

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q/A
(Amendment No. 1)

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-54107

COLORSTARS GROUP

(Exact name of registrant as specified in its charter)

Nevada

06-1766282

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

10F, No. 566 Jung Jeng Rd. Sindian City, New Taipei City 231, Taiwan, R.O.C.
(Address of principal executive offices)

(949) 336-6161

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Check whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

Check whether the issuer is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 10, 2016, there were 67,448,890 shares of common stock, par value \$0.001, issued and outstanding.

Explanatory Note:

We are filing this Amendment No. 1 on Form 10-Q/A (“Amendment No. 1”) to our Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (“SEC”) on May 23, 2016 (the “Original Form 10-Q”). We are filing this Amendment No. 1 to make certain changes to the financial statements and footnotes contained in “Item 1; Financial Statements” of the Original Form 10-Q as follows: (i) correct an error in the consolidated balance sheet relating to an unrecognized shareholder loan in the amount of \$20,000 to be characterized as a current liability; (ii) make certain adjustments for the recoverability of accounts receivable; (iii) make certain adjustments to the value of the Company’s inventory; (iv) make a trace-back adjustment to the loss in equity investment in its local supplier; and (v) various other corrections and changes to grammar and syntax. These changes have also resulted in changes to “Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the Original Form 10-Q. This Amendment No. 1 does not reflect events occurring after the filing of the Original Form 10-Q and no attempt has been made in this Amendment No. 1 to modify or update other disclosures as presented in the Original Form 10-Q. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-Q and our filings with the SEC subsequent to the filing of the Original Form 10-Q.

COLORSTARS GROUP
FORM 10-Q
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COLORSTARS GROUP
CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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COLORSTARS GROUP
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 33,547	\$ 24,129
Accounts receivable, net of allowance for doubtful accounts of \$166,766 at March 31, 2016 and \$228,134 at December 31, 2015	3,240	21,856
Prepaid expenses and other current assets	<u>33,225</u>	<u>37,349</u>
Total current assets	70,012	83,334
Equipment, net of accumulated depreciation	57,109	62,864
Other assets	<u>13,297</u>	<u>15,005</u>
Total assets	<u>\$ 140,418</u>	<u>\$ 161,203</u>
<u>Liabilities and stockholders' equity</u>		
Current liabilities:		
Short term loan	\$ 525,891	\$ 517,600
Accounts payable		
Net of due from related party of \$917 at March 31, 2016	44,652	152,142
Advance from shareholder	50,000	20,000
Accrued expenses	13,154	12,997
Other current liabilities	<u>50,662</u>	<u>9,060</u>
Total current liabilities	<u>684,359</u>	<u>711,799</u>
Commitments and contingencies		
Stockholders' equity		
Common Stock –Par Value \$0.001 67,448,890 shares issued and outstanding, 450,000,000 shares are authorized at March 31, 2016 and December 31, 2015	67,449	67,449
Additional paid in capital	3,112,230	3,112,230
Accumulated other comprehensive income	180,412	171,537
Accumulated deficit	<u>(3,904,032)</u>	<u>(3,901,812)</u>
Total stockholders' equity	<u>(543,941)</u>	<u>(550,596)</u>
Total liabilities and stockholders' equity	<u>\$ 140,418</u>	<u>\$ 161,203</u>

The accompanying notes are an integral part of the consolidated financial statements.

COLORSTARS GROUP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three months ended March 31,	
	2016	2015
Net sales	\$ 122,009	\$ 192,945
Cost of goods sold	<u>82,051</u>	<u>134,377</u>
Gross profit	39,958	58,568
Operating expenses		
Selling, general and administrative	72,815	106,503
Rent	10,842	19,973
Depreciation & Amortization	<u>8,481</u>	<u>8,990</u>
Total operating expenses	<u>92,138</u>	<u>135,466</u>
Loss from operations	(52,180)	(76,898)
Other income (expenses)		
Interest expense (net)	(2,272)	(3,229)
Loss on foreign exchange, net	(11,072)	(12,260)
Gain on reversal of bad debts	63,304	2,550
Other, net	<u>-</u>	<u>528</u>
Loss before income tax	(2,220)	(89,309)
Income tax provision	<u>-</u>	<u>8,343</u>
Net loss	(2,220)	(80,966)
Other comprehensive loss:		
Foreign currency translation gain	<u>8,874</u>	<u>17,967</u>
Comprehensive loss	<u>\$ 6,654</u>	<u>\$ (62,999)</u>
Earnings per share attributable to common stockholders:		
Basic and diluted per share	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted average shares outstanding:		
Basic and diluted	<u>67,448,890</u>	<u>67,448,890</u>

The accompanying notes are an integral part of the consolidated financial statements.

