

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2007 AND 2008 (In Thousands, Except Par Value)

ASSETS	2007	2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2007	2008	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents (Notes 2, 4 and 19)	\$ 2,115,067	\$ 1,728,372	\$ 52,694	Notes payable (Note 19)	\$ -	\$ 140	\$ 4
Financial assets at fair value through profit or loss				Accounts payable (Notes 19 and 20)	14,981	-	-
- current (Notes 2, 3, 5 and 19)	856,917	87,431	2,665	Income tax payable (Notes 2 and 16)	17,397	38,285	1,167
Available-for-sale financial assets - current (Notes 2, 6, 14 and 19)	293,438	596,910	18,198	Accrued expenses (Notes 19 and 20)	96,204	207,133	6,315
Accounts receivable (Notes 2, 7, 19 and 20)	354,364	330,574	10,078	Other payables (Note 19)	133,705	227,065	6,923
Other receivables (Note 19)	424	53,896	1,643	Unearned revenue	30,537	439,141	13,389
Other financial assets (Note 19)	8,423	3,898	119	Other current liabilities (Notes 2 and 16)	134,764	77,255	2,356
Inventories (Notes 2 and 8)	6,470	10,600	323				
Other current assets (Notes 2 and 16)	32,861	153,928	4,696	Total current liabilities	427,588	989,019	30,154
Total current assets	3,667,964	2,965,609	90,416				
LONG-TERM INVESTMENTS				OTHER LIABILITIES			
Investments accounted for using equity method (Notes 2, 9 and 19)	579,791	138,996	4,237	Accrued pension liability (Notes 2 and 13)	5,210	264	8
Financial assets carried at cost - noncurrent (Notes 2, 10 and 19)	-	115,472	3,521	Guarantee deposits received (Note 19)	2,467	2,495	76
Total long-term investments	579,791	254,468	7,758	Deferred credits - gain on inter-company transactions (Note 2)	3,848	-	-
				Others (Note 2)	15,000	56,000	1,707
				Total other liabilities	26,525	58,759	1,791
				Total liabilities	454,113	1,047,778	31,945
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 11)				EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT			
Cost				(Notes 2, 3, 14 and 15)			
Buildings	593,600	608,265	18,544	Common stock - \$10 par value			
Machinery and equipment	358,709	415,595	12,670	Authorized - 300,000 thousand shares; Issued - 206,082 thousand shares in 2007 and 211,103 thousand shares in 2008	2,060,820	2,111,028	64,361
Office equipment	21,788	43,577	1,329	Capital surplus			
Leasehold improvements	2,600	6,244	190	Paid-in capital in excess of par value	435,218	425,114	12,961
Other facilities	1,859	3,700	114	From conversion of bonds	1,151,142	1,151,142	35,096
	978,556	1,077,381	32,847	Gain on sale of fixed assets	380	380	12
Accumulated depreciation	(252,443)	(359,809)	(10,969)	From long-term investments	44,014	44,014	1,342
Advance payments and construction in progress	1,734	4,142	125	Employee stock options	-	1,498	44
Net property, plant and equipment	727,847	721,714	22,003	Total capital surplus	1,630,754	1,622,148	49,455
				Retained earnings			
INTANGIBLE ASSETS				Legal reserve	413,564	472,688	14,411
Goodwill (Note 2)	-	505,516	15,412	Special reserve	28,848	28,848	880
Other intangible assets (Notes 2, 3 and 12)	-	742,843	22,648	Unappropriated earnings	591,245	418,470	12,758
Total intangible assets	-	1,248,359	38,060	Total retained earnings	1,033,657	920,006	28,049
				Others			
OTHER ASSETS				Cumulative translation adjustments	(3,601)	11,568	353
Refundable deposits (Note 19)	1,040	54,924	1,675	Unrealized losses on financial instruments	(3,240)	(36,081)	(1,100)
Deferred income tax assets - noncurrent (Notes 2 and 16)	-	230,578	7,030	Total others	(6,841)	(24,513)	(747)
Certificate of deposit - restricted (Notes 19 and 21)	610	700	21	Treasury stock (at cost) - 4,000 thousand shares in 2007 and 2008	(195,140)	(195,140)	(5,949)
Others	111	5,071	154	Total equity attributable to stockholders of the parent	4,523,250	4,433,529	135,169
Total other assets	1,761	291,273	8,880				
				MINORITY INTERESTS			
TOTAL	\$ 4,977,363	\$ 5,481,423	\$ 167,117				
				Total stockholders' equity	4,523,250	4,433,645	135,172
				TOTAL	\$ 4,977,363	\$ 5,481,423	\$ 167,117

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

(With Deloitte & Touche audit report dated March 13, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2008 (In Thousands, Except Consolidated Earnings Per Share)

