FORMOSA TAFFETA CO., LTD. AND SUBSIDAIRIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

MARCH 31, 2015 AND 2014

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Formosa Taffeta Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except for the following, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Notes 4(3) and 6(8), the financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 were not reviewed by independent accountants. The statements reflect total assets (including investments accounted for using equity method) of NT$14,310,139 thousand and NT$18,276,624 thousand, constituting 19% and 24% of the consolidated total assets, and total liabilities of NT$4,572,120 thousand and NT$5,209,974 thousand, constituting 20% and 23% of the consolidated total liabilities as of March 31, 2015 and 2014, respectively, and comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT$27,656 thousand and NT$240,329 thousand, constituting 6% and (27%) of the total comprehensive income for the three-month periods ended March 31, 2015 and 2014, respectively.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the

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consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

As described in Note 3, Formosa Taffeta Co., Ltd. and subsidiaries adopted IAS 19 of the 2013 version of IFRS as endorsed by the Financial Supervisory Commission ("FSC") and will retrospectively change the accounting policy and adjust the affected items in the prior years' financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers,Taiwan
May 5, 2015

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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FORMOSA TAFFETA CO., LTD AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2015 and 2014 are reviewed, not audited)

		March 31, 2015		(Adjusted) December 31, 2014		(Adjusted) March 31, 2014		(Adjusted) January 1, 2014	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets									
Cash and cash equivalents	6(1)	$ 4,451,062	6	$ 3,796,868	5	$ 2,604,958	3	$ 3,064,945	4
Financial assets at fair value through profit or loss - current	6(2)	654,750	1	654,499	1	400,978	1	1,352	-
Available-for-sale financial assets - current	6(3)	1,807,832	2	1,709,615	2	1,284,490	2	1,422,657	2
Notes receivable, net	6(4)	105,383	-	93,100	-	103,833	-	101,000	-
Notes receivable - related parties	7	3,335	-	2,743	-	4,509	-	6,963	-
Accounts receivable, net	6(5)	4,439,398	6	4,154,561	6	4,337,214	6	3,760,435	5
Accounts receivable - related parties	7	1,463,431	2	1,321,930	2	1,240,890	2	1,036,415	1
Other receivables	7	299,347	-	354,982	-	217,374	-	266,519	-
Inventories, net	6(6) and 8	7,695,228	10	7,950,289	11	7,723,266	10	7,362,831	10
Prepayments		756,490	1	393,671	1	398,171	-	197,527	-
Other current assets		492,812	1	384,755	-	675,010	1	660,737	1
Current Assets		22,169,068	29	20,817,013	28	18,990,693	25	17,881,381	23
Non-current assets									
Available-for-sale financial assets - noncurrent	6(3)	26,218,866	35	26,322,249	35	28,921,905	38	30,486,495	40
Financial assets carried at cost - noncurrent	6(7)	5,442,727	7	5,442,727	7	353,145	1	353,144	-
Investments accounted for under equity method	6(8)	2,871,697	4	2,909,436	4	7,691,518	10	7,551,755	10
Property, plant and equipment, net	6(9) and 8	17,594,555	23	17,846,148	24	18,496,978	24	19,014,371	25
Deferred income tax assets	6(27)	461,711	1	516,201	1	628,285	1	654,651	1
Other non-current assets	6(10) and 8	897,137	1	1,051,206	1	908,398	1	692,017	1
Non-current assets		53,486,693	71	54,087,967	72	57,000,229	75	58,752,433	77
Total assets		$ 75,655,761	100	$ 74,904,980	100	$ 75,990,922	100	$ 76,633,814	100
Liabilities and Equity									
Current liabilities									
Short-term borrowings	6(11) and 8	$ 3,359,450	5	$ 2,761,686	4	$ 3,935,765	5	$ 3,706,477	5
Short-term notes and bills payable	6(12)	2,299,672	3	2,349,524	3	1,049,882	1	1,249,862	2
Financial liabilities at fair value through profit or loss - current	6(13)	-	-	5,843	-	356	-	704	-
Notes payable		233,463	-	205,567	-	222,475	-	172,069	-
Notes payable - related parties	7	173,761	-	288,160	-	321,219	1	218,650	-
Accounts payable		1,411,625	2	1,169,886	2	1,181,670	2	1,032,409	1
Accounts payable - related parties	7	1,031,270	1	1,186,014	2	1,429,610	2	1,491,693	2
Other payables	6(14)	1,220,022	2	2,047,240	3	975,950	1	1,309,490	2
Current income tax liabilities	6(27)	211,022	-	154,960	-	413,527	1	307,292	1
Other current liabilities	6(15)	611,838	1	354,132	-	304,904	-	240,159	-
Current Liabilities		10,552,123	14	10,523,012	14	9,835,358	13	9,728,805	13
Non-current liabilities									

(Continued)

FORMOSA TAFFETA CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2015 and 2014 are reviewed, not audited)

