

**SPRINGSOFT INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS  
SIX MONTHS ENDED June 30, 2010 AND 2011  
(In Thousands, Except Par Value)**

ASSETS	2010	2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2010	2011	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalent	\$ 1,911,664	\$ 2,527,700	\$ 85,757	Short-term loans	\$ 48,274	\$ -	\$ -
Financial assets at fair value through profit or loss – current	3,495	73,509	2,494	Income tax payable	81,012	28,703	974
Available-for-sale financial assets – current	647,507	146,192	4,960	Financial liabilities at fair value through profit or loss –current	685	-	-
Accounts receivable	256,946	261,058	8,857	Other payables	596,561	604,487	20,509
Other receivables	53,304	32,554	1,104	Unearned revenue	417,034	407,158	13,814
Other financial assets	15,273	15,982	542	Other current liabilities	<u>26,526</u>	<u>69,545</u>	<u>2,360</u>
Inventories	2,957	3,966	134				
Deferred income tax assets - current	56,112	16,379	556	Total current liabilities	<u>1,170,092</u>	<u>1,109,893</u>	<u>37,657</u>
Other current assets	<u>52,176</u>	<u>27,078</u>	<u>919</u>				
Total current assets	<u>2,999,434</u>	<u>3,104,418</u>	<u>105,323</u>	<b>LONG-TERM DEBT</b>	<u>50,000</u>	<u>-</u>	<u>-</u>
<b>INVESTMENTS</b>				<b>OTHER LIABILITIES</b>			
Investments accounted for by the equity method	145,058	156,537	5,311	Guarantee deposits received	6,002	2,203	75
Financial assets carried at cost - noncurrent	<u>107,872</u>	<u>101,414</u>	<u>3,441</u>	Others	<u>70,593</u>	<u>76,691</u>	<u>2,601</u>
Total investments	<u>252,930</u>	<u>257,951</u>	<u>8,752</u>	Total other liabilities	<u>76,595</u>	<u>78,894</u>	<u>2,676</u>
				Total liabilities	<u>1,296,687</u>	<u>1,188,787</u>	<u>40,333</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>			
Cost				Capital stock			
Buildings	599,598	598,290	20,298	Common stock - \$10 par value			
Machinery and equipment	482,923	471,946	16,012	Authorized - 300,000 thousand shares; issued - 208,765 thousand			
Office equipment	33,033	25,850	877	shares in 2011 and 207,260 thousand shares in 2010	2,072,599	2,092,020	70,976
Leasehold improvements	590	2,842	96	Advance receipts for common stock	-	544	18
Other facilities	<u>2,192</u>	<u>2,731</u>	<u>93</u>	Total capital stock	<u>2,072,599</u>	<u>2,092,564</u>	<u>70,994</u>
Total costs	1,118,336	1,101,659	37,376	Capital surplus			
Accumulated depreciation	(464,281)	(504,093)	(17,102)	Paid-in capital in excess of par value	421,175	452,026	15,336
Construction in progress and prepayments for equipment	<u>27</u>	<u>27</u>	<u>1</u>	From conversion of bonds	1,129,329	1,129,329	38,315
Net property, plant and equipment	<u>654,082</u>	<u>597,593</u>	<u>20,275</u>	Gain on sale of assets	380	380	13
				Long-term investments	48,554	45,997	1,561
<b>INTANGIBLE ASSETS</b>				Employee stock options	<u>14,328</u>	<u>19,202</u>	<u>651</u>
Goodwill	910,592	870,088	29,520	Total capital surplus	<u>1,613,766</u>	<u>1,646,934</u>	<u>55,876</u>
Other intangible assets	<u>799,851</u>	<u>710,209</u>	<u>24,095</u>	Retained earnings			
Total intangible assets	<u>1,710,443</u>	<u>1,580,297</u>	<u>53,615</u>	Legal reserve	539,713	585,877	19,877
				Special reserve	41,841	152,831	5,185
<b>OTHER ASSETS</b>				Unappropriated earnings	<u>359,135</u>	<u>415,343</u>	<u>14,091</u>
Refundable deposits	6,717	7,074	240	Total retained earnings	<u>940,689</u>	<u>1,154,051</u>	<u>39,153</u>
Deferred income tax assets - noncurrent	223,372	219,029	7,431	Other equity			
Certificate of deposit – restricted	700	700	24	Cumulative translation adjustments	(39,076)	(153,391)	(5,204)
Others	<u>10,884</u>	<u>7,969</u>	<u>270</u>	Unrealized loss on financial instruments	(26,103)	(21,120)	(717)
Total other assets	<u>241,673</u>	<u>234,772</u>	<u>7,965</u>	Treasury stock(at cost)-4,000 thousand shares in 2011	-	(132,794)	(4,505)
				Total other equity	<u>(65,179)</u>	<u>(307,305)</u>	<u>(10,426)</u>
<b>TOTAL</b>	<u>\$ 5,858,562</u>	<u>\$ 5,775,031</u>	<u>\$ 195,930</u>	Total equity attributable to shareholders of the parent	<u>4,561,875</u>	<u>4,586,244</u>	<u>155,597</u>
				<b>MINORITY INTERESTS</b>			
				Total shareholders' equity	<u>4,561,875</u>	<u>4,586,244</u>	<u>155,597</u>
				<b>TOTAL</b>	<u>\$ 5,858,562</u>	<u>\$ 5,775,031</u>	<u>\$ 195,930</u>

