

HOLY STONE ENTERPRISE COMPANY LIMITED
Balance Sheets (Reviewed)
March 31, 2010 and 2009
(Expressed in thousands of New Taiwan Dollars)

	3.31.2010		3.31.2009		YoY		3.31.2010		3.31.2009		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
Assets						Liabilities and stockholders' equity					
Current assets:						Current liabilities:					
Cash and cash equivalents	\$ 1,704,304	15	1,237,265	12	38	Short-term loans	\$ 931,998	8	177,813	2	424
Financial assets at fair value through profit or loss-current	393,581	3	472,781	6	(17)	Financial liabilities at fair value through profit or loss-current	-	-	800	-	(100)
Notes and accounts receivable, net	2,084,032	17	1,569,795	15	33	Notes and Accounts Payable	923,297	8	659,582	6	40
Receivables from related parties*	761,564	6	655,640	6	16	Payables to related parties	21,528	-	38,444	-	(44)
Other receivables from related parties*	118,604	1	2,933	-	3,944	Income tax payable	138,356	1	29,921	-	362
Other financial assets-current	116,697	1	101,040	1	15	Accrued expenses and other current liabilities	406,549	4	394,872	5	3
Inventories, net	1,514,701	13	1,202,210	12	26	Current portion of bonds payable	-	-	126,100	1	(100)
Prepaid expenses and other current assets	93,264	1	132,376	1	(30)	Current portion of long-term debt	162,000	1	51,000	-	218
Total current assets	6,786,747	57	5,374,040	53	26	Total current liabilities	2,583,728	22	1,478,532	14	75
Funds and investments:						Long-term liabilities	967,500	8	1,124,500	11	(14)
Available-for-sale financial assets-noncurrent*	337,853	3	211,738	2	60	Other liabilities:					
Financial assets carried at cost-noncurrent*	300,000	3	300,000	3	-	Accrued pension liabilities	21,466	-	12,740	-	68
Long-term equity investments under equity method	2,233,554	19	1,948,539	19	15	Deferred income tax liabilities-noncurrent	36,631	-	-	-	
Total funds and investments	2,871,407	25	2,460,277	24	17	Other liabilities	271	-	274	-	(1)
Property, plant and equipment:						Total other liabilities	58,368	-	13,014	-	349
Land	460,179	4	460,179	4	-	Total liabilities	3,609,596	30	2,616,046	25	38
Buildings	1,092,455	9	756,636	7	44	Stockholders' equity:					
Machinery and equipment	1,323,314	11	1,439,195	15	(8)	Common stock	2,872,175	24	2,806,456	27	2
Leasing assets	47,568	-	47,568	-	-	Capital surplus	2,763,032	23	2,740,717	27	1
Other equipment	156,940	1	244,767	2	(36)	Retained earnings:					
Subtotal	3,080,456	25	2,948,345	28	4	Legal reserve	691,876	6	624,427	6	11
Less: Accumulated depreciation	(798,623)	(7)	(867,197)	(8)	(8)	Unappropriated earnings	1,622,979	14	1,282,556	13	27
Construction in progress and prepayments for equipment	41,762	-	305,265	3	(86)		2,314,855	20	1,906,983	19	21
Net property, plant and equipment	2,323,595	18	2,386,413	23	(3)	Others:					
Other assets	5,051	-	6,861	-	(26)	Cumulative translation adjustments	25,509	-	106,013	1	(76)
						Net loss unrecognized as pension cost	(15,783)	-	(6,406)	-	146
						Unrealized gain or loss on financial instruments	417,416	3	57,782	1	622
							427,142	3	157,389	2	171
						Total stockholders' equity	8,377,204	70	7,611,545	75	10
						Commitments and contingencies					
Total assets	\$11,986,800	100	10,227,591	100	17	Total liabilities and stockholders' equity	\$11,986,800	100	10,227,591	100	17

Note: Figures of 2009 were adjusted and characterized properly.

