

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**For the Nine Months ended September 30, December 31, 2016 and September 30, 2015**

**(Expressed in thousands of New Taiwan Dollars)**

	9.30.2016		12.31.2015		9.30.2015			9.30.2016		12.31.2015		9.30.2015	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>							<b>Liabilities and Equity</b>						
<b>Current Assets:</b>							<b>Current Liabilities:</b>						
Cash and Cash Equivalents	\$ 3,294,986	26	2,905,532	24	2,242,947	18	Short-term Loans	1,977,215	16	1,300,187	11	1,588,358	13
Financial Assets at Fair Value through Profit or Loss - Current							Notes and Accounts Payable	1,193,312	9	1,052,056	9	1,116,113	9
Notes and Accounts Receivable, net	434,059	3	618,567	5	766,911	6	Accounts Payable - Related Parties	25,045	-	19,701	-	16,969	-
Other Receivables	3,399,317	26	3,046,660	25	3,511,015	28	Other Payables	574,780	5	599,627	5	624,776	5
Inventories	76,426	1	54,669	-	94,169	1	Current Period Income Tax Liability	14,092	-	75,485	2	59,831	-
Prepaid Expenses and Other Current Assets*	1,888,720	15	1,705,637	14	1,877,094	15	Current Portion of Long-term Debt	2,163	-	2,122	-	2,107	-
<b>Total Current Assets</b>	<b>63,443</b>	<b>1</b>	<b>37,327</b>	<b>-</b>	<b>44,784</b>	<b>1</b>	<b>Total Current Liabilities</b>	<b>3,786,607</b>	<b>30</b>	<b>3,049,178</b>	<b>27</b>	<b>3,408,154</b>	<b>27</b>
<b>Noncurrent Assets:</b>	<b>9,156,951</b>	<b>72</b>	<b>8,368,392</b>	<b>68</b>	<b>8,536,920</b>	<b>69</b>	<b>Noncurrent Liabilities:</b>						
Available-for-sale Financial Assets - Noncurrent							Long-term Loans	17,604	-	19,240	-	19,779	-
Financial Assets Carried at Cost - Noncurrent	363,905	3	320,671	3	328,739	3	Deferred Income Tax Liabilities	46,858	-	45,752	-	59,129	1
Property, Plant and Equipment	327,764	3	420,855	3	439,256	3	Accrued Pension Liabilities - Noncurrent	56,774	-	56,774	-	55,763	-
Intangible Assets	2,477,395	20	2,629,430	22	2,689,490	21	Other Noncurrent Liabilities - Others	2,572	-	2,301	-	4,922	-
Deferred Income Tax Assets*	273,845	2	314,614	3	437,038	3	<b>Total Noncurrent Liabilities</b>	<b>123,808</b>	<b>-</b>	<b>124,067</b>	<b>-</b>	<b>139,593</b>	<b>1</b>
Prepaid Expense on Equipment*	29,070	-	29,079	-	49,435	-	<b>Total Liabilities</b>	<b>3,910,415</b>	<b>30</b>	<b>3,173,245</b>	<b>27</b>	<b>3,547,747</b>	<b>28</b>
Other Noncurrent Assets - Others	10,683	-	18,057	-	12,926	-	<b>Equity Attributable to Parent Company:</b>						
<b>Total Noncurrent Assets</b>	<b>22,070</b>	<b>-</b>	<b>74,140</b>	<b>1</b>	<b>77,586</b>	<b>1</b>	Common Stock	2,242,154	18	2,242,154	18	2,242,154	18
							Capital Surplus	3,567,070	28	3,608,244	30	3,608,369	29
							Retained Earnings:						
							Legal Reserve	1,221,549	10	1,161,732	10	1,161,732	9
							Unappropriated Earnings	932,887	7	1,150,743	9	1,116,588	9
							Total Retained Earnings	2,154,436	17	2,312,475	19	2,278,320	18
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations	(2,758)	1	45,807	-	61,141	1
							Unrealized gains and losses on Available-for-sale Financial Assets	150,224	1	156,047	1	160,449	1
							Total Other Equity	147,466	2	201,854	1	221,590	2
							<b>Total Equity Attributable to Stockholders of Parent Company</b>	<b>8,111,126</b>	<b>65</b>	<b>8,364,727</b>	<b>68</b>	<b>8,350,433</b>	<b>67</b>
							<b>Non-Controlling Equity</b>	<b>640,142</b>	<b>5</b>	<b>637,266</b>	<b>5</b>	<b>673,210</b>	<b>5</b>
							<b>Total Equity</b>	<b>8,751,268</b>	<b>70</b>	<b>9,001,993</b>	<b>73</b>	<b>9,023,643</b>	<b>72</b>
<b>Total Assets*</b>	<b>12,847,076</b>	<b>100</b>	<b>12,175,238</b>	<b>100</b>	<b>13,446,421</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>\$ 12,661,683</b>	<b>100</b>	<b>\$12,175,238</b>	<b>100</b>	<b>\$12,571,390</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 September 30, March 31, 2016 and September 30, 2015**

