

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
 JUNE 30, 2008 AND 2009
 (In Thousands, Except Par Value)
 (Reviewed, Not Audited)

ASSETS	2008 NT\$	2009 NT\$	LIABILITIES AND STOCKHOLDERS' EQUITY	2008 NT\$	2009 NT\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents (Notes 2, 4 and 19)	\$ 1,625,908	\$ 1,462,070	Notes payable (Note 19)	\$ -	\$ 140
Financial assets at fair value through profit or loss - current (Notes 2, 3, 5 and 19)	772,725	44,300	Financial liabilities at fair value through profit or loss - current (Notes 2, 3, 5 and 19)	1,296	-
Available-for-sale financial assets - current (Notes 2, 6 and 19)	273,375	639,318	Accounts payable (Note 19)	5,510	-
Accounts receivable (Notes 2, 7 and 19)	312,118	220,811	Income tax payable (Notes 2 and 16)	34,919	4,247
Other receivables (Note 19)	29,329	66,282	Accrued expenses (Note 19)	153,213	199,861
Other financial assets (Note 19)	4,477	12,085	Other payable (Note 19)	621,867	408,762
Inventories (Notes 2, 3 and 8)	22,728	14,665	Unearned revenue	326,374	332,467
Other current assets (Notes 2, 13 and 16)	<u>169,880</u>	<u>88,097</u>	Other current liabilities (Note 2)	<u>67,946</u>	<u>59,566</u>
Total current assets	<u>3,210,540</u>	<u>2,547,628</u>	Total current liabilities	<u>1,211,125</u>	<u>1,005,043</u>
LONG-TERM INVESTMENTS			OTHER LIABILITIES		
Investments accounted for using equity method (Notes 2, 9 and 19)	164,725	138,407	Accrued pension liability (Notes 2 and 13)	1,871	-
Financial assets carried at cost - noncurrent (Notes 2, 10 and 19)	<u>120,335</u>	<u>115,492</u>	Guarantee deposits received (Note 19)	2,308	15,851
Total long-term investments	<u>285,060</u>	<u>253,899</u>	Others (Note 2)	<u>31,596</u>	<u>106,471</u>
			Total other liabilities	<u>35,775</u>	<u>122,322</u>
			Total liabilities	<u>1,246,900</u>	<u>1,127,365</u>
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 11)			EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT (Notes 2, 3, 14 and 15)		
Cost			Common stock, \$10 par value		
Buildings	593,658	586,400	Authorized - 300,000 thousand shares; Issued - 206,082 thousand shares in 2008 and 211,103 thousand shares in 2009	2,060,820	2,111,028
Machinery and equipment	384,849	415,727	Stock dividends to be distributed	<u>50,208</u>	<u>-</u>
Office equipment	65,456	43,370		<u>2,111,028</u>	<u>2,111,028</u>
Leasehold improvements	2,600	28,558	Capital surplus		
Other facilities	<u>1,859</u>	<u>1,891</u>	Paid-in capital in excess of par value	425,114	425,114
	1,048,422	1,075,946	Arising from conversion of bonds	1,151,142	1,151,142
Accumulated depreciation	(331,070)	(379,385)	Gain on sale of fixed assets	380	380
Advance payments and construction in progress	<u>3,917</u>	<u>27</u>	Arising from long-term investments	44,014	44,014
Net property, plant and equipment	<u>721,269</u>	<u>696,588</u>	Employee stock options	-	5,993
			Total capital surplus	<u>1,620,650</u>	<u>1,626,643</u>
INTANGIBLE ASSETS			Retained earnings		
Goodwill (Note 2)	505,294	892,888	Legal reserve	472,688	512,328
Other intangible assets (Notes 2 and 12)	<u>768,386</u>	<u>836,870</u>	Special reserve	28,848	28,848
Total intangible assets	<u>1,273,680</u>	<u>1,729,758</u>	Unappropriated earnings	<u>252,967</u>	<u>356,058</u>
			Total retained earnings	<u>754,503</u>	<u>897,234</u>
OTHER ASSETS			Others		
Refundable deposits (Note 19)	50,815	59,278	Unrealized gains (losses) on financial instruments	(17,115)	(28,973)
Deferred income tax assets-noncurrent (Notes 2 and 16)	-	221,598	Cumulative translation adjustments	(50,996)	(12,090)
Certificate of deposit - restricted (Notes 19 and 20)	700	1,192	Treasury stock (at cost) - 4,000 thousand shares in 2008 and 4,000 thousand shares in 2009	<u>(195,140)</u>	<u>(195,140)</u>
Others	<u>14,968</u>	<u>16,407</u>	Total others	<u>(263,251)</u>	<u>(236,203)</u>
Total other assets	<u>66,483</u>	<u>298,475</u>	Total equity attributable to stockholders of the parent	4,222,930	4,398,702
TOTAL	<u>\$ 5,557,032</u>	<u>\$ 5,526,348</u>	MINORITY INTERESTS	<u>87,202</u>	<u>281</u>
			Total stockholders' equity	<u>4,310,132</u>	<u>4,398,983</u>
			TOTAL	<u>\$ 5,557,032</u>	<u>\$ 5,526,348</u>

