

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2019		December 31, 2018		September 30, 2018		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	六(一)	\$ 831,760	20	\$ 1,019,000	25	\$ 868,558	22
1110	Financial assets at fair value through profit or loss - current	六(二)及十 二(三)	16,043	-	-	-	-	-
1150	Notes receivable	六(四)及十 二(二)	17,547	-	21,096	-	21,511	-
1170	Accounts receivable	六(四)及十 二(二)	706,543	17	610,535	15	760,435	19
1180	Accounts receivable - related parties	六(四)及十 二(二)	231	-	74	-	84	-
1200	Other receivables		22,176	1	20,886	-	25,216	1
1220	Current income tax assets		182	-	5,837	-	-	-
130X	Inventories	六(五)	1,012,290	24	901,562	22	771,550	19
1410	Prepayments		30,481	1	29,978	1	28,345	1
1470	Other current assets		6,121	-	2,200	-	4,380	-
11XX	Total current assets		<u>2,643,374</u>	<u>63</u>	<u>2,611,168</u>	<u>63</u>	<u>2,480,079</u>	<u>62</u>
Non-current assets								
1550	Investments accounted for under equity method	六(六)	27,398	1	29,033	1	-	-
1600	Property, plant and equipment	六(七)及八	1,180,845	28	1,202,215	29	1,208,545	30
1755	Right-of-use assets	六(八)	88,355	2	-	-	-	-
1760	Investment property	六(十)	86,503	2	139,820	3	140,182	4
1780	Intangible assets	六(十一)	128,049	3	102,965	3	98,592	3
1840	Deferred income tax assets		43,916	1	46,713	1	42,910	1
1990	Other non-current assets		7,839	-	7,534	-	7,809	-
15XX	Total non-current assets		<u>1,562,905</u>	<u>37</u>	<u>1,528,280</u>	<u>37</u>	<u>1,498,038</u>	<u>38</u>
1XXX	Total Assets		<u>\$ 4,206,279</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 3,978,117</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	September 30, 2019		December 31, 2018		September 30, 2018	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	六(十三)	\$ 60,000	2	\$ 53,000	1	\$ 190,000	5
2120	Financial liabilities at fair value through profit or loss - current	六(二)及十 二(三)	-	-	2,760	-	1,380	-
2130	Contract liabilities - current	六(二十三)	48,864	1	34,523	1	32,452	1
2150	Notes payables		737	-	675	-	-	-
2170	Accounts payable		535,396	13	617,457	15	519,800	13
2180	Accounts payable - related parties	七	12,367	-	13,750	1	11,679	-
2200	Other payables	六(十四)	302,184	7	329,034	8	271,649	7
2230	Current income tax liabilities		92,489	2	134,253	3	123,887	3
2250	Provisions for liabilities - current		1,144	-	1,144	-	774	-
2280	Current lease liabilities		38,189	1	-	-	-	-
2320	Current portion of long-term borrowings	六(十 五)(十六)	397,952	10	400,829	10	401,745	10
2399	Other current liabilities		15,409	-	8,628	-	12,247	1
21XX	Total current liabilities		<u>1,504,731</u>	<u>36</u>	<u>1,596,053</u>	<u>39</u>	<u>1,565,613</u>	<u>40</u>
	Non-current liabilities							
2540	Long-term borrowings	六(十六)及 八	46,043	1	47,864	1	61,338	1
2570	Deferred income tax liabilities		89,299	2	89,895	2	68,444	2
2580	Non-current lease liabilities		50,925	1	-	-	-	-
2600	Other non-current liabilities	六(十五)	50,582	1	42,647	1	37,591	1
25XX	Total non-current liabilities		<u>236,849</u>	<u>5</u>	<u>180,406</u>	<u>4</u>	<u>167,373</u>	<u>4</u>
2XXX	Total liabilities		<u>1,741,580</u>	<u>41</u>	<u>1,776,459</u>	<u>43</u>	<u>1,732,986</u>	<u>44</u>
	Equity attributable to shareholders of the parent							
	Share capital							
3110	Ordinary shares	六(十九)	796,836	19	796,206	19	794,180	20
