

**NOVATEK MICROELECTRONICS CORP.**  
**BALANCE SHEETS**

(Expressed in Thousand of New Taiwan Dollars)

Assets	Notes	As of September 30,		Liabilities and Shareholders' Equity	Notes	As of September 30,	
		2009	2008			2009	2008
<b>Current Assets</b>				<b>Current Liabilities</b>			
Cash and cash equivalents	2, 4(1)	\$ 12,188,700	\$ 10,703,404	Short-term loans	4(12)	\$ 5,017,740	\$ 4,954,180
Financial asset at fair value through profit or loss-current	2, 4(2)	70,318	-	Notes and accounts payable		3,700,516	2,855,240
Notes and accounts receivable (net)	2,4(3)	8,482,430	8,111,582	Payable to related parties	5	721,657	528,233
Receivable from related parties (net)	4(4),5	456,387	233,990	Income tax payable	2	56,894	49,617
Other receivable	4(5)	145,497	138,045	Accrued expenses	2,3,4(18),7	2,154,622	1,888,664
Inventories (net)	2,3,4(6)	2,704,085	2,868,976	Financial liabilities at fair value through profit or loss-current	2,4(13)	10,792	16,051
Prepayments		57,119	21,556	Current portion of bonds payable	2,4(13)	153,995	155,607
Deferred income tax-current	2, 4(21)	112,505	103,633	Other current liabilities		57,890	720,025
Restricted deposits-current	6	3,186	-	Total current liabilities		11,874,106	11,167,617
Total current assets		24,220,227	22,181,186				
<b>Investments</b>				<b>Other Liabilities</b>			
Equity method	2,4(7)	376,168	362,789	Accrued pension liabilities	2, 4(14)	60,599	60,599
Available-for-sale financial assets-noncurrent	2,4(8)	621,394	240,963	<b>Total Liabilities</b>		11,934,705	11,228,216
Financial assets carried at cost-noncurrent	2,4(9)	1,208,800	1,208,800				
Total investments		2,206,362	1,812,552	<b>Shareholders' Equity</b>			
<b>Property, Plant, and Equipment</b>	2, 4(10)			Common stock	4(15)	5,956,505	5,855,694
Buildings and facilities		1,741,587	1,714,316	Stock to be registered		108	43
Machinery		596,255	597,498	Paid-in capital in excess of par-common stock	4(16)	633,745	180,000
Miscellaneous equipment		39,366	37,712	Capital surplus from business combination		2,981,624	2,981,624
Total property, plant, and equipment		2,377,208	2,349,526	Paid-in capital in excess of par-employees' stock options exercised		89,881	79,027
Less:Accumulated depreciation		(729,577)	(620,439)	Retained earnings			
Add:Prepayments for equipment		10,184	5,434	Legal reserve	4(17)	3,284,813	2,931,561
Net property, plant, and equipment		1,657,815	1,734,521	Special reserve		17,756	17,756
				Unappropriated earnings	4(18),4(20)	6,008,775	5,766,361
<b>Intangible Assets</b>	2,4(11),10(2)			Cumulative translation adjustments	2,4(7)	5,807	7,593
Software		37,327	67,782	Unrealized gain on available-for-sale financial assets	2,4(8)	609,301	220,147
Goodwill		2,417,000	2,417,000	<b>Total Shareholders' Equity</b>		19,588,315	18,039,806
Expertise capitalized		468,805	539,849				
Total intangible assets		2,923,132	3,024,631				
<b>Other Assets</b>							
Refundable deposits		1,639	1,207				
Deferred assets	2	28,120	22,029				
Deferred income tax assets-noncurrent	2, 4(20)	465,080	468,266				
Restricted deposits-noncurrent	6	20,645	23,630				
Total other assets		515,484	515,132				
<b>Total Assets</b>		<u>\$ 31,523,020</u>	<u>\$ 29,268,022</u>	<b>Total Liabilities and Shareholders' Equity</b>		<u>\$ 31,523,020</u>	<u>\$ 29,268,022</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 September 30,	
		2009	2008
Sales revenue	2,4(21),5	\$ 19,986,093	\$ 21,721,666
Less : Sales returns and allowances		(274,318)	(70,397)
Net sales		19,711,775	21,651,269
Cost of goods sold	3,4(18,22),5	(13,610,760)	(15,308,849)
Gross profit		6,101,015	6,342,420
Unrealized intercompany profit	2	(40,761)	(15,967)
Realized intercompany profit		15,027	8,480
Realized gross profit		6,075,281	6,334,933
Operating expenses	4(18,22),5		
Selling expenses		(215,753)	(350,429)
Administrative expenses		(507,312)	(522,162)
Research and development expenses		(2,411,684)	(2,142,391)
Total operating expenses		(3,134,749)	(3,014,982)
Operating income		2,940,532	3,319,951
Non-operating income			
Interest revenue	10(1)	73,269	220,849
Dividend income		12,753	16,136
Foreign exchange gain	2	33,087	-
Reversal of allowance for bad debts	2	-	50,000
Valuation gain on financial assets	2	1,856	-
Valuation gain on financial liabilities	2	-	7,106
Other income	7	379,214	9,185
Total non-operating income		500,179	303,276
Non-operating expenses			
Interest expense	10(1)	(16,060)	(129,414)
Investment loss recognized under equity method	2,4(7)	(111,270)	(50,239)
Foreign exchange loss	2	-	(112,234)
Impairment loss	2,4(11)	(265,018)	-
Valuation loss on financial liabilities	2	(5,411)	-
Other losses		(3,811)	(3,313)
Total non-operating expenses		(401,570)	(295,200)
Income before income taxes		3,039,141	3,328,027
Income tax	2, 4(20)	(90,284)	(106,708)
Net income		\$ 2,948,857	\$ 3,221,319
Earnings per share	2, 4(19)		
Primary Earnings Per Share (in New Taiwan Dollars)			
Income before tax		\$ 5.14	\$ 5.84
Net income		\$ 4.99	\$ 5.66
Diluted Earnings Per Share (in New Taiwan Dollars)			
Income before tax		\$ 4.99	\$ 5.77
Net income		\$ 4.84	\$ 5.59

