



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

	September 30,2015		June 30,2015		September 30,2014		QoQ		YoY	
Current assets										
Cash and cash equivalents	207,862	19%	191,227	17%	163,878	13%	16,635	9%	43,984	27%
Financial assets at fair value through profit or loss - curr	36,456	3%	41,007	4%	0	0%	(4,551)	-11%	36,456	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	1,301	0%	1,641	0%	5,791	0%	(340)	-21%	(4,490)	-78%
Accounts receivable, net	149,298	14%	144,701	13%	186,609	15%	4,597	3%	(37,311)	-20%
Accounts receivable - related parties, net	0	0%	0	0%	0	0%	0	0%	0	0%
Other receivable	3,528	0%	1,965	0%	10,454	1%	1,563	80%	(6,926)	-66%
Inventories, Net	448,689	41%	480,519	43%	574,466	46%	(31,830)	-7%	(125,777)	-22%
Other current assets	8,389	1%	19,190	2%	23,145	2%	(10,801)	-56%	(14,756)	-64%
Total current assets	869,523	79%	894,250	79%	978,343	79%	(24,727)	-3%	(108,820)	-11%
Long-term investments										
Investments accounted for by the equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Financial assets carried at cost – noncurrent	610	0%	610	0%	4,048	0%	0	0%	(3,438)	-85%
Prepayments for investments	-	-	-	-	-	-	-	0%	-	-
Total long-term investments	610	0%	610	0%	4,048	0%	0	0%	(3,438)	-85%
Property, plant and equipment										
Property, plant and equipment	157,764	14%	164,441	15%	183,077	15%	(6,677)	-4%	(25,313)	-14%
Total property, plant and equipment	157,764	14%	164,441	15%	183,077	15%	(6,677)	-4%	(25,313)	-14%
Intangible assets and other assets	74,046	7%	66,834	6%	76,063	6%	7,212	11%	(2,017)	-3%
Total assets	1,101,943	100%	1,126,135	100%	1,241,531	100%	(24,192)	-2%	(139,588)	-11%
LIABILITIES :										
Current liabilities										
Notes payable	-	0%	5	0%	5	0%	5	-100%	5	-100%
Accounts payable	53,140	5%	26,952	2%	125,887	10%	26,188	97%	(72,747)	-58%
Accounts payable - related parties	339	0%	931	0%	6,872	1%	(592)	-64%	(6,533)	-95%
Other payable	110,718	10%	179,589	16%	127,202	10%	(68,871)	-38%	(16,484)	-13%
Other payable - related parties		0%	0	0%	0	0%	0	0%	0	0%
Income tax payable	5,708	1%	9,849	1%	11,331	1%	(4,141)	-42%	(5,623)	-50%
Current provisions	0	0%	0	0%	49	0%	0	0%	(49)	-100%
Long-term liabilities-current portion	0	0%	0	0%	0	0%	0	0%	0	0%
Other current liabilities	23,018	2%	6,703	1%	9,620	1%	16,315	243%	13,398	139%
Total current liabilities	192,923	18%	224,029	20%	280,966	23%	(31,106)	-14%	(88,043)	-31%
Non-current liabilities										
Long-term loans liabilities	0	0%	0	0%	0	0%	0	0%	0	0%
Deferred tax liabilities	2,819	0%	466	0%	986	0%	2,353	505%	1,833	186%
Accrued pension liabilities	18,642	2%	18,645	2%	21,483	2%	(3)	0%	(2,841)	-13%
Total non-current liabilities	21,461	2%	19,111	2%	22,469	2%	2,350	12%	(1,008)	-4%
Total liabilities	214,384	19%	243,140	22%	303,435	24%	(28,756)	-12%	(89,051)	-29%
SHAREHOLDERS' EQUITY :										
Capital stock	684,891	62%	684,891	61%	692,991	56%	0	0%	(8,100)	-1%
Capital surplus	1,062	0%	1,062	0%	4,598	0%	0	0%	(3,536)	-77%
Share-based Payments	0	0%	0	0%	0	0%	0	0%	-	0%
Retained earnings	198,108	18%	196,648	17%	264,139	21%	1,460	1%	(66,031)	-25%
Others-cumulative translation adjustments	3,498	0%	394	0%	990	0%	3,104	788%	2,508	253%
Treasury stock	0	0%	0	0%	(25,182)	-2%	0	0%	25,182	-100%
Non-controlling interests	0	0%	0	0%	560	0%	0	0%	(560)	-100%
Total shareholders' equity	887,559	81%	882,995	78%	938,096	76%	4,564	1%	(50,537)	-5%
Total liabilities and shareholders' equity	1,101,943	100%	1,126,135	100%	1,241,531	100%	(24,192)	-2%	(139,588)	-11%



