

SPRINGSOFT INC. AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2010
(In Thousands, Except Par Value)**

ASSETS	2009	2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2009	2010	
	NT\$	NT\$	US\$		NT\$	NT\$	US\$
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	\$ 1,455,046	\$ 1,948,156	\$ 61,044	Short-term loans	\$ -	\$ 62,760	1,967
Financial assets at fair value through profit or loss - current	4,577	3,502	110	Income tax payable	581	69,911	2,191
Available-for-sale financial assets - current	638,079	636,331	19,939	Accrued expenses	414,145	338,426	10,604
Notes receivable	9,660	-	-	Other payables	48,315	12,326	386
Accounts receivable	306,981	197,625	6,192	Unearned revenue	423,360	383,927	12,030
Other receivables	68,621	57,661	1,807	Current portion of long-term debt	-	442	14
Other financial assets	6,760	7,271	228	Other current liabilities	79,314	74,481	2,334
Inventories	11,029	6,732	211	Total current liabilities	965,715	942,273	29,526
Deferred income tax assets - current	99	51,412	1,611				
Other current assets	77,991	44,130	1,383	LONG-TERM DEBT	50,000	49,558	1,553
Total current assets	2,578,843	2,952,820	92,525				
INVESTMENTS				OTHER LIABILITIES			
Investments accounted for by the equity method	139,096	152,692	4,784	Guarantee deposits received	32,212	2,387	75
Financial assets carried at cost - noncurrent	114,205	106,428	3,335	Others	6,268	71,178	2,230
Total long-term investments	253,301	259,120	8,119	Total other liabilities	38,480	73,565	2,305
				Total liabilities	1,054,195	1,065,396	33,384
PROPERTY, PLANT AND EQUIPMENT				EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
Cost				Common stock, \$10 par value			
Buildings	587,102	599,365	18,781	Authorized - 300,000 thousand shares; Issued - 207,103 thousand shares in 2009 and 207,335 thousand shares in 2010	2,071,029	2,073,354	64,967
Machinery and equipment	418,827	474,814	14,878	Capital surplus			
Office equipment	51,166	32,035	1,004	Paid-in capital in excess of par value	417,059	423,155	13,259
Leasehold improvements	28,024	590	18	Arising from conversion of bonds	1,129,329	1,129,329	35,387
Other equipment	1,911	2,191	69	Gain on sale of fixed assets	380	380	12
	1,087,030	1,108,995	34,750	Long-term investments	44,014	46,082	1,444
Accumulated depreciation	(400,929)	(469,579)	(14,714)	Employee stock options	8,362	15,716	492
Construction in progress and prepayments for equipment	27	27	1	Total capital surplus	1,599,144	1,614,662	50,594
Net property, plant and equipment	686,128	639,443	20,037	Retained earnings			
				Legal reserve	512,328	539,713	16,912
INTANGIBLE ASSETS				Special reserve	28,848	41,841	1,311
Goodwill	885,274	900,485	28,216	Unappropriated earnings	309,916	500,621	15,687
Other intangible assets	842,004	779,827	24,435	Total retained earnings	851,092	1,082,175	33,910
Total intangible assets	1,727,278	1,680,312	52,651	Other equity			
				Unrealized gain (loss) on financial instruments	(19,295)	(14,450)	(453)
OTHER ASSETS				Cumulative translation adjustments	(27,756)	(53,042)	(1,662)
Refundable deposits	59,556	9,477	297	Total other equity	(47,051)	(67,492)	(2,115)
Deferred income tax assets-noncurrent	222,697	216,532	6,785	Total equity attributable to shareholders of the parent	4,474,214	4,702,699	147,356
Certificate of deposit - restricted	700	700	22				
Others	187	9,691	304	MINORITY INTERESTS	281	-	-
Total other assets	283,140	236,400	7,408	Total shareholders' equity	4,474,495	4,702,699	147,356
TOTAL	\$ 5,528,690	\$ 5,768,095	\$ 180,740	TOTAL	\$ 5,528,690	\$ 5,768,095	\$ 180,740

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2010 (In Thousands, Except Consolidated Earnings Per Share)

	<u>2009</u>	<u>2010</u>	
	NT\$	NT\$	US\$
OPERATING REVENUE	\$ 1,526,756	\$ 1,601,140	\$ 50,171
OPERATING COSTS	<u>(70,496)</u>	<u>(67,685)</u>	<u>(2,121)</u>
GROSS PROFIT	<u>1,456,260</u>	<u>1,533,455</u>	<u>48,050</u>
OPERATING EXPENSES			
Selling	(457,060)	(492,643)	(15,437)
General and administrative	(290,117)	(171,127)	(5,362)
Research and development	<u>(441,020)</u>	<u>(483,113)</u>	<u>(15,138)</u>
Total operating expenses	<u>(1,188,197)</u>	<u>(1,146,883)</u>	<u>(35,937)</u>
OPERATING INCOME	<u>268,063</u>	<u>386,572</u>	<u>12,113</u>
NONOPERATING INCOME AND GAINS			
Interest income	3,067	3,746	117
Investment income recognized under equity method	3,375	15,143	474
Gain on sale of investments, net	-	3,248	102
Exchange gain, net	14,473	-	-
Valuation gain on financial assets, net	47,532	-	-
Others	<u>35,828</u>	<u>44,150</u>	<u>1,383</u>
Total nonoperating income and gains	<u>104,275</u>	<u>66,287</u>	<u>2,076</u>
NONOPERATING EXPENSES AND LOSSES			
Interest expense	(152)	(2,145)	(67)
Loss on sale of investments, net	(68,468)	-	-
Exchange loss, net	-	(1,094)	(34)
Valuation loss on financial assets, net	-	(61)	(2)
Others	<u>(35,897)</u>	<u>(9,368)</u>	<u>(293)</u>
Total nonoperating expenses and losses	<u>(104,517)</u>	<u>(12,668)</u>	<u>(396)</u>
INCOME BEFORE INCOME TAX	267,821	440,191	13,793
INCOME TAX EXPENSE	<u>(49,731)</u>	<u>(53,659)</u>	<u>(1,681)</u>
CONSOLIDATED NET INCOME	<u>\$ 222,042</u>	<u>\$ 386,532</u>	<u>\$ 12,112</u>

