

SPRINGSOFT INC. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2009
(In Thousands, Except Par Value)**

ASSETS	2008 NT\$	2009 NT\$	LIABILITIES AND STOCKHOLDERS' EQUITY	2008 NT\$	2009 NT\$
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 1,683,068	\$ 1,455,046	Notes and accounts payable	\$ 16,866	\$ 140
Financial assets at fair value through profit or loss - current	421,667	4,577	Income tax payable	48,381	581
Available-for-sale financial assets - current	334,158	638,079	Accrued expenses	155,394	251,999
Notes receivable	214	9,660	Other payable	384,620	210,321
Accounts receivable	389,567	306,981	Unearned revenue	373,691	423,360
Other receivables	10,800	68,621	Other current liabilities	<u>75,005</u>	<u>79,314</u>
Other financial assets	3,998	3,261	Total current liabilities	<u>1,053,957</u>	<u>965,715</u>
Inventories	23,379	11,029	LONG-TERM LIABILITIES		
Other current assets	<u>146,608</u>	<u>81,589</u>	Long-term debt	<u>-</u>	<u>50,000</u>
Total current assets	<u>3,013,459</u>	<u>2,578,843</u>	Total long-term liabilities	<u>-</u>	<u>50,000</u>
LONG-TERM INVESTMENTS			OTHER LIABILITIES		
Investments accounted for using equity method	164,167	139,096	Accrued pension liability	1,066	-
Financial assets carried at cost - noncurrent	<u>127,343</u>	<u>114,205</u>	Guarantee deposits received	19,079	32,212
Total long-term investments	<u>291,510</u>	<u>253,301</u>	Others	<u>33,947</u>	<u>6,268</u>
PROPERTY, PLANT AND EQUIPMENT			Total other liabilities	<u>54,092</u>	<u>38,480</u>
Cost			Total liabilities	<u>1,108,049</u>	<u>1,054,195</u>
Buildings	597,719	587,102	EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT		
Machinery and equipment	393,425	418,827	Common stock, \$10 par value		
Office equipment	73,868	51,166	Authorized - 300,000 thousand shares; Issued - 211,103 thousand shares in 2008 and 207,103 thousand shares in 2009	2,111,029	2,071,029
Leasehold improvements	2,600	28,024	Capital surplus		
Other facilities	<u>1,889</u>	<u>1,911</u>	Paid-in capital in excess of par value	425,114	417,059
	1,069,501	1,087,030	Arising from conversion of bonds	1,151,141	1,129,329
Accumulated depreciation	(352,211)	(400,929)	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>721,207</u>	<u>686,128</u>	Employee stock options	<u>-</u>	<u>8,362</u>
INTANGIBLE ASSETS			Total capital surplus	<u>1,620,649</u>	<u>1,599,144</u>
Goodwill	505,515	885,274	Retained earnings		
Other intangible assets	<u>752,255</u>	<u>842,004</u>	Legal reserve	472,688	512,328
Total intangible assets	<u>1,257,770</u>	<u>1,727,278</u>	Special reserve	28,848	28,848
OTHER ASSETS			Unappropriated earnings	<u>335,616</u>	<u>309,916</u>
Refundable deposits	50,888	59,556	Total retained earnings	<u>837,152</u>	<u>851,092</u>
Deferred income tax assets-noncurrent	88,920	222,697	Others		
Certificate of deposit - restricted	700	700	Unrealized gains (losses) on financial instruments	(26,961)	(19,295)
Others	<u>18,742</u>	<u>187</u>	Cumulative translation adjustments	(11,582)	(27,756)
Total other assets	<u>159,250</u>	<u>283,140</u>	Treasury stock (at cost) - 4,000 thousand shares in 2008	<u>(195,140)</u>	<u>-</u>
TOTAL	<u>\$ 5,443,196</u>	<u>\$ 5,528,690</u>	Total others	<u>(233,683)</u>	<u>(47,051)</u>
			Total equity attributable to stockholders of the parent	4,335,147	4,474,214
			MINORITY INTERESTS	<u>-</u>	<u>281</u>
			Total stockholders' equity	<u>4,335,147</u>	<u>4,474,495</u>
			TOTAL	<u>\$ 5,443,196</u>	<u>\$ 5,528,690</u>

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2009 (In Thousands, Except Consolidated Earnings Per Share)

