

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

For the periods ended June 30, 2014 and 2013  
(Expressed in thousands of New Taiwan Dollars)

Assets	30.6.2014		31.12.2013		30.6.2013		Liabilities and Equity	30.6.2014		31.12.2013		30.6.2013	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current Assets:</b>							<b>Current Liabilities:</b>						
Cash and Cash Equivalents	\$ 3,076,811	22	2,553,073	18	3,767,476	25	Short-term Loans	\$1,671,729	13	2,249,960	16	2,082,728	14
Financial Assets at Fair Value through Profit or Loss - Current	602,348	4	682,065	5	555,352	4	Financial Liabilities at Fair Value through Profit or Loss - Current	-	-	595	-	1,618	-
Notes and Accounts Receivable, net	3,578,917	26	3,593,961	25	3,137,769	21	Notes and Accounts Payable	1,389,874	10	1,260,335	10	1,711,220	12
Other Receivables	140,351	1	114,069	1	97,851	1	Accounts Payable - Related Parties	28,653	-	13,400	-	7,252	-
Inventories	1,948,210	14	2,430,354	17	2,590,817	17	Other Payable	625,935	4	-	-	638,709	4
Prepaid Expenses and Other Current Assets*	77,467	1	148,011	1	213,087	1	Current Period Income Tax Liability*	674,218	5	624,835	4	553,698	4
<b>Total Current Assets</b>	<b>9,424,104</b>	<b>68</b>	<b>9,521,533</b>	<b>67</b>	<b>10,362,352</b>	<b>69</b>	Current Portion of Long-term Debt	124,989	1	-	-	64,149	-
<b>Noncurrent Assets:</b>							Current Portion of Puttable Corporate Bonds	103,225	1	102,580	1	101,938	1
Available-for-sale Financial Assets - Noncurrent	515,950	3	599,328	4	722,780	5	<b>Total Current Liabilities*</b>	<b>74,889</b>	<b>1</b>	<b>35,830</b>	<b>-</b>	<b>7,109</b>	<b>-</b>
Financial Assets Carried at Cost - Noncurrent	368,417	2	353,417	2	252,992	2	<b>Noncurrent Liabilities:</b>	<b>4,693,512</b>	<b>35</b>	<b>4,287,535</b>	<b>31</b>	<b>5,168,421</b>	<b>35</b>
Property, Plant and Equipment	2,923,892	21	3,084,655	22	3,007,514	19	Long-term Loans						
Intangible Assets	561,293	4	563,222	4	580,657	4	Deferred Income Tax Liabilities*	190,552	1	552,767	4	285,029	2
Deferred Income Tax Assets*	53,501	-	30,568	-	33,743	-	Accrued Pension Liabilities	62,906	-	59,537	-	54,050	-
Prepaid Expense on Equipment*	77,431	1	76,771	1	225,085	1	Other Noncurrent Liabilities - Others*	58,818	-	58,818	-	62,076	-
Other Noncurrent Assets - Others	108,477	1	17,983	-	19,278	-	<b>Total Noncurrent Liabilities</b>	<b>4,725</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>1,430</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>4,608,961</b>	<b>32</b>	<b>4,725,944</b>	<b>33</b>	<b>4,842,049</b>	<b>31</b>	<b>Total Liabilities</b>	<b>317,001</b>	<b>1</b>	<b>671,290</b>	<b>4</b>	<b>402,585</b>	<b>2</b>
							<b>Equity Attributable to Parent Company:</b>	<b>5,010,513</b>	<b>36</b>	<b>4,958,825</b>	<b>35</b>	<b>5,571,006</b>	<b>37</b>
							Common Stock						
							Capital Surplus*	2,235,481	16	2,241,522	16	3,202,175	21
							Retained Earnings:	3,549,530	25	3,572,820	25	3,533,096	23
							Legal Reserve						
							Unappropriated Earnings*	1,071,291	8	1,001,724	7	1,001,724	7
							Total Retained Earnings*	1,045,435	7	1,171,955	8	812,953	5
							Other Equity:	2,116,726	15	2,173,679	15	1,814,677	12
							Exchange Differences on Translation of Financial Statements of Foreign Operations*						
							Unrealized gains and losses on Available-for-sale Financial Assets*	-28,311	-	-26,785	-	-15,859	-
							Total Other Equity*	275,116	2	335,591	2	331,588	2
							Treasury Stock	246,805	2	308,806	2	315,729	2
							<b>Total Equity Attributable to Stockholders of Parent Company*</b>	<b>-</b>	<b>-</b>	<b>(28,253)</b>	<b>-</b>	<b>(30,842)</b>	<b>-</b>
							<b>Non-Controlling Equity*</b>	<b>8,148,542</b>	<b>58</b>	<b>8,268,574</b>	<b>58</b>	<b>8,834,835</b>	<b>58</b>
							<b>Total Equity*</b>	<b>874,010</b>	<b>6</b>	<b>1,020,078</b>	<b>7</b>	<b>798,560</b>	<b>5</b>
<b>Total Assets*</b>	<b>\$ 14,033,065</b>	<b>100</b>	<b>14,247,477</b>	<b>100</b>	<b>15,204,401</b>	<b>100</b>	<b>Total Liabilities and Equity*</b>	<b>9,022,552</b>	<b>64</b>	<b>9,288,652</b>	<b>65</b>	<b>9,633,395</b>	<b>63</b>
							<b>14,033,065</b>	<b>100</b>	<b>14,247,477</b>	<b>100</b>	<b>15,204,401</b>	<b>100</b>	

