

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Balance Sheets (Reviewed)**  
**September 30, 2010 and 2009**  
**(Expressed in thousands of New Taiwan Dollars)**

	9.30.2010		9.30.2009		YoY		9.30.2010		9.30.2009		YoY
	Amount	%	Amount	%	%		Amount	%	Amount	%	%
<b>Assets</b>						<b>Liabilities and stockholders' equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
Cash and cash equivalents	\$ 1,319,072	10	1,287,628	11	2	Short-term loans	\$ 1,156,988	9	759,053	7	52
Financial assets at fair value through profit or loss-current	371,710	3	667,659	6	(44)	Notes and accounts payable	889,599	7	991,329	10	(10)
Notes and accounts receivable, net	2,174,951	17	2,292,697	21	(5)	Payables to related parties	41,867	-	21,960	-	91
Receivables from related parties	906,073	7	724,801	6	25	Income tax payable	41,245	-	84,582	1	(51)
Other financial assets-current	163,524	1	99,333	1	65	Accrued expenses and other current	399,568	3	325,670	3	23
Inventories, net	2,354,570	18	985,722	9	139	Current portion of long-term debt	146,333	1	87,583	1	67
Prepaid expenses and other current assets	115,049	1	118,690	1	(3)	<b>Total current liabilities</b>	<b>2,675,600</b>	<b>20</b>	<b>2,270,177</b>	<b>22</b>	<b>18</b>
<b>Total current assets</b>	<b>7,404,949</b>	<b>57</b>	<b>6,176,530</b>	<b>55</b>	<b>20</b>	<b>Long-term liabilities:</b>					
<b>Funds and investments:</b>						Corporate bonds payable	659,735	5	-	-	
Long-term equity investments under equity method	2,404,079	19	2,114,030	19	14	Long-term loans payable - bank	256,083	2	1,067,417	9	(76)
Available-for-sale financial assets-noncurrent	368,811	3	295,373	3	25	<b>Total long-term liabilities</b>	<b>915,818</b>	<b>7</b>	<b>1,067,417</b>	<b>9</b>	<b>(14)</b>
Financial assets carried at cost-noncurrent	300,000	2	300,000	3	-	<b>Other liabilities:</b>					
<b>Total funds and investments</b>	<b>3,072,890</b>	<b>24</b>	<b>2,709,403</b>	<b>25</b>	<b>13</b>	Accrued pension liabilities	21,466	-	12,740	-	68
<b>Property, plant and equipment:</b>						Deferred income tax liabilities-noncurrent	41,223	-	34,960	-	18
Land	460,179	4	460,179	4	-	Other liabilities	270	-	2,347	-	(88)
Buildings	1,101,269	9	1,091,429	10	1	<b>Total other liabilities</b>	<b>62,959</b>	<b>-</b>	<b>50,047</b>	<b>-</b>	<b>26</b>
Machinery and equipment	1,369,075	11	1,397,722	12	(2)	<b>Total liabilities</b>	<b>3,654,377</b>	<b>27</b>	<b>3,387,641</b>	<b>31</b>	<b>8</b>
Leasing assets	47,568	-	47,568	-	-	<b>Stockholders' equity:</b>					
Other equipment	172,447	1	235,492	2	(27)	Capital:					
Subtotal	3,150,538	25	3,232,390	28	(3)	Common stock	3,202,175	26	2,872,175	25	11
Less: Accumulated depreciation	(896,494)	(7)	(884,420)	(8)	1	Capital surplus	3,650,236	28	2,758,332	24	32
Construction in progress and prepayments for equipment	173,526	1	25,249	-	587	Retained earnings:					
<b>Net property, plant and equipment</b>	<b>2,427,570</b>	<b>19</b>	<b>2,373,219</b>	<b>20</b>	<b>2</b>	Legal reserve	776,837	6	691,876	6	12
<b>Other assets</b>	<b>5,341</b>	<b>-</b>	<b>6,507</b>	<b>-</b>	<b>(18)</b>	Unappropriated earnings	1,112,587	9	1,205,622	11	(8)
							<b>1,889,424</b>	<b>15</b>	<b>1,897,498</b>	<b>17</b>	<b>-</b>
						Others:					
						Cumulative translation adjustments	33,921	-	40,609	-	(16)
						Net loss unrecognized as pension cost	(15,783)	-	(6,406)	-	146
						Unrealized gain or loss on financial	496,400	4	315,810	3	57
							<b>514,538</b>	<b>4</b>	<b>350,013</b>	<b>3</b>	<b>47</b>
						<b>Total stockholders' equity</b>	<b>9,256,373</b>	<b>73</b>	<b>7,878,018</b>	<b>69</b>	<b>17</b>
						<b>Commitments and contingencies</b>					
<b>Total assets</b>	<b>\$ 12,910,750</b>	<b>100</b>	<b>11,265,659</b>	<b>100</b>	<b>15</b>	<b>Total liabilities and stockholders' equity</b>	<b>\$12,910,750</b>	<b>100</b>	<b>11,265,659</b>	<b>100</b>	<b>15</b>

Note: Figures of 2009 were adjusted and characterized properly.

