

HOLY STONE ENTERPRISE COMPANY LIMITED
Balance Sheets (Reviewed)
September 30, 2009 and 2008
(Expressed in thousands of New Taiwan Dollars)

	9.30.2009		9.30.2008		YoY		9.30.2009		9.30.2008		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
Assets						Liabilities and stockholders' equity					
Current assets:						Current liabilities:					
Cash and cash equivalents	\$ 1,287,628	11	489,406	4	163	Short-term loans	\$ 759,053	7	688,454	6	10
Financial assets at fair value through profit or loss-current*	667,659	6	342,188	3	95	Financial liabilities at fair value through profit or loss-current*	-	-	8,842	-	(100)
Notes and accounts receivable, net	2,292,697	21	2,938,389	27	(22)	Notes and Accounts Payable	991,329	10	1,409,590	13	(30)
Receivables from related parties	724,801	6	972,296	9	(25)	Payables to related parties	21,960	-	38,387	-	(43)
Other financial assets-current	99,333	1	195,785	2	(49)	Income tax payable	84,582	1	-	-	
Inventories, net	985,722	9	1,551,789	13	(36)	Accrued expenses and other current liabilities*	325,670	3	476,542	5	(32)
Prepaid expenses and other current assets	118,690	1	185,920	2	(36)	Current portion of bonds payable	-	-	129,000	1	(100)
Total current assets	6,176,530	55	6,675,773	60	(7)	Current portion of long-term debt	87,583	1	23,000	-	281
Funds and investments:						Total current liabilities	2,270,177	22	2,773,815	25	(18)
Available-for-sale financial assets-noncurrent*	295,373	3	233,205	2	27	Long-term liabilities	1,067,417	9	881,000	8	21
Financial assets carried at cost-noncurrent*	300,000	3	300,000	3	-	Other liabilities:					
Long-term equity investments under equity method	2,114,030	19	1,510,195	14	40	Accrued pension liabilities	12,740	-	6,442	-	98
Total funds and investments	2,709,403	25	2,043,400	19	33	Deferred income tax liabilities-noncurrent	34,960	-	-	-	
Property, plant and equipment:						Other liabilities	2,347	-	272	-	763
Land	460,179	4	440,783	4	4	Total other liabilities	50,047	-	6,714	-	645
Buildings	1,091,429	10	778,142	7	40	Total liabilities	3,387,641	31	3,661,529	33	(7)
Machinery and equipment	1,397,722	12	1,456,906	13	(4)	Stockholders' equity:					
Leasing assets	47,568	-	71,071	1	(33)	Common stock	2,872,175	25	2,806,456	25	2
Other equipment	235,492	2	275,069	2	(14)	Capital surplus	2,758,332	24	2,729,943	25	1
Subtotal	3,232,390	28	3,021,971	27	7	Retained earnings:					
Less: Accumulated depreciation	(884,420)	(8)	(987,314)	(9)	(10)	Legal reserve	691,876	6	624,427	6	11
Construction in progress and prepayments for equipment	25,249	-	288,871	3	(91)	Unappropriated earnings	1,205,622	11	1,099,235	10	10
Net property, plant and equipment	2,373,219	20	2,323,528	21	2		1,897,498	17	1,723,662	16	10
Other assets	6,507	-	7,151	-	(9)	Others:					
						Cumulative translation adjustments	40,609	-	48,071	-	(16)
						Net loss unrecognized as pension cost	(6,406)	-	-	-	
						Unrealized gain or loss on financial instruments	315,810	3	80,191	1	294
							350,013	3	128,262	1	173
						Total stockholders' equity	7,878,018	69	7,388,323	67	7
						Commitments and contingencies					
Total assets	\$11,265,659	100	11,049,852	100	2	Total liabilities and stockholders' equity	\$11,265,659	100	11,049,852	100	2

Note: Figures of 2008 were adjusted and characterized properly.

