

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 686,087	53	\$ 535,603	39	Notes payable	\$ 51	-	\$ 237	-
Available-for-sale financial assets	39	-	50,771	4	Accounts payable	3,029	-	19,209	2
Notes receivable	11,837	1	3,811	-	Income tax payable	4,766	-	39,841	3
Accounts receivable	144,914	11	296,279	22	Accrued expenses	91,440	7	126,337	9
Accounts receivable from related parties	253	-	6,877	1	Other payables	5,700	1	15,496	1
Inventories	-	-	4,106	-	Other current liabilities	33,130	3	15,097	1
Deferred income tax asset, current	28,706	2	27,396	2					
Other current assets	68,523	5	17,186	1	Total current liabilities	138,116	11	216,217	16
Total current assets	940,359	72	942,029	69					
<b>INVESTMENTS</b>					<b>STOCKHOLDERS' EQUITY</b>				
Long-term equity investments at equity method	4,430	-	61,472	5	Capital stock, \$10 par value				
Financial assets carried at cost, noncurrent	25,000	2	25,000	2	Authorized - 80,000 thousand shares at March 31, 2011 and 2010; issued - 32,455 thousand shares and 30,359 thousand shares at March 31, 2011 and 2010	324,551	24	303,589	22
Total investments	29,430	2	86,472	7	Advanced collections for common stock	246	-	53	-
					Capital surplus				
<b>PROPERTY, PLANT AND EQUIPMENT</b>					Paid-in capital	234,271	18	227,394	17
Cost	207,559	16	183,581	13	Treasury stock	51	-	51	-
Less accumulated depreciation	(49,531)	(4)	(29,867)	(2)	Retained earnings				
Property, plant and equipment, net	158,028	12	153,714	11	Legal reserve	84,833	7	54,094	4
					Accumulated retained earnings	542,581	41	566,104	41
<b>INTANGIBLE ASSETS</b>					Other adjustment of stockholders' equity				
Trademarks	697	-	322	-	Cumulative translation adjustments	6,398	1	7,003	1
Computer software	127,373	10	127,365	9	Unrealized gain on financial instruments	6	-	10,659	1
Goodwill	12,646	1	12,646	1	Treasury stock	(21,839)	(2)	(21,839)	(2)
Total intangible assets	140,716	11	140,333	10	Total stockholders' equity	1,171,098	89	1,147,108	84
<b>OTHER ASSETS</b>									
Refundable deposits	6,971	1	5,093	-					
Deferred charges	15,048	1	21,164	2					
Others	18,662	1	14,520	1					
Total other assets	40,681	3	40,777	3					
<b>TOTAL</b>	<b>\$ 1,309,214</b>	<b>100</b>	<b>\$ 1,363,325</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 1,309,214</b>	<b>100</b>	<b>\$ 1,363,325</b>	<b>100</b>

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES	\$ 216,991	107	\$ 455,992	101
LESS SALES RETURNS AND ALLOWANCES	<u>(14,791)</u>	<u>(7)</u>	<u>(6,253)</u>	<u>(1)</u>
NET SALES AND REVENUES	202,200	100	449,739	100
COST OF GOODS SOLD	<u>5,943</u>	<u>3</u>	<u>19,530</u>	<u>4</u>
GROSS PROFIT	<u>196,257</u>	<u>97</u>	<u>430,209</u>	<u>96</u>
OPERATING EXPENSES				
Sales and marketing	61,318	30	93,045	21
General and administration	35,823	18	53,842	12
Research and development	<u>75,203</u>	<u>37</u>	<u>76,815</u>	<u>17</u>
Total operating expenses	<u>172,344</u>	<u>85</u>	<u>223,702</u>	<u>50</u>
INCOME FROM OPERATIONS	<u>23,913</u>	<u>12</u>	<u>206,507</u>	<u>46</u>
NONOPERATING INCOME AND GAINS				
Interest income	1,256	1	496	-
Investment income recognized under equity method	-	-	1,731	-
Gain on sale of investments, net	11,053	5	-	-
Rent income	9	-	9	-
Others	<u>721</u>	<u>-</u>	<u>29</u>	<u>-</u>
Total nonoperating income and gains	<u>13,039</u>	<u>6</u>	<u>2,265</u>	<u>-</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method	40	-	-	-
Loss on disposal of property, plant and equipment	392	-	164	-
Foreign exchange losses, net	400	-	234	-
Others	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses and losses	<u>834</u>	<u>-</u>	<u>398</u>	<u>-</u>
INCOME BEFORE INCOME TAX	36,118	18	208,374	46
INCOME TAX EXPENSE	<u>(6,647)</u>	<u>(3)</u>	<u>(28,030)</u>	<u>(6)</u>
NET INCOME	<u>\$ 29,471</u>	<u>15</u>	<u>\$ 180,344</u>	<u>40</u>

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# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 and 2010 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