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 June 31, 2014 and 2013**

	2014 Q2		2014 Q1		2013 Q2		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 4,457,123	100.0	3,848,430	100.0	3,837,625	100.0	608,693	15.8	619,498	16.1
Cost of Goods Sold	3,939,376	88.4	3,358,760	(87.3)	3,333,282	86.9	580,616	17.3	606,094	18.2
Gross Profit	517,747	11.6	489,670	12.7	504,343	13.1	28,077	5.7	13,404	2.7
Operating Expenses*	374,288	8.4	293,517	(7.6)	334,400	8.7	80,771	27.5	39,888	11.9
Operating Income*	143,459	3.2	196,153	5.1	169,943	4.4	(52,694)	(26.9)	(26,484)	(15.6)
Non-Operating Income and Expense*	242,922	5.5	5,124	0.1	41,908	1.1	237,798	4,640.9	201,014	479.7
Income before Income Tax*	386,381	8.7	201,277	5.2	211,851	5.5	185,104	92.0	174,530	82.4
Less: Income Tax	29,412	0.7	30,906	(0.8)	53,725	1.4	(1,494)	(4.8)	(24,313)	(45.3)
Net Income*	\$ 356,969	8.0	170,371	4.4	158,126	4.1	186,598	109.5	198,843	125.7
Net Income Attributable to Parent Company	392,496	9	176,485	5	170,208	4	216,011	122	222,288	131
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 1.76		0.79		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 April 1 to June 30, 2013 and 2014, and January 1 to June 30, 2013 and 2014

