

**AXIOMTEK CO., LTD.**  
**2016 Annual Shareholders' Meeting**  
**Meeting Minutes**  
**(Translation)**

Meeting Time : 09:00 a.m., Tuesday, May 31, 2016

Meeting Venue: 11., No.2, Lane 235, Baoqiao Road, Xindian District, New Taipei City.

Quorum: 51,632,737 shares were represented by the shareholders and proxies present, which amounted to 65.33% of the Company's 79,031,034 issued and outstanding shares.

Directors present: Yang, Yu-Te, Tsai, Shih-Yang, Liu, Chun-Lian (Independent Director),  
Chou, Chih-Chen (Independent Director), Lin, Yih-Jong (Independent Director)

Chairman: Yang, Yu-Te, the Chairman of the Board of Directors

Recorder: Patty Kao

**I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.**

**II. Chairman's Address (omitted)**

**III. Proposals and discussion**

1. Amendment to the Article of Incorporation. Please proceed to discuss.

(Proposed by the Board of Directors )

Explanation :

(1) In order to comply with law and regulations and conform to the Amendment of the regulations of Article 235, 235-1 and 240 of Company Act, and the election of the Board of Directors of this Corporation will take Candidates' Nominating System, as results, this Corporation hereby proposes to amend the Article of Incorporation. The comparison table of revised articles of Articles of Incorporation, Please refer Attachment 1.

(2) Please proceed to discuss.

Voting Results :

43,603,736 shares were represented at the time of voting; 0 shares voted for the proposal; 0 shares voted against the proposal; 8,029,001 votes were either invalid or abstained.

Resolution :

84.45% voted for the proposal. The proposal was approved as the number of votes supporting the proposal exceeded the number of votes required by law and the company policy.

#### **IV. Report Items**

1. 2015 Business Report. (see Attachment 2)
2. 2015 Audit Committee's Review Report. (see Attachment 3)
3. 2015 Employees' and Directors' Compensation Report.

Explanation :

- (1) Conduct with the Official Letter dispatched by Ministry of Economic Affairs. R.O.C (the Letter No. 10402413890 and No. 10402427800).
  - (2) Follow the revised Article 27 in Article of Incorporation: this Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year.
  - (3) The meetings of Remuneration Committee and the Board of the Directors dated on Feb. 18, 2016 already have a resolution adopted to allocate 11% as employees' compensation and 1.25% as directors' compensation based on the Pre-tax Income before deduction of the employees' and directors' compensation for the year 2015. This Corporation allocates of NT\$ 61,754,000 as employees' compensation and NT\$7,018,000 as directors' compensation for the year 2015. The above compensation to employees and directors are all distributed in cash.
  - (4) The proposal should be effective after getting the resolution to amend the Article of Incorporation by the annual shareholders' meeting.
4. The Report for Stipulating「The Codes of Ethical Conduct of Axiomtek Co., Ltd.」

Explanation :

For guiding the behavior of directors, managerial officers and all employees tally with ethical standards, and having interested parties of this Corporation understand more the ethical standards of this Corporation, stipulates 「The Codes of Ethical Conduct of Axiomtek Co., Ltd.」.(see Attachment 4)

#### **V. Recognition Matters**

1. Adoption of the 2015 Business Report and Financial Statements (including parent company only and consolidated statements). Please proceed to adopt. (Proposed by the Board of Directors )

Explanation :

- (1) This Corporation's 2015 business report and financial statements (including parent company only and consolidated statements) were composed by the Board of Directors. The Corporation's financial statements were audited by Certified Public Accountants, Mr. Shien-Chong Hsu and Mr. Shien-Wei Deng of PricewaterhouseCoopers, Taiwan, and were examined by the Audit Committee along with the business report and proposal for profit distribution with a written review report issued.
- (2) The 2015 business report, independent auditors' audit report for parent company only (see Attachment 5), and the independent auditors' audit report for consolidated Statement. (see Attachment 6)
- (3) Please proceed to adopt.

Voting Results :

43,603,736 shares were represented at the time of voting; 0 shares voted for the proposal; 0 shares voted against the proposal; 8,029,001 votes were either invalid or abstained.

Resolution :

84.45% voted for the proposal. The proposal was approved as the number of votes supporting the proposal exceeded the number of votes required by law and the company policy.

2. Adoption of the Proposal for Distribution of 2015 Profits. Please proceed to adopt.

(Proposed by the Board of Directors )

Explanation :

- (1) The proposal for 2015 profit distribution. (see Attachment 7)
- (2) The beginning retained earnings of this Corporation is NT\$ 26,511,356, deducting other comprehensive income and loss\_net defined benefit liability (assets) measuring adjustment of NT\$ 9,327,729, and adding on the changes in equity from invested company of NT\$333, unappropriated retained earnings after adjustment is NT\$ 17,183,960, plus 2015 net income of NT\$ 424,098,757, and set aside legal reserve of NT\$ 42,409,876, the total unappropriated retained earnings are NT\$ 398,872,841, the distribution of 2015 profits is following:
  - A. The proposed cash dividend to shareholders is NT\$339,833,446 (NT\$ 4.3 per share), calculating based on the total issued and outstanding common shares of 79,031,034 as at February.18, 2016. The distribution of cash dividends shall be accounting by dollar and rounded off to the

integer unconditionally.

- B. In the event that, before the distribution record date, the proposed profit distribution is affected by the change in the number of outstanding shares, it is proposed that the Board of Directors be authorized to adjust the cash dividend to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. Upon the approval of the annual meeting of shareholders, it is proposed that the Board of Directors be authorized to resolve the record date, payable date and other relevant issues.
- C. For matching the imputation tax implement, it should levy 10% of unappropriated retained earnings of profit-seeking enterprise income tax according to the Regulations of Article 66-9 of the Income Tax Act, this Corporation will allocate the surplus within the recent year in priority by individual identify ways according to the Official Letter of Ministry of Fiancé, R.O.C. dated on April 30, 1998 (Official No.871941343).
- D. The distribution of cash dividends shall be based on share ratio and accounted by dollar and rounded off to the integer, fractional dividend amounts that are less than NT\$1 shall be ranked from high to low in value and from old to new in account number, and they shall be adjusted in this order until the total amount of cash dividend distribution is met.

(3) Please proceed to adopt.

