

## SPRINGSOFT INC. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2008 AND 2009 (In Thousands, Except Par Value)

ASSETS	2008	2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2008	2009	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash (Notes 2 and 19)	\$ 1,728,372	\$ 1,686,607	\$ 50,941	Income tax payable (Notes 2 and 16)	\$ 38,285	\$ 36,176	\$ 1,093
Financial assets at fair value through profit or loss - current (Notes 2, 4 and 19)	87,431	3,563	108	Accrued expenses (Notes 3 and 19)	207,133	411,755	12,436
Available-for-sale financial assets - current (Notes 2, 5, 14 and 19)	596,910	673,872	20,353	Other payables (Note 19)	227,065	227,958	6,885
Accounts receivable (Notes 2, 6 and 19)	330,574	239,495	7,234	Unearned revenue	439,141	318,784	9,628
Other receivables (Note 19)	53,896	21,085	637	Other current liabilities	<u>77,395</u>	<u>34,730</u>	<u>1,051</u>
Other financial assets (Note 19)	3,898	2,828	85	Total current liabilities	<u>989,019</u>	<u>1,029,403</u>	<u>31,093</u>
Inventories (Notes 2 and 7)	10,600	9,126	276	<b>LONG-TERM DEBT</b>	-	<u>50,000</u>	<u>1,510</u>
Deferred income tax assets - current (Notes 2 and 16)	13,430	56,533	1,707	<b>OTHER LIABILITIES</b>			
Other current assets (Note 2)	<u>140,498</u>	<u>37,952</u>	<u>1,146</u>	Guarantee deposits received (Note 19)	2,495	2,456	74
Total current assets	<u>2,965,609</u>	<u>2,731,061</u>	<u>82,487</u>	Others (Notes 2 and 13)	<u>56,264</u>	<u>64,041</u>	<u>1,934</u>
<b>INVESTMENTS</b>				Total other liabilities	<u>58,759</u>	<u>66,497</u>	<u>2,008</u>
Investments accounted for by the equity method (Notes 2 and 8)	138,996	140,495	4,243	Total liabilities	<u>1,047,778</u>	<u>1,145,900</u>	<u>34,611</u>
Financial assets carried at cost - noncurrent (Notes 2, 9 and 19)	<u>115,472</u>	<u>114,462</u>	<u>3,457</u>	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b> (Notes 2, 3, 14 and 15)			
Total investments	<u>254,468</u>	<u>254,957</u>	<u>7,700</u>	Common stock - \$10 par value			
<b>PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 21)</b>				Authorized - 300,000 thousand shares; issued - 211,103 thousand shares in 2008 and 207,103 thousand shares in 2009	<u>2,111,028</u>	<u>2,071,028</u>	<u>62,552</u>
Cost				Capital surplus			
Buildings	608,265	601,705	18,173	Paid-in capital in excess of par value	425,114	417,059	12,597
Machinery and equipment	415,595	475,807	14,371	From conversion of bonds	1,151,142	1,129,329	34,109
Office equipment	43,577	19,069	576	Gain on sale of property, plant and equipment	380	380	11
Leasehold improvements	6,244	6,982	211	Long-term investments	44,014	44,014	1,329
Other facilities	<u>3,700</u>	<u>4,578</u>	<u>138</u>	Employee stock options	<u>1,498</u>	<u>10,776</u>	<u>325</u>
Accumulated depreciation	(359,809)	(431,685)	(13,038)	Total capital surplus	<u>1,622,148</u>	<u>1,601,558</u>	<u>48,371</u>
Construction in progress and prepayments for equipment	<u>4,142</u>	<u>341</u>	<u>10</u>	Retained earnings			
Total property, plant and equipment	<u>721,714</u>	<u>676,797</u>	<u>20,441</u>	Legal reserve	472,688	512,328	15,474
<b>INTANGIBLE ASSETS</b>				Special reserve	28,848	28,848	871
Goodwill (Notes 2 and 11)	505,516	911,989	27,545	Unappropriated earnings	<u>418,470</u>	<u>361,727</u>	<u>10,925</u>
Other intangible assets (Notes 2 and 11)	<u>742,843</u>	<u>828,170</u>	<u>25,013</u>	Total retained earnings	<u>920,006</u>	<u>902,903</u>	<u>27,270</u>
Total intangible assets	<u>1,248,359</u>	<u>1,740,159</u>	<u>52,558</u>	Other equity			
<b>OTHER ASSETS</b>				Cumulative translation adjustments	11,568	(25,001)	(755)
Refundable deposits (Note 19)	54,924	60,739	1,835	Unrealized losses on financial instruments	(36,081)	(16,839)	(509)
Deferred income tax assets - noncurrent (Notes 2 and 16)	230,578	213,365	6,444	Treasury stock (at cost) - 4,000 thousand shares in 2008	<u>(195,140)</u>	-	-
Pledged time deposits (Notes 19 and 21)	700	700	21	Total other equity	<u>(219,653)</u>	<u>(41,840)</u>	<u>(1,264)</u>
Others	<u>5,071</u>	<u>2,052</u>	<u>62</u>	Total equity attributable to shareholders of the parent	<u>4,433,529</u>	<u>4,533,649</u>	<u>136,929</u>
Total other assets	<u>291,273</u>	<u>276,856</u>	<u>8,362</u>	<b>MINORITY INTERESTS</b>	<u>116</u>	<u>281</u>	<u>8</u>
<b>TOTAL</b>	<u>\$ 5,481,423</u>	<u>\$ 5,679,830</u>	<u>\$ 171,548</u>	Total shareholders' equity	<u>4,433,645</u>	<u>4,533,930</u>	<u>136,937</u>
				<b>TOTAL</b>	<u>\$ 5,481,423</u>	<u>\$ 5,679,830</u>	<u>\$ 171,548</u>