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Income
For the three months ended September 30, 2009
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	<u>3Q 2009</u>		<u>2Q 2009</u>		<u>3Q 2008</u>		<u>QoQ</u>		<u>YoY</u>	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$3,036,425	100.0	3,058,847	100.0	3,720,314	100.0	(22,422)	(0.7)	(683,889)	(18.4)
Cost of goods sold (Note 1)	(2,630,757)	(86.6)	(2,649,292)	(86.6)	(3,289,084)	(88.4)	18,535	(0.7)	658,327	(20.0)
Gross profit	405,668	13.4	409,555	13.4	431,230	11.6	(3,887)	(0.9)	(25,562)	(5.9)
Realized (unrealized) gross profit from affiliates	(409)	(0.0)	3,524	0.1	(3,393)	(0.1)	(3,933)	(111.6)	2,984	(87.9)
Realized gross profit	405,259	13.3	413,079	13.5	427,837	11.5	(7,820)	(1.9)	(22,578)	(5.3)
Operating expenses (Note 1)	(178,351)	(5.9)	(180,008)	(5.9)	(185,708)	(5.0)	1,657	(0.9)	7,357	(4.0)
Operating income	226,908	7.5	233,071	7.6	242,129	6.5	(6,163)	(2.6)	(15,221)	(6.3)
Non-operating income and gain (Note 1)	87,881	2.9	80,675	2.6	5,745	0.2	7,206	8.9	82,136	1,429.7
Non-operating expenses and losses (Note 1)	3,076	0.1	(2,634)	(0.1)	51,735	1.4	5,710	(216.8)	(48,659)	(94.1)
Income before income tax	317,865	10.5	311,112	10.2	299,609	8.1	6,753	2.2	18,256	6.1
Income tax expense	(69,871)	(2.3)	(63,429)	(2.1)	(39,880)	(1.1)	(6,442)	10.2	(29,991)	75.2
Net income	<u>\$ 247,994</u>	<u>8.2</u>	<u>247,683</u>	<u>8.1</u>	<u>259,729</u>	<u>7.0</u>	<u>311</u>	<u>0.1</u>	<u>(11,735)</u>	<u>(4.5)</u>
Earnings per share-before tax (NT Dollars) (Note 2)	<u>\$ 1.11</u>		<u>1.11</u>		<u>1.07</u>					
Earnings per share-after tax (NT Dollars) (Note 2)	<u>\$ 0.86</u>		<u>0.88</u>		<u>0.93</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 (Reviewed)
For the Nine months ended September 30, 2009 and 2008
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2009		2008		YoY
	Amount	%	Amount	%	%
Gross sales	\$ 8,398,452	101	10,354,731	101	(19)
Less: Sales returns and allowances	(89,165)	(1)	(113,664)	(1)	(22)
Net sales	8,309,287	100	10,241,067	100	(19)
Cost of goods sold*	(7,207,997)	(87)	(9,040,338)	(88)	(20)
Gross profit	1,101,290	13	1,200,729	12	(8)
Realized gross profit from affiliates	11,596	-	1,026	-	1,030
Realized gross profit	1,112,886	13	1,201,755	12	(7)
Operating expenses:					
Selling and administrative*	(430,734)	(5)	(441,555)	(4)	(2)
Research and development	(73,249)	(1)	(95,752)	(1)	(24)
	(503,983)	(6)	(537,307)	(5)	(6)
Operating income	608,903	7	664,448	6	(8)
Non-operating income and gains:					
Interest income*	8,263	-	9,655	-	(14)
Investment income recognized under equity method	149,841	2	58,681	1	155
Dividend income	10,640	-	11,556	-	(8)
Gain on disposal of investments	16,689	-	50,822	-	(67)
Foreign exchange gain*	-	-	27,070	-	(100)
Valuation gain on financial assets*	6,783	-	-	-	
Others*	71,568	1	10,134	-	606
	263,784	3	167,918	2	57
Non-operating expenses and losses:					
Interest expenses*	(13,637)	-	(15,344)	-	(11)
Foreign exchange loss*	(8,464)	-	-	-	
Valuation loss on financial assets*	-	-	(10,434)	-	(100)
Valuation loss on financial liabilities*	-	-	(1,250)	-	(100)
Others*	(11,109)	-	(336)	-	3,206
	(33,210)	-	(27,364)	-	21
Income before income tax	839,477	10	805,002	8	4
Income tax expense	(157,596)	(2)	(127,622)	(1)	23
Net income	\$ 681,881	8	677,380	7	1
	Before	After	Before	After	
	income tax	income tax	income tax	income tax	
Earnings per share (NT Dollar)					
Basic earnings per share	\$ 2.93	2.38	2.88	2.43	
Basic earnings per share – retroactive			\$ 2.83	2.38	
Diluted earnings per share	\$ 2.88	2.34	2.81	2.36	
Diluted earnings per share – retroactive			\$ 2.75	2.32	

Note: Figures of 2008 were adjusted and characterized properly.

