

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

Assets	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	六(一)	\$ 1,026,649	24	\$ 1,019,000	25	\$ 970,996	23
1110	Financial assets at fair value through profit or loss - current	六(二)及十二(三)	51,021	1	-	-	136,042	3
1150	Notes receivable	六(四)及十二(二)	22,893	1	21,096	-	18,522	-
1170	Accounts receivable	六(四)及十二(二)	525,530	13	610,535	15	716,083	17
1180	Accounts receivable - related parties	六(四)及十二(二)	242	-	74	-	54	-
1200	Other receivables		12,744	-	20,886	-	20,397	1
1220	Current income tax assets		1,227	-	5,837	-	-	-
130X	Inventories	六(五)	978,340	23	901,562	22	818,605	19
1410	Prepayments		23,839	1	29,978	1	22,676	1
1470	Other current assets		4,191	-	2,200	-	2,913	-
11XX	Total current assets		<u>2,646,676</u>	<u>63</u>	<u>2,611,168</u>	<u>63</u>	<u>2,706,288</u>	<u>64</u>
Non-current assets								
1550	Investments accounted for under equity method	六(六)	27,579	1	29,033	1	-	-
1600	Property, plant and equipment	六(七)及八	1,185,004	28	1,202,215	29	1,209,439	29
1755	Right-of-use assets	六(八)	92,242	2	-	-	-	-
1760	Investment property	六(十)	88,104	2	139,820	3	140,544	3
1780	Intangible assets	六(十一)	130,925	3	102,965	3	99,206	3
1840	Deferred income tax assets		41,154	1	46,713	1	42,895	1
1990	Other non-current assets		9,743	-	7,534	-	8,232	-
15XX	Total non-current assets		<u>1,574,751</u>	<u>37</u>	<u>1,528,280</u>	<u>37</u>	<u>1,500,316</u>	<u>36</u>
1XXX	Total Assets		<u>\$ 4,221,427</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 4,206,604</u>	<u>100</u>

(Continued)

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

Liabilities and Equity	Notes	June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	六(十三)	\$ -	-	\$ 53,000	1	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	六(十五)及十二(三)	125	-	2,760	-	1,260	-
2130	Contract liabilities - current	六(二十四)	31,138	1	34,523	1	42,088	1
2150	Notes payables		599	-	675	-	432	-
2170	Accounts payable		445,732	10	617,457	15	608,182	14
2180	Accounts payable - related parties	七	17,303	-	13,750	1	23,049	-
2200	Other payables	六(十四)	593,105	14	329,034	8	702,392	17
2220	Other payables to related parties		-	-	-	-	238	-
2230	Current income tax liabilities		72,100	2	134,253	3	114,162	3
2250	Provisions for liabilities - current		1,144	-	1,144	-	774	-
2280	Current lease liabilities		35,949	1	-	-	-	-
2320	Current portion of long-term borrowings	六(十六)及(十七)	404,247	10	400,829	10	401,757	10
2399	Other current liabilities		13,139	-	8,628	-	3,955	-
21XX	Total current liabilities		<u>1,614,581</u>	<u>38</u>	<u>1,596,053</u>	<u>39</u>	<u>1,898,289</u>	<u>45</u>
Non-current liabilities								
2540	Long-term borrowings	六(十七)及八	46,849	1	47,864	1	62,552	1
2570	Deferred income tax liabilities		89,477	2	89,895	2	68,444	2
2580	Non-current lease liabilities		56,590	2	-	-	-	-
2600	Other non-current liabilities	六(十八)	51,017	1	42,647	1	37,795	1
25XX	Total non-current liabilities		<u>243,933</u>	<u>6</u>	<u>180,406</u>	<u>4</u>	<u>168,791</u>	<u>4</u>
2XXX	Total liabilities		<u>1,858,514</u>	<u>44</u>	<u>1,776,459</u>	<u>43</u>	<u>2,067,080</u>	<u>49</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Ordinary shares	六(二十)	796,836	19	796,206	19	794,180	19
3140	Advance receipts for share capital		288	-	1,039	-	-	-
Capital surplus								
3200	Capital surplus	六(二十一)	221,691	5	214,960	6	205,369	5
Retained earnings								
3310	Legal reserve	六(二十二)	500,481	12	459,789	11	459,789	11
3320	Special reserve		4,231	-	12,914	-	12,914	-
3350	Unappropriated retained earnings		838,429	20	882,311	21	672,540	16
Other equity								
3400	Other equity	六(二十三)	957	-	(4,230)	-	(5,268)	-
31XX	Total equity attributable to shareholders of the parent		<u>2,362,913</u>	<u>56</u>	<u>2,362,989</u>	<u>57</u>	<u>2,139,524</u>	<u>51</u>
3XXX	Total equity		<u>2,362,913</u>	<u>56</u>	<u>2,362,989</u>	<u>57</u>	<u>2,139,524</u>	<u>51</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total Liabilities and Equity		<u>\$ 4,221,427</u>	<u>100</u>	<u>\$ 4,139,448</u>	<u>100</u>	<u>\$ 4,206,604</u>	<u>100</u>

