

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

For the Six Months ended June 30, December 31, 2016 and June 30, 2015

(Expressed in thousands of New Taiwan Dollars)

	6.30.2016		12.31.2015		6.30.2015			6.30.2016		12.31.2015		6.30.2015	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	3,430,715	27	2,905,532	24	3,024,870	23	Short-term Loans	\$1,459,377	11	1,300,187	11	1,505,663	11
Financial Assets at Fair Value through Profit or Loss - Current	623,791	5	618,567	5	799,138	6	Notes and Accounts Payable	1,250,364	10	1,052,056	9	1,267,644	9
Notes and Accounts Receivable, net	3,019,965	24	3,046,660	25	3,134,860	23	Accounts Payable - Related Parties	24,755	-	19,701	-	17,708	-
Other Receivables	65,497	-	54,669	-	84,125	1	Dividend Payable	560,538	4	-	-	737,709	6
Inventories	2,044,766	16	1,705,637	14	2,147,278	16	Other Payables	666,713	5	599,627	5	731,960	5
Prepaid Expenses and Other Current Assets*	73,368	-	37,327	-	59,149	-	Current Period Income Tax Liability	65,168	1	75,485	2	109,695	1
Total Current Assets	9,258,102	72	8,368,392	68	9,249,420	69	Current Portion of Long-term Debt	2,144	-	2,122	-	2,098	-
Noncurrent Assets:							Total Current Liabilities	4,029,059	31	3,049,178	27	4,372,477	32
Available-for-sale Financial Assets - Noncurrent	366,635	3	320,671	3	474,048	4	Noncurrent Liabilities:						
Financial Assets Carried at Cost - Noncurrent	327,993	3	420,855	3	418,753	3	Long-term Loans	18,158	-	19,240	-	20,309	-
Property, Plant and Equipment	2,512,422	20	2,629,430	22	2,738,847	20	Deferred Income Tax Liabilities	46,277	-	45,752	-	49,829	-
Intangible Assets	282,712	2	314,614	3	420,664	3	Accrued Pension Liabilities - Noncurrent	56,774	1	56,774	-	55,763	-
Deferred Income Tax Assets*	29,076	-	29,079	-	53,656	-	Other Noncurrent Liabilities - Others	2,939	-	2,301	-	12,823	-
Prepaid Expense on Equipment*	46,640	-	18,057	-	17,303	-	Total Noncurrent Liabilities	124,148	1	124,067	-	138,724	-
Other Noncurrent Assets - Others	23,496	-	74,140	1	73,730	1	Total Liabilities	4,153,207	32	3,173,245	27	4,511,201	32
Total Noncurrent Assets	3,588,974	28	3,806,846	32	4,197,001	31	Equity Attributable to Parent Company:						
							Common Stock	2,242,154	17	2,242,154	18	2,242,154	17
							Capital Surplus	3,567,068	28	3,608,244	30	3,608,332	27
							Retained Earnings:						
							Legal Reserve	1,221,549	10	1,161,732	10	1,161,732	9
							Unappropriated Earnings	802,809	6	1,150,743	9	933,805	7
							Total Retained Earnings	2,024,358	16	2,312,475	19	2,095,537	16
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations	33,959	1	45,807	-	-9,522	-
							Unrealized gains and losses on Available-for-sale Financial Assets	151,053	1	156,047	1	245,993	2
							Total Other Equity	185,012	2	201,854	1	236,471	2
							Total Equity Attributable to Stockholders of Parent Company	8,018,592	63	8,364,727	68	8,182,494	62
							Non-Controlling Equity	675,277	5	637,266	5	752,726	6
							Total Equity	8,693,869	68	9,001,993	73	8,935,220	68
Total Assets*	12,847,076	100	12,175,238	100	13,446,421	100	Total Liabilities and Equity	\$12,847,076	100	\$12,175,238	100	\$13,446,421	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, March 31, 2016 and June 30, 2015

	2016 Q2		2016 Q1		2015 Q2		Growth Rate (QoQ)		Growth Rate (YoY)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,216,823	100.0	2,958,720	100.0	3,549,466	100.0	258,103	8.7	(332,643)	(9.4)
Cost of Goods Sold	2,762,952	85.9	2,497,598	87.5	3,033,310	85.5	265,354	10.6	(270,358)	(8.9)
Gross Profit	453,871	14.1	461,122	12.5	516,156	14.5	(7,251)	(1.6)	(62,285)	(12.1)
Operating Expenses*	367,082	11.4	328,549	8.8	336,246	9.5	38,533	11.7	30,836	9.2
Operating Income*	86,789	2.7	132,573	3.7	179,910	5.1	(45,784)	(34.5)	(93,121)	(51.8)
Non-Operating Income and Expense*	27,204	0.8	2,117	(0.9)	9,742	0.3	25,087	1,185.0	17,462	179.2
Income before Income Tax*	113,993	3.5	134,690	2.9	189,652	5.3	(20,697)	(15.4)	(75,659)	(39.9)
Less: Income Tax	33,371	1.0	31,895	1.4	42,656	1.2	1,476	4.6	(9,285)	(21.8)
Net Income*	\$ 80,622	2.5	102,795	1.5	146,996	4.1	(22,173)	(21.6)	(66,374)	(45.2)
Net Uncome Attributable to Parent Company	117,925	4	154,496	2	186,402	5	(36,571)	(24)	(68,477)	(37)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.53		0.69		0.83					