Voting Results :

43,603,736 shares were represented at the time of voting; 0 shares voted for the proposal; 0 shares voted against the proposal; 8,029,001 votes were either invalid or abstained.

Resolution :

84.45% voted for the proposal. The proposal was approved as the number of votes supporting the proposal exceeded the number of votes required by law and the company policy.

**VI. Extemporary Motions : None.**

**VII. Adjournment : There was no other business and extemporary motion, the Chairman announced the meeting adjourned at 09:19am, May 31,2016**

## AXIOMTEK CO., LTD.

### Comparison Table of Revised Articles of Articles of Incorporation

Item	Article after revision	Article before revision	Explanation
	<b>Section IV- Directors and the <u>Functional</u> Committee</b>	<b>Section IV- Directors and The Audit Committee</b>	
Article 18	<p>The Corporation shall have seven to nine Directors, the term of office for Directors shall be three (3) years. <u>Directors should be elected by adopting candidates' nomination system, the shareholders can elect the directors from the candidates list of directors,</u> and all Directors shall be eligible for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take in accordance with the Law as the Director conducting his business.</p>	<p>The Corporation shall have seven to nine Directors. <u>Directors should be elected by Shareholders' meeting,</u> the term of office for Directors shall be three (3) years, <u>and all Directors shall be eligible</u> for re-election. All directors of the proportion of the total shareholding of the Corporation shall be governed by the provisions of the securities regulatory authorities. The Corporation reserves the right to purchase Liability Insurance for the Directors according to his function and the compensation liability the Directors might take in accordance with the Law as the Director conducting his business.</p>	<p>Act in concert with directors' nomination system will be operated comprehensively.</p>

Item	Article after revision	Article before revision	Explanation
Article 18-1	<p>The Corporation must have at least three independent directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one-fifth of total number of directors. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority. <u>Independent directors and directors shall have election together, and the elected quota shall be calculated separately, the independent directors and directors shall be elected by the high suffrage represented by the resulting ballot.</u></p>	<p>The Corporation must have at least three independent directors in accordance with the regulations of Article 14-2 of the Securities Exchange Act of the Republic of China, and no less than one- fifth of total number of directors. <u>The independent directors shall be elected by adopting candidates' nomination system, and will be elected by the shareholders' meeting according to the list of candidates for independent directors.</u></p> <p>Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be prescribed by the Security Competent Authority.</p>	<p>Act in concert with directors' nomination system will be operated comprehensively.</p>

Item	Article after revision	Article before revision	Explanation
Article 27	<p><u>This Corporation shall set aside 1%-20% as employees' compensation and the percentage lower than 2% as directors' compensation if the Corporation has profit (means the Pre-tax Income before deduction of the employees' and directors' compensation) in the current year. However, the company's accumulated losses shall have been covered, if any (including including the adjustment of unappropriated retained earnings).</u></p> <p><u>The Corporation may have the profit distributable as employees' compensation in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, the remuneration of directors only can receive the profit in the form of cash.</u></p> <p><u>The Corporation shall, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors for the preceding two paragraphs distributed and such distribution shall be submitted to the shareholders' meeting.</u></p>	<p>When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Corporation would set aside or fund another sum as special reserve, plus Accumulated Retained Earnings of preceding fiscal year, the Corporation would reserve partial of surplus for allocation according to the following principal:</p> <ol style="list-style-type: none"> <li>1. 1% to 20% as bonus to employees of the Corporation;</li> <li>2. The remuneration of Directors could not be higher than 2%</li> <li>3. The rest of the net profits as the bonus to shareholders.</li> </ol> <p>The Corporation may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors. The Proposal of Distribution in the preceding Paragraph shall be proposed by the meeting of the Board of Directors and provide the proposal to shareholders' meeting to get resolution.</p>	<p>Act in concert with the Article 235 &amp; 240 of Company Act, and the amendment of Article 235-1 of Company Act.</p>

Item	Article after revision	Article before revision	Explanation
Article 27-1	<p><u>When allocating the net profits for each fiscal year, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. This Corporation would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution of the dividends and bonuses to the shareholders base on the amount in this provision and provide the proposal to shareholders' meeting to get resolution.</u></p> <p><u>The Dividend Policy of the Corporation is in concert with the development plan of current and future, the environment of investment, funds requirement, and the competition condition of domestic and foreign, also considers the shareholders' interest, as results, the Corporation shall set aside earnings available for distribution which is not less than 50% as shareholders' dividends; the dividends in the said proceeding sentence can be distributed in the form of shares or in cash, the stock Dividends of Share Allocations will not be higher than 80% of the Total Dividends.</u></p>	<p>The industry where the Corporation in is in the growth phase of life cycle, for coordinating the whole environment and the industry growing characters, also considering the plan of cash flow of the Corporation to maintain the stable development of EPS (Earning Per Share) for achieving the management target of the Corporation, the stock Dividends of Share Allocations will not be higher than 80% of the Total Dividends.</p>	<p>Act in concert with the Article 235 &amp; 240 of Company Act, and the amendment of Article 235-1 of Company Act.</p>



Item	Article after revision	Article before revision	Explanation
Article 29	<p>The first time to the twenty (slightly)</p> <p>The twenty-first Amendment was made on June 18, 2012;</p> <p>The twenty-two Amendment was made on June 3, 2015.</p> <p>The twenty-two Amendment was made on May 31, 2016.</p>	<p>The first time to the twenty (slightly)</p> <p>The twenty-first Amendment was made on June 18, 2012;</p> <p>The twenty-two Amendment was made on June 3, 2015.</p>	<p>Additional amendment and the date.</p>

## Business Report

### To the shareholders:

Axiomtek Co., Ltd.(hereinafter referred to as “Axiomtek” or the "Company")created 2.625 billion NT\$ (hereinafter the same) of annual revenue in 2015, growing 7.73% compared to the revenue of 2.436 billion in 2014, which is a new record of annual revenue of the Company.

