

**HOLY STONE ENTERPRISE CO., LTD.****Unconsolidated Balance Sheet**

As of June 30, 2008 and June 30, 2007

(Figures in thousand of new taiwan dollars)

<b>ASSETS</b>	<b>June 30, 2008</b>	<b>%</b>	<b>June 30, 2007</b>	<b>%</b>	<b>YoY %</b>
<b>Current Assets</b>					
Cash	\$654,052	6	1,040,789	10	(37.2)
Account Receivable and Notes	3,391,878	32	3,212,023	32	5.6
Other Financial Assets*	172,255	2	108,824	1	58.3
Inventories	1,546,161	15	1,547,982	15	(0.1)
Prepaid Expenses and Other Current Assets	144,088	1	124,634	1	15.6
Financial assets at fair value through profit or loss-current	447,939	4	362,134	4	23.7
<b>Total Current Assets</b>	<b>6,356,373</b>	<b>59</b>	<b>6,396,386</b>	<b>64</b>	<b>(0.6)</b>
Long-Term Investment	2,190,829	21	1,707,838	17	28.3
<b>Fixed Assets</b>	<b>3,075,635</b>	<b>29</b>	<b>2,660,952</b>	<b>27</b>	<b>15.6</b>
Accumulated Depreciation	(933,208)	(9)	(758,415)	(8)	23.0
<b>Net Fixed Assets</b>	<b>2,142,427</b>	<b>20</b>	<b>1,902,537</b>	<b>19</b>	<b>12.6</b>
Other Assets	7,085	0	15,020	0	(52.8)
<b>Total Assets</b>	<b>10,696,714</b>	<b>100</b>	<b>10,021,781</b>	<b>100</b>	<b>6.7</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Short-Term Loans	849,517	8	744,477	7	14.1
Account Payable and Notes*	1,216,963	11	1,089,180	11	11.7
Dividends Payable*	811,055	8	731,264	7	10.9
Other Current Liabilities*	492,383	5	519,741	5	(5.3)
<b>Total current Liabilities</b>	<b>3,369,918</b>	<b>32</b>	<b>3,084,662</b>	<b>31</b>	<b>9.2</b>
Long-Term Liabilities	0	0	0	0	
Long-Term Loans	99,000	1	0	0	0.0
Other Liabilities	6,711	0	9,932	0	(32.4)
<b>Total Liabilities</b>	<b>3,475,629</b>	<b>33</b>	<b>3,094,594</b>	<b>31</b>	<b>12.3</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
Capital Stock	2,703,953	25	2,508,822	25	7.8
Dividends to be distributed	83,535	1	163,501	2	(48.9)
Capital Surplus	2,822,716	26	2,669,539	27	5.7
Legal Reserve	624,427	6	505,526	5	23.5
Special Reserve	0	0	0	0	0.0
Retained Earnings	839,506	8	934,787	9	(10.2)
Foreign currency translation adjustment	(8,291)	(0)	11,354	0	(173.0)
Unrealized gains of financial instruments	155,239	2	314,549	3	(50.6)
Treasury Stock	0	0	(180,891)	(2)	(100.0)
<b>Total Equity</b>	<b>7,221,085</b>	<b>68</b>	<b>6,927,187</b>	<b>69</b>	<b>4.2</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$10,696,714</b>	<b>100</b>	<b>10,021,781</b>	<b>100</b>	<b>6.7</b>

Remarks: Figures of 2007 were adjusted and characterized properly.

**HOLY STONE ENTERPRISE CO., LTD.****Unconsolidated Income Statement**

For the Three Months Ended June 30, 2008

(Figures in thousand of new taiwan dollars, except for per share)

	Sequential comparison				Year over year comparison			
	2Q 2008	% of Sales	1Q 2008	QoQ %	2Q 2008	% of Sales	2Q 2007	YoY %
Net Sales	\$3,249,358	100.0	3,271,395	(0.7)	3,249,358	100.0	3,133,357	3.7
Cost of Goods Sold	(2,823,340)	(86.9)	(2,880,155)	(2.0)	(2,823,340)	(86.9)	(2,581,433)	9.4
Gross Profit before Intercompany Profit	426,018	13.1	391,240	8.9	426,018	13.1	551,924	(22.8)
Net (Unrealized) Realized Intercompany Profit	(1,900)	(0.1)	6,319	(130.1)	(1,900)	(0.1)	(2,964)	(35.9)
Net Gross Profit	424,118	13.0	397,559	6.7	424,118	13.0	548,960	(22.7)
Operating Expenses	(185,619)	(5.7)	(165,980)	11.8	(185,619)	(5.7)	(170,195)	9.1
Operating Income	238,499	7.3	231,579	3.0	238,499	7.3	378,765	(37.0)
Net Non-operating Income	76,551	2.4	25,168	204.2	76,551	2.4	27,178	181.7
Net Non-operating Expenses (Loss)	(56,073)	(1.7)	(10,331)	442.8	(56,073)	(1.7)	(13,908)	303.2
Income before Income Tax	258,977	8.0	246,416	5.1	258,977	8.0	392,035	(33.9)
Income Tax (Expenses)	(54,017)	(1.7)	(33,725)	60.2	(54,017)	(1.7)	(62,840)	(14.0)
Net Income	\$204,960	6.3	212,691	(3.6)	204,960	6.3	329,195	(37.7)
Earnings Per Share – Before Tax *	<u>\$0.96</u>		<u>\$0.91</u>		<u>\$0.96</u>		<u>\$1.56</u>	
Earnings Per Share – After Tax *	<u>\$0.76</u>		<u>\$0.79</u>		<u>\$0.76</u>		<u>\$1.31</u>	