COLORSTARS GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	For three months ended March 31,	
	2016	2015
Cash flows from operating activities		
Net (loss)	\$ (2,220)	\$ (80,966)
Depreciation and amortization	8,481	8,990
Gain on reversal of bad debts	(63,304)	(2,550)
Changes in operating assets and liabilities:		
Accounts receivable	81,920	204,327
Inventories	-	(69,363)
Prepaid expenses and other current assets	3,935	(6,088)
Accounts payable	(107,490)	(63,217)
Accrued expenses	157	(2,009)
Receipts in advance and other current liabilities	41,602	65,508
Cash flows provided by (used for) operating activities	(36,919)	54,632
Cash flows from investing activities		
Addition to fixed assets	-	-
Cash flows used for investing activities	-	-
Cash flows from financing activities		
Advance from shareholder	30,000	-
Cash flows provided by financing activities	30,000	-
Effect of exchange rate changes on cash and cash equivalents	16,337	13,964
Net increase (decrease) in cash and cash equivalents	9,418	68,596
Beginning cash and cash equivalents	24,129	75,397
Ending cash and cash equivalents	\$ 33,547	\$ 143,993
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	\$ 2,272	\$ 3,231
Tax paid	\$ -	\$ -

The accompanying notes are an integral part of the consolidated financial statements.

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 – Nature of Business and Basis of Presentation

Nature of Business – Circletronics Inc., now ColorStars Group (“the Company”), was incorporated in Canada on January 21, 2005. Circletronics Inc.- was redomiciled to Nevada and its name changed to ColorStars Group on November 3, 2005. ColorStars Group owns 100% of the shares of ColorStars Inc.

Color Stars Inc. (“Color Stars TW”, “the Subsidiary”) was incorporated as a limited liability company in Taiwan, Republic of China in April 2003 and commenced its operations in May 2003. The Company through its wholly owned Subsidiary is mainly engaged in manufacturing, designing and selling light-emitting diode and lighting equipment.

Basis of Presentation - The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for a complete presentation of the financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair statement of the financial position, results of operations and cash flows for the three months ended March 31, 2016 and 2015 have been included. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for any subsequent interim period or for the year ending December 31, 2016.

The balance sheet at December 31, 2015 included herein was derived from the consolidated financial statements included in the Company’s Annual Report on Form 10-K as of that date. Accordingly, the consolidated financial statements included herein should be reviewed in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as filed with the Securities and Exchange Commission (“SEC”) on April 14, 2016.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated.

Note 2 - Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has negative working capital of \$614,347 and an accumulated deficit of \$3,904,032 as of March 31, 2016, and it reported net losses for past two years. These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The Company need to raise additional capital from external sources or from shareholder loans to support its operation. There is no assurance that the Company will be able to obtain fund with acceptable terms.

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 3 - Concentration of Risk

For the three months ended March 31, 2016, products sold to largest customers accounted for approximately 64% of total revenue. Products purchased from two suppliers accounted for approximately 28% and 12% of the total purchases during the three months ended March 31, 2016.

For the three months ended March 31, 2015, products sold to largest customers accounted for approximately 44% of total revenue. Products purchased from largest suppliers accounted for approximately 74% of the total purchases during the three months ended March 31, 2015.

Note 4 - Long Term Investments

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Cost-method investment – Anteya Technology Corp		
Carrying value of investment at the beginning	\$ -	\$ 137,767
Exchange difference	-	(24,590)
Loss on impairment of investments	-	(113,177)
Carrying value at the end	-	-
Net value	\$ -	\$ -

The Company adopted the provisions of ASC 820, which require us to determine the fair value of financial assets and liabilities using a specified fair-value hierarchy. The objective of the fair-value measurement of our financial instruments is to reflect the hypothetical amounts at which we could sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date (exit price). ASC 820 describes three levels of inputs that may be used to measure fair value, as follows:

Level 1 value is based on observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 value is based on inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 values are driven by models with one or more significant inputs or significant value drivers that are unobservable.