To pursue sustainable business and the future goals of Axiomtek in 2016, we did some adjustments of our organization. In addition to unify all the sales & business units into a primary management department, we formally implement the Salesforce Service Cloud a cloud application as well platform which can make best management and uses of marketing, sales, customer service and IT, to implement our enterprise spirit of being service-oriented. In the Business Group (BG) respect, we depend on our product planning and market targets to manage and establish teams of different levels, of which little amoebas can be more focused on niche solutions. In the research and development respect, the Company continues to develop related applications of Industry 4.0 and Industrial Internet of Things; also we devote to develop the solution of Vision Control Motion, intelligent device health diagnosis technology, remote monitoring software, and wireless network technology. In the market respect, we expand vertical application markets such as the markets of factory automation, intelligent transportation, energy-saving and energy. In the sales respect, we deepen our global marketing channels and partnership plan of Franchise Partner. We will continue to cultivate our core technology and improve our branding-values, making a development towards higher profits industry and creating a multi-win pattern for our partners and shareholders.

Reports on annual operating results in 2015 and outlook in 2016 of Axiomtek is as follows:

#### 1. Annual operation results in 2015

##### 1.1 Outcomes of business plan

We created 2.625 billion of annual revenue in 2015, net income reached 424 million, and the comprehensive income totaled 424 million; the earnings per share reached 5.38.

##### 1.2 Budget implementation:

Axiomtek did not disclose financial forecasts in 2015, we therefore have no budget implementation.

### 1.3 Financial and profitability analysis

Item		2015	2014
Financial Structure	Debt Ratio (%)	31.76	25.07
	Ratio of long-term capital to Property, plant and equipment (%)	781.17	780.37
Solvency	Current Ratio (%)	194.46	228.24
	Quick Ratio (%)	139.85	158.64
	Interest earned ratio (times)	256,677.60	1,310,433.33
Profitability	Return on total assets (%)	18.59	18.87
	Return on Equity (%)	26.06	25.32
	Pre-tax Income to Paid-in Capital Ratio (%)	62.33	55.19
	Profit ratio (%)	16.16	15.21
	Earnings Per Share (NT\$)	5.38	4.75

### 1.4 Research and development status

Considering the trend of Industry 4.0 and IIoT, we will make three plans about our medium and long term development orientations:

- a. We provide a solution of Vision Control Motion on Factory Automation. We will integrate software and hardware with automatized visual identification, which can be applied in intelligent plant, heavy industry and robotic application industry.
- b. We meanwhile develop intelligent device health diagnosis technology for Process Automation industry, helping collect sensor data for the plants with expensive equipment and mass production, such as manufacturing, steel mills, petrochemical, foods and pharmaceutical production, and monitoring equipment status to analyze Predictive Maintenance, to reduce idle capacity, improve production processes and enhance efficiency.
- c. We continuous focus on Mission-Critical transportation solutions, such as monitoring security applications to integrate software and hardware with peripherals, or providing real-time information to improve safety and efficiency of intelligent transport system and then improve traffic quality.

The major product businesses of the company include product designing, manufacturing and sales such as industrial and embedded computer systems, industrial network communication devices, embedded board and system-on-modules (SoM), and touch panel computers. The business model of company can be divided into brand-oriented mode of Embedded Boards and Systems (EBS)

and the mode of Design and Manufacturing Service (DMS); in addition to using internal resources more efficient and more able to target customer market and attributes, we provide better services of B2B and B2B2C. Our company will continue to put over 9% of turnover for our product research and development to maintain our competitive edge and continue to provide innovation products meeting market demands and technical support service for customers, to thereby lay the foundation of brand niches and sustainable developments of the Company.

## 2. Business plan outline in 2016

### 2.1 Business policy

- a. Three global brands of our Company Group: Axiomtek, EtherWAN and ADS are respectively providing core technologies of Computing, Industrial Networking and Industrial Display & Power Supply. Customers can get access to full set of product and support service.
- b. Focused on related technologies and products of Industrial IoT, we continue to devote into vertical application markets such as the markets of factory automation, intelligent transportation, energy-saving and energy, becoming the leading brand in previous industries.
- c. We are actively expanding overseas service strongholds, get close to market for understanding customer demands, deepen our relationship with customers and create global distribution partners through Franchise Partner plan.
- d. We pay attention to organizational development and personnel training, according to Japan famous Amoeba profits-centered organization. We actively train talents with operator-vision and let every organization and member participate into product operation or marketing as operators. We enhance functions through educational training and plan a long-term manpower training program.

### 2.2 Production and marketing policy

- a. Establish a global information management and communication mechanism to get access of the information about materials, finished product inventories and future market demand and then to achieve the effect of reducing inventory management costs and loss caused by price dropping of dead inventory.
- b. Strengthen coordinate communication between production and sales. Through regular business forecasts and project preparation mechanism, we can activate the inventory turnover ratio and reduce shortage crisis of raw materials.
- c. Develop a strategic alliance relationship with suppliers, to shorten product development process and improve added values of products, creating a win-win mode.
- d. Promote the globalization of our brands, through allying or investing vertical application market or channel partners, to accelerate growth of our brand marketing layout overseas.

- e. Develop three niche business models of two business units for values of innovation and differentiations:
  - (1) Design-in: assist customers to import system solutions quickly.
  - (2)B2B: further develop vertical application market brand of embedded computer systems and solutions.
  - (3)B2B2C: provide services of designing and manufacturing to mass production, import it into market quickly.

### 3. Future corporate development strategy

#### 3.1 Marketing strategy

- a. The global brand Axiomtek, focuses on research and development, manufacturing, sales and accumulating integration technology of software and hardware, to provide more vertical solution information and more diversified products to customers.
- b. Establish a new stronghold – Axiomtek subsidiary in the UK, to get close to the UK even European markets and in-depth understand the customers’ demands in vertical application market.
- c. Promote Axiomtek US design team of research and development for high-end system assembly capacity, to directly serve local market of the North America and deepen customized service in vertical application field.
- d. For the potential market of vertical application, we will increase added values of integration of software and hardware to pursue long-term development and sustainable business.
- e. Implement Salesforce Service Cloud application and platform, making best use of marketing, sales, customer service, IT and others.
- f. Coordinate EtherWAN and ADS with strategic partners to make completed solutions to develop related applications market of Industrial IoT , such as factory automation, intelligent transportation, smart energy and infrastructure markets.

#### 3.2 Research and development technology

- a. Technology of embedded products
  - (1) Embedded board and SoM computer-on- module  
Continue to develop and provide the latest embedded computer board X86 and RISC, to meet customers’ demands from diversified application fields. Meanwhile provide rapid customized service of Design-in to maintain the Company’s leading position in this field.
  - (2) Industrial and embedded computer systems and touch panel computers  
Make Development of Mission-Critical, Heavy-Duty, modular design, industrial design, and Internet related products; make an integration of intelligent remote

monitoring and management software (AXView), EtherCAT Master and other professional software applications. Also gain professional certifications of Car/rail/ship, medical, and explosion-proof.

