

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
For the Three Months ended March 31, December 31, 2017 and March 31, 2016
(Expressed in thousands of New Taiwan Dollars)

Assets	3.31.2017		12.31.2016		3.31.2016		Liabilities and Equity	3.31.2017		12.31.2016		3.31.2016	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$3,824,610	31	3,406,289	28	3,199,996	26	Short-term Loans	\$1,632,320	13	1,663,059	14	1,377,099	11
Financial Assets at Fair Value through Profit or Loss - Current	167,533	1					Notes and Accounts Payable	1,069,872	9	1,064,785	9	922,542	8
Notes and Accounts Receivable, net	2,918,417	24	92,368	1	622,595	5	Accounts Payable - Related Parties	21,110	-	26,411	-	19,188	-
Other Receivables	109,473	1	3,398,021	28	2,650,383	22	Other Payables	595,540	5	581,749	5	601,669	5
Inventories	1,891,209	15	152,948	1	133,162	1	Current Period Income Tax Liability*	71,114	1	45,301	-	111,428	2
Prepaid Expenses and Other Current Assets*	<u>87,854</u>	<u>1</u>	1,805,964	15	1,864,852	15	Current Portion of Long-term Debt	<u>2,179</u>	-	<u>2,171</u>	-	<u>2,136</u>	-
Total Current Assets	<u>8,999,096</u>	<u>73</u>	<u>43,226</u>	-	<u>21,390</u>	-	Total Current Liabilities*	<u>3,392,135</u>	<u>28</u>	<u>3,383,476</u>	<u>28</u>	<u>3,034,062</u>	<u>26</u>
Noncurrent Assets:							Noncurrent Liabilities:						
Available-for-sale Financial Assets - Noncurrent	413,919	3	381,162	3	392,670	3	Long-term Loans	16,510	-	17,058	-	18,697	-
Financial Assets Carried at Cost - Noncurrent	317,507	3	317,987	3	369,320	3	Deferred Income Tax Liabilities*	30,149	-	28,464	-	46,167	-
Property, Plant and Equipment	2,364,718	19	2,406,685	19	2,575,859	21	Accrued Pension Liabilities - Noncurrent	59,738	-	59,738	-	56,774	-
Intangible Assets	238,673	2	254,298	2	308,406	3	Other Noncurrent Liabilities - Others*	<u>15,031</u>	-	<u>2,868</u>	-	<u>2,643</u>	-
Deferred Income Tax Assets*	32,252	-	32,265	-	29,075	-	Total Noncurrent Liabilities	<u>121,428</u>	-	<u>108,128</u>	-	<u>124,281</u>	-
Prepaid Expense on Investment	10,560	-	10,051	-	29,208	-	Total Liabilities	<u>3,513,563</u>	<u>28</u>	<u>3,491,604</u>	<u>28</u>	<u>3,158,343</u>	<u>26</u>
Prepaid Expense on Equipment*	1,000	-	-	-	-	-	Equity Attributable to Parent Company:						
Other Noncurrent Assets - Others	<u>22,736</u>	-	<u>23,220</u>	-	<u>72,830</u>	<u>1</u>	Common Stock	<u>2,242,154</u>	<u>18</u>	<u>2,242,154</u>	<u>18</u>	<u>2,242,154</u>	<u>18</u>
Total Noncurrent Assets	<u>3,401,365</u>	<u>27</u>	<u>3,425,668</u>	<u>27</u>	<u>3,777,368</u>	<u>31</u>	Capital Surplus*	<u>3,567,098</u>	<u>29</u>	<u>3,567,070</u>	<u>29</u>	<u>3,608,601</u>	<u>29</u>
							Retained Earnings:						
							Legal Reserve	1,221,549	10	1,221,549	10	1,161,732	9
							Unappropriated Earnings*	<u>1,157,700</u>	<u>9</u>	<u>1,032,179</u>	<u>9</u>	<u>1,305,239</u>	<u>11</u>
							Total Retained Earnings*	<u>2,379,249</u>	<u>19</u>	<u>2,253,728</u>	<u>19</u>	<u>2,466,971</u>	<u>20</u>
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations*	-54,615	-	13,280	-	30,372	1
							Unrealized gains and losses on Available-for-sale Financial Assets*	<u>192,592</u>	<u>1</u>	<u>163,345</u>	<u>1</u>	<u>167,530</u>	<u>1</u>
							Total Other Equity*	<u>137,977</u>	<u>1</u>	<u>176,625</u>	<u>1</u>	<u>197,902</u>	<u>2</u>
							Total Equity Attributable to Stockholders of Parent Company*	<u>8,326,478</u>	<u>67</u>	<u>8,239,577</u>	<u>67</u>	<u>8,515,628</u>	<u>69</u>
							Non-Controlling Equity*	<u>560,420</u>	<u>5</u>	<u>593,303</u>	<u>5</u>	<u>595,775</u>	<u>5</u>
							Total Equity*	<u>8,886,898</u>	<u>72</u>	<u>8,832,880</u>	<u>72</u>	<u>9,111,403</u>	<u>74</u>
Total Assets*	<u>\$12,400,461</u>	<u>100</u>	<u>12,324,484</u>	<u>100</u>	<u>12,269,746</u>	<u>100</u>	Total Liabilities and Equity*	<u>\$12,400,461</u>	<u>100</u>	<u>12,324,484</u>	<u>100</u>	<u>12,269,746</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, 2017 and March 31, 2016

