

HOLY STONE ENTERPRISE COMPANY LIMITED
Balance Sheets
March 31, 2009 and 2008
(Expressed in thousands of New Taiwan Dollars)

	3.31.2009		3.31.2008		YoY		3.31.2009		3.31.2008		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
Assets						Liabilities and stockholders' equity					
Current assets:						Current liabilities:					
Cash and cash in banks	\$1,237,265	12	1,198,860	12	3	Short-term loans	\$177,813	2	786,265	8	(77)
Financial assets at fair value through profit or loss-current*	472,781	6	271,519	3	74	Financial assets at fair value through or loss-current	800	-	5,882	-	(86)
Notes and accounts receivable, net	1,569,795	15	2,711,546	26	(42)	Notes and Accounts Payable	659,582	6	1,102,937	11	(40)
Receivables from related parties	658,573	6	742,501	7	(11)	Payables to related parties	38,444	-	45,699	-	(16)
Other financial assets-current*	101,040	1	89,941	1	12	Income tax payable	29,921	-	191,728	2	(84)
Inventories, net	1,202,210	12	1,630,570	16	(26)	Accrued expenses and other current liabilities	394,872	5	266,292	3	48
Prepaid expenses and other current assets	132,376	1	123,413	1	7	Current portion of bonds payable	126,100	1	203,200	2	(38)
Total current assets	5,374,040	53	6,768,350	66	(21)	Current portion of long-term debt	51,000	-	-	-	100
Funds and investments:						Total current liabilities	1,478,532	14	2,602,003	26	(43)
Available-for-sale financial assets-noncurrent	511,738	5	408,858	4	25	Long-term liabilities	1,124,500	11	0	-	100
Financial assets carried at cost-noncurrent	-	-	87,583	1	(100)	Other liabilities:					
Long-term equity investments under equity	1,948,539	19	938,393	9	108	Accrued pension liabilities	12,740	-	6,442	-	98
Total funds and investments	2,460,277	24	1,434,834	14	71	Other liabilities	274	-	269	-	2
Property, plant and equipment:						Total other liabilities	13,014	-	6,711	-	94
Land	460,179	4	440,783	4	4	Total liabilities	2,616,046	25	2,608,714	26	-
Buildings	756,636	7	773,876	7	(2)	Stockholders' equity:					
Machinery and equipment	1,439,195	15	1,315,655	13	9	Common stock	2,806,456	27	2,703,600	25	4
Leasing assets	47,568	-	71,071	1	(33)	Capital surplus	2,740,717	27	2,747,967	27	-
Other equipment	244,767	2	267,905	3	(9)	Retained earnings:					
Subtotal	2,948,345	28	2,869,290	28	3	Legal reserve	624,427	6	505,526	5	24
Less: Accumulated depreciation	(867,197)	(8)	(880,171)	(9)	(1)	Unappropriated earnings	1,282,556	13	1,712,537	16	(25)
Construction in progress and prepayments for	305,265	3	137,403	1	122		1,906,983	19	2,218,063	21	(14)
Net property, plant and equipment	2,386,413	23	2,126,522	20	12	Others:					
Other assets	6,861	-	7,119	-	(4)	Cumulative translation adjustments	106,013	1	(7,361)	-	(1,540)
						Net loss unrecognized as pension cost	(6,406)	-	-	-	(100)
						Unrealized gain or loss on financial	57,782	1	79,688	1	(27)
							157,389	2	72,327	1	118
						Treasury stock	-	-	(13,846)	-	(100)
						Total stockholders' equity	7,611,545	75	7,728,111	74	(2)
						Commitments and contingencies					
Total assets	\$10,227,591	100	10,336,825	100	(1)	Total liabilities and stockholders' equity	\$10,227,591	100	10,336,825	100	(1)

Note: Figures of 2008 were adjusted and characterized properly.