Anteya Technology Corp (Anteya) is a private company incorporated in Taiwan. The equity interest held by the Company is 13.68% on March 31, 2016.

The unaudited financial information of Anteya Technology Corp. as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 (in US dollars) are as follows:

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 4 - Long Term Investments (continued)

Anteya Technology was given cessation of operations from April 28, 2017. As a result, the investment was deducted by full impairment on December 31, 2015.

Fin-Core (holding roughly 57,000 shares) had no actual operating behavior and had deducted by full impairment.

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<u>Balance sheet</u>		
Current assets	\$ 4,444,766	\$ 3,849,571
Non-current assets	<u>870,520</u>	<u>723,833</u>
Total assets	<u>5,315,286</u>	<u>4,573,404</u>
Current liabilities	2,258,306	1,361,178
Non-current liabilities	1,518,583	1,590,979
Stockholders' equity	<u>1,538,397</u>	<u>1,621,247</u>
Total stockholders' equity and liabilities	<u>\$ 5,315,286</u>	<u>\$ 4,573,404</u>
	Three months ended March 31,	
	<u>2016</u>	<u>2015</u>
<u>Statement of operation</u>		
Net sale	\$ 885,774	\$ 416,265
Cost of goods sold	<u>(688,524)</u>	<u>(381,758)</u>
Gross profit	197,250	34,507
Operating and non-operating expenses	<u>(350,410)</u>	<u>(261,906)</u>
Net profit (loss)	<u>\$ (153,160)</u>	<u>\$ (227,399)</u>

Note 5- Inventory

Inventories stated at the lower of cost or market value are as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Finished goods	\$ 746,566	\$ 742,003
Allowance for Inventory Valuation and Obsolescence Losses	<u>(746,566)</u>	<u>(742,003)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 5- Inventory (continued)

The Company decided to shift in operational focus and that it was determined remaining inventory had little-to-no value, thus fully impaired at December 31, 2015.

Note 6 - Income Taxes

The Company is subject to U.S. federal income tax as well as income tax in states and foreign jurisdictions(Taiwan). For the major taxing jurisdictions, the tax years 2013 through 2015 remain open for state and federal examination. The Company believes assessments, if any, would be immaterial to its consolidated financial statements. With respect to the foreign jurisdiction, the Company is no longer subject to income tax audits for the year 2015 (inclusive).

The income tax provision information is provided as follows:

	Three months ended March 31,	
	2016	2015
Component of income (loss) before income taxes:		
United States	\$ (14,049)	\$ (25,612)
Foreign	11,829	(63,697)
Net loss	<u>\$ (2,220)</u>	<u>\$ (89,309)</u>
Provision for income taxes		
Current		
U.S. federal	-	-
State and local	-	-
Foreign	-	8,343
Income tax benefit(loss)	<u>-</u>	<u>\$ 8,343</u>

Note 7 - Bank Short Term Debt

The Company signed revolving credit agreements with a lending institution. The interest rate on short-term borrowings outstanding as of March 31, 2016 is 1.80% per annum, as of December 31, 2015, interest rate is 1.94% per annum. The short term debt is secured by:

1. personal guarantee from directors
2. the realty property of spouse of directors

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 8 - Geographic Information

Product revenues for the three months ended March 31, 2016 and 2015 are as follows:

	Three months ended March 31,	
	2016	2015
Customers based in:		
Europe	\$ 40,708	\$ 82,697
Asia	1,921	6,078
United States	78,648	104,170
Others	732	-
	\$ 122,009	\$ 192,945

Note 9 - Related Party Transactions

The Company has recorded expenses for the following related party transactions for three months ended March 31, 2016 and 2015:

	Three months ended March 31,	
	2016	2015
Purchase from Anteya Technology Corp	\$ 22,672	\$ 33,402
Rent paid to Mr. Wei-Rur Chen	10,842	11,446