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 June 30, 2016 and 2015

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

	2016		2015		YOY
	Amount	%	Amount	%	%
Net Sales	\$3,216,823	100	\$3,549,466	100	(9)
Cost of Goods Sold	<u>2,762,952</u>	<u>86</u>	<u>3,033,310</u>	<u>85</u>	(9)
Gross Profit	<u>453,871</u>	<u>14</u>	<u>516,156</u>	<u>15</u>	(12)
Operating Expense					
Selling and Administrative*	306,139	10	281,232	8	9
Research and Development	<u>60,943</u>	<u>2</u>	<u>55,014</u>	<u>2</u>	<u>11</u>
Total Operating Expense*	<u>367,082</u>	<u>12</u>	<u>336,246</u>	<u>10</u>	<u>9</u>
Operating Income*	<u>86,789</u>	<u>2</u>	<u>179,910</u>	<u>5</u>	(52)
Non-Operating Income and Expenses:					
Other Gains and Losses*	25,451	1	7,087	-	259
Financial Costs*	(3,266)	-	(3,714)	-	(12)
Interest Income	<u>5,019</u>	-	<u>6,369</u>	-	(21)
Total Non-Operating Income and Expenses*	<u>27,204</u>	<u>1</u>	<u>9,742</u>	-	<u>179</u>
Income before Income Tax*	113,993	3	189,652	5	(40)
Less: Income Tax Expense	<u>33,371</u>	<u>1</u>	<u>42,656</u>	<u>1</u>	(22)
Net Income	<u>80,622</u>	<u>2</u>	<u>146,996</u>	<u>4</u>	(45)
Other Comprehensive Income (Loss):					
Revaluation Income (Loss) arising from reclassification					
Exchange Differences arising from Translation of Foreign Operations*	2,384	-	(22,928)	(1)	(110)
Changes in Fair Value of Available-for-Sale Financial Assets	(26,035)	(1)	26,962	1	(197)
Less: Income Tax related to Other Comprehensive Income	<u>(111)</u>	-	<u>5,239</u>	-	(102)
Total Other Comprehensive Income (Loss)	<u>(23,762)</u>	<u>(1)</u>	<u>9,273</u>	-	(356)
Other Comprehensive Income (Loss), Net of Income Tax	<u>(23,762)</u>	<u>(1)</u>	<u>9,273</u>	-	(356)
Total Comprehensive Income for the Period	<u>\$56,860</u>	<u>1</u>	<u>\$156,269</u>	<u>4</u>	<u>(64)</u>
Net Income (Loss) Attributable to:					
Shareholders of the Parent	117,925	3	186,402	5	(37)
Noncontrolling Interests	<u>(37,303)</u>	<u>(1)</u>	<u>(39,406)</u>	<u>(1)</u>	<u>(5)</u>
	<u>\$80,622</u>	<u>2</u>	<u>\$146,996</u>	<u>4</u>	<u>(45)</u>
Total Comprehensive Income (Loss) Attributable to:					
Shareholders of the Parent	105,035	2	179,794	5	(42)
Noncontrolling Interests	<u>(48,175)</u>	<u>(1)</u>	<u>(23,525)</u>	<u>(1)</u>	<u>105</u>
	<u>\$56,860</u>	<u>1</u>	<u>\$156,269</u>	<u>4</u>	<u>(64)</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		0.53		0.83	
Diluted Earnings per Share (Unit: NT Dollar)*		0.52		0.82	

