

## SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
 JUNE 30, 2007 AND 2008  
 (In Thousands, Except Par Value)  
 (Reviewed, Not Audited)

ASSETS	2007	2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2007	2008	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents (Notes 2, 4 and 19)	\$ 2,257,904	\$ 1,625,908	\$ 53,590	Financial liabilities at fair value through profit or loss - current (Notes 2, 3, 5 and 19)	\$ 117	1,296	\$ 43
Financial assets at fair value through profit or loss - current (Notes 2, 3, 5 and 19)	871,920	772,725	25,469	Accounts payable (Notes 19 and 20)	10,420	5,510	182
Available-for-sale financial assets - current (Notes 2, 3, 6 and 19)	302,428	273,375	9,010	Income tax payable (Notes 2 and 16)	59,822	34,919	1,151
Accounts receivable (Notes 2, 7, 19 and 20)	360,294	312,118	10,287	Accrued expenses (Notes 19 and 20)	74,240	153,213	5,050
Other receivables (Note 19)	12,579	29,329	967	Other payable (Notes 12 and 19)	633,456	621,867	20,497
Other financial assets (Note 19)	4,176	4,477	148	Unearned revenue	32,332	326,374	10,757
Inventories (Notes 2 and 8)	841	22,728	749	Other current liabilities (Notes 2 and 16)	83,898	71,068	2,341
Other current assets (Notes 2 and 16)	8,403	173,002	5,703				
Total current assets	3,818,545	3,213,662	105,923	Total current liabilities	894,285	1,214,247	40,021
<b>LONG-TERM INVESTMENTS</b>				<b>OTHER LIABILITIES</b>			
Investments accounted for using equity method (Notes 2, 3, 9 and 19)	587,080	164,725	5,429	Accrued pension liability (Notes 2 and 13)	7,024	1,871	62
Financial assets carried at cost - noncurrent (Notes 2, 3, 10 and 19)	16,743	120,335	3,966	Guarantee deposits received (Note 19)	2,499	2,308	76
Total long-term investments	603,823	285,060	9,395	Deferred credits (Note 2)	4,693	-	-
				Others (Note 2)	15,000	31,596	1,042
				Total other liabilities	29,216	35,775	1,180
				Total liabilities	923,501	1,250,022	41,201
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 11)</b>				<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 2, 14 and 15)</b>			
Cost				Common stock, \$10 par value			
Buildings	586,048	593,658	19,567	Authorized - 300,000 thousand shares; Issued - 197,283 thousand shares in 2007 and 206,082 thousand shares in 2008	1,972,835	2,060,820	67,924
Machinery and equipment	313,365	384,849	12,685	Stock dividends to be distributed	87,985	50,208	1,655
Office equipment	22,245	65,456	2,157		2,060,820	2,111,028	69,579
Leasehold improvements	2,600	2,600	86	Capital surplus			
Other facilities	1,855	1,859	61	Paid-in capital in excess of par value	435,218	425,114	14,012
	926,113	1,048,422	34,556	Arising from conversion of bonds	1,151,141	1,151,142	37,941
Accumulated depreciation	(227,542)	(331,070)	(10,912)	Gain on sale of fixed assets	380	380	13
Advance payments and construction in progress	22,746	3,917	129	Arising from long-term investments	44,263	44,014	1,451
Net property, plant and equipment	721,317	721,269	23,773	Total capital surplus	1,631,002	1,620,650	53,417
<b>INTANGIBLE ASSETS</b>				Retained earnings			
Goodwill	-	505,294	16,654	Legal reserve	413,564	472,688	15,580
Other intangible assets (Notes 2 and 12)	-	768,386	25,326	Special reserve	28,848	28,848	951
Total intangible assets	-	1,273,680	41,980	Unappropriated earnings	277,159	252,967	8,337
				Total retained earnings	719,571	754,503	24,868
<b>OTHER ASSETS</b>				Others			
Refundable deposits (Note 19)	804	50,815	1,675	Unrealized (losses) gains on financial instruments	1,579	(17,115)	(564)
Certificate of deposit - restricted (Note 19)	610	700	23	Cumulative translation adjustments	3,864	(50,996)	(1,681)
Others	98	14,968	493	Total others	5,443	(68,111)	(2,245)
Total other assets	1,512	66,483	2,191	Treasury stock (at cost) - 4,000 thousand shares in 2007 and 4,000 thousand shares in 2008	(195,140)	(195,140)	(6,432)
<b>TOTAL</b>	<b>\$ 5,145,197</b>	<b>\$ 5,560,154</b>	<b>\$ 183,262</b>	Total equity attributable to stockholders of the parent	4,221,696	4,222,930	139,187
				Minority interests	-	87,202	2,874
				Total equity attributable to stockholders of the parent	4,221,696	4,310,132	142,061
				<b>TOTAL</b>	<b>\$ 5,145,197</b>	<b>\$ 5,560,154</b>	<b>\$ 183,262</b>

