

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2009 AND 2010

(In Thousands, Except Par Value)

(Reviewed, Not Audited)

ASSETS	2009	2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2009	2010	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
Cash (Notes 2 and 19)	\$ 1,462,070	\$ 1,911,664	\$ 60,044	Short-term loans (Notes 2, 11 and 19)	\$ -	\$ 48,274	\$ 1,516
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 19)	44,300	3,495	110	Income tax payable (Notes 2 and 16)	4,247	81,012	2,544
Available-for-sale financial assets - current (Notes 2, 4 and 19)	639,318	647,507	20,337	Accrued expenses (Note 19)	199,861	195,612	6,144
Accounts receivable (Notes 2, 5 and 19)	220,811	256,946	8,070	Financial liabilities at fair value through profit or loss - current (Notes 2, 3 and 19)	-	685	22
Other receivables (Note 19)	66,282	53,304	1,674	Other payables (Note 19)	408,762	400,949	12,593
Other financial assets (Note 19)	12,085	15,273	480	Receipts in advance	332,467	417,034	13,099
Inventories (Notes 2, 3 and 8)	14,665	2,957	93	Other current liabilities (Note 2)	59,706	26,526	833
Deferred income tax assets - current (Notes 2 and 16)	6,287	56,112	1,762				
Other current assets (Notes 2 and 16)	81,810	52,176	1,639	Total current liabilities	1,005,043	1,170,092	36,751
Total current assets	2,547,628	2,999,434	94,209	LONG-TERM DEBT (Notes 2, 12, 19 and 20)	-	50,000	1,570
INVESTMENTS				OTHER LIABILITIES			
Investments accounted for by the equity method (Notes 2 and 7)	138,407	145,058	4,556	Guarantee deposits received (Note 19)	15,851	6,002	189
Financial assets carried at cost - noncurrent (Notes 2, 8 and 19)	115,492	107,872	3,388	Others (Note 2)	106,471	70,593	2,217
Total investments	253,899	252,930	7,944	Total other liabilities	122,322	76,595	2,406
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 9 and 20)				Total liabilities	1,127,365	1,296,687	40,727
Cost				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
Buildings	586,400	599,598	18,833	(Notes 2, 14 and 15)			
Machinery and equipment	415,727	482,923	15,168	Common stock - \$10 par value; authorized - 300,000 thousand shares; issued - 211,103 thousand shares in 2009 and 207,260 thousand shares in 2010	2,111,028	2,072,599	65,098
Office equipment	43,370	33,033	1,037	Capital surplus			
Leasehold improvements	28,558	590	19	Paid-in capital in excess of par value	425,114	421,175	13,229
Other facilities	1,891	2,192	69	From conversion of bonds	1,151,142	1,129,329	35,471
	1,075,946	1,118,336	35,126	Gain on sale of assets	380	380	12
Accumulated depreciation	(379,385)	(464,281)	(14,583)	Long-term investment	44,014	48,554	1,525
Construction in progress and prepayments for equipment	27	27	1	Employee stock options	5,993	14,328	450
Net property, plant and equipment	696,588	654,082	20,544	Total capital surplus	1,626,643	1,613,766	50,687
INTANGIBLE ASSETS (Notes 2 and 10)				Retained earnings			
Goodwill	892,888	910,592	28,601	Legal reserve	512,328	539,713	16,952
Other intangible assets	836,870	799,851	25,122	Special reserve	28,848	41,841	1,314
Total intangible assets	1,729,758	1,710,443	53,723	Unappropriated earnings	356,058	359,135	11,280
OTHER ASSETS				Total retained earnings	897,234	940,689	29,546
Refundable deposits (Note 19)	59,278	6,717	211	Other equity			
Deferred income tax assets - noncurrent (Notes 2 and 16)	221,598	223,372	7,016	Unrealized losses on financial instruments	(28,973)	(26,103)	(820)
Pledged time deposits (Notes 19 and 20)	1,192	700	22	Cumulative translation adjustments	(12,090)	(39,076)	(1,227)
Others	16,407	10,884	342	Treasury stock (at cost) - 4,000 thousand shares in 2009	(195,140)	-	-
Total other assets	298,475	241,673	7,591	Total other equity	(236,203)	(65,179)	(2,047)
TOTAL	\$ 5,526,348	\$ 5,858,562	\$ 184,011	Total equity attributable to shareholders of the parent	4,398,702	4,561,875	143,284
				MINORITY INTERESTS	281	-	-
				Total shareholders' equity	4,398,983	4,561,875	143,284
				TOTAL	\$ 5,526,348	\$ 5,858,562	\$ 184,011

