

NOVATEK MICROELECTRONICS CORP.
BALANCE SHEETS

(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	As of March 31,		Liabilities and Shareholders' Equity	Notes	As of March 31,	
		2010	2009			2010	2009
Current Assets				Current Liabilities			
Cash and cash equivalents	2, 4(1)	\$ 17,359,697	\$ 9,750,456	Short-term loans	4(12)	\$ 7,568,400	\$ 915,570
Financial asset at fair value through profit or loss-current	2, 4(2)	-	828,815	Notes and accounts payable		4,200,544	1,828,484
Accounts receivable (net)	2,4(3)	8,939,617	4,436,924	Payable to related parties	5	952,081	338,311
Receivable from related parties (net)	4(4),5	329,789	190,348	Income tax payable	2,4(20)	355,638	112,889
Other receivable	4(5)	154,178	28,728	Accrued expenses	2,3,4(18),7	2,209,785	2,296,897
Inventories (net)	2,3,4(6)	3,037,495	1,837,063	Financial liabilities at fair value through profit or loss-current	2,4(13)	26,002	7,900
Prepayments		42,373	40,985	Current portion of bonds payable	2,4(13)	146,451	157,146
Deferred income tax-current	2, 4(20)	106,971	26,033	Other current liabilities		42,328	34,958
Total current assets		29,970,120	17,139,352	Total current liabilities		15,501,229	5,692,155
Investments				Other Liabilities			
Equity method	2,4(7)	429,049	421,479	Accrued pension liabilities	2, 4(14)	60,599	60,599
Available-for-sale financial assets-noncurrent	2,4(8)	451,924	332,400	Total Liabilities		15,561,828	5,752,754
Financial assets carried at cost-noncurrent	2,4(9)	1,208,800	1,208,800	Shareholders' Equity	4(15)	5,956,998	5,855,737
Total investments		2,089,773	1,962,679	Common stock		1,075	67
Property, Plant, and Equipment	2, 4(10)			Stock to be registered		633,745	180,000
Buildings and facilities		1,714,300	1,719,520	Paid-in capital in excess of par-common stock	4(16)	7,959	-
Machinery		540,684	626,081	Capital surplus from convertible bonds		2,981,624	2,981,624
Miscellaneous equipment		39,515	38,664	Capital surplus from business combination		96,331	84,382
Total property, plant, and equipment		2,294,499	2,384,265	Employees' stock options			
Less:Accumulated depreciation		(731,454)	(697,548)	Retained earnings			
Add:Prepayments for equipment		2,865	35,311	Legal reserve	4(17)	3,284,813	2,931,561
Net property, plant, and equipment		1,565,910	1,722,028	Special reserve		17,756	17,756
Intangible Assets	2,4(11)			Unappropriated earnings	4(18),4(20)	8,276,765	6,512,486
Software		36,050	51,626	Cumulative translation adjustments	2,4(7)	3,749	11,353
Goodwill		2,417,000	2,417,000	Unrealized gain on available-for-sale financial assets	2,4(8)	452,292	311,584
Expertise capitalized		441,274	713,179	Total Shareholders' Equity		21,713,107	18,886,550
Total intangible assets		2,894,324	3,181,805				
Other Assets							
Refundable deposits		1,650	1,917				
Deferred assets	2	39,504	23,881				
Deferred income tax assets-noncurrent	2, 4(20)	697,713	583,812				
Restricted deposits-noncurrent	6	15,941	23,830				
Total other assets		754,808	633,440				
Total Assets		<u>\$ 37,274,935</u>	<u>\$ 24,639,304</u>	Total Liabilities and Shareholders' Equity		<u>\$ 37,274,935</u>	<u>\$ 24,639,304</u>

The accompanying notes are an integral part of financial statements.

NOVATEK MICROELECTRONICS CORP.

STATEMENTS OF INCOME

(Expressed in Thousand of New Taiwan Dollars, except for Earnings Per Share)