		March 31, 2015		(Adjusted) December 31, 2014		(Adjusted) March 31, 2014		(Adjusted) January 1, 2014	
Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Long-term borrowings	6(15)	$ 9,278,920	12	$ 9,218,895	12	$ 10,091,089	13	$ 10,085,653	13
Deferred income tax liabilities	6(27)	99,187	-	95,730	-	63,557	-	55,383	-
Other non-current liabilities		3,037,376	4	2,840,680	4	2,757,674	4	2,629,243	3
Non-current liabilities		12,415,483	16	12,155,305	16	12,912,320	17	12,770,279	16
Total Liabilities		22,967,606	30	22,678,317	30	22,747,678	30	22,499,084	29
Equity attributable to owners of parent									
Share capital	6(17)								
Share capital - common stock		16,846,646	22	16,846,646	23	16,846,646	22	16,846,646	22
Capital surplus	6(18)								
Capital surplus		38,348	-	38,348	-	108,843	-	98,898	-
Retained earnings	6(19)								
Legal reserve		6,156,773	8	6,156,773	8	5,943,868	8	5,943,868	8
Special reserve		644,262	1	644,262	1	326,534	1	326,534	-
Unappropriated retained earnings		5,154,035	7	4,636,684	6	4,005,795	5	3,464,878	5
Other equity interest	6(20)								
Other equity interest		20,554,175	27	20,717,519	28	23,027,508	30	24,519,105	32
Treasury stocks	6(17)	(22,723)	-	(22,723)	-	(22,723)	-	(23,423)	-
Equity attributable to owners of the parent		49,371,516	65	49,017,509	66	50,236,471	66	51,176,506	67
Non-controlling interest		3,316,639	5	3,209,154	4	3,006,773	4	2,958,224	4
Total equity		52,688,155	70	52,226,663	70	53,243,244	70	54,134,730	71
Significant contingent liabilities and unrecognized contract commitments	9								
Total liabilities and equity		$ 75,655,761	100	$ 74,904,980	100	$ 75,990,922	100	$ 76,633,814	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2015.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

		For the three- month periods ended March 31			
		2015		2014 (Adjusted)	
	Notes	AMOUNT	%	AMOUNT	%
Sales revenue	6(21) and 7	$ 11,029,926	100	$ 11,926,770	100
Operating costs	6(6)(24)(25) and 7	(9,534,764)	(87)	(10,576,897)	(89)
Net operating margin		1,495,162	13	1,349,873	11
Operating expenses	6(24)(25) and 7				
Selling expenses		(438,804)	(4)	(429,071)	(3)
General & administrative expenses		(232,601)	(2)	(205,500)	(2)
Research and development expenses		(12,568)	-	(13,191)	-
Total operating expenses		(683,973)	(6)	(647,762)	(5)
Operating profit		811,189	7	702,111	6
Non-operating income and expenses					
Other income	6(22) and 7	126,336	1	58,100	-
Other gains and losses	6(23)	(111,975)	(1)	28,168	-
Finance costs	6(26)	(46,914)	-	(56,254)	-
Share of profit/(loss) of associates and joint ventures accounted for under the equity method	6(8)	2,044	-	(1,310)	-
Total non-operating income and expenses		(30,509)	-	28,704	-
Profit before income tax		780,680	7	730,815	6
Income tax expense	6(27)	(164,726)	(2)	(140,295)	(1)
Profit for the period		$ 615,954	5	$ 590,520	5

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

		For the three- month periods ended March 31			
		2015		2014 (adjusted)	
	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income	6(20)				
Components of other comprehensive income that will be reclassified to profit or loss					
Cumulative translation differences of foreign operations		($ 105,111)	(1)	$ 79,896	-
Unrealized loss on valuation of available-for-sale financial assets		(9,568)	-	(1,702,758)	(14)
Share of other comprehensive (loss) income of associates and joint ventures accounted for under the equity method		(39,783)	-	130,211	1
Total other comprehensive income for the period		($ 154,462)	(1)	($ 1,492,651)	(13)
Total comprehensive income for the period		$ 461,492	4	($ 902,131)	(8)
Profit (loss), attributable to:					
Owners of the parent		$ 517,351	4	$ 540,917	5
Non-controlling interest		98,603	1	49,603	-
		$ 615,954	5	$ 590,520	5
Comprehensive income attributable to:					
Owners of the parent		$ 354,007	3	($ 950,680)	(8)
Non-controlling interest		107,485	1	48,549	-
		$ 461,492	4	($ 902,131)	(8)

		Before Tax	After Tax	Before Tax	After Tax
Basic and diluted earnings per share	6(28)				
Profit for period from continuing operations		$ 0.46	$ 0.37	$ 0.43	$ 0.35
Non-controlling interest		(0.11)	(0.06)	(0.07)	(0.02)
Profit attributable to common shareholders of the parent		$ 0.35	$ 0.31	$ 0.36	$ 0.32
Assuming shares held by subsidiary are not deemed as treasury stock：					
Profit for period from continuing operations		$ 0.46	$ 0.37	$ 0.43	$ 0.35
Non-controlling interest		(0.11)	(0.06)	(0.07)	(0.03)
Profit attributable to common shareholders of the parent		$ 0.35	$ 0.31	$ 0.36	$ 0.32

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2015.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent													
			Capital Reserves				Retained Earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus - Treasury stock transac-tions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Donated assets received	Change in net equity of associates and joint ventures accounted for under equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the three-month periods ended March 31,2014															
Balance at January 1, 2014		$ 16,846,646	$7,019	$ -	$2,032	$89,847	$ 5,943,868	$326,534	$ 3,464,878	($95,294)	$ 24,614,399	($23,423)	$ 51,176,506	$2,958,224	$ 54,134,730
Profit for the period		-	-	-	-	-	-	-	540,917	-	-	-	540,917	49,603	590,520
Changes in the net interest of associates recognised under the equity method	6(8)	-	-	-	-	8,501	-	-	-	-	-	-	8,501	-	8,501
Disposal of treasury stock	6(17)	-	1,444	-	-	-	-	-	-	-	-	700	2,144	-	2,144
Other comprehensive income for the period	6(20)	-	-	-	-	-	-	-	-	211,578	(1,703,175)	-	(1,491,597)	(1,054)	(1,492,651)
Balance at March 31, 2014		$ 16,846,646	$8,463	$ -	$2,032	$98,348	$ 5,943,868	$326,534	$ 4,005,795	$116,284	$ 22,911,224	($22,723)	$ 50,236,471	$3,006,773	$ 53,243,244
For the three-month periods ended March 31,2015															
Balance at January 1, 2015		$ 16,846,646	$11,077	$ 545	$2,032	$24,694	$ 6,156,773	$644,262	$ 4,636,684	$385,721	$ 20,331,798	($22,723)	$ 49,017,509	$3,209,154	$ 52,226,663
Profit for the period		-	-	-	-	-	-	-	517,351	-	-	-	517,351	98,603	615,954
Other comprehensive income for the period	6(20)	-	-	-	-	-	-	-	-	(145,994)	(17,350)	-	(163,344)	8,882	(154,462)
Balance at March 31, 2015		$ 16,846,646	$11,077	$ 545	$2,032	$24,694	$ 6,156,773	$644,262	$ 5,154,035	$239,727	$ 20,314,448	($22,723)	$ 49,371,516	$3,316,639	$ 52,688,155