In the future, make an integration of wired/wireless network technologies for industrial use, including 10G, Gigabit Ethernet, ZigBee, WI-FI, 3G, and others to develop related products of Factory Automation, Process Automation, Predictive Maintenance, Intelligent Transportation and Smart Energy.

(3) AXView 2.0 Intelligent remote monitoring and management software

To improve remote monitoring and management capacity, Axiomtek independently research and develop AXView 2.0 intelligent software to assist consumers to create their own management system quickly and efficiently. In addition to supporting embedded application programming interface (eAPI), it also provides management tools, monitoring mechanism, database services and other functions which are easy to use.

b. Technology of vertical market

(1) Transportation and energy-saving related computer platforms and industrial communication network framework

Make a solution integration of computing and industrial communication technology of our Axiomtek group, developing Mission-Critical transportation certification and outdoor special computers and other technologies. Focus on researching and developing communication protocol, converter for industrial use and remote monitoring and management system, applying in intelligent transportation, public constructions, and factory automation systems.

(2) Factory automation

Provide Vision Control Motion solutions, combined with software motion, software PLC, EtherCAT Master, and GigE Vision camera with real-time OS; the combination of hardware and software with automatic visual identification could be applied in intelligent plant, heavy industry and robotic application industry.

(3) Process automation industry

Develop intelligent device health diagnosis technology to assist the process automation plants with expensive equipment and mass product to collect sensor data and monitor equipment status for analyzing Predictive Maintenance.

4. Impacts of external environments about competition, regulatory and the general business

On external competitive environment, the scale of vertical application market will remain expanding (including smart factory, intelligent transportation systems, robotics industry, smart power grids, gaming/lottery machines, intelligent medical services, etc.). The Company will continue to cultivate our own technology and focus on certain vertical application market, to

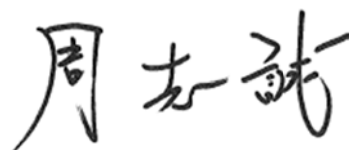


## Audit Committee's Review Report

To: The 2016 Annual Shareholders' Meeting of AXIOMTEK CO., LTD.

The Board of Directors has prepared the Corporation's 2015 business report, proposal of profit distribution, and financial statements (including parent company only and consolidated statements). The Corporation's financial statements were audited by Certified Public Accountants, Mr. Shien-Chong Hsu and Mr. Shien-Wei Deng of PricewaterhouseCoopers, Taiwan with an independent auditor's report issued. The above business report, financial statements and the proposal of profit distribution have been examined and determined to be correct and accurate by the Audit Committee members of AXIOMTEK CO., LTD.. This report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Act.

Chairman of the Audit Committee: Chou, Chih-Chen

Handwritten signature in black ink, consisting of three Chinese characters: 周志誠.

February 18, 2016



## The Codes of Ethical Conduct of AXIOMTEK CO., LTD.

### 1. Purpose of and basis for adoption

For assisting the directors, managerial officers and all employee to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Corporation, the Corporation establishes a code of ethical conduct with reference to 『Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.』

### 2. The Scope of the adoption

The directors, managerial officers and all employees (herein after collected as “employees”).

### 3. Definition:

#### 3.1 Managers:

3.1.1 General Manager and their equivalents.

3.1.2 Vice president and their equivalents.

3.1.3 Assistant vice president and their equivalents.

3.1.4 Chief financial officers.

3.1.5 Chief accounting officers.

3.1.6 Other persons authorized to manage affairs and sign documents on behalf of the Corporation. Consider each company will have different job title for each position, so the job title will not be the criteria.

### 4. The reference documents:

4.1 Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies.

4.2 The Official Letter of Tai-Financial-Security-three-Zi No: 0920001301 issued by Securities and Futures Bureau of the Ministry of Finance: the definition of managers.

### 5. Responsibilities:

5.1 The Financial dept.: to be responsible for drafting and revising the rules and propose to the Meeting of Board of Directors for discussion.

5.2 The Internal Audit dept.: to audit the operation condition for the rules by routine.

5.3 The Audit Committee: to be supervisor and manage all related affairs of the rules.

5.4 The Board of the Directors: to approve the procedure of this rules.

### 6. The procedure Map:

Not application

### 7. Procedure/way:

#### 7.1 Prevention of conflicts of interest:

Employee shall avoid the situations of personal interest intervenes or is likely to intervene in the overall interest of the Corporation occur, and obeys the following principles:

- 7.1.1 Shall be perform the duties in an objective and efficient manner, and avoid taking advantage of their position in the Corporation to obtain improper benefits for themselves or their spouse, parents, children, or relatives with the second degree of kinship.
- 7.1.2 Corporation shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which all employee work.
- 7.1.3 The Corporation shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for all employees to voluntarily explain whether there is any potential conflict between them and the Corporation.

#### 7.2 Minimizing incentives to pursue personal gain:

The Corporation shall prevent all employees from engaging in any of the following activities

- 7.2.1 Seeking an opportunity to pursue personal gain by using corporation property or information or taking advantage of their position.
- 7.2.2 Obtaining personal gain by using corporation property or information or taking advantage of their position.
- 7.2.3 Competing with the Corporation. When the Corporation has an opportunity for profit, it is the responsibility of all employees to maximize the reasonable and proper benefits that can be obtained by the Corporation.

#### 7.3 Confidentiality:

All employees of the Corporation shall be bound by the obligation to maintain the confidentiality of any information regarding the Corporation itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Corporation or the suppliers and customers.

#### 7.4 Fair Trade:

All employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

#### 7.5 Safeguarding and proper use of the Corporation assets:

All employees have the responsibility to safeguard the Corporation assets and to ensure that they can be effectively and lawfully used for official business purpose; any theft,

negligence in care, or waste of the assets will all directly impact the Corporation's profitability.

7.6 Legal compliance:

The Corporation shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

7.7 Encouraging reporting on illegal or unethical activities:

The Corporation shall raise awareness of ethics internally and encourage employees to report to the Corporation supervisor, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the Corporation shall establish a concrete whistle-blowing system and make employees aware that the Corporation will use its best efforts to ensure the safety of informations and protect them from reprisals.