	<u>2007</u>	<u>2008</u>	
	NT\$	NT\$	US\$
GROSS SALES (Note 20)	\$ 1,415,805	\$ 1,691,234	\$ 51,562
SALES RETURNS AND ALLOWANCES	<u>(30,229)</u>	<u>(9,887)</u>	<u>(301)</u>
NET SALES	1,385,576	1,681,347	51,261
COST OF SALES (Notes 18 and 20)	<u>(83,338)</u>	<u>(107,837)</u>	<u>(3,288)</u>
GROSS PROFIT	1,302,238	1,573,510	47,973
REALIZED INTER-COMPANY GAIN (Note 2)	<u>142</u>	<u>3,848</u>	<u>117</u>
REALIZED GROSS PROFIT	<u>1,302,380</u>	<u>1,577,358</u>	<u>48,090</u>
OPERATING EXPENSES (Notes 18 and 20)			
Selling	(165,500)	(482,082)	(14,698)
General and administrative	(112,683)	(311,703)	(9,503)
Research and development	<u>(235,359)</u>	<u>(515,312)</u>	<u>(15,710)</u>
Total operating expenses	<u>(513,542)</u>	<u>(1,309,097)</u>	<u>(39,911)</u>
OPERATING INCOME	<u>788,838</u>	<u>268,261</u>	<u>8,179</u>
NONOPERATING INCOME AND GAINS			
Interest income (Note 19)	36,624	33,025	1,007
Gain on disposal of assets	-	80,109	2,442
Gain on sale of investments, net (Note 2)	29,194	147,695	4,503
Exchange gain, net (Note 2)	-	38,872	1,185
Valuation gain on financial assets (Notes 2 and 5)	18,839	-	-
Others	<u>2,551</u>	<u>68,986</u>	<u>2,103</u>
Total nonoperating income and gains	<u>87,208</u>	<u>368,687</u>	<u>11,240</u>
NONOPERATING EXPENSES AND LOSSES			
Impairment loss (Notes 2 and 10)	(18,989)	(15,765)	(481)
Investment loss recognized under equity method, net (Notes 2 and 9)	(59,193)	(30,466)	(929)
Valuation loss on financial assets, net (Notes 2 and 5)	-	(78,181)	(2,384)
Others (Note 22)	<u>(20,428)</u>	<u>(20,509)</u>	<u>(624)</u>
Total nonoperating expenses and losses	<u>(98,610)</u>	<u>(144,921)</u>	<u>(4,418)</u>
INCOME BEFORE INCOME TAX	777,436	492,027	15,001
INCOME TAX (EXPENSE) BENEFIT (Notes 2 and 16)	<u>(137,000)</u>	<u>86,783</u>	<u>2,646</u>
CONSOLIDATED NET INCOME	<u>\$ 640,436</u>	<u>\$ 578,810</u>	<u>\$ 17,647</u>
ATTRIBUTABLE TO			
Stockholders of the parent	\$ 640,436	\$ 396,399	\$ 12,085

(Continued)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2008 (In Thousands, Except Consolidated Earnings Per Share)

	<u>2007</u>		<u>2008</u>			
	NT\$		NT\$	US\$		
Minority interest	-		182,411	5,562		
	<u>\$ 640,436</u>		<u>\$ 578,810</u>	<u>\$ 17,647</u>		
	<u>2007</u>		<u>2008</u>			
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Before Income Tax</u>		<u>After Income Tax</u>	
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
CONSOLIDATED EARNINGS PER SHARE (Note 17)						
Basic earnings per share	<u>\$ 3.76</u>	<u>\$ 3.10</u>	<u>\$ 1.46</u>	<u>\$ 0.04</u>	<u>\$ 1.91</u>	<u>\$ 0.06</u>
Diluted earnings per share	<u>\$ 3.75</u>	<u>\$ 3.09</u>	<u>\$ 1.44</u>	<u>\$ 0.04</u>	<u>\$ 1.90</u>	<u>\$ 0.06</u>

(Concluded)

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

(With Deloitte & Touche audit report dated March 13, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2008
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Stockholders of Parent											
	Capital Stock Issued (Note 14)		Capital Surplus (Note 2)	Retained Earnings (Note 14)			Others			Total	Minority Interests	Total Stockholders' Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) On financial Instruments (Notes 2 and 14)	Cumulative Translation Adjustments (Notes 2 and 14)	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	3,000	30,000	-	-	-	(30,000)	-	-	-	-	-	-
Stock dividends	1,933	19,328	-	-	-	(19,328)	-	-	-	-	-	-
Issuance of stock from capital surplus	3,866	38,657	(38,657)	-	-	-	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in investees	-	-	(83)	-	-	-	-	-	-	(83)	-	(83)
Cumulative translation adjustment	-	-	-	-	-	-	-	3,555	-	3,555	-	3,555
Consolidated net income for 2007	-	-	-	-	-	640,436	-	-	-	640,436	-	640,436
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	(3,688)	-	-	(3,688)	-	(3,688)
Investments accounted for using equity method	-	-	(248)	-	-	-	(1,843)	-	-	(2,091)	-	(2,091)
Sale of treasury stock - 1,220 thousand shares	-	-	-	-	-	(43,399)	-	-	104,399	61,000	-	61,000
Retirement of treasury stock - 780 thousand shares	(780)	(7,800)	(6,425)	-	-	(52,521)	-	-	66,746	-	-	-
BALANCE, DECEMBER 31, 2007	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
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	3,000	30,000	-	-	-	(30,000)	-	-	-	-	-	-
Stock dividends	1,010	10,104	-	-	-	(10,104)	-	-	-	-	-	-
Capital surplus transferred to capital stock	1,010	10,104	(10,104)	-	-	-	-	-	-	-	-	-
Compensation recognized for employee stock options	-	-	1,498	-	-	-	-	-	-	1,498	-	1,498
Cumulative translation adjustment	-	-	-	-	-	-	-	15,169	-	15,169	-	15,169
Consolidated net income for 2008	-	-	-	-	-	396,399	-	-	-	396,399	182,411	578,810
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	(182,295)	(182,295)
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	(33,185)	-	-	(33,185)	-	(33,185)
Investments accounted for using equity method	-	-	-	-	-	-	344	-	-	344	-	344
BALANCE, DECEMBER 31, 2008	211,102	\$ 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

