

Axiomtek Co., Ltd.
Balance Sheets
December 31, 2012 & 2011

Expressed in Thousands of TWD

Assets		2012		2011		Liability		2012		2011	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets						Current liability					
1100	Cash & cash equivalents	\$ 161,040	10	\$ 146,806	10	2120	Notes payable	\$ 2	-	\$ 19	-
1310	Assigned financial assets at fair value via profit or loss-Current	3,002	-	19,014	1	2140	Accounts payable	153,886	9	125,317	8
1120	Notes receivable-Net	15,854	2	37,515	3	2150	Accounts payable for related party	8,365	1	13,836	1
1140	Accounts receivable-Net	82,955	5	81,519	5	2160	Income tax payable	20,480	1	7,743	1
1150	Accounts receivable for related party-Net	130,995	8	135,749	9	2170	Accrued expense	123,097	8	101,022	7
1160	Others receivable	2,667	-	1,216	-	2260	Unearned receipts	9,448	1	7,325	-
120X	Inventory	261,970	16	233,823	15	2280	Other current liability	2,932	-	2,621	-
1260	Prepayment	27,950	2	27,010	2	21XX	Total current liability	318,210	20	257,883	17
1286	Deferred income tax assets-Current	8,034	-	10,859	1	Other liability					
1298	Others current assets	486	-	358	-	2810	Accrued pension liability	5,514	-	5,805	-
11XX	Total current assets	694,953	42	693,869	46	2860	Deferred income tax liability-Non current	24,889	2	30,930	2
Fund and investment						2880	Deferred credit-affiliated company	18,242	1	23,000	2
1480	Financial assets carried at cost	923	-	923	-	28XX	Total other liability	48,645	3	59,735	4
1421	Investments under the equity methods	705,494	43	586,984	39	2XXX	Total liability	366,855	23	317,618	21
14XX	Total fund and investment	706,417	43	587,907	39	Stockholders' equity					
Fixed assets						Capital stock					
Costs						Common stock					
1501	Land	112,222	7	112,222	7	3110	Common stock	773,430	47	773,430	51
1521	Buildings	68,436	4	68,836	5	Additional paid-in capital					
1531	Machinery & Equipment	102,859	6	112,549	7	3211	Additional paid-in capital -Common stock	98,370	6	130,699	9
1537	Modeling equipment	40,399	2	38,733	3	3220	Additional paid-in capital -Treasury stock	1,026	-	-	-
1545	Testing equipment	38,434	2	26,584	2	3240	Additional paid-in capital -Disposal assets	2	-	2	-
1561	Fixture and furniture	42,166	3	42,461	3	3270	Additional paid-in capital from stock option exercised by employees	14,300	-	8,277	-
1631	Decoration & improvements	20,021	1	21,605	1	Retained earnings					
1681	Others equipment	3,308	-	2,495	-	3310	Legal reserve	213,131	13	198,769	13
15XY	Total costs & re-evaluation increase	427,845	26	425,485	28	3320	Special reserve	20418	-	-	-
15X9	Less : Accumulated depreciation	(209,396)	(13)	(212,609)	(14)	3350	Retained earnings- unappropriated	177,068	11	118,822	8
1670	Construction in process and prepayment for equipment	30	-	574	-	Equity other adjustment					
15XX	Net fixed assets-Net	218,479	13	213,450	14	3420	Cumulative translation adjustment	(27,848)	(2)	(20,418)	(1)
Intangible assets						3480	Treasury stock	-	-	(17,611)	(1)
1710	Trademarks	43	-	63	-	3XXX	Total stockholders equity	1,269,897	75	1,191,970	79
1750	Software	5,148	-	1,701	-	Major commitment & contingent item					
1760	Goodwill	5,898	1	5,898	1						
17XX	Total intangible assets	11,089	1	7,662	1						
Other assets											
1820	Refundable deposit	5,814	-	6,700	-						
18XX	Total other assets	5,814	-	6,700	-						
1XXX	Total assets	\$ 1,636,752	100	\$ 1,509,588	100	1XXX	Total Liability & Equity	\$ 1,636,752	98	\$ 1,509,588	100

Axiomtek Co., Ltd.
Income Statement
For the Years Ended December 31, 2012 & 2011

Expressed in Thousands of TWD (except TWD for EPS)