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2015.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the three-month periods ended March 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 780,680	$ 730,815
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for bad debt expense	6(5)	(126)	3,630
Depreciation	6(9)(24)	751,097	912,223
Interest expense	6(26)	46,914	56,254
Interest income	6(22)	(4,960)	(4,750)
Dividend income	6(22)	(2,906)	-
(Gain) loss on valuation of financial assets	6(2)(23)	(2,369)	134
Gain on valuation of financial liabilities	6(13)(23)	(3,726)	(108)
Share of (profit)loss of associates and joint ventures accounted for under the equity method	6(8)	(2,044)	1,310
Gain on disposal of investments	6(23)	-	(3,655)
(Loss)gain on disposal of property, plant and equipment	6(23)	23,688	(2,453)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		-	(399,760)
Notes receivable, net		(12,283)	(2,833)
Notes receivable - related parties		(592)	2,454
Accounts receivable , net		(284,165)	(567,792)
Accounts receivable - related parties		(141,501)	(204,475)
Other receivables		55,635	49,145
Inventories		255,061	(360,435)
Prepayments		(362,819)	(200,644)
Other current assets		(108,057)	(14,273)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		-	(240)
Notes payable		27,896	50,406
Notes payable - related parties		(114,399)	102,569
Accounts payable		241,739	149,261
Accounts payable - related parties		(154,744)	(62,083)
Other payables		(793,008)	(340,419)
Other current liabilities		171,969	62,933
Cash generated from (used in) operations		366,980	(42,786)
Interest received		4,960	4,750
Dividend received		2,906	-
Interest paid		(47,293)	(67,745)
Income tax paid		(50,350)	(166)
Net cash provided by (used in) operating activities		277,203	(105,947)

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the three-month periods ended March 31, 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available -for-sale financial assets		($ 4,402)	$ -
Acquisition of property, plant and equipment	6(29)	(657,695)	(270,166)
Proceeds from disposal of property, plant and equipment		10,423	4,696
Decrease(increase) in other non-current assets		154,069	(216,381)
Net cash used in investing activities		(497,605)	(481,851)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		597,764	229,288
Decrease in short-term notes and bills payable		(49,852)	(199,980)
Payment of long-term borrowings		-	(1,594,748)
Increase in long-term borrowings		152,349	1,500,000
Decrease in non-controlling interest		-	(1,054)
Increase in other non-current liabilities		196,696	128,431
Net cash provided by financing activities		896,957	61,937
Effect of foreign exchange rate		(22,361)	65,874
Increase (decrease) in cash and cash equivalents		654,194	(459,987)
Cash and cash equivalents at beginning of period	6(1)	3,796,868	3,064,945
Cash and cash equivalents at end of period	6(1)	$ 4,451,062	$ 2,604,958

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated May 5, 2015.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1)Formosa Taffeta Co., Ltd. (the "Company") was incorporated on April 19, 1973 under the provisions of the Company Law of the Republic of China (R.O.C.). Factories were established in Douliou City of Yulin County, R.O.C. On December 24, 1985, the Company's common stock was officially listed on the Taiwan Stock Exchange Corporation. The major operations of the Company's various departments are as follows:

Business departments	Major activities
Primary department: Fabrics & dyeing	Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs
Secondary department: Cord fabrics, petroleum and others	Cord, plastics bags, refineries for gasoline, diesel, crude oil and the related petroleum products, cotton fibers, blending fibers and protection fibers
Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits

(2)Formosa Chemicals & Fiber Corp. has significant control over the Company since Formosa Chemicals & Fiber Corp. holds over half of the Board seats after the stockholders' meeting on June 27, 2008. Since June 27, 2008, Formosa Chemicals & Fiber Corp. became the Company's parent company and accordingly, the Company and its subsidiaries are included in its consolidated financial statements.

(3)As of March 31, 2015, the Company and its subsidiaries (collectively referred herein as the "Group") had 9,793 employees.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A.IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Additional disclosures are required for defined benefit plans. Based on the Group’s assessment, the impact of the standard is in the following table.

B.IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C.IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D.IFRS 13, ‘Fair value measurement’

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants’ perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

Significant effects of applying the 2013 version of IFRS to the consolidated financial statements are summarized in the following table:

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
January 1, 2014				
Deferred income tax assests	$ 639,217	$ 15,434	$ 654,651	(A)
Others	75,979,163	-	75,979,163	
Total affected assets	$ 76,618,380	$ 15,434	$ 76,633,814	
Accrued pension liabilities	$ 2,445,595	$ 90,789	$ 2,536,384	(A)
Others	19,962,700	-	19,962,700	
Total affected liabilities	22,408,295	90,789	22,499,084	
Retained earnings	3,535,764	(70,886)	3,464,878	(A)
Non-controlling interests	2,962,693	(4,469)	2,958,224	(A)
Others	47,711,628	-	47,711,628	
Total affected equity	54,210,085	(75,355)	54,134,730	
Total affected liabilities and equity	$ 76,618,380	$ 15,434	$ 76,633,814	

