

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

For the Three Months ended March 31, December 31, 2016 and March 31, 2015
(Expressed in thousands of New Taiwan Dollars)

Assets	1.31.2016		12.31.2015		3.31.2015		Liabilities and Equity	1.31.2016		12.31.2015		3.31.2015	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	3,199,996	26	2,905,532	24	2,550,285	19	Short-term Loans	\$1,377,099	11	1,300,187	11	1,653,836	13
Financial Assets at Fair Value through Profit or Loss - Current	622,595	5	618,567	5	863,421	7	Notes and Accounts Payable	922,542	8	1,052,056	9	1,001,912	8
Notes and Accounts Receivable, net	2,650,383	22	3,046,660	25	3,081,675	24	Accounts Payable - Related Parties	19,188	-	19,701	-	13,216	-
Other Receivables	133,162	1	54,669	-	220,386	2	Other Payables	601,669	5	599,627	5	595,861	5
Inventories	1,864,852	15	1,705,637	14	2,121,780	16	Current Period Income Tax Liability*	111,428	2	75,485	2	169,982	1
Prepaid Expenses and Other Current Assets*	<u>21,390</u>	-	<u>37,327</u>	-	<u>53,766</u>	-	Current Portion of Puttable CB	-	-	-	-	86,851	1
Total Current Assets	<u>8,492,378</u>	<u>69</u>	<u>8,368,392</u>	<u>68</u>	<u>8,891,313</u>	<u>68</u>	Current Portion of Long-term Debt	<u>2,136</u>	-	<u>2,122</u>	-	<u>2,090</u>	-
Noncurrent Assets:							Total Current Liabilities*	<u>3,034,062</u>	<u>26</u>	<u>3,049,178</u>	<u>27</u>	<u>3,523,748</u>	<u>28</u>
Available-for-sale Financial Assets - Noncurrent	392,670	3	320,671	3	447,086	3	Noncurrent Liabilities:						
Financial Assets Carried at Cost - Noncurrent	369,320	3	420,855	3	393,117	3	Long-term Loans	18,697	-	19,240	-	20,837	-
Property, Plant and Equipment	2,575,859	21	2,629,430	22	2,787,745	21	Deferred Income Tax Liabilities*	46,167	-	45,752	-	53,394	-
Intangible Assets	308,406	3	314,614	3	476,616	4	Accrued Pension Liabilities - Noncurrent	56,774	-	56,774	-	55,763	-
Deferred Income Tax Assets*	29,075	-	29,079	-	51,758	-	Other Noncurrent Liabilities - Others*	<u>2,643</u>	-	<u>2,301</u>	-	<u>4,823</u>	-
Prepaid Expense on Equipment*	29,208	-	18,057	-	29,659	-	Total Noncurrent Liabilities	<u>124,281</u>	-	<u>124,067</u>	-	<u>134,817</u>	-
Other Noncurrent Assets - Others	<u>72,830</u>	<u>1</u>	<u>74,140</u>	<u>1</u>	<u>102,339</u>	<u>1</u>	Total Liabilities	<u>3,158,343</u>	<u>26</u>	<u>3,173,245</u>	<u>27</u>	<u>3,658,565</u>	<u>28</u>
Total Noncurrent Assets	<u>3,777,368</u>	<u>31</u>	<u>3,806,846</u>	<u>32</u>	<u>4,288,320</u>	<u>32</u>	Equity Attributable to Parent Company:						
							Common Stock	<u>2,242,154</u>	<u>18</u>	<u>2,242,154</u>	<u>18</u>	<u>2,239,513</u>	<u>17</u>
							Capital Surplus*	<u>3,608,601</u>	<u>29</u>	<u>3,608,244</u>	<u>30</u>	<u>3,601,114</u>	<u>27</u>
							Retained Earnings:						
							Legal Reserve	1,161,732	9	1,161,732	10	1,071,291	8
							Unappropriated Earnings*	<u>1,305,239</u>	<u>11</u>	<u>1,150,743</u>	<u>9</u>	<u>1,575,553</u>	<u>12</u>
							Total Retained Earnings*	<u>2,466,971</u>	<u>20</u>	<u>2,312,475</u>	<u>19</u>	<u>2,646,844</u>	<u>20</u>
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations*	30,372	1	45,807	-	11,142	-
							Unrealized gains and losses on Available-for-sale Financial Assets*	<u>167,530</u>	<u>1</u>	<u>156,047</u>	<u>1</u>	<u>231,937</u>	<u>2</u>
							Total Other Equity*	<u>197,902</u>	<u>2</u>	<u>201,854</u>	<u>1</u>	<u>243,079</u>	<u>2</u>
							Total Equity Attributable to Stockholders of Parent Company*	<u>8,515,628</u>	<u>69</u>	<u>8,364,727</u>	<u>68</u>	<u>8,730,550</u>	<u>66</u>
							Non-Controlling Equity*	<u>595,775</u>	<u>5</u>	<u>637,266</u>	<u>5</u>	<u>790,518</u>	<u>6</u>
							Total Equity*	<u>9,111,403</u>	<u>74</u>	<u>9,001,993</u>	<u>73</u>	<u>9,521,068</u>	<u>72</u>
Total Assets*	<u>12,269,746</u>	<u>100</u>	<u>12,175,238</u>	<u>100</u>	<u>13,179,633</u>	<u>100</u>	Total Liabilities and Equity*	<u>\$12,269,746</u>	<u>100</u>	<u>12,175,238</u>	<u>100</u>	<u>13,179,633</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, 2016 and March 31, 2015