	2012		2011	
	Amount	%	Amount	%
Revenue				
4110 Sales	\$ 1,704,773	100	\$ 1,657,356	100
4170 Sales return	(3,311)	-	(3,729)	-
4190 Sales discount	(6,693)	(1)	(5,414)	(1)
4100 Net Sales	1,694,769	99	1,648,213	99
4800 Other operating income	10,833	1	10,005	1
4000 Revenue	1,705,602	100	1,658,218	100
5110 Cost of goods sold	(1,233,435)	(72)	(1,220,922)	(74)
5910 Gross margin	472,167	28	437,296	26
5920 Unrealized gain-affiliated company	(18,242)	(1)	(23,000)	(1)
5930 Realized gain-affiliated company	23,000	1	25,000	2
Net gross margin	476,925	28	439,296	27
Operation expense				
6100 Sales expense	(78,314)	(6)	(57,847)	(4)
6200 G&A expense	(63,734)	(4)	(54,720)	(3)
6300 R&D expense	(190,615)	(11)	(195,867)	(12)
6000 Total operation expense	(332,663)	(21)	(308,434)	(19)
6900 Operating income	144,262	8	130,862	8
Non-operating income and gain				
7110 Interest Income	348	-	219	-
Investment income recognized under				
7121 equity method	59,079	3	41,045	2
7130 Gain on disposal of fixed assets	-	-	57	-
7140 Gain on disposal of investment	391	-	429	-
7160 Exchange gain	-	-	8,883	1
7310 Gain on valuation of financial assets	-	-	-	-
7480 Other Income	5,951	-	2,448	-
7100 Total non-operating income and gain	67,619	3	54,976	3
Non-operating expense and loss				
7510 Interest expense	(9)	-	-	-
7530 Loss on disposal fixed assets	(1,388)	-	-	-
7530 Loss on disposal of fixed assets	-	-	-	-
7630 Impairment Loss	-	-	-	-
7880 Other loss	(2,769)	-	(2,045)	-
7500 Total non-operating expense and loss	(9,117)	-	(2,722)	-
7900 Earnings before tax	202,764	11	183,116	11
8110 Income Tax expenses	(24,883)	(1)	(39,492)	(2)
9600 Net income	\$ 177,881	10	\$ 143,624	9
Basic earning per share				
Net income	\$ 2.63	\$ 2.31	\$ 2.37	\$ 1.86
Diluted earning per share				
Net income	\$ 2.59	\$ 2.27	\$ 2.34	\$ 1.84

Axiomtek Co., Ltd.
Statements of Change in Shareholders' Equity
For The Years Ended December 31, 2012 and 2011

Expressed in Thousands of TWD

	Additional Paid-in Capital					Retained Earnings			Cumulative Translation Adjustments	Treasury Stock	Total
	Capital Stock-Common Stock	APIC In Excess of par value-Common Stock	Excess of par value-Treasury Stock	APIC from Gain on Disposal of Property	APIC from stock option exercised by employees	Legal Reserve	Special Reserve	Unappropriated Earnings			
Year 2011											
Balance, January 1, 2011	\$ 788,320	\$ 133,214	\$ 6,395	\$ 2	\$ 1,183	\$ 179,002		\$ 226,838	(\$ 35,679)	(\$ 67,786)	\$ 1,231,489
Appropriations and distributions of 2010 :											
Legal reserve	-	-	-	-	-	19,767		(19,767)	-	-	-
Cash dividends	-	-	-	-	-	-		(170,154)	-	-	(170,154)
Net income for 2011	-	-	-	-	-	-		143,624	-	-	143,624
Recognized changes in equity- Investment ownership percentage change	-	-	-	-	-	-		(17,733)	-	-	(17,733)
Cumulative translation adjustments	-	-	-	-	-	-		-	15,261	-	15,261
Write off treasury stock	(14,890)	(2,515)	(6,395)	-	-	-		(43,986)	-	67,786	-
Purchase of treasury stock	-	-	-	-	-	-		-	-	(17,611)	(17,611)
Compensation cost of employee stock options	-	-	-	-	7,094	-		-	-	-	7,094
Balance, December 31, 2011	<u>\$ 773,430</u>	<u>\$ 130,699</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 8,277</u>	<u>\$ 198,769</u>	<u>\$ -</u>	<u>\$ 118,822</u>	<u>(\$ 20,418)</u>	<u>(\$ 17,611)</u>	<u>\$ 1,191,970</u>
Year 2012											
Balance, January 1, 2012	\$ 773,430	\$ 130,699	\$ -	\$ 2	\$ 8,277	\$ 198,769	\$ -	\$ 118,822	(\$ 20,418)	(\$ 17,611)	\$ 1,191,970
Appropriations and distributions of 2011 :											
Legal reserve	-	-	-	-	-	14,362		(14,362)	-	-	-
Special Legal reserve	-	-	-	-	-	-	20,418	(20,418)	-	-	-
Cash dividends	-	-	-	-	-	-		(83,685)	-	-	(83,685)
Capital surplus allocated to shareholders	-	(32,329)	-	-	-	-		-	-	-	(32,329)
Net income for 2012	-	-	-	-	-	-		177,881	-	-	177,881
Recognized changes in equity- Investment ownership percentage change	-	-	-	-	-	-		(1,170)	-	-	(1,170)
Cumulative translation adjustments	-	-	-	-	-	-		-	(7,430)	-	(7,430)
Treasury shares transferred to employee	-	-	1,026	-	-	-		-	-	17,611	18,637
Compensation cost of employee stock options	-	-	-	-	6,023	-		-	-	-	6,023
Balance, December 31, 2012	<u>\$ 773,430</u>	<u>\$ 98,370</u>	<u>\$ 1,026</u>	<u>\$ 2</u>	<u>\$ 14,300</u>	<u>\$ 213,131</u>	<u>\$ 20,418</u>	<u>\$ 177,068</u>	<u>(\$ 27,848)</u>	<u>\$ -</u>	<u>\$ 1,269,897</u>