As of the balance sheet date indicated, the Company had the following receivable and liabilities recorded with respect to related party transactions:

	March 31, 2016	December 31, 2015
Anteya Technology Corp		
Due to affiliate (liabilities)	\$ (917)	\$ 712
Mr. Wei-Rur Chen		
Payable to Shareholder	\$ (50,000)	\$ (20,000)

The Company leases office space from Mr. Wei-Rur Chen which the term for the agreement is from November 2015 to November 2020 with amount rent of \$45,000. Rent payments were \$10,842 and \$11,446 for the three months ended March 31, 2016 and 2015 respectively.

The Company conducted business with a related party company Anteya Technology Corp. The Company owns 13.68% of the outstanding common stock of Anteya Technology Corp as of March 31, 2016. All transactions were at market-based prices.

Mr. Wei-Rur Chen made various advances to the Company. The balance of advance was \$50,000 as of March 31, 2016. The advances are non-interest bearing and due on demand.

COLORSTARS GROUP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 10 - Commitments

The company leases offices in Taiwan under operating leases. Minimum future rental payments due under non-cancelable operating leases with remaining terms at March 31, 2016 are as follows:

For the year ended December 31,		Three months ended March 31,	
		2016	2015
2016	\$ 33,410	\$ 10,842	\$ 19,973
2017	44,546		
2018	44,546		
2019	44,546		
2020	37,864		
	\$204,912		
Rent expenses		\$ 10,842	\$ 19,973

Note 11 - Subsequent Events

The Company evaluated all events subsequent to March 31, 2016 through the date of the issuance of the financial statements, there are no other significant or material transactions to be reported.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Forward Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words "believes", "project", "expects", "anticipates", "estimates", "intends", "strategy", "plan", "may", "will", "would", "will be", "will continue", "will likely result", and similar expressions. We intend such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview

(a) Business Overview.

ColorStars Group ("we", "us", "our", the "Company") was initially incorporated in the Province of Ontario, Canada on January 21, 2005. On November 3, 2005, we converted to a Nevada corporation. We are a vertically integrated lighting company that develops light emitting diodes ("LED") based lighting products for general consumer applications as well as LED lighting products for professional lighting installations. Our LED lighting application development activity ranges from LED packaging to optical lens and heat management, from retrofit LED lamps and bulbs to lighting fixtures designed for general and special lighting applications.

(b) Significant Business Transactions Overview.

On July 24, 2005, we entered into an acquisition agreement with ColorStars, Inc., a Taiwanese corporation ("ColorStars Taiwan"), pursuant to which, on February 14, 2006, the shareholders of ColorStars Taiwan were issued shares of our Company in exchange for their shares of ColorStars Taiwan. This resulted in ColorStars Taiwan becoming a wholly owned subsidiary of the Company. Specifically, for each share of common stock outstanding of ColorStars Taiwan (1,500,000 shares of ColorStars Taiwan were issued and outstanding at such time), 20 shares of our common stock were issued in exchange for each such share (the aggregate of 30,000,000 shares of our common stock).

On March 20, 2009, ColorStars Taiwan acquired 50.4% of the outstanding common shares of Fin-Core Corporation, a Taiwanese corporation ("Fin-Core") for a cash consideration of US \$468,262. This resulted in Fin-Core becoming a subsidiary of ours. The purchase price for the common shares of Fin-Core was determined through private negotiations between the parties and was not based upon any specific criteria of value. Fin-Core is principally engaged in the design and manufacturing of thermal management devices, the design and manufacturing of electrical and lighting devices and trade, and the import and export of electrical and lighting devices.

On July 7, 2010, ColorStars Taiwan sold 30.4% of its common shares of Fin-Core to Meiloon Industrial Co., Ltd., a publicly traded company on the Taiwan Stock Exchange, for a cash offering of US \$429,000. As a result of this transaction, ColorStars Taiwan owned only 20% of the outstanding common shares of Fin-Core.