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Income
For the three months ended March 31, 2009
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	<u>1Q 2009</u>		<u>4Q 2008</u>		<u>1Q 2008</u>		<u>QoQ</u>		<u>YoY</u>	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$2,214,015	100.0	2,536,387	100.0	3,271,395	100.0	(322,372)	(12.7)	(1,057,380)	(32.3)
Cost of goods sold	(1,927,948)	(87.1)	(2,247,485)	(88.6)	(2,880,155)	(88.0)	319,537	(14.2)	952,207	(33.1)
Gross profit	286,067	12.9	288,902	11.4	391,240	12.0	(2,835)	(1.0)	(105,173)	(26.9)
Unrealized gross profit from affiliates	8,481	0.4	10,502	0.4	6,319	0.2	(2,021)	(19.2)	2,162	34.2
Realized gross profit	294,548	13.3	299,404	11.8	397,559	12.2	(4,856)	(1.6)	(103,011)	(25.9)
Operating expenses	(145,624)	(6.6)	(220,462)	(8.7)	(165,980)	(5.1)	74,838	(33.9)	20,356	(12.3)
Operating income	148,924	6.7	78,942	3.1	231,579	7.1	69,982	88.6	(82,655)	(35.7)
Non-operating income and gain (Note 1)	95,228	4.3	77,574	3.1	98,952	3.0	17,654	22.8	70,060	278.4
Non-operating expenses and losses (Note 1)	(33,652)	(1.5)	(147,174)	(5.8)	(84,115)	(2.6)	113,522	(77.1)	(23,321)	225.7
Income before income tax	210,500	9.5	9,342	0.4	246,416	7.5	201,158	2,153.3	(35,916)	(14.6)
Income tax expense	(24,296)	(1.1)	(12,225)	(0.5)	(33,725)	(1.0)	(12,071)	98.7	9,429	(28.0)
Net income	<u>\$186,204</u>	<u>8.4</u>	<u>(2,883)</u>	<u>(0.1)</u>	<u>212,691</u>	<u>6.5</u>	<u>189,087</u>	<u>6,558.7</u>	<u>(26,487)</u>	<u>(12.5)</u>
Earnings per share-before tax (NT Dollars) (Note 2)	<u>\$0.75</u>		<u>\$0.03</u>		<u>\$0.91</u>					
Earnings per share-after tax (NT Dollars) (Note 2)	<u>\$0.66</u>		<u>(\$0.01)</u>		<u>\$0.79</u>					

Note 1: Figures of 2008 were adjusted and characterized properly.

Note 2: EPS calculation is based on the outstanding shares at the end of each quarter.

HOLY STONE ENTERPRISE COMPANY LIMITED

Statements of Income

For the three months ended March 31, 2009 and 2008

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

	1Q 2009		1Q 2008		YoY
	Amount	%	Amount	%	%
Gross sales	\$2,241,611	101	3,305,074	101	(32)
Less: Sales returns and allowances	(27,596)	(1)	(33,679)	(1)	(18)
Net sales	2,214,015	100	3,271,395	100	(32)
Cost of goods sold	(1,927,948)	(87)	(2,880,155)	(88)	(33)
Gross profit	286,067	13	391,240	12	(27)
Realized gross profit from affiliates	8,481	-	6,319	-	34
Realized gross profit	294,548	13	397,559	12	(26)
Operating expenses:					
Selling and administrative	(120,821)	(5)	(135,445)	(4)	(11)
Research and development	(24,803)	(1)	(30,535)	(1)	(19)
	(145,624)	(6)	(165,980)	(5)	(12)
Operating income	148,924	7	231,579	7	(36)
Non-operating income and gains:					
Interest income	3,197	-	3,165	-	1
Investment income recognized under equity method	46,203	2	11,465	1	303
Dividend income	2,625	-	2,625	-	-
Foreign exchange gain	42,163	2	0	-	100
Valuation gain on financial instruments	-	-	77,429	2	(100)
Others	1,040	-	4,268	-	(76)
	95,228	4	98,952	3	(4)
Non-operating expenses and losses:					
Interest expenses	(5,235)	-	(3,320)	-	58
Valuation loss on financial instruments	(22,854)	(1)	-	-	(100)
Foreign exchange loss	-	-	(79,825)	(2)	(100)
Others	(5,563)	-	(970)	-	474
	(33,652)	(1)	(84,115)	(2)	(60)
Income before income tax	210,500	10	246,416	8	(15)
Income tax expense	(24,296)	(1)	(33,725)	(1)	(28)
Net income	\$186,204	9	212,691	7	(12)