	2016 Q3		2016 Q2		2015 Q3		Growth Rate (QoQ)		Growth Rate (YoY)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,543,028	100.0	3,216,823	100.0	3,511,201	100.0	326,205	10.1	31,827	0.9
Cost of Goods Sold	3,036,539	85.7	2,762,952	85.9	2,993,069	85.2	273,587	9.9	43,470	1.5
Gross Profit	506,489	14.3	453,871	14.1	518,132	14.8	52,618	11.6	(11,643)	(2.2)
Operating Expenses*	389,846	11.0	367,082	11.4	343,106	9.8	22,764	6.2	46,740	13.6
Operating Income*	116,643	3.3	86,789	2.7	175,026	5.0	29,854	34.4	(58,383)	(33.4)
Non-Operating Income and Expense*	10,317	0.3	27,204	0.8	21,027	0.6	(16,887)	(62.1)	(10,710)	(50.9)
Income before Income Tax*	126,960	3.6	113,993	3.5	196,053	5.6	12,967	11.4	(69,093)	(35.2)
Less: Income Tax	28,440	0.8	33,371	1.0	35,890	1.0	(4,931)	(14.8)	(7,450)	(20.8)
Net Income*	\$ 98,520	2.8	80,622	2.5	160,163	4.6	17,898	22.2	(61,643)	(38.5)
Net Uncome Attributable to Parent Company	130,078	4	117,925	4	182,783	5	12,153	10	(52,705)	(29)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.58		0.53		0.82					

*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 September 30, 2016 and 2015

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

	2016		2015		Growth Rate (YoY)
	Amount	%	Amount	%	%
Net Sales	\$ 3,543,028	100	\$ 3,511,201	100	1
Cost of Goods Sold	<u>3,036,539</u>	<u>86</u>	<u>2,993,069</u>	<u>85</u>	<u>1</u>
Gross Profit	<u>506,489</u>	<u>14</u>	<u>518,132</u>	<u>15</u>	<u>(2)</u>
Operating Expense					
Selling and Administrative*	306,816	9	270,852	8	13
Research and Development	<u>83,030</u>	<u>2</u>	<u>72,254</u>	<u>2</u>	<u>15</u>
<b>Total Operating Expense*</b>	<u>389,846</u>	<u>11</u>	<u>343,106</u>	<u>10</u>	<u>14</u>
Operating Income*	<u>116,643</u>	<u>3</u>	<u>175,026</u>	<u>5</u>	<u>(33)</u>
Non-Operating Income and Expenses:					
Other Gains and Losses*	11,178	-	19,072	1	(41)
Financial Costs*	(4,222)	-	(3,999)	-	6
Interest Income	<u>3,361</u>	-	<u>5,954</u>	-	<u>(44)</u>
<b>Total Non-Operating Income and Expenses*</b>	<u>10,317</u>	-	<u>21,027</u>	<u>1</u>	<u>(51)</u>
Income before Income Tax*	126,960	3	196,053	6	(35)
Less: Income Tax Expense	<u>28,440</u>	<u>1</u>	<u>35,890</u>	<u>1</u>	<u>(21)</u>
Net Income	<u>98,520</u>	<u>2</u>	<u>160,163</u>	<u>5</u>	<u>(38)</u>
Other Comprehensive Income (Loss):					
Revaluation Income (Loss) arising from reclassification					
Exchange Differences arising from Translation of Foreign Operations*	(37,885)	(1)	81,997	2	(146)
Changes in Fair Value of Available-for-Sale Financial	(2,730)	-	(145,309)	(4)	(98)
Less: Income Tax related to Other Comprehensive Income	<u>(581)</u>	-	<u>(8,622)</u>	-	<u>(93)</u>
<b>Total Other Comprehensive Income (Loss)</b>	<u>(41,196)</u>	<u>(1)</u>	<u>(71,934)</u>	<u>(2)</u>	<u>(43)</u>
<b>Other Comprehensive Income (Loss), Net of Income Tax</b>	<u>(41,196)</u>	<u>(1)</u>	<u>(71,934)</u>	<u>(2)</u>	<u>(43)</u>
<b>Total Comprehensive Income for the Period</b>	<u>\$ 57,324</u>	<u>1</u>	<u>\$ 88,229</u>	<u>3</u>	<u>(35)</u>
Net Income (Loss) Attributable to:					
Shareholders of the Parent	130,078	3	182,783	6	(29)
Noncontrolling Interests	<u>(31,558)</u>	<u>(1)</u>	<u>(22,620)</u>	<u>(1)</u>	<u>40</u>
	<u>\$ 98,520</u>	<u>2</u>	<u>\$ 160,163</u>	<u>5</u>	<u>(38)</u>
Total Comprehensive Income (Loss) Attributable to:					
Shareholders of the Parent	92,531	2	167,902	5	(45)
Noncontrolling Interests	<u>(35,207)</u>	<u>(1)</u>	<u>(79,673)</u>	<u>(2)</u>	<u>(56)</u>
	<u>\$ 57,324</u>	<u>1</u>	<u>\$ 88,229</u>	<u>3</u>	<u>(35)</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		<u>0.58</u>		<u>0.82</u>	
Diluted Earnings per Share (Unit: NT Dollar)*		<u>0.58</u>		<u>0.80</u>	

