

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

For the periods ended June 30, 2015 and 2014 and December 31, 2014

(Expressed in thousands of New Taiwan Dollars)

	30.6.2015		31.12.2014		30.6.2014			30.6.2015		31.12.2014		30.6.2014	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$3,024,870	23	2,567,832	19	3,076,811	22	Short-term Loans	\$1,505,663	11	1,816,874	14	1,671,729	13
Financial Assets at Fair Value through Profit or Loss - Current	799,138	6	868,712	7	602,348	4	Accounts Payable	1,267,644	9	1,087,389	8	1,389,874	10
Notes and Accounts Receivable, net	3,134,860	23	3,417,539	26	3,578,917	26	Accounts Payable - Related Parties	17,708	-	28,336	-	28,653	-
Other Receivables	84,125	1	69,054	1	140,351	1	Dividends Payable	737,709	6	-	-	625,935	4
Inventories	2,147,278	16	2,053,176	15	1,948,210	14	Other Payables - Others	731,960	5	652,811	6	674,218	5
Prepaid Expenses	59,149	-	48,639	-	77,467	1	Current Period Income Tax Liabilities	109,695	1	150,366	1	124,989	1
Total Current Assets	9,249,420	69	9,024,952	68	9,424,104	68	Current Portion of Puttable Corporate Bonds	-	-	103,875	1	103,225	1
Noncurrent Assets:							Current Portion of Long-term Debt	2,098	-	2,081	-	74,889	1
Available-for-sale Financial Assets - Noncurrent	474,048	4	405,901	3	515,950	3	Total Current Liabilities*	4,372,477	32	3,841,732	30	4,693,512	35
Financial Assets Carried at Cost - Noncurrent	418,753	3	385,292	3	368,417	2	Noncurrent Liabilities:						
Property, Plant and Equipment	2,738,847	20	2,833,549	21	2,923,892	21	Long-term Loans	20,309	-	21,362	-	190,552	1
Intangible Assets	420,664	3	480,814	4	561,293	4	Deferred Income Tax Liabilities	49,829	-	59,786	-	62,906	-
Deferred Income Tax Assets	53,656	-	34,196	-	53,501	-	Net Defined Benefit Liabilities-Noncurrent	55,763	-	55,763	-	58,818	-
Prepaid Expense on Equipment	17,303	-	29,781	-	77,431	1	Other Noncurrent Liabilities - Others	12,823	-	2,383	-	4,725	-
Other Noncurrent Assets - Others	73,730	1	101,762	1	108,477	1	Total Noncurrent Liabilities	138,724	-	139,294	-	317,001	1
Total Noncurrent Assets	4,197,001	1	4,271,295	32	4,608,961	32	Total Liabilities	4,511,201	32	3,981,026	30	5,010,513	36
							Equity Attributable to Parent Company:						
							Common Stock	2,242,154	17	2,235,481	17	2,235,481	16
							Capital Surplus	3,608,332	27	3,588,009	27	3,549,530	25
							Retained Earnings:						
							Legal Reserve	1,161,732	9	1,071,291	8	1,071,291	8
							Unappropriated Retained Earnings	933,805	7	1,382,626	10	1,045,435	7
							Total Retained Earnings	2,095,537	16	2,453,917	18	2,116,726	15
							Other Equity:						
							Differences from Currency Translation of Financial Statements of Foreign Operations	(9,522)	-	24,645	-	(28,311)	-
							Unrealized gains and losses on Available-for-sale Financial Assets	245,993	2	206,500	2	275,116	2
							Total Other Equity	236,471	2	231,145	2	246,805	2
							Total Equity Attributable to Stockholders of Parent Company	8,182,494	62	8,508,552	64	8,148,542	58
							Non-Controlling Equity	752,726	6	806,669	6	874,010	6
							Total Equity	8,935,220	68	9,315,221	70	9,022,552	64
Total Assets	\$13,446,421.00	100	13,296,247	100	14,033,065	100	Total Liabilities and Equity	\$13,446,421	100	13,296,247	100	14,033,065	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 June 30 and March 31, 2015 and June 30, 2014