	Before <u>income tax</u>	After <u>income tax</u>	Before <u>income tax</u>	After <u>income tax</u>
Earnings per share (NT Dollar)				
Basic earnings per share	<u>\$0.75</u>	<u>0.66</u>	<u>0.91</u>	<u>0.79</u>
Basic earnings per share – retroactive			<u>\$0.88</u>	<u>0.76</u>
Diluted earnings per share	<u>\$0.74</u>	<u>0.65</u>	<u>0.89</u>	<u>0.77</u>
Diluted earnings per share – retroactive			<u>\$0.86</u>	<u>0.75</u>

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Cash Flows
For the three months ended March 31, 2009 and 2008
(Expressed in thousands of New Taiwan Dollars)

	3 months 2009	3 months 2008
Cash flows from operating activities:		
Net income	\$186,204	212,691
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	50,921	53,064
Other expenditures - accumulated depreciation on assets leased to others	92	112
Deferred credits - Unrealized loss from intercompany profit	(8,481)	(6,319)
Gain on reversal of inventory allowance	(7,173)	-
Loss (gain) on disposal of property, plant and equipment, net	5,471	(760)
Property, plant and equipment reclassified as expense	233	-
Investment gain accounted for using equity method, net	(46,203)	(11,465)
Gain on buyback of bonds payable	(6)	-
Deferred income tax benefit	(6,565)	(14,987)
Changes in assets and liabilities:		
Increase in financial assets at fair value through profit or loss*	(243,169)	(3,304)
Decrease (increase) in notes and accounts receivable	522,557	(118,269)
Decrease in receivables from related parties	194,049	93,915
Decrease in other financial assets*	21,901	38,697
Decrease in inventories	471,428	6,667
Decrease in prepaid expenses and other current assets	22,976	36,474
Increase in financial liabilities at fair value through profit or loss	800	-
Increase (decrease) in notes and accounts payable	(341,808)	53,984
Increase (decrease) in payables from related parties	1,771	(31,447)
Increase in income tax payable	16,531	48,523
Increase (decrease) in accrued expenses and other current liabilities*	2,127	(18,483)
Net cash provided from operating activities	843,656	339,093
Cash flows from investing activities:		
Purchase of long-term investments	(140,000)	(102,302)
Proceeds from sale of property, plant and equipment	162	2,002
Additions to property, plant and equipment*	(82,574)	(154,224)
Decrease (increase) in other asset	167	(264)
Net cash used in investing activities	(222,245)	(254,788)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(478,656)	70,879
Repayment of long-term loans	(12,750)	-
Buyback and cancellation of bonds payable	(694)	-
Increase (decrease) in other liability	2	(3)
Net cash used in financing activities	(492,098)	70,876
Net increase in cash and cash in banks	129,313	155,181
Cash and cash in banks at beginning of period	1,107,952	1,043,679
Cash and cash in banks at end of period	\$1,237,265	1,198,860
Supplemental disclosure of cash flow information:		
Interest paid, excluding capitalization of interest	\$5,965	10,108
Income tax paid	\$14,329	189
Supplemental information on non-cash investing and financing activities:		
Unrealized loss (gain) on available-for-sale financial instruments	(\$87,351)	3,325
Changes in capital reserve from long-term equity investments	(\$1,074)	-
Convertible bonds converted into common stock and capital surplus	\$ -	1,200
Current portion of bonds payable and long-term debt	\$177,100	203,200
Cash used in acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	\$98,687	115,308
Add: Payable at beginning of period	72,048	65,348
Less: Payable at end of period	(88,161)	(26,432)
Payment in cash	\$82,574	154,224

Note: Figures of 2008 were adjusted and characterized properly.