Description	Notes	For the year ended March 31,	
		2010	2009
Sales revenue	2,4(21),5	\$ 8,805,058	\$ 3,857,172
Less : Sales returns and allowances		(116,631)	(73,793)
Net sales		8,688,427	3,783,379
Cost of goods sold	3,4(22),5	6,310,928	(2,593,290)
Gross profit		2,377,499	1,190,089
Unrealized intercompany profit	2	(27,091)	(17,062)
Realized intercompany profit		15,248	15,027
Realized gross profit		2,365,656	1,188,054
Operating expenses	4(22),5		
Selling expenses		(49,003)	(99,809)
Administrative expenses		(212,673)	(134,864)
Research and development expenses		(845,944)	(616,735)
Total operating expenses		(1,107,620)	(851,408)
Operating income		1,258,036	336,646
Non-operating income			
Interest revenue	10(1)	14,035	34,327
Foreign exchange gain	2	45,195	110,018
Valuation gain on financial assets	2	41	815
Valuation gain on financial liabilities		8,056	-
Other income		152	6,652
Total non-operating income		67,479	151,812
Non-operating expenses			
Interest expense	10(1)	(9,385)	(4,881)
Investment loss recognized under equity method	2,4(7)	(46,369)	(29,882)
Valuation loss on financial liabilities	2	-	(2,235)
Other losses		(1,444)	(1,520)
Total non-operating expenses		(57,198)	(38,518)
Income before income taxes		1,268,317	449,940
Income tax	2, 4(20)	(70,000)	(15,014)
Net income		\$ 1,198,317	\$ 434,926
Earnings per share	2, 4(19)		
Primary Earnings Per Share (in New Taiwan Dollars)			
Income before tax		\$ 2.13	\$ 0.76
Net income		\$ 2.01	\$ 0.74
Diluted Earnings Per Share (in New Taiwan Dollars)			
Income before tax		\$ 2.05	\$ 0.74
Net income		\$ 1.93	\$ 0.71

The accompanying notes are an integral part of financial statements.

NOVATEK MICROELECTRONICS CORP.

STATEMENTS OF CASH FLOWS

(Expressed in Thousand of New Taiwan Dollars)

Description	For the year ended March 31,		Description	For the year ended March 31,	
	2010	2009		2010	2009
Cash flows from operating activities:			Cash flows from investing activities:		
Net income	\$ 1,198,317	\$ 434,926	Decrease in restricted deposits	4,704	-
Adjustments to reconcile net income to net cash provided by			Acquisition of investments accounted for under equity method	(79,925)	(62,370)
Operating activities:			Acquisition of property, plant and equipment	(14,115)	(43,281)
Depreciation	53,980	58,490	Increase in intangible assets	(28,837)	(40,059)
Amortization	50,216	55,424	Increase in refundable deposits	(3)	(561)
Valuation (gain)loss on financial liabilities	(8,056)	2,235	Increase in deferred assets	(6,581)	(3,519)
Loss from inventory (reversal)provision	(20,000)	50,000	Net cash used in investing activities	(124,757)	(149,790)
Financial assets at fair value through profit or loss-current	70,318	(828,815)	Cash flows from financing activities:		
Investment loss recognized under equity method	46,369	29,882	(Decrease) increase in short-term loans	1,426,320	(2,102,030)
Employee stock option distributed	2,241	2,950	Cash received from employees' stock options exercised	166	113
Amortization for discount of bonds payable	754	795	Net cash provided (used) in financing activities	1,426,486	(2,101,917)
Deferred income taxes	(16,626)	8,552	Net increase in cash and cash equivalents	2,792,205	138,437
(Increase) decrease in notes and accounts receivable	(830,013)	1,652,524	Cash and cash equivalents at the beginning of year	14,567,492	9,612,019
Increase in receivable from related parties	(84,034)	(22,039)	Cash and cash equivalents at the end of year	<u>\$ 17,359,697</u>	<u>\$ 9,750,456</u>
(Increase) decrease in other receivable	(31,942)	67,804	Supplemental disclosures of cash flow information:		
(Increase) decrease in inventories	(708,053)	352,768	Interest paid during the year (excluding capitalized interest)	<u>\$ 9,181</u>	<u>\$ 7,444</u>
Decrease in prepayments	20,663	8,695	Income tax paid during the year	<u>\$ 1,259</u>	<u>\$ 3,736</u>
Increase in notes and accounts payable	1,035,141	355,172			
Increase in payable to related parties	351,387	31,118	Financial activities partial non-affecting cash flows:		
Increase in income tax payable	85,367	2,726	Unrealized gain on available-for-sale financial assets	<u>\$ (129,031)</u>	<u>\$ 87,134</u>
Increase in accrued expenses	266,328	122,132	Conversion of convertible bonds	<u>\$ 9,034</u>	<u>\$ -</u>
Increase in other current liabilities	8,119	4,805	Change in cumulative translation adjustments	<u>\$ (1,246)</u>	<u>\$ 1,864</u>
Net cash provided by operating activities	<u>1,490,476</u>	<u>2,390,144</u>			

The accompanying notes are an integral part of financial statements.