

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 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	\$ 664,762	49	\$ 483,108	43	Notes payable	\$ -	-	\$ 1,146	-
Available-for-sale financial assets	60,573	4	40,282	4	Accounts payable	4,355	-	9,379	1
Notes receivable	48,989	4	27,352	2	Income tax payable	12,165	1	24,529	2
Accounts receivable	164,501	12	143,415	13	Accrued expenses	170,071	12	100,822	9
Accounts receivable from related parties	251	-	6,602	1	Other financial liabilities - current	8,913	1	8,623	1
Inventories	-	-	3,110	-	Other current liabilities	<u>11,134</u>	<u>1</u>	<u>17,135</u>	<u>1</u>
Deferred income tax asset, current	28,866	2	27,866	2					
Other current assets	<u>10,375</u>	<u>1</u>	<u>9,316</u>	<u>1</u>	Total current liabilities	<u>206,638</u>	<u>15</u>	<u>161,634</u>	<u>14</u>
Total current assets	<u>978,317</u>	<u>72</u>	<u>741,051</u>	<u>66</u>					
<b>INVESTMENTS</b>					<b>STOCKHOLDERS' EQUITY</b>				
Long-term equity investments at equity method	4,175	-	51,710	5	Capital stock, \$10 par value				
Financial assets carried at cost, noncurrent	<u>25,000</u>	<u>2</u>	<u>25,000</u>	<u>2</u>	Authorized - 80,000 thousand shares at December 31, 2010 and 2009; issued - 31,961 thousand shares and 30,221 thousand shares at December 31, 2010 and 2009	319,610	24	302,211	27
Total investments	<u>29,175</u>	<u>2</u>	<u>76,710</u>	<u>7</u>	Advanced receipt for common stock	2,689	-	-	-
					Capital surplus				
<b>PROPERTY, PLANT AND EQUIPMENT</b>					Paid-in capital	228,540	17	225,643	20
Cost	202,249	15	174,895	15	Treasury stock	51	-	51	-
Less accumulated depreciation	<u>(45,904)</u>	<u>(3)</u>	<u>(25,752)</u>	<u>(2)</u>	Retained earnings				
Property, plant and equipment, net	<u>156,345</u>	<u>12</u>	<u>149,143</u>	<u>13</u>	Legal reserve	84,833	6	54,094	5
					Accumulated retained earnings	513,110	38	386,744	34
<b>INTANGIBLE ASSETS</b>					Other adjustment of stockholders' equity				
Trademarks	723	-	231	-	Cumulative translation adjustments	6,313	1	8,513	1
Goodwill	<u>12,646</u>	<u>1</u>	<u>12,646</u>	<u>1</u>	Unrealized gain on financial instruments	10,961	1	9,753	1
Total intangible assets	<u>13,369</u>	<u>1</u>	<u>12,877</u>	<u>1</u>	Treasury stock	<u>(21,839)</u>	<u>(2)</u>	<u>(21,839)</u>	<u>(2)</u>
					Total stockholders' equity	<u>1,144,268</u>	<u>85</u>	<u>965,170</u>	<u>86</u>
<b>OTHER ASSETS</b>									
Refundable deposits	9,519	1	5,070	-					
Deferred charges	141,799	10	121,701	11					
Others	<u>22,382</u>	<u>2</u>	<u>20,252</u>	<u>2</u>					
Total other assets	<u>173,700</u>	<u>13</u>	<u>147,023</u>	<u>13</u>					
<b>TOTAL</b>	<u>\$ 1,350,906</u>	<u>100</u>	<u>\$ 1,126,804</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 1,350,906</u>	<u>100</u>	<u>\$ 1,126,804</u>	<u>100</u>

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
GROSS SALES AND REVENUES	\$ 1,436,140	107	\$ 1,032,167	104
LESS SALES RETURNS AND ALLOWANCES	<u>(88,319)</u>	<u>(7)</u>	<u>(38,355)</u>	<u>(4)</u>
NET SALES AND REVENUES	1,347,821	100	993,812	100
COST OF GOODS SOLD	<u>66,917</u>	<u>5</u>	<u>31,330</u>	<u>3</u>
GROSS PROFIT	<u>1,280,904</u>	<u>95</u>	<u>962,482</u>	<u>97</u>
OPERATING EXPENSES				
Sales and marketing	359,042	27	251,523	25
General and administration	146,226	11	130,560	13
Research and development	<u>298,642</u>	<u>22</u>	<u>222,672</u>	<u>23</u>
Total operating expenses	<u>803,910</u>	<u>60</u>	<u>604,755</u>	<u>61</u>
INCOME FROM OPERATIONS	<u>476,994</u>	<u>35</u>	<u>357,727</u>	<u>36</u>
NONOPERATING INCOME AND GAINS				
Interest income	3,136	-	4,085	1
Dividend income	2,033	-	883	-
Gain on sale of investments, net	6,475	1	-	-
Miscellaneous income	<u>1,010</u>	<u>-</u>	<u>2,833</u>	<u>-</u>
Total nonoperating income and gains	<u>12,654</u>	<u>1</u>	<u>7,801</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method	38,283	3	3,197	-
Loss on disposal of property, plant and equipment	1,142	-	878	-
Exchange losses, net	7,459	1	5,720	1
Miscellaneous expenses	<u>1,535</u>	<u>-</u>	<u>1,506</u>	<u>-</u>
Total nonoperating expenses and losses	<u>48,419</u>	<u>4</u>	<u>11,301</u>	<u>1</u>
INCOME BEFORE INCOME TAX	441,229	32	354,227	36
INCOME TAX EXPENSE	<u>(57,048)</u>	<u>(4)</u>	<u>(46,833)</u>	<u>(5)</u>
NET INCOME	<u>\$ 384,181</u>	<u>28</u>	<u>\$ 307,394</u>	<u>31</u>

