

PIXART IMAGING INC.

BALANCE SHEETS

March 31, 2009 and 2008

(Expressed in Thousand of New Taiwan Dollars)

ASSETS	2009	2008	LIABILITIES AND SHAREHOLDERS' EQUITY	2009	2008
Current assets			Current liabilities		
Cash and cash equivalents	\$ 4,888,376	\$ 4,249,603	Notes payable	\$ 63,958	\$ 121,795
Notes receivable(net)	-	80	Accounts payable	90,899	139,517
Accounts receivable(net)	324,397	528,377	Payables to related parties	69,475	168,867
Other receivables	17,445	10,313	Income tax payable	54,363	23,137
Inventories(net)	184,281	523,239	Accrued expenses	892,755	430,812
Prepayments and other current assets	58,300	57,738	Other current liabilities	12,642	2,556
Deferred income tax assets-current	10,094	5,354	Total current liabilities	1,184,092	886,684
Total current assets	5,482,893	5,374,704			
Funds and Long-term Investments			Other liabilities		
Long-term investments at equity	269,669	9,767	Accrued pension liabilities	5,975	5,556
Financial assets carried at cost - noncurrent	300,000	300,000	Deposits-in	931	1,020
Total funds and Long-term investments	569,669	309,767	Total other liabilities	6,906	6,576
			Total liabilities	1,190,998	893,260
Property, plant, and equipment					
Buildings and facilities	207,960	207,960	Shareholders' equity		
Research and development equipment	54,005	52,551	Capital		
Miscellaneous equipment	65,334	63,332	Common stock	1,248,146	1,172,160
Total cost	327,299	323,843	Stock to be issued	-	50
Less : Accumulated depreciation	(90,520)	(78,991)	Capital reserve		
Add : Prepayments for equipment	7,731	1,446	Additional paid-in capital	1,101,824	1,094,762
Property, plant, and equipment-net	244,510	246,298	Donated by shareholders	3,816	3,816
			Long-term investments	106	-
Intangible assets			Employee stock option	12,165	14,508
Patent	1,478	3,960	Retained earnings		
Computer software	38,441	23,429	Legal reserve	458,582	296,784
Total intangible assets	39,919	27,389	Unappropriated earnings	2,649,967	2,728,076
			Other shareholders' equity adjustments		
Other assets			Cumulative translation adjustments	(451)	-
Leased assets(net)	20,879	21,319	Treasury stock	(280,834)	(199,986)
Refundable deposits	1,901	354	Total shareholders' equity	5,193,321	5,110,170
Deferred assets	7,478	6,761			
Deferred income tax assets-noncurrent	14,070	13,838			
Restricted deposits	3,000	3,000			
Total other assets	47,328	45,272			
Total assets	\$ 6,384,319	\$ 6,003,430	Total liabilities and shareholders' equity	\$ 6,384,319	\$ 6,003,430

English Translation of Financial Statements Originally Issued in Chinese

PIXART IMAGING INC.

STATEMENTS OF INCOME

For the three-month periods ended March 31, 2009 and 2008

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

Description	2009	2008
Gross sales	\$ 725,080	\$ 1,189,892
Less: Sales returns	-	(283)
Sales allowances	-	(1,576)
Net Sales	725,080	1,188,033
Cost of goods sold	(365,499)	(584,883)
Gross profit	359,581	603,150
Operating expenses		
Selling expenses	(22,171)	(26,082)
Administration expenses	(56,599)	(91,373)
Research and development expenses	(116,571)	(136,804)
Total operating expenses	(195,341)	(254,259)
Operating income	164,240	348,891
Non-operating income		
Interest revenue	4,862	19,004
Exchange gain	7,217	-
Rental income	1,086	988
Other income	1,473	9
Total non-operating income	14,638	20,001
Non-operating expenses		
Investment loss recognized under equity method	(2,676)	-
Exchange loss	-	(25,222)
Other losses	(110)	(110)
Total non-operating expenses	(2,786)	(25,332)
Income before income tax	176,092	343,560
Income tax expense	(9,082)	(7,198)
Net income	\$ 167,010	\$ 336,362
Earnings per share-basic (NTD)		
Income before income tax	\$ 1.43	\$ 2.78
Net income	\$ 1.36	\$ 2.72
Earnings per share-diluted (NTD)		
Income before income tax	\$ 1.40	\$ 2.75
Net income	\$ 1.32	\$ 2.69

English Translation of Financial Statements Originally Issued in Chinese

PIXART IMAGING INC.

STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2009 and 2008

(Expressed in Thousand of New Taiwan Dollars)

Description	2009	2008
Cash flows from operating activities:		
Net income	\$ 167,010	\$ 336,362
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation (including leased assets)	4,699	4,972
Amortization	7,365	9,138
Stock option expense	845	1,355
Loss on decline in market value and obsolescence of inventories (Reversal)	(12,409)	2,686
Investments loss recognized under equity method	2,676	-
Deferred income taxes	8,121	5,270
Changes in assets and liabilities		
Notes receivable	-	80
Accounts receivable	3,687	(127,678)
Other receivables	8,209	5,849
Inventories	127,560	(6,581)
Prepayments and other current assets	(24,550)	(49,313)
Notes payable	(71,425)	(38,781)
Accounts payable	(29,450)	(61,369)
Payables to related parties	(33,798)	(2,488)
Income tax payable	232	(1,533)
Accrued expenses	62,942	104,468
Other current liabilities	5,775	92
Pension liabilities	-	124
Net cash provided by operating activities	227,489	182,653
Cash flows from investing activities:		
Increase in Long-term investments at equity	(13,900)	-
Purchase of property, plant and equipment	(1,359)	(2,622)
Increase in intangible assets	(3,972)	(950)
Increase in refundable deposits	(1,013)	(1)
Increase in deferred assets	(527)	(1,244)
Net cash used in investing activities	(20,771)	(4,817)
Cash flows from financing activities:		
Exercise of employee stock options	691	1,422
Increase in treasury stock	-	(192,741)
Net cash (used in) provided by financing activities	691	(191,319)
Net increase in cash and cash equivalents	207,409	(13,483)
Cash and cash equivalents at the beginning of the year	4,680,967	4,263,086
Cash and cash equivalents at the end of the periods	\$ 4,888,376	\$ 4,249,603
Supplemental disclosures of cash flow information		
Income tax paid during the periods	\$ 729	\$ 3,461