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
March 31, 2014				
Deferred income tax assests	$ 612,852	$ 15,433	$ 628,285	(A)
Others	75,362,637	-	75,362,637	
Total affected assets	$ 75,975,489	$ 15,433	$ 75,990,922	
Accrued pension liabilities	$ 2,462,321	$ 90,782	$ 2,553,103	(A)
Others	20,194,575	-	20,194,575	
Total affected liabilities	22,656,896	90,782	22,747,678	
Retained earnings	4,076,693	(70,898)	4,005,795	(A)
Non-controlling interests	3,011,224	(4,451)	3,006,773	(A)
Others	46,230,676	-	46,230,676	
Total affected equity	53,318,593	(75,349)	53,243,244	
Total affected liabilities and equity	$ 75,975,489	$ 15,433	$ 75,990,922	

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
December 31, 2014				
Deferred income tax assests	$ 500,772	$ 15,429	$ 516,201	(A)
Others	74,388,779	-	74,388,779	
Total affected assets	$ 74,889,551	$ 15,429	$ 74,904,980	
Accrued pension liabilities	$ 2,515,974	$ 223,010	$ 2,738,984	(A)
Others	19,939,333	-	19,939,333	
Total affected liabilities	22,455,307	223,010	22,678,317	
Retained earnings	4,838,841	(202,157)	4,636,684	(A)
Non-controlling interests	3,214,578	(5,424)	3,209,154	(A)
Others	44,380,825	-	44,380,825	
Total affected equity	52,434,244	(207,581)	52,226,663	
Total affected liabilities and equity	$ 74,889,551	$ 15,429	$ 74,904,980	

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
March 31 , 2015				
Deferred income tax assests	$ 446,331	$ 15,380	$ 461,711	(A)
Others	75,194,050	-	75,194,050	
Total affected assets	$ 75,640,381	$ 15,380	$ 75,655,761	
Accrued pension liabilities	$ 2,516,158	$ 222,723	$ 2,738,881	(A)
Others	20,228,725	-	20,228,725	
Total affected liabilities	22,744,883	222,723	22,967,606	
Retained earnings	5,355,967	(201,932)	5,154,035	(A)
Non-controlling interests	3,322,050	(5,411)	3,316,639	(A)
Others	44,217,481	-	44,217,481	
Total affected equity	52,895,498	(207,343)	52,688,155	
Total affected liabilities and equity	$ 75,640,381	$ 15,380	$ 75,655,761	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the three-month period ended March 31, 2014				
Operating revenue	$ 11,926,770	$ -	$ 11,926,770	
Operating costs	(10,576,897)	-	(10,576,897)	
Operating expenses	(647,769)	7	(647,762)	(A)
Non-operating income and expenses	28,704	-	28,704	
Profit before income tax	730,808	7	730,815	
Income tax expense	(140,294)	(1)	(140,295)	(A)
Profit for the period	590,514	6	590,520	
Other comprehensive loss (net)	(1,492,651)	-	(1,492,651)	
Total comprehensive loss	($ 902,137)	$ 6	($ 902,131)	
Earnings per share				
Basic	$ 0.35	$ -	$ 0.35	
Diluted	$ 0.35	$ -	$ 0.35	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the three-month period ended March 31, 2015				
Operating revenue	$ 11,029,926	$ -	$ 11,029,926	
Operating costs	(9,534,764)	-	(9,534,764)	
Operating expenses	(684,261)	288	(683,973)	(A)
Non-operating income and expenses	(30,509)	-	(30,509)	
Profit before income tax	780,392	288	780,680	
Income tax expense	(164,677)	(49)	(164,726)	(A)
Profit for the period	615,715	239	615,954	
Other comprehensive loss (net)	(154,462)	-	(154,462)	
Total comprehensive income	$ 461,253	$ 239	$ 461,492	
Earnings per share				
Basic	$ 0.37	$ -	$ 0.37	
Diluted	$ 0.37	$ -	$ 0.37	

Remark：

A. The Group recognised previously unrecognised past service costs and as a result of elimination of the corridor approach to recognise prior unrecognised actuarial losses by increasing accrued pension by $90,789, $90,782, $223,010 and $222,723; deferred tax income assets by $15,434, $15,433, $15,429 and $15,380 and decreased retained earnings by $70,886, $70,898, $202,157 and $201,932; non-controlling interest by $4,469, $4,451, $5,424 and $5,411, resepectively. Otherwise, the Group decreased operating expenses by $7 and $288, increased income tax expense by $1 and $49 for the three-month periods ended March 31, 2015 and 2014, respectively.

(2) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A.Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Defined benefit liabilities recognised based on the net amount of pension fund assets and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B.The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A.Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B.Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
			March 31,	December 31,	
Name of investor	Name of subsidiary	Main business activities	2015	2014	Description
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	65.68	
Formosa Taffeta Co., Ltd.	Taffeta (Zhong Shan) Co, Ltd.	Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn products	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta Vietnam Co., Ltd.	Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric for 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	43.00	Note 1 and Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2015	Ownership(%) December 31, 2014	Description
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Export trading, entrepot trading, displaying goods, processing of exporting goods, warehousing and black and white and colour design and graph	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Limited.	Holding Company	100.00	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Changshu Fushun Enterprise Management Co.,Ltd	Assets management	100.00	-	Note 1 and Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2014	Description
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	
Formosa Taffeta Co., Ltd.	Taffeta (Zhong Shan) Co, Ltd.	Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta Vietnam Co., Ltd.	Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies	100.00	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	99.90	Note 1
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric for 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	Note 1 and Note 2
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Export trading, entrepot trading, displaying goods, processing of exporting goods, warehousing and black and white and colour design and graph	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	Note 1

Note 1：The financial statements of the entity as of and for the three-month periods ended March 31, 2015 and 2014 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

Note 2: Even though the Company did not directly or indirectly own more than 50% voting rights of Schoeller F.T.C. (Hong Kong) Co., Ltd., the Company owns more than half of the seats in the Board of Directors of Schoeller F.T.C. (Hong Kong) Co., Ltd. and has substantive control over the company. Thus, Schoeller F.T.C. (Hong Kong) Co., Ltd. is included in the consolidated financial statements.

