

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

**June 30th 2018 & June 30th 2017**

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

Assets	2018.6.30		2017.6.30		Liabilities and Equity	2018.6.30		2017.6.30	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets:</b>					<b>Current Liabilities:</b>				
Cash and Cash Equivalents	4,108,413	29	4,184,182	33	Short-term Loans	1,530,794	11	1,725,385	13
Financial Assets at Fair Value through Profit or Loss - Current	205,660	1	188,295	1	Current Contract Liabilities	43,029	-	-	-
Notes and Accounts Receivable, net	3,692,408	26	3,137,099	24	Notes and Accounts Payable	1,295,914	9	1,447,000	11
Other Receivables	80,512	1	108,621	1	Accounts Payable - Related Parties	37,095	-	41,475	-
Inventories	2,468,082	17	2,030,206	15	Dividends payable, non-cash assets distributions	837,351	6	560,538	4
Prepaid Expenses and Other Current Assets	104,232	1	117,053	1	Other Payables	1,083,752	8	674,565	6
<b>Total Current Assets</b>	<b>10,659,307</b>	<b>75</b>	<b>9,765,456</b>	<b>75</b>	Current Period Income Tax Liability	352,653	3	61,996	1
<b>Noncurrent Assets:</b>					Current Portion of Long-term Debt	6,430	-	2,186	-
Non-current financial assets at fair value through profit or loss	75,987	1	-	-	<b>Total Current Liabilities</b>	<b>5,187,018</b>	<b>37</b>	<b>4,513,145</b>	<b>35</b>
Non-current financial assets at fair value through other comprehensive income	133,324	1	-	-					
Available-for-sale Financial Assets - Noncurrent	-	-	404,540	3	<b>Noncurrent Liabilities:</b>				
Financial Assets Carried at Cost - Noncurrent	-	-	317,529	2	Long-term Loans	64,542	-	70,108	1
Investments Accounted for Using Equity Method	324,352	2	1,058	-	Deferred Income Tax Liabilities	16,684	-	29,023	-
Property, Plant and Equipment	2,517,690	18	2,311,061	18	Accrued Pension Liabilities - Noncurrent	61,707	-	59,738	-
Intangible Assets	164,502	1	215,499	2	Other Noncurrent Liabilities - Others	2,346	-	4,787	-
Deferred Income Tax Assets	36,906	-	32,253	-	<b>Total Noncurrent Liabilities</b>	<b>145,279</b>	<b>-</b>	<b>163,656</b>	<b>1</b>
Prepaid Expense on Equipment	258,656	2	34,106	-	<b>Total Liabilities</b>	<b>5,332,297</b>	<b>37</b>	<b>4,676,801</b>	<b>36</b>
Other Noncurrent Assets - Others	23,456	-	23,399	-	<b>Equity Attributable to Parent Company:</b>				
<b>Total Noncurrent Assets</b>	<b>3,534,873</b>	<b>25</b>	<b>3,339,445</b>	<b>25</b>	Common Stock	1,579,908	11	2,242,154	17
					Capital Surplus	3,447,802	24	3,454,991	27
					Retained Earnings:				
					Legal Reserve	1,360,044	10	1,272,159	10
					Unappropriated Earnings	1,977,592	14	788,669	6
					Total Retained Earnings	3,337,636	24	2,060,828	16
					Other Equity:				
					Exchange Differences on Translation of Financial Statements of Foreign Operations	(37,747)	-	(45,005)	-
					Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	71,894	1	-	-
					Unrealized gains and losses on Available-for-sale Financial Assets	-	-	185,087	-
					Total Other Equity	34,147	1	140,082	-
					<b>Total Equity Attributable to Stockholders of Parent Company</b>	<b>8,399,493</b>	<b>60</b>	<b>7,898,055</b>	<b>60</b>
					<b>Non-Controlling Equity</b>	<b>462,390</b>	<b>3</b>	<b>530,045</b>	<b>4</b>
					<b>Total Equity</b>	<b>8,861,883</b>	<b>63</b>	<b>8,428,100</b>	<b>64</b>
<b>Total Assets</b>	<b>14,194,180</b>	<b>100</b>	<b>13,104,901</b>	<b>100</b>	<b>Total Liabilities and Equity</b>	<b>14,194,180</b>	<b>100</b>	<b>13,104,901</b>	<b>100</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME**