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY**  
For the Nine Months ended September 30, 2016 and 2015  
(Figures in thousand of New Taiwan Dollars)

	Equity Attributable to Stockholders of Parent Company								Total Equity
	Retained Earnings				Other Equity			Non-Controlling Interests	
	Common Stock	Capital Surplus	Legal Capital Reserve	Unappropriate d Earnings*	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets*	Total		
<b>Beginning Balance, January 1, 2015</b>	<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	-	-	-	562,112	-	-	562,112	(93,069)	469,043
Other Comprehensive Income (Loss)	-	-	-	-	36,496	(46,051)	(9,555)	(26,744)	(36,299)
Total Comprehensive Income (Loss)	-	-	-	<u>562,112</u>	<u>36,496</u>	<u>(46,051)</u>	<u>552,557</u>	<u>(119,813)</u>	<u>432,744</u>
Appropriation of Prior Year's Earnings									
Legal Capital Reserve	-	-	90,441	(90,441)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(737,709)	-	-	(737,709)	-	(737,709)
Other Changes in Additional Paid-In Capital									
Adjustments to share of changes in equities of associates and joint ventures	-	260	-	-	-	-	260	-	260
Conversion of Convertible Bond	6,673	20,100	-	-	-	-	26,773	-	26,773
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	(13,646)	(13,646)
<b>Ending Balance, September 30, 2015</b>	<u>2,242,154</u>	<u>3,608,369</u>	<u>1,161,732</u>	<u>1,116,588</u>	<u>61,141</u>	<u>160,449</u>	<u>8,350,433</u>	<u>673,210</u>	<u>9,023,643</u>
<b>Ending Balance, January 1, 2016</b>	<u>2,242,154</u>	<u>3,608,244</u>	<u>1,161,732</u>	<u>1,150,743</u>	<u>45,807</u>	<u>156,047</u>	<u>8,364,727</u>	<u>637,266</u>	<u>9,001,993</u>
Net Income	-	-	-	402,499	-	-	402,499	(120,562)	281,937
Other Comprehensive Income (Loss)	-	-	-	-	(48,565)	(5,823)	(54,388)	(5,842)	(60,230)
Total Comprehensive Income (Loss)	-	-	-	<u>402,499</u>	<u>(48,565)</u>	<u>(5,823)</u>	<u>348,111</u>	<u>(126,404)</u>	<u>221,707</u>
Appropriation of Prior Year's Earnings									
Legal Capital Reserve	-	-	59,817	(59,817)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(560,538)	-	-	(560,538)	-	(560,538)
Other Changes in Additional Paid-In Capital									
Adjustments to share of changes in equities of associates and joint ventures	-	(41,174)	-	-	-	-	(41,174)	-	(41,174)
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	129,280	129,280
<b>Ending Balance, September 30, 2016</b>	<u>2,242,154</u>	<u>3,567,070</u>	<u>1,221,549</u>	<u>932,887</u>	<u>(2,758)</u>	<u>150,224</u>	<u>8,111,126</u>	<u>640,142</u>	<u>8,751,268</u>