	2016 Q1		2015 Q4		2015 Q1		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 2,958,720	100.0	3,297,781	100.0	3,237,371	100.0	(339,061)	(10.3)	(278,651)	(8.6)
Cost of Goods Sold	2,497,598	84.4	2,849,439	87.5	2,754,119	85.1	(351,841)	(12.3)	(256,521)	(9.3)
Gross Profit	461,122	15.6	448,342	12.5	483,252	14.9	12,780	2.9	(22,130)	(4.6)
Operating Expenses*	328,549	11.1	347,160	8.8	304,876	9.4	(18,611)	(5.4)	23,673	7.8
Operating Income*	132,573	4.5	101,182	3.7	178,376	5.5	31,391	31.0	(45,803)	(25.7)
Non-Operating Income and Expense*	2,117	0.1	(70,882)	(0.9)	20,257	0.6	72,999	(103.0)	(18,140)	(89.5)
Income before Income Tax*	134,690	4.6	30,300	2.9	198,633	6.1	104,390	344.5	(63,943)	(32.2)
Less: Income Tax	31,895	1.1	27,557	1.4	36,749	1.1	4,338	15.7	(4,854)	(13.2)
Net Income*	\$ 102,795	3.5	2,743	1.5	161,884	5.0	100,052	3,647.5	(59,089)	(36.5)
Net Uncome Attributable to Parent Company	154,496	5	36,066	2	192,927	6	118,430	328	(38,431)	(20)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.69		0.16		0.86					

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, 2016 and March 31, 2015

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

	2016		2015		YOY
	Amount	%	Amount	%	%
Net Sales	2,958,720	100	3,237,371	100	(9)
Cost of Goods Sold	<u>2,497,598</u>	<u>84</u>	<u>2,754,119</u>	<u>85</u>	<u>(9)</u>
Gross Profit	<u>461,122</u>	<u>16</u>	<u>483,252</u>	<u>15</u>	<u>(5)</u>
Operating Expense					
Selling and Administrative*	252,066	9	258,161	8	(2)
Research and Development	<u>76,483</u>	<u>3</u>	<u>46,715</u>	<u>2</u>	<u>64</u>
Total Operating Expense*	<u>328,549</u>	<u>12</u>	<u>304,876</u>	<u>10</u>	<u>8</u>
Operating Income*	<u>132,573</u>	<u>4</u>	<u>178,376</u>	<u>5</u>	<u>(26)</u>
Non-Operating Income and Expenses:					
Other Gains and Losses*	(176)	-	17,494	1	(101)
Financial Costs*	(2,957)	-	(4,109)	-	(28)
Interest Income	<u>5,250</u>	=	<u>6,872</u>	=	<u>(24)</u>
Total Non-Operating Income and Expenses*	<u>2,117</u>	=	<u>20,257</u>	<u>1</u>	<u>(90)</u>
Income before Income Tax*	134,690	4	198,633	6	(32)
Less: Income Tax Expense	<u>31,895</u>	<u>1</u>	<u>36,749</u>	<u>1</u>	<u>(13)</u>
Net Income for Current Period*	<u>102,795</u>	<u>3</u>	<u>161,884</u>	<u>5</u>	<u>(37)</u>
Other Comprehensive Gains and Losses:					
Revaluation gain or loss arising from reclassification					
Exchange Differences on Translation of Financial Statements of	(15,481)	-	(16,462)	-	(6)
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets*	20,624	1	41,185	1	(50)
Less: Income Tax related to Other Comprehensive Gains and Losses*	<u>(415)</u>	=	<u>1,639</u>	=	<u>(125)</u>
Other Comprehensive Gains and Losses (Net of Tax)*	<u>4,728</u>	<u>1</u>	<u>26,362</u>	<u>1</u>	<u>(82)</u>
Total Comprehensive Profit or Loss for Current Period*	<u>107,523</u>	<u>4</u>	<u>188,246</u>	<u>6</u>	<u>(43)</u>
Net Income Attributable to:					
Stockholders of Parent Company*	154,496	5	192,927	6	(20)
Non-Controlling Equity	<u>(51,701)</u>	<u>(2)</u>	<u>(31,043)</u>	<u>(1)</u>	<u>67</u>
	<u>102,795</u>	<u>3</u>	<u>161,884</u>	<u>5</u>	<u>(37)</u>
Comprehensive Profit or Loss Attributable to:					
Stockholders of Parent Company*	150,544	5	204,861	6	(27)
Non-Controlling Equity*	<u>(43,021)</u>	<u>(1)</u>	<u>(16,615)</u>	=	<u>159</u>
	<u>107,523</u>	<u>4</u>	<u>188,246</u>	<u>6</u>	<u>(43)</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		<u>0.69</u>		<u>0.86</u>	
Diluted Earnings per Share (Unit: NT Dollar)*		<u>0.68</u>		<u>0.84</u>	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the Three Months ended March 31, December 31, 2016 and March 31, 2015
(Figures in thousand of New Taiwan Dollars)