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

	April 1st-June 30th 2017, 2018			
	2018 Apr-June		2017 Apr-June	
	Amount	%	Amount	%
<b>Net Sales</b>	4,308,103	100	3,172,673	100
<b>Cost of Goods Sold</b>	2,632,517	61	2,705,544	85
<b>Gross Profit</b>	1,675,586	39	467,129	15
<b>Operating Expense</b>				
Selling and Administrative	409,366	10	279,894	9
Research and Development	86,197	2	59,229	2
Expected Credit Loss (gain)	(7,828)	-	-	-
<b>Total Operating Expense</b>	487,735	12	339,123	11
<b>Operating Income</b>	1,187,851	27	128,006	4
<b>Non-Operating Income and Expenses:</b>				
Other Gains and Losses	(16,402)	-	1,557	-
Financial Costs	(6,438)	-	(5,993)	-
Share of Profit of Associates Accounted for Using Equity Method	(100)	-	58	-
Interest Income	4,114	-	3,877	-
<b>Total Non-Operating Income and Expenses</b>	(18,826)	-	(501)	-
<b>Income before Income Tax</b>	1,169,025	27	127,505	4
<b>Less: Income Tax Expense</b>	217,003	5	30,534	1
<b>Net Income for Current Period</b>	952,022	22	96,971	3
<b>Other Comprehensive Gains and Losses:</b>				
<b>Items not to be reclassified into profit or loss:</b>				
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive in	(26,781)	(1)	-	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Total Items not to be reclassified</b>	(26,781)	(1)	-	-
<b>Revaluation gain or loss arising from reclassification</b>				
Exchange Differences on Translation of Financial Statements of Foreign Operations	26,728	1	12,238	-
Unrealized Valuation Gains (Loss) on Available-for-sale Financial Assets	-	-	(10,317)	-
Income Tax arising from revaluation gain or loss	-	-	2,812	-
<b>Total revaluation gain or loss arising from reclassification</b>	26,728	1	4,733	-
<b>Other Comprehensive Gains and Losses (Net of Tax)</b>	(53)	-	4,733	-
<b>Total Comprehensive Profit or Loss for Current Period</b>	<b>951,969</b>	<b>22</b>	<b>101,704</b>	<b>3</b>
<b>Net Income Attributable to:</b>				
Stockholders of Parent Company	966,853	22	130,010	4
Non-Controlling Equity	(14,831)	-	(33,039)	(1)
	<b>952,022</b>	<b>22</b>	<b>96,971</b>	<b>3</b>
<b>Comprehensive Profit or Loss Attributable to:</b>				
Stockholders of Parent Company	972,130	22	132,115	4
Non-Controlling Equity	(20,161)	-	(30,411)	(1)
	<b>951,969</b>	<b>22</b>	<b>101,704</b>	<b>3</b>
<b>Earnings per Share</b>				
<b>Basic Earnings per Share (Unit: NT Dollar)</b>		<b>6.12</b>		<b>0.58</b>
<b>Diluted Earnings per Share (Unit: NT Dollar)</b>		<b>6.09</b>		<b>0.58</b>

**HOLY STONE ENTERPRISE COMPANY LIMITED and SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER EQUITY**  
**Jan 1st-June 30th, 2017 and 2018**  
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Stockholders of Parent Company									
	Retained Earnings				Other Equity					
	Common Stock	Capital Surplus	Legal Reserve	Unappropriat ed Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealised gains (loses)from investments in equity instruments measured at fair value through other comprehensive income	Unrealized Gain (Loss) on Available-for-sale Financial Products	Total Equity Attributable to Stockholders of Parent Company	Non- Controlling Equity	Total Equity
<b>Beginning Balance, January 1st, 2017</b>	2,242,154	3,567,070	1,221,549	1,032,179	13,280	-	163,345	8,239,577	593,303	8,832,880
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	-	-	-	255,531	(58,285)	-	21,742	218,988	(63,395)	155,593
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 Capital	-	(112,107)	-	-	-	-	-	(112,107)	-	(112,107)
Profit(loss) of associates and joint ventures accounted for using equity method	-	28	-	-	-	-	-	28	-	28
Non-controlling Interests	-	-	-	-	-	-	-	-	137	137
<b>Ending Balance, June 30th, 2017</b>	<b>2,242,154</b>	<b>3,454,991</b>	<b>1,272,159</b>	<b>788,669</b>	<b>(45,005)</b>		<b>185,087</b>	<b>7,898,055</b>	<b>530,045</b>	<b>8,428,100</b>
<b>Beginning Balance, January 1st, 2018</b>	1,579,908	3,493,390	1,272,159	1,408,577	(57,854)	-	163,625	7,859,805	463,495	8,323,300
Effects of retrospective application & retrospective	-	-	-	(9,721)	-	82,027	(163,625)	(91,319)	(25,102)	(116,421)
Equity at beginning of period after adjustments	1,579,908	3,493,390	1,272,159	1,398,856	(57,854)	82,027	-	7,768,486	438,393	8,206,879
Net Income for Current Period	-	-	-	1,456,575	-	-	-	1,456,575	(48,727)	1,407,848
Other Comprehensive Profit or Loss for Current Period	-	-	-	-	20,107	(10,133)	-	9,974	2,476	12,450
Total Comprehensive Profit or Loss for Current Period	-	-	-	1,456,575	20,107	(10,133)	-	1,466,549	(46,251)	1,420,298
Appropriations of Retained Earnings:										
Legal Capital Reserve	-	-	87,885	(87,885)	-	-	-	-	-	-
Cash Dividends to Shareholders	-	-	-	(789,954)	-	-	-	(789,954)	-	(789,954)
Other Changes to Additional Paid-In Capital:										
Capital reserve distribution of cash dividends	-	(47,397)	-	-	-	-	-	(47,397)	-	(47,397)
Profit(loss) of associates and joint ventures accounted for using equity method	-	1,809	-	-	-	-	-	1,809	-	1,809
Non-controlling Interests	-	-	-	-	-	-	-	-	70,248	70,248
<b>Ending Balance, June 30th, 2018</b>	<b>1,579,908</b>	<b>3,447,802</b>	<b>1,360,044</b>	<b>1,977,592</b>	<b>(37,747)</b>	<b>71,894</b>		<b>8,399,493</b>	<b>462,390</b>	<b>8,861,883</b>