3140	Advance receipts for share capital		10,324	-	1,039	-	4,596	-
	Capital surplus	六(二十)						
3200	Capital surplus		223,233	6	214,960	6	208,477	5
	Retained earnings	六(二十一)						
3310	Legal reserve		500,481	12	459,789	11	459,789	12
3320	Special reserve		4,231	-	12,914	-	12,914	-
3350	Unappropriated retained earnings		939,712	22	882,311	21	770,413	19
	Other equity	六(二十二)						
3400	Other equity		(10,118)	-	(4,230)	-	(5,238)	-
31XX	Total equity attributable to shareholders of the parent		<u>2,464,699</u>	<u>59</u>	<u>2,362,989</u>	<u>57</u>	<u>2,245,131</u>	<u>56</u>
3XXX	Total equity		<u>2,464,699</u>	<u>59</u>	<u>2,362,989</u>	<u>57</u>	<u>2,245,131</u>	<u>56</u>
	Significant contingent liabilities and unrecognized contract commitments	九						
3X2X	Total Liabilities and Equity		<u>\$ 4,206,279</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 3,978,117</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the Three Months Ended September 30				For the Nine Months Ended September 30				
		2019		2018		2019		2018		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	六(二十三)	\$ 1,173,219	100	\$ 1,211,077	100	\$ 3,478,630	100	\$ 3,740,189	100
5000	Operating costs	六(五)(二十七)(二十八)及七	(738,655)	(63)	(803,501)	(67)	(2,220,553)	(64)	(2,519,734)	(67)
5900	Gross profit		434,564	37	407,576	33	1,258,077	36	1,220,455	33
5910	Unrealized profit from sales	六(六)	(34)	-	-	-	(68)	-	-	-
5950	Gross profit from operations		434,530	37	407,576	33	1,258,009	36	1,220,455	33
	Operating expenses	六(二十七)(二十八)								
6100	Selling expenses		(146,230)	(12)	(144,031)	(12)	(449,335)	(13)	(426,378)	(12)
6200	General and administrative expenses		(29,564)	(2)	(26,079)	(2)	(87,075)	(2)	(83,472)	(2)
6300	Research and development expenses		(116,788)	(10)	(106,284)	(9)	(341,344)	(10)	(300,166)	(8)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	十二(二)	(7,228)	(1)	(5,347)	-	(5,307)	-	(4,482)	-
6000	Total operating expenses		(299,810)	(25)	(281,741)	(23)	(883,061)	(25)	(814,498)	(22)
6900	Operating profit		134,720	12	125,835	10	374,948	11	405,957	11
	Non-operating income and expenses									
7010	Other income	六(二十四)	6,026	-	9,673	1	15,724	-	20,883	-
7020	Other gains and losses	六(二十五)	(2,852)	-	(334)	-	112,778	3	25,870	1
7050	Finance costs	六(二十六)	(2,862)	-	(2,662)	-	(8,701)	-	(7,374)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	六(六)	(147)	-	-	-	(1,567)	-	-	-
7000	Total non-operating income and expenses		165	-	6,677	1	118,234	3	39,379	1
7900	Profit before income tax		134,885	12	132,512	11	493,182	14	445,336	12
7950	Net Income	六(二十九)	(33,602)	(3)	(34,639)	(3)	(104,988)	(3)	(154,424)	(4)
8200	Other comprehensive income		\$ 101,283	9	\$ 97,873	8	\$ 388,194	11	\$ 290,912	8
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value	六(三)	\$ -	-	\$ -	-	\$ -	-	\$ 707	-
8349	Income tax relating to components of other comprehensive income	六(二十九)	-	-	-	-	-	-	462	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements		(13,844)	(1)	39	-	(7,360)	-	9,012	-

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
translation differences of foreign operations									
8399 Income tax relating to the components of other comprehensive income	六(二十九)	2,769	-	(9)	-	1,472	-	(1,336)	-
