

SPRINGSOFT INC. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands, Except Par Value)**

ASSETS	2010	2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2010	2011	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalent	\$ 1,887,039	\$ 2,371,353	\$ 79,447	Short-term loans	\$ -	\$ 29,530	\$ 989
Financial assets at fair value through profit or loss – current	3,498	51,248	1,717	Income tax payable	52,006	81,156	2,719
Available-for-sale financial assets – current	675,720	366,230	12,270	Other payables	513,868	278,162	9,319
Accounts receivable	177,080	229,927	7,703	Unearned revenue	427,888	516,482	17,304
Other receivables	20,375	31,010	1,039	Current portion of long-term debt	-	3,097	104
Other financial assets	3,177	64,141	2,149	Other current liabilities	<u>31,753</u>	<u>63,393</u>	<u>2,124</u>
Inventories	9,441	4,430	148	Total current liabilities	<u>1,025,515</u>	<u>971,820</u>	<u>32,559</u>
Deferred income tax assets - current	55,474	12,854	431				
Other current assets	<u>50,107</u>	<u>26,016</u>	<u>871</u>	LONG-TERM DEBT	<u>50,000</u>	<u>46,903</u>	<u>1,571</u>
Total current assets	<u>2,881,911</u>	<u>3,157,209</u>	<u>105,775</u>	OTHER LIABILITIES			
INVESTMENTS				Guarantee deposits received	6,192	2,246	75
Investments accounted for by the equity method	137,049	154,953	5,192	Others	<u>85,705</u>	<u>69,616</u>	<u>2,333</u>
Financial assets carried at cost - noncurrent	<u>113,566</u>	<u>102,416</u>	<u>3,431</u>	Total other liabilities	<u>91,897</u>	<u>71,862</u>	<u>2,408</u>
Total investments	<u>250,615</u>	<u>257,369</u>	<u>8,623</u>	Total liabilities	<u>1,167,412</u>	<u>1,090,585</u>	<u>36,538</u>
PROPERTY, PLANT AND EQUIPMENT				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
Cost				Capital stock			
Buildings	601,369	598,423	20,049	Common stock - \$10 par value			
Machinery and equipment	460,231	471,185	15,786	Authorized - 300,000 thousand shares; issued - 208,765 thousand			
Office equipment	21,598	25,947	869	shares in 2011 and 207,260 thousand shares in 2010	2,072,599	2,087,646	69,942
Leasehold improvements	4,928	2,886	97	Advance receipts for common stock	-	4,375	146
Other facilities	<u>4,339</u>	<u>2,743</u>	<u>92</u>	Total capital stock	<u>2,072,599</u>	<u>2,092,021</u>	<u>70,088</u>
Total costs	1,092,465	1,101,184	36,893	Capital surplus			
Accumulated depreciation	(430,112)	(489,913)	16,414	Paid-in capital in excess of par value	421,175	451,432	15,124
Construction in progress and prepayments for equipment	<u>337</u>	<u>27</u>	<u>1</u>	From conversion of bonds	1,129,329	1,129,329	37,835
Net property, plant and equipment	<u>662,690</u>	<u>611,298</u>	<u>20,480</u>	Gain on sale of assets	380	380	13
INTANGIBLE ASSETS				Long-term investments	44,014	45,996	1,541
Goodwill	906,338	877,200	29,389	Employee stock options	<u>13,191</u>	<u>17,571</u>	<u>589</u>
Other intangible assets	<u>811,712</u>	<u>728,638</u>	<u>24,411</u>	Total capital surplus	<u>1,608,089</u>	<u>1,644,708</u>	<u>55,102</u>
Total intangible assets	<u>1,718,050</u>	<u>1,605,838</u>	<u>53,800</u>	Retained earnings			
OTHER ASSETS				Legal reserve	512,328	539,713	18,082
Refundable deposits	56,586	6,227	209	Special reserve	28,848	41,841	1,402
Deferred income tax assets - noncurrent	197,438	233,147	7,811	Unappropriated earnings	<u>457,072</u>	<u>715,140</u>	<u>23,959</u>
Certificate of deposit – restricted	700	700	23	Total retained earnings	<u>998,248</u>	<u>1,296,694</u>	<u>43,443</u>
Others	<u>9,688</u>	<u>7,642</u>	<u>256</u>	Other equity	(48,640)	(129,940)	(4,353)
Total other assets	<u>264,412</u>	<u>247,716</u>	<u>8,299</u>	Cumulative translation adjustments	(20,294)	(18,500)	(620)
				Unrealized loss on financial instruments	-	(96,138)	(3,221)
				Treasury stock(at cost)-2,910 thousand shares in 2011	<u>(68,934)</u>	<u>(244,578)</u>	<u>(8,194)</u>
				Total other equity	4,610,002	4,788,845	160,439
				Total equity attributable to shareholders of the parent	<u>264</u>	<u>-</u>	<u>-</u>
				MINORITY INTERESTS			
				Total shareholders' equity	<u>4,610,266</u>	<u>4,788,845</u>	<u>160,439</u>
TOTAL	<u>\$ 5,777,678</u>	<u>\$ 5,879,430</u>	<u>\$ 196,977</u>	TOTAL	<u>\$ 5,777,678</u>	<u>\$ 5,879,430</u>	<u>\$ 196,977</u>

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands, Except Consolidated Earnings Per Share)