Axiomtek Co., Ltd.
Statement of Cash Flow
For the Years Ended December 31, 2012 & 2011

Expressed in Thousands of TWD

	2012	2011
Cash flow from operating activity		
Net income	\$ 177,881	\$ 143,624
Adjustment		
Provision of allowance for doubtful accounts	570	778
Depreciation	24,738	27,389
Amortization	2,125	1,737
Provision of inventory valuation	8,880	11,095
Loss on valuation of financial assets	12	9
Investment income recognized under equity method	(59,079)	(41,045)
Cahn dividend collected from investment under equity method	29,923	54,311
Gain on disposal of fixed assets	1,388	(57)
Impairment Loss	-	-
Compensation cost of employee stock options	7,098	7,094
Changes on assets and liabilities		
Assigned financial assets at fair value via profit or loss	16,403	21,442
Notes receivable	21,661	(31,137)
Accounts receivable(Include related party)	2,748	(5,258)
Other receivable(Include related party)	(1,451)	10,578
Inventory	(37,027)	21,584
Prepayment	(940)	(13,693)
Deferred income tax	2,487	22,932
Other current assets	(128)	112
Notes payable	(17)	(782)
Accounts payable(Include related party)	23,098	(3,361)
Income tax payable	12,737	(3,579)
Accrued expense	22,075	2,257
Unearned receipts	2,123	(393)
Other current liability	(230)	65
Accrued pension liability	(291)	(387)
Deferred charge-affiliated	(4,758)	(2,000)
Total cash flow in from operating activity	251,623	223,554
Cash flow from investing activity		
Refund from Liquidated Investment	-	-
Proceeds from sales of investment	-	-
Acquisition of properties	(32,830)	(18,102)
Proceeds from sales of properties	1,536	211
Decrease from refundable deposit	886	(2,023)
Acquisition of Subsidiary Investment	-	-
Total cash flow out from investing activity	(138,936)	(20,324)
Earning Distribution for Directors and Employee	-	-
Stock Option Exercise	-	-
Purchase treasury stock	-	(17,611)
Capital surplus allocated to shareholders	(32,329)	
Proceeds from Sold of Treasury Stock	17,561	
Total cash flow out from financing activity	(98,453)	(187,765)
Cash and cash equivalent in	14,234	15,465
Beginning balance of cash and cash equivalent	146,806	131,341
Ending balance of cash and cash equivalent	\$ 161,040	\$ 146,806
Supplementary disclosure for cash flow information		
Payment for interest expenses	\$ 9	\$ -
Partial cash out flow investment activity		
Acquisition of properties	\$ 33,371	\$ 16,571
Less : Ending balance of payable on equipment (Under other current liabilities)	(2,083)	(1,542)
Add : Beginning balance of payable on equipment (Under other current liabilities)	1,542	3,073
Cash payment current period	\$ 32,830	\$ 18,102