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Income
For the three months ended March 31, 2010
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	1Q 2010		4Q 2009		1Q 2009		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$2,986,106	100.0	2,796,642	100.0	2,214,015	100.0	189,464	6.8	772,091	34.9
Cost of goods sold	(2,585,236)	(86.6)	(2,462,453)	(88.1)	(1,927,948)	(87.1)	(122,783)	5.0	(657,288)	34.1
Gross profit	400,870	13.4	334,189	11.9	286,067	12.9	66,681	20.0	114,803	40.1
Realized (unrealized) gross profit from affiliates	(3,552)	(0.1)	467	0.0	8,481	0.4	(4,019)	(860.6)	(12,033)	(141.9)
Realized gross profit	397,318	13.3	334,656	11.9	294,548	13.3	62,662	18.7	102,770	34.9
Operating expenses (Note 1)	(180,048)	(6.0)	(182,251)	(6.5)	(145,624)	(6.6)	2,203	(1.2)	(34,424)	23.6
Operating income	217,270	7.3	152,405	5.4	148,924	6.7	64,865	42.6	68,346	45.9
Non-operating income and gain (Note 1)	90,075	3.0	56,707	2.0	95,228	4.3	33,368	58.8	(5,153)	(5.4)
Non-operating expenses and losses (Note 1)	(5,900)	(0.2)	(13,536)	(0.4)	(33,652)	(1.5)	7,636	(56.4)	27,752	(82.5)
Income before income tax	301,445	10.1	195,576	7.0	210,500	9.5	105,869	54.1	90,945	43.2
Income tax expense	(51,818)	(1.7)	(27,846)	(1.0)	(24,296)	(1.1)	(23,972)	86.1	(27,522)	113.3
Net income	249,627	8.4	167,730	6.0	186,204	8.4	81,897	48.8	63,423	34.1
Earnings per share-before tax (NT Dollars) (Note 2)	<u>\$ 1.05</u>		<u>0.68</u>		<u>0.75</u>					
Earnings per share-after tax (NT Dollars) (Note 2)	<u>\$ 0.87</u>		<u>0.58</u>		<u>0.66</u>					

Note 1: Figures of 2009 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 Three months ended March 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	1Q 2010		1Q 2009		YoY
	Amount	%	Amount	%	%
Gross sales	\$ 3,000,262	100	2,241,611	101	34
Less: Sales returns	(14,156)	-	(27,596)	(1)	(49)
Net sales	2,986,106	100	2,214,015	100	35
Cost of goods sold	(2,585,236)	(87)	(1,927,948)	(87)	34
Gross profit	400,870	13	286,067	13	40
Unrealized gross profit from affiliates	(3,552)	-	8,481	-	(142)
Realized gross profit	397,318	13	294,548	13	35
Operating expenses:					
Selling and administrative	(157,228)	(5)	(120,821)	(5)	30
Research and development	(22,820)	(1)	(24,803)	(1)	(8)
	(180,048)	(6)	(145,624)	(6)	24
Operating income	217,270	7	148,924	7	46
Non-operating income and gains:					
Interest income	3,719	-	3,197	-	16
Investment income recognized under equity method	66,514	2	46,203	2	44
Dividend income	2,651	-	2,625	-	1
Foreign exchange gain	-	-	42,163	2	(100)
Valuation gain on financial assets	16,301	1	-	-	
Others	890	-	1,040	-	(14)
	90,075	3	95,228	4	(5)
Non-operating expenses and losses:					
Interest expenses	(4,905)	-	(5,235)	-	(6)
Foreign exchange loss	(903)	-	-	-	
Valuation loss on financial assets	-	-	(22,854)	(1)	100
Others	(92)	-	(5,563)	-	(98)
	(5,900)	-	(33,652)	(1)	(82)
Income before income tax	301,445	10	210,500	10	43
Income tax expense	(51,818)	(2)	(24,296)	(1)	113
Net income	249,627	8	186,204	9	34
	Before	After	Before	After	
	income tax	income tax	income tax	income tax	
Earnings per share (NT Dollar)					
Basic earnings per share	\$ 1.05	0.87	0.75	0.66	
Basic earnings per share – retroactive			\$ 0.74	0.65	
Diluted earnings per share	\$ 1.04	0.86	0.74	0.65	
Diluted earnings per share – retroactive			\$ 0.72	0.64	

