

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

ASSETS	2010		2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 612,835	47	\$ 513,640	51	Notes payable	\$ -	-	\$ 12,185	1
Available-for-sale financial assets	40,683	3	35,360	4	Accounts payable	19,141	1	2,036	-
Notes receivable	54,111	4	3,756	-	Income tax payable	24,199	2	6,064	1
Accounts receivable	181,059	14	146,347	15	Accrued expenses	133,545	10	93,938	9
Accounts receivable from related parties	275	-	6,745	1	Other financial liabilities - current	9,634	1	4,293	-
Inventories	2,968	-	4,245	-	Other current liabilities	<u>25,182</u>	<u>2</u>	<u>6,086</u>	<u>1</u>
Deferred income tax asset, current	25,816	2	4,883	-	Total current liabilities	<u>211,701</u>	<u>16</u>	<u>124,602</u>	<u>12</u>
Other current assets	<u>20,297</u>	<u>2</u>	<u>19,603</u>	<u>2</u>					
Total current assets	<u>938,044</u>	<u>72</u>	<u>734,579</u>	<u>73</u>	OTHER LIABILITIES				
					Accrued pension	-	-	48	-
INVESTMENTS					Total liabilities	<u>211,701</u>	<u>16</u>	<u>124,650</u>	<u>12</u>
Long-term equity investments at equity method	13,569	1	51,711	5					
Financial assets carried at cost, noncurrent	<u>25,000</u>	<u>2</u>	-	-	STOCKHOLDERS' EQUITY				
Total investments	<u>38,569</u>	<u>3</u>	<u>51,711</u>	<u>5</u>	Capital stock, \$10 par value				
					Authorized - 80,000 thousand shares at September 30, 2010 and 2009; issued - 31,908 thousand shares and 30,013 thousand shares at September 30, 2010 and 2009	319,082	24	300,125	30
PROPERTY, PLANT AND EQUIPMENT					Capital surplus				
Cost	202,036	15	164,592	16	Paid-in capital	227,927	18	222,994	22
Less accumulated depreciation	<u>(40,633)</u>	<u>(3)</u>	<u>(21,654)</u>	<u>(2)</u>	Treasury stock	51	-	51	-
Property, plant and equipment, net	<u>161,403</u>	<u>12</u>	<u>142,938</u>	<u>14</u>	Retained earnings				
					Legal reserve	84,833	6	54,094	5
INTANGIBLE ASSETS					Accumulated retained earnings	469,708	36	306,796	31
Trademarks	552	-	245	-	Other adjustment of stockholders' equity				
Computer software	-	-	2,529	-	Cumulative translation adjustments	11,838	1	9,938	1
Goodwill	<u>12,646</u>	<u>1</u>	<u>12,646</u>	<u>2</u>	Unrealized gain on financial instruments	8,971	1	4,830	1
Total intangible assets	<u>13,198</u>	<u>1</u>	<u>15,420</u>	<u>2</u>	Treasury stock	<u>(21,839)</u>	<u>(2)</u>	<u>(21,839)</u>	<u>(2)</u>
					Total stockholders' equity	<u>1,100,571</u>	<u>84</u>	<u>876,989</u>	<u>88</u>
OTHER ASSETS									
Refundable deposits	9,186	1	5,071	1					
Deferred charges	139,446	10	38,389	4					
Others	<u>12,426</u>	<u>1</u>	<u>13,531</u>	<u>1</u>					
Total other assets	<u>161,058</u>	<u>12</u>	<u>56,991</u>	<u>6</u>					
TOTAL	<u>\$ 1,312,272</u>	<u>100</u>	<u>\$ 1,001,639</u>	<u>100</u>	TOTAL	<u>\$ 1,312,272</u>	<u>100</u>	<u>\$ 1,001,639</u>	<u>100</u>

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
GROSS SALES AND REVENUES	\$ 1,149,764	105	\$ 786,527	104
LESS SALES RETURNS AND ALLOWANCES	<u>(57,447)</u>	<u>(5)</u>	<u>(29,716)</u>	<u>(4)</u>
NET SALES AND REVENUES	1,092,317	100	756,811	100
COST OF GOODS SOLD	<u>55,969</u>	<u>5</u>	<u>30,282</u>	<u>4</u>
GROSS PROFIT	<u>1,036,348</u>	<u>95</u>	<u>726,529</u>	<u>96</u>
OPERATING EXPENSES				
Sales and marketing	290,587	27	197,900	26
General and administration	110,491	10	121,928	16
Research and development	<u>222,537</u>	<u>20</u>	<u>127,304</u>	<u>17</u>
Total operating expenses	<u>623,615</u>	<u>57</u>	<u>447,132</u>	<u>59</u>
INCOME FROM OPERATIONS	<u>412,733</u>	<u>38</u>	<u>279,397</u>	<u>37</u>
NONOPERATING INCOME AND GAINS				
Interest income	2,076	-	3,540	1
Dividend income	2,033	-	882	-
Gain on sale of investments, net	6,475	1	-	-
Exchange gain, net	1,639	-	-	-
Miscellaneous income	<u>244</u>	<u>-</u>	<u>2,539</u>	<u>-</u>
Total nonoperating income and gains	<u>12,467</u>	<u>1</u>	<u>6,961</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method	29,747	3	3,302	1
Loss on disposal of property, plant and equipment	1,019	-	498	-
Exchange losses, net	-	-	6,327	1
Miscellaneous expenses	<u>1,534</u>	<u>-</u>	<u>472</u>	<u>-</u>
Total nonoperating expenses and losses	<u>32,300</u>	<u>3</u>	<u>10,599</u>	<u>2</u>
INCOME BEFORE INCOME TAX	392,900	36	275,759	36
INCOME TAX EXPENSE	<u>(52,121)</u>	<u>(5)</u>	<u>(48,313)</u>	<u>(6)</u>
NET INCOME	<u>\$ 340,779</u>	<u>31</u>	<u>\$ 227,446</u>	<u>30</u>