7.8 Disciplinary measures:

When an employee violates the code of ethical conduct, the Corporation shall handle the matter in accordance with the regulations related to the code of ethical conduct and the rules of Employees, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The Corporation shall establish a relevant complaint system to provide the violator with remedies.

7.9 Any exemption for directors, supervisors, or managerial officers from compliance with the code must be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, and the period of, reason of, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the Corporation by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

7.10 The Corporation shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

7.11 The Corporation's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to each supervisor, and submitted to a shareholders' meeting.

**8. Related Documents:**

8.1 Documents: not applicable.

8.2 Form: not applicable.

8.3 Record or others: not applicable.

## **Independent Auditors' Report**

### **(Parent Company Only Financial Statements)**

The Board of Directors and Shareholders  
Axiomtek Co., Ltd.

We have audited the accompanying parent company only balance sheets of Axiomtek Co., Ltd. as of December 31, 2015 and 2014 and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Axiomtek Co., Ltd. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

February 18, 2016

#### *Notice to Readers*

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.*

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	2015/12/31		2014/12/31	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets</b>				
Total cash and cash equivalents	\$ 319,811	13	\$ 155,916	8
Total current financial assets at fair value through profit or loss	98,013	4	173,100	8
Notes receivable, net	5,998	-	3,171	-
Accounts receivable, net	182,567	7	126,961	6
Accounts receivable due from related parties, net	333,188	14	220,535	11
Other receivables, net	10,264	1	8,763	-
Other receivables due from related parties, net	22,059	1	19,662	1
Total inventories	373,065	15	301,967	15
Total prepayments	6,931	-	9,289	-
Total other current assets	1,266	-	1,255	-
<b>Total current assets</b>	<b>1,353,162</b>	<b>55</b>	<b>1,020,619</b>	<b>49</b>
<b>Non-current assets</b>				
Non-current financial assets at cost, net	923	-	923	-
Investments accounted for using equity method, net	849,139	34	792,853	38
Total property, plant and equipment	228,527	9	209,744	10
Total intangible assets	18,337	1	12,176	1
Deferred tax assets	25,602	1	18,643	1
Prepayments for business facilities	-	-	24,455	1
Guarantee deposits paid	5,358	-	4,541	-
<b>Total non-current assets</b>	<b>1,127,886</b>	<b>45</b>	<b>1,063,335</b>	<b>51</b>
<b>Total assets</b>	<b>\$ 2,481,048</b>	<b>100</b>	<b>\$ 2,083,954</b>	<b>100</b>

(Continued)

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	2015/12/31		2014/12/31	
	Amount	%	Amount	%
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Total notes payable	\$ 720	-	\$ 92	-
Total accounts payable	400,197	16	191,291	9
Total accounts payable to related parties	33,154	1	14,344	1
Total other payables	184,373	8	185,747	9
Current tax liabilities	51,887	2	45,310	2
Total advance receipts	24,240	1	9,156	-
Other current liabilities, others	1,288	-	1,226	-
<b>Total current liabilities</b>	<b>695,859</b>	<b>28</b>	<b>447,166</b>	<b>21</b>
<b>Non-current liabilities</b>				
Total deferred tax liabilities	51,482	2	43,635	2
Accrued pension liabilities	40,640	2	31,626	2
<b>Total non-current liabilities</b>	<b>92,122</b>	<b>4</b>	<b>75,261</b>	<b>4</b>
<b>Total liabilities</b>	<b>787,981</b>	<b>32</b>	<b>522,427</b>	<b>25</b>
<b>Equity</b>				
<b>Share capital</b>				
Ordinary share	790,310	32	783,450	38
Advance receipts for share capital	-	-	153	-
<b>Capital surplus</b>				
Total capital surplus	143,033	6	128,062	6
<b>Retained earnings</b>				
Legal reserve	288,752	11	257,801	12
Special reserve	-	-	-	-
Total unappropriated retained earnings (accumulated deficit)	441,283	18	371,791	18
<b>Other equity interest</b>				
Total other equity interest	29,689	1	20,270	1
<b>Total equity</b>	<b>1,693,067</b>	<b>68</b>	<b>1,561,527</b>	<b>75</b>
<b>Major commitment &amp; contingent item</b>				
<b>Total liabilities and equity</b>	<b>\$ 2,481,048</b>	<b>100</b>	<b>\$ 2,083,954</b>	<b>100</b>

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	<b>2015</b>		<b>2014</b>	
	Amount	%	Amount	%
<b>Operating revenue</b>				
<b>Total operating revenue</b>	\$ 2,625,080	100	\$ 2,436,694	100
<b>Operating costs</b>				
<b>Total operating costs</b>	(1,812,848)	(69)	(1,727,437)	(71)
<b>Gross profit (loss) from operations</b>	812,232	31	709,257	29
<b>Unrealized profit (loss) from sales</b>	(65,967)	(2)	(38,975)	(2)
<b>Realized profit (loss) on from sales</b>	38,975	1	22,812	1
<b>Gross profit (loss) from operations</b>	785,240	30	693,094	28
<b>Operating expenses</b>				
Total selling expenses	(75,964)	(3)	(65,124)	(4)
Total administrative expenses	(89,435)	(3)	(77,753)	(3)
Total research and development expenses	(299,848)	(12)	(274,661)	(11)
<b>Total operating expenses</b>	(465,247)	(18)	(417,538)	(18)
<b>Net operating income (loss)</b>	319,993	12	275,556	11
<b>Non-operating income and expenses</b>				
Total other income	18,042	1	12,223	1
Other gains and losses, net	10,408	-	16,058	1
Finance costs, net	(192)	-	(33)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	144,378	6	128,606	5
<b>Total non-operating income and expenses</b>	172,636	7	156,854	7
<b>Profit (loss) before tax</b>	492,629	19	432,410	18
Total tax expense (income)	(68,530)	(3)	(61,847)	(3)
<b>Profit (loss)</b>	\$ 424,099	16	\$ 370,563	15