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

(With Deloitte & Touche review report dated August 3, 2010)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2009 AND 2010 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	2009	2010	
	NT\$	NT\$	US\$
OPERATING REVENUE	\$ 1,018,313	\$ 1,053,114	\$ 33,077
OPERATING COST (Note 17)	<u>(50,604)</u>	<u>(41,183)</u>	<u>(1,294)</u>
GROSS PROFIT	<u>967,709</u>	<u>1,011,931</u>	<u>31,783</u>
OPERATING EXPENSES (Note 17)			
Selling expenses	(325,465)	(328,827)	(10,328)
General and administrative expenses	(204,637)	(111,147)	(3,491)
Research and development expenses	<u>(255,803)</u>	<u>(323,988)</u>	<u>(10,176)</u>
Total operating expenses	<u>(785,905)</u>	<u>(763,962)</u>	<u>(23,995)</u>
OPERATING INCOME	<u>181,804</u>	<u>247,969</u>	<u>7,788</u>
NONOPERATING INCOME AND GAINS			
Interest income (Note 19)	3,325	2,239	70
Investment income recognized under equity method (Notes 2 and 7)	2,684	7,509	236
Gain on sale of investments, net	2,595	982	31
Exchange gain, net (Note 2)	16,046	2,734	86
Others	<u>4,170</u>	<u>38,548</u>	<u>1,211</u>
Total nonoperating income and gains	<u>28,820</u>	<u>52,012</u>	<u>1,634</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense (Note 19)	(89)	(1,490)	(47)
Impairment loss (Notes 2 and 8)	-	(6,300)	(198)
Valuation loss on financial assets, net (Notes 2, 3 and 19)	(25,293)	(753)	(24)
Others	<u>(29)</u>	<u>(1,430)</u>	<u>(45)</u>
Total nonoperating expenses and losses	<u>(25,411)</u>	<u>(9,973)</u>	<u>(314)</u>
INCOME BEFORE INCOME TAX	185,213	290,008	9,108
INCOME TAX EXPENSE (Notes 2 and 16)	<u>(42,303)</u>	<u>(44,962)</u>	<u>(1,412)</u>
CONSOLIDATED NET INCOME	<u>\$ 142,910</u>	<u>\$ 245,046</u>	<u>\$ 7,696</u>
ATTRIBUTABLE TO			
Shareholders of the parent	<u>\$ 142,910</u>	<u>\$ 245,046</u>	<u>\$ 7,696</u>

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2009 AND 2010 (In Thousands, Except Consolidated Earnings Per Share) (Reviewed, Not Audited)

	2009		2010			
	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
CONSOLIDATED EARNINGS PER SHARE (Note 18)						
Basic	<u>\$ 0.89</u>	<u>\$ 0.69</u>	<u>\$ 1.40</u>	<u>\$ 0.04</u>	<u>\$ 1.18</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.88</u>	<u>\$ 0.68</u>	<u>\$ 1.36</u>	<u>\$ 0.04</u>	<u>\$ 1.15</u>	<u>\$ 0.04</u>

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

(With Deloitte & Touche review report dated August 3, 2010)

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2010

(In Thousands)

(Reviewed, Not Audited)

	2009	2010	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	\$ 142,910	\$ 245,046	\$ 7,696
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	59,105	60,745	1,908
Valuation loss on financial assets	25,293	753	24
Impairment loss	-	6,300	198
Investment income recognized under equity method	(2,684)	(7,509)	(236)
Gain on sale of investments	(2,595)	(982)	(31)
Deferred income tax	9,137	(9,877)	(310)
Compensation cost of employee stock options	4,495	3,552	112
Accrued pension liability/prepaid pension cost	(264)	(6,940)	(218)
Others	-	2	-
Changes in operating assets and liabilities:			
Accounts receivable	106,378	(17,451)	(548)
Other receivables	(12,340)	(32,219)	(1,012)
Other financial assets	(8,187)	(12,445)	(391)
Inventories	(4,062)	6,169	194
Other current assets	48,063	(14,224)	(447)
Income tax payable	(33,845)	44,836	1,408
Accrued expenses	(7,291)	(216,143)	(6,789)
Other payables	17,713	(33,786)	(1,061)
Receipts in advance	(106,787)	98,250	3,086
Other current liabilities	(6,066)	(8,204)	(258)
Other liabilities	50,459	6,552	206
Net cash provided by operating activities	<u>279,432</u>	<u>112,425</u>	<u>3,531</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of goodwill	(387,372)	-	-
Acquisition of financial assets at fair value through profit or loss	(370,050)	(1,341,389)	(42,132)
Proceeds from disposal of financial assets at fair value through profit or loss	388,232	1,341,946	42,149
Acquisition of available-for-sale financial assets	(577,327)	(288,024)	(9,047)
Proceeds from disposal of available-for-sale financial assets	544,278	305,549	9,597
Proceeds from reduction of investee's capital	3,273	2,946	93
(Increase) decrease in refundable deposits	(4,568)	54,022	1,697
Acquisition of property, plant and equipment	(13,042)	(12,821)	(403)
Acquisition of intangible assets	(109,799)	-	-

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SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2010

(In Thousands)

(Reviewed, Not Audited)

	2009	2010	
	NT\$	NT\$	US\$
Increase in other assets	\$ (9,464)	\$ (1,954)	\$ (61)
Others	<u>(492)</u>	<u>4,540</u>	<u>143</u>
Net cash (used in) provided by investing activities	<u>(536,331)</u>	<u>64,815</u>	<u>2,036</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	-	48,274	1,516
Issuance of common stock for cash (employee stock options)	-	5,687	179
Increase in guarantee deposits received	<u>13,355</u>	<u>3,546</u>	<u>111</u>
Net cash provided by financing activities	<u>13,355</u>	<u>57,507</u>	<u>1,806</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(22,758)</u>	<u>(9,690)</u>	<u>1,730</u>
NET (DECREASE) INCREASE IN CASH	(266,302)	225,057	9,103
CASH, BEGINNING OF PERIOD	<u>1,728,372</u>	<u>1,686,607</u>	<u>50,941</u>
CASH, END OF PERIOD	<u>\$ 1,462,070</u>	<u>\$ 1,911,664</u>	<u>\$ 60,044</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Income tax paid	<u>\$ 80,478</u>	<u>\$ 16,999</u>	<u>\$ 534</u>
NONCASH INVESTING AND FINANCING ACTIVITIES			
Cash dividends payable	<u>\$ 165,682</u>	<u>\$ 207,260</u>	<u>\$ 6,510</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS			
Acquisition of property, plant and equipment	\$ 11,331	\$ 12,338	\$ 388
Decrease in payable for equipment purchased	<u>1,711</u>	<u>483</u>	<u>15</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 13,042</u>	<u>\$ 12,821</u>	<u>\$ 403</u>

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(Concluded)