(Continued)

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 12.51</u>	<u>\$ 10.85</u>	<u>\$ 8.92</u>	<u>\$ 7.36</u>
Diluted	<u>\$ 11.98</u>	<u>\$ 10.39</u>	<u>\$ 8.42</u>	<u>\$ 6.95</u>

(Concluded)

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	Other Items of Stockholders' Equity									
	Capital Stock	Capital Surplus		Retained Earnings		Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments		Treasury Stock	Total
		Additional Paid-in Capital	Treasury Stock Transaction	Legal Reserve	Unappropriated Earnings					
BALANCE, JANUARY 1, 2010	\$ 302,211	\$ 225,643	\$ 51	\$ 54,094	\$ 386,744	\$ 8,513	\$ 9,753	\$ (21,839)	\$ 965,170	
Employee stock options	1,798	2,284	-	-	-	-	-	-	4,082	
Appropriations of 2009 earnings										
Legal reserve	-	-	-	30,739	(30,739)	-	-	-	-	
Stock dividends	15,073	-	-	-	(15,073)	-	-	-	-	
Cash dividends	-	-	-	-	(211,019)	-	-	-	(211,019)	
Consolidated net income for the nine months ended September 30, 2010	-	-	-	-	340,779	-	-	-	340,779	
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	(984)	-	-	-	(984)	
Change in translation adjustments	-	-	-	-	-	3,325	-	-	3,325	
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	(782)	-	(782)	
BALANCE, SEPTEMBER 30, 2010	\$ 319,082	\$ 227,927	\$ 51	\$ 84,833	\$ 469,708	\$ 11,838	\$ 8,971	\$ (21,839)	\$ 1,100,571	
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)	
Consolidated net income for the nine months ended September 30, 2009	-	-	-	-	227,446	-	-	-	227,446	
Change in translation adjustments	-	-	-	-	-	(1,547)	-	-	(1,547)	
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	4,171	-	4,171	
BALANCE, SEPTEMBER 30, 2009	\$ 300,125	\$ 222,994	\$ 51	\$ 54,094	\$ 306,796	\$ 9,938	\$ 4,830	\$ (21,839)	\$ 876,989	

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 340,779	\$ 227,446
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	28,989	24,182
Loss on inventory retirement	3,841	2,505
Provision for doubtful accounts	14,351	-
Investment loss recognized under the equity method	29,747	3,302
Loss on disposal of property, plant and equipment	1,019	498
Gain on sale of investments	(6,475)	-
Net changes in operating assets and liabilities		
Notes receivable	(26,758)	5,108
Accounts receivable (including from related parties)	(45,668)	(74,141)
Inventories	(3,699)	(846)
Other current assets	(2,498)	(4,758)
Deferred income tax asset, current	2,050	6,703
Other assets	3,509	745
Notes payable	(1,146)	9,114
Accounts payable	9,763	930
Income tax payable	(330)	(5,294)
Accrued expense	34,136	24,930
Other current liabilities	8,818	(3,344)
Accrued pension	-	48
	<u>390,428</u>	<u>217,128</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(28,553)	(30,540)
Proceeds from disposal of property, plant and equipment	2	-
Proceeds from disposal of available-for-sale financial assets	13,588	-
Proceeds from disposal of long-term equity investments	17,236	-
Acquisition of available-for-sale financial assets	(8,991)	(18,342)
Increase in long-term equity investments	(9,300)	-
Increase in refundable deposit	(4,116)	(1,705)
Increase in deferred charges	(34,412)	(35,323)
Increase in trademarks	(322)	(183)
	<u>(54,868)</u>	<u>(86,093)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(211,019)	(75,655)
Cash bonus to directors and supervisors	(1,200)	(2,559)
Employee stock options	4,082	-
	<u>(208,137)</u>	<u>(78,214)</u>
Net cash used in financing activities		

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USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

	2010	2009
EFFECT OF EXCHANGE RATE CHANGES	<u>2,304</u>	<u>2,162</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	129,727	54,983
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>483,108</u>	<u>458,657</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 612,835</u>	<u>\$ 513,640</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period		
Income tax	<u>\$ 49,722</u>	<u>\$ 47,777</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Translation adjustments on foreign long-term equity investments	<u>\$ 3,325</u>	<u>\$ (1,547)</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>\$ (782)</u>	<u>\$ 4,171</u>
Stock dividends	<u>\$ 15,073</u>	<u>\$ 42,871</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	\$ 28,580	\$ 30,540
Add payables for acquisition of equipment payable, beginning of period	3,103	-
Less payables for acquisition of equipment payable, end of period	<u>(3,130)</u>	<u>-</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 28,553</u>	<u>\$ 30,540</u>

(Concluded)