

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

For the Six Months ended June 30, December 31, 2016 and June 30, 2017
(Expressed in thousands of New Taiwan Dollars)

Assets	6.30.2017		12.31.2016		6.30.2016		Liabilities and Equity	6.30.2017		12.31.2016		6.30.2016	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets:							Current Liabilities:						
Cash and Cash Equivalents	\$4,184,182	33	3,406,289	28	3,430,715	27	Short-term Loans	1,725,385	13	1,663,059	14	1,459,377	11
Financial Assets at Fair Value through Profit or Loss - Current	188,295	1	92,368	1	623,791	5	Notes and Accounts Payable	1,447,000	11	1,064,785	9	1,250,364	10
Notes and Accounts Receivable, net	3,137,099	24	3,398,021	28	3,019,965	24	Accounts Payable - Related Parties	41,475	-	26,411	-	24,755	-
Other Receivables	108,621	1	152,948	1	65,497	-	Dividends Payable	560,538	4	-	-	560,538	4
Inventories	2,030,206	15	1,805,964	15	2,044,766	16	Other Payables	674,565	6	581,749	5	666,713	5
Prepaid Expenses and Other Current Assets	<u>117,053</u>	<u>1</u>	<u>43,226</u>	<u>-</u>	<u>73,368</u>	<u>-</u>	Current Period Income Tax Liability	61,996	1	45,301	-	65,168	1
Total Current Assets	<u>9,765,456</u>	<u>75</u>	<u>8,898,816</u>	<u>73</u>	<u>9,258,102</u>	<u>72</u>	Current Portion of Long-term Debt	<u>2,186</u>	<u>-</u>	<u>2,171</u>	<u>-</u>	<u>2,144</u>	<u>-</u>
Noncurrent Assets:							Total Current Liabilities	<u>4,513,145</u>	<u>35</u>	<u>3,383,476</u>	<u>28</u>	<u>4,029,059</u>	<u>31</u>
Available-for-sale Financial Assets - Noncurrent	404,540	3	381,162	3	366,635	3	Noncurrent Liabilities:						
Financial Assets Carried at Cost - Noncurrent	317,529	2	317,987	3	327,993	3	Long-term Loans	70,108	1	17,058	-	18,158	-
Investments Accounted for Using Equity Method	1,058	-	-	-	-	-	Deferred Income Tax Liabilities	29,023	-	28,464	-	46,277	-
Property, Plant and Equipment	2,311,061	18	2,406,685	19	2,512,422	20	Accrued Pension Liabilities - Noncurrent	59,738	-	59,738	-	56,774	1
Intangible Assets	215,499	2	254,298	2	282,712	2	Other Noncurrent Liabilities - Others	<u>4,787</u>	<u>-</u>	<u>2,868</u>	<u>-</u>	<u>2,939</u>	<u>-</u>
Deferred Income Tax Assets	32,253	-	32,265	-	29,076	-	Total Noncurrent Liabilities	<u>163,656</u>	<u>1</u>	<u>108,128</u>	<u>-</u>	<u>124,148</u>	<u>1</u>
Prepaid Expense on Equipment	34,106	-	10,051	-	46,640	-	Total Liabilities	<u>4,676,801</u>	<u>36</u>	<u>3,491,604</u>	<u>28</u>	<u>4,153,207</u>	<u>32</u>
Other Noncurrent Assets - Others	<u>23,399</u>	<u>-</u>	<u>23,220</u>	<u>-</u>	<u>23,496</u>	<u>-</u>	Equity Attributable to Parent Company:						
Total Noncurrent Assets	<u>3,339,445</u>	<u>25</u>	<u>3,425,668</u>	<u>27</u>	<u>3,588,974</u>	<u>28</u>	Common Stock	<u>2,242,154</u>	<u>17</u>	<u>2,242,154</u>	<u>18</u>	<u>2,242,154</u>	<u>17</u>
							Capital Surplus	<u>3,454,991</u>	<u>27</u>	<u>3,567,070</u>	<u>29</u>	<u>3,567,068</u>	<u>28</u>
							Retained Earnings:						
							Legal Reserve	1,272,159	10	1,221,549	10	1,221,549	10
							Unappropriated Earnings	<u>788,669</u>	<u>6</u>	<u>1,032,179</u>	<u>9</u>	<u>802,809</u>	<u>6</u>
							Total Retained Earnings	<u>2,060,828</u>	<u>16</u>	<u>2,253,728</u>	<u>19</u>	<u>2,024,358</u>	<u>16</u>
							Other Equity:						
							Exchange Differences on Translation of Financial Statements of Foreign Operations	(45,005)	-	13,280	-	33,959	1
							Unrealized gains and losses on Available-for-sale Financial Assets	<u>185,087</u>	<u>-</u>	<u>163,345</u>	<u>1</u>	<u>151,053</u>	<u>1</u>
							Total Other Equity	<u>140,082</u>	<u>-</u>	<u>176,625</u>	<u>1</u>	<u>185,012</u>	<u>2</u>
							Total Equity Attributable to Stockholders of Parent Company	<u>7,898,055</u>	<u>60</u>	<u>8,239,577</u>	<u>67</u>	<u>8,018,592</u>	<u>63</u>
							Non-Controlling Equity	<u>530,045</u>	<u>4</u>	<u>593,303</u>	<u>5</u>	<u>675,277</u>	<u>5</u>
							Total Equity	<u>8,428,100</u>	<u>64</u>	<u>8,832,880</u>	<u>72</u>	<u>8,693,869</u>	<u>68</u>
Total Assets*	<u>\$13,104,901</u>	<u>100</u>	<u>12,324,484</u>	<u>100</u>	<u>12,847,076</u>	<u>100</u>	Total Liabilities and Equity	<u>13,104,901</u>	<u>100</u>	<u>12,324,484</u>	<u>100</u>	<u>12,847,076</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 June 30, March 31, 2017 and June 30, 2016

