

HOLY STONE ENTERPRISE COMPANY LIMITED
BALANCE SHEET

December 31, 2012 and 2011

(Expressed in thousands of New Taiwan Dollars)

	12.31.2012		12.31.2011		YoY		12.31.2012		12.31.2011		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
Assets						Liabilities and Stockholders' Equity					
Current Assets:						Current Liabilities:					
Cash and Cash Equivalents	\$ 1,940,139	16	1,703,114	13	14	Short-term Loans	\$ 1,723,943	13	1,186,661	9	45
Financial Assets at Fair Value through Profit or Loss - Current	386,496	3	244,101	2	58	Financial Liabilities at Fair Value through Profit or Loss - Current	1,417	-	3,980	-	(64)
Notes and Accounts Receivable, net	2,253,940	18	2,372,162	18	(5)	Notes and Accounts Payable	1,003,084	8	1,248,925	10	(20)
Receivables from Related Parties	777,407	6	1,166,041	9	(33)	Payables to Related Parties	77,775	1	66,678	1	17
Other Financial Assets - Current	177,005	1	200,334	2	(12)	Income Tax Payable	16,996	-	10,000	-	70
Inventories, Net	1,663,340	13	1,703,965	13	(2)	Accrued Expenses and Other Current Liabilities	353,599	3	415,717	3	(15)
Prepaid Expenses and Other Current Assets	62,482	-	31,656	-	97	Current Portion of Puttable Corporate Bonds	101,300	1	567,863	4	(82)
Held-for-sale Noncurrent Assets	-	-	30,000	-	(100)	Current Portion of Long-term Debt	73,167	1	146,333	1	(50)
Total Current Assets	7,260,809	57	7,451,373	57	(3)	Total Current Liabilities	3,351,281	27	3,646,157	28	(8)
Funds and Investments:						Long-term Liabilities:					
Long-term Equity Investments under Equity Method	2,256,658	18	2,312,826	18	(2)	Long-term Bank Loans Payable	150,000	1	73,167	1	105
Available-for-sale Financial Assets - Noncurrent	71,105	1	97,809	1	(27)	Total Long-term Liabilities	150,000	1	73,167	1	105
Financial Assets Carried at Cost - Noncurrent	300,000	2	300,000	2	-	Other Liabilities:					
Total Funds and Investments	2,627,763	21	2,710,635	21	(3)	Accrued Pension Liabilities	42,062	-	7,810	-	439
Property, Plant and Equipment:						Deferred Income Tax Liabilities - Noncurrent	42,627	-	47,358	-	(10)
Cost:						Other Liabilities	1,266	-	268	-	372
Land	597,530	5	597,530	5	-	Total Other Liabilities	85,955	-	55,436	-	55
Buildings	1,187,583	10	1,139,806	9	4	Total Liabilities	3,587,236	28	3,774,760	29	(5)
Machinery and Equipment	1,837,898	15	1,611,809	13	14	Stockholders' Equity:					
Leasing Assets	47,568	-	47,568	-	-	Common Stock	3,202,175	25	3,202,175	25	-
Other Equipment	236,027	2	216,941	2	9	Capital Surplus	3,622,923	29	3,626,354	28	-
Subtotal	3,906,606	32	3,613,654	29	8	Retained Earnings:					
Less: Accumulated Depreciation	(1,358,876)	(11)	(1,135,769)	(9)	20	Legal Reserve	936,212	7	860,061	7	9
Construction in Progress and Prepayments for Equipment	153,179	1	226,017	2	(32)	Unappropriated Earnings	1,141,021	9	1,200,758	9	(5)
Net Property, Plant and Equipment	2,700,909	22	2,703,902	22	-		2,077,233	16	2,060,819	16	1
Other Assets	2,038	-	1,952	-	4	Others:					
						Cumulative Translation Adjustments	(27,010)	-	32,119	-	(184)
						Net Loss Not Recognized as Pension Cost	(37,126)	-	-	-	
						Unrealized Gain or Loss on Financial Instruments	196,930	2	202,477	2	(3)
						Treasury Stock	(30,842)	-	(30,842)	-	-
							101,952	2	203,754	2	(50)
						Total Stockholders' Equity	9,004,283	72	9,093,102	71	(1)
						Commitments and Contingencies					
Total Assets	\$ 12,591,519	100	12,867,862	100	(2)	Total Liabilities and Stockholders' Equity	\$ 12,591,519	100	12,867,862	100	(2)

