

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

For the Three Months ended March 31, December 31, 2014 and March 31, 2013
(Expressed in thousands of New Taiwan Dollars)

Assets	1.31.2015		31.12.2014		31.3.2014		Liabilities and Equity	1.31.2015		31.12.2014		31.3.2014	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$2,550,285	19	2,567,832	19	3,001,594	21	Short-term Loans	\$1,653,836	13	1,816,874	14	2,108,357	16
Financial Assets at Fair Value through Profit or Loss - Current							Financial Liabilities at Fair Value through Profit or Loss - Current	1,001,912	8	1,087,389	8	1,141,992	8
Notes and Accounts Receivable, net	863,421	7	868,712	7	628,488	4	Notes and Accounts Payable	13,216	-	28,336	-	25,811	-
Other Receivables	3,081,675	24	3,417,539	26	3,357,643	24	Accounts Payable - Related Parties	595,861	5	652,811	6	516,603	4
Inventories	220,386	2	69,054	1	134,200	1	Current Period Income Tax Liability*	169,982	1	150,366	1	124,965	1
Prepaid Expenses and Other Current Assets*	2,121,780	16	2,053,176	15	2,169,160	16	Other Payables - Others						
Total Current Assets	<u>53,766</u>	-	<u>48,639</u>	-	<u>201,429</u>	1	Current Portion of Long-term Debt	86,851	1	103,875	1	102,902	1
Noncurrent Assets:	<u>8,891,313</u>	<u>68</u>	<u>9,024,952</u>	<u>68</u>	<u>9,492,514</u>	<u>67</u>	Current Portion of Long-term Debt	<u>2,090</u>	-	<u>2,081</u>	-	<u>54,535</u>	-
Available-for-sale Financial Assets - Noncurrent							Total Current Liabilities*	<u>3,523,748</u>	<u>28</u>	<u>3,841,732</u>	<u>30</u>	<u>4,075,165</u>	<u>30</u>
Financial Assets Carried at Cost - Noncurrent	447,086	3	405,901	3	595,874	4	Noncurrent Liabilities:						
Property, Plant and Equipment	393,117	3	385,292	3	368,417	3	Long-term Loans	20,837	-	21,362	-	512,281	3
Intangible Assets	2,787,745	21	2,833,549	21	3,054,992	22	Deferred Income Tax Liabilities*	53,394	-	59,786	-	70,336	-
Deferred Income Tax Assets*	476,616	4	480,814	4	564,611	4	Accrued Pension Liabilities	55,763	-	55,763	-	58,818	-
Prepaid Expense on Equipment*	51,758	-	34,196	-	48,505	-	Other Noncurrent Liabilities - Others*	<u>4,823</u>	-	<u>2,383</u>	-	<u>171</u>	-
Other Noncurrent Assets - Others	29,659	-	29,781	-	43,360	-	Total Noncurrent Liabilities	<u>134,817</u>	-	<u>139,294</u>	-	<u>641,606</u>	<u>3</u>
Total Noncurrent Assets	<u>102,339</u>	<u>1</u>	<u>101,762</u>	<u>1</u>	<u>13,871</u>	-	Total Liabilities	<u>3,658,565</u>	<u>28</u>	<u>3,981,026</u>	<u>30</u>	<u>4,716,771</u>	<u>33</u>
							Equity Attributable to Parent Company:						
							Common Stock	<u>2,239,513</u>	<u>17</u>	<u>2,235,481</u>	<u>17</u>	<u>2,241,522</u>	<u>16</u>
							Capital Surplus*	<u>3,601,114</u>	<u>27</u>	<u>3,588,009</u>	<u>27</u>	<u>3,572,783</u>	<u>25</u>
							Retained Earnings:						
							Legal Reserve	1,071,291	8	1,071,291	8	1,001,724	7
							Unappropriated Earnings*	<u>1,575,553</u>	<u>12</u>	<u>1,382,626</u>	<u>10</u>	<u>1,348,440</u>	<u>10</u>
							Total Retained Earnings*	<u>2,646,844</u>	<u>20</u>	<u>2,453,917</u>	<u>18</u>	<u>2,350,164</u>	<u>17</u>
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations*	11,142	-	24,645	-	-9,024	-
							Unrealized gains and losses on Available-for-sale Financial Assets*	<u>231,937</u>	<u>2</u>	<u>206,500</u>	<u>2</u>	<u>324,441</u>	<u>2</u>
							Total Other Equity*	<u>243,079</u>	<u>2</u>	<u>231,145</u>	<u>2</u>	<u>315,417</u>	<u>2</u>
							Treasury Stock	-	-	-	-	<u>-28,253</u>	-
							Total Equity Attributable to Stockholders of Parent Company*	<u>8,730,550</u>	<u>66</u>	<u>8,508,552</u>	<u>64</u>	<u>8,451,633</u>	<u>60</u>
							Non-Controlling Equity*	<u>790,518</u>	<u>6</u>	<u>806,669</u>	<u>6</u>	<u>1,013,740</u>	<u>7</u>
							Total Equity*	<u>9,521,068</u>	<u>72</u>	<u>9,315,221</u>	<u>70</u>	<u>9,465,373</u>	<u>67</u>
Total Assets*	<u>\$13,179,633</u>	<u>100</u>	<u>13,296,247</u>	<u>100</u>	<u>14,182,144</u>	<u>100</u>	Total Liabilities and Equity*	<u>\$13,179,633</u>	<u>100</u>	<u>13,296,247</u>	<u>100</u>	<u>14,182,144</u>	<u>100</u>