	2017 Q2		2017 Q1		2016 Q2		Growth Rate (QoQ)		Growth Rate (YoY)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales	\$ 3,172,673	100.0	3,138,194	100.0	3,216,823	100.0	34,479	1.1	(44,150)	(1.4)
Cost of Goods Sold	2,705,544	85.3	2,705,038	86.0	2,762,952	85.9	506	0.0	(57,408)	(2.1)
Gross Profit	467,129	14.7	433,156	14.0	453,871	14.1	33,973	7.8	13,258	2.9
Operating Expenses*	339,123	10.7	328,423	11.0	367,082	11.4	10,700	3.3	(27,959)	(7.6)
Operating Income*	128,006	4.0	104,733	3.1	86,789	2.7	23,273	22.2	41,217	47.5
Non-Operating Income and Expense*	(501)	(0.0)	8,082	(0.8)	27,204	0.8	(8,583)	(106.2)	(27,705)	(101.8)
Income before Income Tax*	127,505	4.0	112,815	2.3	113,993	3.5	14,690	13.0	13,512	11.9
Less: Income Tax	30,534	1.0	26,273	(0.7)	33,371	1.0	4,261	16.2	(2,837)	(8.5)
Net Income*	\$ 96,971	3.1	86,542	1.6	80,622	2.5	10,429	12.1	16,349	20.3
Net Uncome Attributable to Parent Company	130,010	4	125,521	3	117,925	4	4,489	4	12,085	10
Basic Earnings per Share - after tax (NT Dollars)*	<u>\$ 0.58</u>		<u>0.56</u>		<u>0.53</u>					