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Condensed Statements of Income**  
**For the Three Months ended September 30, 2010**  
**(Expressed in thousands of New Taiwan Dollars, except earnings per share)**

	3Q 2010		2Q 2010		3Q 2009		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$3,036,746	100.0	3,124,781	100.0	3,036,425	100.0	(88,035)	(2.8)	321	0.0
Cost of goods sold	(2,668,651)	(87.9)	(2,688,350)	(86.0)	(2,630,757)	(86.6)	19,699	(0.7)	(37,894)	1.4
Gross profit	368,095	12.1	436,431	14.0	405,668	13.4	(68,336)	(15.7)	(37,573)	(9.3)
Realized (unrealized) gross profit from affiliates	(2,755)	(0.1)	2,219	-	(409)	(0.0)	(4,974)	(224.2)	(2,346)	573.6
Realized gross profit	365,340	12.0	438,650	14.0	405,259	13.4	(73,310)	(16.7)	(39,919)	(9.9)
Operating expenses	(197,383)	(6.5)	(213,621)	(6.8)	(178,351)	(5.9)	16,238	(7.6)	(19,032)	10.7
Operating income	167,957	5.5	225,029	7.2	226,908	7.5	(57,072)	(25.4)	(58,951)	(26.0)
Non-operating income and gain	110,479	3.6	38,692	1.2	87,881	2.9	71,787	185.5	22,598	25.7
Non-operating expenses and losses	(18,569)	(0.6)	(15,980)	(0.5)	3,076	0.1	(2,589)	16.2	(21,645)	(703.7)
Income before income tax	259,867	8.5	247,741	7.9	317,865	10.5	12,126	4.9	(57,998)	(18.2)
Income tax expense	(34,376)	(1.1)	(37,010)	(1.2)	(69,871)	(2.3)	2,634	(7.1)	35,495	(50.8)
Net income	225,491	7.4	210,731	6.7	247,994	8.2	14,760	7.0	(22,503)	(9.1)
Basic Earnings per share-before tax (NT Dollars)*	<u>\$ 0.88</u>		<u>0.86</u>		<u>1.11</u>					
Basic Earnings per share-after tax (NT Dollars)*	<u>\$ 0.77</u>		<u>0.73</u>		<u>0.87</u>					
Basic weighted average outstanding shares	294,108		287,217		286,634					

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

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Statements of Income (Reviewed)**  
**For the Nine Months ended September 30, 2010 and 2009**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2010		2009		YoY
	Amount	%	Amount	%	%
<b>Gross sales</b>	\$ 9,196,394	101	8,398,452	101	10
Less: Sales returns	(48,761)	(1)	(89,165)	(1)	(45)
<b>Net sales</b>	9,147,633	100	8,309,287	100	10
<b>Cost of goods sold</b>	(7,942,237)	(87)	(7,207,997)	(87)	10
<b>Gross profit</b>	1,205,396	13	1,101,290	13	9
Realized (unrealized) gross profit from affiliates	(4,088)	-	11,596	-	(135)
<b>Realized gross profit</b>	1,201,308	13	1,112,886	13	8
<b>Operating expenses:</b>					
Selling and administrative	(508,116)	(6)	(430,734)	(5)	18
Research and development	(82,936)	(1)	(73,249)	(1)	13
	(591,052)	(7)	(503,983)	(6)	17
<b>Operating income</b>	610,256	6	608,903	7	-
<b>Non-operating income and gains:</b>					
Interest income	8,153	-	8,263	-	(1)
Investment income recognized under equity method	179,302	2	149,841	2	20
Dividend income	11,431	-	10,640	-	7
Gain on disposal of investments	21,460	-	16,689	-	29
Valuation gain on financial assets	16,246	-	6,783	-	140
Others	2,654	-	71,568	1	(96)
	239,246	2	263,784	3	(9)
<b>Non-operating expenses and losses:</b>					
Interest expenses	(15,716)	-	(13,637)	-	15
Foreign exchange loss	(24,457)	-	(8,464)	-	189
Others	(276)	-	(11,109)	-	(98)
	(40,449)	-	(33,210)	-	22
<b>Income before income tax</b>	809,053	8	839,477	10	(4)
<b>Income tax expense</b>	(123,204)	(1)	(157,596)	(2)	(22)
<b>Net income</b>	<u>\$ 685,849</u>	<u>7</u>	<u>681,881</u>	<u>8</u>	<u>1</u>

