

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Balance Sheets**  
**September 31, 2011 and 2010**  
**(Expressed in thousands of New Taiwan Dollars)**

	9.31.2011		9.31.2010		YoY		9.31.2011		9.31.2010		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
<b>Assets</b>						<b>Liabilities and stockholders' equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
Cash and cash equivalents	\$ 1,043,039	8	1,319,072	10	(21)	Short-term loans	\$ 1,100,865	9	1,156,988	9	(5)
Financial assets at fair value through profit or loss-	270,345	2	371,710	3	(27)	Financial liabilities at fair value through profit or loss-	46,157	-	-	-	-
Notes and accounts receivable, net	2,527,053	20	2,174,951	17	16	Notes and accounts payable	1,177,338	9	889,599	7	32
Receivables from related parties	1,287,224	10	906,073	7	42	Payables to related parties	52,409	-	41,867	-	25
Other financial assets - current	212,996	2	163,524	1	30	Income tax payable	-	-	41,245	-	(100)
Inventories, net	1,768,477	14	2,354,570	18	(25)	Accrued expenses and other current liabilities	373,462	3	399,568	3	(7)
Prepaid expenses and other current assets	53,752	-	115,049	1	(53)	Current portion of Corporate bonds	576,008	5	-	-	-
<b>Total current assets</b>	<b>7,162,886</b>	<b>56</b>	<b>7,404,949</b>	<b>57</b>	<b>(3)</b>	Current portion of long-term debt	146,333	1	146,333	1	0
<b>Funds and investments:</b>						<b>Total current liabilities</b>	<b>3,472,572</b>	<b>27</b>	<b>2,675,600</b>	<b>20</b>	<b>30</b>
Long-term equity investments under equity method	2,378,273	19	2,404,079	19	(1)	<b>Long-term liabilities:</b>					
Available-for-sale financial assets - noncurrent	131,100	1	368,811	3	(64)	Corporate bonds payable	-	-	659,735	5	(100)
Financial assets carried at cost - noncurrent	300,000	2	300,000	2	-	Long-term loans payable - bank	109,750	1	256,083	2	(57)
<b>Total funds and investments</b>	<b>2,809,373</b>	<b>22</b>	<b>3,072,890</b>	<b>24</b>	<b>(9)</b>	<b>Total long-term liabilities</b>	<b>109,750</b>	<b>1</b>	<b>915,818</b>	<b>7</b>	<b>(88)</b>
<b>Property, plant and equipment:</b>						<b>Other liabilities:</b>					
Cost:						Accrued pension liabilities	26,731	-	21,466	-	25
Land	597,530	5	460,179	4	30	Deferred income tax liabilities-noncurrent	46,418	-	41,223	-	13
Buildings	1,138,630	9	1,101,269	9	3	Other liabilities	269	-	270	-	-
Machinery and equipment	1,617,367	13	1,369,075	11	18	<b>Total other liabilities</b>	<b>73,418</b>	<b>-</b>	<b>62,959</b>	<b>-</b>	<b>17</b>
Leasing assets	47,568	-	47,568	-	-	<b>Total liabilities</b>	<b>3,655,740</b>	<b>28</b>	<b>3,654,377</b>	<b>27</b>	<b>-</b>
Other equipment	218,076	2	172,447	1	26	<b>Stockholders' equity:</b>					
Subtotal	3,619,171	29	3,150,538	25	15	Common stock	3,202,175	25	3,202,175	26	-
Less: Accumulated depreciation	(1,107,581)	(9)	(896,494)	(7)	24	Capital surplus	3,626,842	29	3,650,236	28	(1)
Construction in progress and prepayments for equipment	248,494	2	173,526	1	43	Retained earnings:					
<b>Net property, plant and equipment</b>	<b>2,760,084</b>	<b>22</b>	<b>2,427,570</b>	<b>19</b>	<b>14</b>	Legal reserve	860,061	7	776,837	6	11
<b>Other assets</b>	<b>1,985</b>	<b>-</b>	<b>5,341</b>	<b>-</b>	<b>(63)</b>	Unappropriated earnings	1,094,482	9	1,112,587	9	(2)
							1,954,543	16	1,889,424	15	3
						Others:					
						Cumulative translation adjustments	37,910	-	33,921	-	12
						Net loss not recognized as pension cost	(20,223)	-	(15,783)	-	28
						Unrealized gain or loss on financial instruments	308,183	2	496,400	4	(38)
						Treasury stock	(30,842)	-	-	-	-
							295,028	2	514,538	4	(43)
						<b>Total stockholders' equity</b>	<b>9,078,588</b>	<b>72</b>	<b>9,256,373</b>	<b>73</b>	<b>(2)</b>
						<b>Commitments and contingencies</b>					
<b>Total assets</b>	<b>\$ 12,734,328</b>	<b>100</b>	<b>12,910,750</b>	<b>100</b>	<b>(1)</b>	<b>Total liabilities and stockholders' equity</b>	<b>\$12,734,328</b>	<b>100</b>	<b>12,910,750</b>	<b>100</b>	<b>(1)</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**CONDENSED STATEMENTS OF INCOME**