# SPRINGSOFT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED June 30, 2010 AND 2011 (In Thousands, Except Consolidated Earnings Per Share)

	2010	2011	
	NT\$	NT\$	US\$
OPERATING REVENUE	\$ 1,053,114	\$ 1,110,460	\$ 37,675
OPERATING COST	<u>(41,183)</u>	<u>(56,152)</u>	<u>(1,905)</u>
GROSS PROFIT	<u>1,011,931</u>	<u>1,054,308</u>	<u>35,770</u>
OPERATING EXPENSES			
Selling expenses	(328,827)	(323,835)	(10,987)
General and administrative expenses	(111,147)	(89,738)	(3,045)
Research and development expenses	<u>(323,988)</u>	<u>(335,997)</u>	<u>(11,399)</u>
Total operating expenses	<u>(763,962)</u>	<u>(749,570)</u>	<u>(25,431)</u>
OPERATING INCOME	<u>247,969</u>	<u>304,738</u>	<u>10,339</u>
NONOPERATING INCOME AND GAINS			
Interest income	2,239	5,098	173
Investment income recognized under equity method	7,509	3,588	122
Cash dividend	49	2,500	85
Gain on sale of investments, net	982	2,134	72
Exchange gain, net	2,734	-	-
Valuation gain on financial assets, net	-	2,066	70
Others	<u>38,499</u>	<u>5,189</u>	<u>176</u>
Total nonoperating income and gains	<u>52,012</u>	<u>20,575</u>	<u>698</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	(1,490)	(533)	(18)
Exchange loss, net	-	(3,777)	(128)
Impairment loss	(6,300)	-	-
Valuation loss on financial assets, net	(753)	-	-
Others	<u>(1,430)</u>	<u>(107)</u>	<u>(4)</u>
Total nonoperating expenses and losses	<u>(9,973)</u>	<u>(4,417)</u>	<u>(150)</u>
INCOME BEFORE INCOME TAX	290,008	320,896	10,887
INCOME TAX EXPENSE	<u>(44,962)</u>	<u>(47,032)</u>	<u>(1,596)</u>
CONSOLIDATED NET INCOME	<u>\$ 245,046</u>	<u>\$ 273,864</u>	<u>\$ 9,291</u>

(Continued)

# SPRINGSOFT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED June 30, 2010 AND 2011

(In Thousands, Except Consolidated Earnings Per Share)

	2010	2011	
	NT\$	NT\$	US\$
ATTRIBUTABLE TO			
Shareholders of the parent	<u>\$ 245,046</u>	<u>\$ 273,864</u>	<u>\$ 9,291</u>

	2010		2011			
	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
	CONSOLIDATED EARNINGS PER SHARE					
Basic	<u>\$ 1.40</u>	<u>\$ 1.18</u>	<u>\$ 1.55</u>	<u>\$ 0.05</u>	<u>\$ 1.32</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 1.36</u>	<u>\$ 1.15</u>	<u>\$ 1.49</u>	<u>\$ 0.05</u>	<u>\$ 1.28</u>	<u>\$ 0.04</u>