8300 Other comprehensive income (loss) for the year		(\$ 11,075)	(1)	\$ 30	-	(\$ 5,888)	-	\$ 8,845	-
8500 Total Comprehensive Income		<u>\$ 90,208</u>	<u>8</u>	<u>\$ 97,903</u>	<u>8</u>	<u>\$ 382,306</u>	<u>11</u>	<u>\$ 299,757</u>	<u>8</u>
Profit attributable to:									
8610 Shareholders of the parent		<u>\$ 101,283</u>	<u>9</u>	<u>\$ 97,873</u>	<u>8</u>	<u>\$ 388,194</u>	<u>11</u>	<u>\$ 290,912</u>	<u>8</u>
Total comprehensive income (loss) attributable to:									
8710 Shareholders of the parent		<u>\$ 90,208</u>	<u>8</u>	<u>\$ 97,903</u>	<u>8</u>	<u>\$ 382,306</u>	<u>11</u>	<u>\$ 299,757</u>	<u>8</u>
9750 Basic earnings per share	六(三十)	<u>\$</u>	<u>1.27</u>	<u>\$</u>	<u>1.23</u>	<u>\$</u>	<u>4.87</u>	<u>\$</u>	<u>3.66</u>
9850 Diluted earnings per share	六(三十)	<u>\$</u>	<u>1.15</u>	<u>\$</u>	<u>1.12</u>	<u>\$</u>	<u>4.36</u>	<u>\$</u>	<u>3.31</u>

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent									
	Share capital			Retained Earnings			Other Equity Interest			
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2018										
Balance at January 1, 2018		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$ 1,022,874	(\$ 12,914)	\$ -	\$ 2,370,197
Effect of retrospective application and restatement	六(三)	-	-	-	-	-	900	-	(900)	-
Balance at January 1, after adjustments		<u>793,130</u>	<u>1,379</u>	<u>198,563</u>	<u>367,165</u>	<u>-</u>	<u>1,023,774</u>	<u>(12,914)</u>	<u>(900)</u>	<u>2,370,197</u>
Profit		-	-	-	-	-	290,912	-	-	290,912
Other comprehensive income		-	-	-	-	-	462	7,676	707	8,845
Total comprehensive income		-	-	-	-	-	<u>291,374</u>	<u>7,676</u>	<u>707</u>	<u>299,757</u>
Appropriations of 2017 earnings	六(二十一)									
Legal reserve		-	-	-	92,624	-	(92,624)	-	-	-
Special reserve		-	-	-	-	12,914	(12,914)	-	-	-
Cash dividends		-	-	-	-	-	(439,004)	-	-	(439,004)
Share-based payments		1,050	1,405	1,491	-	-	-	-	-	3,946
Compensation cost of share-based payments	六(十八)	-	-	8,528	-	-	-	-	-	8,528
Conversion of convertible bonds		-	1,812	(105)	-	-	-	-	-	1,707
Disposal of financial assets at fair value through other comprehensive income	六(三)	-	-	-	-	-	(193)	-	193	-
Balance at September 30, 2018		<u>\$ 794,180</u>	<u>\$ 4,596</u>	<u>\$ 208,477</u>	<u>\$ 459,789</u>	<u>\$ 12,914</u>	<u>\$ 770,413</u>	<u>(\$ 5,238)</u>	<u>\$ -</u>	<u>\$ 2,245,131</u>
Year 2019										
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ -	\$ 2,362,989
Profit		-	-	-	-	-	388,194	-	-	388,194
Other comprehensive income	六(二十二)	-	-	-	-	-	-	(5,888)	-	(5,888)
Total comprehensive income		-	-	-	-	-	<u>388,194</u>	<u>(5,888)</u>	-	<u>382,306</u>
Appropriations of 2018 earnings	六(二十一)									
Legal reserve		-	-	-	40,692	-	(40,692)	-	-	-
Reversal of special reserve		-	-	-	-	(8,683)	8,683	-	-	-
Cash dividend		-	-	-	-	-	(298,784)	-	-	(298,784)
Share-based payments		630	822	763	-	-	-	-	-	2,215
Compensation cost of share-based payments	六(十八)	-	-	7,992	-	-	-	-	-	7,992
Conversion of convertible bonds		-	8,463	(482)	-	-	-	-	-	7,981
Balance at September 30, 2019		<u>\$ 796,836</u>	<u>\$ 10,324</u>	<u>\$ 223,233</u>	<u>\$ 500,481</u>	<u>\$ 4,231</u>	<u>\$ 939,712</u>	<u>(\$ 10,118)</u>	<u>\$ -</u>	<u>\$ 2,464,699</u>

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine Months Ended June 30	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 493,182	\$ 445,336