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	<b>2015</b>		<b>2014</b>	
	Amount	%	Amount	%
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss :</b>				
<b>profit or loss:</b>				
Remeasurement of defined benefit obligation	(9,822)	-	1,689	-
Share of other comprehensive income (loss) of subsidiaries and associates	(1,416)	-	(773)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	1,910	-	(155)	-
<b>Items that may be reclassified subsequently to profit or loss :</b>				
<b>profit or loss:</b>				
Exchange differences arising on translation of foreign operations	6,587	-	13,981	-
Share of other comprehensive income (loss) of subsidiaries and associates	4,761	-	6,764	-
Income tax benefit (expense) related to items that may be reclassified subsequently	(1,929)	-	(3,527)	-
<b>Other comprehensive income, net of tax</b>	<b>\$ 91</b>	<b>-</b>	<b>\$ 17,978</b>	<b>1</b>
<b>Comprehensive income</b>	<b>\$ 424,190</b>	<b>16</b>	<b>\$ 388,541</b>	<b>16</b>
<b>Basic earnings per share</b>				
<b>Total basic earnings per share</b>	<b>\$ 5.38</b>		<b>\$ 4.75</b>	
<b>Diluted earnings per share</b>				
<b>Total diluted earnings per share</b>	<b>\$ 5.25</b>		<b>\$ 4.62</b>	

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan



AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Capital surplus				Retained Earnings			Exchange differences on translation of foreign financial statements	Total
	Ordinary share	Advance receipts for share capital	Capital surplus In Excess of par value-Common Stock	Capital surplus In Excess of par value-Treasury Stock	Capital surplus from Gain on Disposal of Property	Capital surplus from stock option exercised by employees	Legal Reserve	Special Reserve	Unappropriated retained earnings		
<b>Year 2014</b>											
Beginning balance, January 1, 2014	\$ 776,540	\$ -	\$ 102,288	\$ 1,026	\$ 2	\$ 15,609	\$ 230,919	\$ 27,848	\$ 207,772	\$ 3,052	\$ 1,365,056
Appropriation and distribution of retained earnings:											
Legal reserve appropriated							26,882		(26,882)		-
Reversal of special reserve								(27,848)	27,848		-
Cash dividends of ordinary share									(208,271)		(208,271)
Net income for 2014									370,563		370,563
Other comprehensive income(loss)									761	17,218	17,979
Stock option exercised by employees	6,910	153	8,505								15,568
Compensation cost of employee stock options						632					632
Ending balance, December 31, 2014	\$ 783,450	\$ 153	\$ 110,793	\$ 1,026	\$ 2	\$ 16,241	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527

(Note 1) The directors' and supervisors' compensation were \$5,019 and the employees' bonuses were \$37,639, which had been deducted from net income for the year 2013.

(Note 2) The directors' and supervisors' compensation were \$8,148 and the employees' bonuses were \$61,110, which had been deducted from net income for the year 2014.

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Capital surplus				Retained Earnings			Exchange differences on translation of foreign financial statements	Total
	Ordinary share	Advance receipts for share capital	Capital surplus In Excess of par value-Common Stock	Capital surplus In Excess of par value-Treasury Stock	Capital surplus from Gain on Disposal of Property	Capital surplus from stock option exercised by employees	Legal Reserve	Special Reserve	Unappropriated retained earnings		
<b>Year 2015</b>											
Beginning balance, January 1, 2015	\$783,450	\$ 153	\$ 110,793	\$ 1,026	\$ 2	\$ 16,241	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527
Appropriation and distribution of retained earnings:											
Legal reserve appropriated							37,056		(37,056)		-
Reversal of Legal reserve							(6,105)		6,105		-
Cash dividends of ordinary share									(314,328)		(314,328)
Net income for 2015									424,099		424,099
Other comprehensive income(loss)									(9,328)	9,419	91
Stock option exercised by employees	6,860	(153)	7,826								14,533
Compensation cost of employee stock options						7,145					7,145
Ending balance, December 31, 2015	\$790,310	\$ -	\$ 118,619	\$ 1,026	\$ 2	\$ 23,386	\$ 288,752	\$ -	\$ 441,283	\$ 29,689	\$ 1,693,067

(Note 1) The directors' and supervisors' compensation were \$5,019 and the employees' bonuses were \$37,639, which had been deducted from net income for the year 2013.

(Note 2) The directors' and supervisors' compensation were \$8,148 and the employees' bonuses were \$61,110, which had been deducted from net income for the year 2014.

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities, indirect method		
Profit (loss) before tax	\$ 492,629	\$ 432,410
Adjustments		
Adjustments to reconcile profit (loss)		
Reversal of provision for bad debt expense	-	(1,377)
Provision for bad debt expense	466	-
Depreciation expense	30,964	24,014
Amortization expense	4,383	3,009
Interest income	(1,739)	(513)
Allowance for inventory valuation loss	15,265	16,400
Loss (gain) on disposal of investments	(662)	(592)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	88	(69)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(144,378)	(128,606)
Dividend income	66,595	91,053
Loss (gain) on disposal of property, plant and equipment	249	(108)
Interest expense	192	33
Impairment loss on intangible assets	3,868	-
Share-based payments	7,145	632
Unrealized profit (loss) from sales	26,992	16,163
Changes in operating assets and liabilities		
Changes in operating assets		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	75,661	(45,408)
Decrease (increase) in notes receivable	(2,827)	6,548
Decrease (increase) in accounts receivable	(168,725)	(80,009)
Decrease (increase) in other receivable	(3,897)	476
Decrease (increase) in inventories	(86,363)	(15,393)
Decrease (increase) in prepayments	2,358	(5,871)
Decrease (increase) in other current assets	(11)	(743)
Changes in operating liabilities		
Increase (decrease) in notes payable	628	(90)
Increase (decrease) in accounts payable	227,717	(18,228)
Increase (decrease) in other payable	(2,246)	36,848
Increase (decrease) in other current liabilities	15,145	2,984
Increase (decrease) in accrued pension liabilities	(808)	(827)
Cash inflow (outflow) generated from operations	558,689	332,736
Interest received	1,739	513
Interest paid	(192)	(33)
Income taxes refund (paid)	(60,516)	(44,264)
Net cash flows from (used in) operating activities	499,720	288,952

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(20,030)	(21,120)
Proceeds from disposal of property, plant and equipment	654	135
Acquisition of intangible assets	(10,544)	(1,730)
Increase in prepayments for business facilities	(5,293)	(24,455)
Increase in refundable deposits	(817)	1,682
Net cash flows from (used in) investing activities	<b>(36,030)</b>	<b>(45,488)</b>
Cash flows from (used in) financing activities		
Cash dividends paid	(314,328)	(208,271)
Exercise of employee share options	14,533	15,568
Net cash flows from (used in) financing activities	<b>(299,795)</b>	<b>(192,703)</b>
Net increase (decrease) in cash and cash equivalents	163,895	50,761
Cash and cash equivalents at beginning of period	155,916	105,155
Cash and cash equivalents at end of period	<b>\$ 319,811</b>	<b>\$ 155,916</b>

The accompanying notes are an integral part of the parent company only financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

## **Independent Auditors' Report**

### **(Consolidated Financial Statements)**

The Board of Directors and Shareholders  
Axiomtek Co., Ltd.

