

English Translation of Financial Statements Originally Issued in Chinese
PIXART IMAGING INC.
BALANCE SHEETS
March 31, 2010 and 2009
(Expressed in Thousand of New Taiwan Dollars)

ASSETS	2010	2009	LIABILITIES AND SHAREHOLDERS' EQUITY	2010	2009
Current assets			Current liabilities		
Cash and cash equivalents	\$ 5,115,838	\$ 4,888,376	Notes payable	\$ -	\$ 63,958
Notes receivable(net)	296	-	Accounts payable	235,233	90,899
Accounts receivable(net)	508,147	324,397	Payables to related parties	165,968	69,475
Receivable from related parties, net	23,941	-	Income tax payable	77,731	54,363
Other receivables	32,090	17,445	Accrued expenses	817,387	892,755
Inventories(net)	291,351	184,281	Other current liabilities	15,544	12,642
Prepayments and other current assets	39,977	58,300	Total current liabilities	1,311,863	1,184,092
Deferred income tax assets-current	8,950	10,094			
Held to maturity financial assets-current	101,005	-			
Total current assets	<u>6,121,595</u>	<u>5,482,893</u>			
Funds and Long-term Investments			Other liabilities		
Long-term investments at equity	266,221	269,669	Accrued pension liabilities	5,975	5,975
Held to maturity financial assets-noncurrent	459,515	-	Deferred credits	118	-
Financial assets carried at cost - noncurrent	300,000	300,000	Deposits-in	-	931
Total funds and Long-term investments	<u>1,025,736</u>	<u>569,669</u>	Total other liabilities	6,093	6,906
			Total liabilities	<u>1,317,956</u>	<u>1,190,998</u>
Property, plant, and equipment					
Buildings and facilities	230,416	207,960	Shareholders' equity		
Research and development equipment	66,882	54,005	Capital		
Miscellaneous equipment	81,886	65,334	Common stock	1,298,589	1,248,146
Total cost	379,184	327,299	Capital stock to be registered	9,280	-
Less : Accumulated depreciation	(113,726)	(90,520)	Capital reserve		
Add : Prepayments for equipment	4,931	7,731	Additional paid-in capital	1,856,590	1,101,824
Property, plant, and equipment-net	<u>270,389</u>	<u>244,510</u>	Donated by shareholders	3,816	3,816
			Long-term investments	106	106
Intangible assets			Employee stock option	4,317	12,165
Patent	6,796	1,478	Retained earnings		
Computer software	33,496	38,441	Legal reserve	594,552	458,582
Total intangible assets	<u>40,292</u>	<u>39,919</u>	Unappropriated earnings	2,681,314	2,649,967
Other assets			Other shareholders' equity adjustments		
Leased assets(net)	-	20,879	Cumulative translation adjustments	(478)	(451)
Refundable deposits	2,138	1,901	Treasury stock	(280,834)	(280,834)
Deferred assets	7,278	7,478	Total shareholders' equity	<u>6,167,252</u>	<u>5,193,321</u>
Deferred income tax assets-noncurrent	14,780	14,070			
Restricted deposits	3,000	3,000			
Total other assets	<u>27,196</u>	<u>47,328</u>			
Total assets	<u>\$ 7,485,208</u>	<u>\$ 6,384,319</u>	Total liabilities and shareholders' equity	<u>\$ 7,485,208</u>	<u>\$ 6,384,319</u>

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PIXART IMAGING INC.

STATEMENTS OF INCOME

For the three-month periods ended March 31, 2010 and 2009

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

Description	2010	2009
Gross sales	\$ 1,085,273	\$ 725,080
Less: Sales returns	(5,707)	-
Sales allowances	-	-
Net Sales	1,079,566	725,080
Cost of goods sold	(605,879)	(365,499)
Gross profit	473,687	359,581
Less: Unrealized Gross Profit	(118)	-
Add: Realized Gross Profit	335	-
	473,904	359,581
Operating expenses		
Selling expenses	(26,548)	(22,171)
Administration expenses	(64,503)	(56,599)
Research and development expenses	(132,769)	(116,571)
Total operating expenses	(223,820)	(195,341)
Operating income	250,084	164,240
Non-operating income		
Interest revenue	4,011	4,862
Exchange gain	-	7,217
Rental income	43	1,086
Other income	9	1,473
Total non-operating income	4,063	14,638
Non-operating expenses		
Investment loss recognized under equity method	(6,069)	(2,676)
Exchange loss	(3,571)	-
Other losses	-	(110)
Total non-operating expenses	(9,640)	(2,786)
Income before income tax	244,507	176,092
Income tax expense	(9,000)	(9,082)
Net income	\$ 235,507	\$ 167,010
Earnings per share-basic (NTD)		
Income before income tax	\$ 1.90	\$ 1.42
Net income	\$ 1.83	\$ 1.35
Earnings per share-diluted (NTD)		
Income before income tax	\$ 1.87	\$ 1.38
Net income	\$ 1.80	\$ 1.31

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PIXART IMAGING INC.

STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2010 and 2009

(Expressed in Thousand of New Taiwan Dollars)

Description	2010	2009
Cash flows from operating activities:		
Net income	\$ 235,507	\$ 167,010
Adjustments to reconcile net income to net cash provided by operating activities		
Realized Gross Profit	(335)	-
Unrealized Gross Profit	118	-
Depreciation (including leased assets)	5,918	4,699
Amortization	8,783	7,365
Stock option expense	92	845
Employees' cash bonus	79,189	56,173
Amortization of financial assets discount or premium	2,106	-
Loss on decline in market value and obsolescence of inventories (Reversal)	136	(12,409)
Investments loss recognized under equity method	6,069	2,676
Deferred income taxes	(1)	8,121
Changes in assets and liabilities		
Notes receivable	406	-
Accounts receivable	(125,688)	3,687
Receivable from related parties	(10,381)	-
Other receivables	(7,636)	8,209
Inventories	(16,746)	127,560
Prepayments and other current assets	4,749	(24,550)
Notes payable	-	(71,425)
Accounts payable	47,595	(29,450)
Payables to related parties	50,976	(33,798)
Income tax payable	(6,786)	232
Accrued expenses	3,341	6,769
Other current liabilities	(2,626)	5,775
Net cash provided by operating activities	<u>274,786</u>	<u>227,489</u>
Cash flows from investing activities:		
Increase in Long-term investments at equity	(4,783)	(13,900)
Purchase of property, plant and equipment	(1,773)	(1,359)
Increase in intangible assets	-	(3,972)
Increase in refundable deposits	(45)	(1,013)
Increase in deferred assets	(1,562)	(527)
Net cash used in investing activities	<u>(8,163)</u>	<u>(20,771)</u>
Cash flows from financing activities:		
Exercise of employee stock options	83,209	691
Net cash (used in) provided by financing activities	<u>83,209</u>	<u>691</u>
Net increase in cash and cash equivalents	349,832	207,409
Cash and cash equivalents at the beginning of the year	4,766,006	4,680,967
Cash and cash equivalents at the end of the periods	<u>\$ 5,115,838</u>	<u>\$ 4,888,376</u>
Supplemental disclosures of cash flow information		
Income tax paid during the periods	<u>\$ 15,787</u>	<u>\$ 729</u>