

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

For the periods ended March 31, 2014 and 2013

(Expressed in thousands of New Taiwan Dollars)

Assets	31.3.2014		31.12.2013		31.3.2013		Liabilities and Equity	31.3.2014		31.12.2013		31.3.2013	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$ 3,001,594	21	2,553,073	18	3,245,879	24	Short-term Loans	\$ 2,108,357	16	2,249,960	16	1,883,293	14
Financial Assets at Fair Value through Profit or Loss - Current	628,488	4	682,065	5	638,710	5	Financial Liabilities at Fair Value through Profit or Loss - Current	-	-	595	-	5,163	-
Notes and Accounts Receivable, net	3,357,643	24	3,593,961	25	2,944,473	21	Notes and Accounts Payable	1,141,992	8	1,260,335	10	1,013,859	7
Other Receivables	134,200	1	114,069	1	116,372	1	Accounts Payable - Related Parties	25,811	-	13,400	-	8,438	-
Inventories	2,169,160	16	2,430,354	17	1,988,008	14	Other Payable	516,603	4	557,689	4	462,971	3
Prepaid Expenses and Other Current Assets*	201,429	1	148,011	1	167,651	1	Current Period Income Tax Liability*	124,965	1	67,146	-	49,004	-
Total Current Assets	9,492,514	67	9,521,533	67	9,101,093	66	Current Portion of Long-term Debt	102,902	1	102,580	1	101,618	1
Noncurrent Assets:							Current Portion of Puttable Corporate Bonds	54,535	-	35,830	-	43,665	-
Available-for-sale Financial Assets - Noncurrent	595,874	4	599,328	4	607,241	4	Total Current Liabilities*	4,075,165	30	4,287,535	31	3,568,011	25
Financial Assets Carried at Cost - Noncurrent	368,417	3	353,417	2	252,992	2	Noncurrent Liabilities:						
Property, Plant and Equipment	3,054,992	22	3,084,655	22	3,006,554	22	Long-term Loans	512,281	3	552,767	4	186,816	1
Intangible Assets	564,611	4	563,222	4	581,156	4	Deferred Income Tax Liabilities*	70,336	-	59,537	-	47,194	-
Deferred Income Tax Assets*	48,505	-	30,568	-	34,811	-	Accrued Pension Liabilities	58,818	-	58,818	-	62,076	-
Prepaid Expense on Equipment*	43,360	-	76,771	1	263,253	2	Other Noncurrent Liabilities - Others*	171	-	168	-	1,429	-
Other Noncurrent Assets - Others	13,871	-	17,983	-	17,639	-	Total Noncurrent Liabilities	641,606	3	671,290	4	297,515	1
Total Noncurrent Assets	4,689,630	33	4,725,944	33	4,763,646	34	Total Liabilities	4,716,771	33	4,958,825	35	3,865,526	26
							Equity Attributable to Parent Company:						
							Common Stock	2,241,522	16	2,241,522	16	3,202,175	23
							Capital Surplus*	3,572,783	25	3,572,820	25	3,691,375	27
							Retained Earnings:						
							Legal Reserve	1,001,724	7	1,001,724	7	936,212	7
							Unappropriated Earnings*	1,348,440	10	1,171,955	8	1,187,289	9
							Total Retained Earnings*	2,350,164	17	2,173,679	15	2,123,501	16
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations*	(9,024)	-	(26,785)	-	(17,011)	-
							Unrealized gains and losses on Available-for-sale Financial Assets*	324,441	2	335,591	2	264,765	2
							Total Other Equity*	315,417	2	308,806	2	247,754	2
							Treasury Stock	(28,253)	-	(28,253)	-	(30,842)	-
							Total Equity Attributable to Stockholders of Parent Company*	8,451,633	60	8,268,574	58	9,233,963	68
							Non-Controlling Equity*	1,013,740	7	1,020,078	7	765,250	6
							Total Equity*	9,465,373	67	9,288,652	65	9,999,213	74
Total Assets*	\$ 14,182,144	100	14,247,477	100	13,864,739	100	Total Liabilities and Equity*	\$ 14,182,144	100	14,247,477	100	13,864,739	100

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2013.