**For the Nine Months ended September 31, 2011**

**(Expressed in thousands of New Taiwan Dollars, except earnings per share)**

	3Q 2011		2Q 2011		3Q 2010		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$ 3,222,585	100.0	3,324,223	100.0	3,036,746	100.0	(101,638)	(3.1)	185,839	6.1
Cost of goods sold	(2,868,064)	(89.0)	(3,006,680)	(90.4)	(2,668,651)	(87.9)	138,616	(4.6)	(199,413)	7.5
Gross profit	354,521	11.0	317,543	9.6	368,095	12.1	36,978	11.6	(13,574)	(3.7)
Realized (unrealized) gross profit from affiliates	3,128	0.1	(7,068)	(0.2)	(2,755)	(0.1)	10,196	(144.3)	5,883	(213.5)
Realized gross profit	357,649	11.1	310,475	9.4	365,340	12.0	47,174	15.2	(7,691)	(2.1)
Operating expenses	(179,642)	(5.6)	(176,639)	(5.3)	(197,383)	(6.5)	(3,003)	1.7	17,741	(9.0)
Operating income	178,007	5.5	133,836	4.1	167,957	5.5	44,171	33.0	10,050	6.0
Non-operating income and gain	59,794	1.9	125,477	3.8	110,479	3.6	(65,683)	(52.3)	(50,685)	(45.9)
Non-operating expenses and losses	(44,707)	(1.4)	(26,109)	(0.8)	(18,569)	(0.6)	(18,598)	71.2	(26,138)	140.8
Income before income tax	193,094	6.0	233,204	7.1	259,867	8.5	(40,110)	(17.2)	(66,773)	(25.7)
Income tax expense	35,886	1.1	(18,308)	(0.6)	(34,376)	(1.1)	54,194	(296.0)	70,262	(204.4)
Net income	\$ 228,980	7.1	214,896	6.5	225,491	7.4	14,084	6.6	3,489	1.5
Earnings per share-before tax (NT Dollars)*	\$ 0.60		0.73		0.84					
Earnings per share-after tax (NT Dollars)*	\$ 0.72		0.67		0.73					

*Note: EPS calculation is based on the outstanding shares at the end of each quarter.*

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Statements of Income**  
**For the Nine Months ended September 31, 2011 and 2010**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2011		2010		YoY
	Amount	%	Amount	%	%
<b>Gross sales</b>	\$10,007,426	101	9,196,394	101	9
Less: Sales returns	(69,918)	(1)	(48,761)	(1)	43
<b>Net sales</b>	9,937,508	100	9,147,633	100	9
<b>Cost of goods sold</b>	(8,954,361)	(90)	(7,942,237)	(87)	13
<b>Gross profit</b>	983,147	10	1,205,396	13	(18)
Unrealized gross profit from affiliates	(801)	-	(4,088)	-	(80)
<b>Realized gross profit</b>	982,346	10	1,201,308	13	(18)
<b>Operating expenses:</b>					
Selling and administrative	(455,349)	(4)	(508,116)	(6)	(10)
Research and development	(78,187)	(1)	(82,936)	(1)	(6)
	(533,536)	(5)	(591,052)	(7)	(10)
<b>Operating income</b>	448,810	5	610,256	6	(26)
<b>Non-operating income and gains:</b>					
Interest income	6,766	-	8,153	-	(17)
Investment income recognized under equity method	135,742	1	179,302	2	(24)
Dividend income	9,226	-	11,431	-	(19)
Gain on disposal of investments, net	140,903	1	21,460	-	557
Gain on foreign exchange, net	17,856	-	-	-	
Valuation gain on financial assets	-	-	16,246	-	(100)
Others	7,936	-	2,654	-	199
	318,429	2	239,246	2	33
<b>Non-operating expenses and losses:</b>					
Interest expenses	(16,162)	-	(15,716)	-	3
Loss on foreign exchange, net	-	-	(24,457)	-	(100)
Valuation loss on financial assets	(2,732)	-	-	-	
Valuation loss on financial liabilities	(72,739)	(1)	-	-	
Others	(3,154)	-	(276)	-	1,043
	(94,787)	(1)	(40,449)	-	134
<b>Income before income tax</b>	672,452	6	809,053	8	(17)
<b>Income tax expense</b>	(17,218)	-	(123,204)	(1)	(86)
<b>Net income</b>	<b>\$ 655,234</b>	<b>6</b>	<b>685,849</b>	<b>7</b>	<b>(4)</b>