On August 5, 2009, ColorStars Taiwan acquired a 51% equity interest in Jun Yee Industrial Co., Ltd., a Taiwanese corporation (“Jun Yee”) for a cash consideration of US \$536,000. The purchase price for the equity interest in Jun Yee was determined through private negotiations between the parties and was not based upon any specific criteria of value. Upon acquiring the equity interest, Jun Yee became a subsidiary of ours. The principal activity of Jun Yee is the manufacturing of LED light.

On November 26, 2010, ColorStars Taiwan entered into two related stock purchase agreements whereby ColorStars Taiwan sold all of its shares of Jun Yee common stock to Mr. Ming-Chun Tung and Ms. Ming-Fong Tung. Pursuant to the stock purchase agreement entered into with Mr. Ming-Chun Tung, ColorStars Taiwan sold 265,000 shares of its Jun Yee common stock to Mr. Ming-Chun Tung at a price per share of NTD \$23 (USD \$0.76) for a total purchase price of NTD \$6,095,000 (USD \$200,427). Furthermore, pursuant to the stock purchase agreement entered into with Ms. Ming-Fong Tung, ColorStars Taiwan sold 500,000 shares of its Jun Yee common stock to Ms. Ming-Fong Tung at a price per share of NTD \$23 (USD \$0.76) for a total purchase price of NTD \$11,500,000 (USD \$378,165). As a result of the transactions consummated above, Jun Yee is no longer our subsidiary.

In October 2011, Fin-Core decided to increase its capital by issuing 3,000,000 new shares at par value of NTD10 per share. The Company was entitled to subscribe for up to 600,000 shares for NTD 6,000,000. However, the Company chose not to participate in the subscription of any newly issued shares of Fin-Core. As a result, on November 4, 2011, the Company’s equity interest in Fin-Core decreased to 11.43% from 20% after issuance of 3,000,000 new shares.

On Dec. 20, 2012, Fin-Core Corporation decreased its total shares from 7,000,000 to 500,000. The Company’s invested cost and percentage of shareholding were unchanged after the share consolidation. The Company held 57,143 shares in Fin-Core after the consolidation.

On December 28, 2012, Fin-Core increased its total shares to 1,100,000 shares with a new capital injection. The Company decided to not participate in the new share subscription and kept its total shares at 57,143. As a result, on December 31, 2012, the Company’s equity interest in Fin-Core decreased to 5.19%. As a result of the consolidation and subsequent increase in outstanding shares, Fin-Core is no longer deemed our subsidiary.

In 2004, ColorStars, Inc. based in Taiwan acquired 20% of the outstanding common shares of Anteya Technology Corporation. Anteya provides the OEM service to us for the TRISTAR, EZSTAR, R4, LUXMAN, and HB series of product lines. On August 16, 2012, Anteya increased its share capital from 5,000,000 shares to 6,500,000 shares, and we subscribed for 300,000 additional shares at par value. The Company now holds a total of 1,300,000 shares in Anteya representing a total investment of NTD \$27,304,000 (USD \$910,492). The Company did not subscribe additional shares in Anteya when Anteya increased its outstanding shares from 6,500,000 shares to 7,500,000 shares. As a result, the Company’s equity position in Anteya decreased from 20% to 17.33%.

On October 13, 2008 we acquired 2,800 shares in a German company, Phocos AG. On May 27, 2013, the Company sold its 2,800 shares of Phocos AG to MUUS Horizen Fund 1, LP for \$30 EU per share (\$84,000 EU in total). The Company has no remaining stake in Phocos AG.

(c) Material Transactions During the Reporting Period.

None.

Results of Operations

Comparison of Three Months Ended March 31, 2016 to Three Months Ended March 31, 2015

Net Sales. Net sales decreased to \$122,009 for the three months ended March 31, 2016, from \$192,945 for the three months ended March 31, 2015. The decrease in sales was due to global competition and lack of new products launching this period.

Cost of Goods Sold. Cost of goods sold decreased to \$82,051 for the three months ended March 31, 2016 from \$134,377 for the three months ended March 31, 2015. The decrease in cost of goods sold was primarily due to the decrease in overall sales.

Gross Profit. Gross profit decreased to \$39,958 for the three months ended March 31, 2016 from \$58,568 for the three months ended March 31, 2015. The decrease in gross profit was primarily due to improved operating efficiencies.