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

	April to Jun, 2014		April to Jun, 2013		YOY	January to June, 2014		January to June, 2013		YOY
	Amount	%	Amount	%	%	Amount	%	Amount	%	%
Net Sales	\$ 4,457,123	100	3,837,625	100	16	8,305,553	100	7,152,166	100	16
Cost of Goods Sold	3,939,376	88	3,333,282	87	18	7,298,136	88	6,186,125	86	18
Gross Profit	517,747	12	504,343	13	3	1,007,417	12	966,041	14	4
Operating Expense					#DIV/0!					
Selling and Administrative*	327,737	7	280,694	7	17	576,379	7	541,215	8	6
Research and Development	46,551	1	53,706	1	(13)	91,426	1	96,643	2	(5)
Total Operating Expense*	374,288	8	334,400	8	12	667,805	8	637,858	10	5
Operating Income*	143,459	4	169,943	5	(16)	339,612	4	328,183	4	3
Non-Operating Income and Expenses:					#DIV/0!					
Other Gains and Losses*	238,606	5	35,769	1	567	240,786	3	61,568	1	291
Financial Costs*	(7,599)	-	(5,274)	-	44	(15,481)	-	(10,828)	-	43
Interest Income	11,915	-	11,413	-	4	22,741	-	19,605	-	16
Total Non-Operating Income and Expenses*	242,922	5	41,908	1	480	248,046	3	70,345	1	253
Income before Income Tax*	386,381	9	211,851	6	82	587,658	7	398,528	5	47
Less: Income Tax Expense	29,412	1	53,725	1	(45)	60,318	1	84,420	1	(29)
Net Income after Tax	356,969	8	158,126	5	126	527,340	6	314,108	4	68
Net Income for Current Period*	356,969	8	158,126	5	126	527,340	6	314,108	4	68
Other Comprehensive Gains and Losses:										
Exchange Differences on Translation of Financial Statements of Foreign Operations*	(25,713)	(1)	2,112	-	(1,317)	(2,282)	-	13,766	-	(117)
Unrealized Valuation Gains (Loss) on Available-for-sale Financial	(79,925)	(2)	117,820	3	(168)	(81,126)	(1)	231,262	3	(135)
Less: Income Tax related to Other Comprehensive Gains and Losses*	(6,112)	-	236	-	(2,690)	10,071	-	2,284	-	341
Other Comprehensive Gains and Losses (Net of Tax)*	(99,526)	(3)	119,696	3	(183)	(93,479)	(1)	242,744	3	(139)
Total Comprehensive Profit or Loss for Current Period*	\$ 257,443	5	277,822	8	(7)	433,861	5	556,852	7	(22)
Net Income Attributable to:										
Stockholders of Parent Company*	\$ 392,496	9	170,208	5	131	568,981	7	338,934	4	68
Non-Controlling Equity	(35,527)	(1)	(12,082)	-	194	(41,641)	(1)	(24,826)	-	68
	\$ 356,969	8	158,126	5	126	527,340	6	314,108	4	68
Comprehensive Profit or Loss Attributable to:										
Stockholders of Parent Company*	\$ 323,884	6	238,183	6	36	506,980	6	484,743	6	5
Non-Controlling Equity*	(66,441)	(1)	39,639	2	(268)	(73,119)	(1)	72,109	1	(201)
	\$ 257,443	5	277,822	8	(7)	433,861	5	556,852	7	(22)
Earnings per Share										
Basic Earnings per Share (Unit: NT Dollar)*	\$	1.76	\$	0.53		\$	2.55	\$	1.06	
Earnings per Share										
Diluted Earnings per Share (Unit: NT Dollar)*	\$	1.71	\$	0.52		\$	2.49	\$	1.04	

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY**  
**For the periods ended June 30, 2014 and 2013**  
**(Figures in thousand of New Taiwan Dollars)**

	Equity Attributable to Stockholders of Parent Company										
	Common Stock	Retained Earnings				Other Equity			Total Equity Attributable to Stockholders of Parent Company*	Non- Controlling Equity*	Total Equity
		Capital Surplus	Legal Reserve	Unappropriated Earnings*	Exchange Differences on Translation of Financial Statements of Foreign Operations*	Unrealized Gain (Loss) on Available-for-sale Financial Products*	Treasury Stock				
<b>Beginning Balance, January 1, 2013</b>	\$ 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	
Legal Reserve	-	-	65,512	(65,512)	-	-	-	-	-	-	
Cash Dividends on Common Stock	-	-	-	(479,032)	-	-	-	(479,032)	-	(479,032)	
Changes in Other Capital Surplus											
Cash Dividends on paid-in Capital	-	(159,677)	-	-	-	-	-	(159,677)	-	(159,677)	
Current Net Profit	-	-	-	338,934	-	-	-	338,934	(24,826)	314,108	
Other Comprehensive profits or losses for Current Period	-	-	-	-	11,151	134,658	-	145,809	96,935	242,744	
Total Comprehensive Profit or losses for Current Period	-	-	-	338,934	11,151	134,658	-	484,743	72,109	556,852	
The Difference between Selling Price and Carrying Value Acquisition or Disposal of Subsidiary	-	8,417	-	-	-	-	-	8,417	-	8,417	
Share-Based Payment Transaction	-	3,097	-	-	-	-	-	3,097	-	3,097	
Increase or Decrease in Non-Controlling Equity	-	-	-	-	-	-	-	-	135,229	135,229	
<b>Ending Balance, June 30, 2013</b>	<b>3,202,175</b>	<b>3,533,096</b>	<b>1,001,724</b>	<b>812,953</b>	<b>(15,859)</b>	<b>331,588</b>	<b>(30,842)</b>	<b>8,834,835</b>	<b>798,560</b>	<b>9,633,395</b>	
<b>Beginning Balance, January 1, 2014</b>	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	
Legal Reserve	-	-	69,567	(69,567)	-	-	-	-	-	-	
Cash Dividends on Common Stock	-	-	-	(625,934)	-	-	-	(625,934)	-	(625,934)	
Current Net Profit	-	-	-	568,981	-	-	-	568,981	(41,641)	527,340	
Other Comprehensive profits or losses for Current Period	-	-	-	-	(1,526)	(60,475)	-	(62,001)	(31,478)	(93,479)	
Total Comprehensive Profit or losses for Current Period	-	-	-	568,981	(1,526)	(60,475)	-	506,980	(73,119)	433,861	
Treasury Stock Retired	(6,041)	(22,212)	-	-	-	-	28,253	-	-	-	
The Difference between Selling Price and Carrying Value Acquisition or Disposal of Subsidiary	-	(1,078)	-	-	-	-	-	(1,078)	-	(1,078)	
Increase or Decrease in Non-Controllable Equity	-	-	-	-	-	-	-	-	(72,949)	(72,949)	
<b>Beginning Balance, June 30, 2014</b>	<b>2,235,481</b>	<b>3,549,530</b>	<b>1,071,291</b>	<b>1,045,435</b>	<b>(28,311)</b>	<b>275,116</b>	<b>-</b>	<b>8,148,542</b>	<b>874,010</b>	<b>9,022,552</b>	

