

USERJOY TECHNOLOGY CO., LTD.

USERJOY TECHNOLOGY CO., LTD.

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	\$ 570,192	44	\$ 487,740	49	Notes payable	\$ -	-	\$ 12,185	1
Available-for-sale financial assets - current	40,683	3	35,360	4	Accounts payable	13,496	1	1,240	-
Notes receivable	54,111	4	3,756	-	Income tax payable	14,772	1	1,938	-
Accounts receivable	148,854	12	130,107	13	Accrued expenses	128,040	10	93,197	10
Accounts receivable from related parties	9,387	1	16,198	2	Other financial liabilities-current	5,099	-	2,333	-
Inventories	2,968	-	4,245	-	Other current liabilities	24,476	2	5,692	1
Deferred income tax asset, current	25,816	2	4,883	1					
Other current assets	12,111	1	20,317	2	Total current liabilities	185,883	14	116,585	12
Total current assets	864,122	67	702,606	71	OTHER LIABILITIES				
INVESTMENTS					Accrued pension	-	-	48	-
Long-term equity investments at equity method	101,958	8	103,290	10	Total liabilities	185,883	14	116,633	12
Prepayments for investments	-	-	9,847	1	STOCKHOLDERS' EQUITY				
Financial assets carried at cost, noncurrent	25,000	2	-	-	Capital stock, \$10 par value				
Total investments	126,958	10	113,137	11	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	25	300,125	30
PROPERTY, PLANT AND EQUIPMENT					Capital surplus				
Cost	169,661	13	148,542	15	Paid-in capital	227,927	18	222,994	23
Less accumulated depreciation	(25,295)	(2)	(14,519)	(1)	Treasury stock	51	-	51	-
Property, plant and equipment, net	144,366	11	134,023	14	Retained earnings				
INTANGIBLE ASSETS					Legal reserve	84,833	7	54,094	5
Computer software	-	-	2,529	-	Accumulated retained earnings	469,708	36	306,796	31
Goodwill	10,641	1	10,641	1	Other adjustment of stockholders' equity				
Total intangible assets	10,641	1	13,170	1	Cumulative translation adjustments	11,838	1	9,938	1
OTHER ASSETS					Unrealized loss on financial instruments	8,971	1	4,830	-
Refundable deposits	3,246	-	2,752	-	Treasury stock	(21,839)	(2)	(21,839)	(2)
Deferred charges	124,695	10	15,255	2	Total stockholders' equity	1,100,571	86	876,989	88
Others	12,426	1	12,679	1					
Total other assets	140,367	11	30,686	3	TOTAL	\$ 1,286,454	100	\$ 993,622	100
TOTAL	\$ 1,286,454	100	\$ 993,622	100					

USERJOY TECHNOLOGY CO., LTD.

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	\$ 990,395	106	\$ 723,295	104
LESS SALES RETURNS AND ALLOWANCES	<u>(57,447)</u>	<u>(6)</u>	<u>(29,716)</u>	<u>(4)</u>
NET SALES AND REVENUES	932,948	100	693,579	100
COST OF GOODS SOLD	<u>24,487</u>	<u>2</u>	<u>28,385</u>	<u>4</u>
GROSS PROFIT	<u>908,461</u>	<u>98</u>	<u>665,194</u>	<u>96</u>
OPERATING EXPENSES				
Sales and marketing	247,953	27	185,908	27
General and administration	60,425	6	58,987	9
Research and development	<u>221,745</u>	<u>24</u>	<u>127,303</u>	<u>18</u>
Total operating expenses	<u>530,123</u>	<u>57</u>	<u>372,198</u>	<u>54</u>
INCOME FROM OPERATIONS	<u>378,338</u>	<u>41</u>	<u>292,996</u>	<u>42</u>
NONOPERATING INCOME AND GAINS				
Interest income	2,058	-	3,520	1
Dividend income	2,033	-	882	-
Gain on sale of investments, net	6,475	1	-	-
Exchange gain, net	1,609	-	-	-
Miscellaneous income	<u>225</u>	<u>-</u>	<u>2,526</u>	<u>-</u>
Total nonoperating income and gains	<u>12,400</u>	<u>1</u>	<u>6,928</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method	6,621	1	21,650	3
Loss on disposal of property, plant and equipment	596	-	281	-
Exchange losses, net	-	-	6,327	1
Miscellaneous expenses	<u>675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses and losses	<u>7,892</u>	<u>1</u>	<u>28,258</u>	<u>4</u>
INCOME BEFORE INCOME TAX	382,846	41	271,666	39
INCOME TAX EXPENSE	<u>(42,067)</u>	<u>(4)</u>	<u>(44,220)</u>	<u>(6)</u>
NET INCOME	<u>\$ 340,779</u>	<u>37</u>	<u>\$ 227,446</u>	<u>33</u>

