

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

For the period ended December 31, 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

	31.12.2015		31.12.2014			31.12.2015		31.12.2014	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current Assets:					Current Liabilities:				
Cash and Cash Equivalents	\$2,905,532	24	2,567,832	19	Short-term Loans	\$1,300,187	11	1,816,874	14
Financial Assets at Fair Value through Profit or Loss - Current	618,567	5	868,712	7	Accounts Payable	1,052,056	9	1,087,389	8
Notes and Accounts Receivable, net	3,046,660	25	3,417,539	26	Accounts Payable - Related Parties	19,701	-	28,336	-
Other Receivables	54,669	-	69,054	1	Other Payables	599,627	5	652,811	1
Inventories	1,705,637	14	2,053,176	15	Current Period Income Tax Liabilities	75,485	2	150,366	6
Prepaid Expenses and other current assets	37,327	-	48,639	-	Current Portion of Puttable Corporate Bonds	-	-	103,875	1
Total Current Assets	8,368,392	68	9,024,952	68	Current Portion of Long-term Debt	2,122	-	2,081	-
Noncurrent Assets:					Total Current Liabilities*	3,049,178	27	3,841,732	30
Available-for-sale Financial Assets - Noncurrent	320,671	3	405,901	3	Noncurrent Liabilities:				
Financial Assets Carried at Cost - Noncurrent	420,855	3	385,292	3	Long-term Loans	19,240	-	21,362	-
Property, Plant and Equipment	2,629,430	22	2,833,549	21	Deferred Income Tax Liabilities	45,752	-	59,786	-
Intangible Assets	314,614	3	480,814	4	Net Defined Benefit Liabilities-Noncurrent	56,774	-	55,763	-
Deferred Income Tax Assets	29,079	-	34,196	-	Other Noncurrent Liabilities - Others	2,301	-	2,383	-
Prepaid Expense on Equipment	18,057	-	29,781	-	Total Noncurrent Liabilities	124,067	-	139,294	-
Other Noncurrent Assets - Others	74,140	1	101,762	1	Total Liabilities	3,173,245	27	3,981,026	30
Total Noncurrent Assets	3,806,846	32	4,271,295	32	Equity Attributable to Parent Company:				
					Common Stock	2,242,154	18	2,235,481	17
					Capital Surplus	3,608,244	30	3,588,009	27
					Retained Earnings:				
					Legal Reserve	1,161,732	10	1,071,291	8
					Unappropriated Retained Earnings	1,150,743	9	1,382,626	10
					Total Retained Earnings	2,312,475	19	2,453,917	18
					Other Equity:				
					Differences from Currency Translation of Financial Statements of Foreign Operations	45,807	-	24,645	-
					Unrealized gains and losses on Available-for-sale Financial Assets	156,047	1	206,500	2
					Total Other Equity	201,854	1	231,145	2
					Total Equity Attributable to Stockholders of Parent Company	8,364,727	68	8,508,552	64
					Non-Controlling Equity	637,266	5	806,669	6
					Total Equity	9,001,993	73	9,315,221	70
Total Assets	\$12,175,238	100	13,296,247	100	Total Liabilities and Equity	\$12,175,238	100	13,296,247	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 December 31 and September 30, 2015 and December 31, 2014

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

	2015 Q4		2015 Q3		2014 Q4		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,297,781	100.0	3,511,201	100.0	3,651,778	100.0	(213,420)	(6.1)	(353,997)	(9.7)
Cost of Goods Sold	2,849,439	86.4	2,993,069	85.2	3,194,271	87.5	(143,630)	(4.8)	(344,832)	(10.8)
Gross Profit	448,342	13.6	518,132	14.8	457,507	12.5	(69,790)	(13.5)	(9,165)	(2.0)
Operating Expenses*	347,160	10.5	343,106	9.8	322,074	8.8	4,054	1.2	25,086	7.8
Operating Income*	101,182	3.1	175,026	5.0	135,433	3.7	(73,844)	(42.2)	(34,251)	(25.3)
Non-Operating Income and Expense*	(70,882)	(2.1)	21,027	0.6	(31,126)	(0.9)	(91,909)	(437.1)	(39,756)	127.7
Income before Income Tax*	30,300	0.9	196,053	5.6	104,307	2.9	(165,753)	(84.5)	(74,007)	(71.0)
Less: Income Tax	(258,147)	(7.8)	35,890	1.0	49,839	1.4	(294,037)	(819.3)	(307,986)	(618.0)
Net Income*	\$ 2,743	0.1	160,163	4.6	54,468	1.5	(157,420)	(98.3)	(51,725)	(95.0)
Net Uncome Attributable to Parent Company	\$ 36,066	1.1	182,783	5.2	89,241	2.4	(146,717)	(80.3)	(53,175)	(59.6)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.16		0.82		0.40					