	<u>2008</u>	<u>2009</u>
	NT\$	NT\$
NET SALES	\$ 1,472,476	\$ 1,526,756
COST OF SALES	<u>(134,724)</u>	<u>(70,496)</u>
GROSS PROFIT	1,337,752	1,456,260
OPERATING EXPENSES		
Selling	(411,445)	(457,060)
General and administrative	(181,854)	(290,117)
Research and development	<u>(400,745)</u>	<u>(441,020)</u>
Total operating expenses	<u>(994,044)</u>	<u>(1,188,197)</u>
OPERATING INCOME	<u>343,708</u>	<u>268,063</u>
NONOPERATING INCOME AND GAINS		
Interest income	26,460	3,067
Investment income recognized under equity method	-	3,375
Gain on disposal of assets	170,489	-
Gain on sale of investments, net	166,532	-
Exchange gain, net	8,777	14,473
Valuation gain on financial asset, net	-	47,532
Others	<u>15,242</u>	<u>35,828</u>
Total nonoperating income and gains	<u>387,500</u>	<u>104,275</u>
NONOPERATING EXPENSES AND LOSSES		
Investment loss on equity-method investments, net	(5,141)	-
Loss on sale of investment, net	-	(68,468)
Valuation loss on financial assets, net	(67,747)	-
Others	<u>(18,282)</u>	<u>(36,049)</u>
Total nonoperating expenses and losses	<u>(91,170)</u>	<u>(104,517)</u>
INCOME BEFORE INCOME TAX	640,038	267,821
INCOME TAX EXPENSE	<u>(66,049)</u>	<u>(45,779)</u>
CONSOLIDATED NET INCOME	<u>\$ 573,989</u>	<u>\$ 222,042</u>

(Continued)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2009 (In Thousands, Except Consolidated Earnings Per Share)

	2008		2009	
	NT\$		NT\$	
ATTRIBUTABLE TO				
Stockholders of the parent	\$	313,546	\$	222,041
Minority interests		<u>260,443</u>		<u>1</u>
	\$	<u><u>573,989</u></u>	\$	<u><u>222,042</u></u>
		2008	2009	
	Before	After Income	Before	After
	Income Tax	Tax	Income Tax	Income Tax
	NT\$	NT\$	NT\$	NT\$
CONSOLIDATED EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 1.83</u>	<u>\$1.51</u>	<u>\$1.29</u>	<u>\$1.07</u>
Diluted earnings per share	<u>\$ 1.81</u>	<u>\$1.50</u>	<u>\$1.26</u>	<u>\$1.05</u>

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2009

(In Thousands)

	<u>2008</u> NT\$	<u>2009</u> NT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 573,989	\$ 222,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,935	84,840
Provision for doubtful accounts	-	3,392
Compensation cost of employee stock options	-	6,863
Valuation loss (gain) on financial assets	67,747	(47,532)
Investment loss (income) on equity-method investees	5,141	(3,375)
Gain on disposal of investments	(68,484)	68,468
Cash dividends from investee's company under equity-method	15,138	-
Deferred income tax	(100,142)	9,691
Others	(3,831)	-
Net changes in operating assets and liabilities		
Financial assets for trading	431,405	-
Notes and Accounts receivable	52,516	7,219
Other receivable	(8,172)	(17,620)
Inventories	(3,985)	(634)
Other current assets	100,498	58,929
Other assets	52,862	4,818
Accounts payable	(195,209)	-
Income tax payable	30,471	(36,980)
Accrued expenses	48,008	46,438
Other accounts payable	64,088	(13,788)
Unearned revenue	(10,118)	(8,501)
Other current liabilities	(74,105)	13,659
Other liabilities	785	(49,883)
Net cash provided by operating activities	<u>1,040,537</u>	<u>348,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of goodwill	(505,515)	(379,758)
Proceeds from decrease of capital of investee	3,637	3,273
Acquisition of financial assets carried at cost	(23,211)	-
Acquisition of financial assets designated as at fair value through profit or loss	-	(790,178)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	-	849,476
Acquisition of available-for-sale financial assets	(925,001)	(592,327)
Proceeds from disposal of available-for-sale financial assets	863,600	570,565
Acquisition of property, plant and equipment	(20,869)	(19,010)
Acquisition of intangible assets	(763,633)	(105,102)
Increase in refundable deposits	(49,809)	(4,784)
Others	(700)	-
Net cash used in investing activities	<u>(1,421,501)</u>	<u>(467,845)</u>

CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term notes payable	(193,020)	-
Increase in other accounts payable	157,633	-
Proceeds from long-term debt	-	50,000
Cash bonus to employees and remuneration paid to directors and supervisors	(77,736)	-
Increase in guarantee deposits received	5,193	29,766
Cash dividends	<u>(404,164)</u>	<u>(165,682)</u>
Net cash used in financing activities	<u>(512,094)</u>	<u>(85,916)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(33,893)</u>	<u>(67,611)</u>
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>494,952</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(431,999)	(273,326)
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>\$ 1,683,068</u>	<u>\$ 1,455,046</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income tax paid	<u>\$ 139,689</u>	<u>\$ 88,231</u>
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 21,171	\$ 16,858
Decrease (increase) in payable for equipment purchased	<u>(302)</u>	<u>2,152</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 20,869</u>	<u>\$ 19,010</u>

(Concluded)