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)

	Nine Months 2015		Nine Months 2014		YoY	
Net Sales	751,594	100%	989,486	100%	(237,892)	-24%
Cost of Goods Sold	(433,509)	58%	(564,689)	57%	131,180	-23%
Gross Profit	318,085	42%	424,797	43%	(106,712)	-25%
Unrealized Profit	0	0%	0	0%	0	0%
Realized Profit	0	0%	0	0%	0	0%
Realized Gross Profit	318,085	42%	424,797	43%	(106,712)	-25%
Operating Expenses						
Sales and Marketing Expenses	(131,745)	18%	(170,413)	17%	38,668	-23%
General and Administrative Expenses	(63,103)	8%	(63,482)	6%	379	-1%
Research and Development Expenses	(149,831)	20%	(180,975)	18%	31,144	-17%
Total operating expenses	(344,679)	46%	(414,870)	42%	70,191	-17%
Operating Income	(26,594)	4%	9,927	1%	(36,521)	-368%
Non-operating Income						
Interest income	809	0%	1,128	0%	(319)	-28%
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	5	0%	0	0%	5	100%
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	7,047	1%	7,291	1%	(244)	-3%
Gain on Disposal of Investment	3,523	0%	0	0%	3,523	100%
Reversal of Bad Debt Expenses	0	0%	0	0%	0	0%
Reversal of loss on inventories	0	0%	0	0%	0	0%
Reversal of impairment loss	0	0%	0	0%	0	0%
Valuation gain on financial assets, net	0	0%	0	0%	0	0%
Valuation gain on financial liabilities, net	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	326	0%	0	0%	326	100%
Miscellaneous income	1,335	0%	3,177	0%	(1,842)	-58%
Total non-operating income and gains	13,045	2%	11,596	1%	1,449	12%
Non-operating expenses and losses						
Interest expense	(22)	0%	(147)	0%	125	-85%
Investment loss recognized under equity method	0	0%	0	0%	0	0%
Investment Impairment loss recognized under equity	0	0%	0	0%	0	0%
Loss on disposal of property, plant and equipment	0	0%	(3,672)	0%	3,672	-100%
Loss on sale of investments, net	0	0%	0	0%	0	0%
Loss on disposal of intangible asset	0	0%	(83)	0%	83	-100%
Exchange loss, net	-	0%	-	0%	0	0%
Provision for loss on inventories	-	-	-	-	0	0%
Impairment loss	-	-	-	-	0	0%
Valuation loss on financial assets, net	-	-	-	-	0	0%
Valuation loss on financial liabilities, net	-	-	-	-	0	0%
Miscellaneous expenses	(9)	0%	0	0%	(9)	100%
Total non-operating expenses and losses	(31)	0%	(3,902)	0%	3,871	-99%
Income before income tax	(13,580)	2%	17,621	2%	(31,201)	-177%
Income tax expense (benefit)	7,057	1%	(7,077)	1%	14,134	-200%
Net income	(6,523)	1%	10,544	1%	(17,067)	-162%
Other comprehensive income						
Exchange differences on translation	1,654	0%	(51)	0%	1,705	-3343%
Actuarial gains and losses of defined benefit plans	0	0%	0	0%	0	0%
Other comprehensive income	(281)	0%	9	0%	(290)	-3222%
Other comprehensive income, net	1,373	0%	(42)	0%	1,415	-3369%
Total comprehensive income	(5,150)	1%	10,502	1%	(15,652)	-149%
Profit (loss), attributable to:						
Profit (loss), attributable to owners of parent	(6,515)		14,777		(21,292)	
Profit (loss), attributable to non-controlling interests	(8)		(4,233)		4,225	
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent	(5,142)		14,735		(19,877)	
Comprehensive income, attributable to non-controlling interests	(8)		(4,233)		4,225	
Earnings Per Share						
Basic Earnings Per Share After Income Tax	-	0.10	-	0.22	-	0.31
Diluted Earnings Per Share After Income Tax	-	0.10	-	0.22	-	0.31