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 period ended December 31, 2015 and 2014

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

	2015		2014		YoY
	Amount	%	Amount	%	%
Net Sales	13,595,819	100	16,024,893	100	(15)
Cost of Goods Sold	11,629,937	85	13,980,574	87	(17)
Gross Profit	1,965,882	15	2,044,319	13	(4)
Operating Expense					
Selling and Administrative*	1,091,260	8	1,131,675	7	(4)
Research and Development	240,128	2	209,959	1	14
Total Operating Expense*	1,331,388	10	1,341,634	8	(1)
Operating Income*	634,494	5	702,685	5	(10)
Non-Operating Income and Expenses:					
Other Gains and Losses*	(28,341)	-	236,492	1	(112)
Financial Costs*	(15,859)	-	(27,842)	-	(43)
Interest Income	24,344	-	41,675	-	(42)
Total Non-Operating Income and Expenses*	(19,856)	-	250,325	1	(108)
Income before Income Tax*	614,638	5	953,010	6	(36)
Less: Income Tax Expense	(142,852)	(1)	(157,806)	(1)	-9
Net Income for Current Period*	471,786	4	795,204	5	(41)
Other Comprehensive Income:					
Revaluation income					
Defined benefit plan	(1,911)	-	1,764	-	(208)
Income Tax incurred	-	-	-	-	-
Total Revaluation income	(1,911)	-	1,764	-	(208)
Revaluation income arising from reclassification					
Differences from Currency Translation of Financial Statements of Foreign Operations*	27,819	-	58,202	-	(52)
Unrealized Valuation Gains (Losses) on Available-for-sale Financial Assets*	(83,558)	(1)	(188,097)	(1)	(56)
Income Tax related to reclassification	(2,824)	-	(16,281)	-	(83)
Total Revaluation income arising from reclassification	(58,563)	(1)	(146,176)	(1)	(60)
Other Comprehensive Income for Current Period	(60,474)	(1)	(144,412)	(1)	(58)
Total Comprehensive Income for Current Period*	411,312	3	650,792	4	(37)
Net Income Attributable to:					
Stockholders of Parent Company*	598,178	5	904,408	6	(34)
Non-Controlling Equity	(126,392)	(1)	(109,204)	(1)	16
	471,786	4	795,204	5	(41)
Comprehensive Income Attributable to:					
Stockholders of Parent Company*	566,976	4	828,511	5	(32)
Non-Controlling Equity*	(155,664)	(1)	(177,719)	(1)	(12)
	411,312	3	650,792	4	(37)
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		\$2.67		4.05	
Diluted Earnings per Share (Unit: NT Dollar)*		\$2.61		3.93	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
For the period ended December 31, 2015 and 2014
(Figures in thousand of New Taiwan Dollars)

Equity Attributable to Stockholders of Parent Company

	<u>Retained Earnings</u>				<u>Other Equity</u>			<u>Total Equity</u> <u>Attributable to</u> <u>Stockholders of</u> <u>Parent</u>	<u>Non-</u> <u>Controllin</u> <u>g Equity*</u>	<u>Total</u> <u>Equity</u>
	<u>Common</u> <u>Stock</u>	<u>Capital</u> <u>Surplus</u>	<u>Legal</u> <u>Reserve</u>	<u>Unappropri</u> <u>ated Retained</u> <u>Earnings*</u>	<u>Differences from</u> <u>of Financial</u> <u>Statements of Foreign</u>	<u>Unrealized Gain</u> <u>(Loss) on</u> <u>Available-for-</u> <u>sale Financial</u>	<u>Treasur</u> <u>y Stock</u>			
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	-	-	-	904,408	-	-	-	904,408	(109,204)	795,204
Other Comprehensive Income	-	-	-	1,764	51,430	(129,091)	-	(75,897)	(68,515)	(144,412)
Total Comprehensive Income	-	-	-	906,172	51,430	(129,091)	-	828,511	(177,719)	650,792
Appropriation of Legal Reserve	-	-	69,567	(69,567)	-	-	-	-	-	-
Cash Dividends for Common Stock	-	-	-	(625,934)	-	-	-	(625,934)	(9,720)	(635,654)
Profit (loss) of associates and joint ventures accounted for using equity method	-	37,401	-	-	-	-	-	37,401	-	37,401
Decrease in Treasury Stock	(6,041)	(22,212)	-	-	-	-	28,253	-	-	-
Non-controlling Interests	-	-	-	-	-	-	-	-	(25,970)	(25,970)
Ending Balance, December 31, 2014	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	-	-	-	598,178	-	-	-	598,178	(126,392)	471,786
Other Comprehensive Income	-	-	-	(1,911)	21,162	(50,453)	-	(31,202)	(29,272)	(60,474)
Total Comprehensive Income	-	-	-	596,267	21,162	(50,453)	-	566,976	(155,664)	411,312
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 method	-	135	-	-	-	-	-	135	-	135
Conversion of Convertible Bonds	6,673	20,100	-	-	-	-	-	26,773	-	26,773
Non-controlling Interests	-	-	-	-	-	-	-	-	(13,739)	(13,739)
Ending Balance, December 31, 2015	2,242,154	#####	1,161,732	1,150,743	45,807	156,047	-	8,364,727	637,266	9,001,993