Earnings per share (NT Dollar)	Before	After	Before	After
	income tax	income tax	income tax	income tax
<b>Basic earnings per share</b>	<b>\$ 2.10</b>	<b>2.05</b>	<b>2.75</b>	<b>2.33</b>
<b>Diluted earnings per share</b>	<b>\$ 1.98</b>	<b>1.93</b>	<b>2.66</b>	<b>2.25</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Statements of Cash Flows**  
**For the Nine Months ended September 31, 2011 and 2010**  
(Expressed in thousands of New Taiwan Dollars)

	2011	2010
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 655,234	685,849
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>		
Depreciation	163,486	144,124
Allowance for doubtful accounts	-	9,848
Stock-based compensation	-	24,750
Amortization- discount on corporate bonds payable	6,138	2,316
Gain on buyback of bonds payable	(2,647)	-
Inventory valuation loss, retirement loss, and obsolescence loss	12,175	5,374
Investment gain accounted for using equity method	(135,742)	(179,302)
Dividends from investee under equity method	145,000	-
Loss on disposal of property, plant and equipment	2,374	-
Gain on disposal of investments	(140,903)	(21,460)
Realized gain from inter-affiliate accounts	801	4,088
Deferred income tax expense	20,278	15,953
<b>Changes in operating assets and liabilities:</b>		
Financial assets at fair value through profit or loss	40,171	166,944
Notes and accounts receivable	(234,374)	(62,928)
Receivables from related parties	(240,057)	(210,919)
Other receivables - related parties	-	4,959
Inventories	309,246	(936,203)
Prepaid expenses and other current assets	10,878	(43,851)
Other financial assets - current	(69,156)	(82,092)
Financial liabilities at fair value through profit or loss	46,157	-
Notes and accounts payable	(201,382)	(144,254)
Payables from related parties	4,591	23,321
Income tax payable	(60,875)	(61,669)
Accrued expenses and other current liabilities	(50,759)	(29,239)
<b>Net cash provided from (used in) operating activities</b>	<u>280,634</u>	<u>(684,391)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of available-for-sale financial assets	195,692	27,414
Proceeds from return of capital by investees under equity method	10,500	-
Additions to property, plant and equipment	(326,132)	(198,558)
Proceeds from sale of property, plant and equipment	2,377	16
Decrease in other receivables - related parties	-	116,479
Decrease (increase) in other assets	(47)	856
<b>Net cash used in investing activities</b>	<u>(117,610)</u>	<u>(53,793)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	205,526	271,730
Issuance of corporate bond	-	700,000
Redemption and buyback of bonds payable	(92,908)	-
Repayment of long-term loans	(109,750)	(739,834)
Decrease in other liabilities	-	(2,064)
Cash dividends	(736,500)	(861,653)
Issuance of common stock for cash	-	1,072,504
Cost of buyback treasury stock	(30,842)	-
<b>Net cash provided by (used in) financing activities</b>	<u>(764,474)</u>	<u>440,683</u>
<b>Net decrease in cash and cash in banks</b>	(601,450)	(297,501)
<b>Cash and cash in banks at beginning of period</b>	<u>1,644,489</u>	<u>1,616,573</u>
<b>Cash and cash in banks at end of period</b>	<u>\$ 1,043,039</u>	<u>\$ 1,319,072</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, excluding capitalization of interest*	<u>\$ 10,358</u>	<u>\$ 13,121</u>
Income tax paid	<u>\$ 123,080</u>	<u>\$ 168,626</u>
<b>Supplemental information on non-cash investing and financing activities:</b>		
Current portion of long-term debt	<u>\$ 146,333</u>	<u>\$ 146,333</u>
Unrealized valuation loss on financial instruments - available-for-sale	<u>\$ (158,420)</u>	<u>\$ (32,523)</u>
Changes in unrealized loss on financial instruments from long-term equity investments	<u>\$ (62,270)</u>	<u>\$ (8,928)</u>
Accumulated translation adjustments*	<u>\$ 62,590</u>	<u>\$ (10,665)</u>
Changes in capital reserve from long-term equity investments	<u>\$ (6,049)</u>	<u>\$ (6,683)</u>
<b>Cash used in acquisition of property, plant and equipment</b>		
Acquisition of property, plant and equipment	\$ (320,785)	(228,556)
Increase (decrease) in payables on equipment	(5,347)	29,998
Payment in cash	<u>\$ (326,132)</u>	<u>\$ (198,558)</u>

Note: Figures of 2010 were adjusted and characterized properly.