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

(With Deloitte & Touche accountants' review report dated July 31, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2008 AND 2009 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	<u>2008</u>	<u>2009</u>
	NT\$	NT\$
NET SALES	\$ 1,002,744	\$ 1,018,313
COST OF SALES (Note 18)	<u>(100,115)</u>	<u>(50,604)</u>
GROSS PROFIT	902,629	967,709
REALIZED INTERCOMPANY PROFIT (Note 2)	<u>3,848</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>906,477</u>	<u>967,709</u>
OPERATING EXPENSES (Note 18)		
Selling	(267,858)	(325,465)
General and administrative	(120,438)	(204,637)
Research and development	<u>(232,568)</u>	<u>(255,803)</u>
Total operating expenses	<u>(620,864)</u>	<u>(785,905)</u>
OPERATING INCOME	<u>285,613</u>	<u>181,804</u>
NONOPERATING INCOME AND GAINS		
Interest income	18,117	3,325
Investment income recognized under equity method (Notes 2 and 9)	-	2,684
Gain on disposal of assets	169,704	-
Gain on sale of investments, net	89,648	2,595
Exchange gain, net (Note 2)	-	16,046
Others	<u>5,259</u>	<u>4,170</u>
Total nonoperating income and gains	<u>282,728</u>	<u>28,820</u>
NONOPERATING EXPENSES AND LOSSES		
Investment loss on equity-method investments, net (Notes 2 and 9)	(4,582)	-
Foreign exchange loss, net (Note 2)	(11,873)	-
Valuation loss on financial assets, net(Notes 2 and 5)	(11,457)	(25,293)
Others	<u>(3,376)</u>	<u>(118)</u>
Total nonoperating expenses and losses	<u>(31,288)</u>	<u>(25,411)</u>
INCOME BEFORE INCOME TAX	537,053	185,213
INCOME TAX EXPENSE (Notes 2 and 16)	<u>(45,714)</u>	<u>(42,303)</u>
CONSOLIDATED NET INCOME	<u>\$ 491,339</u>	<u>\$ 142,910</u>

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2008 AND 2009 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	<u>2008</u>		<u>2009</u>	
	NT\$		NT\$	
ATTRIBUTABLE TO				
Stockholders of the parent	\$	230,896	\$	142,910
Minority interests		<u>260,443</u>		<u>-</u>
		<u>\$ 491,339</u>		<u>\$ 142,910</u>

	<u>2008</u>		<u>2009</u>	
	<u>Before</u>	<u>After Income</u>	<u>Before</u>	<u>After</u>
	<u>Income Tax</u>	<u>Tax</u>	<u>Income Tax</u>	<u>Income Tax</u>
	NT\$	NT\$	NT\$	NT\$
CONSOLIDATED EARNINGS PER				
SHARE (Note 17)				
Basic earnings per share	<u>\$ 1.33</u>	<u>\$ 1.11</u>	<u>\$ 0.89</u>	<u>\$ 0.69</u>
Diluted earnings per share	<u>\$ 1.33</u>	<u>\$ 1.11</u>	<u>\$ 0.88</u>	<u>\$ 0.68</u>

(Concluded)

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

(With Deloitte & Touche accountants' review report dated July 31, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2008 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, not Audited)