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

For the period ended December 31, 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash Flows from Operating activities:		
Income before Income Tax	\$ 614,638	953,010
Adjustments:		
Add (deduct) noncash effects on operating income		
Depreciation Expense	307,786	330,238
Amortization	3,418	3,616
Bad Debt Reclassified as Income	(6,293)	2,834
Net Profit of Financial Assets at Fair Value through Profit or Loss	(36,167)	-
Interest Expense	15,859	20,363
Interest Income	(24,344)	(41,675)
Dividend Income	(29,183)	-
Gain on Disposal and Scrap of Property and Equipment	2,335	(439)
Gain on Disposal of Investment	(11,986)	-
Loss from Goodwill Impairment	175,192	96,672
Total noncash effects on operating income	396,617	411,609
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	284,355	(186,647)
Changes in Notes and Accounts Receivable	377,074	89,101
Changes in Other Receivables	13,410	43,112
Changes in Inventory	347,539	240,938
Changes in Prepaid Expense and Other Current Asset	11,312	99,297
Net Change in Assets related to Operating Activities	1,033,690	285,801
Net Change in Liabilities related to Operating Activities:		
Changes in Financial Liabilities at Fair Value through Profit or Loss - Current	-	(595)
Changes in Notes and Accounts Payable	(35,333)	(129,636)
Changes in Accounts Payable - Related Parties	(8,635)	14,936
Changes in Other Payables	(47,039)	86,276
Changes in Net Defined Benefit Liabilities - Noncurrent	(900)	(1,291)
Net Changes in Liabilities related to Operating Activities	(91,907)	(30,310)
Net Changes in Assets and Liabilities related to Operating Activities	941,783	255,491
Total Adjustments	1,338,400	667,100
Cash Flows from Operation	1,953,038	1,620,110
Interest Received	25,319	43,578
Dividend Received	29,183	-
Interest Paid	(14,882)	(16,297)
Income Tax Returned (Paid)	(229,672)	(94,244)
Cash Flows from Operating activities*	1,762,986	1,553,147
Cash Flows from Investing Activities:		
Sale of Available-for-sale Financial Assets	9,422	5,330
Acquisition of Financial Assets carried at Cost*	(53,953)	(31,875)
Disposal of Financial Assets carried at Cost*	22,407	-
Sale of Subsidiaries	-	95,786
Acquisition of Property, Plant and Equipments*	(104,192)	(120,322)
Sale of Property, Plant and Equipments*	2,425	16,483
Acquisition of Intangible Assets	(771)	(386)
Increase (Decrease) in Other Noncurrent Assets*	30,180	(83,858)
Cash Flows from Investing Activities*	(94,482)	(118,842)
Cash Flows from Financing Activities:		
Decrease in short-term Loans	(516,687)	(295,551)
Repayment on Corporate bonds	(75,699)	-
Increase in Long-term Loans	-	51,000
Repayments on Long-term Loans	(2,081)	(616,154)
Increase (Decrease) in Non-current Liability	(82)	2,215
Cash Dividend Payments	(737,709)	(635,654)
Changes in Non-Controlling Equity*	(13,386)	11,431
Cash Flows from Financing Activities*	(1,345,644)	(1,482,713)
Impact of Changes in Exchange Rates on Cash and Cash Equivalents*	14,840	63,167
Increase in Cash and Cash in Banks of Current Period	337,700	14,759
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	\$ 2,905,532	2,567,832

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