

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 821,219	61	\$ 721,538	49	Notes payable	\$ 207	-	\$ -	-
Available-for-sale financial assets	-	-	51,329	3	Accounts payable	3,943	-	17,950	1
Notes receivable	7,641	1	3,361	-	Income tax payable	4,984	-	47,285	3
Accounts receivable	102,610	8	243,487	16	Accrued expenses	87,445	7	126,468	9
Accounts receivable from related parties	-	-	7,020	1	Other payables	266,824	20	227,168	15
Inventories	-	-	4,186	-	Other current liabilities	45,187	3	23,970	2
Deferred income tax asset, current	22,626	2	25,986	2					
Other current assets	6,752	-	22,376	2	Total current liabilities	408,590	30	442,841	30
Total current assets	960,848	72	1,079,283	73	Total liabilities	408,590	30	442,841	30
INVESTMENTS					STOCKHOLDERS' EQUITY				
Long-term equity investments at equity method	3,324	-	40,379	3	Capital stock, \$10 par value				
Financial assets carried at cost, noncurrent	25,000	2	25,000	1	Authorized - 80,000 thousand shares at June 30, 2011 and 2010; issued - 32,608 thousand shares and 30,390 thousand shares at June 30, 2011 and 2010	326,084	25	303,897	21
Total investments	28,324	2	65,379	4	Advanced collections for common stock	-	-	45	-
PROPERTY, PLANT AND EQUIPMENT					Stock dividends to be distributed	16,868	1	15,073	1
Cost	215,845	16	192,163	13	Capital surplus				
Less accumulated depreciation	(54,290)	(4)	(34,975)	(2)	Paid-in capital	236,049	18	227,785	15
Property, plant and equipment, net	161,555	12	157,188	11	Treasury stock	51	-	51	-
INTANGIBLE ASSETS					Others	12,981	1	-	-
Trademarks	776	-	548	-	Retained earnings				
Computer software	131,057	10	123,239	8	Legal reserve	123,153	9	84,833	6
Goodwill	12,646	1	12,646	1	Accumulated retained earnings	231,881	17	403,564	27
Total intangible assets	144,479	11	136,433	9	Other adjustment of stockholders' equity				
OTHER ASSETS					Cumulative translation adjustments	5,815	1	11,269	1
Refundable deposits	6,807	-	8,659	1	Unrealized gain on financial instruments	-	-	11,217	1
Deferred charges	12,062	1	18,550	1	Treasury stock	(21,839)	(2)	(21,839)	(2)
Others	25,558	2	13,244	1	Total stockholders' equity	931,043	70	1,035,895	70
Total other assets	44,427	3	40,453	3					
TOTAL	\$ 1,339,633	100	\$ 1,478,736	100	TOTAL	\$ 1,339,633	100	\$ 1,478,736	100

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES	\$ 434,478	107	\$ 817,538	102
LESS SALES RETURNS AND ALLOWANCES	<u>(29,269)</u>	<u>(7)</u>	<u>(16,345)</u>	<u>(2)</u>
NET SALES AND REVENUES	405,209	100	801,193	100
COST OF GOODS SOLD	<u>12,560</u>	<u>3</u>	<u>36,370</u>	<u>4</u>
GROSS PROFIT	<u>392,649</u>	<u>97</u>	<u>764,823</u>	<u>96</u>
OPERATING EXPENSES				
Sales and marketing	129,480	32	199,759	25
General and administration	72,099	18	88,826	11
Research and development	<u>157,715</u>	<u>39</u>	<u>135,969</u>	<u>17</u>
Total operating expenses	<u>359,294</u>	<u>89</u>	<u>424,554</u>	<u>53</u>
INCOME FROM OPERATIONS	<u>33,355</u>	<u>8</u>	<u>340,269</u>	<u>43</u>
NONOPERATING INCOME AND GAINS				
Interest income	2,888	1	1,176	-
Gain on sale of investments, net	11,059	3	-	-
Exchange gain, net	-	-	49	-
Miscellaneous income	<u>1,650</u>	<u>-</u>	<u>95</u>	<u>-</u>
Total nonoperating income and gains	<u>15,597</u>	<u>4</u>	<u>1,320</u>	<u>-</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized under equity method	974	-	19,879	3
Loss on disposal of property, plant and equipment	1,005	-	436	-
Exchange losses, net	1,524	1	-	-
Miscellaneous expenses	<u>110</u>	<u>-</u>	<u>496</u>	<u>-</u>
Total nonoperating expenses and losses	<u>3,613</u>	<u>1</u>	<u>20,811</u>	<u>3</u>
INCOME BEFORE INCOME TAX	45,339	11	320,778	40
INCOME TAX EXPENSE	<u>(15,318)</u>	<u>(4)</u>	<u>(46,143)</u>	<u>(6)</u>
NET INCOME	<u>\$ 30,021</u>	<u>7</u>	<u>\$ 274,635</u>	<u>34</u>