HOLY STONE ENTERPRISE COMPANY LIMITED
CONDENSED INCOME STATEMENT
For the Three Months ended December 31, 2012
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	<u>4Q 2012</u>		<u>3Q 2012</u>		<u>4Q 2011</u>		<u>QoQ</u>		<u>YoY</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Net Sales	\$ 3,110,129	100.0	3,383,616	100.0	3,209,433	100.0	(273,487)	(8.1)	(99,304)	(3.1)
Cost of Goods Sold	(2,814,851)	(90.5)	(2,968,664)	(87.7)	(2,911,719)	(90.7)	153,813	(5.2)	96,868	(3.3)
Gross Profit	295,278	9.5	414,952	12.3	297,714	9.3	(119,674)	(28.8)	(2,436)	(0.8)
Realized (Unrealized) Gross Profit from Affiliates	702	-	(120)	-	987	-	822	(685.0)	(285)	(28.9)
Realized Gross Profit	295,980	9.5	414,832	12.3	298,701	9.3	(118,852)	(28.7)	(2,721)	(0.9)
Operating Expenses	(180,147)	(5.8)	(191,604)	(5.7)	(195,907)	(6.1)	11,457	(6.0)	15,760	(8.0)
Operating Income	115,833	3.7	223,228	6.6	102,794	3.2	(107,395)	(48.1)	13,039	12.7
Non-Operating Income and Gain	38,644	1.3	51,929	1.5	31,483	1.0	(13,285)	(25.6)	7,161	22.7
Non-Operating Expenses and Losses	1,132	-	(32,003)	(0.9)	(11,240)	(0.4)	33,135	(103.5)	12,372	(110.1)
Income before Income Tax	155,609	5.0	243,154	7.2	123,037	3.8	(87,545)	(36.0)	32,572	26.5
Income Tax Expense	(21,790)	(0.7)	(41,275)	(1.2)	(16,761)	(0.5)	19,485	(47.2)	(5,029)	30.0
Net Income	<u>\$ 133,819</u>	<u>4.3</u>	<u>201,879</u>	<u>6.0</u>	<u>106,276</u>	<u>3.3</u>	<u>(68,060)</u>	<u>(33.7)</u>	<u>27,543</u>	<u>25.9</u>
Earnings per Share - Before Tax (NT Dollars)	<u>\$ 0.49</u>		<u>0.76</u>		<u>0.39</u>					
Earnings per Share - After Tax (NT Dollars)	<u>\$ 0.42</u>		<u>0.63</u>		<u>0.33</u>					

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

HOLY STONE ENTERPRISE COMPANY LIMITED
INCOME STATEMENT
For the Twelve Months ended December 31, 2012 and 2011
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2012		2011		YoY
	Amount	%	Amount	%	%
Gross Sales	\$ 12,578,723	101	13,264,175	101	(5)
Less: Sales Returns and Allowances	(123,765)	(1)	(117,234)	(1)	6
Net Sales	12,454,958	100	13,146,941	100	(5)
Cost of Goods Sold	(11,057,199)	(89)	(11,866,080)	(90)	(7)
Gross Profit	1,397,759	11	1,280,861	10	9
Add (Less): (Un)realized Gross Profit from Affiliates	(2,160)	-	186	-	(1,261)
Realized Gross Profit	1,395,599	11	1,281,047	10	9
Operating Expense					
Selling and Administrative	(604,118)	(5)	(626,096)	(5)	(4)
Research and Development	(124,217)	(1)	(103,347)	-	20
	(728,335)	(6)	(729,443)	(5)	-
Operating Income	667,264	5	551,604	5	21
Non-Operating Income and Gains:					
Interest Income	12,475	-	9,295	-	34
Investment Income Recognized under Equity Method	75,344	1	160,095	1	(53)
Dividend Income	11,992	-	12,020	-	-
Net Gain on Disposal of Investments	31,856	-	152,971	1	(79)
Net Gain on Foreign Exchange	-	-	6,515	-	(100)
Valuation Gain on Financial Assets	51,702	-	-	-	-
Others	10,677	-	9,016	-	18
	194,046	1	349,912	2	(45)
Non-Operating Expenses and Losses:					
Interest Expenses	(18,745)	-	(19,586)	-	(4)
Net Loss on Foreign Exchange	(39,775)	-	-	-	-
Valuation Loss on Financial Assets	-	-	(2,970)	-	100
Impairment Loss	-	-	(8,928)	-	100
Valuation Loss on Financial Liabilities	(17,947)	-	(71,063)	(1)	(75)
Others	(12,165)	-	(3,480)	-	250
	(88,632)	-	(106,027)	(1)	(16)
Income Before Income Tax	772,678	6	795,489	6	(3)
Income Tax Expense	(117,555)	(1)	(33,979)	-	246
Net Income	\$ 655,123	5	761,510	6	(14)