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

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

Items	Notes	For the Three Months Ended June 30				For the Six Months Ended June 30				
		2019		2018		2019		2018		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	六(二十四)	\$ 1,196,194	100	\$ 1,387,877	100	\$ 2,305,411	100	\$ 2,529,112	100
5000	Operating costs	六(五)(二十八) (二十九)及七	(746,828)	(62)	(947,454)	(68)	(1,481,898)	(64)	(1,716,233)	(68)
5900	Gross profit		449,366	38	440,423	32	823,513	36	812,879	32
5910	Unrealized profit from sales	六(六)	(34)	-	-	-	(34)	-	-	-
5950	Gross profit from operations		449,332	38	440,423	32	823,479	36	812,879	32
	Operating expenses	六(二十八) (二十九)								
6100	Selling expenses		(155,847)	(13)	(148,208)	(11)	(303,105)	(13)	(282,347)	(11)
6200	General and administrative expenses		(34,254)	(3)	(32,529)	(2)	(57,511)	(2)	(57,393)	(2)
6300	Research and development expenses		(116,496)	(10)	(103,156)	(8)	(224,556)	(10)	(193,882)	(8)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	十二(二)	1,975	-	262	-	1,921	-	865	-
6000	Total operating expenses		(304,622)	(26)	(283,631)	(21)	(583,251)	(25)	(532,757)	(21)
6900	Operating profit		144,710	12	156,792	11	240,228	11	280,122	11
	Non-operating income and expenses									
7010	Other income	六(二十五)	4,858	-	6,107	-	9,698	-	11,210	1
7020	Other gains and losses	六(二十六)	69,663	6	37,045	3	115,630	5	26,204	1
7050	Finance costs	六(二十七)	(2,881)	-	(2,391)	-	(5,839)	-	(4,712)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	六(六)	(736)	-	-	-	(1,420)	-	-	-
7000	Total non-operating income and expenses		70,904	6	40,761	3	118,069	5	32,702	2
7900	Profit before income tax		215,614	18	197,553	14	358,297	16	312,824	13
7950	Net Income	六(三十)	(45,208)	(4)	(87,475)	(6)	(71,386)	(3)	(119,785)	(5)
8200	Other comprehensive income		\$ 170,406	14	\$ 110,078	8	\$ 286,911	13	\$ 193,039	8
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value	六(三)	\$ -	-	\$ -	-	\$ -	-	\$ 707	-
8349	Income tax relating to components of other comprehensive income	六(三十)	-	-	-	-	-	-	462	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences		7,825	1	15,084	1	6,484	-	8,973	-

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

Items	Notes	For the Three Months Ended June 30				For the Six Months Ended June 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
of foreign operations									
8399 Income tax relating to the components of other comprehensive income	六(三十)	(1,565)	-	(3,016)	-	(1,297)	-	(1,327)	-
8300 Other comprehensive income (loss) for the year		\$ 6,260	1	\$ 12,068	1	\$ 5,187	-	\$ 8,815	-
8500 Total Comprehensive Income		\$ 176,666	15	\$ 122,146	9	\$ 292,098	13	\$ 201,854	8
Profit attributable to:									
8610 Shareholders of the parent		\$ 170,406	14	\$ 110,078	8	\$ 286,911	13	\$ 193,039	8
Total comprehensive income (loss) attributable to:									
8710 Shareholders of the parent		\$ 176,666	15	\$ 122,146	9	\$ 292,098	13	\$ 201,854	8
9750 Basic earnings per share	六(三十一)	\$	2.14	\$	1.39	\$	3.60	\$	2.43
9850 Diluted earnings per share	六(三十一)	\$	1.94	\$	1.27	\$	3.25	\$	2.23