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

(With Deloitte & Touche audit report dated March 17, 2010)

## SPRINGSOFT INC. AND SUBSIDIARIES

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

	2008	2009	
	NT\$	NT\$	US\$
GROSS SALES (Note 20)	\$ 1,691,234	\$ 2,106,706	\$ 63,629
SALES RETURNS AND ALLOWANCES	<u>(9,887)</u>	<u>(4,156)</u>	<u>(126)</u>
NET SALES	1,681,347	2,102,550	63,503
COST OF SALES (Notes 17 and 20)	<u>(107,837)</u>	<u>(69,072)</u>	<u>(2,086)</u>
GROSS PROFIT	1,573,510	2,033,478	61,417
REALIZED INTER-COMPANY GAIN (Note 2)	<u>3,848</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,577,358</u>	<u>2,033,478</u>	<u>61,417</u>
OPERATING EXPENSES (Notes 17 and 20)			
Selling	(482,082)	(694,544)	(20,977)
General and administrative	(311,703)	(346,240)	(10,458)
Research and development	<u>(515,312)</u>	<u>(591,390)</u>	<u>(17,862)</u>
Total operating expenses	<u>(1,309,097)</u>	<u>(1,632,174)</u>	<u>(49,297)</u>
OPERATING INCOME	<u>268,261</u>	<u>401,304</u>	<u>12,120</u>
NONOPERATING INCOME AND GAINS			
Interest income (Note 19)	33,025	6,791	205
Investment income recognized under equity method, net (Notes 2 and 8)	-	4,773	144
Gain on disposal of assets	80,109	-	-
Gain on sale of investments, net (Note 2)	147,695	-	-
Exchange gain, net (Note 2)	38,872	15,703	474
Valuation gain on financial assets, net (Notes 2 and 4)	-	46,518	1,405
Others	<u>68,986</u>	<u>19,715</u>	<u>596</u>
Total nonoperating income and gains	<u>368,687</u>	<u>93,500</u>	<u>2,824</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense (Note 19)	(118)	(1,139)	(34)
Impairment loss (Notes 2 and 9)	(15,765)	-	-
Investment loss recognized under equity method, net (Notes 2 and 8)	(30,466)	-	-
Loss on sale of investments, net (Note 2)	-	(63,030)	(1,904)

(Continued)

