

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

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

(Expressed in thousands of New Taiwan Dollars)

	30.9.2015		31.12.2014		30.9.2014			30.9.2015		31.12.2014		30.9.2014	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$2,242,947	18	2,567,832	19	2,571,008	19	Short-term Loans	\$1,588,358	13	1,816,874	14	1,914,631	14
Financial Assets at Fair Value through Profit or Loss - Current	766,911	6	868,712	7	675,038	5	Financial Liabilities at Fair Value through Profit or Loss - Current	-	-	-	-	1,684	-
Notes and Accounts Receivable, net	3,511,015	28	3,417,539	26	3,728,096	27	Accounts Payable	1,116,113	9	1,087,389	8	1,352,718	10
Other Receivables	94,169	1	69,054	1	71,522	1	Accounts Payable - Related Parties	16,969	-	28,336	-	26,706	-
Inventories	1,877,094	15	2,053,176	15	2,122,163	16	Other Payables - Others	624,776	5	652,811	6	719,830	5
Prepaid Expenses	44,784	1	48,639	-	56,685	-	Current Period Income Tax Liabilities	59,831	-	150,366	1	75,567	1
Total Current Assets	8,536,920	69	9,024,952	68	9,224,512	68	Current Portion of Puttable Corporate Bonds	-	-	103,875	1	103,550	1
Noncurrent Assets:							Current Portion of Long-term Debt	2,107	-	2,081	-	35,375	1
Available-for-sale Financial Assets - Noncurrent	328,739	3	405,901	3	397,514	3	Total Current Liabilities*	3,408,154	27	3,841,732	30	4,230,061	31
Financial Assets Carried at Cost - Noncurrent	439,256	3	385,292	3	374,792	3	Noncurrent Liabilities:						
Property, Plant and Equipment	2,689,490	21	2,833,549	21	2,860,554	20	Long-term Loans	19,779	-	21,362	-	80,219	1
Intangible Assets	437,038	3	480,814	4	566,016	4	Deferred Income Tax Liabilities	59,129	1	59,786	-	62,667	-
Deferred Income Tax Assets	49,435	-	34,196	-	45,742	-	Net Defined Benefit Liabilities-Noncurrent	55,763	-	55,763	-	58,818	-
Prepaid Expense on Equipment	12,926	-	29,781	-	72,162	1	Other Noncurrent Liabilities - Others	4,922	-	2,383	-	4,558	-
Other Noncurrent Assets - Others	77,586	1	101,762	1	109,491	1	Total Noncurrent Liabilities	139,593	1	139,294	-	206,262	1
Total Noncurrent Assets	4,034,470	1	4,271,295	32	4,426,271	32	Total Liabilities	3,547,747	28	3,981,026	30	4,436,323	32
							Equity Attributable to Parent Company:						
							Common Stock	2,242,154	18	2,235,481	17	2,235,481	16
							Capital Surplus	3,608,369	29	3,588,009	27	3,587,897	26
							Retained Earnings:						
							Legal Reserve	1,161,732	9	1,071,291	8	1,071,291	8
							Unappropriated Retained Earnings	1,116,588	9	1,382,626	10	1,291,621	10
							Total Retained Earnings	2,278,320	18	2,453,917	18	2,362,912	18
							Other Equity:						
							Differences from Currency Translation of Financial Statements of Foreign Operations	61,141	1	24,645	-	(10,686)	-
							Unrealized gains and losses on Available-for-sale Financial Assets	160,449	1	206,500	2	202,078	2
							Total Other Equity	221,590	2	231,145	2	191,392	2
							Total Equity Attributable to Stockholders of Parent Company	8,350,433	67	8,508,552	64	8,377,682	62
							Non-Controlling Equity	673,210	5	806,669	6	836,778	6
							Total Equity	9,023,643	72	9,315,221	70	9,214,460	68
Total Assets	\$12,571,390	100	13,296,247	100	13,650,783	100	Total Liabilities and Equity	\$12,571,390	100	13,296,247	100	13,650,783	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 September 30 and June 30, 2015 and September 30, 2014

