	0.08		0.58		-	0.49



CIPHERLAB CO.,LTD.
Consolidated Condensed Statements of Cash Flows
FOR THE Three MONTHS ENDED March 31,2013 AND 2012
(In Thousands of New Taiwan Dollars)

	<u>Three Months 2013</u>	<u>Three Months 2012</u>
Cash flows from operating activities		
Net income	4,479	47,042
Depreciation	8,675	5,583
Amortization	3,465	3,934
Provision(Reversal) for doubtful accounts	1,911	35
Investment loss (income) recognized under equity method	62	(8)
Loss (gain) on disposal of property, plant and equipment	0	8
Financial assets at fair value through profit or loss - current	0	(102)
Reversal of impairment loss on non-financial assets		(141)
Impairment loss	5,983	0
Unrealized foreign exchange loss (gain)	(5,014)	2,928
Income taxes refund (paid)	(14,002)	(210)
Others	15	9
Changes in operating assets and liabilities:		
Notes receivable	416	2,900
Accounts receivable	76,933	55,131
Other receivables	(1,686)	803
Inventories	(46,065)	14,244
Prepaid expenses	0	0
Other current assets	(1,531)	2,417
Notes payable	169	0
Accounts payable	31,004	(35,784)
Accounts payable – related parties	(4,966)	(2,123)
Other payables	2,202	(42,825)
Provisions	(777)	0
Other current liabilities	(3,792)	(2,236)
Net cash provided by (used in) operating activities	<u>57,481</u>	<u>51,605</u>
Cash flows from investing activities		
Acquisition of investments accounted for by equity method	0	0
Acquisition of bond investments without active market	(17)	0
Acquisition of property, plant and equipment	(1,649)	(7,651)
Acquisition of Intangible assets	(8,216)	(2,883)
Decrease (increase) in other receivables – related parties	0	0
Others	0	0
Acquisition of financial assets carried at cost	0	0
Proceeds from financial assets carried at cost	0	0
Decrease (increase) in other non-current assets	(1,675)	(5,830)
Increase in deferred charges	0	0
Net cash used in investing activities	<u>(11,557)</u>	<u>(16,364)</u>
Cash flows from financing activities		
Increase in short-term bills payable		-
Cash dividends	0	0
Increase in minority interest	0	0
Cash paid for acquisition of treasury stock	0	(25,182)
Others	0	2,350
Net cash used in financing activities	<u>0</u>	<u>(22,832)</u>
Effect of exchange rate changes	6,969	4,203
Net decrease in cash and cash equivalents	<u>52,893</u>	<u>16,612</u>
Cash and cash equivalents at Beginning of Period	<u>244,675</u>	<u>269,018</u>
cash and cash equivalents at End of Period	<u>297,568</u>	<u>289,833</u>