

Axiomtek Co., Ltd.
Balance Sheets
December 31, 2011 & 2010

Expressed in Thousands of TWD

Assets	2011		2010		Liability	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liability				
1100 Cash & cash equivalents	\$ 146,806	10	\$ 131,341	8	2120 Notes payable	\$ 19	-	\$ 801	-
1310 Assigned financial assets at fair value via profit or loss-Current	19,014	1	40,028	3	2140 Accounts payable	125,317	8	128,518	8
1120 Notes receivable-Net	37,515	3	6,379	-	2150 Accounts payable for related party	13,836	1	13,996	1
1140 Accounts receivable-Net	81,519	5	86,178	6	2160 Income tax payable	7,743	1	11,322	1
1150 Accounts receivable for related party-Net	135,749	9	126,610	8	2170 Accrued expense	101,022	7	98,765	6
1160 Others receivable	1,152	-	10,142	1	2260 Unearned receipts	7,325	-	7,718	1
1180 Others receivable-related party	64	-	64	-	2280 Other current liability	2,621	-	4,086	-
120X Inventory	233,823	15	266,502	17	21XX Total current liability	257,883	17	265,206	17
1260 Prepayment	27,368	2	13,675	1	Other liability				
1286 Deferred income tax assets-Current	10,859	1	22,539	1	2810 Accrued pension liability	5,805	-	6,192	-
1298 Others current assets	-	-	110	-	2860 Deferred income tax liability-Non current	30,930	2	19,678	1
11XX Total current assets	693,869	46	703,568	45	2880 Deferred credit-affiliated company	23,000	2	25,000	2
Fund and investment					28XX Total other liability	59,735	4	50,870	3
1480 Financial assets carried at cost	923	-	923	-	2XXX Total liability	317,618	21	316,076	20
1421 Investments under the equity methods	586,984	39	604,986	39	Stockholders' equity				
14XX Total fund and investment	587,907	39	605,909	39	Capital Stock				
Fixed assets					3110 Common stock	773,430	51	788,320	51
Costs					Additional paid-in capital				
1501 Land	112,222	7	112,222	7	3211 Additional paid-in capital -Common stock	130,699	9	133,214	9
1521 Buildings	68,836	5	66,771	4	3220 Additional paid-in capital -Treasury stock	-	-	6,395	-
1531 Machinery & Equipment	112,549	7	111,510	7	3240 Additional paid-in capital -Disposal assets	2	-	2	-
1537 Modeling equipment	38,733	3	37,841	3	3270 Additional paid-in capital from stock option exercised by employee	8,277	-	1,183	-
1545 Testing equipment	26,584	2	23,831	2	Retained earnings				
1561 Fixture and furniture	42,461	3	44,939	3	3310 Legal reserve	198,769	13	179,002	11
1631 Decoration & improvements	21,605	1	20,722	1	3350 Retained earnings- unappropriated	118,822	8	226,838	15
1681 Others equipment	2,495	-	2,918	-	Equity other adjustment				
15XY Total costs & re-evaluation increase	425,485	28	420,754	27	3420 Cumulative translation adjustment	(20,418)	(1)	(35,679)	(2)
15X9 Less : Accumulated depreciation	(212,609)	(14)	(196,332)	(12)	3480 Treasury stock	(17,611)	(1)	(67,786)	(4)
1670 Construction in process and prepayment for equipment	574	-	-	-	3XXX Total stockholders equity	1,191,970	79	1,231,489	80
15XX Net fixed assets-Net	213,450	14	224,422	15	Major commitment & contingent item				
Intangible assets									
1710 Trademarks	63	-	104	-					
1750 Software	1,701	-	2,987	-					
1760 Goodwill	5,898	1	5,898	1					
17XX Total intangible assets	7,662	1	8,989	1					
Other assets									
1820 Refundable deposit	6,700	-	4,677	-					
18XX Total other assets	6,700	-	4,677	-					
1XXX Total assets	\$ 1,509,588	100	\$ 1,547,565	100	1XXX Total Liability & Equity	\$ 1,509,588	100	\$ 1,547,565	100

Axiomtek Co., Ltd.
Income Statement
For the Years Ended December 31, 2011 & 2010

Expressed in Thousands of TWD (except for EPS)

		2011		2010	
		Amount	%	Amount	%
Revenue					
4110	Sales	\$ 1,657,356	100	\$ 1,751,906	100
4170	Sales return	(3,729)	-	(2,579)	-
4190	Sales discount	(5,414)	(1)	(6,790)	(1)
4100	Net Sales	1,648,213	99	1,742,537	99
4800	Other operating income	10,005	1	8,798	1
4000	Revenue	1,658,218	100	1,751,335	100
5110	Cost of goods sold	(1,220,922)	(74)	(1,277,135)	(73)
5910	Gross margin	437,296	26	474,200	27
5920	Unrealized gain-affiliated company	(23,000)	(1)	(25,000)	(2)
5930	Realized gain-affiliated company	25,000	2	18,000	1
	Net gross margin	439,296	27	467,200	26
Operation expense					
6100	Sales expense	(57,847)	(4)	(94,326)	(5)
6200	G&A expense	(54,720)	(3)	(65,381)	(4)
6300	R&D expense	(195,867)	(12)	(159,107)	(9)
6000	Total operation expense	(308,434)	(19)	(318,814)	(18)
6900	Operating income	130,862	8	148,386	8
Non-operating income and gain					
7110	Interest Income	219	-	108	-
7121	Investment income recognized under equity method	41,045	2	113,463	7
7130	Gain on disposal of fixed assets	57	-	23	-
7140	Gain on disposal of investment	429	-	1,042	-
7160	Exchange gain	8,883	1	-	-
7310	Gain on valuation of financial assets	-	-	-	-
7480	Other Income	2,448	-	6,650	-
7100	Total non-operating income and gain	54,976	3	123,181	7
Non-operating expense and loss					
7510	Interest expense	-	-	(101)	-
7530	Loss on disposal of fixed assets	-	-	-	-
7630	Impairment Loss	-	-	-	-
7880	Other loss	(2,045)	-	(23,505)	(1)
7500	Total non-operating expense and loss	(2,722)	-	(50,777)	(3)
7900	Earnings before tax	183,116	11	220,790	12
8110	Income Tax expenses	(39,492)	(2)	(23,121)	(1)
9600	Net income	\$ 143,624	9	\$ 197,669	11
		<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
Basic earning per share					
	Net income	<u>\$ 2.37</u>	<u>\$ 1.86</u>	<u>\$ 2.85</u>	<u>\$ 2.56</u>
Diluted earning per share					
	Net income	<u>\$ 2.34</u>	<u>\$ 1.84</u>	<u>\$ 2.81</u>	<u>\$ 2.52</u>