	Equity Attributable to Stockholders of Parent Company									
	Retained Earnings				Other Equity			Total Equity Attributable to Stockholders of Parent Company*	Non-Controlling Equity*	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriat ed Earnings*	Exchange Differences		Unrealized Gain (Loss) on Available-for-sale Financial Products*			
					on Translation of Financial Statements	-				
Beginning Balance, January 1, 2016	<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 for Current Period	-	-	-	154,496	-	-	154,496	(51,701)	102,795	
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	(15,435)	11,483	(3,952)	8,680	4,728	
Total Comprehensive Profit or Loss for Current Period	-	-	-	<u>154,496</u>	<u>(15,435)</u>	<u>11,483</u>	<u>150,544</u>	<u>(43,021)</u>	<u>107,523</u>	
Profit(loss) of associates and joint ventures accounted for using equity method	-	357	-	-	-	-	357	-	357	
Non-controlling Interests	-	-	-	-	-	-	-	1,530	1,530	
Ending Balance, March 31, 2016	<u>2,242,154</u>	<u>3,608,601</u>	<u>1,161,732</u>	<u>1,305,239</u>	<u>30,372</u>	<u>167,530</u>	<u>8,515,628</u>	<u>595,775</u>	<u>9,111,403</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, 2016 and March 31, 2015

(Expressed in thousands of New Taiwan Dollars)

	2016 Q1	2015 Q1
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ <u>134,690</u>	<u>198,633</u>
Adjusted Items:		
Incomes or Expenses		
Depreciation Expense	70,423	75,634
Amortization Expense	807	937
Gain(Loss) on Financial Asset at Fair Value through Profit or Loss	1,543	1,092
Bad Debt Expense	1,687	-
Interest Expense	2,957	4,109
Interest Income	(5,250)	(6,872)
Gain on Disposal and Scrap of Property and Equipment	<u>19</u>	<u>408</u>
Total Incomes or Expenses that do not affect Cash Flow	<u>72,186</u>	<u>75,308</u>
Total of Net Change in Assets and Liabilities related to Operating Activities:		
Total of Net Change in Assets related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss - Current	(5,715)	4,966
Notes and Accounts Receivable	394,762	335,127
Other Receivables	(78,805)	(150,277)
Inventory	(159,215)	(68,604)
Prepaid Expense and other current asset	<u>15,937</u>	<u>(5,127)</u>
Total Net Change in Asset related to Operating Activities	<u>166,964</u>	<u>116,085</u>
Total Net Change in Liabilities related to Operating Activities:		
Accounts and Notes Payable	(129,514)	(85,477)
Accounts Payable - related party	(513)	(15,120)
Other Payables	<u>7,704</u>	<u>(40,676)</u>
Total Net Change in Liabilities related to Operating Activities	<u>(122,323)</u>	<u>(141,273)</u>
Total Net Change in Assets and Liabilities related to Operating Activities	<u>44,641</u>	<u>(25,188)</u>
Total of Adjusted Items	<u>116,827</u>	<u>50,120</u>
Cash Flow generated from Operating Activities	251,517	248,753
Interest Received	5,562	5,817
Interest Paid	(2,944)	(1,012)
Income Tax Returned (Paid)	-	<u>(39,220)</u>
Net Cash Flows generated from Operating activities*	<u>254,135</u>	<u>214,338</u>
Cash Flows generated from Investing Activities:		
Acquisition of Financial Assets carried at Cost*	-	(7,825)
Acquisition of Property and Equipments*	(26,881)	(57,442)
Acquisition of Intangible Assets	(19)	-
Decrease (Increase) in Other Noncurrent Assets*	<u>1,390</u>	<u>(1,492)</u>
Net Cash Flows generated from (used in) Investing Activities*	<u>(25,510)</u>	<u>(66,759)</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	76,912	(163,038)
Repayments on Long-term Loans	(529)	(516)
Increase in Non-current Liability	342	2,440
Changes in Non-Controlling Equity*	<u>1,888</u>	<u>464</u>
Net Cash Flows (generated from) used in Financing Activities*	<u>78,613</u>	<u>(160,650)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(12,774)	(4,476)
Increase in Cash and Cash in Banks of Current Period	294,464	(17,547)
Cash and Cash in Banks at Beginning of the Period	<u>2,905,532</u>	<u>2,567,832</u>
Cash and Cash in Banks at End of the Period	<u>3,199,996</u>	<u>2,550,285</u>

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