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

**For the Nine Months ended September 30, 2016 and 2015**

(Expressed in thousands of New Taiwan Dollars)

	<b>2016</b>	<b>2015</b>
<b>Cash Flows generated from Operating activities:</b>		
<b>Income before Income Tax</b>	\$ <u>375,643</u>	<u>584,338</u>
<b>Adjustments for:</b>		
Incomes or Expenses		
Depreciation Expense	213,236	229,521
Amortization Expense	3,103	3,613
Financial Instruments at Fair Value through Profit or Loss	1,866	1,216
Interest Expense	10,445	11,822
Interest Income	(13,630)	(19,195)
Loss (Gain) on Disposal of Property, Plant and Equipment	(2)	1,769
Impairment Loss on Non-financial Assets	<u>30,858</u>	<u>52,733</u>
Total	<u>245,876</u>	<u>281,479</u>
Changes in Operating Assets and Liabilities:		
Changes in Operating Assets:		
Financial Instruments at Fair Value through Profit or Loss - Current	184,508	99,844
Notes and Accounts Receivable	(353,990)	(94,673)
Other Receivables	(23,119)	(26,374)
Inventory	(183,083)	176,082
Prepaid Expense and other current asset	<u>(26,116)</u>	<u>3,855</u>
Total Changes in Operating Assets	<u>(401,800)</u>	<u>158,734</u>
Changes in Operating Liabilities:		
Accounts and Notes Payable	141,256	28,724
Accounts Payable - related party	5,344	(11,367)
Other Payables	<u>(25,132)</u>	<u>(56,880)</u>
Total Changes in Operating Liabilities	<u>121,468</u>	<u>(39,523)</u>
Total Changes in Operating Assets and Liabilities	<u>(280,332)</u>	<u>119,211</u>
Total Adjustments	<u>(34,456)</u>	<u>400,690</u>
Cash generated from Operations	341,187	985,028
Interest Received	14,992	20,454
Interest Paid	(10,160)	(10,717)
Income Tax Refund (Paid)	<u>(155,099)</u>	<u>(188,223)</u>
<b>Net Cash Flows generated from Operating activities*</b>	<u>190,920</u>	<u>806,542</u>
<b>Cash Flows generated from Investing Activities:</b>		
Acquisition of Financial Assets carried at Cost*	(5,991)	(53,964)
Proceeds from Disposal of Financial Assets carried at Cost*	5,000	-
Capital Reduction on Financial Assets carried at Cost*	42,340	-
Acquisition of Property, Plant and Equipments*	(56,249)	(117,411)
Proceeds from Disposal of Property, Plant and Equipments*	23	2,431
Acquisition of Intangible Assets	(916)	(577)
Decrease (Increase) in Other Noncurrent Assets*	<u>47,896</u>	<u>29,027</u>
<b>Net Cash Flows generated from (used in) Investing Activities*</b>	<u>32,103</u>	<u>(140,494)</u>
<b>Cash Flows generated from Financing Activities:</b>		
Increase (decrease) in Short-term Loans	677,028	(228,516)
Repayments on Long-term Loans	(1,595)	(1,557)
Increase in Non-current Liability	2,084	2,539
Cash Dividend Payout	(560,538)	(737,709)
Changes in Non-Controlling Equity*	<u>88,106</u>	<u>(13,646)</u>
<b>Net Cash Flows (generated from) used in Financing Activities*</b>	<u>205,085</u>	<u>(978,889)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(38,654)	(12,044)
<b>Increase in Cash and Cash in Banks of Current Period</b>	389,454	(324,885)
<b>Cash and Cash in Banks at Beginning of the Period</b>	<u>2,905,532</u>	<u>2,567,832</u>
<b>Cash and Cash in Banks at End of the Period</b>	\$ <u><b>3,294,986</b></u>	<u><b>2,242,947</b></u>

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