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

	Equity attributable to shareholders of the parent									
	Share capital			Retained Earnings			Other Equity Interest			
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Year 2018										
Balance at January 1, 2018		\$ 793,130	\$ 1,379	\$ 198,563	\$ 367,165	\$ -	\$1,022,874	(\$ 12,914)	\$ -	\$2,370,197
Effect of retrospective application and restatement	六(三)	-	-	-	-	-	900	-	(900)	-
Balance at January 1, after adjustments		<u>793,130</u>	<u>1,379</u>	<u>198,563</u>	<u>367,165</u>	<u>-</u>	<u>1,023,774</u>	<u>(12,914)</u>	<u>(900)</u>	<u>2,370,197</u>
Profit		-	-	-	-	-	193,039	-	-	193,039
Other comprehensive income		-	-	-	-	-	462	7,646	707	8,815
Total comprehensive income		-	-	-	-	-	<u>193,501</u>	<u>7,646</u>	<u>707</u>	<u>201,854</u>
Appropriations of 2017 earnings	六(二十二)									
Legal reserve		-	-	-	92,624	-	(92,624)	-	-	-
Special reserve		-	-	-	-	12,914	(12,914)	-	-	-
Cash dividends		-	-	-	-	-	(439,004)	-	-	(439,004)
Share-based payments		1,050	(1,379)	1,491	-	-	-	-	-	1,162
Compensation cost of share-based payments	六(十九)	-	-	5,315	-	-	-	-	-	5,315
Disposal of financial assets at fair value through other comprehensive income	六(三)	-	-	-	-	-	(193)	-	193	-
Balance at June 30, 2018		<u>\$ 794,180</u>	<u>\$ -</u>	<u>\$ 205,369</u>	<u>\$ 459,789</u>	<u>\$ 12,914</u>	<u>\$ 672,540</u>	<u>(\$ 5,268)</u>	<u>\$ -</u>	<u>\$2,139,524</u>
Year 2019										
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ -	\$2,362,989
Profit		-	-	-	-	-	286,911	-	-	286,911
Other comprehensive income	六(二十三)	-	-	-	-	-	-	5,187	-	5,187
Total comprehensive income		-	-	-	-	-	<u>286,911</u>	<u>5,187</u>	-	<u>292,098</u>
Appropriations of 2018 earnings	六(二十二)									
Legal reserve		-	-	-	40,692	-	(40,692)	-	-	-
Reversal of special reserve		-	-	-	-	(8,683)	8,683	-	-	-
Cash dividend		-	-	-	-	-	(298,784)	-	-	(298,784)
Share-based payments		630	(751)	762	-	-	-	-	-	641
Compensation cost of share-based payments	六(十九)	-	-	5,969	-	-	-	-	-	5,969
Balance at June 30, 2019		<u>\$ 796,836</u>	<u>\$ 288</u>	<u>\$ 221,691</u>	<u>\$ 500,481</u>	<u>\$ 4,231</u>	<u>\$ 838,429</u>	<u>\$ 957</u>	<u>\$ -</u>	<u>\$2,362,913</u>

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

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

	Notes	Six Months Ended June 30	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 358,297	\$ 312,824
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	十二(二)	(1,921)	(865)
Depreciation	六(七)(八) (二十八)	45,863	27,098
Depreciation from investment Property	六(十)(二十六)	665	820
Amortization	六(十一)(二十八)	7,012	6,540
Interest income	六(二十五)	(5,459)	(4,033)
Share of loss of associates and joint ventures accounted for using equity method	六(六)	1,420	-
Gain on disposal of property, plan and equipment	六(二十六)	(40)	-
Gain on disposal of investments	六(二十六)	(173)	(215)
Gain on disposal of investment properties	六(二十六)	(100,677)	-
Other adjustments to reconcile loss	六(二十六)	(3)	-
Net loss on financial assets at fair value through loss	六(二十六)	(21)	(36)
Net gain on financial liability at fair value through profit	六(十五)(二十六)	(2,635)	(3,738)
Interest expense	六(二十七)	5,839	4,712
Compensation cost of share-based payments	六(十九)(二十九)	5,969	5,315
Unrealized profit from sales		34	-
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(50,827)	(100,785)
Notes receivable		(1,797)	(14,508)
Accounts receivable (including related parties)		108,445	(258,966)
Other receivables		8,471	662
Inventories		(69,266)	(88,433)
Prepayments		6,630	(1,894)
Other financial assets		-	148,800
Other current assets		(1,991)	(1,685)
Changes in liabilities relating to operating activities			
Contract liabilities		(3,385)	10,694
Notes payables		(76)	(1,041)
Accounts payable (including related parties)		(174,100)	142,035
Other payables		(35,298)	21,373
Other current liabilities		4,124	1,120
Other non-current assets		(537)	(520)
Cash inflow generated from operations		104,563	205,274
Receipt of interest		5,130	4,033
Payment of interest		(2,472)	(1,371)
Payment of income tax		(130,582)	(58,653)
Net cash flows provided by operating activities		(23,361)	149,283

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

	Notes	Six Months Ended June 30	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net cash flow from acquisition of subsidiaries	六(三十二)	(\$ 37,485)	\$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	六(三)	-	1,630
Acquisition of property, plant and equipment	六(三十四)	(13,364)	(26,499)
Proceeds from disposal of property, plant and equipment		40	-
Proceeds from disposal of investment properties		151,728	-
Acquisition of intangible assets	六(十一)	(1,170)	(435)
Increase in prepayments for business facilities		(2,015)	(309)
Increase in other non-current assets		(194)	(1,243)
Net cash flows provided by (used in) investing activities		<u>97,540</u>	<u>(26,856)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(196,000)	(2,000)
Proceeds from short -term borrowings		143,000	2,000
Redemption of long-term borrowings		(1,553)	(2,676)
Proceeds from exercise of employee stock options		641	1,162
Decrease in refundable deposits		(299)	(27)
Payments of lease liabilities		(17,595)	-
Net cash flows provided by (used in) financing activities		<u>(71,806)</u>	<u>(1,541)</u>
Effects due to changes in exchange rate		<u>5,276</u>	<u>6,871</u>
Increase (Decrease) in cash and cash equivalents		7,649	127,757
Cash and cash equivalents at beginning of year		<u>1,019,000</u>	<u>843,239</u>
Cash and cash equivalents at end of year		<u>\$ 1,026,649</u>	<u>\$ 970,996</u>

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