	Before	After	Before	After
	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>
<b>Earnings per share (NT Dollar)</b>				
<b>Basic earnings per share</b>	\$ 2.75	2.33	2.93	2.38
<b>Basic earnings per share – retroactive</b>			\$ 0.74	0.65
<b>Diluted earnings per share</b>	\$ 2.66	2.25	2.88	2.34
<b>Diluted earnings per share – retroactive</b>			\$ 0.72	0.64

**HOLY STONE ENTERPRISE COMPANY LIMITED**  
**Statements of Cash Flows (Reviewed)**  
**For the Nine Months ended September 30, 2010 and 2009**  
(Expressed in thousands of New Taiwan Dollars)

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities:</b>		
<b>Net income (loss)</b>	\$ 685,849	681,881
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>		
Depreciation*	144,124	155,899
Allowance for doubtful accounts	9,848	-
Stock-based compensation	24,750	-
Amortization- discount on corporate bonds payable	2,316	-
Allowance (reversal) for inventory valuation loss, retirement loss, and obsolescence loss*	5,374	(24,996)
Investment gain accounted for using equity method, net	(179,302)	(149,841)
Loss on disposal and abandonment of property, plant and equipment, net	-	10,568
Gain on disposal of investments	(21,460)	(16,689)
Unrealized (realized) gross profit	4,088	(11,596)
Gain on buyback of bonds payable	-	(6)
Deferred income tax expense (benefit)	15,953	24,989
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in financial assets held for trading	166,944	(438,047)
Increase in notes and accounts receivable	(62,928)	(185,756)
Decrease (increase) in receivables from related parties	(210,919)	113,232
Decrease in other receivables from related parties	4,959	-
Decrease (increase) in inventories	(936,203)	705,739
Decrease (increase) in prepaid expenses and other current assets	(43,851)	29,915
Decrease (increase) in other financial assets - current	(82,092)	50,500
<b>Changes in operating liabilities:</b>		
Decrease in notes and accounts payable	(144,254)	(10,061)
Increase (decrease) in payables from related parties	23,321	(14,713)
Increase (decrease) in income tax payable	(61,669)	71,192
Increase (decrease) in accrued expenses and other current liabilities	(29,239)	33,487
<b>Net cash provided from operating activities</b>	<u>(684,391)</u>	<u>1,025,697</u>
<b>Cash flows from investing activities:</b>		
Acquisition of available-for-sale financial assets	-	(5,471)
Proceeds from sale of available-for-sale financial assets	27,414	54,762
Increase in long-term equity investments	-	(140,000)
Additions to property, plant and equipment	(198,558)	(252,777)
Proceeds from sale of property, plant and equipment	16	1,362
Decrease in other receivables from related parties	116,479	-
Decrease in other assets	856	521
<b>Net cash used in investing activities</b>	<u>(53,793)</u>	<u>(341,603)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	271,730	102,584
Issuance of corporate bond	700,000	-
Redemption and buyback of bonds payable	-	(126,794)
Borrowing of long-term loans	-	5,000
Repayment of long-term loans	(739,834)	(38,250)
Increase (decrease) in other liabilities	(2,064)	2,075
Cash dividends	(861,653)	(449,033)
Issuance of common stock for cash	1,072,504	-
<b>Net cash used in financing activities</b>	<u>440,683</u>	<u>(504,418)</u>
<b>Net increase (decrease) in cash and cash in banks</b>	<u>(297,501)</u>	<u>179,676</u>
<b>Cash and cash in banks at beginning of period</b>	<u>1,616,573</u>	<u>1,107,952</u>
<b>Cash and cash in banks at end of period</b>	<u>\$ 1,319,072</u>	<u>\$ 1,287,628</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, excluding capitalization of interest	<u>\$ 13,321</u>	<u>14,053</u>
Income tax paid	<u>\$ 168,626</u>	<u>63,114</u>
<b>Supplemental information on non-cash investing and financing activities:</b>		
Current portion of long-term debt	<u>\$ 146,333</u>	<u>87,583</u>
Unrealized valuation gain on financial instruments*	<u>\$ (32,523)</u>	<u>(142,480)</u>
Changes in unrealized gain on financial instruments from long-term equity investments*	<u>\$ (8,928)</u>	<u>(202,899)</u>
Changes in capital reserve from long-term equity investments	<u>\$ (6,683)</u>	<u>(1,131)</u>
<b>Cash used in acquisition of property, plant and equipment</b>		
Acquisition of property, plant and equipment	<u>\$ (228,556)</u>	<u>(196,443)</u>
Increase (decrease) in payables on equipment	<u>\$ 29,998</u>	<u>(56,334)</u>
Payment in cash	<u>\$ (198,558)</u>	<u>(252,777)</u>

Note: Figures of 2009 were adjusted and characterized properly.