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	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.13</u>	<u>\$ 0.92</u>	<u>\$ 6.68</u>	<u>\$ 5.78</u>
Diluted	<u>\$ 1.10</u>	<u>\$ 0.90</u>	<u>\$ 6.34</u>	<u>\$ 5.48</u>

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**THREE MONTHS ENDED MARCH 31, 2011 AND 2010**

**(In Thousands of New Taiwan Dollars)**

**(Reviewed, Not Audited)**

	Capital Stock	Advanced Collections for Common Stock	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, 2011	\$ 319,610	\$ 2,689	\$ 228,540	\$ 51	\$ 84,833	\$ 513,110	\$ 6,313	\$ 10,961	\$ (21,839)	\$ 1,144,268
Consolidated net income for the three months ended March 31, 2011	-	-	-	-	-	29,471	-	-	-	29,471
Employee stock options	3,696	246	4,287	-	-	-	-	-	-	8,229
Conversion of advance receipt for common stock	1,245	(2,689)	1,444	-	-	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(10,955)	-	(10,955)
Change in translation adjustments	-	-	-	-	-	-	85	-	-	85
BALANCE, MARCH 31, 2011	<u>\$ 324,551</u>	<u>\$ 246</u>	<u>\$ 234,271</u>	<u>\$ 51</u>	<u>\$ 84,833</u>	<u>\$ 542,581</u>	<u>\$ 6,398</u>	<u>\$ 6</u>	<u>\$ (21,839)</u>	<u>\$ 1,171,098</u>
BALANCE, JANUARY 1, 2010	\$ 302,211	\$ -	\$ 225,643	\$ 51	\$ 54,094	\$ 386,744	\$ 8,513	\$ 9,753	\$ (21,839)	\$ 965,170
Consolidated net income for the three months ended March 31, 2010	-	-	-	-	-	180,344	-	-	-	180,344
Employee stock options	1,378	53	1,751	-	-	-	-	-	-	3,182
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	906	-	906
Adjustment arising from changes in percentage of ownership in investees	-	-	-	-	-	(984)	-	-	-	(984)
Change in translation adjustments	-	-	-	-	-	-	(1,510)	-	-	(1,510)
BALANCE, MARCH 31, 2010	<u>\$ 303,589</u>	<u>\$ 53</u>	<u>\$ 227,394</u>	<u>\$ 51</u>	<u>\$ 54,094</u>	<u>\$ 566,104</u>	<u>\$ 7,003</u>	<u>\$ 10,659</u>	<u>\$ (21,839)</u>	<u>\$ 1,147,108</u>

# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 29,471	\$ 180,344
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	13,733	9,905
Investment loss (income) recognized under the equity method	40	(1,731)
Loss on disposal of property, plant and equipment	392	164
Gain on sale of investments, net	(11,053)	-
Net changes in operating assets and liabilities		
Notes receivable	37,152	23,541
Accounts receivable from affiliates (including from related parties)	19,585	(153,139)
Inventories	-	(996)
Deferred income tax asset, current	160	470
Other current assets	(57,729)	(3,508)
Other assets	(1,904)	1,415
Notes payable	(771)	(909)
Accounts payable	(1,326)	9,830
Income tax payable	(7,399)	15,312
Accrued expenses	(79,378)	21,517
Other current liabilities	<u>18,783</u>	<u>4,835</u>
Net cash (used in) provided by operating activities	<u>(40,244)</u>	<u>107,050</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets - current	-	(9,582)
Proceeds from disposal of available-for-sale financial assets - current	60,632	-
Acquisition of property, plant and equipment	(6,457)	(5,712)
Increase in long-term equity investments	-	(9,300)
Increase in refundable deposit	2,548	(23)
Increase in trademarks	-	(99)
Increase in deferred charges	(949)	(1,365)
Increase in computer software	<u>(2,323)</u>	<u>(30,669)</u>
Net cash provided by (used in) investing activities	<u>53,451</u>	<u>(56,750)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Employee stock options	<u>8,229</u>	<u>3,182</u>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>		
	<u>(111)</u>	<u>(987)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	21,325	52,495
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>664,762</u>	<u>483,108</u>

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# USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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	2011	2010
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 686,087</u>	<u>\$ 535,603</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period		
Income tax	<u>\$ 17,625</u>	<u>\$ 10,656</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Translation adjustments on foreign long-term equity investments	<u>\$ 85</u>	<u>\$ (1,510)</u>
Change in unrealized (loss) gain on available-for-sale financial assets	<u>\$ (10,955)</u>	<u>\$ 906</u>
Adjustment arising from changes in percentage of ownership in investees	<u>\$ -</u>	<u>\$ (984)</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Net increase in property, plant and equipment	\$ 8,026	\$ 9,709
Add payables for acquisition of equipment payable, beginning of period	1,882	3,103
Less payables for acquisition of equipment payable, end of period	<u>(3,451)</u>	<u>(7,100)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 6,457</u>	<u>\$ 5,712</u>

(Concluded)