

Axiomtek Co., Ltd.
Balance Sheets
December 31, 2010 & 2009

Expressed in Thousands of TWD

Assets	2010		2009		Liability	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets					Current Liability				
1100 Cash & cash equivalents	\$ 131,341	9	\$ 60,092	4	2120 Notes Payable	\$ 801	-	\$ 122	-
1310 Assigned financial assets at fair value via profit or loss-Current	40,028	3	71,328	5	2140 Accounts Payable	128,518	8	106,253	7
1120 Notes receivable-Net	6,379	-	15,176	1	2150 Accounts Payable for related party	13,996	1	7,793	1
1140 Accounts receivable-Net	86,178	6	101,716	7	2160 Income Tax Payable	11,322	1	-	-
1150 Accounts receivable for related party-Net	126,610	8	105,283	7	2170 Accrued Expense	98,765	6	80,723	6
1160 Others Receivable	10,142	1	14,896	1	2260 Unearned Receipts	7,718	1	10,276	1
1180 Others receivable-related party	64	-	3,506	-	2280 Other Current Liability	4,086	-	3,878	-
120X Inventory	266,502	17	201,353	14	21XX Total Current Liability	265,206	17	209,045	15
1260 Prepayment	13,675	1	8,197	1					
1286 Deffer incoem tax assets-Current	22,539	1	33,386	2	Other Liability				
1298 Others current assets	110	-	1,253	-	2810 Accrued Pension Liability	6,192	-	7,356	1
11XX Total Current Assets	703,568	46	616,186	43	2860 Deferred Income Tax Liability-Non current	19,678	1	19,439	1
					2880 Other Liabilities	25,000	2	18,000	1
Fund and Investment					28XX Total other liability	50,870	3	44,795	4
1480 Financial Assets Carried At Cost	923	-	923	-	28XX Total Liability	316,076	20	253,840	18
1421 Investments Under The Equity Methods	604,986	39	561,342	39					
14XX Total Fund and Investment	605,909	39	562,265	39					
Fixed Assets					Stockholders' Equity				
Costs					Capital Stock				
1501 Land	112,222	7	112,222	8	3110 Common Stock	788,320	51	788,320	55
1521 Buildings	66,771	4	66,754	5	3140 Capital Collected in Advance	-	-	-	-
1531 Machinery & Equipment	111,510	7	100,927	7	Additional Paid-in Capital	-	-	-	-
1537 Modeling Equipment	37,841	3	35,249	2	3211 Additional paid-in Capital -Common Stock	133,214	9	133,214	9
1545 Testing equipment	23,831	2	22,365	2	3220 Additional paid-in Capital -Treasury Stock	6,395	-	6,395	-
1561 Fixture and Furniture	44,939	3	45,976	3	3240 Additional paid-in Capital -Disposal Assets	2	-	2	-
1631 Decoration & improvements	20,722	1	23,260	2	3260 Additional paid-in Capital -Investment under Equity Method	-	-	47	-
1681 Others Equipment	11,267	1	12,046	1	3270 Additional paid-in capital from stock option exercised by employees	1,183	-	-	-
15XY Total Costs & Re-evaluation Increase	429,103	28	418,799	29	Retained earnings				
15X9 Less:Accumulated Depreciation	(202,043)	(13)	(177,477)	(12)	3310 Legal Reserve	179,002	12	167,322	12
1670 Construction in Process and Prepayment for Equipment	-	-	-	-	3350 Retained Earnings- Unappropriated	226,838	15	141,926	10
15XX Net Fixed Assesst-Net	227,060	15	241,322	17	Equity Other Adjustment				
					3420 Cumulative Translation Adjustment	(35,679)	(2)	7,440	1
Intangible Assets					3480 Treasury Stock	(67,786)	(4)	(67,786)	(5)
1710 Trademarks	104	-	163	-	3XXX Total Stockholders Equity	1,231,489	80	1,176,880	82
1750 Software	349	-	-	-	Major Commitment & Contingenty Item				
1760 Goodwill	5,898	-	5,898	-					
17XX Total Intangible Assets	6,351	-	6,061	-					
Other Assets									
1820 Refundable Deposit	4,677	-	4,886	-					
1830 Defered Expenses	-	-	-	-					
18XX Total Other Assets	4,677	-	4,886	-					
1XXX Total Assets	\$ 1,547,565	100	\$ 1,430,720	100	1XXX Total Liability & Equity	\$ 1,547,565	100	\$ 1,430,720	100

Axiomtek Co., Ltd.
Income Statement
For the Years Ended December 31, 2010 & 2009

Expressed in Thousands of TWD (except for EPS)