The accompanying notes are an integral part of the consolidated financial statements.  
 (With Deloitte & Touche accountants' review report dated August 19, 2008)

## SPRINGSOFT INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2007 AND 2008 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	2007	2008	
	NT\$	NT\$	US\$
NET SALES (Note 20)	\$ 686,094	\$ 1,002,744	\$ 33,050
COST OF SALES (Notes 18 and 20)	<u>(38,428)</u>	<u>(100,115)</u>	<u>(3,300)</u>
GROSS PROFIT	647,666	902,629	29,750
( UNREALIZED ) REALIZED INTERCOMPANY PROFIT (Note 2)	<u>(703)</u>	<u>3,848</u>	<u>127</u>
REALIZED GROSS PROFIT	<u>646,963</u>	<u>906,477</u>	<u>29,877</u>
OPERATING EXPENSES (Notes 18 and 20)			
Selling	(75,169)	(267,858)	(8,828)
General and administrative	(45,003)	(120,438)	(3,970)
Research and development	<u>(109,412)</u>	<u>(232,568)</u>	<u>(7,665)</u>
Total operating expenses	<u>(229,584)</u>	<u>(620,864)</u>	<u>(20,463)</u>
OPERATING INCOME	<u>417,379</u>	<u>285,613</u>	<u>9,414</u>
NONOPERATING INCOME AND GAINS			
Interest income	16,573	18,117	597
Gain on disposal of assets	-	169,704	5,593
Gain on sale of investments, net (Note 2)	16,101	89,648	2,955
Valuation gain on financial assets (Notes 2 and 5)	10,382	-	-
Others (Notes 2 and 5)	<u>1,307</u>	<u>5,259</u>	<u>173</u>
Total nonoperating income and gains	<u>44,363</u>	<u>282,728</u>	<u>9,318</u>
NONOPERATING EXPENSES AND LOSSES			
Investment loss on equity-method investments, net (Notes 2 and 9)	(36,783)	(4,582)	(151)
Foreign exchange loss, net (Note 2)	(1,107)	(11,873)	(391)
Impairment loss of Goodwill (Notes 2)	(2,258)	-	-
Valuation loss on financial assets, net(Notes 2 and 5)	-	(11,457)	(378)
Others (Notes 2 and 5)	<u>(20,244)</u>	<u>(3,376)</u>	<u>(111)</u>
Total nonoperating expenses and losses	<u>(60,392)</u>	<u>(31,288)</u>	<u>(1,031)</u>
INCOME BEFORE INCOME TAX	401,350	537,053	17,701
INCOME TAX EXPENSE (Notes 2 and 16)	<u>(75,000)</u>	<u>(45,714)</u>	<u>(1,507)</u>
CONSOLIDATED NET INCOME	<u>\$ 326,350</u>	<u>\$ 491,339</u>	<u>\$ 16,194</u>

(Continued)

## SPRINGSOFT INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2007 AND 2008 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	US\$
ATTRIBUTABLE TO			
Stockholders of the parent	\$ 326,350	\$ 230,896	\$ 7,610
Minority interests	<u>-</u>	<u>260,443</u>	<u>8,584</u>
	<u>\$ 326,350</u>	<u>\$ 491,339</u>	<u>16,194</u>

	<u>2007</u>		<u>2008</u>			
	<u>Before</u>	<u>After</u>	<u>Before</u>		<u>After</u>	
	<u>Income</u>	<u>Income</u>	<u>Income</u>		<u>Income</u>	
	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>	<u>Tax</u>
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
CONSOLIDATED EARNINGS PER						
SHARE (Note 17)						
Basic earnings per share	<u>\$ 1.95</u>	<u>\$ 1.58</u>	<u>\$ 1.33</u>	<u>\$ 0.04</u>	<u>\$ 1.11</u>	<u>\$ 0.04</u>
Diluted earnings per share	<u>\$ 1.94</u>	<u>\$ 1.58</u>	<u>\$ 1.33</u>	<u>\$ 0.04</u>	<u>\$ 1.11</u>	<u>\$ 0.04</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche accountants' review report dated August 19, 2008)