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)

	3Q 2015		2Q 2015		3Q 2014		QoQ		YoY	
Net Sales	261,076	100%	240,065	100%	326,743	100%	21,011	9%	(65,667)	-20%
Cost of Goods Sold	(159,593)	-61%	(144,265)	-60%	(196,318)	-60%	(15,328)	11%	36,725	-19%
Gross Profit	101,483	39%	95,800	40%	130,425	40%	5,683	6%	(28,942)	-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	101,483	39%	95,800	40%	130,425	40%	5,683	6%	(28,942)	-22%
Operating Expenses				0%		0%		0%		0%
Sales and Marketing Expenses	(44,059)	-17%	(46,785)	-19%	(53,110)	-16%	2,726	-6%	9,051	-17%
General and Administrative Expenses	(20,866)	-8%	(18,773)	-8%	(21,629)	-7%	(2,093)	11%	763	-4%
Research and Development Expenses	(48,413)	-19%	(48,198)	-20%	(59,633)	-18%	(215)	0%	11,220	-19%
Total operating expenses	(113,338)	-43%	(113,756)	-47%	(134,372)	-41%	418	0%	21,034	-16%
Operating Income	(11,855)	-5%	(17,956)	-7%	(3,947)	-1%	6,101	-34%	(7,908)	200%
Non-operating Income				0%		0%		0%		0%
Interest income	270	0%	241	0%	311	0%	29	12%	(41)	-13%
Exchange gain, net	12,910	5%	0	0%	0	0%	12,910	100%	12,910	100%
Gain on Disposal of Investment		0%	3,523	1%	5,989	2%	(3,523)	-100%	(5,989)	-100%
Reversal of Bad Debt Expenses		0%	0	0%	0	0%	0	0%	0	0%
Gain on financial asset at fair value through profit or loss	573	0%	(387)	0%	0	0%	960	-248%	573	100%
Miscellaneous income	21	1%	368	0%	1,357	0%	(347)	-94%	(1,336)	-98%
Total non-operating income and gains	13,774	6%	3,745	2%	7,657	2%	10,029	268%	6,117	80%
Non-operating expenses and losses				0%		0%		0%		0%
Interest expense	(22)	0%	0	0%	0	0%	(22)	100%	(22)	100%
Investment loss recognized under equity method	0	0%	0	0%	0	0%	0	0%	0	0%
Investment Impairment loss recognized under equity meth	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	0	0%	(3,471)	-1%	0	0%	3,471	-100%	0	0%
Miscellaneous expenses	0	0%	0	0%	(88)	0%	0	0%	88	-100%
Total non-operating expenses and losses	(22)	0%	(3,471)	-1%	(88)	0%	3,449	-99%	66	-75%
Income before income tax	1,897	1%	(17,682)	-7%	3,622	1%	19,579	-111%	(1,725)	-48%
Income tax expense (benefit)	(437)	0%	7,499	3%	(766)	0%	(7,936)	-106%	329	-43%
Net income	1,460	1%	(10,183)	-4%	2,856	1%	11,643	-114%	(1,396)	-49%
Other comprehensive income				0		0		0		0%
Exchange differences on translation	3,739	1%	(176)	0%	(34)	0%	3,915	-2224%	3,773	-11097%
Actuarial gains and losses of defined benefit plans	0	0%	0	0%	0	0%	0	0%	0	0%
Other comprehensive income	(635)	0%	29	0%	6	0%	(664)	-2290%	(641)	-10683%
Other comprehensive income, net	3,104	1%	(147)	0%	(28)	0%	3,251	-2212%	3,132	-11186%
Total comprehensive income	4,564	2%	(10,330)	-4%	2,828	1%	14,894	-144%	1,736	61%
Profit (loss), attributable to:										
Profit (loss), attributable to owners of parent	1,460		(10,329)		3,006		11,789		(1,546)	
Profit (loss), attributable to non-controlling interests	0		(1)		(150)		1		150	
Comprehensive income attributable to:										
Comprehensive income, attributable to owners of parent	4,564		(10,329)		2,978		14,893		1,586	
Comprehensive income, attributable to non-controlling interes	0		(1)		(150)		1		150	
Earnings Per Share										
Basic Earnings Per Share After Income Tax	0.02		(0.15)		0.04		0.17		(0.02)	
Diluted Earnings Per Share After Income Tax	0.02		(0.15)		0.04		0.17		(0.02)	