Gross Profit Percentage. Gross profit percentage increased to 32.75% for the three months ended March 31, 2016 from 30.35% for the three months ended March 31, 2015. The increase in gross profit percentage was primarily due to high profit items movement during the period.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased to \$108,004 for the three months ended March 31, 2016 from \$132,916 for the three months ended March 31, 2015. The decrease in selling, general and administrative expenses is primarily related to closing the California sales office.

Research and Development Expenses. Research and development (R&D) expenses remained constant at \$0 for the three months ended March 31, 2016 as compared to \$0 for the three months ended March 31, 2015. The lack of research and development expenditure was due to overall lack of profitability.

Depreciation and Amortization. Depreciation and amortization decreased to \$8,481 for the three months ended March 31, 2016 from \$8,990 for the three months ended March 31, 2015. The decrease in depreciation and amortization was mainly due to the decrease of asset values over time.

Interest Expense. Interest expense decreased to \$2,272 for the three months ended March 31, 2016 from \$3,229 for the three months ended March 31, 2015. The increase in interest expense was due to foreign exchange conversion and lower interest rate for the period.

Net Income (loss). For the three months ended March 31, 2016, we incurred a net loss of \$(2,220) as compared to a net loss of \$(80,966) for the three months ended March 31, 2015. The net loss was primarily a result of less revenue for the period along with the profit margin not being enough to cover the operating cost.

Financial Condition, Liquidity and Capital Resources

Our revenues are primarily derived from the sale of LED devices and systems. Although our financial results are mainly dependent on sales, general and administrative, compensation and other operating expenses, our financial results have also been dependent on the level of market adoption of LED technology as well as general economic conditions.

Lighting products remained relatively static for 50 years until recently, when lighting became one of the last major markets to be transformed substantially by new technology. Because LED technology remains an emerging and expensive technology that has only recently become more economically viable, market adoption has been slow. Given the recent economic downturn, liquidity has been constrained forcing institutions and individuals to substantially reduce capital spending to focus only on critical path expenditures. LED lighting products have been a discretionary rather than mandatory investment, and as a result, sales of our devices and systems have been negatively impacted. We believe that as the global economy grows and provides institutions and individuals with greater liquidity, sales of our devices and systems will increase.

Increased market awareness of the benefits of LED lighting, increasing energy prices and the social movement influencing individuals and institutions towards greater investment in energy-efficient products and services will have, we believe, an increasingly positive impact on our sales in the future. Additionally, we intend to utilize our strategic partnerships to help us reduce the component and production costs of our devices and systems in order to offer them at competitive prices. Further, we believe our ability to provide attractive financing options to our clients with respect to the purchase of our devices and systems will positively affect our sales.

Net cash provided by (used in) operating activities. During the three months ended March 31, 2016, net cash provided in operating activities was \$(36,657) compared with \$54,632 used in operating activities for the three months ended March 31, 2015. The cash flow provided in operating activities in the three months ended March 31, 2016 was primarily the result of the Company's increase in accounts payable payments and operating net loss. The cash flow used in operating activities in the three months ended March 31, 2015 was primarily the result of the Company incurring a net loss, an increase of accounts receivables and a decrease in account payables

Net cash provided by (used in) investing activities. During the three months ended March 31, 2016, net cash used in investing activities was \$-0- compared with \$-0- used in investing activities for the three months ended March 31, 2015.

Net cash provided by (used in) financing activities. During the three months ended March 31, 2016, net cash used in financing activities was \$-0- compared with \$-0- used in investing activities for the three months ended March 31, 2015.

As of the quarter ending March 31, 2016, we anticipate that our available cash and cash resources from expected revenues will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least the next twelve months.

As of the quarter ending March 31, 2016, we have an outstanding short-term loan with Bank SinoPac of Taiwan. We entered into one written, short-term loan agreements with this bank on February 24, 2016. The loan is secured by real property of Tsui-Ling Lee, spouse of Wei-Rur Chen, our president and CEO. The terms of the loan agreement is described in further detail in the chart below:

<u>Lender</u>	<u>Borrower</u>	<u>Loan Amount</u>	<u>Term</u>	<u>Interest Rate</u>
Bank SinoPac of Taiwan	ColorStars, Inc.	Seventeen Million New Taiwan Dollars (NTD \$17,000,000) (1)	February 24, 2016 to August 23, 2016	Fixed at 1.80% per annum

(1) NTD \$17,000,000 is approximately USD \$525,891.00

Our continued existence is dependent upon several factors, including increased sales volumes, collection of existing receivables and the ability to achieve profitability from the sale of our products. In order to increase our cash flow, we are continuing our efforts to stimulate sales.