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

	2015 Q2		2015 Q1		2014 Q2		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,549,466	100.0	3,237,371	100.0	4,457,123	100.0	312,095	9.6	(907,657)	(20.4)
Cost of Goods Sold	3,033,310	85.5	2,754,119	85.1	3,939,376	88.4	279,191	10.1	(906,066)	(23.0)
Gross Profit	516,156	14.5	483,252	14.9	517,747	11.6	32,904	6.8	(1,591)	(0.3)
Operating Expenses*	336,246	9.5	304,876	9.4	374,288	8.4	31,370	10.3	(38,042)	(10.2)
Operating Income*	179,910	5.1	178,376	5.5	143,459	3.2	1,534	0.9	36,451	25.4
Non-Operating Income and Expense*	9,742	0.3	20,257	0.6	242,922	5.5	(10,515)	(51.9)	(233,180)	(96.0)
Income before Income Tax*	189,652	5.3	198,633	6.1	386,381	8.7	(8,981)	(4.5)	(196,729)	(50.9)
Less: Income Tax	42,656	1.2	36,749	1.1	29,412	0.7	5,907	16.1	13,244	45.0
Net Income*	\$ 146,996	4.1	161,884	5.0	356,969	8.0	(14,888)	(9.2)	(209,973)	(58.8)
Net Uncome Attributable to Parent Company	186,402	5.3	192,927	6.0	392,496	8.8	(6,525)	(3.4)	(206,094)	(52.5)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.83		0.86		1.76					

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 INCOME STATEMENT

For the Three Months April 1 to June 30, 2015 and 2014

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

	2015		2014		YoY
	Amount	%	Amount	%	%
Net Sales	\$3,549,466	100	4,457,123	100	(20)
Cost of Goods Sold	3,033,310	85	3,939,376	88	(23)
Gross Profit	516,156	15	517,747	12	(0)
Operating Expense					
Selling and Administrative*	281,232	8	327,737	7	(14)
Research and Development	55,014	2	46,551	1	18
Total Operating Expense*	336,246	10	374,288	8	(10)
Operating Income*	179,910	5	143,459	4	25
Non-Operating Income and Expenses:					
Other Gains and Losses*	7,087	-	238,606	5	(97)
Financial Costs*	(3,714)	-	(7,599)	-	(51)
Interest Income	6,369	-	11,915	-	(47)
Total Non-Operating Income and Expenses*	9,742	-	242,922	5	(96)
Income before Income Tax*	189,652	5	386,381	9	(51)
Less: Income Tax Expense	42,656	1	29,412	1	45
Net Income for Current Period*	146,996	4	356,969	8	(59)
Other Comprehensive Income:					
Revaluation income arising from reclassification					
Differences from Currency Translation of Financial Statements of Foreign Operations*	(22,928)	(1)	(25,713)	(1)	(11)
Unrealized Valuation Gains (Losses) on Available-for-sale Financial Assets*	26,962	1	(79,925)	(2)	(134)
Income Tax related to reclassification	5,239	-	6,112	-	(14)
Total Revaluation income arising from reclassification	9,273	-	(99,526)	(3)	(109)
Other Comprehensive Income for Current Period	9,273	-	(99,526)	(3)	(109)
Total Comprehensive Income for Current Period*	\$156,269	4	257,443	5	(39)
Net Income Attributable to:					
Stockholders of Parent Company*	\$186,402	5	392,496.00	9	(53)
Non-Controlling Equity	(39,406)	(1)	(35,527.00)	(1)	11
	\$146,996	4	356,969.00	8	(59)
Comprehensive Income Attributable to:					
Stockholders of Parent Company*	\$179,794	5	323,884.00	6	(44)
Non-Controlling Equity*	(23,525)	(1)	(66,441.00)	(1)	(65)
	\$156,269	4	257,443.00	5	(39)
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		\$0.83		1.76	
Diluted Earnings per Share (Unit: NT Dollar)*		\$0.82		1.71	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
For the periods ended June 30, 2015 and 2014
(Figures in thousand of New Taiwan Dollars)