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 SIX MONTHS ENDED JUNE 30, 2010 AND 2011  
 (In Thousands of New Taiwan Dollars)  
 (Reviewed, not Audited)

	Equity Attributable to Shareholders of Parent																
	Capital Stock		Capital surplus						Retained Earnings			Other Equity			Total	Minority Interests	Total Shareholders' Equity
	Capital Stock Issued	Advance receipts for Common Stock	Paid-in Capital in Excess of Par Value	From Conversion of bonds	Gain on Sale of Assets	Long-term Investments	Employee Stock Options	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Losses on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock				
Shares (Thousands)	Amount																
BALANCE, JANUARY 1, 2011	207,335	\$ 2,073,354	\$ 14,292	\$ 445,718	\$ 1,129,329	\$ 380	\$ 46,082	\$ 17,010	\$ 539,713	\$ 41,841	\$ 575,729	\$ (15,302)	\$ (137,529)	\$ -	\$ 4,730,617	\$ -	\$ 4,730,617
Appropriations of 2010 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	46,164	-	(46,164)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	110,990	(110,990)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	(277,096)	-	-	-	(277,096)	-	(277,096)
Issuance of common stock for cash (stock options)	1,867	18,666	(13,748)	6,308	-	-	-	-	-	-	-	-	-	-	11,226	-	11,226
Compensation recognized for employee stock options	-	-	-	-	-	-	-	2,192	-	-	-	-	-	-	2,192	-	2,192
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	-	-	(85)	-	-	-	-	-	-	-	(85)	-	(85)
Consolidated net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	-	273,864	-	-	-	273,864	-	273,864
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(5,818)	-	-	(5,818)	-	(5,818)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(15,862)	-	(15,862)	-	(15,862)
Acquisition of treasury stock - 4000 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(132,794)	(132,794)	-	(132,794)
<b>BALANCE, JUNE 30, 2011</b>	<b>209,202</b>	<b>\$ 2,092,020</b>	<b>\$ 544</b>	<b>\$ 452,026</b>	<b>\$ 1,129,329</b>	<b>\$ 380</b>	<b>\$ 45,997</b>	<b>\$ 19,202</b>	<b>\$ 585,877</b>	<b>\$ 152,831</b>	<b>\$ 415,343</b>	<b>\$ (21,120)</b>	<b>\$ (153,391)</b>	<b>\$ (132,794)</b>	<b>\$ 4,586,244</b>	<b>\$ -</b>	<b>\$ 4,586,244</b>
BALANCE, JANUARY 1, 2010	207,103	\$ 2,071,029	\$ -	\$ 417,058	\$ 1,129,329	\$ 380	\$ 44,014	\$ 10,776	\$ 512,328	\$ 28,848	\$ 361,727	\$ (16,839)	\$ (25,001)	\$ -	\$ 4,533,649	\$ 281	\$ 4,533,930
Appropriations of 2009 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	27,385	-	(27,385)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	12,993	(12,993)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	-	(207,260)	-	-	-	(207,260)	-	(207,260)
Issuance of common stock for cash (stock options)	157	1,570	-	4,117	-	-	-	-	-	-	-	-	-	-	5,687	-	5,687
Compensation recognized for employee stock options	-	-	-	-	-	-	-	3,552	-	-	-	-	-	-	3,552	-	3,552
Adjustment of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	-	-	4,540	-	-	-	-	-	-	-	4,540	-	4,540
Consolidated net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	-	-	245,046	-	-	-	245,046	-	245,046
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(281)	(281)
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(9,264)	-	-	(9,264)	-	(9,264)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(14,075)	-	(14,075)	-	(14,075)
<b>BALANCE, JUNE 30, 2010</b>	<b>207,260</b>	<b>\$ 2,072,599</b>	<b>\$ -</b>	<b>\$ 421,175</b>	<b>\$ 1,129,329</b>	<b>\$ 380</b>	<b>\$ 48,554</b>	<b>\$ 14,328</b>	<b>\$ 539,713</b>	<b>\$ 41,841</b>	<b>\$ 359,135</b>	<b>\$ (26,103)</b>	<b>\$ (39,076)</b>	<b>\$ -</b>	<b>\$ 4,561,875</b>	<b>\$ -</b>	<b>\$ 4,561,875</b>