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

**HOLY STONE ENTERPRISE CO., LTD.****Unconsolidated Income Statement**

For the six Months Ended June 30, 2008 and 2007

(Figures in thousand of new taiwan dollars, except for per share)

	6 months ended June 30			
	2008	% of Sales	2007	YoY %
Net Sales	\$6,520,753	100.0	6,161,674	5.8
Cost of Goods Sold	(5,703,495)	(87.5)	(5,084,051)	12.2
Gross Profit before Intercompany Profit	817,258	12.5	1,077,623	(24.2)
Net (Unrealized) Realized Intercompany Profit	4,419	0.1	(10,226)	(143.2)
Net Gross Profit	821,677	12.6	1,067,397	(23.0)
Operating Expenses	(351,599)	(5.4)	(319,451)	10.1
Operating Income	470,078	7.2	747,946	(37.2)
Net Non-operating Income	101,719	1.6	54,574	86.4
Net Non-operating Expenses (Loss)	(66,404)	(1.0)	(33,927)	95.7
Income before Income Tax	505,393	7.8	768,593	(34.2)
Income Tax (Expenses)	(87,742)	(1.3)	(144,645)	(39.3)
Net Income	\$417,651	6.5	623,948	(33.1)
Earnings Per Share – Before Tax *	\$1.81		\$2.93	
Earnings Per Share – After Tax *	\$1.50		\$2.38	

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

**HOLY STONE ENTERPRISE CO., LTD.**  
**Statements of Changes in Stockholders' Equity**  
For the Six Months Ended June 30, 2008 and 2007  
(Figures in thousand of new taiwan dollars)

	Capital Stocks	Dividends to be Distributed	Capital Surplus	Retained Earnings			Currency Translation Adjustment	Unrealized gains of financial	Treasury Stock	Total Shareholders' Equity
				Legal Capital Reserve	Special Capital Reserve	Inappropriate Earnings				
Balance, January 1, 2007	\$2,459,742	-	2,546,528	391,599	293	1,340,863	2,776	56,808	(13,957)	6,784,652
Appropriations of prior year's earnings										
Legal capital reserve	-	-	-	113,927	-	(113,927)	-	-	-	-
Stock dividends to common shareholders	-	73,126	-	-	-	(73,126)	-	-	-	-
Employees' profit sharing	-	66,000	-	-	-	(66,000)	-	-	-	-
Cash dividends to common shareholders	-	-	-	-	-	(731,264)	-	-	-	(731,264)
Cash dividends to employee	-	-	-	-	-	(20,000)	-	-	-	(20,000)
Bonus to directors and supervisors	-	-	-	-	-	(26,000)	-	-	-	(26,000)
Treasury stock transferred to employees	-	24,375	(24,375)	-	-	-	-	-	-	-
Increase in treasury stock	-	-	-	-	-	-	-	-	(151,798)	(151,798)
Convertible bonds transferred to common stock	45,985	-	140,715	-	-	-	-	-	-	186,700
Reversal of Special capital reserve	-	-	-	-	(293)	293	-	-	-	-
Employee stock options exercised	3,095	-	3,745	-	-	-	-	-	-	6,840
Valuation gains on available-for-sale financial assets	-	-	-	-	-	-	-	257,741	-	257,741
Foreign currency translation adjustment	-	-	-	-	-	-	8,578	-	-	8,578
Adjustment on long-term investments	-	-	2,926	-	-	-	-	-	-	2,926
Treasury stock from the company	-	-	-	-	-	-	-	-	(15,136)	(15,136)
Net income for the six months ended June 30, 2007	=	=	=	=	=	623,948	=	=	=	623,948
Balance, June 30, 2007	<u>\$2,508,822</u>	<u>163,501</u>	<u>2,669,539</u>	<u>505,526</u>	=	<u>934,787</u>	<u>11,354</u>	<u>314,549</u>	<u>(180,891)</u>	<u>6,927,187</u>
Balance, January 1, 2008	\$2,703,274	-	2,747,093	505,526	-	1,499,846	6,394	83,013	(14,568)	7,530,578
Appropriations of prior year's earnings										
Legal capital reserve	-	-	-	118,901	-	(118,901)	-	-	-	-
Stock dividends to common shareholders	-	27,035	-	-	-	(27,035)	-	-	-	-
Employees' profit sharing	-	56,500	-	-	-	(56,500)	-	-	-	-
Cash dividends to common shareholders	-	-	-	-	-	(811,055)	-	-	-	(811,055)
Cash dividends to employee	-	-	-	-	-	(37,500)	-	-	-	(37,500)
Bonus to directors and supervisors	-	-	-	-	-	(27,000)	-	-	-	(27,000)
Convertible bonds transferred to common stock	679	-	1,821	-	-	-	-	-	-	2,500
Valuation gains on available-for-sale financial assets	-	-	-	-	-	-	-	72,226	-	72,226
Foreign currency translation adjustment	-	-	-	-	-	-	(14,685)	-	-	(14,685)
Adjustment on long-term investments	-	-	73,802	-	-	-	-	-	-	73,802
Treasury stock from the company	-	-	-	-	-	-	-	-	14,568	14,568
Net income for the six months ended June 30, 2008	=	=	=	=	=	417,651	=	=	=	417,651
Balance, June 30, 2008	<u>\$2,703,953</u>	<u>83,535</u>	<u>2,882,716</u>	<u>624,427</u>	=	<u>839,506</u>	<u>(8,291)</u>	<u>155,239</u>	=	<u>7,221,085</u>

