

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2008 AND 2009

(In Thousands, Except Par Value)

ASSETS	2008	2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2009	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	\$ 1,846,415	\$ 1,423,697	\$ 41,898	Notes payable	\$ -	\$ 140	\$ 4
Financial assets at fair value through profit or loss	857,253	91,326	2,688	Financial liability at fair value through profit or loss			
- current				- current	37,757	50,290	1,480
Available-for-sale financial assets - current	779,337	628,682	18,502	Income tax payable	45,154	3,110	92
Accounts receivable	223,108	212,736	6,261	Accrued expenses	82,205	138,046	4,063
Other receivables	450	24,288	715	Other payables	140,209	196,035	5,769
Other financial assets	3,997	3,255	96	Unearned revenue	33,696	409,555	12,053
Inventories	33,919	11,569	340	Other current liabilities	66,482	72,486	2,133
Other current assets	42,969	59,025	1,737				
Total current assets	3,787,448	2,454,578	72,236	Total current liabilities	407,017	869,662	25,593
LONG-TERM INVESTMENTS				OTHER LIABILITIES			
Investments accounted for using equity method	250,038	139,353	4,101	Accrued pension liability	4,462	-	-
Financial assets carried at cost - noncurrent	70,474	117,688	3,463	Guarantee deposits received	3,654	2,495	73
Total long-term investments	320,512	257,041	7,564	Deferred credits - gain on inter-company transactions	4,274	-	-
				Others	15,000	104,072	3,063
				Total other liabilities	27,390	106,567	3,136
				Total liabilities	434,407	976,229	28,730
PROPERTY, PLANT AND EQUIPMENT				EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT			
Cost				Common stock - \$10 par value			
Buildings	593,172	585,319	17,225	Authorized - 300,000 thousand shares; Issued -			
Machinery and equipment	348,711	419,284	12,339	206,082 thousand shares in 2007 and 211,103			
Office equipment	36,581	45,081	1,327	thousand shares in 2008	2,060,820	2,111,028	62,126
Leasehold improvements	2,600	28,950	852	Capital surplus			
Other facilities	12,325	1,860	55	Paid-in capital in excess of par value	435,218	425,114	12,511
	993,389	1,080,494	31,798	From conversion of bonds	1,151,142	1,151,142	33,877
Accumulated depreciation	(273,826)	(371,047)	(10,920)	Gain on sale of fixed assets	380	380	11
Advance payments and construction in progress	2,768	252	7	From long-term investments	44,014	44,014	1,295
Net property, plant and equipment	722,331	709,699	20,088	Employee stock options	-	3,746	110
				Total capital surplus	1,630,753	1,624,396	47,804
INTANGIBLE ASSETS				Retained earnings			
Goodwill	94,615	906,472	26,677	Legal reserve	413,564	472,688	13,911
Other intangible assets	58,455	854,764	25,155	Special reserve	28,848	28,848	849
Total intangible assets	153,070	1,761,236	51,832	Unappropriated earnings	747,556	496,043	14,598
				Total retained earnings	1,189,968	997,579	29,358
OTHER ASSETS				Others			
Refundable deposits	1,117	59,164	1,741	Cumulative translation adjustments	(54,163)	10,693	315
Deferred income tax assets - noncurrent	-	244,550	7,197	Unrealized losses on financial instruments	(9,186)	(34,309)	(1,010)
Certificate of deposit - restricted	-	700	21	Total others	(63,349)	(23,616)	(695)
Others	4,942	3,789	112	Treasury stock (at cost) - 4,000 thousand shares in			
Total other assets	6,059	308,203	9,070	2007 and 2008	(195,140)	(195,140)	(5,743)
				Total equity attributable to stockholders of the			
				parent	4,623,052	4,514,247	132,850
				MINORITY INTERESTS			
					(68,039)	281	8
				Total stockholders' equity	4,555,013	4,514,528	132,858
TOTAL	\$ 4,989,420	\$ 5,490,757	\$ 161,588	TOTAL	\$ 4,989,420	\$ 5,490,757	\$ 161,588

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED MARCH 31, 2008 AND 2009 (In Thousands, Except Consolidated Earnings Per Share)

	2008	2009	
	NT\$	NT\$	US\$
GROSS SALES	\$ 352,170	\$ 484,302	\$ 14,253
COST OF SALES	<u>(18,574)</u>	<u>(27,681)</u>	<u>(815)</u>
GROSS PROFIT	333,596	456,621	13,438
REALIZED INTER-COMPANY GAIN	<u>(3,556)</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>330,040</u>	<u>456,621</u>	<u>13,438</u>
OPERATING EXPENSES			
Selling	(45,625)	(151,142)	(4,448)
General and administrative	(32,621)	(113,507)	(3,340)
Research and development	<u>(110,328)</u>	<u>(132,879)</u>	<u>(3,911)</u>
Total operating expenses	<u>(188,574)</u>	<u>(397,528)</u>	<u>(11,699)</u>
OPERATING INCOME	<u>141,466</u>	<u>59,093</u>	<u>1,739</u>
NONOPERATING INCOME AND GAINS			
Interest income	9,944	3,296	97
Investment gain recognized under equity method, net	2,973	3,630	107
Gain on sale of investments, net	2,971	8	0
Exchange gain, net	-	24,973	735
Valuation gain on financial assets	5,065	3,895	115
Others	<u>64,920</u>	<u>1,486</u>	<u>44</u>
Total nonoperating income and gains	<u>85,873</u>	<u>37,288</u>	<u>1,097</u>
NONOPERATING EXPENSES AND LOSSES			
Exchange loss, net	(9,807)	-	-
Others	<u>(46)</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses and losses	<u>(9,853)</u>	<u>-</u>	<u>-</u>
INCOME BEFORE INCOME TAX	217,486	96,381	2,836
INCOME TAX (EXPENSE) BENEFIT	<u>(23,024)</u>	<u>(18,808)</u>	<u>(554)</u>
CONSOLIDATED NET INCOME	<u>\$ 194,462</u>	<u>\$ 77,573</u>	<u>\$ 2,283</u>
ATTRIBUTABLE TO			
Stockholders of the parent	\$ 156,311	\$ 77,573	\$ 2,283