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

	2015 Q3		2015 Q2		2014 Q3		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,511,201	100.0	3,549,466	100.0	4,067,562	100.0	(38,265)	(1.1)	(556,361)	(13.7)
Cost of Goods Sold	2,993,069	85.2	3,033,310	85.5	3,488,167	85.8	(40,241)	(1.3)	(495,098)	(14.2)
Gross Profit	518,132	14.8	516,156	14.5	579,395	14.2	1,976	0.4	(61,263)	(10.6)
Operating Expenses*	343,106	9.8	336,246	9.5	351,755	8.6	6,860	2.0	(8,649)	(2.5)
Operating Income*	175,026	5.0	179,910	5.1	227,640	5.6	(4,884)	(2.7)	(52,614)	(23.1)
Non-Operating Income and Expense*	21,027	0.6	9,742	0.3	33,405	0.8	11,285	115.8	(12,378)	(37.1)
Income before Income Tax*	196,053	5.6	189,652	5.3	261,045	6.4	6,401	3.4	(64,992)	(24.9)
Less: Income Tax	35,890	1.0	42,656	1.2	47,649	1.2	(6,766)	(15.9)	(11,759)	(24.7)
Net Income*	\$ 160,163	4.6	146,996	4.1	213,396	5.2	13,167	9.0	(53,233)	(24.9)
Net Uncome Attributable to Parent Company	182,783	5.2	186,402	5.3	246,186	6.1	(3,619)	(1.9)	(63,403)	(25.8)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.82		0.83		1.10					

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 July 1 to September 30, 2015 and 2014

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

	2015		2014		YoY
	Amount	%	Amount	%	%
Net Sales	\$3,511,201	100	4,067,562	100	(14)
Cost of Goods Sold	2,993,069	85	3,488,167	86	(14)
Gross Profit	518,132	15	579,395	14	(11)
Operating Expense					
Selling and Administrative*	270,852	8	273,717	7	(1)
Research and Development	72,254	2	79,038	2	(9)
Total Operating Expense*	343,106	10	351,755	9	(2)
Operating Income*	175,026	5	227,640	5	(23)
Non-Operating Income and Expenses:					
Other Gains and Losses*	19,072	1	28,456	1	(33)
Financial Costs*	(3,999)	-	(4,882)	-	(18)
Interest Income	5,954	-	9,831	-	(39)
Total Non-Operating Income and Expenses*	21,027	1	33,405	1	(37)
Income before Income Tax*	196,053	6	261,045	6	(25)
Less: Income Tax Expense	35,890	1	47,649	1	-25
Net Income for Current Period*	160,163	5	213,396	5	(25)
Other Comprehensive Income:					
Revaluation income arising from reclassification					
Differences from Currency Translation of Financial Statements of Foreign Operations*	81,997	2	(20,430)	(1)	(501)
Unrealized Valuation Gains (Losses) on Available-for-sale Financial Assets*	(145,309)	(4)	(115,358)	(3)	26
Income Tax related to reclassification	(8,622)	-	747	-	(1,254)
Total Revaluation income arising from reclassification	(71,934)	(2)	(135,041)	(4)	(47)
Other Comprehensive Income for Current Period	(71,934)	(2)	(135,041)	(4)	(47)
Total Comprehensive Income for Current Period*	\$88,229	3	78,355	1	13
Net Income Attributable to:					
Stockholders of Parent Company*	\$182,783	6	246,186	6	(26)
Non-Controlling Equity	(22,620)	(1)	(32,790)	(1)	(31)
	\$160,163	5	213,396	5	(25)
Comprehensive Income Attributable to:					
Stockholders of Parent Company*	\$167,902	5	190,773	4	(12)
Non-Controlling Equity*	(79,673)	(2)	(112,418)	(3)	(29)
	\$88,229	3	78,355	1	13
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		\$0.82		1.10	
Diluted Earnings per Share (Unit: NT Dollar)*		\$0.81		1.08	