We have audited the accompanying consolidated balance sheets of Axiomtek Co., Ltd. and subsidiaries as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Axiomtek Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Axiomtek Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified opinion.

February 18, 2016

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.*

AXIOMTEK CO., LTD. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
<b>Current assets</b>				
Total cash and cash equivalents	\$ 559,006	19	\$ 377,502	15
Total current financial assets at fair value through profit or loss	98,013	3	173,100	7
Notes receivable, net	9,407	0	6,339	0
Accounts receivable, net	600,180	20	557,187	21
Accounts receivable due from related parties, net	5	0	17	0
Other receivables, net	14,072	0	12,954	0
Total current tax assets	2,035	0	1,020	0
Total inventories	975,223	33	780,656	30
Total prepayments	26,066	1	18,952	1
Total other current assets	2,121	0	2,818	0
<b>Total current assets</b>	<b>2,286,128</b>	<b>76</b>	<b>1,930,545</b>	<b>74</b>
<b>Non-current assets</b>				
Non-current financial assets at cost, net	923	0	923	0
Total property, plant and equipment	504,890	17	346,937	14
Total intangible assets	141,829	5	143,060	6
Deferred tax assets	46,534	2	35,662	1
Prepayments for business facilities	0	0	128,960	5
Total other non-current assets, others	10,233	0	9,163	0
<b>Total non-current assets</b>	<b>704,409</b>	<b>24</b>	<b>664,705</b>	<b>26</b>
<b>Total assets</b>	<b>\$ 2,990,537</b>	<b>100</b>	<b>\$ 2,595,250</b>	<b>100</b>

(continued)

AXIOMTEK CO., LTD. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS  
December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
<b>Liabilities</b>				
<b>Current liabilities</b>				
Total short-term borrowings	\$ 10,000	0	\$ 15,200	0
Total notes payable	824	0	192	0
Total accounts payable	524,405	17	330,949	13
Total accounts payable to related parties	25,452	1	7,581	0
Total other payables	315,861	11	319,680	12
Current tax liabilities	74,505	2	69,130	3
Total current provisions	1,327	0	1,377	0
Total other current liabilities	46,498	2	23,745	1
<b>Total current liabilities</b>	<b>998,872</b>	<b>33</b>	<b>767,854</b>	<b>29</b>
<b>Non-current liabilities</b>				
Total long-term borrowings	128,319	4	123,939	5
Total deferred tax liabilities	73,592	3	62,350	2
Total other non-current liabilities	51,540	2	41,065	2
<b>Total non-current liabilities</b>	<b>253,451</b>	<b>9</b>	<b>227,354</b>	<b>9</b>
<b>Total liabilities</b>	<b>1,252,323</b>	<b>42</b>	<b>995,208</b>	<b>38</b>
<b>Equity</b>				
<b>Equity attributable to owners of parent</b>				
<b>Share capital</b>				
Ordinary share	790,310	26	783,450	30
Advance receipts for share capital	0	0	153	0
<b>Capital surplus</b>				
Total capital surplus	143,033	5	128,062	5
<b>Retained earnings</b>				
Legal reserve	288,752	10	257,801	10
Total unappropriated retained earnings (accumulated deficit)	441,283	15	371,791	14
<b>Other equity interest</b>				
Total other equity interest	29,689	1	20,270	1
<b>Total equity attributable to owners of parent</b>	<b>1,693,067</b>	<b>57</b>	<b>1,561,527</b>	<b>60</b>
<b>Non-controlling interests</b>	<b>45,147</b>	<b>1</b>	<b>38,515</b>	<b>2</b>
<b>Total equity</b>	<b>1,738,214</b>	<b>58</b>	<b>1,600,042</b>	<b>62</b>
<b>Total liabilities and equity</b>	<b>\$ 2,990,537</b>	<b>100</b>	<b>\$ 2,595,250</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan



AXIOMTEK CO., LTD. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2015		2014	
	Amount	%	Amount	%
<b>Operating revenue</b>	\$ 4,790,899	100	\$ 4,368,921	100
<b>Operating costs</b>	(3,084,184)	(65)	(2,841,492)	(65)
<b>Gross profit</b>	1,706,715	35	1,527,429	35
<b>Operating expenses</b>				
Total selling expenses	(630,675)	(13)	(556,171)	(13)
Total administrative expenses	(120,660)	(2)	(117,303)	(3)
Total research and development expenses	(415,572)	(9)	(375,265)	(8)
<b>Total operating expenses</b>	(1,166,907)	(24)	(1,048,739)	(24)
<b>Net operating income</b>	539,808	11	478,690	11
<b>Non-operating income and expenses</b>				
Total other income	20,753	1	12,670	0
Other gains and losses, net	17,665	0	23,476	1
Finance costs, net	(3,733)	0	(2,239)	0
<b>Total non-operating income and expenses</b>	34,685	1	33,907	1
<b>Profit before income tax</b>	574,493	12	512,597	12
Total income tax expense	(133,987)	(3)	(126,901)	(3)
<b>Net income</b>	\$ 440,506	9	\$ 385,696	9
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Gains (losses) on remeasurements of defined benefit plans	(\$ 11,463)	0	\$ 793	0
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	1,949	0	(134)	0
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
Exchange differences on translation	12,104	0	21,780	0
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(2,057)	0	(3,703)	0
<b>Other comprehensive income, net</b>	533	0	18,736	0
<b>Total comprehensive income</b>	\$ 441,039	9	\$ 404,432	9
<b>Net income attributable to:</b>				
Shareholders of the parent	\$ 424,099	9	\$ 370,563	8
Non-controlling interests	\$ 16,407	0	\$ 15,133	0
<b>Comprehensive income attributable to:</b>				
Shareholders of the parent	\$ 424,190	9	\$ 388,542	9
Non-controlling interests	\$ 16,849	0	\$ 15,890	0
<b>Earnings per share</b>				
Total basic earnings per share	\$	5.38	\$	4.75
Total diluted earnings per share	\$	5.25	\$	4.62