(Continued)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2008 AND 2009

(In Thousands, Except Consolidated Earnings Per Share)

	<u>2008</u>		<u>2009</u>			
	NT\$		NT\$	US\$		
Minority interest	38,151		-	-		
	<u>\$ 194,462</u>		<u>\$ 77,573</u>	<u>\$ 2,283</u>		
	<u>2008</u>		<u>2009</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>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>US\$</u>	<u>NT\$</u>	<u>US\$</u>
CONSOLIDATED EARNINGS PER SHARE						
Basic earnings per share	<u>\$ 0.87</u>	<u>\$ 0.75</u>	<u>\$ 0.47</u>	<u>\$ 0.01</u>	<u>\$ 0.37</u>	<u>\$ 0.01</u>
Diluted earnings per share	<u>\$ 0.87</u>	<u>\$ 0.75</u>	<u>\$ 0.46</u>	<u>\$ 0.01</u>	<u>\$ 0.37</u>	<u>\$ 0.01</u>

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2008 AND 2009

(In Thousands)

	2008	2009	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	\$ 194,462	\$ 77,573	\$ 2,283
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	17,234	22,491	662
Valuation loss (gain) on financial assets	(5,065)	(3,895)	(115)
Gain on sale of investments	(2,971)	(8)	0
Investment loss recognized under equity method	(2,973)	(3,630)	(107)
Dividends received from equity method investees	15,138	-	-
Realized inter-company gain	426	-	-
Deferred income tax	(2,765)	(4,671)	(137)
Others	(730)	(264)	(8)
Net changes in operating assets and liabilities			
Financial assets for trading	(4,139)	8	0
Financial liability for trading	406	-	-
Accounts receivable	131,256	118,008	3,473
Other receivables	(26)	29,608	871
Inventories	(27,449)	(969)	(29)
)Other financial assets	5,036	643	19
Other current assets	(14,081)	76,859	2,262
Other assets	(4,829)	1,282	38
Notes and accounts payable	22,776	16,985	500
Income tax payable	27,757	(35,175)	(1,035)
Accrued expenses	(13,999)	(66,839)	(1,967)
)Other payables	69,760	18,244	537
Unearned revenue	3,159	(46,358)	(1,364)
Other current liabilities	(68,743)	3,974	117
Other liabilities	-	10,000	294
Net cash provided by operating activities	<u>339,640</u>	<u>213,866</u>	<u>6,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of goodwill	(94,615)	(400,956)	(11,800)
)Acquisition of intangible assets	(58,638)	(114,028)	(3,356)
)Acquisition of available-for-sale financial assets	(580,000)	(30,000)	(883)
Proceeds from sales of available-for-sale financial assets	109,515	-	-
Proceeds from reduction of investee's capital	3,637	3,272	96
Increase in refundable deposits	-	(3,290)	(97)
Acquisition of property, plant and equipment	(3,786)	(4,836)	(142)

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED MARCH 31, 2008 AND 2009

(In Thousands)

	2008	2009	
	NT\$	NT\$	US\$
Others	<u>(77)</u>	<u>160</u>	<u>5</u>
Net cash (used in) provided by investing activities	<u>(623,964)</u>	<u>(549,678)</u>	<u>(16,177)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash bonus to employees, directors and supervisors	(63,167)	(49,818)	(1,466)
Increase and decrease in guarantee deposits received	<u>1,187</u>	<u>-</u>	<u>0</u>
Net cash used in financing activities	<u>(61,980)</u>	<u>(49,818)</u>	<u>(1,466)</u>
EFFECT OF EXCHANGE RATE CHANGES	294,804	(6,888)	(203)
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>(217,152)</u>	<u>87,843</u>	<u>2,585</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(268,652)	(304,675)	(8,966)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,115,067</u>	<u>1,728,372</u>	<u>50,864</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,846,415</u>	<u>\$ 1,423,697</u>	<u>\$ 41,898</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Income tax paid	<u>\$ 5,433</u>	<u>\$ 58,654</u>	<u>\$ 1,726</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PANT AND EQUIPMENT			
Total acquisition	\$ 3,697	\$ 3,650	\$ 107
Equipment payable, beginning of year	500	2,735	80
Equipment payable, end of year	<u>(411)</u>	<u>(705)</u>	<u>(21)</u>
Net cash paid	<u>\$ 3,786</u>	<u>\$ 5,680</u>	<u>\$ 167</u>

(Concluded)