Note 3: As the Group used 9,206 square meters of housing land effectively, Formosa Taffeta (Changshu) Co., Ltd. adjusted the investment structure, reduced its capital and divided the housing land to establish a new company named ChenChanggshu Fushun Enterprise Management Co., Ltd , which is held by Formosa Taffeta (Hong Kong) Co., Ltd. The capital reduction, asset division and establishment of a new company was completed during the three-month period ended March 31, 2015.

C.Subsidiaries not included in the consolidated financial statements: None.

D.Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions：None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of March 31, 2015, December 31, 2014 , March 31, 2014 and January 1, 2014, the non-controlling interest amounted to $ 3,316,639, $ 3,209,154, $ 3,006,773 and $ 2,958,224, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
Name of subsidiary	Principal place of business	March 31, 2015		December 31, 2014	
		Amount	Ownership(%)	Amount	Ownership(%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	$ 3,298,391	34.32	$ 3,192,402	34.32

		Non-controlling interest			
Name of subsidiary	Principal place of business	March 31, 2014		January 1, 2014	
		Amount	Ownership(%)	Amount	Ownership(%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	$ 2,999,631	34.32	$ 2,953,742	34.32

Summarized financial information on the subsidiaries:

Balance sheets

	Formosa Advanced Technologies Co., Ltd.	
	March 31, 2015	December 31, 2014
Current assets	$ 6,606,471	6,195,144
Non-current assets	4,059,461	4,334,325
Current liabilities	(998,964)	(1,171,125)
Non-current liabilities	(56,371)	(56,474)
Total net assets	$ 9,610,597	$ 9,301,870

	Formosa Advanced Technologies Co., Ltd.	
	March 31, 2014	January 1, 2014
Current assets	$ 4,500,387	3,654,281
Non-current assets	5,177,192	5,708,199
Current liabilities	(884,861)	(703,408)
Non-current liabilities	(52,533)	(52,598)
Total net assets	$ 8,740,185	$ 8,606,474

Statements of comprehensive income

	Formosa Advanced Technologies Co., Ltd.	
	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Revenue	$ 2,037,500	$ 2,161,034
Profit before income tax	342,296	192,008
Income tax expense	(61,268)	(57,406)
Profit for the period	281,028	134,602
Other comprehensive income, net of tax	26,799	(891)
Total comprehensive income for the period	$ 307,827	$ 133,711
Comprehensive income attributable to non-controlling interest	$ 105,646	$ 45,890

Statements of cash flows

	Formosa Advanced Technologies Co., Ltd.	
	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Net cash provided by (used in) operating activities	$ 877,298	$ 312,768
Net cash provided by (used in) investing activities	(217,081)	(35,570)
Increase (decrease) in cash and cash equivalents	660,217	277,198
Cash and cash equivalents, beginning of period	1,879,627	1,071,934
Cash and cash equivalents, end of period	$ 2,539,844	$ 1,349,132

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company’s functional and the Group’s presentation currency.

A.Foreign currency transactions and balances (a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B.Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b)Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c)All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A.Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be paid off within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A.Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as financial assets held for trading unless they are designated as hedges.

B.On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C.Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(8) Available-for-sale financial assets

A.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B.On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C.Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost.

(9) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

A.The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C.When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a)Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b)Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c)Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A.The contractual rights to receive the cash flows from the financial asset expire.

B.The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C.The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Construction contracts

A.IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable.

B.Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

(14) Investments accounted for using equity method / associates

A.Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B.The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C.When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D.Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E.Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

F.When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

G.When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss.

(15) Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B.Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C.Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D.The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

E.The estimated useful lives of property, plant and equipment are as follows:

Items	Estimated useful lives
Land improvements	3 ~ 15 years
Buildings	10 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	2 ~ 15 years

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A.Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B.Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(23) Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the ‘corridor’ method in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year,adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

C.Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(24) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B.The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D.Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E.Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F.A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

G.The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of theinterim period, and the related information is disclosed accordingly.

(25) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

The Group manufactures and sells various fabrics and renders services as an oil distributor. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would recognise impairment loss in its financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of March 31, 2015, the carrying amount of inventories was $7,695,228.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand and petty cash (revolving funds)	$ 48,296	$ 82,717	$ 119,941
Checking accounts and demand deposits	2,122,098	2,012,479	1,511,647
Time deposits	256,438	243,371	137,696
Cash equivalents	2,024,230	1,458,301	835,674
	$ 4,451,062	$ 3,796,868	$ 2,604,958

A.The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B.The range of time deposit rates on March 31, 2015, December 31, 2014 and March 31, 2014 were 0.25%~1.35% , 0.25%~1.35% and 0.25%~3.06% , respectively.

C.The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss-current

Items	March 31, 2015	December 31, 2014	March 31, 2014
Current items:			
Financial assets held for trading			
Beneficiary certificates	$ 649,854	$ 649,854	$ 400,000
Forward foreign exchange contracts	1,688	2,394	683
	651,542	652,248	400,683
Valuation adjustment of financial assets held for	3,208	2,251	295
	$ 654,750	$ 654,499	$ 400,978

A.The Group recognised net gain (loss) of $2,369 and ($134) on financial assets held for trading for the three-month periods ended March 31, 2015 and 2014, respectively.

B.The non-hedging derivative instrument transactions and contract information are as follows:

	March 31, 2015		December 31, 2014	
Derivative Instruments	Contract Amount (Notional Principal) (In dollars)	Contract Period	Contract Amount (Notional Principal) (In dollars)	Contract Period
Current items:				
Forward foreign exchange contracts				
Taipei Fubon Bank	JPY 259,690,000	2015.01~2015.06	JPY 240,470,000	2014.10~2015.03

Derivative Instruments	March 31, 2014 Contract Amount (Notional Principal) (In dollars)	Contract Period
Current items:		
Forward foreign exchange contracts		
Taipei Fubon Bank	JPY 174,850,000	2014.01~2014.05

C.The forward exchange contracts are buy and sell to hedge the change of exchange rate due to import and export transactions , but not adopting hedge accounting.

