

# USERJOY TECHNOLOGY CO., LTD.

## BALANCE SHEETS

JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

| ASSETS  | 2010                |            | 2009              |            | LIABILITIES AND STOCKHOLDERS' EQUITY  | 2010                |            | 2009              |            |
|---|---------------------|------------|-------------------|------------|---|---------------------|------------|-------------------|------------|
|   | Amount              | %          | Amount            | %          |   | Amount              | %          | Amount            | %          |
| <b>CURRENT ASSETS</b>                         |                     |            |                   |            | <b>CURRENT LIABILITIES</b>  |                     |            |                   |            |
| Cash and cash equivalents                     | \$ 667,333          | 46         | \$ 462,403        | 47         | Notes payable   | \$ -                | -          | \$ 6,735          | 1          |
| Available-for-sale financial assets - current | 51,329              | 4          | 31,181            | 3          | Accounts payable  | 14,072              | 1          | 2,434             | -          |
| Notes receivable                              | 3,361               | -          | 1,591             | -          | Income tax payable  | 36,777              | 3          | 13,556            | 1          |
| Accounts receivable                           | 218,059             | 15         | 142,692           | 15         | Accrued expenses  | 123,628             | 9          | 86,482            | 9          |
| Accounts receivable from related parties      | 16,080              | 1          | 23,123            | 2          | Other financial liabilities-current   | 223,341             | 15         | 78,906            | 8          |
| Inventories                                   | 4,186               | -          | 4,408             | -          | Other current liabilities   | 16,188              | 1          | 5,895             | 1          |
| Deferred income tax asset, current            | 25,986              | 2          | 5,076             | 1          |   |                     |            |                   |            |
| Other current assets                          | 25,028              | 2          | 22,097            | 2          | Total current liabilities   | 414,006             | 29         | 194,008           | 20         |
| Total current assets                          | 1,011,362           | 70         | 692,571           | 70         | <b>OTHER LIABILITIES</b>  |                     |            |                   |            |
| <b>INVESTMENTS</b>                            |                     |            |                   |            | Accrued pension   | -                   | -          | 48                | -          |
| Long-term equity investments at equity method | 116,236             | 8          | 104,153           | 11         | Total liabilities   | 414,006             | 29         | 194,056           | 20         |
| Prepayments for investments                   | -                   | -          | 9,847             | 1          | <b>STOCKHOLDERS' EQUITY</b>   |                     |            |                   |            |
| Financial assets carried at cost, noncurrent  | 25,000              | 2          | -                 | -          | Capital stock, \$10 par value   |                     |            |                   |            |
| Total investments                             | 141,236             | 10         | 114,000           | 12         | Authorized - 80,000 thousand shares at June 30, 2010 and 2009; issued - 30,390 thousand shares and 25,725 thousand shares at June 30, 2010 and 2009 | 303,897             | 21         | 257,254           | 26         |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>          |                     |            |                   |            | Advanced collections for common stock   | 45                  | -          | -                 | -          |
| Cost  | 167,544             | 12         | 144,615           | 14         | Stock dividends to be distributed   | 15,073              | 1          | 42,871            | 4          |
| Less accumulated depreciation                 | (22,398)            | (2)        | (12,011)          | (1)        | Capital surplus   |                     |            |                   |            |
| Property, plant and equipment, net            | 145,146             | 10         | 132,604           | 13         | Paid-in capital   | 227,785             | 16         | 222,994           | 23         |
| <b>INTANGIBLE ASSETS</b>                      |                     |            |                   |            | Treasure stock  | 51                  | -          | 51                | -          |
| Computer software                             | -                   | -          | 4,607             | 1          | Retained earnings   |                     |            |                   |            |
| Goodwill                                      | 10,641              | -          | 10,641            | 1          | Legal reserve   | 84,833              | 6          | 54,094            | 5          |
| Total intangible assets                       | 10,641              | -          | 15,248            | 2          | Accumulated retained earnings   | 403,564             | 27         | 222,985           | 23         |
| <b>OTHER ASSETS</b>                           |                     |            |                   |            | Cumulative translation adjustments  | 11,269              | 1          | 9,509             | 1          |
| Refundable deposits                           | 2,995               | -          | 2,593             | -          | Unrealized loss on financial instruments  | 11,217              | 1          | 2,896             | -          |
| Deferred charges                              | 125,278             | 9          | 15,427            | 2          | Treasury stock  | (21,839)            | (2)        | (21,839)          | (2)        |
| Others  | 13,243              | 1          | 12,428            | 1          | Total stockholders' equity  | 1,035,895           | 71         | 790,815           | 80         |
| Total other assets                            | 141,516             | 10         | 30,448            | 3          |   |                     |            |                   |            |
| <b>TOTAL</b>                                  | <b>\$ 1,449,901</b> | <b>100</b> | <b>\$ 984,871</b> | <b>100</b> | <b>TOTAL</b>  | <b>\$ 1,449,901</b> | <b>100</b> | <b>\$ 984,871</b> | <b>100</b> |