	2010		2009	
	Amount	%	Amount	%
Revenue				
4110 Sales	\$ 1,751,906	100	\$ 1,337,578	100
4170 Sales return	(2,579)	-	(4,954)	-
4190 Sales discount	(6,790)	(1)	(5,392)	-
4100 Net Sales	1,742,537	99	1,327,232	100
4800 Other operating income	8,798	1	5,970	-
4000 Revenue	1,751,335	100	1,333,202	100
5110 Cost of Goods sold	(1,277,135)	(73)	(968,979)	(73)
5910 Gross Margin	474,200	27	364,223	27
5920 Unrealized gain-affiliated company	(25,000)	(2)	(18,000)	(1)
5930 Realized gain-affiliated company	18,000	1	29,000	2
Net Gross Margin	467,200	26	375,223	28
Operation Expense				
6100 Sales Expense	(94,326)	(5)	(84,028)	(7)
6200 G&A Expense	(65,381)	(4)	(69,561)	(5)
6300 R&D Expense	(159,107)	(9)	(136,791)	(10)
6000 Total Operation Expense	(318,814)	(18)	(290,380)	(22)
6900 Operating income	148,386	8	84,843	6
Non-operating income and gain				
7110 Interest Income	108	-	101	-
7121 Investment income recognized under equity method	113,463	7	6,368	1
7130 Gain on disposal of fixed assets	23	-	2	-
7160 Exchange Gain	-	-	-	-
7210 Rental income	1,895	-	1,796	-
7310 Gain on valuation of financial assets	434	-	-	-
7480 Other Income	6,650	-	5,496	-
7100 Total non-operating income and gain	123,181	7	13,763	1
Non-operating expense and loss				
7510 Interest Expense	(101)	-	(12)	-
7540 Loss on disposal of investment	-	-	(761)	-
7530 Loss on disposal of fixed assets	-	-	-	-
7560 Exchange Loss	(27,171)	(2)	(4,236)	-
7630 Impairment Loss	-	-	(900)	-
7880 Other Loss	(23,505)	(1)	(883)	-
7500 Total non-operating expense and loss	(50,777)	(3)	(7,364)	-
7900 Earnings before tax	220,790	12	91,242	7
8110 Income Tax expenses(Benefit)	(23,121)	(1)	25,559	2
9600 Net income	\$ 197,669	11	\$ 116,801	9
	Before tax	After tax	Before tax	After tax
Basic earning per share				
Net income	\$ 2.85	\$ 2.56	\$ 1.19	\$ 1.52
Diluted earning per share				
Net income	\$ 2.81	\$ 2.52	\$ 1.18	\$ 1.51

Axiomtek Co., Ltd.
 Statements of Change in Shareholders' Equity
 For The Years Ended December 31, 2010 and 2009

Expressed in Thousands of TWD

	Capital Stock		Additional Paid-in Capital					Retained Earnings			Total	
	Common Stock	Capital Collected in Advance	APIC In Excess of par-Common Stock	APIC In Excess of par-Treasury Stock	APIC from Gain on Disposal of Property	APIC from investee under Equit Method	APIC from stock option exercised by employees	Legal Reserve	Unappropriated Earnings	Cumulative Translation Adjustments		Treasury Stock
Year 2009												
Balance, January 1, 2009	\$ 763,608	\$ 899	\$ 127,593	\$ 6,395	\$ 2	\$ -	\$ -	\$ 147,848	\$ 194,744	\$ 16,949	(\$ 67,786)	\$ 1,190,252
Appropriations and distributions of 2008 :												
Legal reserve	-	-	-	-	-	-	-	19,474	(19,474)	-	-	-
Stock dividends-Transfer to capital	15,014	-	-	-	-	-	-	-	(15,014)	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(135,131)	-	-	(135,131)
Employees bonus-Transfer to capital	6,943	-	7,109	-	-	-	-	-	-	-	-	14,052
Stock Option Exercised by Employees	2,755	(899)	(1,488)	-	-	-	-	-	-	-	-	368
Net Income for 2009	-	-	-	-	-	-	-	-	116,801	-	-	116,801
Change in Ownership Percentage Held	-	-	-	-	-	47	-	-	-	-	-	47
Cumulative Translation Adjustments	-	-	-	-	-	-	-	-	-	(9,509)	-	(9,509)
Balance, December 31, 2009	<u>\$ 788,320</u>	<u>\$ -</u>	<u>\$ 133,214</u>	<u>\$ 6,395</u>	<u>\$ 2</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 167,322</u>	<u>\$ 141,926</u>	<u>\$ 7,440</u>	<u>(\$ 67,786)</u>	<u>\$ 1,176,880</u>
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
Change in Ownership Percentage Held	-	-	-	-	-	(47)	-	-	(531)	-	-	(578)
Cumulative Translation Adjustments	-	-	-	-	-	-	-	-	-	(43,119)	-	(43,119)
Stock option exercised by employees	-	-	-	-	-	-	1,183	-	-	-	-	1,183
Balance, December 31, 2010	<u>\$ 788,320</u>	<u>\$ -</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>