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, December 31, 2014 and March 31, 2013

	2015 Q1		2014 Q4		2014 Q1		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,237,371	100.0	3,651,778	100.0	3,848,430	100.0	(414,407)	(11.3)	(611,059)	(15.9)
Cost of Goods Sold	2,754,119	85.1	3,194,271	87.5	3,358,760	87.3	(440,152)	(13.8)	(604,641)	(18.0)
Gross Profit	483,252	14.9	457,507	12.5	489,670	12.7	25,745	5.6	(6,418)	(1.3)
Operating Expenses*	304,876	9.4	322,074	8.8	293,517	7.6	(17,198)	(5.3)	11,359	3.9
Operating Income*	178,376	5.5	135,433	3.7	196,153	5.1	42,943	31.7	(17,777)	(9.1)
Non-Operating Income and Expense*	20,257	0.6	(31,126)	(0.9)	5,124	0.1	51,383	(165.1)	15,133	295.3
Income before Income Tax*	198,633	6.1	104,307	2.9	201,277	5.2	94,326	90.4	(2,644)	(1.3)
Less: Income Tax	36,749	1.1	49,839	1.4	30,906	0.8	(13,090)	(26.3)	5,843	18.9
Net Income*	\$ 161,884	5.0	54,468	1.5	170,371	4.4	107,416	197.2	(8,487)	(5.0)
Net Uncome Attributable to Parent Company	192,927	6	89,241	2	176,485	5	103,686	116	16,442	9
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.86		0.40		0.79					

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 Three Months ended March 31, December 31, 2014 and March 31, 2013