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

Equity Attributable to Stockholders of Parent Company

	Retained Earnings			Other Equity			Treasury Stock	Total Equity Attributable to Parent Company*	Non-Controlling Equity*	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings*	Differences from Currency Translation of Financial Statements of Foreign Operations*	Unrealized Gain (Loss) on Available-for-sale Financial Assets*				
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	-	-	-	815,167	-	-	-	815,167	(74,431)	740,736
Other Comprehensive Income	-	-	-	-	16,099	(133,513)	-	(117,414)	(111,106)	(228,520)
Total Comprehensive Income	-	-	-	815,167	16,099	(133,513)	-	697,753	(185,537)	512,216
Appropriation of Legal Reserve	-	-	69,567	(69,567)	-	-	-	-	-	-
Cash Dividends for Common Stock	-	-	-	(625,934)	-	-	-	(625,934)	-	(625,934)
Profit (loss) of associates and joint ventures accounted for using equity	(6,041)	37,289	-	-	-	-	28,253	37,289	-	37,289
Decrease in Treasury Stock	-	(22,212)	-	-	-	-	-	-	-	-
Non-controlling Interests	-	-	-	-	-	-	-	-	2,237	2,237
Ending Balance, September 30, 2014	\$2,235,481	3,587,897	1,071,291	1,291,621	(10,686)	202,078	-	8,377,682	836,778	9,214,460
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	-	-	-	562,112	-	-	-	562,112	(93,069)	469,043
Other Comprehensive Income	-	-	-	-	36,496	(46,051)	-	(9,555)	(26,744)	(36,299)
Total Comprehensive Income	-	-	-	562,112	36,496	(46,051)	-	552,557	(119,813)	432,744
Appropriation of Legal Reserve	-	-	90,441	(90,441)	-	-	-	-	-	-
Cash Dividends for Common Stock	-	-	-	(737,709)	-	-	-	(737,709)	-	(737,709)
Profit(loss) of associates and joint ventures accounted for using equity	6,673	260	-	-	-	-	-	260	-	260
Conversion of Convertible Bonds	-	20,100	-	-	-	-	-	26,773	-	26,773
Non-controlling Interests	-	-	-	-	-	-	-	-	(13,646)	(13,646)
Ending Balance, September 30, 2015	\$2,242,154.00	3,608,369	1,161,732	1,116,588	61,141	160,449	-	8,350,433	673,210	9,023,643

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT

For the periods ended September 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	\$ 584,338	848,703
Adjustments:		
Add (deduct) noncash effects on operating income		
Depreciation Expense	229,521	247,961
Amortization	3,613	3,034
Bad Debt Reclassified as Income	1,216	9,014
Interest Expense	11,822	20,363
Interest Income	(19,195)	(32,572)
Gain on Disposal and Scrap of Property and Equipment	1,769	(258)
Loss from Goodwill Impairment	52,733	-
Total noncash effects on operating income	<u>281,479</u>	<u>247,542</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	99,844	7,027
Changes in Notes and Accounts Receivable	(94,673)	(228,108)
Changes in Other Receivables	(26,374)	39,730
Changes in Inventory	176,082	171,951
Changes in Prepaid Expense and other current asset	3,855	91,326
Net Change in Assets related to Operating Activities	<u>158,734</u>	<u>81,926</u>
Net Change in Liabilities related to Operating Activities:		
Changes in Financial Liabilities at Fair Value through Profit or Loss	-	1,089
Changes in Notes and Accounts Payable	28,724	135,693
Changes in Accounts Payable - related parties	(11,367)	13,306
Changes in Other Payables	(56,880)	199,403
Net Changes in Liabilities related to Operating Activities	<u>(39,523)</u>	<u>349,491</u>
Net Changes in Assets and Liabilities related to Operating Activities	<u>119,211</u>	<u>431,417</u>
Total Adjustments	<u>400,690</u>	<u>678,959</u>
Cash Flows from Operation	985,028	1,527,662
Interest Received	20,454	35,389
Interest Paid	(10,717)	(17,033)
Income Tax Returned (Paid)	(188,223)	(120,905)
Cash Flows from Operating activities*	<u>806,542</u>	<u>1,425,113</u>
Cash Flows from Investing Activities:		
Sale of Available-for-sale Financial Assets	-	5,330
Acquisition of Financial Assets carried at Cost*	(53,964)	(21,375)
Sale of Subsidiaries	-	95,786
Acquisition of Property, Plant and Equipments*	(117,411)	(154,878)
Sale of Property, Plant and Equipments*	2,431	16,566
Acquisition of Intangible Assets	(577)	(189)
Increase (Decrease) in Other Noncurrent Assets*	29,027	(92,659)
Cash Flows from Investing Activities*	<u>(140,494)</u>	<u>(151,419)</u>
Cash Flows from Financing Activities:		
Decrease in short-term Loans	(228,516)	(166,722)
Increase in Long-term Loans	-	51,000
Repayments on Long-term Loans	(1,557)	(524,003)
Increase in Non-current Liability	2,539	4,390
Cash Dividend Payments	(737,709)	(625,934)
Changes in Non-Controlling Equity*	(13,646)	1,134
Cash Flows from Financing Activities*	<u>(978,889)</u>	<u>(1,260,135)</u>
Impact of Changes in Exchange Rates on Cash and Cash Equivalents*	(12,044)	4,376
Increase in Cash and Cash in Banks of Current Period	(324,885)	17,935
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>\$ 2,242,947</u>	<u>2,571,008</u>

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