(Continued)

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

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	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 14.03</u>	<u>\$ 12.21</u>	<u>\$ 11.46</u>	<u>\$ 9.94</u>
Diluted	<u>\$ 13.50</u>	<u>\$ 11.75</u>	<u>\$ 10.82</u>	<u>\$ 9.39</u>

(Concluded)

**USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2010 AND 2009  
(In Thousands of New Taiwan Dollars)**

	Capital Stock				Capital Surplus		Retained Earnings		Other Items of Stockholders' Equity		
	Common Stock	Advanced Receipt for Common Stock	Additional Paid-in Capital	Treasury Stock Transaction	Legal Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Treasury Stock	Total	
BALANCE, JANUARY 1, 2009	\$ 257,254	\$ -	\$ 222,994	\$ 51	\$ 39,721	\$ 212,249	\$ 11,485	\$ 659	\$ (21,839)	\$ 722,574	
Employee stock options	2,086	-	2,649	-	-	-	-	-	-	4,735	
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 year ended December 31, 2009	-	-	-	-	-	307,394	-	-	-	307,394	
Change in translation adjustments	-	-	-	-	-	-	(2,972)	-	-	(2,972)	
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	9,094	-	9,094	
BALANCE, DECEMBER 31, 2009	302,211	-	225,643	51	54,094	386,744	8,513	9,753	(21,839)	965,170	
Employee stock options	2,326	2,689	2,897	-	-	-	-	-	-	7,912	
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 year ended December 31, 2010	-	-	-	-	-	384,181	-	-	-	384,181	
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	-	(984)	-	-	-	(984)	
Change in translation adjustments	-	-	-	-	-	-	(2,200)	-	-	(2,200)	
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	1,208	-	1,208	
BALANCE, DECEMBER 31, 2010	<u>\$ 319,610</u>	<u>\$ 2,689</u>	<u>\$ 228,540</u>	<u>\$ 51</u>	<u>\$ 84,833</u>	<u>\$ 513,110</u>	<u>\$ 6,313</u>	<u>\$ 10,961</u>	<u>\$ (21,839)</u>	<u>\$ 1,144,268</u>	

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 384,181	\$ 307,394
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	46,088	42,772
Provision for doubtful accounts	14,351	-
Investment loss recognized under the equity method	38,283	3,197
Loss on disposal of property, plant and equipment	1,142	878
Gain on sale of investments	(6,475)	-
Provision for loss on inventories	497	-
Loss on inventory retirement	5,603	3,744
Net changes in operating assets and liabilities		
Notes receivable (including from related parties)	(21,637)	(18,488)
Accounts receivable (including from related parties)	(29,087)	(71,066)
Inventories	(2,990)	(950)
Other current assets	(1,060)	3,263
Prepaid pension	(605)	(580)
Other assets	(1,525)	(5,140)
Deferred income tax asset, current	(1,000)	(16,280)
Notes payable	(1,146)	(1,925)
Accounts payable	(5,024)	8,273
Income tax payable	(12,364)	13,171
Accrued expense	76,005	30,451
Other current liabilities	<u>(5,711)</u>	<u>12,883</u>
Net cash provided by operating activities	<u>477,526</u>	<u>311,597</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(26,890)	(18,342)
Proceeds from disposal of available-for-sale financial assets	13,588	-
Acquisition of financial assets carried at cost	-	(25,000)
Increase in long-term equity investments	(9,300)	-
Proceeds from disposal of long-term equity investments	17,236	-
Acquisition of property, plant and equipment	(32,275)	(38,967)
Proceeds from disposal of property, plant and equipment	2	45
Increase in refundable deposit	(4,449)	(1,704)
Increase in trademarks	(538)	(176)
Increase in deferred charges	<u>(43,838)</u>	<u>(128,377)</u>
Net cash used in investing activities	<u>(86,464)</u>	<u>(212,521)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Employee stock options	7,912	4,735
Cash dividends	(211,019)	(75,655)
Cash bonus to directors and supervisors	<u>(5,533)</u>	<u>(2,588)</u>

(Continued)

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
Net cash used in financing activities	<u>(208,640)</u>	<u>(73,508)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(768)</u>	<u>(1,117)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>181,654</u>	<u>24,451</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>483,108</u>	<u>458,657</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 664,762</u>	<u>\$ 483,108</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year		
Income tax	<u>\$ 76,760</u>	<u>\$ 54,610</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
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>\$ 1,208</u>	<u>\$ 9,094</u>
Stock dividends	<u>\$ 15,073</u>	<u>\$ 42,871</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Net increase in property, plant and equipment	\$ 31,054	\$ 42,070
Add payables for acquisition of equipment payable, beginning of year	3,103	-
Less payables for acquisition of equipment payable, end of year	<u>(1,882)</u>	<u>(3,103)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 32,275</u>	<u>\$ 38,967</u>

(Concluded)