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

	2014		2013		YOY
	Amount	%	Amount	%	%
Net Sales	\$3,237,371	100	3,848,430	100	(16)
Cost of Goods Sold	<u>2,754,119</u>	<u>85</u>	<u>3,358,760</u>	<u>87</u>	(18)
Gross Profit	<u>483,252</u>	<u>15</u>	<u>489,670</u>	<u>13</u>	(1)
Operating Expense					
Selling and Administrative*	258,161	8	248,642	7	4
Research and Development	<u>46,715</u>	<u>2</u>	<u>44,875</u>	<u>1</u>	4
Total Operating Expense*	<u>304,876</u>	<u>10</u>	<u>293,517</u>	<u>8</u>	4
Operating Income*	<u>178,376</u>	<u>5</u>	<u>196,153</u>	<u>5</u>	(9)
Non-Operating Income and Expenses:					
Other Gains and Losses*	17,494	1	2,180	-	702
Financial Costs*	-4,109	-	-7,882	-	(48)
Interest Income	<u>6,872</u>	-	<u>10,826</u>	-	(37)
Total Non-Operating Income and Expenses*	<u>20,257</u>	<u>1</u>	<u>5,124</u>	-	295
Income before Income Tax*	198,633	6	201,277	5	(1)
Less: Income Tax Expense	<u>36,749</u>	<u>1</u>	<u>30,906</u>	<u>1</u>	19
Net Income for Current Period*	<u>161,884</u>	<u>5</u>	<u>170,371</u>	<u>4</u>	(5)
Other Comprehensive Gains and Losses:					
Revaluation gain or loss arising from reclassification					
Exchange Differences on Translation of Financial Statements of	-16,462	-	23,431	1	(170)
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets*	41,185	1	-1,201	-	(3,529)
Actuarial Gains and Losses on the Defined-Benefit Obligation	<u>1,639</u>	-	<u>-16,183</u>	-	(110)
Less: Income Tax related to Other Comprehensive Gains and Losses*	<u>26,362</u>	<u>1</u>	<u>6,047</u>	<u>1</u>	336
Other Comprehensive Gains and Losses (Net of Tax)*	<u>26,362</u>	<u>1</u>	<u>6,047</u>	<u>1</u>	336
Total Comprehensive Profit or Loss for Current Period*	<u>\$188,246</u>	<u>6</u>	<u>176,418</u>	<u>5</u>	<u>7</u>
Net Income Attributable to:					
Stockholders of Parent Company*	\$192,927	6	176,485	4	9
Non-Controlling Equity	<u>-31,043</u>	<u>-1</u>	<u>-6,114</u>	-	408
	<u>\$161,884</u>	<u>5</u>	<u>170,371</u>	<u>4</u>	<u>(5)</u>
Comprehensive Profit or Loss Attributable to:					
Stockholders of Parent Company*	\$204,861	6	183,096	5	12
Non-Controlling Equity*	<u>-16,615</u>	-	<u>-6,678</u>	-	149
	<u>\$188,246</u>	<u>6</u>	<u>176,418</u>	<u>5</u>	<u>7</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*	<u>\$</u>	<u>0.86</u>	<u>\$</u>	<u>0.79</u>	
Diluted Earnings per Share (Unit: NT Dollar)*	<u>\$</u>	<u>0.84</u>	<u>\$</u>	<u>0.77</u>	

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

Equity Attributable to Stockholders of Parent Company

	Retained Earnings				Other Equity			Treasury Stock	Total Equity Attributable to Stockholders of Parent	Non-Controlling Equity*	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings*	Exchange Differences on Translation of Financial Statements	Unrealized Gain (Loss) on Available-for-sale Financial Products*	Total				
Beginning Balance, January 1, 2014	<u>\$2,241,522</u>	<u>3,572,820</u>	<u>1,001,724</u>	<u>1,171,955</u>	<u>-26,785</u>	<u>335,591</u>	<u>-28,253</u>	<u>8,268,574</u>	<u>1,020,078</u>	<u>9,288,652</u>	
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	-	-	-	<u>176,485</u>	<u>17,761</u>	<u>-11,150</u>	-	<u>183,096</u>	<u>-6,678</u>	<u>176,418</u>	
Profit(loss) of associates and joint ventures accounted for using equity method	-	-37	-	-	-	-	-	-37	-	-37	
Non-controlling Interests	-	-	-	-	-	-	-	-	340	340	
Ending Balance, March 31, 2014	<u>\$2,241,522</u>	<u>3,572,783</u>	<u>1,001,724</u>	<u>1,348,440</u>	<u>-9,024</u>	<u>324,441</u>	<u>-28,253</u>	<u>8,451,633</u>	<u>1,013,740</u>	<u>9,465,373</u>	
Ending Balance, January 1, 2015	<u>\$2,235,481</u>	<u>3,588,009</u>	<u>1,071,291</u>	<u>1,382,626</u>	<u>24,645</u>	<u>206,500</u>	-	<u>8,508,552</u>	<u>806,669</u>	<u>9,315,221</u>	
Net Income for Current Period	-	-	-	192,927	-	-	-	192,927	-31,043	161,884	
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	-13,503	25,437	-	11,934	14,428	26,362	
Total Comprehensive Profit or Loss for Current Period	-	-	-	<u>192,927</u>	<u>-13,503</u>	<u>25,437</u>	-	<u>204,861</u>	<u>-16,615</u>	<u>188,246</u>	
Convertible Bonds	4,032	12,993	-	-	-	-	-	17,025	-	17,025	
Profit(loss) of associates and joint ventures accounted for using equity method	-	112	-	-	-	-	-	112	-	112	
Non-controlling Interests	-	-	-	-	-	-	-	-	464	464	
Ending Balance, March 31, 2015	<u>\$2,239,513</u>	<u>3,601,114</u>	<u>1,071,291</u>	<u>1,575,553</u>	<u>11,142</u>	<u>231,937</u>	-	<u>8,730,550</u>	<u>790,518</u>	<u>9,521,068</u>	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the Three Months ended March 31, December 31, 2014 and March 31, 2013