	Equity Attributable to Stockholders of Parent Company							Total Equity Attributable to Stockholders of Parent Company*	Non- Controlling Equity*	Total Equity
	Retained Earnings			Other Equity						
	Common Stock	Capital Surplus	Legal Reserve	Unappropriat ed Retained Earnings*	Differences from Currency Translation of Financial Statements of Foreign Operations*	Unrealized Gain (Loss) on Available- for-sale Financial Assets*	Treasury Stock			
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	-	-	-	568,981	-	-	-	568,981	(41,641)	527,340
Other Comprehensive Income	-	-	-	-	(1,526)	(60,475)	-	(62,001)	(31,478)	(93,479)
Total Comprehensive Income	-	-	-	568,981	(1,526)	(60,475)	-	506,980	(73,119)	433,861
Appropriation of Legal Reserve	-	-	69,567	(69,567)	-	-	-	-	-	-
Cash Dividends for Common Stock	-	-	-	(625,934)	-	-	-	(625,934)	-	(625,934)
Decrease in Treasury Stock	(6,041)	(22,212)	-	-	-	-	28,253	-	-	-
Profit (loss) of associates and joint ventures accounted for using equity Non-controlling Interests	-	(1,078)	-	-	-	-	-	(1,078)	-	(1,078)
	-	-	-	-	-	-	-	-	(72,949)	(72,949)
Ending Balance, June 30, 2014	\$2,235,481	3,549,530	1,071,291	1,045,435	(28,311)	275,116	-	8,148,542	874,010	9,022,552
Ending Balance, January 1, 2015	\$2,235,481	3,588,009	1,071,291	1,382,626	24,645	206,500	-	8,508,552	806,669	9,315,221
Net Income	-	-	-	379,329	-	-	-	379,329	(70,449)	308,880
Other Comprehensive Income	-	-	-	-	(34,167)	39,493	-	5,326	30,309	35,635
Total Comprehensive Income	-	-	-	379,329	(34,167)	39,493	-	384,655	(40,140)	344,515
Appropriation of Legal Reserve	-	-	90,441	(90,441)	-	-	-	-	-	-
Cash Dividends for Common Stock	-	-	-	(737,709)	-	-	-	(737,709)	-	(737,709)
Conversion of Convertible Bonds	6,673	20,100	-	-	-	-	-	26,773	-	26,773
Profit(loss) of associates and joint ventures accounted for using equity Non-controlling Interests	-	223	-	-	-	-	-	223	-	223
	-	-	-	-	-	-	-	-	(13,803)	(13,803)
Ending Balance, June 30, 2015	\$2,242,154.00	3,608,332	1,161,732	933,805	(9,522)	245,993	-	8,182,494	752,726	8,935,220

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT

For the periods ended June 30, 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating activities:		
Income before Income Tax	\$ 388,285	587,658
Adjustments:		
Add (deduct) noncash effects on operating income		
Depreciation Expense	152,239	166,769
Amortization	1,678	1,995
Bad Debt Reclassified as Income	1,216	9,014
Interest Expense	7,823	15,481
Interest Income	(13,241)	(22,741)
Gain on Disposal and Scrap of Property and Equipment	1,841	17,644
Loss from Goodwill Impairment	52,415	-
Total noncash effects on operating income	<u>203,971</u>	<u>188,162</u>
Net Change in Assets or Liabilities related to Operating Activities:		
Net Change in Assets related to Operating Activities:		
Changes in Financial Assets at Fair Value through Profit or Loss - Current	67,617	79,717
Changes in Notes and Accounts Receivable	281,468	(78,929)
Changes in Other Receivables	(18,540)	(47,462)
Changes in Inventory	(94,102)	345,904
Changes in Prepaid Expense and other current asset	(10,510)	70,544
Net Change in Assets related to Operating Activities	<u>225,933</u>	<u>369,774</u>
Net Change in Liabilities related to Operating Activities:		
Changes in Financial Liabilities at Fair Value through Profit or Loss	-	(595)
Changes in Notes and Accounts Payable	180,255	172,849
Changes in Accounts Payable - related parties	(10,628)	15,253
Changes in Other Payables	48,940	116,096
Net Changes in Liabilities related to Operating Activities	<u>218,567</u>	<u>303,603</u>
Net Changes in Assets and Liabilities related to Operating Activities	<u>444,500</u>	<u>673,377</u>
Total Adjustments	<u>648,471</u>	<u>861,539</u>
Cash Flows from Operation	1,036,756	1,449,197
Interest Received	16,710	43,921
Interest Paid	(4,206)	(13,136)
Income Tax Returned (Paid)	(142,637)	(28,543)
Cash Flows from Operating activities*	<u>906,623</u>	<u>1,451,439</u>
Cash Flows from Investing Activities:		
Sale of Available-for-sale Financial Assets	-	2,252
Acquisition of Financial Assets carried at Cost*	(33,461)	(15,000)
Sale of Subsidiaries	-	95,786
Acquisition of Property, Plant and Equipments*	(106,379)	(103,381)
Sale of Property, Plant and Equipments*	425	360
Acquisition of Intangible Assets	(418)	(89)
Increase (Decrease) in Other Noncurrent Assets*	25,398	(91,645)
Cash Flows from Investing Activities*	<u>(114,435)</u>	<u>(111,717)</u>
Cash Flows from Financing Activities:		
Decrease in short-term Loans	(311,211)	(409,624)
Repayments on Long-term Loans	(1,036)	(323,156)
Increase in Non-current Liability	10,440	4,557
Changes in Non-Controlling Equity*	(13,803)	(74,027)
Cash Flows from Financing Activities*	<u>(315,610)</u>	<u>(802,250)</u>
Impact of Changes in Exchange Rates on Cash and Cash Equivalents*	(19,540)	(13,734)
Increase in Cash and Cash in Banks of Current Period	457,038	523,738
Cash and Cash in Banks at Beginning of the Period	2,567,832	2,553,073
Cash and Cash in Banks at End of the Period	<u>\$ 3,024,870</u>	<u>3,076,811</u>

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