## SPRINGSOFT INC. AND SUBSIDIARIES

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

	2008		2009	
	NT\$	NT\$	NT\$	US\$
Valuation loss on financial assets, net (Notes 2 and 4)	\$ (78,181)	\$ -	\$ -	
Others	<u>(20,391)</u>	<u>(43,604)</u>	<u>(1,317)</u>	
Total nonoperating expenses and losses	<u>(144,921)</u>	<u>(107,773)</u>	<u>(3,255)</u>	
INCOME BEFORE INCOME TAX	492,027	387,031	11,689	
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 16)	<u>86,783</u>	<u>(113,178)</u>	<u>(3,418)</u>	
CONSOLIDATED NET INCOME	<u>\$ 578,810</u>	<u>\$ 273,853</u>	<u>\$ 8,271</u>	
ATTRIBUTABLE TO				
Shareholders of the parent	\$ 396,399	\$ 273,852	\$ 8,271	
Minority interests	<u>182,411</u>	<u>1</u>	<u>-</u>	
	<u>\$ 578,810</u>	<u>\$ 273,853</u>	<u>\$ 8,271</u>	
	<b>2008</b>		<b>2009</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
	<b>NT\$</b>	<b>NT\$</b>	<b>NT\$</b>	<b>US\$</b>
CONSOLIDATED EARNINGS PER SHARE (Note 17)				
Basic	<u>\$ 1.46</u>	<u>\$ 1.91</u>	<u>\$ 1.87</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 1.44</u>	<u>\$ 1.90</u>	<u>\$ 1.80</u>	<u>\$ 0.05</u>
	<u>\$ 1.32</u>	<u>\$ 1.27</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>

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

(With Deloitte & Touche audit report dated March 17, 2010)

(Concluded)

**SPRINGSOFT INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2008 AND 2009**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of Parent											
	Capital Stock Issued		Capital Surplus	Retained Earnings			Cumulative Translation Adjustments	Others		Total	Minority Interests	Total Shareholders' Equity
	Shares (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Loss On Financial Instruments	Treasury Stock			
BALANCE, JANUARY 1, 2008	206,083	\$ 2,060,820	\$ 1,630,754	\$ 413,564	\$ 28,848	\$ 591,245	\$ (3,601)	\$ (3,240)	\$ (195,140)	\$ 4,523,250	\$ -	\$ 4,523,250
Appropriations of 2007 earnings												
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)	-	-	-	-	-	-
Issuance of common stock from capital surplus	1,010	10,104	(10,104)	-	-	-	-	-	-	-	-	-
Compensation recognized for employee stock options	-	-	1,498	-	-	-	-	-	-	1,498	-	1,498
Consolidated net income for 2008	-	-	-	-	-	396,399	-	-	-	396,399	182,411	578,810
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	(182,295)	(182,295)
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(33,185)	-	(33,185)	-	(33,185)
Investments accounted for by the equity method	-	-	-	-	-	-	-	344	-	344	-	344
Change in translation adjustments	-	-	-	-	-	-	15,169	-	-	15,169	-	15,169
BALANCE, DECEMBER 31, 2008	211,103	2,111,028	1,622,148	472,688	28,848	418,470	11,568	(36,081)	(195,140)	4,433,529	116	4,433,645
Appropriations of 2008 earnings												
Legal reserve	-	-	-	39,640	-	(39,640)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(165,682)	-	-	-	(165,682)	-	(165,682)
Compensation recognized for employee stock options	-	-	9,277	-	-	-	-	-	-	9,277	-	9,277
Consolidated net income for 2009	-	-	-	-	-	273,852	-	-	-	273,852	1	273,853
Increase in minority interests	-	-	-	-	-	-	-	-	-	-	164	164
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	19,242	-	19,242	-	19,242
Change in translation adjustments	-	-	-	-	-	-	(36,569)	-	-	(36,569)	-	(36,569)
Abatement of treasury stock - 4,000 thousand shares	(4,000)	(40,000)	(29,867)	-	-	(125,273)	-	-	195,140	-	-	-
BALANCE, DECEMBER 31, 2009	<u>207,103</u>	<u>\$ 2,071,028</u>	<u>\$ 1,601,558</u>	<u>\$ 512,328</u>	<u>\$ 28,848</u>	<u>\$ 361,727</u>	<u>\$ (25,001)</u>	<u>\$ (16,839)</u>	<u>\$ -</u>	<u>\$ 4,533,649</u>	<u>\$ 281</u>	<u>\$ 4,533,930</u>

