

USERJOY TECHNOLOGY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 420,386	52	\$ 234,382	41	Notes payable	\$ 3,071	-	\$ 877	-
Financial assets measured at fair value through profit and loss, current	-	-	18,725	3	Accounts payable	1,106	-	7,511	1
Available-for-sale financial assets - current	12,847	1	-	-	Income tax payable	9,619	1	15,940	3
Notes receivable	8,864	1	18,756	3	Other payables	70,565	9	45,381	8
Notes receivable from related parties	-	-	2,678	-	Other current liabilities	7,820	1	3,336	1
Accounts receivable	63,459	8	90,664	16	Total current liabilities	92,181	11	73,045	13
Accounts receivable from related parties	16,688	2	840	-					
Inventories	5,904	1	4,440	1					
Deferred income tax asset, current	11,586	1	3,029	1					
Other current assets	6,697	1	4,893	1					
Total current assets	546,431	67	378,407	66					
					TOTAL OTHER LIABILITIES				
INVESTMENTS					Deposit in advance	-	-	2	-
Investments accounted for by the equity method	104,791	13	56,836	10	Total liabilities	92,181	11	73,047	13
PROPERTY, PLANT AND EQUIPMENT					STOCKHOLDERS' EQUITY				
Cost	134,426	16	100,053	17	Capital stock, \$10 par value				
Less accumulated depreciation	(16,674)	(2)	(13,659)	(2)	Authorized - 80,000 thousand shares at December 31, 2008 and 30,000 thousand shares at December 31, 2007; issued - 25,725 thousand shares and 20,247 thousand shares at December 31, 2008 and 2007	257,254	32	202,472	35
Property, plant and equipment, net	117,752	14	86,394	15	Capital surplus				
					Paid-in capital	222,994	27	88,234	15
					Treasure stock	51	-	51	-
INTANGIBLE ASSETS					Retained earnings				
Computer software	10,462	1	20,455	3	Legal reserve	39,721	5	26,883	5
Goodwill	10,641	2	10,641	2	Accumulated retained earnings	212,249	26	182,857	32
Total intangible assets	21,103	3	31,096	5	Cumulative translation adjustments	11,485	2	2,246	-
					Unrealized gain (loss) on financial instruments	659	-	-	-
					Treasury stock	(21,839)	(3)	-	-
OTHER ASSETS					Total stockholders' equity	722,574	89	502,743	87
Refundable deposits	2,320	-	2,231	-					
Deferred charges	8,082	1	3,401	1					
Others	14,276	2	17,425	3					
Total other assets	24,678	3	23,057	4					
TOTAL	\$ 814,755	100	\$ 575,790	100	TOTAL	\$ 814,755	100	\$ 575,790	100

USERJOY TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES AND REVENUES	\$ 492,910	108	\$ 412,097	109
LESS SALES RETURNS AND ALLOWANCES	<u>(38,412)</u>	<u>(8)</u>	<u>(33,868)</u>	<u>(9)</u>
NET SALES AND REVENUES	454,498	100	378,229	100
COST OF GOODS SOLD	<u>62,795</u>	<u>14</u>	<u>86,803</u>	<u>23</u>
GROSS PROFIT	<u>391,703</u>	<u>86</u>	<u>291,426</u>	<u>77</u>
OPERATING EXPENSES				
Sales and marketing	120,862	26	30,523	8
General and administration	40,163	9	54,402	14
Research and development	<u>86,796</u>	<u>19</u>	<u>51,854</u>	<u>14</u>
Total operating expenses	<u>247,821</u>	<u>54</u>	<u>136,779</u>	<u>36</u>
INCOME FROM OPERATIONS	<u>143,882</u>	<u>32</u>	<u>154,647</u>	<u>41</u>
NONOPERATING INCOME AND GAINS				
Interest income	7,576	2	4,021	1
Dividend	623	-	-	-
Exchange gain, net	5,296	1	-	-
Recovery from doubtful accounts	-	-	211	-
Valuation Gain on financial assets	-	-	736	1
Others	<u>8,122</u>	<u>2</u>	<u>8,004</u>	<u>2</u>
Total nonoperating income and gains	<u>21,617</u>	<u>5</u>	<u>12,972</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	-	-	339	-
Investment loss recognized under equity method	4,435	1	3,960	1
Loss on disposal of property, plant, equipment	297	-	425	-
Loss on sale of investments, net	1,861	1	-	-
Foreign exchange losses, net	-	-	157	-
Provision for loss on inventories	-	-	1,161	1
Valuation loss on financial assets, net	780	-	-	-
Miscellaneous expenses	<u>1,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses and losses	<u>8,463</u>	<u>2</u>	<u>6,042</u>	<u>2</u>

(Continued)

USERJOY TECHNOLOGY CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	\$ 157,036	35	\$ 161,577	43
INCOME TAX EXPENSE	<u>(13,303)</u>	<u>(3)</u>	<u>(33,200)</u>	<u>(9)</u>
NET INCOME	<u>\$ 143,733</u>	<u>32</u>	<u>\$ 128,377</u>	<u>34</u>

	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 6.31</u>	<u>\$ 5.77</u>	<u>\$ 7.32</u>	<u>\$ 5.81</u>
Diluted	<u>\$ 5.98</u>	<u>\$ 5.47</u>		

(Concluded)