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED CONDENSED INCOME STATEMENT
For the Three Months ended March 31, 2014 and 2013

	2014 Q1		2014 Q4		2013 Q1		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,848,430	100.0	4,267,268	100.0	3,314,541	100.0	(418,838)	(9.8)	533,889	16.1
Cost of Goods Sold	(3,358,760)	(87.3)	(3,813,879)	(89.4)	(2,852,843)	(86.1)	455,119	(11.9)	(505,917)	17.7
Gross Profit	489,670	12.7	453,389	10.6	461,698	13.9	36,281	8.0	27,972	6.1
Operating Expenses*	(293,517)	(7.6)	(347,661)	(8.1)	(303,458)	(9.2)	54,144	(15.6)	9,941	(3.3)
Operating Income*	196,153	5.1	105,728	2.5	158,240	4.8	90,425	85.5	37,913	24.0
Non-Operating Income and Expense*	5,124	0.1	47,766	1.1	28,437	0.9	(42,642)	(89.3)	(23,313)	(82.0)
Income before Income Tax*	201,277	5.2	153,494	3.6	186,677	5.6	47,783	31.1	14,600	7.8
Less: Income Tax	(30,906)	(0.8)	(46,312)	(1.1)	(30,695)	(0.9)	15,406	(33.3)	(211)	0.7
Net Income*	\$ 170,371	4.4	107,182	2.5	155,982	4.7	63,189	59.0	14,389	9.2
Net Income Attributable to Parent Company	176,485	5	134,244	3	168,726	5	42,241	31	7,759	5
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.79		0.60		0.53					

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

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2013.*

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME

For the periods ended March 31, 2014 and 2013

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

	January to March, 2014		January to March, 2013		YOY
	Amount	%	Amount	%	%
Net Sales	\$ 3,848,430	100	3,314,541	100	16
Cost of Goods Sold	3,358,760	87	2,852,843	86	18
Gross Profit	489,670	13	461,698	14	6
Operating Expense					
Selling and Administrative*	248,642	7	260,521	8	(5)
Research and Development	44,875	1	42,937	1	5
Total Operating Expense*	293,517	8	303,458	9	(3)
Operating Income*	196,153	5	158,240	5	24
Non-Operating Income and Expenses:					
Other Gains and Losses*	2,180	-	25,799	1	(92)
Financial Costs*	(7,882)	-	(5,554)	-	42
Interest Income	10,826	-	8,192	-	32
Total Non-Operating Income and Expenses*	5,124	-	28,437	1	(82)
Income before Income Tax*	201,277	5	186,677	6	8
Less: Income Tax Expense	30,906	1	30,695	1	1
Net Income for Current Period*	170,371	4	155,982	5	9
Other Comprehensive Gains and Losses:					
Exchange Differences on Translation of Financial Statements of Foreign Operations*	23,431	1	11,654	-	101
Unrealized Valuation Gains (Loss) on Available-for-sale Financial	(1,201)	-	113,442	3	(101)
Less: Income Tax related to Other Comprehensive Gains and Losses*	16,183	-	2,048	-	690
Other Comprehensive Gains and Losses (Net of Tax)*	6,047	1	123,048	3	(95)
Total Comprehensive Profit or Loss for Current Period*	\$ 176,418	5	279,030	8	(37)
Net Income Attributable to:					
Stockholders of Parent Company*	\$ 176,485	4	168,726	5	5
Non-Controlling Equity	(6,114)	-	(12,744)	-	(52)
	\$ 170,371	4	155,982	5	9
Comprehensive Profit or Loss Attributable to:					
Stockholders of Parent Company*	\$ 183,096	5	246,560	7	(26)
Non-Controlling Equity*	(6,678)	-	32,470	1	(121)
	\$ 176,418	5	279,030	8	(37)
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*	\$ 0.79		\$ 0.53		
Diluted Earnings per Share (Unit: NT Dollar)*	\$ 0.77		\$ 0.52		

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the periods ended March 31, 2014 and 2013
(Figures in thousand of New Taiwan Dollars)