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

Jan 1st-June 30th, 2018 and 2017

(Expressed in thousands of New Taiwan Dollars)

	<u>2018 Jan-June</u>	<u>2017 Jan-June</u>
<b>Cash Flows generated from Operating activities:</b>		
<b>Income before Income Tax</b>	\$ 1,757,688	240,320
<b>Adjustments:</b>		
Incomes or Expenses		
Depreciation Expense	135,942	137,411
Amortization Expense	1,477	1,723
Bad Debt Expense	(3,862)	(80)
Net Loss (gain) on financial assets or liabilities at fair value through profit or loss	899	-
Interest Expense	14,322	10,849
Interest Income	(6,248)	(7,123)
Share of Profit of Associates Accounted for Using Equity Method	138	(58)
Gain (Loss) on Disposal and Scrap of Property and Equipment	5,196	(299)
Gain on Disposal of Investment	-	(7,939)
Gain (Loss) on Non-Financial Assests	23,630	24,541
Total Incomes or Expenses that do not affect Cash Flow	<u>171,494</u>	<u>159,025</u>
Total of Net Change in Assets and Liabilities related to Operating Activities:		
Financial Assets at Fair Value through Profit or Loss - Current	(138,790)	(95,927)
Notes and Accounts Receivable	(583,719)	261,152
Other Receivables	34,430	46,850
Inventory	(274,852)	(224,242)
Prepaid Expense and other current asset	(33,401)	(73,827)
Current Cintract Liabilities	10,327	-
Accounts and Notes Payable	(74,618)	382,215
Accounts Payable - Related Party	22,286	15,064
Other Payables	273,550	93,170
Total changes in operating assets and liabilities	<u>764,787</u>	<u>404,455</u>
Total Adjustments	<u>(593,293)</u>	<u>563,480</u>
Cash Flow generated from Operating Activities	1,164,395	803,800
Interest Received	5,994	4,600
Interest Paid	(12,225)	(11,203)
Income Tax Paid	(130,773)	(40,112)
<b>Net Cash Flows generated from Operating activities</b>	<u>1,027,391</u>	<u>757,085</u>
<b>Cash Flows generated from Investing Activities:</b>		
Disposal of Available-for-Sale Financial Assets	-	15,201
Acquisition of investments accounted for using equity method	-	(1,000)
Acquisition of Property and Equipments	(454,705)	(69,043)
Disposal of Property and Equipments	2,344	350
Acquisition of Intangible Assets	(78)	-
Decrease (Increase) in Other Noncurrent Assets	(130)	(632)
<b>Net Cash Flows generated from (used in) Investing Activities</b>	<u>(452,569)</u>	<u>(55,124)</u>
<b>Cash Flows generated from Financing Activities:</b>		
Increase in Short-term Loans	437,744	62,326
Increase in Long-term Loans	-	54,147
Repayments of long-term debt	(1,095)	(1,082)
Increase in Non-current Liability	35	1,919
Changes in Non-Controlling Equity	72,057	165
<b>Net Cash Flows (generated from) used in Financing Activities</b>	<u>508,741</u>	<u>117,475</u>
Effect of Exchange Rate Changes in Cash and Cash Equivalents	14,942	(41,543)
<b>Increase in Cash and Cash in Banks of Current Period</b>	1,098,505	777,893
<b>Cash and Cash in Banks at Beginning of the Period</b>	3,009,908	3,406,289
<b>Cash and Cash in Banks at End of the Period</b>	<u><u>4,108,413</u></u>	<u><u>4,184,182</u></u>