# SPRINGSOFT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, not Audited)

	Equity Attributable to Stockholders of the Parent											Minority Interests	Total Shareholders' Equity
	Capital Stock Issued (Note 14)			Retained Earnings (Note 14)				Unrealized gain (loss) on financial instruments (Notes 2 and 14)	Others		Total		
	Shares (Thousands)	Amount	Stock Dividends to be Distribution	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Cumulative Translation Adjustments (Note 2)	Treasury Stock (Notes 2 and 15)			
BALANCE, JANUARY 1, 2007	\$ 198,063	\$ 1,980,635	\$ -	\$ 1,676,167	\$ 340,815	\$ 28,848	\$ 733,321	\$ 2,291	\$ (7,156)	\$ (366,285)	\$ 4,388,636	\$ -	\$ 4,388,636
Distribution of 2006 earnings													
Appropriation for legal reserve	-	-	-	-	72,749	-	(72,749)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(483,209)	-	-	-	(483,209)	-	(483,209)
Bonuses to employees, directors and supervisors	-	-	-	-	-	-	(81,306)	-	-	-	(81,306)	-	(81,306)
Stock bonus to employees	-	-	30,000	-	-	-	(30,000)	-	-	-	-	-	-
Stock dividends	-	-	19,328	-	-	-	(19,328)	-	-	-	-	-	-
Capital surplus transferred to capital stock	-	-	38,657	(38,657)	-	-	-	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in investees	-	-	-	(83)	-	-	-	-	-	-	(83)	-	(83)
Cumulative translation adjustment	-	-	-	-	-	-	-	-	11,020	-	11,020	-	11,020
Consolidated net income for the six months ended June 30, 2007	-	-	-	-	-	-	326,350	-	-	-	326,350	-	326,350
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	(712)	-	-	(712)	-	(712)
Disposal of treasure stock -1,220 thousand shares	-	-	-	-	-	-	(43,399)	-	-	104,399	61,000	-	61,000
Cancellation of treasure stock -780 thousand shares	(780)	(7,800)	-	(6,425)	-	-	(52,521)	-	-	66,746	-	-	-
<b>BALANCE, JUNE 30, 2007</b>	<b>\$ 197,283</b>	<b>\$ 1,972,835</b>	<b>\$ 87,985</b>	<b>\$ 1,631,002</b>	<b>\$ 413,564</b>	<b>\$ 28,848</b>	<b>\$ 277,159</b>	<b>\$ 1,579</b>	<b>\$ 3,864</b>	<b>\$ (195,140)</b>	<b>\$ 4,221,696</b>	<b>\$ -</b>	<b>\$ 4,221,696</b>
BALANCE, JANUARY 1, 2008	\$ 206,082	\$ 2,060,820	\$ -	\$ 1,630,754	\$ 413,564	\$ 28,848	\$ 591,245	\$ (3,240)	\$ (3,601)	\$ (195,140)	\$ 4,523,250	\$ -	\$ 4,523,250
Effect of increase in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(139,579)	(139,579)
Distribution of 2007 earnings													
Appropriation for legal reserve	-	-	-	-	59,124	-	(59,124)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(404,164)	-	-	-	(404,164)	-	(404,164)
Bonuses to employees, directors and supervisors	-	-	-	-	-	-	(65,782)	-	-	-	(65,782)	-	(65,782)
Stock bonus to employees	-	-	30,000	-	-	-	(30,000)	-	-	-	-	-	-
Stock dividends	-	-	10,104	-	-	-	(10,104)	-	-	-	-	-	-
Capital surplus transferred to capital stock	-	-	10,104	(10,104)	-	-	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	-	-	-	-	-	-	(47,395)	-	(47,395)	(33,662)	(81,057)
Consolidated net income for the six months ended June 30, 2008	-	-	-	-	-	-	230,896	-	-	-	230,896	260,443	491,339
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	(13,875)	-	-	(13,875)	-	(13,875)
<b>BALANCE, JUNE 30, 2008</b>	<b>\$ 206,082</b>	<b>\$ 2,060,820</b>	<b>\$ 50,208</b>	<b>\$ 1,620,650</b>	<b>\$ 472,688</b>	<b>\$ 28,848</b>	<b>\$ 252,967</b>	<b>\$ (17,115)</b>	<b>\$ (50,996)</b>	<b>\$ (195,140)</b>	<b>\$ 4,222,930</b>	<b>\$ 87,202</b>	<b>\$ 4,310,132</b>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated August 19, 2008)