Recent Developments

There are no recent developments to report.

Inflation

At this time, we do not believe that inflation and changes in price will have a material effect on operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Related Party Transactions

The Company leases office space from Mr. Wei-Rur Chen. The term for the lease agreement is from November 2010 to November 2015. During the three months ended March 31, 2016, the Company paid USD \$11,148 in rent pursuant to this lease agreement. Mr. Wei-Rur Chen owns one hundred percent (100%) interest in the lease agreement. Mr. Wei-Rur Chen is the President, Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of the Company, as well as beneficial owner of more than five percent (5%) of the Company's common stock.

The Company also conducted business with a related party company Anteya Technology Corp. The Company owns 13.68% of the outstanding common stock of Anteya Technology Corp as of March 31, 2016. All transactions were at market-based prices.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As we are a smaller reporting company, we are not required to provide the information required by this item.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. As required by exchange Act Rule 13a-15(b), as of the end of the period covered by this report, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of that date.

Changes in internal control over financial reporting.

There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

There are no legal proceedings that have occurred within the past five years concerning our directors or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or finding of securities or commodities law violations.

Item 1A. Risk Factors.

As we are a smaller reporting company, we are not required to provide the information required by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) Unregistered Sales of Equity Securities.

None.

(b) Use of Proceeds.

Not applicable.

(c) Purchases by the Issuer and Affiliated Purchasers of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

INDEX TO EXHIBITS

<u>Exhibit</u>	<u>Description</u>
*2.1	Stock Purchase Agreement entered into between ColorStars, Inc. and Hsien-Chang Lu on March 20, 2009
*2.2	Stock Purchase Agreement entered into between ColorStars, Inc. and Tsui-Ling Lee on March 20, 2009
*2.3	Stock Purchase Agreement entered into between ColorStars, Inc. and Ya-Yun Cheng on March 20, 2009
*2.4	Stock Purchase Agreement entered into between ColorStars, Inc. and Wei-Rur Chen on March 20, 2009
*2.5	Stock Purchase Agreement entered into between ColorStars, Inc. and Ming-Chun Tung on August 5, 2009
*2.6	Stock Purchase Agreement entered into between ColorStars, Inc. and Ming-Fong Tung on August 5, 2009
*3.1	Articles of Incorporation
*3.2	By-laws
*10.1	English Summary of Loan Agreement entered into between ColorStars, Inc. and Bank SinoPac on October 25, 2013
31.1	Certification of our Chief Executive Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of our Chief Financial Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of our Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of our Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Included in previously filed reporting documents.
**	Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 30, 2018

By */s/ Wei-Rur Chen*

:

Wei-Rur Chen
President, Chief Executive Officer (Principal
Executive Officer), Chief Financial Officer (Principal
Financial Officer), Chairman of the Board of Directors

CERTIFICATION

I, Wei-Rur Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of ColorStars Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I, being the sole certifying officer in my capacity as both CEO and CFO, am responsible for disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I, being the sole certifying officer in my capacity as both CEO and CFO, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2018

/s/ Wei-Rur Chen

Wei-Rur Chen, President and CEO

CERTIFICATION

I, Wei-Rur Chen, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of ColorStars Group;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I, being the sole certifying officer in my capacity as both CEO and CFO, am responsible for disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I, being the sole certifying officer in my capacity as both CEO and CFO, have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 30, 2018

/s/ Wei-Rur Chen
Wei-Rur Chen, CFO

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the 10-Q/A of ColorStars Group (the “Company”) for the quarterly period ended March 31, 2016 (the “Report”), I, Wei-Rur Chen, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the date and for the periods expressed in the Report.

/s/ Wei-Rur Chen

Wei-Rur Chen
Chief Executive Officer

May 30, 2018

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.