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

**For the periods ended June 30, 2014 and 2013**

(Expressed in thousands of New Taiwan Dollars)

	<u>April to June, 2014</u>	<u>April to June, 2013</u>
<b>Cash Flows generated from Operating activities:</b>		
Income before Income Tax	\$ 587,658	398,528
<b>Adjusted Items:</b>		
Incomes or Expenses		
Depreciation	166,769	155,975
Amortization	1,995	7,355
Bad Debt Reclassified(reversed) as Income*	9,014	(12,618)
Interest Expense*	15,481	10,828
Interest Income*	(22,741)	(19,605)
Costs of Share-based Compensation*	-	3,097
Gain on Disposal and Scrap of Property and Equipment*	17,644	(1,549)
Total Incomes or Expenses*	<u>188,162</u>	<u>143,483</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*	79,717	(115,131)
Notes and Accounts Receivable*	(78,929)	31,881
Other Receivables	(47,462)	72,141
Inventory*	345,904	(534,896)
Prepaid Expenses and Other Current Assets*	70,544	(88,625)
Total of Net Change in Assets related to Operating Activities*	<u>369,774</u>	<u>(634,630)</u>
Net Change in Liabilities related to Operating Activities:		
Financial Liabilities at Fair Value through Profit or Loss - Current*	(595)	201
Notes and Accounts Payable	172,849	520,289
Accounts Payable - Related Parties	15,253	1,052
Other Payables	116,096	112,692
Total Net Change in Liabilities related to Operating Activities	<u>303,603</u>	<u>634,234</u>
Total Net Change in Assets and Liabilities related to Operating Activities	<u>673,377</u>	<u>(396)</u>
Total of Adjusted Items	<u>861,539</u>	<u>143,087</u>
Cash Flow generated from Operations	1,449,197	541,615
Interest Received	43,921	11,833
Interest Paid	(13,136)	(9,282)
Income Tax Paid	(28,543)	(39,549)
<b>Net Cash Flows generated from Operating activities*</b>	<u>1,451,439</u>	<u>504,617</u>
<b>Cash Flows generated from Investing Activities:</b>		
Sale of Available-for-sale Financial Assets	2,252	3,766
Acquisition of Financial Assets carried at Cost*	(15,000)	-
Sale of Financial Assets carried at Cost	-	300,000
Disposal of Subsidiary	95,786	-
Acquisition of Property and Equipments*	(103,381)	(154,434)
Sale of Property and Equipments*	360	3,948
Acquisition of Intangible Assets	(89)	(423)
Decrease in Other Noncurrent Assets*	(91,543)	(2,192)
<b>Net Cash Flows generated from Investing Activities*</b>	<u>(111,717)</u>	<u>150,665</u>
<b>Cash Flows generated from Financing Activities:</b>		
Increase in Short-term Loans	(409,624)	(33,343)
Borrowings on Long-term Loans	-	100,000
Repayment of Long-Term Debt	(323,156)	(127,263)
Other increases in Non-Current Liabilities	4,457	1
Changes in Non-Controlling Equity*	(74,027)	143,645
<b>Net Cash Flows generated from Financing Activities*</b>	<u>(802,250)</u>	<u>83,040</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(13,734)	3,344
<b>Increase in Cash and Cash in Banks of Current Period</b>	<u>523,738</u>	<u>741,666</u>
<b>Cash and Cash in Banks at Beginning of the Period</b>	<u>2,553,073</u>	<u>3,025,810</u>
<b>Cash and Cash in Banks at End of the Period</b>	<u>\$ 3,076,811</u>	<u>3,767,476</u>

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