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Cash Flows (Reviewed)
For the Nine months ended September 30, 2009 and 2008
(Expressed in thousands of New Taiwan Dollars)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net income	\$ 681,881	677,380
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	155,623	165,852
Other expenditures - accumulated depreciation on assets leased to others	276	336
Deferred credits - unrealized loss from intercompany profit	(11,596)	(1,026)
Allowance for doubtful accounts	-	4,645
Unrealized inventory valuation loss (gain)	(35,878)	94,534
Loss on retirement of inventory	10,882	-
Gain on disposal of long-term investments accounted for using equity method	-	(47,879)
Gain on disposal of available-for-sale financial assets	(16,689)	(2,943)
Loss (gain) on disposal of property, plant and equipment, net	10,568	(419)
Property, plant and equipment reclassified as expense	-	1,234
Cash dividends from investee's company accounted for using equity method	-	4,637
Investment gain accounted for using equity method, net	(149,841)	(58,681)
Gain on buyback of bonds payable*	(6)	(62)
Deferred income tax expense (benefit)	24,989	(2,755)
Changes in assets and liabilities:		
Increase in financial assets at fair value through profit or loss - current*	(438,047)	(75,373)
Increase in notes and accounts receivable	(185,756)	(343,171)
Decrease (increase) in receivables from related parties	113,232	(142,466)
Decrease (increase) in other financial assets - current	50,500	(60,950)
Decrease (increase) in inventories	705,739	(9,086)
Decrease (increase) in prepaid expenses and other current assets	29,915	(38,265)
Increase (decrease) in notes and accounts payable	(10,061)	360,277
Decrease in payables from related parties	(14,713)	(38,759)
Increase (decrease) in income tax payable	71,192	(143,205)
Increase in accrued expenses and other current liabilities*	33,487	102,939
Net cash provided from operating activities	<u>1,025,697</u>	<u>446,794</u>
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	1,362	2,923
Additions to property, plant and equipment*	(252,777)	(415,117)
Acquisition of available-for-sale financial assets - noncurrent	(5,471)	-
Proceeds from sale of available-for-sale financial assets - noncurrent	54,762	13,288
Increase in long-term equity investments	(140,000)	(661,250)
Proceeds from sale of long-term equity investments	-	25,676
Decrease (increase) in other assets	521	(296)
Net cash used in investing activities	<u>(341,603)</u>	<u>(1,034,776)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	102,584	(26,932)
Borrowing of long-term loans	5,000	904,000
Repayment of long-term loans	(38,250)	-
Cash dividends	(449,033)	(811,055)
Directors' and supervisors' remuneration & employees' bonus	-	(29,266)
Buyback and cancellation of bonds payable*	(126,794)	(3,038)
Increase in other liabilities	2,075	-
Net cash used in financing activities	<u>(504,418)</u>	<u>33,709</u>
Net increase (decrease) in cash and cash in banks	<u>179,676</u>	<u>(554,273)</u>
Cash and cash in banks at beginning of period	1,107,952	1,043,679
Cash and cash in banks at end of period	\$ <u>1,287,628</u>	<u>489,406</u>
Supplemental disclosure of cash flow information:		
Interest paid, excluding capitalization of interest	\$ <u>14,053</u>	<u>31,134</u>
Income tax paid	\$ <u>63,114</u>	<u>287,236</u>
Supplemental information on non-cash investing and financing activities:		
Unrealized loss (gain) on available-for-sale financial instruments	\$ <u>(345,379)</u>	<u>2,822</u>
Current portion of bonds payable and long-term debt	\$ <u>87,583</u>	<u>152,000</u>
Changes in capital reserve from long-term equity investments*	\$ <u>(1,131)</u>	<u>69,804</u>
Accrued directors' and supervisors' remuneration & employees' bonus	\$ <u>-</u>	<u>35,234</u>
Cumulative translation adjustments	\$ <u>(32,467)</u>	<u>41,677</u>
Convertible bonds converted into common stock and capital surplus	\$ <u>-</u>	<u>72,300</u>
Return fund receivable from invested company	\$ <u>26,892</u>	<u>-</u>
Cash used in acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	\$ 196,443	427,462
Add: Payable at beginning of period	72,048	65,347
Less: Payable at end of period	(15,714)	(77,692)
Payment in cash	\$ <u>252,777</u>	<u>415,117</u>

Note: Figures of 2008 were adjusted and characterized properly.