# USERJOY TECHNOLOGY CO., LTD.

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

|   | 2010              |            | 2009              |            |
|---|-------------------|------------|-------------------|------------|
|   | Amount            | %          | Amount            | %          |
| GROSS SALES AND REVENUES                          | \$ 710,700        | 102        | \$ 460,314        | 104        |
| LESS SALES RETURNS AND ALLOWANCES                 | <u>(16,345)</u>   | <u>(2)</u> | <u>(16,286)</u>   | <u>(4)</u> |
| NET SALES AND REVENUES                            | 694,355           | 100        | 444,028           | 100        |
| COST OF GOODS SOLD                                | <u>15,701</u>     | <u>2</u>   | <u>17,489</u>     | <u>4</u>   |
| GROSS PROFIT                                      | <u>678,654</u>    | <u>98</u>  | <u>426,539</u>    | <u>96</u>  |
| OPERATING EXPENSES                                |                   |            |                   |            |
| Sales and marketing                               | 165,702           | 24         | 110,171           | 25         |
| General and administration                        | 59,340            | 9          | 35,714            | 8          |
| Research and development                          | <u>135,513</u>    | <u>19</u>  | <u>84,649</u>     | <u>19</u>  |
| Total operating expenses                          | <u>360,555</u>    | <u>52</u>  | <u>230,534</u>    | <u>52</u>  |
| INCOME FROM OPERATIONS                            | <u>318,099</u>    | <u>46</u>  | <u>196,005</u>    | <u>44</u>  |
| NONOPERATING INCOME AND GAINS                     |                   |            |                   |            |
| Interest income                                   | 1,168             | -          | 2,920             | 1          |
| Exchange gain, net                                | 141               | -          | -                 | -          |
| Miscellaneous income                              | <u>79</u>         | <u>-</u>   | <u>583</u>        | <u>-</u>   |
| Total nonoperating income and gains               | <u>1,388</u>      | <u>-</u>   | <u>3,503</u>      | <u>1</u>   |
| NONOPERATING EXPENSES AND LOSSES                  |                   |            |                   |            |
| Investment loss recognized under equity method    | 8,316             | 1          | 20,357            | 5          |
| Loss on disposal of property, plant and equipment | 402               | -          | 251               | -          |
| Exchange losses, net                              | -                 | -          | 4,245             | 1          |
| Miscellaneous expenses                            | <u>104</u>        | <u>-</u>   | <u>-</u>          | <u>-</u>   |
| Total nonoperating expenses and losses            | <u>8,822</u>      | <u>1</u>   | <u>24,853</u>     | <u>6</u>   |
| INCOME BEFORE INCOME TAX                          | 310,665           | 45         | 174,655           | 39         |
| INCOME TAX EXPENSE                                | <u>(36,030)</u>   | <u>(5)</u> | <u>(31,020)</u>   | <u>(7)</u> |
| NET INCOME  | <u>\$ 274,635</u> | <u>40</u>  | <u>\$ 143,635</u> | <u>32</u>  |

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# USERJOY TECHNOLOGY CO., LTD.

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

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|                    | 2010                    |                        | 2009                    |                        |
|--------------------|-------------------------|------------------------|-------------------------|------------------------|
|                    | Before<br>Income<br>Tax | After<br>Income<br>Tax | Before<br>Income<br>Tax | After<br>Income<br>Tax |
| EARNINGS PER SHARE |                         |                        |                         |                        |
| Basic              | <u>\$ 10.40</u>         | <u>\$ 9.19</u>         | <u>\$ 6.93</u>          | <u>\$ 5.70</u>         |
| Diluted            | <u>\$ 9.86</u>          | <u>\$ 8.72</u>         | <u>\$ 6.47</u>          | <u>\$ 5.32</u>         |

(Concluded)