**HOLY STONE ENTERPRISE CO., LTD.****Unconsolidated Statement of Cash Flows**

For the six Months Ended June 30, 2008 and 2007

(Figures in thousand of new taiwan dollars)

	<u>6 months 2008</u>	<u>6 months 2007</u>
Cash flows from operating activities :		
Net income	\$417,651	\$623,948
Adjustments:		
Depreciation	108,277	89,936
Amortization	-	8,301
Losses on others-accumulated depreciation-assets rented out	223	223
Unrealized Gain from Intercompany profit	(4,419)	10,226
Allowance (reversal) for doubtful accounts	(284)	(705)
Unrealized loss from allowance for inventory valuation loss	48,000	14,953
Gain on valuation of financial assets	(3,280)	(7,119)
Loss (gain) on abandonment of property, plant and equipment, net	(591)	432
Fixed assets transferred to operating Expenses	360	884
Investment loss recognized by equity method	(28,844)	(10,202)
Loss (gain) on disposal of long-term investments	(47,879)	(7,228)
Deferred income tax expense (benefit)	(9,849)	(376)
Changes in assets and liabilities:		
Decrease (increase) in accounts/notes receivable	33,625	310,518
Decrease (increase) in accounts receivable-related parties	4,474	(173,838)
Decrease (increase) in other financial assets	(11,737)	(51,672)
Decrease (increase) in inventories	43,076	44,918
Decrease (increase) in prepaid accounts and other current assets	10,661	(50,974)
Increase (decrease) in accounts/notes payable	130,212	(78,309)
Decrease (increase) in accounts payable-related parties	(39,708)	(62,979)
Increase (decrease) in income tax payable	(43,699)	13,235
Increase (decrease) in pension liabilities	30,141	(128)
Decrease (increase) in Financial assets at fair value through profit or loss	<u>(177,844)</u>	<u>73,125</u>
<b>Net cash provided from operating activities</b>	<u>458,566</u>	<u>747,169</u>
<b>Cash flows from investing activities :</b>		
Proceeds from sale of property, plant and equipment	2,002	236
Decrease (increase) in fixed assets	(219,943)	(160,185)
Proceed from sale of available-for-sale financial assets	-	8,280
Decrease (increase) in long-term investments	(661,250)	(75,244)
Decrease (increase) in Financial assets carried at cost	-	(46,063)
Decrease (increase) in deposit out	<u>(230)</u>	<u>(1,710)</u>
<b>Net cash used in investing activities</b>	<u>(879,421)</u>	<u>(274,686)</u>
<b>Cash flows from financing activities :</b>		
Increase (decrease) in short-term loans	(67,769)	(65,256)
Increase (decrease) in long-term loans	99,000	-
Decrease (increase) in refundable deposits	(3)	1
Issuance of stocks option	-	6,840
Decrease in treasury stock	-	<u>(151,798)</u>
<b>Net cash used in financing activities</b>	<u>31,228</u>	<u>(210,213)</u>
<b>Net increase in cash and cash equivalents</b>	(389,627)	262,270
<b>Cash and cash equivalents at beginning of period</b>	<u>1,043,679</u>	<u>778,519</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$654,052</b></u>	<u><b>\$1,040,789</b></u>