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 September 30,		Description	For the year ended September 30,	
	2009	2008		2009	2008
<b>Cash flows from operating activities:</b>			<b>Cash flows from investing activities:</b>		
Net income	\$ 2,948,857	\$ 3,221,319	Increase in restricted deposits	-	(6,000)
Adjustments to reconcile net income to net cash provided by			Acquisition of investments accounted for under equity method	(95,271)	(42,912)
Operating activities:			Acquisition of property, plant and equipment	(90,781)	(67,339)
Depreciation	170,203	143,517	Increase in intangible assets	(149,698)	(88,885)
Amortization	169,943	121,106	(Increase) decrease in refundable deposits	(283)	651
Valuation loss on financial liabilities	5,411	(7,106)	Increase in deferred assets	(18,983)	(12,924)
Impairment loss	265,018	-	Cash and cash equivalents proceeds from merger	-	7,001
Reversal of allowance for bad debts	-	(50,000)	Net cash used in investing activities	(355,016)	(210,408)
Loss from inventory provision	200,000	-	<b>Cash flows from financing activities:</b>		
Financial assets at fair value through profit or loss-current	(70,318)	-	Increase in short-term loans	2,000,140	535,200
Investment loss recognized under equity method	111,270	50,239	Decrease in long-term debt	-	(83,330)
Employee stock option distributed	8,272	-	Redemption of bonds payable	(4,900)	-
Amortization of discount on bonds payable	2,260	813	Distribution of cash dividends	(2,635,112)	(4,873,564)
Deferred income taxes	40,812	(70,394)	Distribution of directors' and supervisors' remuneration	-	(20,000)
Changes in assets and liabilities:			Cash received from employees' stock options exercised	398	74
(Increase) decrease in notes and accounts receivable	(2,392,982)	3,901,195	Net cash used in financing activities	(639,474)	(4,441,620)
Increase in receivable from related parties	(288,078)	(109,894)	Net increase in cash and cash equivalents	2,576,681	2,287,035
(Increase) decrease in other receivable	(48,965)	13,250	Cash and cash equivalents at the beginning of year	9,612,019	8,416,369
Increase in inventories	(664,254)	(302,104)	Cash and cash equivalents at the end of year	<u>\$ 12,188,700</u>	<u>\$ 10,703,404</u>
(Increase) decrease in prepayments	(7,439)	16,260	<b>Supplemental disclosures of cash flow information:</b>		
Increase (decrease) in notes and accounts payable	2,227,204	(704,719)	Interest paid during the year (excluding capitalized interest)	\$ 17,609	\$ 131,293
Increase (decrease) in payable to related parties	414,464	(226,302)	Income tax paid during the year	\$ 102,741	\$ 209,148
Decrease in income tax payable	(53,269)	(32,046)	Cash and cash equivalents from merger		
Increase in accrued expenses	505,025	975,411	Issuance of common stock for merger	-	278,471
Increase (decrease) in other current liabilities	27,737	(1,482)	Additional paid-in capital for merger	-	2,925,173
Net cash provided by operating activities	<u>3,571,171</u>	<u>6,939,063</u>	Increase in net assets for merger (excluding cash and cash equivalents)	-	(3,196,643)
			Cash and cash equivalents proceeds from merger	\$ -	\$ 7,001
			<b>Financial activities partial affecting cash flows:</b>		
			Distribution of employees bonus	\$ -	\$ 681,000
			Add: payable at the beginning of this year	-	-
			Less : Payable at the end of this year	-	(681,000)
			Cash Paid	\$ -	\$ -
			<b>Financial activities partial non-affecting cash flows:</b>		
			Employee bonus and stock dividends to be capitalized	\$ 100,701	\$ 162,151
			Unrealized gain on available-for-sale financial assets	\$ 384,851	\$ (262,767)
			Cumulative translation adjustments	\$ (3,683)	\$ 3,438

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