**USERJOY TECHNOLOGY CO., LTD.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2010 AND 2009**  
(In Thousands of New Taiwan Dollars)

|   | Capital Stock     | Advanced Collections for Common Stock | Stock Dividends to be Distributed | Capital Surplus            |                            | Retained Earnings |                         | Other Items of Stockholders' Equity |   |                    | Total               |
|---|-------------------|---------------------------------------|-----------------------------------|----------------------------|----------------------------|-------------------|-------------------------|-------------------------------------|---|--------------------|---------------------|
|   |                   |                                       |                                   | Additional Paid-in Capital | Treasury Stock Transaction | Legal Reserve     | Unappropriated Earnings | Cumulative Translation Adjustments  | Unrealized Gain (Loss) on Financial Instruments | Treasury Stock     |                     |
| BALANCE, JANUARY 1, 2010  | \$ 302,211        | \$ -                                  | \$ -                              | \$ 225,643                 | \$ 51                      | \$ 54,094         | \$ 386,744              | \$ 8,513                            | \$ 9,753  | \$ (21,839)        | \$ 965,170          |
| Employee stock options  | 1,686             | 45                                    | -                                 | 2,142                      | -                          | -                 | -                       | -                                   | -   | -                  | 3,873               |
| Appropriations of 2009 earnings   |                   |                                       |                                   |                            |                            |                   |                         |                                     |   |                    |                     |
| Legal reserve   | -                 | -                                     | -                                 | -                          | -                          | 30,739            | (30,739)                | -                                   | -   | -                  | -                   |
| Stock dividends   | -                 | -                                     | 15,073                            | -                          | -                          | -                 | (15,073)                | -                                   | -   | -                  | -                   |
| Cash dividends  | -                 | -                                     | -                                 | -                          | -                          | -                 | (211,019)               | -                                   | -   | -                  | (211,019)           |
| Net income for the six months ended June 30, 2010                       | -                 | -                                     | -                                 | -                          | -                          | -                 | 274,635                 | -                                   | -   | -                  | 274,635             |
| Change in unrealized gain on available-for-sale financial assets        | -                 | -                                     | -                                 | -                          | -                          | -                 | -                       | -                                   | 1,464   | -                  | 1,464               |
| Change in translation adjustments                                       | -                 | -                                     | -                                 | -                          | -                          | -                 | -                       | 2,756                               | -   | -                  | 2,756               |
| Adjustment arising from changes in percentage of ownership in investees | -                 | -                                     | -                                 | -                          | -                          | -                 | (984)                   | -                                   | -   | -                  | (984)               |
| <b>BALANCE, JUNE 30, 2010</b>   | <b>\$ 303,897</b> | <b>\$ 45</b>                          | <b>\$ 15,073</b>                  | <b>\$ 227,785</b>          | <b>\$ 51</b>               | <b>\$ 84,833</b>  | <b>\$ 403,564</b>       | <b>\$ 11,269</b>                    | <b>\$ 11,217</b>                                | <b>\$ (21,839)</b> | <b>\$ 1,035,895</b> |
| BALANCE, JANUARY 1, 2009  | \$ 257,254        | \$ -                                  | \$ -                              | \$ 222,994                 | \$ 51                      | \$ 39,721         | \$ 212,249              | \$ 11,485                           | \$ 659  | \$ (21,839)        | \$ 722,574          |
| Appropriations of 2008 earnings   |                   |                                       |                                   |                            |                            |                   |                         |                                     |   |                    |                     |
| Legal reserve   | -                 | -                                     | -                                 | -                          | -                          | 14,373            | (14,373)                | -                                   | -   | -                  | -                   |
| Stock dividends   | -                 | -                                     | 42,871                            | -                          | -                          | -                 | (42,871)                | -                                   | -   | -                  | -                   |
| Cash dividends  | -                 | -                                     | -                                 | -                          | -                          | -                 | (75,655)                | -                                   | -   | -                  | (75,655)            |
| Net income for the six months ended June 30, 2009                       | -                 | -                                     | -                                 | -                          | -                          | -                 | 143,635                 | -                                   | -   | -                  | 143,635             |
| Change in unrealized loss on available-for-sale financial assets        | -                 | -                                     | -                                 | -                          | -                          | -                 | -                       | -                                   | 2,237   | -                  | 2,237               |
| Change in translation adjustments                                       | -                 | -                                     | -                                 | -                          | -                          | -                 | -                       | (1,976)                             | -   | -                  | (1,976)             |
| <b>BALANCE, JUNE 30, 2009</b>   | <b>\$ 257,254</b> | <b>\$ -</b>                           | <b>\$ 42,871</b>                  | <b>\$ 222,994</b>          | <b>\$ 51</b>               | <b>\$ 54,094</b>  | <b>\$ 222,985</b>       | <b>\$ 9,509</b>                     | <b>\$ 2,896</b>                                 | <b>\$ (21,839)</b> | <b>\$ 790,815</b>   |

