

PIXART IMAGING INC.

BALANCE SHEETS

September 30, 2009 and 2008

(Expressed in Thousand of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2009	2008	LIABILITIES AND SHAREHOLDERS' EQUITY	2009	2008
Current assets			Current liabilities		
Cash and cash equivalents	\$ 4,475,451	\$ 4,383,848	Notes payable	\$ -	\$ 191,098
Notes receivable(net)	336	1,305	Accounts payable	273,444	141,414
Accounts receivable(net)	524,659	508,062	Payables to related parties	189,947	159,790
Other receivables	26,252	26,435	Income tax payable	75,518	28,131
Inventories(net)	306,327	378,646	Accrued expenses	662,785	731,251
Prepayments and other current assets	60,174	15,468	Other payables	85	112,000
Deferred income tax assets-current	4,888	7,607	Other current liabilities	21,733	1,586
Total current assets	5,398,087	5,321,371	Total current liabilities	1,223,512	1,365,270
Funds and Long-term Investments			Other liabilities		
Long-term investments at equity	261,950	258,468	Accrued pension liabilities	5,975	5,835
Financial asset in held-to-maturity - noncurrent	461,656	-	Deposits-in	-	931
Financial assets carried at cost - noncurrent	300,000	300,000	Total other liabilities	5,975	6,766
Total funds and Long-term investments	1,023,606	558,468	Total liabilities	1,229,487	1,372,036
Property, plant, and equipment			Shareholders' equity		
Buildings and facilities	228,728	207,960	Capital		
Research and development equipment	63,966	56,129	Common stock	1,298,264	1,245,803
Miscellaneous equipment	77,944	66,294	Stock to be issued	175	945
Total cost	370,638	330,383	Capital reserve		
Less : Accumulated depreciation	(100,384)	(88,523)	Additional paid-in capital	1,695,397	1,094,772
Add : Prepayments for equipment	1,754	5,664	Donated by shareholders	3,816	3,816
Property, plant, and equipment-net	272,008	247,524	Long-term investments	106	106
Intangible assets			Employee stock option	12,046	17,261
Patent	7,068	8,007	Retained earnings		
Computer software	42,640	32,429	Legal reserve	594,552	458,582
Total intangible assets	49,708	40,436	Unappropriated earnings	2,220,396	2,229,255
Other assets			Other shareholders' equity adjustments		
Leased assets(net)	-	21,099	Cumulative translation adjustments	6	(131)
Refundable deposits	2,092	340	Treasury stock	(280,834)	(199,986)
Deferred assets	6,672	7,090	Total shareholders' equity	5,543,924	4,850,423
Deferred income tax assets-noncurrent	18,238	23,131			
Restricted deposits	3,000	3,000			
Total other assets	30,002	54,660			
Total assets	\$ 6,773,411	\$ 6,222,459	Total liabilities and shareholders' equity	\$ 6,773,411	\$ 6,222,459

English Translation of Financial Statements Originally Issued in Chinese

PIXART IMAGING INC.

STATEMENTS OF INCOME

For the nine-month periods ended September 30, 2009 and 2008

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

(Reviewed, Not Audited)

Description	2009	2008
Gross sales	\$ 2,721,774	\$ 3,776,576
Less: Sales returns	(1,249)	(474)
Sales allowances	(128)	(3,498)
Net Sales	2,720,397	3,772,604
Cost of goods sold	(1,421,522)	(1,915,938)
Gross profit	1,298,875	1,856,666
Operating expenses		
Selling expenses	(71,142)	(91,485)
Administration expenses	(191,148)	(286,949)
Research and development expenses	(363,817)	(427,284)
Total operating expenses	(626,107)	(805,718)
Operating income	672,768	1,050,948
Non-operating income		
Interest revenue	12,849	60,449
Exchange gain	-	13,733
Rental income	2,215	3,037
Other income	1,505	132
Total non-operating income	16,569	77,351
Non-operating expenses		
Investment loss recognized under equity method	(10,853)	(1,273)
Exchange loss	(12,273)	-
Other losses	(220)	(330)
Total non-operating expenses	(23,346)	(1,603)
Income before income tax	665,991	1,126,696
Income tax expense	(43,199)	(20,701)
Net income	\$ 622,792	\$ 1,105,995
Earnings per share-basic (NTD)		
Income before income tax	\$ 5.30	\$ 9.02
Net income	\$ 4.95	\$ 8.86
Earnings per share-diluted (NTD)		
Income before income tax	\$ 5.21	\$ 8.75
Net income	\$ 4.87	\$ 8.59

English Translation of Financial Statements Originally Issued in Chinese

PIXART IMAGING INC.

STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2009 and 2008

(Expressed in Thousand of New Taiwan Dollars)

(Reviewed, Not Audited)

Description	2009	2008
Cash flows from operating activities:		
Net income	\$ 622,792	\$ 1,105,995
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation (including leased assets)	14,868	14,724
Amortization	23,018	23,915
Amortization of financial assets discount or premium	1,132	-
Stock option expense	1,656	4,108
Loss on decline in market value and obsolescence of inventories (Reversal)	(51,645)	36,169
Investments loss recognized under equity method	10,853	1,273
Deferred income taxes	9,159	(6,276)
Changes in assets and liabilities		
Notes receivable	(336)	(1,145)
Accounts receivable	(196,575)	(107,363)
Other receivables	(598)	(10,273)
Inventories	44,750	104,529
Prepayments and other current assets	(26,424)	(7,042)
Notes payable	(135,383)	30,522
Accounts payable	153,095	(59,472)
Payables to related parties	86,674	(11,565)
Income tax payable	21,387	3,461
Accrued expenses	244,417	404,907
Other payables	85	-
Other current liabilities	14,866	(878)
Pension liabilities	-	403
Net cash provided by operating activities	837,791	1,525,992
Cash flows from investing activities:		
Increase in Long-term investments at equity	(13,900)	(250,000)
Increase in Financial asset in held-to-maturity	(462,788)	-
Purchase of property, plant and equipment	(18,170)	(13,380)
Proceeds from disposal of property, plant and equipment	23	-
Increase in intangible assets	(25,814)	(25,724)
Increase (decrease) in refundable deposits	(1,204)	13
Increase in deferred assets	(3,321)	(4,623)
Net cash used in investing activities	(525,174)	(293,714)
Cash flows from financing activities:		
Decrease in deposits-in	(931)	(89)
Directors' and supervisors' remuneration	-	(14,562)
Cash dividends	(737,098)	(906,602)
Issuance of common stock for cash	219,030	-
Exercise of employee stock options	866	2,478
Purchase of treasury stock	-	(192,741)
Net cash (used in) provided by financing activities	(518,133)	(1,111,516)
Net increase in cash and cash equivalents	(205,516)	120,762
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	\$ 4,475,451	\$ 4,383,848
Supplemental disclosures of cash flow information		
Income tax paid during the periods	\$ 12,654	\$ 23,516
Investing and financing activities partially affecting cash flows:		
Appropriation for cash dividends, employees' cash bonus, and directors' and supervisors' remuneration	\$ 737,098	\$ 1,033,164
Add: Payables at the beginning of the period	-	-
Less: Payables at the end of the period	-	(112,000)
Cash paid	\$ 737,098	\$ 921,164
Non-cash activities:		
Stock dividends and employee bonus capitalized	\$ 35,118	\$ 73,492