	2010	2011	
	NT\$	NT\$	US\$
OPERATING REVENUE	\$ 535,312	\$ 549,377	\$ 18,406
OPERATING COST	<u>(6,211)</u>	<u>(26,823)</u>	<u>(899)</u>
GROSS PROFIT	<u>529,101</u>	<u>522,554</u>	<u>17,507</u>
OPERATING EXPENSES			
Selling expenses	(171,380)	(163,258)	(5,470)
General and administrative expenses	(67,244)	(44,795)	(1,501)
Research and development expenses	<u>(164,875)</u>	<u>(167,724)</u>	<u>(5,619)</u>
Total operating expenses	<u>(403,499)</u>	<u>(375,777)</u>	<u>(12,590)</u>
OPERATING INCOME	<u>125,602</u>	<u>146,777</u>	<u>4,917</u>
NONOPERATING INCOME AND GAINS			
Interest income	1,310	2,186	73
Cash dividend	-	2,500	84
Investment income recognized under equity method	-	2,004	67
Gain on sale of investments, net	438	1,289	43
Valuation gain on financial assets, net	-	1,248	42
Others	<u>17,176</u>	<u>2,355</u>	<u>79</u>
Total nonoperating income and gains	<u>18,924</u>	<u>11,582</u>	<u>388</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	(250)	(485)	(16)
Investment loss recognized under equity method	(501)	-	-
Exchange loss, net	(13,468)	(935)	(31)
Valuation loss on financial assets, net	(65)	-	-
Others	<u>(2,730)</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses and losses	<u>(17,014)</u>	<u>(1,420)</u>	<u>(47)</u>
INCOME BEFORE INCOME TAX	127,512	156,939	5,258
INCOME TAX EXPENSE	<u>(32,166)</u>	<u>(17,528)</u>	<u>(587)</u>
CONSOLIDATED NET INCOME	<u>\$ 95,346</u>	<u>\$ 139,411</u>	<u>\$ 4,671</u>

(Continued)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands, Except Consolidated Earnings Per Share)

	2010	2011	
	NT\$	NT\$	US\$
ATTRIBUTABLE TO	\$ 95,345	\$ 139,411	\$ 4,671
Minority interests	<u>1</u>	<u>-</u>	<u>-</u>
	<u>\$ 95,346</u>	<u>\$ 139,411</u>	<u>\$ 4,671</u>

	2010		2011			
	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
CONSOLIDATED EARNINGS PER SHARE						
Basic	<u>\$ 0.62</u>	<u>\$ 0.46</u>	<u>\$ 0.75</u>	<u>\$ 0.03</u>	<u>\$ 0.67</u>	<u>\$ 0.02</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.44</u>	<u>\$ 0.73</u>	<u>\$ 0.02</u>	<u>\$ 0.65</u>	<u>\$ 0.02</u>

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands)**

	<u>2010</u>	<u>2011</u>	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	\$ 95,346	\$ 139,411	\$ 4,671
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	25,742	28,463	954
Valuation (gain) loss on financial assets	65	(1,248)	(42)
Gain on sale of investments	(436)	(490)	(16)
Investment (income) loss recognized under equity method	501	(2,004)	(67)
Compensation cost of employee stock options	2,415	1,400	47
Compensation cost reversed for employee stock options forfeitures	-	(840)	(28)
Prepaid pension cost	(2,290)	(369)	(12)
Deferred income tax	16,986	(584)	(20)
Net changes in operating assets and liabilities			
Accounts receivable	62,415	77,331	2,591
Other receivables	710	(322)	(11)
Other financial assets	(349)	1,260	42
Inventories	(315)	7,150	240
Other current assets	(9,867)	8,843	296
Income tax payable	15,830	5,697	191
Other payables	(124,122)	(106,254)	(3,560)
Unearned revenue	109,104	102,541	3,435
Other current liabilities	(2,977)	(27,417)	(919)
Other liabilities	21,664	(44,608)	(1,495)
Net cash provided by operating activities	<u>210,422</u>	<u>187,960</u>	<u>6,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss	(511,113)	(690,092)	(23,120)
Proceeds from disposal of financial assets at fair value through profit or loss	511,376	640,484	21,458
Acquisition of available-for-sale financial assets	(5,594)	(326,631)	(10,943)
Proceeds from disposal of available-for-sale financial assets	-	109,989	3,685
Proceeds from decrease of capital of investee	2,946	2,651	89
Cash dividends received from investee	-	2,610	87
Decrease in refundable deposits	4,153	838	28
Acquisition of property, plant and equipment	(3,967)	(1,494)	(50)
Others	(7,169)	(26)	(1)
Net cash used in investing activities	<u>(9,368)</u>	<u>(261,671)</u>	<u>(8,767)</u>

SPRINGSOFT INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands)**

	<u>2010</u>	<u>2011</u>	
	NT\$	NT\$	US\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of common stock for cash (employee stock options)	\$ 5,687	\$ 10,089	\$ 338
Increase in short-term loans	-	400	14
Repurchase of treasury stock	-	(96,138)	(3,221)
Increase in guarantee deposits received	<u>3,736</u>	<u>30</u>	<u>1</u>
Net cash (used in) provided by financing activities	<u>9,423</u>	<u>(85,619)</u>	<u>(2,868)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(10,045)</u>	<u>(13,560)</u>	<u>(454)</u>
NET INCREASE (DECREASE) IN CASH	200,432	(172,890)	(5,792)
CASH, BEGINNING OF YEAR	<u>1,686,607</u>	<u>2,544,243</u>	<u>85,239</u>
CASH, END OF YEAR	<u>\$ 1,887,039</u>	<u>\$ 2,371,353</u>	<u>\$ 79,447</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Income tax paid	<u>\$ 33,322</u>	<u>\$ 67,451</u>	<u>\$ 2,260</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS			
Acquisition of property, plant and equipment	\$ 2,244	\$ 542	\$ 18
Decrease in payables for equipment purchased	<u>1,723</u>	<u>952</u>	<u>32</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 3,967</u>	<u>\$ 1,494</u>	<u>\$ 50</u>

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

(Concluded)