	Equity Attributable to Stockholders of the Parent							Others			Total Shareholders' Equity		
	Capital Stock Issued (Note 14)			Retained Earnings (Note 14)				Unrealized Gain (Loss) on Financial Instruments (Notes 2 and 10)	Cumulative Translation Adjustments (Note 2)	Treasury Stock (Notes 2 and 15)			
	Shares (Thousands)	Amount	Stock Dividends to be Distribution	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					Total	Minority Interests
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)
BALANCE, JUNE 30, 2008	<u>\$ 206,082</u>	<u>\$ 2,060,820</u>	<u>\$ 50,208</u>	<u>\$ 1,620,650</u>	<u>\$ 472,688</u>	<u>\$ 28,848</u>	<u>\$ 252,967</u>	<u>\$ (17,115)</u>	<u>\$ (50,996)</u>	<u>\$ (195,140)</u>	<u>\$ 4,222,930</u>	<u>\$ 87,202</u>	<u>\$ 4,310,132</u>
BALANCE, JANUARY 1, 2009	211,103	2,111,028	-	1,622,148	472,688	28,848	418,470	(36,081)	11,568	(195,140)	4,433,529	116	4,433,645
Distribution of 2008 earnings													
Appropriation for legal reserve	-	-	-	-	39,640	-	(39,640)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(165,682)	-	-	-	(165,682)	-	(165,682)
Compensation recognized for employee stock options	-	-	-	4,495	-	-	-	-	-	-	4,495	-	4,495
Cumulative translation adjustment	-	-	-	-	-	-	-	-	(23,658)	-	(23,658)	165	(23,493)
Consolidated net income for the six months ended June 30, 2009	-	-	-	-	-	-	142,910	-	-	-	142,910	-	142,910
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	7,108	-	-	7,108	-	7,108
BALANCE, JUNE 30, 2009	<u>\$ 211,103</u>	<u>\$ 2,111,028</u>	<u>\$ -</u>	<u>\$ 1,626,643</u>	<u>\$ 512,328</u>	<u>\$ 28,848</u>	<u>\$ 356,058</u>	<u>\$ (28,973)</u>	<u>\$ (12,090)</u>	<u>\$ (195,140)</u>	<u>\$ 4,398,702</u>	<u>\$ 281</u>	<u>\$ 4,398,983</u>

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

(With Deloitte & Touche review report dated July 31, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2009

(In Thousands)

(Reviewed, Not Audited)

	2008 NT\$	2009 NT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 491,339	\$ 142,910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39,574	59,105
Valuation loss on financial assets	11,457	25,293
Investment loss (income) on equity-method investees	4,582	(2,684)
Gain on disposal of investments	(16,571)	(2,595)
Unrealized (realized) intercompany profit	(3,848)	-
Cash dividends from investee's company under equity-method	15,138	-
Deferred income tax	(5,590)	9,137
Accrued pension liability	(3,339)	(264)
Others	8	-
Net changes in operating assets and liabilities		
Financial assets for trading	72,450	18,182
Accounts receivable	171,828	106,378
Other receivable	(25,670)	(12,340)
Inventories	(4,595)	(4,062)
Other financial assets	3,946	(8,187)
Other current assets	43,901	48,063
Other assets	49,484	(9,464)
Accounts payable	(181,833)	-
Income tax payable	17,564	(33,845)
Accrued expenses	47,022	(2,796)
Other accounts payable	80,045	67,761
Unearned revenue	(37,339)	(106,787)
Other current liabilities	(186,932)	(6,066)
Other liabilities	-	50,459
Net cash provided by operating activities	<u>582,621</u>	<u>338,198</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of goodwill	(505,294)	(387,372)
Proceeds from decrease of capital of investee	3,637	3,273
Acquisition of financial assets carried at cost	(50,000)	-
Acquisition of available-for-sale financial assets	(580,000)	(577,327)
Proceeds from disposal of available-for-sale financial assets	588,149	544,278
Acquisition of property, plant and equipment	(9,797)	(13,042)
Acquisition of intangible assets	(774,345)	(109,799)
Increase in refundable deposits	(49,777)	(4,568)
Others	(700)	(492)
Net cash used in investing activities	<u>(1,378,127)</u>	<u>(545,049)</u>

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2009

(In Thousands)

(Reviewed, Not Audited)

	<u>2008</u> NT\$	<u>2009</u> NT\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term notes payable	\$ (182,040)	\$ -
Cash bonus to employees and remuneration paid to directors and supervisors	(63,386)	(50,048)
Increase in guarantee deposits received	<u>-</u>	<u>13,355</u>
Net cash used in financing activities	<u>(245,426)</u>	<u>(36,693)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(34,406)</u>	<u>(22,758)</u>
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>586,179</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(489,159)	(266,302)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,115,067</u>	<u>1,728,372</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,625,908</u>	<u>\$ 1,462,070</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income tax paid	<u>\$ 29,483</u>	<u>\$ 80,478</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash dividends payable	<u>\$ 404,164</u>	<u>\$ 165,682</u>
Cash paid for acquisition of property, plant and equipment		
Total acquisition	\$ 11,355	\$ 11,331
Equipment payable, beginning of period	500	2,735
Equipment payable, end of period	<u>(2,058)</u>	<u>(1,024)</u>
Net cash paid	<u>\$ 9,797</u>	<u>\$ 13,042</u>

(Concluded)

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