# USERJOY TECHNOLOGY CO., LTD.

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

|  | 2010              | 2009              |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |                   |                   |
| Net income   | \$ 274,635        | \$ 143,635        |
| Adjustments to reconcile net income to net cash provided by operating activities |                   |                   |
| Depreciation and amortization  | 10,360            | 13,618            |
| Loss on inventory retirement   | 1,510             | 1,828             |
| Investment loss recognized under the equity method                               | 8,316             | 20,357            |
| Provision for doubtful accounts  | 7,858             | -                 |
| Loss on disposal of property, plant and equipment                                | 402               | 251               |
| Net changes in operating assets and liabilities                                  |                   |                   |
| Notes receivable (including from related parties)                                | 23,991            | 7,273             |
| Accounts receivable (including from related parties)                             | (102,569)         | (85,668)          |
| Inventories  | (2,586)           | (332)             |
| Other current assets   | (5,416)           | (15,400)          |
| Deferred income tax asset, current   | 1,880             | 6,510             |
| Prepaid pension  | (272)             | (332)             |
| Other assets   | 3,096             | 2,181             |
| Prepaid Income tax   | (133)             | (1)               |
| Notes payable  | (1,146)           | 3,664             |
| Accounts payable   | 5,150             | 1,328             |
| Income tax payable   | 13,541            | 3,937             |
| Accrued expense  | 28,593            | 19,168            |
| Other current liabilities  | 6,323             | (1,925)           |
| Accrued pension  | -                 | 48                |
| Net cash provided by operating activities  | <u>273,533</u>    | <u>120,140</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |                   |                   |
| Acquisition of property, plant and equipment                                     | (11,122)          | (19,404)          |
| Acquisition of available-for-sale financial assets                               | (9,582)           | (16,097)          |
| Increase in long-term equity investments   | (15,642)          | (31,542)          |
| Increase in refundable deposit   | (268)             | (273)             |
| Increase in deferred charges   | <u>(31,731)</u>   | <u>(10,807)</u>   |
| Net cash used in investing activities  | <u>(68,345)</u>   | <u>(78,123)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                   |                   |
| Employee stock options   | <u>3,874</u>      | -                 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS  | 209,062           | 42,017            |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR                                     | <u>458,271</u>    | <u>420,386</u>    |
| CASH AND CASH EQUIVALENTS, END OF YEAR   | <u>\$ 667,333</u> | <u>\$ 462,403</u> |

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# USERJOY TECHNOLOGY CO., LTD.

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

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|   | 2010              | 2009              |
|---|-------------------|-------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION                        |                   |                   |
| Cash paid during the period   |                   |                   |
| Income tax  | <u>\$ 20,742</u>  | <u>\$ 20,572</u>  |
| NONCASH INVESTING AND FINANCING ACTIVITIES                              |                   |                   |
| Translation adjustments on foreign long-term equity investments         | <u>\$ 2,756</u>   | <u>\$ (1,976)</u> |
| Adjustment arising from changes in percentage of ownership in investees | <u>\$ (984)</u>   | <u>\$ -</u>       |
| Change in unrealized gain on available-for-sale financial assets        | <u>\$ 1,464</u>   | <u>\$ 2,237</u>   |
| Stock dividends   | <u>\$ 15,073</u>  | <u>\$ 42,871</u>  |
| Cash dividends payable  | <u>\$ 211,019</u> | <u>\$ 75,655</u>  |
| CASH PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT              |                   |                   |
| Cash paid for acquisition of property, plant and equipment              |                   |                   |
| Net increase in property, plant and equipment                           | \$ 14,767         | \$ 19,404         |
| Add: Accounts of equipment payable, beginning of year                   | 3,103             | -                 |
| Less: Accounts of equipment payable, end of year                        | <u>(6,748)</u>    | <u>-</u>          |
|   | <u>\$ 11,122</u>  | <u>\$ 19,404</u>  |

(Concluded)