	Equity Attributable to Stockholders of Parent Company									
	Retained Earnings				Other Equity			Total Equity Attributable to Stockholders of Parent Company*	Non- Controlling Equity*	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings*	Exchange Differences	Unrealized Gain (Loss)	Treasury Stock			
					of Financial Statements of Foreign Operations*	on Translation on Available-for-sale Financial Products*				
Beginning Balance, January 1, 2013	\$ 3,202,175	3,681,259	936,212	1,018,563	(27,010)	196,930	(30,842)	8,977,287	591,222	9,568,509
Net Income for Current Period	-	-	-	168,726	-	-	-	168,726	(12,744)	155,982
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	9,999	67,835	-	77,834	45,214	123,048
Total Comprehensive Profit or Loss for Current Period	-	-	-	168,726	9,999	67,835	-	246,560	32,470	279,030
Difference between Option Price and Book Value of the Acquisition or Disposal of Subsidiaries' Equity	-	8,567	-	-	-	-	-	8,567	-	8,567
Share-based Payment Transactions	-	1,549	-	-	-	-	-	1,549	-	1,549
Changes in Non-Controlling Equity	-	-	-	-	-	-	-	-	141,558	141,558
Ending Balance, December 31, 2013	\$ 3,202,175	3,691,375	936,212	1,187,289	(17,011)	264,765	(30,842)	9,233,963	765,250	9,999,213
Beginning Balance, January 1, 2014	\$ 2,241,522	3,572,820	1,001,724	1,171,955	(26,785)	335,591	(28,253)	8,268,574	1,020,078	9,288,652
Net Income for Current Period	-	-	-	176,485	-	-	-	176,485	(6,114)	170,371
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	17,761	(11,150)	-	6,611	(564)	6,047
Total Comprehensive Profit or Loss for Current Period	-	-	-	176,485	17,761	(11,150)	-	183,096	(6,678)	176,418
Difference between Option Price and Book Value of the Acquisition or Disposal of Subsidiaries' Equity	-	(37)	-	-	-	-	-	(37)	-	(37)
Increase or Decrease in Non Controlling Interest	-	-	-	-	-	-	-	-	340	340
Ending Balance, March 31, 2014	\$ 2,241,522	3,572,783	1,001,724	1,348,440	(9,024)	324,441	(28,253)	8,451,633	1,013,740	9,465,373

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW

For the periods ended March 31, 2014 and 2013

(Expressed in thousands of New Taiwan Dollars)

	<u>January to March, 2014</u>	<u>January to March, 2013</u>
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ 201,277	186,677
Adjusted Items:		
Incomes or Expenses		
Depreciation	83,034	76,638
Amortization	1,136	2,822
Bad Debt Reclassified as Income*	(1,321)	(7,633)
Interest Expense*	7,882	5,554
Interest Income*	(10,826)	(8,192)
Costs of Share-based Compensation*	-	1,549
Gain on Disposal and Scrap of Property and Equipment*	(38)	(1,408)
Total Incomes or Expenses*	<u>79,867</u>	<u>69,330</u>
Change in Assets and Liabilities related to Operating Activities:		
Net Change in Assets related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss - Current*	53,577	(198,489)
Notes and Accounts Receivable*	237,726	220,192
Other Receivables	(20,142)	48,529
Inventory*	261,194	67,913
Prepaid Expenses and Other Current Assets*	(53,418)	(43,247)
Total of Net Change in Assets related to Operating Activities*	<u>478,937</u>	<u>94,898</u>
Net Change in Liabilities related to Operating Activities:		
Financial Liabilities at Fair Value through Profit or Loss - Current*	(595)	3,746
Notes and Accounts Payable	(118,343)	(177,072)
Accounts Payable - Related Parties	12,411	2,238
Other Payables	(37,228)	40,181
Total Net Change in Liabilities related to Operating Activities	<u>(143,755)</u>	<u>(130,907)</u>
Total Net Change in Assets and Liabilities related to Operating Activities	<u>335,182</u>	<u>(36,009)</u>
Total of Adjusted Items	<u>415,049</u>	<u>33,321</u>
Cash Flow generated from Operations	616,326	219,998
Interest Received	10,837	5,569
Interest Paid	(4,403)	(6,057)
Income Tax Paid	7,169	(4,379)
Net Cash Flows generated from Operating activities*	<u>629,929</u>	<u>215,131</u>
Cash Flows generated from Investing Activities:		
Sale of Available-for-sale Financial Assets	2,252	1,485
Acquisition of Financial Assets carried at Cost*	(15,000)	-
Sale of Financial Assets carried at Cost	-	300,000
Acquisition of Property and Equipments*	(25,088)	(135,995)
Sale of Property and Equipments*	363	3,761
Acquisition of Intangible Assets	-	(86)
Decrease in Other Noncurrent Assets*	3,760	623
Net Cash Flows generated from (used in) Investing Activities*	<u>(33,713)</u>	<u>169,788</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	(141,603)	(232,778)
Borrowings on Long-term Loans	(21,781)	(88,920)
Changes in Non-Controlling Equity*	303	150,125
Net Cash Flows (generated from) used in Financing Activities*	<u>(163,081)</u>	<u>(171,573)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	15,386	6,723
Increase in Cash and Cash in Banks of Current Period	<u>448,521</u>	<u>220,069</u>
Cash and Cash in Banks at Beginning of the Period	<u>2,553,073</u>	<u>3,025,810</u>
Cash and Cash in Banks at End of the Period	<u>\$ 3,001,594</u>	<u>3,245,879</u>

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2013.