	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Earnings per Share (NT Dollar)				
Basic Earnings per Share	\$ 2.42	2.05	2.49	2.38
Diluted Earnings per Share	\$ 2.33	1.98	2.35	2.25

HOLY STONE ENTERPRISE COMPANY LIMITED
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Twelve Months Ended December 31, 2012 and 2011
(Figures in thousand of New Taiwan Dollars)

	Retained Earnings				Other adjusted items on Stockholders' Equity				Total Stockholders' Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net loss not recognized as pension cost	Unrealized gains (loss) on financial instruments	Treasury Stock	
Beginning Balance, January 1, 2011	\$ 3,202,175	3,652,343	776,837	1,258,972	(24,681)	(20,223)	528,873	-	9,374,296
Derecognized Convertible Bonds	-	(6,572)	-	-	-	-	-	-	(6,572)
Treasury Stock Repurchase	-	-	-	-	-	-	-	(30,842)	(30,842)
Net Income	-	-	-	761,510	-	-	-	-	761,510
Appropriations of Prior Year's Earnings (note 1):									
Legal Capital Reserve	-	-	83,224	(83,224)	-	-	-	-	-
Cash Dividends of Common Stock	-	-	-	(736,500)	-	-	-	-	(736,500)
Changes in Unrealized Gains (Losses) on Available-for-sale Financial Assets	-	-	-	-	-	-	(181,268)	-	(181,268)
Changes in Net Loss not Recognized as Pension Cost	-	-	-	-	-	20,223	-	-	20,223
Changes in Foreign Exchange Gain (Loss) due to Translation of Foreign Currency on Financial Statements	-	-	-	-	56,800	-	-	-	56,800
Changes in Equities of Long-term Investments	-	(19,417)	-	-	-	-	(145,128)	-	(164,545)
Ending Balance, December 31, 2011	3,202,175	3,626,354	860,061	1,200,758	32,119	-	202,477	(30,842)	9,093,102
Derecognized Convertible Bonds	-	(5,180)	-	-	-	-	-	-	(5,180)
Net Income	-	-	-	655,123	-	-	-	-	655,123
Appropriations of Prior Year's Earnings (note 2):									
Legal Capital Reserve	-	-	76,151	(76,151)	-	-	-	-	-
Cash Dividends of Common Stock	-	-	-	(638,709)	-	-	-	-	(638,709)
Changes in Unrealized Gains (Losses) on Available-for-sale Financial Assets	-	-	-	-	-	-	(12,776)	-	(12,776)
Changes in Net Loss Not Recognized as Pension Cost	-	-	-	-	-	(37,126)	-	-	(37,126)
Changes in Foreign Exchange Gain (Loss) due to Translation of Foreign Currency on Financial Statements	-	-	-	-	(59,129)	-	-	-	(59,129)
Changes in Equities of Long-term Investments	-	1,749	-	-	-	-	7,229	-	8,978
Ending Balance, December 31, 2012	\$ 3,202,175	3,622,923	936,212	1,141,021	(27,010)	(37,126)	196,930	(30,842)	9,004,283

Note 1: Bonus to directors and supervisors of NT\$21,931 thousand and bonus to employees in cash of NT\$116,964 thousand have been deducted from statements of income of 2010.

Note 2: Bonus to directors and supervisors of NT\$19,818 thousand and bonus to employees in cash of NT\$105,693 thousand have been deducted from statements of income of 2011.