USERJOY TECHNOLOGY CO., LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	Capital Surplus			Retained Earnings			Unrealized gain (loss) on financial instruments	Treasury stock	Total
	Capital Stock	Additional Paid-in Capital	Additional Paid-in Capital-treasury stock	Legal Reserve	Unappropriated earnings	Cumulative Translation Adjustments			
BALANCE, JANUARY 1, 2007	\$ 152,893	\$ 18,234	\$ 51	\$ 14,861	\$ 141,860	\$ 403	\$ -	\$ -	\$ 328,302
Appropriation of 2006 net income									
Legal reserve	-	-	-	12,022	(12,022)	-	-	-	-
Bonuses to employees	7,000	-	-	-	(7,000)	-	-	-	-
Stock dividends	32,579	-	-	-	(32,579)	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	(3,200)	-	-	-	(3,200)
Cash dividends	-	-	-	-	(32,579)	-	-	-	(32,579)
Issuance of common stock for cash	10,000	70,000	-	-	-	-	-	-	80,000
Net income for the year ended December 31, 2007	-	-	-	-	128,377	-	-	-	128,377
Translation adjustments on long-term equity investments	-	-	-	-	-	1,843	-	-	1,843
BALANCE, DECEMBER 31, 2007	202,472	88,234	51	26,883	182,857	2,246	-	-	502,743
Issuance of common stock for cash	24,600	134,760	-	-	-	-	-	-	159,360
Appropriation of 2007 net income									
Legal reserve	-	-	-	12,838	(12,838)	-	-	-	-
Bonuses to employees	7,475	-	-	-	(7,475)	-	-	-	-
Stock dividends	22,707	-	-	-	(22,707)	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	(3,200)	-	-	-	(3,200)
Cash dividends	-	-	-	-	(68,121)	-	-	-	(68,121)
Net income for the year ended December 31, 2008	-	-	-	-	143,733	-	-	-	143,733
Translation adjustments on long-term equity investments	-	-	-	-	-	9,239	-	-	9,239
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	659	-	659
Acquisition of treasury stock	-	-	-	-	-	-	-	(21,839)	(21,839)
BALANCE, DECEMBER 31, 2008	<u>\$ 257,254</u>	<u>\$ 222,994</u>	<u>\$ 51</u>	<u>\$ 39,721</u>	<u>\$ 212,249</u>	<u>\$ 11,485</u>	<u>\$ 659</u>	<u>\$ (21,839)</u>	<u>\$ 722,574</u>

USERJOY TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 143,733	\$ 128,377
Depreciation and amortization	20,034	23,364
Provision for (recovery from) doubtful accounts	559	(211)
Valuation loss (gain) on financial assets	2,641	(736)
Investment loss recognized under equity method	4,435	3,960
Loss on disposal of property, plant and equipment	297	425
Provision for loss on inventory devaluation	-	1,161
Net changes in operating assets and liabilities		
Financial assets measured at fair value through profit and loss, current	12,570	(4,836)
Available-for-sale financial assets - current	(8,674)	-
Notes receivable (including from related parties)	12,570	14,550
Accounts receivable from affiliates(including from related parties)	10,798	(34,648)
Inventories	(1,464)	(3,250)
Income tax prepayment	-	(1,757)
Deferred income tax asset, current	(8,557)	8,871
Prepaid pension	(667)	(956)
Other current assets	(1,804)	12,937
Other assets	3,816	(13,241)
Notes payable	2,194	(5,470)
Accounts payable	(6,405)	6,909
Income tax payable	(6,321)	4,076
Other payables	25,196	17,806
Other current liabilities	4,484	(6,427)
Accrued pension	-	(456)
Deferred pension cost	-	1,698
Net cash provided by operating activities	<u>209,435</u>	<u>152,146</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(37,187)	(19,827)
Increase in long-term equity investments	(43,150)	(29,035)
Increase in refundable deposit	(89)	(633)
Increase in computer software	(738)	(1,969)
Increase in deferred charges	<u>(8,465)</u>	<u>(2,657)</u>
Net cash used in investing activities	<u>(89,629)</u>	<u>(54,121)</u>

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CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term loans	-	(45,462)
Acquisition of treasury stock	(21,839)	-
Cash dividends	(68,121)	(32,579)
Bonuses to directors and supervisors, as distribution of retained earnings	(3,200)	(3,200)
Additional capital	159,360	80,000
Increase in refundable deposits	(2)	(13)
Net cash provided by (used in) financing activities	<u>66,198</u>	<u>(1,254)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	186,004	96,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>234,382</u>	<u>137,611</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 420,386</u>	<u>\$ 234,382</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest	<u>\$ -</u>	<u>\$ 339</u>
Income tax	<u>\$ 28,164</u>	<u>\$ 21,073</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Translation adjustments on foreign long-term equity investments	<u>\$ 9,239</u>	<u>\$ 1,843</u>
Stock dividends and transfer of bonuses to capital stock	<u>\$ 30,182</u>	<u>\$ 39,579</u>
CASH PAID DURING THE YEAR FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 37,175	\$ 19,839
Add payables for acquisitions of property, plant and equipment at beginning of year	12	-
Less payables for acquisitions of property, plant and equipment at end of year	<u>-</u>	<u>(12)</u>
Cash paid during the year for acquisitions of property, plant and equipment	<u>\$ 37,187</u>	<u>\$ 19,827</u>

(Concluded)