Axiomtek Co., Ltd.
Statements of Change in Shareholders' Equity
For The Years Ended December 31, 2011 and 2010

Expressed in Thousands of TWD

	Capital Stock- Common Stock	Additional Paid-in Capital				Retained Earnings		Cumulative Translation Adjustments	Treasury Stock	Total	
		APIC In Excess of par value- Common Stock	APIC In Excess of par value- Treasury	APIC from Gain on Disposal of Property	APIC from investee under Equity Method	APIC from stock option exercised by employees	Legal Reserve				Unappropriate d Earnings
Year 2010											
Balance, January 1, 2010	\$ 788,320	\$ 133,214	\$ 6,395	\$ 2	\$ 47	\$ -	\$ 167,322	\$ 141,926	\$ 7,440	(\$ 67,786)	\$ 1,176,880
Appropriations and distributions of 2009 :											
Legal reserve	-	-	-	-	-	-	11,680	(11,680)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(100,546)	-	-	(100,546)
Net income for 2010	-	-	-	-	-	-	-	197,669	-	-	197,669
Recognized changes in equity- Investment ownership percentage change	-	-	-	-	(47)	-	-	(531)	-	-	(578)
Cumulative translation adjustments	-	-	-	-	-	-	-	-	(43,119)	-	(43,119)
Compensation cost of employee stock options	-	-	-	-	-	1,183	-	-	-	-	1,183
Balance, December 31, 2010	<u>\$ 788,320</u>	<u>\$ 133,214</u>	<u>\$ 6,395</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 1,183</u>	<u>\$ 179,002</u>	<u>\$ 226,838</u>	<u>(\$ 35,679)</u>	<u>(\$ 67,786)</u>	<u>\$ 1,231,489</u>
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>\$ -</u>	<u>\$ 8,277</u>	<u>\$ 198,769</u>	<u>\$ 118,822</u>	<u>(\$ 20,418)</u>	<u>(\$ 17,611)</u>	<u>\$ 1,191,970</u>

Axiomtek Co., Ltd.
Statement of Cash Flow
For the Years Ended December 31, 2011 & 2010

Expressed in Thousands of TWD

	2011	2010
Cash flow from operating activity		
Net income	\$ 143,624	\$ 197,669
Adjustment		
Provision of allowance for doubtful accounts	778	(1,800)
Depreciation	27,389	31,380
Amortization	1,737	70
Provision of inventory valuation	11,095	9,283
Loss on valuation of financial assets	9	(434)
Investment income recognized under equity method	(41,045)	(113,463)
Cahn dividend collected from investment under equity method	54,311	36,109
Gain on disposal of fixed assets	(57)	(23)
Impairment Loss	-	-
Compensation cost of employee stock options	7,094	1,183
Changes on assets and liabilities		
Assigned financial assets at fair value via profit or loss	21,442	31,926
Notes receivable	(31,137)	8,797
Accounts receivable(Include related party)	(5,258)	(3,989)
Other receivable(Include related party)	10,578	8,196
Inventory	21,584	(74,432)
Prepayment	(13,693)	(5,478)
Deferred income tax	22,932	11,086
Other current assets	112	1,143
Notes payable	(782)	679
Accounts payable(Include related party)	(3,361)	28,468
Income tax payable	(3,579)	14,034
Accrued expense	2,257	15,330
Unearned receipts	(393)	(2,558)
Other current liability	65	(1,346)
Accrued pension liability	(387)	(1,164)
Deferred charge-affiliated	(2,000)	7,000
Total cash flow in from operating activity	223,554	197,058
Cash flow from investing activity		
Refund from Liquidated Investment	-	-
Proceeds from sales of investment	-	41
Acquisition of properties	(18,102)	(15,579)
Proceeds from sales of properties	211	38
Decrease from refundable deposit	(2,023)	209
Acquisition of Subsidiary Investment	-	-
Total cash flow out from investing activity	(20,324)	(25,263)
Earning Distribution for Directors and Employee	-	-
Stock Option Exercise	-	-
Proceeds from Sold of Treasury Stock	-	-
Total cash flow out from financing activity	(187,765)	(100,546)
Cash and cash equivalent in	15,465	71,249
Beginning balance of cash and cash equivalent	131,341	60,092
Ending balance of cash and cash equivalent	\$ 146,806	\$ 131,341
Supplementary disclosure for cash flow information		
Payment for interest expenses	\$ -	\$ 101
Partial cash out flow investment activity		
Acquisition of properties	\$ 16,571	\$ 17,133
Less : Ending balance of payable on equipment (Under other current liabilities)	(1,542)	(3,073)
Add : Beginning balance of payable on equipment (Under other current liabilities)	3,073	1,519
Cash payment current period	\$ 18,102	\$ 15,579