(3) Available-for-sale financial assets

	March 31, 2015	December 31, 2014	March 31, 2014
Current items:			
Listed (TSE and OTC) stocks	$ 1,421,339	$ 1,416,938	$ 1,026,503
Valuation adjustment of available-for-sale financial assets	386,493	292,677	257,987
	$ 1,807,832	$ 1,709,615	$ 1,284,490
Non-current items:			
Listed (TSE and OTC) stocks	$ 8,859,919	$ 8,859,918	$ 8,859,918
Valuation adjustment of available-for-sale financial assets	19,972,032	20,075,416	22,675,072
	28,831,951	28,935,334	31,534,990
Accumulated impairment - available-for-sale financial assets	(2,613,085)	(2,613,085)	(2,613,085)
	$ 26,218,866	$ 26,322,249	$ 28,921,905

In June 2014, the shareholders of the Group's investee - Nan Ya Technology Corporation have resolved to reduce 90% of capital to cover accumulated deficit. The record date for capital reduction was set as June 27, 2014.

(4) Notes receivable, net

	March 31, 2015	December 31,2014	March 31, 2014
Notes receivable	$ 107,349	$ 95,066	$ 105,799
Less: allowance for bad debts	(1,966)	(1,966)	(1,966)
	$ 105,383	$ 93,100	$ 103,833

(5) Accounts receivable, net

	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable	$ 4,558,858	$ 4,274,693	$ 4,455,252
Less: allowance for bad debts	(119,460)	(120,132)	(118,038)
	$ 4,439,398	$ 4,154,561	$ 4,337,214

A.The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	March 31, 2015	December 31, 2014	March 31, 2014
Group 1	$ 3,754,038	$ 3,397,231	$ 3,669,169
Group 2	253,116	341,007	299,159
Group 3	310,426	356,228	170,718
	$ 4,317,580	$ 4,094,466	$ 4,139,046

Note:

Group 1:Transnational customers, brand customers or credit customers that have applied for collateralised mortgage.

Group 2: Non transnational customers, non brand customers or credit customers that have not applied for collateralised mortgage with 2 or more years of transaction history with the Group.

Group 3: Non transnational customers, non brand customers or credit customers that have not applied for collateralised mortgage with less than 2 years of transaction history with the Group.

B.The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Up to 30 days	$ 163,000	$ 103,464	$ 211,061
31 to 90 days	50,613	50,459	68,093
91 to 180 days	7,105	7,966	12,014
Over 180 days	5,752	3,530	7,415
	$ 226,470	$ 165,419	$ 298,583

The above ageing aralysis was based on past due date.

C.Movement analysis of financial assets that were impaired - allowance for bad debts is as follows:

(a)As of March 31, 2015, December 31, 2014 and March 31, 2014, the Group's accounts receivable that were impaired amounted to $14,808, $14,808 and $17,623, respectively.

(b)Movements on the Group provision for impairment of accounts receivable are as follows:

	Three-month period ended March 31, 2015		
	Individual provision	Group provision	Total
At January 1	$ 14,808	$ 105,324	$ 120,132
(Reversed of) provision for impairment	-	(126)	(126)
Effect of exchange rate	-	(546)	(546)
At March 31	$ 14,808	$ 104,652	$ 119,460

	Three-month period ended March 31, 2015		
	Individual provision	Group provision	Total
At January 1	$ 4,181	$ 110,227	$ 114,408
(Reversed of) provision for impairment	13,442	(10,245)	3,197
Effect of exchange rate	-	433	433
At March 31	$ 17,623	$ 100,415	$ 118,038

D. The Group does not hold any collateral as security for accounts receivable.

(6) Inventories

	March 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,475,440	($ 87,444)	$ 1,387,996
Supplies	238,396	(3,274)	235,122
Work in process	2,329,956	(8,767)	2,321,189
Finished goods	3,221,411	(318,497)	2,902,914
Merchandise inventory	224,480	-	224,480
Materials in transit	379,058	-	379,058
Outsourced processed materials	181,325	-	181,325
Construction in progress	16,746	-	16,746
Land for construction	46,398	-	46,398
	$ 8,113,210	($ 417,982)	$ 7,695,228

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,461,663	($ 74,416)	$ 1,387,247
Supplies	262,182	(5,110)	257,072
Work in process	2,461,667	(9,323)	2,452,344
Finished goods	3,366,167	(349,711)	3,016,456
Merchandise inventory	195,727	-	195,727
Materials in transit	415,975	-	415,975
Outsourced processed materials	163,178	-	163,178
Construction in progress	15,892	-	15,892
Land for construction	46,398	-	46,398
	$ 8,388,849	($ 438,560)	$ 7,950,289

	March 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,452,823	($ 58,966)	$ 1,393,857
Supplies	312,578	(4,399)	308,179
Work in process	2,218,398	(4,299)	2,214,099
Finished goods	3,117,186	(323,351)	2,793,835
Merchandise inventory	399,842	-	399,842
Materials in transit	389,893	-	389,893
Outsourced processed materials	124,091	-	124,091
Construction in progress	12,787	-	12,787
Land for construction	86,683	-	86,683
	$ 8,114,281	($ 391,015)	$ 7,723,266

Information about the inventories that were pledged to others as collaterals is provided in Note 8.

The cost of inventories recognized as expense for the three-month periods ended March 31, 2015 and 2014 were as follows:

	Three-month period ended March 31,	
	2015	2014
Cost of inventories sold	$ 9,512,206	$ 10,610,253
Inventory valuation loss	47,936	4,646
Others (Note)	(25,378)	(38,002)
	$ 9,534,764	$ 10,576,897

Note : Others consist of inventory overage/shortage and disposal of scrap and defective materials.