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, 2017 and 2016

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

	2017 2Q		2016 2Q		Growth Rate (YoY)
	Amount	%	Amount	%	%
Net Sales	3,172,673	100	3,216,823	100	(1)
Cost of Goods Sold	<u>2,705,544</u>	<u>85</u>	<u>2,762,952</u>	<u>86</u>	<u>(2)</u>
Gross Profit	<u>467,129</u>	<u>15</u>	<u>453,871</u>	<u>14</u>	<u>3</u>
Operating Expense					
Selling and Administrative	279,894	9	306,139	10	(9)
Research and Development	<u>59,229</u>	<u>2</u>	<u>60,943</u>	<u>2</u>	<u>(3)</u>
Total Operating Expense	<u>339,123</u>	<u>11</u>	<u>367,082</u>	<u>12</u>	<u>(8)</u>
Operating Income	<u>128,006</u>	<u>4</u>	<u>86,789</u>	<u>2</u>	<u>47</u>
Non-Operating Income and Expenses:					
Other Gains and Losses	1,557	-	25,451	1	(94)
Financial Costs	(5,993)	-	(3,266)	-	83
Share of Profit of Associates Accounted for Using Equity Method	58	-	-	-	
Interest Income	<u>3,877</u>	<u>-</u>	<u>5,019</u>	<u>-</u>	<u>(23)</u>
Total Non-Operating Income and Expenses	<u>(501)</u>	<u>-</u>	<u>27,204</u>	<u>1</u>	<u>(102)</u>
Income before Income Tax	127,505	4	113,993	3	12
Less: Income Tax Expense	<u>30,534</u>	<u>1</u>	<u>33,371</u>	<u>1</u>	<u>(9)</u>
Net Income for Current Period	<u>96,971</u>	<u>3</u>	<u>80,622</u>	<u>2</u>	<u>20</u>
Other Comprehensive Gains and Losses:					
Revaluation gain or loss arising from reclassification					
Exchange Differences on Translation of Financial Statements of Foreign Operations	12,238	-	2,384	-	413
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets	(10,317)	-	(26,035)	(1)	(60)
Income Tax arising from revaluation gain or loss	<u>2,812</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>(2633)</u>
Total revaluation gain or loss arising from reclassification	<u>4,733</u>	<u>-</u>	<u>(23,762)</u>	<u>(1)</u>	
Other Comprehensive Gains and Losses (Net of Tax)	<u>4,733</u>	<u>-</u>	<u>(23,762)</u>	<u>(1)</u>	<u>(120)</u>
Total Comprehensive Profit or Loss for Current Period	<u>101,704</u>	<u>3</u>	<u>56,860</u>	<u>1</u>	<u>79</u>
Net Income Attributable to:					
Stockholders of Parent Company	130,010	4	117,925	3	10
Non-Controlling Equity	<u>(33,039)</u>	<u>(1)</u>	<u>(37,303)</u>	<u>(1)</u>	<u>(11)</u>
	<u>96,971</u>	<u>3</u>	<u>80,622</u>	<u>2</u>	<u>20</u>
Comprehensive Profit or Loss Attributable to:					
Stockholders of Parent Company	132,115	4	105,035	2	26
Non-Controlling Equity	<u>(30,411)</u>	<u>(1)</u>	<u>(48,175)</u>	<u>(1)</u>	<u>(37)</u>
	<u>101,704</u>	<u>3</u>	<u>56,860</u>	<u>1</u>	<u>79</u>
Earnings per Share					
Basic Earnings per Share (Unit: NT Dollar)		<u>0.58</u>		<u>0.53</u>	
Diluted Earnings per Share (Unit: NT Dollar)		<u>0.58</u>		<u>0.52</u>	

HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY
For the Six Months ended June 30, December 31, 2016 and June 30, 2017
(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 on Translation of Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Products			
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	-	-	-	272,421	-	-	272,421	(89,004)	183,417
Other Comprehensive Profit or Loss for Current Period	=	=	=	=	(11,848)	(4,994)	(16,842)	(2,192)	(19,034)
Total Comprehensive Profit or Loss for Current Period	=	=	=	<u>272,421</u>	<u>(11,848)</u>	<u>(4,994)</u>	<u>255,579</u>	<u>(91,196)</u>	<u>164,383</u>
Appropriations of Retained Earnings:									
Legal Capital Reserve	-	-	59,817	(59,817)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(560,538)	-	-	(560,538)	-	(560,538)
Profit(loss) of associates and joint ventures accounted for using equity method	-	(41,176)	-	-	-	-	(41,176)	-	(41,176)
Non-controlling Interests	=	=	=	=	=	=	=	<u>129,207</u>	<u>129,207</u>
Ending Balance, June 30, 2017	<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>
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	-	-	-	255,531	-	-	255,531	(72,018)	183,513
Other Comprehensive Profit or Loss for Current Period	=	=	=	=	(58,285)	21,742	(36,543)	8,623	(27,920)
Total Comprehensive Profit or Loss for Current Period	=	=	=	<u>255,531</u>	<u>(58,285)</u>	<u>21,742</u>	<u>218,988</u>	<u>(63,395)</u>	<u>155,593</u>
Appropriations of Retained Earnings:									
Legal Capital Reserve	-	-	50,610	(50,610)	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(448,431)	-	-	(448,431)	-	(448,431)
Other Changes to Additional Paid-In Capital:									
Cash Dividends Distributed from Additional Paid-In	-	(112,107)	-	-	-	-	(112,107)	-	(112,107)
Profit(loss) of associates and joint ventures accounted for using equity method	-	28	-	-	-	-	28	-	28
Non-controlling Interests	=	=	=	=	=	=	=	<u>137</u>	<u>137</u>
Ending Balance, June 30, 2016	<u>2,242,154</u>	<u>3,454,991</u>	<u>1,272,159</u>	<u>788,669</u>	<u>(45,005)</u>	<u>185,087</u>	<u>7,898,055</u>	<u>530,045</u>	<u>8,428,100</u>