	2017 Q1		2016 Q4		2016 Q1		QoQ		YoY	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,138,194	100.0	3,448,001	100.0	2,958,720	100.0	(309,807)	(9.0)	179,474	6.1
Cost of Goods Sold	2,705,038	86.2	2,964,573	86.0	2,497,598	84.4	(259,535)	(8.8)	207,440	8.3
Gross Profit	433,156	13.8	483,428	14.0	461,122	15.6	(50,272)	(10.4)	(27,966)	(6.1)
Operating Expenses*	328,423	10.5	377,975	11.0	328,549	11.1	(49,552)	(13.1)	(126)	(0.0)
Operating Income*	104,733	3.3	105,453	3.1	132,573	4.5	(720)	(0.7)	(27,840)	(21.0)
Non-Operating Income and Expense*	8,082	0.3	(26,173)	(0.8)	2,117	0.1	34,255	(130.9)	5,965	281.8
Income before Income Tax*	112,815	3.6	79,280	2.3	134,690	4.6	33,535	42.3	(21,875)	(16.2)
Less: Income Tax	26,273	0.8	(23,096)	(0.7)	31,895	1.1	49,369	(213.8)	(5,622)	(17.6)
Net Income*	\$ 86,542	2.8	56,184	1.6	102,795	3.5	30,358	54.0	(16,253)	(15.8)
Net Uncome Attributable to Parent Company	125,521	4	103,602	3	154,496	5	21,919	21	(28,975)	(19)
Attributable to Parent Company										
Basic Earnings per Share - after tax (NT Dollars)*	\$ 0.56		0.46		0.69					