HOLY STONE ENTERPRISE COMPANY LIMITED
Statements of Cash Flows (Reviewed)
For the Three months ended March 31, 2010 and 2009
(Expressed in thousands of New Taiwan Dollars)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Net income	\$ 249,627	186,204
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	46,159	50,921
Other expenditures - accumulated depreciation on assets leased to others	92	92
Deferred credits - unrealized gain (loss) from intercompany profit	3,552	(8,481)
Allowance (reversal) for unrealized inventory valuation loss	680	(7,173)
Loss on disposal of property, plant and equipment, net	-	5,471
Property, plant and equipment reclassified as expense	-	233
Investment gain accounted for using equity method, net	(66,514)	(46,203)
Gain on buyback of bonds payable	-	(6)
Deferred income tax expense (benefit)	8,809	(6,565)
Changes in assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss - current	74,387	(243,169)
Decrease in notes and accounts receivable*	37,839	551,735
Decrease (increase) in receivables from related parties*	(66,410)	167,607
Decrease (increase) in other receivables from related parties*	835	(2,736)
Decrease (increase) in other financial assets - current	(35,265)	21,901
Decrease (increase) in inventories	(91,640)	471,428
Decrease (increase) in prepaid expenses and other current assets	(18,944)	22,976
Increase in financial liabilities at fair value through profit or loss - current	-	800
Decrease in notes and accounts payable	(110,556)	(341,808)
Increase in payables from related parties	2,982	1,771
Increase in income tax payable	35,442	16,531
Increase (decrease) in accrued expenses and other current liabilities	(4,290)	2,127
Increase (decrease) in other liabilities	(2,063)	2
Net cash provided from operating activities	<u>64,722</u>	<u>843,658</u>
Cash flows from investing activities:		
Decrease in other receivables from related parties	1,999	-
Increase in long-term equity investments	-	(140,000)
Additions to property, plant and equipment	(14,126)	(82,574)
Proceeds from sale of property, plant and equipment	-	162
Decrease in other assets	1,146	167
Net cash used in investing activities	<u>(10,981)</u>	<u>(222,245)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	46,740	(478,656)
Repayment of long-term loans	(12,750)	(12,750)
Buyback and cancellation of bonds payable	-	(694)
Net cash used in financing activities	<u>33,990</u>	<u>(492,100)</u>
Net increase in cash and cash in banks	87,731	129,313
Cash and cash in banks at beginning of period	1,616,573	1,107,952
Cash and cash in banks at end of period	<u>\$ 1,704,304</u>	<u>1,237,265</u>
Supplemental disclosure of cash flow information:		
Interest paid, excluding capitalization of interest	<u>\$ 4,690</u>	<u>5,965</u>
Income tax paid	<u>\$ 7,548</u>	<u>14,329</u>
Supplemental information on non-cash investing and financing activities:		
Unrealized loss (gain) on available-for-sale financial instruments	<u>\$ 37,533</u>	<u>(87,351)</u>
Changes in capital reserve from long-term equity investments	<u>\$ -</u>	<u>(1,074)</u>
Current portion of bonds payable and long-term debt	<u>\$ 162,000</u>	<u>177,100</u>
Cash used in acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	\$ 26,692	98,687
Add: Payable at beginning of period	21,023	72,048
Less: Payable at end of period	(33,589)	(88,161)
Payment in cash	<u>\$ 14,126</u>	<u>82,574</u>

Note: Figures of 2009 were adjusted and characterized properly.