HOLY STONE ENTERPRISE COMPANY LIMITED
STATEMENT OF CASH FLOW
For the Twelve Months ended December 31, 2012 and 2011
(Expressed in thousands of New Taiwan Dollars)

	2012	2011
Cash Flows from Operating Activities:		
Net Income	\$ 655,123	761,510
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation	256,004	225,196
Amortization - Discount on Corporate Bonds Payable	4,183	7,948
Loss (Gain) on Expiration of Bonds*	8,455	(2,858)
Inventory Valuation, Scrap, and Obsolescence Loss	10,607	15,122
Investment Gain Accounted for using Equity Method	(75,344)	(160,095)
Cash Dividends from Investee under Equity Method	69,250	145,000
Loss (Gain) on Disposal of Property, Plant and Equipment	(1,117)	2,630
Gain on Disposal of Long-term Equity Investments under Equity Method	-	(2,690)
Gain on Disposal of Investments, net	(31,856)	(150,281)
Impairment Loss on Non-Financial Assets	-	8,928
Unrealized (Realized) Gain from Inter-Affiliate Accounts*	2,160	(186)
Deferred Income Tax Expense (Income)	(1,150)	22,143
Changes in Operating Assets and Liabilities:		
Financial Assets at Fair Value through Profit or Loss	(142,395)	66,119
Notes and Accounts Receivable	118,222	(79,483)
Receivables from Related Parties	388,634	(118,874)
Other Financial Assets - Current	23,329	(56,494)
Inventories	30,018	370,810
Prepaid Expenses and Other Current Assets	(22,297)	33,236
Financial Liabilities at Fair Value through Profit or Loss	1,680	4,343
Notes and Accounts Payable	(245,841)	(129,796)
Payables from Related Parties	11,097	18,861
Income Tax Payable	6,996	(50,875)
Accrued Expenses and Other Current Liabilities	(49,032)	(9,577)
Accrued Pension Liabilities	(2,874)	1,302
Net Cash Provided from Operating Activities	1,013,852	921,939
Cash Flows from Investing Activities:		
Proceeds from Sale of Available-for-sale Financial Assets	45,784	218,203
Proceeds from Return of Capital by Investees under Equity Method*	-	10,500
Proceeds from Sale of Noncurrent Assets Held for Sale	30,000	-
Additions to Property, Plant and Equipment	(302,982)	(366,037)
Proceeds from Sale of Property, Plant and Equipment	35,842	2,413
Increase in Other Assets	(86)	(14)
Net Cash Used in Investing Activities	(191,442)	(134,935)
Cash Flows from Financing Activities:		
Increase in Short-term Loans	537,282	291,322
Redemption of Corporate Bond	(488,623)	(106,026)
Proceeds from Long-term Borrowings	150,000	-
Repayment of Long-term Loans	(146,333)	(146,333)
Increase in Refundable Deposits	998	-
Cash Dividends	(638,709)	(736,500)
Cost of Buyback Treasury Stock	-	(30,842)
Net Cash Used in Financing Activities	(585,385)	(728,379)
Net Increase in Cash and Cash in Banks	237,025	58,625
Cash and Cash in Banks at Beginning of Period	1,703,114	1,644,489
Cash and Cash in Banks at End of Period	\$ 1,940,139	\$ 1,703,114
Supplemental Disclosure of Cash Flow Information:		
Interest Paid*	\$ 14,393	\$ 11,660
Income Tax Paid	\$ 50,255	\$ 124,166
Supplemental Information on Non-Cash Investing and Financing Activities:		
Current Portion of Long-term Debt	\$ 73,167	\$ 714,196
Unrealized Valuation Loss (Gain) on Financial Instruments*	\$ 12,776	\$ 181,268
Changes in Unrealized Loss (Gain) on Financial Instruments from Long-term Equity Investments	\$ (7,229)	\$ 145,128
Changes in Capital Surplus from Long-term Equity Investments	\$ (1,749)	\$ 19,417
Cash Used in Acquisition of Property, Plant and Equipment		
Acquisition of Property, Plant and Equipment	\$ (287,736)	(365,533)
Increase (Decrease) in Payables on Equipment	(15,246)	(504)
Payment in Cash	\$ (302,982)	\$ (366,037)

Note: Figures of 2011 were adjusted and characterized properly.