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, 2017 and March 31, 2016

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

	2017		2016		YOY
	Amount	%	Amount	%	%
Net Sales	3,138,194	100	2,958,720	100	6
Cost of Goods Sold	<u>2,705,038</u>	<u>86</u>	<u>2,497,598</u>	<u>84</u>	<u>8</u>
Gross Profit	<u>433,156</u>	<u>14</u>	<u>461,122</u>	<u>16</u>	<u>(6)</u>
Operating Expense					
Selling and Administrative*	253,441	8	252,066	9	1
Research and Development	<u>74,982</u>	<u>2</u>	<u>76,483</u>	<u>3</u>	<u>(2)</u>
Total Operating Expense*	<u>328,423</u>	<u>10</u>	<u>328,549</u>	<u>12</u>	<u>(0)</u>
Operating Income*	<u>104,733</u>	<u>4</u>	<u>132,573</u>	<u>4</u>	<u>(21)</u>
Non-Operating Income and Expenses:					
Other Gains and Losses*	9,692	-	(176)	-	(5607)
Financial Costs*	(4,856)	-	(2,957)	-	64
Interest Income	<u>3,246</u>	-	<u>5,250</u>	-	<u>(38)</u>
Total Non-Operating Income and Expenses*	<u>8,082</u>	-	<u>2,117</u>	-	<u>282</u>
Income before Income Tax*	112,815	4	134,690	4	(16)
Less: Income Tax Expense	<u>26,273</u>	<u>1</u>	<u>31,895</u>	<u>1</u>	<u>(18)</u>
Net Income for Current Period*	<u>86,542</u>	<u>3</u>	<u>102,795</u>	<u>3</u>	<u>(16)</u>
Other Comprehensive Gains and Losses:					
Revaluation gain or loss arising from reclassification					
Exchange Differences on Translation of Financial Statements of	(70,239)	(2)	(15,481)	-	354
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets*	39,271	1	20,624	1	90
Less: Income Tax related to Other Comprehensive Gains and Losses*	<u>(1,685)</u>	-	<u>(415)</u>	-	<u>306</u>
Other Comprehensive Gains and Losses (Net of Tax)*	<u>(32,653)</u>	<u>(1)</u>	<u>4,728</u>	<u>1</u>	<u>(791)</u>
Total Comprehensive Profit or Loss for Current Period*	<u>53,889</u>	<u>2</u>	<u>107,523</u>	<u>4</u>	<u>(50)</u>
Net Income Attributable to:					
Stockholders of Parent Company*	125,521	4	154,496	5	(19)
Non-Controlling Equity	<u>(38,979)</u>	<u>(1)</u>	<u>(51,701)</u>	<u>(2)</u>	<u>(25)</u>
	<u>86,542</u>	<u>3</u>	<u>102,795</u>	<u>3</u>	<u>(16)</u>
Comprehensive Profit or Loss Attributable to:					
Stockholders of Parent Company*	86,873	3	150,544	5	(42)
Non-Controlling Equity*	<u>(32,984)</u>	<u>(1)</u>	<u>(43,021)</u>	<u>(1)</u>	<u>(23)</u>
	<u>53,889</u>	<u>2</u>	<u>107,523</u>	<u>4</u>	<u>(50)</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)*		<u>0.56</u>		<u>0.69</u>	
Diluted Earnings per Share (Unit: NT Dollar)*		<u>0.55</u>		<u>0.68</u>	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the Three Months ended March 31, December 31, 2017 and March 31, 2016
(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 Company*</u>	<u>Non-Controlling</u> <u>Equity*</u>	<u>Total Equity</u>
	<u>Common</u> <u>Stock</u>	<u>Capital</u> <u>Surplus</u>	<u>Legal</u> <u>Reserve</u>	<u>Unappropriat</u> <u>ed Earnings*</u>	<u>Exchange Differences</u> <u>on Translation</u> <u>of Financial</u> <u>Statements</u>	<u>Unrealized Gain (Loss)</u> <u>on Available-for-sale</u> <u>Financial Products*</u>			
Beginning Balance, January 1, 2017	<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	-	-	-	154,496	(15,435)	11,483	150,544	(43,021)	107,523
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, 2017	<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, 2016	<u>\$2,242,154</u>	<u>3,567,070</u>	<u>1,221,549</u>	<u>1,032,179</u>	<u>13,280</u>	<u>163,345</u>	<u>8,239,577</u>	<u>593,303</u>	<u>8,832,880</u>
Net Income for Current Period	-	-	-	125,521	-	-	125,521	(38,979)	86,542
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	(67,895)	29,247	(38,648)	5,995	(32,653)
Total Comprehensive Profit or Loss for Current Period	-	-	-	125,521	(67,895)	29,247	86,873	(32,984)	53,889
Profit(loss) of associates and joint ventures accounted for using equity method	-	28	-	-	-	-	28	-	28
Non-controlling Interests	-	-	-	-	-	-	-	101	101
Ending Balance, March 31, 2016	<u>\$2,242,154</u>	<u>3,567,098</u>	<u>1,221,549</u>	<u>1,157,700</u>	<u>(54,615)</u>	<u>192,592</u>	<u>8,326,478</u>	<u>560,420</u>	<u>8,886,898</u>