Axiomtek Co., Ltd.
Statement of Cash Flow
For the Years Ended December 31, 2010 & 2009

Expressed in Thousands of TWD

	2010	2009
Cash Flow from Operating Activity		
Net income	\$ 197,669	\$ 116,801
Adjustment		
Provision of Allowance for Doubtful Accounts	(1,800)	253
Depreciation	31,380	32,864
Amortization	70	87
Provision of Inventory Valuation	9,283	15,236
Loss on Valuation of Financial Assets	(434)	572
Investment income recognized under equity method	(113,463)	(6,368)
Cash Dividend Collected from Investment under Equity Method	36,109	19,860
(Gain)Loss on Disposal of Fixed Assets	(23)	(2)
Loss on Disposal Investment	(608)	761
Impairment Loss	-	900
Stock option exercised by employees	1,183	
Changes on Assets and Liabilities		
Assigned Financial Assets at fair value via Profit or Loss	31,926	(37,106)
Notes Receivable	8,797	(9,161)
Accounts Receivable(Include Related party)	(3,989)	16,525
Other Receivable(Include Related party)	8,196	10,120
Inventory	(74,432)	(3,946)
Prepayment	(5,478)	13,287
Deferred Income Tax	11,086	(36,070)
Other Current Assets	1,143	1,967
Notes Payable	679	(52)
Accounts Payable(Include Related party)	28,468	9,944
Income Tax Payable	14,034	(12,934)
Accrued Expense	15,330	(3,480)
Unearned Receipts	(2,558)	(10,445)
Other Current Liability	(1,346)	380
Accrued Pension Liability	(1,164)	(384)
Deferred Charge-Affiliated	7,000	(11,000)
Total Cash Flow in from Operating Activity	197,058	108,609
Cash Flow from Investing Activity		
Acquisition of Investment	(9,612)	(1,692)
Refund from Liquidated Investment	-	3,174
Proceeds from sales of investment	41	-
Acquisition of Properties	(15,579)	(13,328)
Proceeds from sales of properties	38	2
Decrease from Refundable Deposit	209	360
Decrease from Intangible Assets and Deferred expense	(360)	-
Acquisition of Subsidiary Investment	-	(6,000)
Total Cash Flow in (out) from Investing Activity	(25,263)	(17,484)
Earning Distribution for Directors and Employee		
Cash Dividend Distribution	(100,546)	(135,131)
Proceeds from Sold of Treasury Stock		
Total Cash Flow in (out) from Financing Activity	(100,546)	(134,763)
Cash and Cash Equivalent in (out)	71,249	(43,638)
Beginning Balance of Cash and Cash Equivalent	60,092	103,730
Ending Balance of Cash and Cash Equivalent	\$ 131,341	\$ 60,092
Supplementary Disclosure for Cash flow Information		
Payment for Interest Expenses	\$ 101	\$ 12
Payment for Income Tax	\$ 560	\$ 32,325
No Effect Cash Flow Financing Activity		
Employee Stock Dividend Payable	\$ -	\$ 14,052
No Effect Cash Flow Investment Activity		
Increase Subsidiary Investment Transferred from Account Receivable	\$ -	\$ 26,173
Partial Cash out flow Investment Activity		
Acquisition of Properties	\$ 17,133	\$ 9,405
Less: Ending Balance of Payable on Equipment (Under Other Current Liabilities)	(3,073)	(1,519)
Add: Beginning Balance of Payable on Equipment (Under Other Current Liabilities)	1,519	5,442
Cash Payment Current Period	\$ 15,579	\$ 13,328
Detail for Acquisition Subsidiary Net Assets		
Cash	\$ -	\$ 1,490
Current Assets	-	13,018
Fixed Assets and Other Assets	-	1,341
Current Liabilities	-	(11,763)
Other Liabilities	-	(464)
Goodwill	-	3,868
Cash Payment for Acquisition Subsidiary	-	7,490
Cash Balancet for Acquisition Subsidiary	-	(1,490)
Net Cash out Flow for Acquisition Subsidiary	\$ -	\$ 6,000