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

(With Deloitte & Touche audit report dated March 13, 2009)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2008

(In Thousands)

	2007	2008	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	\$ 640,436	\$ 578,810	\$ 17,647
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	57,358	99,330	3,028
Valuation loss (gain) on financial assets	(18,839)	78,181	2,384
Impairment loss	18,989	15,765	481
Gain on disposal of assets	-	(80,109)	(2,442)
Gain on sale of investments	(29,194)	(147,695)	(4,503)
Investment loss recognized under equity method	59,193	30,466	929
Dividends received from equity method investees	5,612	15,138	461
Realized inter-company gain	(142)	(3,848)	(117)
Deferred income tax	(1,807)	(246,649)	(7,520)
Accrued pension liability	(3,469)	(4,946)	(151)
Others	(34)	(395)	(12)
Net changes in operating assets and liabilities			
Financial assets for trading	14,110	707,901	21,582
Accounts receivable	87,860	235,547	7,181
Other receivables	49,798	(49,578)	(1,512)
Inventories	(2,681)	164,516	5,016
Other financial assets	(5,058)	4,525	138
Other current assets	(26,094)	(89,453)	(2,727)
Other assets	(111)	15,811	482
Notes and accounts payable	(8,168)	(196,114)	(5,979)
Income tax payable	(64,712)	20,365	621
Accrued expenses	5,727	42,508	1,296
Other payables	2,642	162,087	4,942
Unearned revenue	5,431	62,869	1,917
Other current liabilities	(204)	(61,788)	(1,884)
Other liabilities	-	37,318	1,137
Net cash provided by operating activities	<u>786,643</u>	<u>1,390,562</u>	<u>42,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of goodwill	-	(505,516)	(15,412)
Acquisition of intangible assets	-	(751,143)	(22,901)
Acquisition of available-for-sale financial assets	(972,141)	(1,415,000)	(43,140)
Proceeds from sales of available-for-sale financial assets	1,203,448	1,109,972	33,841
Proceeds from reduction of investee's capital	4,041	3,637	111
Acquisition of financial assets carried at cost	-	(50,000)	(1,524)
Increase in refundable deposits	-	(53,884)	(1,643)
Proceeds from sales of long-term investments	3,305	-	-
Acquisition of property, plant and equipment	(133,350)	(38,940)	(1,187)

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2008

(In Thousands)

	2007	2008	
	NT\$	NT\$	US\$
Others	(1)	(90)	(4)
Net cash (used in) provided by investing activities	<u>105,302</u>	<u>(1,700,964)</u>	<u>(51,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends	(483,209)	(404,164)	(12,322)
Cash bonus to employees, directors and supervisors	(73,052)	(77,966)	(2,377)
Proceeds from disposal of treasury stock	61,000	-	-
Increase and decrease in guarantee deposits received	<u>(12)</u>	<u>28</u>	<u>1</u>
Net cash used in financing activities	<u>(495,273)</u>	<u>(482,102)</u>	<u>(14,698)</u>
EFFECT OF EXCHANGE RATE CHANGES	4,337	(69,303)	(2,113)
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>-</u>	<u>475,112</u>	<u>14,486</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	401,009	(386,695)	(11,789)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,714,058</u>	<u>2,115,067</u>	<u>64,483</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,115,067</u>	<u>\$ 1,728,372</u>	<u>\$ 52,694</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Income tax paid	<u>\$ 203,518</u>	<u>\$ 153,517</u>	<u>\$ 4,680</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Transfer the credit balance of long-term investment to other current liabilities	<u>\$ 56,502</u>	<u>\$ -</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PANT AND EQUIPMENT			
Total acquisition	\$ 105,953	\$ 41,175	\$ 1,255
Equipment payable, beginning of year	27,897	500	15
Equipment payable, end of year	<u>(500)</u>	<u>(2,735)</u>	<u>(83)</u>
Net cash paid	<u>\$ 133,350</u>	<u>\$ 38,940</u>	<u>\$ 1,187</u>

(Concluded)

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(With Deloitte & Touche audit report dated March 13, 2009)