(Continued)

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.41</u>	<u>\$ 0.94</u>	<u>\$ 10.73</u>	<u>\$ 9.19</u>
Diluted	<u>\$ 1.38</u>	<u>\$ 0.92</u>	<u>\$ 10.19</u>	<u>\$ 8.72</u>

(Concluded)

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)**

	Other Items of Stockholders' Equity											
	Capital Stock	Advanced Collections for Common Stock	Stock Dividends to be Distributed	Capital Surplus			Retained Earnings		Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Treasury Stock	Total
				Additional Paid-in Capital	Treasury Stock Transaction	Other	Legal Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2011	\$ 319,610	\$ 2,689	\$ -	\$ 228,540	\$ 51	\$ -	\$ 84,833	\$ 513,110	\$ 6,313	\$ 10,961	\$ (21,839)	\$ 1,144,268
Employee stock options	6,474	(2,689)	-	7,509	-	-	-	-	-	-	-	11,294
Appropriations of 2010 earnings												
Legal reserve	-	-	-	-	-	-	38,320	(38,320)	-	-	-	-
Stock dividends	-	-	16,054	-	-	-	-	(16,054)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(256,876)	-	-	-	(256,876)
Employee stock bonus	-	-	814	-	-	12,981	-	-	-	-	-	13,795
Consolidated net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	30,021	-	-	-	30,021
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(10,961)	-	(10,961)
Change in translation adjustments	-	-	-	-	-	-	-	-	(498)	-	-	(498)
BALANCE, JUNE 30, 2011	\$ 326,084	\$ -	\$ 16,868	\$ 236,049	\$ 51	\$ 12,981	\$ 123,153	\$ 231,881	\$ 5,815	\$ -	\$ (21,839)	\$ 931,043
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)
Consolidated 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)
BALANCE, JUNE 30, 2010	\$ 303,897	\$ 45	\$ 15,073	\$ 227,785	\$ 51	\$ -	\$ 84,833	\$ 403,564	\$ 11,269	\$ 11,217	\$ (21,839)	\$ 1,035,895

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 30,021	\$ 274,635
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	27,976	18,268
Investment loss recognized under the equity method	974	19,879
Provision for doubtful accounts	275	7,858
Loss on disposal of property, plant and equipment	1,005	436
Gain on sale of investments	(11,059)	-
Net changes in operating assets and liabilities		
Notes receivable (including from related parties)	41,348	23,991
Accounts receivable (including from related parties)	61,867	(108,347)
Inventories	-	(1,076)
Other current assets	4,045	(4,576)
Deferred income tax asset, current	6,240	1,880
Other assets	(8,800)	2,690
Notes payable	207	(1,146)
Accounts payable	(412)	8,572
Income tax payable	(7,181)	22,756
Accrued expense	(332,140)	25,885
Other payables	257,911	3,644
Other current liabilities	<u>34,053</u>	<u>6,832</u>
Net cash provided by operating activities	<u>106,330</u>	<u>302,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,250)	(14,524)
Acquisition of available-for-sale financial assets	-	(9,582)
Proceeds from disposal of available-for-sale financial assets	60,671	-
Increase in long-term equity investments	-	(9,300)
Decrease (increase) in refundable deposit	2,712	(3,589)
Increase in deferred charges	(1,107)	(2,510)
Proceeds from disposal of property, plant and equipment	-	2
Increase in trademarks	(95)	(328)
Increase in computer software	<u>(10,666)</u>	<u>(29,710)</u>
Net cash provided by (used in) investing activities	<u>39,265</u>	<u>(69,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee stock options	<u>11,294</u>	<u>3,873</u>
EFFECT OF EXCHANGE RATE CHANGES		
	<u>(432)</u>	<u>1,917</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	156,457	238,430

(Continued)

USERJOY TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

	2011	2010
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>664,762</u>	<u>483,108</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 821,219</u>	<u>\$ 721,538</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period		
Income tax	<u>\$ 27,967</u>	<u>\$ 20,742</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Translation adjustments on foreign long-term equity investments	<u>\$ (498)</u>	<u>\$ 2,756</u>
Adjustment arising from changes in percentage of ownership in investees	<u>\$ -</u>	<u>\$ (984)</u>
Change in unrealized gain on available-for-sale financial assets	<u>\$ (10,961)</u>	<u>\$ 1,464</u>
Stock dividends	<u>\$ 16,054</u>	<u>\$ 15,073</u>
Cash dividends payable	<u>\$ 256,876</u>	<u>\$ 211,019</u>
Employee stock bonus	<u>\$ 13,795</u>	<u>\$ -</u>
CASH PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Net increase in property, plant and equipment	\$ 18,683	\$ 18,169
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>(8,315)</u>	<u>(6,748)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 12,250</u>	<u>\$ 14,524</u>

(Concluded)