**SPRINGSOFT INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED June 30, 2010 AND 2011**  
**(In Thousands)**

	<b>2010</b>	<b>2011</b>	
	<b>NT\$</b>	<b>NT\$</b>	<b>US\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated net income	\$ 245,046	\$ 273,864	\$ 9,291
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	60,745	56,512	1,917
Valuation (gain) loss on financial assets	753	(281)	(10)
Impairment loss	6,300	-	-
Investment (income) loss recognized under equity method	(7,509)	(3,588)	(122)
Gain on sale of investments, net	(982)	(2,134)	(72)
Deferred income tax	(9,877)	9,286	315
Compensation cost of employee stock options	3,552	2,192	74
Prepaid pension cost	(6,940)	(733)	(25)
Others	2	7	-
Net changes in operating assets and liabilities			
Accounts receivable	(17,451)	49,209	1,669
Other receivables	(32,219)	(1,866)	(63)
Other financial assets	(12,445)	49,419	1,677
Inventories	6,169	(1,216)	(41)
Other current assets	(14,224)	7,781	264
Income tax payable	44,836	(46,756)	(1,586)
Other payables	(249,929)	(55,341)	(1,878)
Unearned revenue	98,250	(6,783)	(230)
Other current liabilities	(8,204)	(21,265)	(721)
Other liabilities	6,552	(37,533)	(1,273)
Net cash provided by operating activities	<u>112,425</u>	<u>270,774</u>	<u>9,186</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of financial assets at fair value through profit or loss	(1,341,389)	(1,279,072)	(43,395)
Proceeds from disposal of financial assets at fair value through profit or loss	1,341,946	1,205,729	40,907
Acquisition of available-for-sale financial assets	(288,024)	(385,635)	(13,084)
Proceeds from disposal of available-for-sale financial assets	305,549	384,500	13,045
Proceeds from reduction of investee's capital	2,946	2,651	90
Cash dividends received from investee	-	2,610	88
Acquisition of property, plant and equipment	(12,821)	(6,420)	(218)
Decrease (increase) in refundable deposits	54,022	(9)	-
Others	2,586	(1,280)	(43)
Net cash used in investing activities	<u>64,815</u>	<u>(76,926)</u>	<u>(2,610)</u>

**SPRINGSOFT INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED MARCH 31, 2010 AND 2011  
(In Thousands)**

	<u>2010</u>	<u>2011</u>	
	NT\$	NT\$	US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase(decrease) in short-term loans	\$ 48,274	\$ (29,130)	\$ (988)
Decrease in long-term loans	-	(50,000)	(1,697)
Increase(decrease) in guarantee deposits received	3,546	(13)	-
Issuance of common stock for cash (employee stock options)	5,687	11,226	381
Repurchase of treasury stock	-	(132,794)	(4,505)
Net cash (used in) provided by financing activities	<u>57,507</u>	<u>(200,711)</u>	<u>(6,809)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(9,690)</u>	<u>(9,680)</u>	<u>(328)</u>
NET INCREASE (DECREASE) IN CASH	225,057	(16,543)	(561)
CASH, BEGINNING OF YEAR	<u>1,686,607</u>	<u>2,544,243</u>	<u>86,318</u>
CASH, END OF YEAR	<u>\$ 1,911,664</u>	<u>\$ 2,527,700</u>	<u>\$ 85,757</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Income tax paid	<u>\$ 16,999</u>	<u>\$ 136,513</u>	<u>\$ 4,631</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Cash dividends payable	<u>\$ 207,260</u>	<u>\$ 277,096</u>	<u>\$ 9,401</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>			
Acquisition of property, plant and equipment	\$ 12,338	\$ 5,468	\$ 186
Decrease in payables for equipment purchased	<u>483</u>	<u>952</u>	<u>32</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 12,821</u>	<u>\$ 6,420</u>	<u>\$ 218</u>