(7) Financial assets measured at cost – non-current

Items	March 31, 2015	December 31, 2014	March 31, 2014
Unlisted stocks	$ 5,442,727	$ 5,442,727	$ 353,145

A.Based on the Group’s intention, its investment in stocks should be classified as ‘available-for-sale financial assets’. However, as stocks are not traded in active market, and no sufficient industry information of companies similar to the investees or no related financial information on the investees can be obtained, the fair value of the investment in stocks cannot be measured reliably. The Group classified those stocks as ‘financial assets measured at cost’.

B.As the Company lost its significant impact on Formosa Ha Tinh Steel Corporation in September 2014, the Company has reclassified the amount as financial assets at cost – non-current. Details are provided in Note 6(8) D.

C.As of March 31, 2015 December 31, 2014 and March 31, 2014, no financial assets measured at cost held by the Group were pledged to others.

(8) Investments accounted for using equity method

	March 31, 2015	December 31, 2014	March 31, 2014
Formosa Industry Co., Ltd.	$ 2,047,683	$ 2,065,036	$ 1,937,895
Kuang Yueh Co., Ltd.	824,014	844,400	541,206
Formosa Ha Tinh Steel Corporation	-	-	5,212,417
	$ 2,871,697	$ 2,909,436	$ 7,691,518

A. Group's principal associates

(a) The basic information of the associates that are material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	March 31, 2015	December 31, 2014	Nature of relationship	Methods of measurement
Formosa Industry Co.,	Vietnam	10.00%	10.00%	Associate	Equity method
Kuang Yueh Co., Ltd.	Taiwan	20.16%	20.16%	Associate	Equity method

		Shareholding ratio		
Company name	Principal place of business	December 31, 2014	Nature of relationship	Methods of measurement
Formosa Industry Co.,	Vietnam	10.00%	Associate	Equity method
Kuang Yueh Co., Ltd.	Taiwan	20.39%	Associate	Equity method
Formosa Ha Tinh Steel Corporation	Vietnam	4.963%	Associate	Equity method

B.The financial information of the Group's principal associates is summarized below:

Balance sheets

	Formosa Industry Co., Ltd.		
	March 31, 2015	December 31, 2014	March 31, 2014
Current assets	$ 13,620,785	$ 9,406,229	$ 10,052,812
Non-current assets	18,409,020	16,432,444	19,822,416
Current liabilities	(8,609,631)	(5,405,736)	(3,848,422)
Non-current liabilities	(3,844,697)	(683,930)	(8,048,846)
Total net assets	$ 19,575,477	$ 19,749,007	$ 17,977,960
Share in associate's net assets	$ 1,957,548	$ 1,974,901	$ 1,847,796
Difference	90,135	90,135	90,099
Carrying amount of the associate	$ 2,047,683	$ 2,065,036	$ 1,937,895

	Kuang Yueh Co., Ltd.		
	March 31, 2015	December 31, 2014	March 31, 2014
Current assets	$ 3,891,381	$ 3,331,200	$ 2,965,379
Non-current assets	3,115,564	3,034,241	2,582,188
Current liabilities	(2,673,811)	(1,931,347)	(2,620,627)
Non-current liabilities	(245,761)	(245,602)	(272,670)
Total net assets	$ 4,087,373	$ 4,188,492	$ 2,654,270
Share in associate's net assets (Carrying amount of the associate)	$ 824,014	$ 844,400	$ 541,206

	Formosa Ha Tinh Steel Corporation
	March 31, 2014
Current assets	$ 21,420,789
Non-current assets	118,216,736
Current liabilities	(34,611,993)
Total net assets	$ 105,025,532
Share in associate's net assets (Carrying amount of the associate)	$ 5,212,417

Statements of comprehensive income

	Formosa Industry Co., Ltd.	
	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Revenue	$ 5,672,953	$ 6,202,002
Profit for the period from continuing operations (Total comprehensive income)	$ 161,470	$ 365,138

	Kuang Yueh Co., Ltd.	
	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Revenue	$ 449,200	$ 502,837
Profit for the period from continuing operations (Total comprehensive income)	($ 69,957)	($ 90,525)

	Formosa Ha Tinh Steel Corporation
	Three-month period ended March 31, 2014
Revenue	$ -
Profit for the period from continuing operations (Total comprehensive income)	$ 306,139

B.The Group's associates Kuang Yueh Co., Ltd. have raised capital by cash in 2014. Because the Company did not acquire new shares proportionately to its ownership, the holding ratio as of December 31, 2014 was changed and capital surplus of $11,974 was incurred.

C. The Group's associates Formosa Ha Tinh Steel Corporation have raised capital by cash in February 2014. Because the Company did not acquire new shares proportionately to its ownership, the holding ratio as of March 31, 2014 was changed and capital surplus of $8,501 was incurred.

D.The investment incomes (loss) of $2,044 and ($1,310) for the three-month periods ended March 31, 2015 and 2014, respectively, were accounted for under the equity method based on the investees' financial statements which were not reviewed by independent accountants.

E.The Company is the director of Formosa Industry Co., Ltd and has significant impact to its operations, thus, Formosa Industry Co., Ltd. is accounted for under the equity method.

F.The Company has signed an agreement for transferring capital contribution with FORMOSA HA TINH (CAYMAN) LIMITED in September 2014 to pay for investments in FORMOSA HA TINH (CAYMAN) LIMITED with the Company's original investment of US$173,705 in Formosa Ha Tinh Steel Corporation after reorganization. However, the Company has lost its director seat at Formosa Ha Tinh Steel Corporation, and the Company does not hold any director seat at FORMOSA HA TINH (CAYMAN) LIMITED. Thus, the capital transfer did not impact any of the two companies. The Company reclassified the original investment to 'financial assets at cost – non-current' in September 2014. Under IAS 28, 'Investments in Associates', the Company has revaluated at fair value, and recognised the difference between book value and fair value of investment as other gains and losses of $32,821.