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
For the Three Months ended March 31, December 31, 2017 and March 31, 2016

(Expressed in thousands of New Taiwan Dollars)

	<u>2017 Q1</u>	<u>2016 Q1</u>
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ <u>112,815</u>	<u>134,690</u>
Adjusted Items:		
Incomes or Expenses		
Depreciation Expense	68,259	70,423
Amortization Expense	1,127	807
Bad Debt Expense	(827)	1,543
Gain(Loss) on Financial Asset at Fair Value through Profit or Loss	-	1,687
Interest Expense	4,856	2,957
Interest Income	(3,246)	(5,250)
Dividend Income	(23)	-
Gain on Disposal and Scrap of Property and Equipment	(8)	19
Gain on Disposal of Investment	<u>(6,725)</u>	-
Total Incomes or Expenses that do not affect Cash Flow	<u>63,413</u>	<u>72,186</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	(75,165)	(5,715)
Notes and Accounts Receivable	480,880	394,762
Other Receivables	45,319	(78,805)
Inventory	(85,245)	(159,215)
Prepaid Expense and other current asset	<u>(44,628)</u>	<u>15,937</u>
Total Net Change in Asset related to Operating Activities	<u>321,161</u>	<u>166,964</u>
Total Net Change in Liabilities related to Operating Activities:		
Accounts and Notes Payable	5,087	(129,514)
Accounts Payable - related party	(5,301)	(513)
Other Payables	<u>13,728</u>	<u>7,704</u>
Total Net Change in Liabilities related to Operating Activities	<u>13,514</u>	<u>(122,323)</u>
Total Net Change in Assets and Liabilities related to Operating Activities	<u>334,675</u>	<u>44,641</u>
Total of Adjusted Items	<u>398,088</u>	<u>116,827</u>
Cash Flow generated from Operating Activities	510,903	251,517
Interest Received	1,402	5,562
Dividend Received	23	-
Interest Paid	<u>(5,253)</u>	<u>(2,944)</u>
Net Cash Flows generated from Operating activities*	<u>507,075</u>	<u>254,135</u>
Cash Flows generated from Investing Activities:		
Decrease in Available-for-Sale Financial Assets	13,241	-
Increase in Prepaid Expense on Investment	(1,000)	-
Acquisition of Property and Equipments*	(31,607)	(26,881)
Disposal of Property and Equipments	61	-
Acquisition of Intangible Assets	-	(19)
Decrease (Increase) in Other Noncurrent Assets*	<u>207</u>	<u>1,390</u>
Net Cash Flows generated from (used in) Investing Activities*	<u>(19,098)</u>	<u>(25,510)</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	(30,739)	76,912
Repayments on Long-term Loans	(540)	(529)
Increase in Non-current Liability	12,163	342
Changes in Non-Controlling Equity*	<u>129</u>	<u>1,888</u>
Net Cash Flows (generated from) used in Financing Activities*	<u>(18,987)</u>	<u>78,613</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(50,669)	(12,774)
Increase in Cash and Cash in Banks of Current Period	418,321	294,464
Cash and Cash in Banks at Beginning of the Period	<u>3,406,289</u>	<u>2,905,532</u>
Cash and Cash in Banks at End of the Period	<u>3,824,610</u>	<u>3,199,996</u>

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