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)

	2015	2014
Cash flows from operating activities		
Net income	(13,580)	17,621
Provision(Reversal) for doubtful accounts	10,947	(334)
Depreciation	32,475	28,822
Amortization	10,977	20,796
Investment loss (income) recognized under equity method	0	0
Interest revenue	(809)	(1,128)
Dividend income	0	(1,597)
Gain on financial asset at fair value through profit or loss	(326)	0
Financial Cost	22	147
Loss (gain) on disposal of property, plant and equipment	(5)	3,672
Loss (gain) on sale of investments	0	0
Loss (gain) on disposal of intangible assets	0	83
Provision for (recovery of) loss on inventories	22,714	10,002
Investment Impairment loss	0	0
Unrealized foreign exchange loss (gain)	319	(1,470)
Difference Between Net Pension Cost and Plan Contribution		
Others – write off allowance for bad debts	(28)	(260)
Others – write off intangible asset	18	351
Others – reclassify from property, plant and equipment to expense		669
Valuation loss (gain) on financial instruments	0	0
Net (gain) loss on fair value change of financial assets held for trading	(36,130)	0
Notes receivable	237	(4,000)
Notes receivable – related parties	0	0
Accounts receivable	34,290	29,379
Accounts receivable – related parties	0	0
Other receivables	2,091	(318)
Inventories	61,636	(91,404)
Other current assets	9,671	(519)
Notes payable	0	(1)
Accounts payable	(26,127)	59,591
Accounts payable – related parties	(6,182)	1,698
Other payables	(31,590)	(25,417)
Other payables – related parties	0	0
Provisions	0	0
Other current liabilities	9,000	51
	(10)	(4)
Cash generated from operations	79,610	46,430
Interest received	820	1,128
Dividends received	0	1,597
Income tax paid	(7,838)	(5,539)
Net cash provided by (used in) operating activities	72,592	43,616
Cash flows from investing activities		
Acquisition of bond investments without active market	0	0
Proceeds from bond investments without active market	0	3,412
Proceeds from financial assets carried at cost at fair value	0	1,050
Proceeds from financial assets carried at cost	0	0
Acquisition of property, plant and equipment	(6,906)	(17,342)
Proceeds from property, plant and equipment	5	0
Decrease (increase) in refundable deposits	(308)	0
Acquisition of Intangible assets	(7,869)	(2,658)
Decrease (increase) in other financial assets	(3)	(6)
Decrease (increase) in other non-current assets	(6,109)	(7,028)
Net cash used in investing activities	(21,190)	(22,572)
Cash flows from financing activities		
Decrease (increase) in long-term loans	0	(26,650)
Capital Increase by cash of non-controlling interests	0	0
Increase in short-term bills payable	0	0
Cash dividends	(68,489)	(41,094)
Cash paid for acquisition of treasury stock	0	0
Interest paid	(22)	(170)
Net cash used in financing activities	(68,511)	(67,914)
Effect of exchange rate changes	(6,020)	(1,701)
Net decrease in cash and cash equivalents	(23,129)	(48,571)
Cash and cash equivalents at Beginning of Period	230,991	212,449
Cash and cash equivalents at End of Period	207,862	163,878