(Continued)

USERJOY TECHNOLOGY CO., LTD.

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>\$ 12.19</u>	<u>\$ 10.85</u>	<u>\$ 8.79</u>	<u>\$ 7.36</u>
Diluted	<u>\$ 11.67</u>	<u>\$ 10.39</u>	<u>\$ 8.30</u>	<u>\$ 6.95</u>

(Concluded)

USERJOY TECHNOLOGY CO., LTD.

**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		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	1,798	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)	
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	<u>\$ 319,082</u>	<u>\$ 227,927</u>	<u>\$ 51</u>	<u>\$ 84,833</u>	<u>\$ 469,708</u>	<u>\$ 11,838</u>	<u>\$ 8,971</u>	<u>\$ (21,839)</u>	<u>\$ 1,100,571</u>	
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 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	<u>\$ 300,125</u>	<u>\$ 222,994</u>	<u>\$ 51</u>	<u>\$ 54,094</u>	<u>\$ 306,796</u>	<u>\$ 9,938</u>	<u>\$ 4,830</u>	<u>\$ (21,839)</u>	<u>\$ 876,989</u>	

USERJOY TECHNOLOGY CO., LTD.

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		
Net income	\$ 340,779	\$ 227,446
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	15,522	20,316
Loss on inventory retirement	3,841	2,505
Provision for doubtful accounts	14,351	-
Investment loss recognized under the equity method	6,621	21,650
Loss on disposal of property, plant and equipment	596	281
Gain on sale of investments	(6,475)	-
Net changes in operating assets and liabilities		
Notes receivable	(26,758)	5,108
Accounts receivable	(41,038)	(66,648)
Accounts receivable - related parties	7,874	490
Inventories	(3,699)	(846)
Other current assets	7,500	(13,620)
Deferred income tax asset, current	2,050	6,703
Prepaid pension	(407)	(467)
Other assets	4,048	4,644
Prepaid Income tax	(133)	(10,197)
Notes payable	(1,146)	9,114
Accounts payable	4,574	134
Income tax payable	(8,464)	(64)
Accrued expense	32,655	27,554
Other current liabilities	12,558	(2,129)
Accrued pension	-	48
Net cash provided by operating activities	<u>364,849</u>	<u>232,022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(17,737)	(23,449)
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	(15,642)	(31,542)
Increase in refundable deposit	(519)	(433)
Increase in deferred charges	<u>(32,726)</u>	<u>(12,659)</u>
Net cash used in investing activities	<u>(44,791)</u>	<u>(86,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends	(211,019)	(75,655)
Cash bonus to directors and supervisors	(1,200)	(2,588)
Employee stock options	<u>4,082</u>	<u>-</u>

(Continued)

USERJOY TECHNOLOGY CO., LTD.

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

	2010	2009
Net cash used in financing activities	<u>(208,137)</u>	<u>(78,243)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,921	67,354
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>458,271</u>	<u>420,386</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 570,192</u>	<u>\$ 487,740</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period		
Income tax	<u>\$ 48,578</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	\$ 17,764	\$ 23,449
Add: Accounts of equipment payable, beginning of period	3,103	-
Less: Accounts of equipment payable, end of period	<u>(3,130)</u>	<u>-</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 17,737</u>	<u>\$ 23,449</u>

(Concluded)