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

(With Deloitte &amp; Touche audit report dated March 17, 2010)

## SPRINGSOFT INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	2008	2009	
	NT\$	NT\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Consolidated net income	\$ 578,810	\$ 273,853	\$ 8,271
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	99,330	126,785	3,829
Compensation cost of employee stock options	-	9,277	280
Valuation loss (gain) on financial assets	78,181	(46,518)	(1,405)
Gain on disposal of assets	(80,109)	-	-
(Gain) loss on sale of investments	(147,695)	63,030	1,904
Impairment loss	15,765	-	-
Investment loss (income) recognized under equity method	30,466	(4,773)	(144)
Dividends received from equity method investees	15,138	-	-
Realized inter-company gain	(3,848)	-	-
Deferred income tax	(246,649)	(30,575)	(924)
Accrued pension liability	(4,946)	-	-
Others	(395)	-	-
Net changes in operating assets and liabilities			
Accounts receivable	235,547	91,079	2,751
Other receivables	(49,578)	32,811	991
Other financial assets	4,525	1,070	32
Inventories	164,516	1,474	45
Other current assets	(89,453)	102,547	3,097
Accounts payable	(196,114)	-	-
Income tax payable	20,365	(2,109)	(64)
Accrued expenses	42,508	204,622	6,180
Other payables	162,087	926	28
Unearned revenue	62,869	(120,357)	(3,635)
Other current liabilities	(61,788)	(31,065)	(938)
Other liabilities	37,318	7,777	235
Net cash provided by operating activities	<u>666,850</u>	<u>679,854</u>	<u>20,533</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of goodwill	(505,516)	(406,473)	(12,277)
Acquisition of intangible assets	(751,143)	(109,477)	(3,307)
Acquisition of financial assets at fair value through profit or loss	(1,156,075)	(1,240,417)	(37,465)
Proceeds from disposal of financial assets at fair value through profit or loss	1,863,976	1,299,959	39,263
Acquisition of available-for-sale financial assets	(1,415,000)	(1,209,670)	(36,536)
Proceeds from sales of available-for-sale financial assets	1,109,972	1,159,764	35,029
Proceeds from reduction of investee's capital	3,637	3,274	99

(Continued)

## SPRINGSOFT INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2009 (In Thousands)

	<u>2008</u>	<u>2009</u>	
	NT\$	NT\$	US\$
Acquisition of financial assets carried at cost	\$ (50,000)	\$ -	\$ -
Increase in refundable deposits	(53,884)	(5,815)	(176)
Acquisition of property, plant and equipment	(38,940)	(31,602)	(954)
Others	<u>15,721</u>	<u>2,961</u>	<u>89</u>
Net cash used in investing activities	<u>(977,252)</u>	<u>(537,496)</u>	<u>(16,235)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash dividends	(404,164)	(165,682)	(5,004)
Cash bonus to employees, directors and supervisors	(77,966)	-	-
Proceeds from long-term debt	-	50,000	1,510
Increase (decrease) in guarantee deposits received	<u>28</u>	<u>(39)</u>	<u>(1)</u>
Net cash used in financing activities	<u>(482,102)</u>	<u>(115,721)</u>	<u>(3,495)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(69,303)</u>	<u>(68,402)</u>	<u>(2,556)</u>
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	<u>475,112</u>	<u>-</u>	<u>-</u>
NET DECREASE IN CASH	(386,695)	(41,765)	(1,753)
CASH, BEGINNING OF YEAR	<u>2,115,067</u>	<u>1,728,372</u>	<u>52,694</u>
CASH, END OF YEAR	<u>\$ 1,728,372</u>	<u>\$ 1,686,607</u>	<u>\$ 50,941</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>			
Income tax paid	<u>\$ 153,517</u>	<u>\$ 145,862</u>	<u>\$ 4,404</u>
<b>INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS</b>			
Acquisition of property, plant and equipment	\$ 41,175	\$ 31,569	\$ 953
(Increase) decrease in payables for equipment purchased	<u>(2,235)</u>	<u>33</u>	<u>1</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 38,940</u>	<u>\$ 31,602</u>	<u>\$ 954</u>

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

(With Deloitte & Touche audit report dated March 17, 2010)

(Concluded)