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

	Equity Attributable to Stockholders of Parent Company								
	Retained Earnings				Other Equity				
	Common Stock	Capital Surplus	Legal Capital Reserve	Unappropriate d Earnings*	Foreign Currency Translation Reserve	Unrealized Gain (Loss) from Available-for-sale Financial Assets*	Total	Non- Controlling Interests	Total Equity
Beginning 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	-	-	-	379,329	-	-	379,329	(70,449)	308,880
Other Comprehensive Income (Loss)	-	-	-	-	(34,167)	39,493	5,326	30,309	35,635
Total Comprehensive Income (Loss)	-	-	-	<u>379,329</u>	<u>(34,167)</u>	<u>39,493</u>	<u>384,655</u>	<u>(40,140)</u>	<u>344,515</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	-	223	-	-	-	-	223	-	223
Conversion of Convertible Bond	6,673	20,100	-	-	-	-	26,773	-	26,773
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	(13,803)	(13,803)
Ending Balance, June 30, 2015	<u>\$2,242,154</u>	<u>3,608,332</u>	<u>1,161,732</u>	<u>933,805</u>	<u>(9,522)</u>	<u>245,993</u>	<u>8,182,494</u>	<u>752,726</u>	<u>8,935,220</u>
Ending 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	-	-	-	272,421	-	-	272,421	(89,004)	183,417
Other Comprehensive Income (Loss)	-	-	-	-	(11,848)	(4,994)	(16,842)	(2,192)	(19,034)
Total Comprehensive Income (Loss)	-	-	-	<u>272,421</u>	<u>(11,848)</u>	<u>(4,994)</u>	<u>255,579</u>	<u>(91,196)</u>	<u>164,383</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	-	(41,176)	-	-	-	-	(41,176)	-	(41,176)
Increase (Decrease) in Non-controlling Interests	-	-	-	-	-	-	-	129,207	129,207
Ending Balance, June 30, 2016	<u>\$2,242,154</u>	<u>3,567,068</u>	<u>1,221,549</u>	<u>802,809</u>	<u>33,959</u>	<u>151,053</u>	<u>8,018,592</u>	<u>675,277</u>	<u>8,693,869</u>

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

For the Six Months ended June 30, 2016 and 2015

(Expressed in thousands of New Taiwan Dollars)

	2016	2015
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ <u>248,683</u>	<u>388,285</u>
Adjustments for:		
Incomes or Expenses		
Depreciation Expense	141,203	152,239
Amortization Expense	1,770	1,678
Bad Debt Expense	-	1,216
Financial Instruments at Fair Value through Profit or Loss	2,012	-
Interest Expense	6,223	7,823
Interest Income	(10,269)	(13,241)
Allowance for Doubtful Accounts	(723)	-
Loss (Gain) on Disposal of Property, Plant and Equipment	6	1,841
Impairment Loss on Non-financial Assets	<u>31,143</u>	<u>52,415</u>
Total	<u>171,365</u>	<u>203,971</u>
Changes in Operating Assets and Liabilities:		
Changes in Operating Assets:		
Financial Instruments at Fair Value through Profit or Loss - Current	(7,236)	67,617
Notes and Accounts Receivable	27,690	281,468
Other Receivables	(11,784)	(18,540)
Inventory	(339,129)	(94,102)
Prepaid Expense and other current asset	<u>(36,041)</u>	<u>(10,510)</u>
Total Changes in Operating Assets	<u>(366,500)</u>	<u>225,933</u>
Changes in Operating Liabilities:		
Accounts and Notes Payable	198,308	180,255
Accounts Payable - related party	5,054	(10,628)
Other Payables	<u>67,130</u>	<u>48,940</u>
Total Changes in Operating Liabilities	<u>270,492</u>	<u>218,567</u>
Total Changes in Operating Assets and Liabilities	<u>(96,008)</u>	<u>444,500</u>
Total Adjustments	<u>75,357</u>	<u>648,471</u>
Cash generated from Operations	324,040	1,036,756
Interest Received	11,225	16,710
Interest Paid	(6,267)	(4,206)
Income Tax Refund (Paid)	<u>(75,583)</u>	<u>(142,637)</u>
Net Cash Flows generated from Operating activities*	<u>253,415</u>	<u>906,623</u>
Cash Flows generated from Investing Activities:		
Acquisition of Financial Assets carried at Cost*	(5,991)	(33,461)
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*	(51,626)	(106,379)
Proceeds from Disposal of Property, Plant and Equipments*	4	425
Acquisition of Intangible Assets	(560)	(418)
Decrease (Increase) in Other Noncurrent Assets*	<u>49,808</u>	<u>25,398</u>
Net Cash Flows generated from (used in) Investing Activities*	<u>38,975</u>	<u>(114,435)</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	159,190	(311,211)
Repayments of Long-term Loans	(1,060)	(1,036)
Increase in Non-current Liability	638	10,440
Changes in Non-Controlling Equity*	<u>88,031</u>	<u>(13,803)</u>
Net Cash Flows (generated from) used in Financing Activities*	<u>246,799</u>	<u>(315,610)</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(14,006)	(19,540)
Increase in Cash and Cash in Banks of Current Period	525,183	457,038
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>3,430,715</u>	<u>3,024,870</u>

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