(Expressed in thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ 198,633	201,277
Adjusted Items:		
Incomes or Expenses		
Depreciation	75,634	83,034
Amortization	937	1,136
Bad Debt Reclassified as Income	1,092	(1,321)
Interest Expense	4,109	7,882
Interest Income	(6,872)	(10,826)
Gain on Disposal and Scrap of Property and Equipment	408	(38)
Total Incomes or Expenses that do not affect Cash Flow	<u>75,308</u>	<u>79,867</u>
Total of Net Change in Assets related to Operating Activities:		
Total of Net Change in Liabilities related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss - Current	4,966	53,577
Notes and Accounts Payable	335,127	237,726
Other Payables	(150,277)	(20,142)
Inventory	(68,604)	261,194
Prepaid Expense and other current asset	(5,127)	(53,418)
Total Net Change in Asset related to Operating Activities	<u>116,085</u>	<u>478,937</u>
Total Net Change in Liabilities related to Operating Activities		
Financial Liabilities at Fair Value through Profit or Loss	-	(595)
Account and Note Payable	(85,477)	(118,343)
Account Payable - related party	(15,120)	12,411
Other Payables	(40,676)	(37,228)
Total Net Change in Assets and Liabilities related to Operating Activities	<u>(141,273)</u>	<u>(143,755)</u>
Financial Liabilities at Fair Value through Profit or Loss	<u>(25,188)</u>	<u>335,182</u>
Total of Adjusted Items	<u>50,120</u>	<u>415,049</u>
Cash Flow generated from Operating Activities	248,753	616,326
Interest Received	5,817	10,837
Interest Paid	(1,012)	(4,403)
Income Tax Returned(Paid)	(39,220)	7,169
Net Cash Flows generated from Operating activities*	<u>214,338</u>	<u>629,929</u>
Cash Flows generated from Investing Activities:		
Sale of Available-for-sale Financial Assets	-	2,252
Acquisition of Financial Assets carried at Cost*	(7,825)	(15,000)
Acquisition of Property and Equipments*	(57,442)	(25,088)
Sale of Property and Equipments*	-	363
Decrease in Other Noncurrent Assets*	(1,492)	3,760
Net Cash Flows generated from (used in) Investing Activities*	<u>(66,759)</u>	<u>(33,713)</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	(163,038)	(141,603)
Repayments on Long-term Loans	(516)	(21,781)
Increase in Non-current Liability	2,440	-
Changes in Non-Controlling Equity*	464	303
Net Cash Flows (generated from) used in Financing Activities*	<u>(160,650)</u>	<u>(163,081)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(4,476)	15,386
Increase in Cash and Cash in Banks of Current Period	<u>(17,547)</u>	<u>448,521</u>
Cash and Cash in Banks at Beginning of the Period	<u>2,567,832</u>	<u>2,553,073</u>
Cash and Cash in Banks at End of the Period	<u>\$ 2,550,285</u>	<u>3,001,594</u>

Note: Accounts and amounts were properly adjusted due to the adoption of IFRS in 2014.