(Continued)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2010 (In Thousands, Except Consolidated Earnings Per Share)

	2009	2010	
	NT\$	NT\$	US\$
ATTRIBUTABLE TO			
Shareholders of the parent	\$ 222,041	\$ 386,532	\$ 12,112
Minority interests	<u>1</u>	<u>-</u>	<u>-</u>
	<u>\$ 222,042</u>	<u>\$ 386,532</u>	<u>\$ 12,112</u>

	2009		2010			
	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	US\$	NT\$	US\$
CONSOLIDATED EARNINGS PER SHARE						
Basic earnings per share	<u>\$ 1.29</u>	<u>\$ 1.07</u>	<u>\$ 2.12</u>	<u>\$ 0.07</u>	<u>\$ 1.86</u>	<u>\$ 0.06</u>
Diluted earnings per share	<u>\$ 1.26</u>	<u>\$ 1.05</u>	<u>\$ 2.04</u>	<u>\$ 0.06</u>	<u>\$ 1.79</u>	<u>\$ 0.06</u>

(Concluded)

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2010 (In Thousands)

	2009	2010	
	NT\$	NT\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	\$ 222,042	\$ 386,532	\$ 12,112
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	84,840	97,899	3,068
Provision for doubtful accounts	3,392	-	-
Compensation cost of employee stock options	6,863	7,138	224
Loss (gain) on sale of investments	68,468	(3,248)	(102)
Investment income recognized under equity-method	(3,375)	(15,143)	(474)
Valuation (gain) loss on financial assets	(47,532)	61	2
Impairment loss	-	6,315	198
Deferred income tax	9,691	1,954	61
Prepaid/Accrued pension cost	(264)	(3,836)	(120)
Others	-	7	-
Changes in operating assets and liabilities			
Accounts receivable	7,219	41,870	1,312
Other receivables	(17,620)	(36,576)	(1,146)
Inventories	(634)	2,394	75
Other current assets	59,041	(14,444)	(452)
Other assets	4,818	20	1
Income tax payable	(36,980)	33,735	1,057
Accrued expenses	46,438	(175,335)	(5,494)
Other payables	(13,788)	(48,430)	(1,518)
Unearned revenue	(8,501)	65,142	2,041
Other current liabilities	13,659	39,891	1,250
Other liabilities	(49,883)	7,139	224
Net cash provided by operating activities	<u>348,046</u>	<u>393,085</u>	<u>12,319</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of goodwill	(379,758)	-	-
Proceeds from decrease of capital of investee	3,273	2,946	92
Acquisition of financial assets at fair value through profit or loss	(790,178)	(1,681,481)	(52,688)
Proceeds from disposal of financial assets at fair value through profit or loss	849,476	1,682,334	52,715
Acquisition of available-for-sale financial assets	(592,327)	(319,802)	(10,021)
Proceeds from disposal of available-for-sale financial assets	570,565	362,126	11,347
Acquisition of property, plant and equipment	(19,010)	(21,676)	(680)
Proceeds from disposal of property, plant and equipment	-	738	23
Acquisition of intangible assets	(105,102)	(3,437)	(108)
(Increase) decrease in refundable deposits	(4,784)	51,262	1,606
Net cash (used in) provided by investing activities	<u>(467,845)</u>	<u>73,010</u>	<u>2,286</u>

SPRINGSOFT INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2010

(In Thousands)

	<u>2009</u>	<u>2010</u>	
	NT\$	NT\$	US\$
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	-	(1,828)	(57)
Proceeds from long-term debt	50,000	-	-
Issuance of common stock for cash (employee stock options)	-	8,421	264
Increase (decrease) in guarantee deposits received	29,766	(69)	(2)
Cash dividends	<u>(165,682)</u>	<u>(207,260)</u>	<u>(6,494)</u>
Net cash used in financing activities	<u>(85,916)</u>	<u>(200,736)</u>	<u>(6,289)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(67,611)</u>	<u>(3,810)</u>	<u>1,787</u>
NET (DECREASE) INCREASE IN CASH	(273,326)	261,549	10,103
CASH, BEGINNING OF PERIOD	<u>1,728,372</u>	<u>1,686,607</u>	<u>50,941</u>
CASH, END OF PERIOD	<u>\$ 1,455,046</u>	<u>\$ 1,948,156</u>	<u>\$ 61,044</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Income tax paid	<u>\$ 88,231</u>	<u>\$ 60,359</u>	<u>\$ 1,890</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS			
Acquisition of property, plant and equipment	\$ 16,858	\$ 20,928	\$ 656
Decrease in payable for equipment purchased	<u>2,152</u>	<u>748</u>	<u>24</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 19,010</u>	<u>\$ 21,676</u>	<u>\$ 680</u>

(Concluded)