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

For the Six Months ended June 30, 2017 and 2016

(Expressed in thousands of New Taiwan Dollars)

	<u>2017 1H</u>	<u>2016 2H</u>
Cash Flows generated from Operating activities:		
Income before Income Tax	\$ <u>240,320</u>	<u>248,683</u>
Adjustments:		
Incomes or Expenses		
Depreciation Expense	137,411	141,203
Amortization Expense	1,723	1,770
Bad Debt Expense	(80)	(723)
Gain(Loss) on Financial Asset at Fair Value through Profit or Loss	-	2,012
Interest Expense	10,849	6,223
Interest Income	(7,123)	(10,269)
Share of Profit of Associates Accounted for Using Equity Method	(58)	-
Gain (Loss) on Disposal and Scrap of Property and Equipment	(299)	6
Gain (Loss) on Non-Financial Assests	(7,939)	-
Gain on Disposal of Investment	<u>24,541</u>	<u>31,143</u>
Total Incomes or Expenses that do not affect Cash Flow	<u>159,025</u>	<u>171,365</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	(95,927)	(7,236)
Notes and Accounts Receivable	261,152	27,690
Other Receivables	46,850	(11,784)
Inventory	(224,242)	(339,129)
Prepaid Expense and other current asset	<u>(73,827)</u>	<u>(36,041)</u>
Total Net Change in Asset related to Operating Activities	<u>(85,994)</u>	<u>(366,500)</u>
Total Net Change in Liabilities related to Operating Activities:		
Accounts and Notes Payable	382,215	198,308
Accounts Payable - Related Party	15,064	5,054
Other Payables	<u>93,170</u>	<u>67,130</u>
Total Net Change in Liabilities related to Operating Activities	<u>490,449</u>	<u>270,492</u>
Total Net Change in Assets and Liabilities related to Operating Activities	<u>404,455</u>	<u>(96,008)</u>
Total Adjustments	<u>563,480</u>	<u>75,357</u>
Cash Flow generated from Operating Activities	803,800	324,040
Interest Received	4,600	11,225
Interest Paid	(11,203)	(6,267)
Income Tax Paid	<u>(40,112)</u>	<u>(75,583)</u>
Net Cash Flows generated from Operating activities*	<u>757,085</u>	<u>253,415</u>
Cash Flows generated from Investing Activities:		
Disposal of Available-for-Sale Financial Assets	15,201	-
Acquisition of Financial Assets Carried at Cost	-	(5,991)
Disposal of Financial Assets Carried at Cost	-	5,000
Cash Refund from Capital Reduction Derived from Financial Assets Carried at Cost	-	42,340
Acquisition of Investments Accounted for Using Equity Method	(1,000)	-
Acquisition of Property and Equipments	(69,043)	(51,626)
Disposal of Property and Equipments	350	4
Acquisition of Intangible Assets	-	(560)
Decrease (Increase) in Other Noncurrent Assets*	<u>(632)</u>	<u>49,808</u>
Net Cash Flows generated from (used in) Investing Activities*	<u>(55,124)</u>	<u>38,975</u>
Cash Flows generated from Financing Activities:		
Increase in Short-term Loans	62,326	159,190
Increase in Long-term Loans	54,147	-
Decrease in Long-term Loans	(1,082)	(1,060)
Increase in Non-current Liability	1,919	638
Changes in Non-Controlling Equity*	<u>165</u>	<u>88,031</u>
Net Cash Flows (generated from) used in Financing Activities*	<u>117,475</u>	<u>246,799</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents*	(41,543)	(14,006)
Increase in Cash and Cash in Banks of Current Period	<u>777,893</u>	<u>525,183</u>
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>4,184,182</u>	<u>3,430,715</u>

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