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	十二(二)	5,307	4,482)
Depreciation	六(七)(八)(二十七)	69,451	41,194
Depreciation from investment Property	六(十)(二十五)	2,266	1,182
Amortization	六(十一)(二十七)	10,488	9,704
Interest income	六(二十四) (	8,169 ) (	6,491)
Share of loss of associates and joint ventures accounted for using equity method	六(六)	1,567	-
Gain on disposal of property, plan and equipment	六(二十五) (	40)	54
Gain on disposal of investments	六(二十五) (	272 ) (	393)
Gain on disposal of investment properties	六(二十五) (	100,677)	-
Other adjustments to reconcile loss	六(二十五) (	7)	-
Net gain on financial assets and liability at fair value through profit	六(十五)(二十五) (	2,804 ) (	3,607)
Interest expense	六(二十六)	8,701	7,374
Compensation cost of share-based payments	六(十八)(二十八)	7,992	8,528
Unrealized profit from sales		68	-
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss	(	15,727)	35,393
Notes receivable	(	3,549 ) (	17,497)
Accounts receivable (including related parties)	(	79,735 ) (	308,789)
Other receivables	(	1,272 ) (	4,324)
Inventories	(	103,030 ) (	41,273)
Prepayments	(	12 ) (	7,563)
Other financial assets		-	148,800
Other current assets	(	3,921 ) (	3,152)
Changes in liabilities relating to operating activities			
Contract liabilities		14,341	1,058
Notes payables		62 (	1,472)
Accounts payable (including related parties)	(	89,372)	42,282
Other payables	(	30,896)	23,166
Other current liabilities		6,395	9,412
Other non-current assets	(	972 ) (	751)
Cash inflow generated from operations		186,463	382,653
Receipt of interest		8,151	6,658
Payment of interest	(	3,582 ) (	2,304)
Payment of income tax	(	142,713 ) (	83,441)
Net cash flows provided by operating activities		48,319	303,566

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine Months Ended June 30	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net cash flow from acquisition of subsidiaries	六(三十一)	(\$ 37,485)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	六(三)	-	1,630
Acquisition of property, plant and equipment	六(三十三)	(20,000)	(33,465)
Proceeds from disposal of property, plant and equipment		40	66
Proceeds from disposal of investment properties		151,728	-
Acquisition of intangible assets	六(十一)	(1,791)	(2,922)
Increase in other non-current assets		(305)	(1,129)
Net cash flows provided by (used in) investing activities		<u>92,187</u>	<u>(35,820)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(236,000)	(203,000)
Proceeds from short -term borrowings		243,000	393,000
Redemption of long-term borrowings		(2,328)	(4,030)
Proceeds from exercise of employee stock options	六(二十一)	(298,784)	(439,004)
Cash dividends paid		2,215	3,946
Decrease in refundable deposits		(299)	-
Payments of lease liabilities		(26,674)	-
Net cash flows provided by (used in) financing activities		<u>(318,870)</u>	<u>(249,088)</u>
Effects due to changes in exchange rate		(8,876)	6,661
Increase (Decrease) in cash and cash equivalents		(187,240)	25,319
Cash and cash equivalents at beginning of year		<u>1,019,000</u>	<u>843,239</u>
Cash and cash equivalents at end of year		<u>\$ 831,760</u>	<u>\$ 868,558</u>

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