The accompanying notes are an integral part of the consolidated financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to Shareholders of the Parent									
	Share capital			Retained earnings			Other equity			
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total	Non-controlling interests	Total equity
Beginning balance, January 1, 2014	\$ 76,540	\$ -	\$ 118,925	\$ 230,919	\$ 27,848	\$ 207,772	\$ 3,052	\$ 365,056	\$ 35,454	\$ 400,510
Appropriation and distribution of retained earnings:										
Legal reserve appropriated				26,882		(26,882)		0		0
Cash dividends of ordinary share						(208,271)		(208,271)		(208,271)
Reversal of special reserve					(27,848)	27,848		0		0
Net income for 2014						370,563		370,563	15,133	385,696
Other comprehensive income						761	17,218	17,979	757	18,736
Stock option exercised by employees	6,910	153	8,505					15,568		15,568
Compensation cost of employee stock options			632					632		632
Changes in non-controlling interests									(12,829)	(12,829)
Ending balance, December 31, 2014	\$ 783,450	\$ 153	\$ 128,062	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527	\$ 38,515	\$ 1,600,042
Beginning balance, January 1, 2015	\$ 783,450	\$ 153	\$ 128,062	\$ 257,801	\$ -	\$ 371,791	\$ 20,270	\$ 1,561,527	\$ 38,515	\$ 1,600,042
Appropriation and distribution of retained earnings:										
Legal reserve appropriated				37,056		(37,056)		0		0
Reversal of legal reserve				(6,105)		6,105		0		0
Cash dividends of ordinary share						(314,328)		(314,328)		(314,328)
Net income for 2015						424,099		424,099	16,407	440,506
Other comprehensive income						(9,328)	9,419	91	442	533
Stock option exercised by employees	6,860	(153)	7,826					14,533		14,533
Compensation cost of employee stock options			7,145					7,145		7,145
Changes in non-controlling interests									(10,217)	(10,217)
Ending balance, December 31, 2015	\$ 790,310	\$ -	\$ 143,033	\$ 288,752	\$ -	\$ 441,283	\$ 29,689	\$ 1,693,067	\$ 45,147	\$ 1,738,214

The accompanying notes are an integral part of the consolidated financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan

AXIOMTEK CO., LTD. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) operating activities, indirect method		
Profit (loss) before tax	\$ 574,493	\$ 512,597
Adjustments		
Adjustments to reconcile profit (loss)		
Provision (reversal of provision) for bad debt expense	839	299
Depreciation expense	44,089	36,415
Amortization expense	13,451	8,303
Interest income	(2,206)	(1,069)
Loss (gain) on disposal of property, plant and equipment	204	(108)
Loss (gain) on disposal of investments	(662)	(592)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	88	(69)
Interest expense	3,733	2,239
Impairment loss on non-financial assets	3,868	0
Share-based payments	7,145	632
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	75,661	(45,408)
Decrease (increase) in notes receivable	(3,068)	4,097
Decrease (increase) in accounts receivable	(43,862)	(99,368)
Decrease (increase) in other receivable	(1,118)	7,630
Decrease (increase) in inventories	(194,727)	(128,666)
Decrease (increase) in prepayments	(7,114)	(3,700)
Decrease (increase) in other current assets	697	(1,092)
Changes in operating liabilities		
Increase (decrease) in notes payable	632	10
Increase (decrease) in accounts payable	211,327	23,653
Increase (decrease) in other payable	(4,582)	58,172
Increase (decrease) in other current liabilities	21,196	4,856
Cash inflow (outflow) generated from operations	700,084	378,831
Interest received	2,206	1,069
Interest paid	(3,734)	(2,237)
Income taxes refund (paid)	(125,710)	(100,147)
Net cash flows from (used in) operating activities	<u>572,846</u>	<u>277,516</u>

(continued)

AXIOMTEK CO., LTD. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(60,154)	(30,272)
Proceeds from disposal of property, plant and equipment	724	286
Acquisition of intangible assets	(14,599)	(13,465)
Increase in prepayments for business facilities	0	(128,960)
Increase in other non-current assets	(1,070)	2,229
Net cash flows from (used in) investing activities	<u>(75,099)</u>	<u>(170,182)</u>
Cash flows from (used in) financing activities		
Decrease in short-term loans	(424,600)	(2,000)
Increase in short-term loans	419,400	15,200
Repayments of long-term debt	(6,844)	(2,368)
Proceeds from long-term debt	7,938	69,852
Decrease in other non-current liabilities	(988)	(1,016)
Cash dividends paid	(314,328)	(208,271)
Exercise of employee share options	14,533	15,568
Change in non-controlling interests	10,217	0
Net cash flows from (used in) financing activities	<u>(294,672)</u>	<u>(113,035)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(21,571)</u>	<u>6,086</u>
Net increase (decrease) in cash and cash equivalents	181,504	385
Cash and cash equivalents at beginning of period	<u>377,502</u>	<u>377,117</u>
Cash and cash equivalents at end of period	<u>\$ 559,006</u>	<u>\$ 377,502</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With PricewaterhouseCoopers audit report dated February 18, 2016)

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

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## AXIOMTEK CO., LTD.

### 2015 Profit Distribution Table

Unit : NTD

Item	Amount	
	Sub-total	Total
Unappropriated retained earnings- Beginning		26,511,356
Other comprehensive income and loss_net defined benefit liability (assets) measuring adjustment	(9,327,729)	
The changes in equity from invested company	333	
Unappropriated retained earnings after adjustment		17,183,960
2015 Net income	424,098,757	
10% Legal reserve	(42,409,876)	
Total unappropriated retained earnings		398,872,841
Distributable items:		
Dividend to shareholders-Cash (\$4.3 per share)		(339,833,446)
Unappropriated retained earnings-Ending		59,039,395

Remarks: This Corporation will allocate the earnings from 2015 as a priority.

Chairman : Yang, Yu-Te

President : Yang, Yu-Te

Principal accounting officer : Hsu, Chin-Chuan