# SPRINGSOFT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2008

(In Thousands)

(Reviewed, Not Audited)

	2007	2008	
	NT\$	NT\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated net income	\$ 326,350	\$ 491,339	\$ 16,194
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,322	39,574	1,304
Valuation (gain) loss on financial assets	(10,382)	11,457	378
Impairment loss of Goodwill	2,258	-	-
Investment loss on equity-method investees	36,783	4,582	151
Gain on disposal of investments	(16,101)	(16,571)	(546)
Unrealized (realized) intercompany profit	703	(3,848)	(127)
Cash dividends from investee's company under equity-method	5,612	15,138	499
Deferred income tax	(1,086)	(5,590)	(184)
Accrued pension liability	(1,655)	(3,339)	(110)
Others	(79)	8	-
Net changes in operating assets and liabilities			
Financial assets for trading	(15,104)	72,450	2,388
Accounts receivable	81,930	171,828	5,663
Other receivable	37,643	(25,670)	(846)
Inventories	2,948	(4,595)	(151)
Other financial assets	(811)	3,946	130
Other current assets	(744)	43,901	1,447
Other assets	-	49,484	1,631
Accounts payable	(12,729)	(181,833)	(5,993)
Income tax payable	(22,287)	17,564	579
Accrued expenses	(16,237)	47,022	1,550
Other accounts payable	-	80,045	2,638
Unearned revenue	7,226	(37,339)	(1,231)
Other current liabilities	(30,338)	(186,932)	(6,161)
Net cash provided by operating activities	<u>401,222</u>	<u>582,621</u>	<u>19,203</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of goodwill	-	(505,294)	(16,654)
Proceeds from decrease of capital of investee	4,041	3,637	120
Acquisition of financial assets carried at cost	-	(50,000)	(1,648)
Proceeds from sales of financial assets carried at cost	3,305	-	-
Acquisition of available-for-sale financial assets	(549,120)	(580,000)	(19,116)
Proceeds from disposal of available-sale financial assets	770,624	588,149	19,385
Acquisition of property, plant and equipment	(96,477)	(9,797)	(323)
Acquisition of intangible assets	-	(774,345)	(25,522)
Increase in refundable deposits	-	(49,777)	(1,641)

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# SPRINGSOFT INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2008

(In Thousands)

(Reviewed, Not Audited)

	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	US\$
Others	<u>232</u>	<u>(700)</u>	<u>(23)</u>
Net cash provided by (used in) investing activities	<u>132,605</u>	<u>(1,378,127)</u>	<u>(45,422)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in long-term notes payable	-	(182,040)	(6,000)
Cash bonus to employees and remuneration paid to directors and supervisors	(54,159)	(63,386)	(2,089)
Proceeds from sale of treasury stock	61,000	-	-
Others	<u>20</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>6,861</u>	<u>(245,426)</u>	<u>(8,089)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>3,158</u>	<u>(34,406)</u>	<u>(1,134)</u>
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>-</u>	<u>586,179</u>	<u>19,320</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	543,846	(489,159)	(16,122)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,714,058</u>	<u>2,115,067</u>	<u>69,712</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,257,904</u>	<u>\$ 1,625,908</u>	<u>\$ 53,590</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Income tax paid	<u>\$ 98,372</u>	<u>\$ 29,483</u>	<u>\$ 972</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Cash dividends payable	<u>\$ 483,209</u>	<u>\$ 404,164</u>	<u>\$ 13,321</u>
Cash paid for acquisition of property, plant and equipment			
Total acquisition	\$ 69,371	\$ 11,355	\$ 374
Equipment payable, beginning of period	27,897	500	17
Equipment payable, end of period	<u>(791)</u>	<u>(2,058)</u>	<u>(68)</u>
Net cash paid	<u>\$ 96,477</u>	<u>\$ 9,797</u>	<u>\$ 323</u>

(Concluded)

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(With Deloitte & Touche accountants' review report dated August 19, 2008)