(9) Property, plant and equipment

January 1, 2015	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
Cost	$ 2,552,585	$ 10,448,063	$ 42,049,912	$ 9,508,253	$ 926,644	$ 65,485,457
Accumulated depreciation	(15,448)	(4,980,080)	(34,035,448)	(8,450,604)	-	(47,481,580)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
Three-month period ended March 31, 2015						
Opening net book amount	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
Additions	-	428	588	3,386	619,462	623,864
Disposals	-	(6)	(33,974)	(131)	-	(34,111)
Transfers (Note)	-	24,796	706,530	20,302	(757,574)	(5,946)
Depreciation charge	(83)	(85,731)	(598,409)	(66,874)	-	(751,097)
Net exchange differences	(42)	(32,810)	(37,164)	(9,959)	(4,328)	(84,303)
Closing net book amount	$ 2,381,274	$ 5,374,660	$ 8,050,044	$ 1,004,373	$ 784,204	$ 17,594,555
March 31, 2015						
Cost	$ 2,552,342	$ 10,421,319	$ 42,464,035	$ 9,492,836	$ 784,204	$ 65,714,736
Accumulated depreciation	(15,330)	(5,046,659)	(34,412,000)	(8,488,463)	-	(47,962,452)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,381,274	$ 5,374,660	$ 8,050,044	$ 1,004,373	$ 784,204	$ 17,594,555

Note：Transferred to maintance charge.

	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2014						
Cost	$ 2,401,619	$ 10,174,392	$ 41,240,213	$ 9,579,469	$ 496,713	$ 63,892,406
Accumulated depreciation	(14,369)	(4,576,004)	(31,920,265)	(8,209,668)	-	(44,720,306)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,231,512	$ 5,598,388	$ 9,317,957	$ 1,369,801	$ 496,713	$ 19,014,371
Three-month period ended March 31, 2014						
Opening net book amount	$ 2,231,512	$ 5,598,388	$ 9,317,957	$ 1,369,801	$ 496,713	$ 19,014,371
Additions	-	-	252	16,475	271,809	288,536
Disposals	-	(67)	(1,874)	(302)	-	(2,243)
Transfers (Note)	-	48,475	414,572	10,106	(441,057)	32,096
Depreciation charge	(80)	(84,356)	(718,629)	(109,158)	-	(912,223)
Net exchange differences	33	28,932	37,166	5,139	5,171	76,441
Closing net book amount	$ 2,231,465	$ 5,591,372	$ 9,049,444	$ 1,292,061	$ 332,636	$ 18,496,978
March 31, 2014						
Cost	$ 2,401,780	$ 10,264,276	$ 41,633,819	$ 9,594,442	$ 332,636	$ 64,226,953
Accumulated depreciation	(14,577)	(4,672,904)	(32,582,384)	(8,302,381)	-	(45,572,246)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,231,465	$ 5,591,372	$ 9,049,444	$ 1,292,061	$ 332,636	$ 18,496,978

Note :Transferred from prepayment for equipment.

A.Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Amount capitalised	$ 1,663	$ 890
Interest rate	1.26%~2.00%	1.26%~2.50%

B. The components and useful lives of property, plant and equipment are as follows:

Items	Significant components	Estimated useful lives
Land improvements	Pipelines	3 ~ 15 years
Buildings	Factory and gasoline stations	10 ~ 60 years
Machinery and equipment	Impregnating machine, dyeing machine and other machinery equipment	2 ~ 15 years
Transportation equipment	Pallet trucks and fork lift trucks	3 ~ 15 years
Other equipment	Cogeneration power generation	2 ~ 15 years

C.Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

D.Certain regulations restrict ownership of land to individuals. Accordingly, the titles of land which the Company has acquired for future plant expansion is under the name of third parties. Such land titles were transferred and mortgaged to the Company. As of March 31, 2014 and 2013, the land mortgaged to the Company was $608,400 and $526,350, respectively.

(10) Long-term prepaid rents (shown as ‘Other non-current assets’)

	March 31, 2015	December 31, 2014	March 31, 2014
Land use right - Formosa Taffeta Co., Ltd.	$ 1,079	$ 1,171	$ 4,039
Land use right - Formosa Taffeta (Zhong Shan)	37,622	38,490	37,976
Land use right - Formosa Taffeta (Dong Nai)	149,614	152,799	150,800
Land use right - Formosa Taffeta (Changshu)	136,818	167,906	163,347
Land use right - Changshu Fushun Enterprise Management Co., Ltd.	32,719	-	-
	$ 357,852	$ 360,366	$ 356,162

A.Land use right of Formosa Taffeta Co., Ltd. pertains to the payment for the right to a establish petrol station and title transfer of land leasing right and is amortised over the land lease period under the contract.

B.Formosa Taffeta (Zhong Shan) Co., Ltd. has leased land of Xijiangbian Dingxi Village, Shenwan Town, Zhengshan, Guangdong amounting to 508 acres from Shenwan Town People’s Government of Zhongshan City in Guangdong Province, Mainland China and paid land use right of HK12,599 thousand. The effective period is 50 years from the date of issuance of certificate of land use right, and the lease period is from November 20, 1991 to November 20, 2041. The Group recognised rental expense of Renminbi 66 thousand for both the three-month periods ended March 31, 2015 and 2014.

C.Formosa Taffeta (Dong Nai) Co., Ltd. has paid land use right of VND75,655,550 thousand and VND48,134,338 thousand for the leased land of 273,661.1 square meters and 65,086 square meters of Nhon Trach 3 Industrial Zone in Nhon Trach District, Dong Nai Province, Vietnam from Formosa Industries Corporation in September 2004 and December 2013, respectively. The lease period started from September 1, 2004 and December 1, 2012, respectively, and the effective periods are both 140 years from the date of issuance of certificate of land use right. The Group recognised rental expense of VND 522,692 thousand for both the three-month periods ended March 31, 2015 and 2014.

D.Formosa Taffeta (Changshu) Co., Ltd. has leased 3 parcels of land amounting to 277,172 square meters in Economy Development Zone from Changshu City Land and Resources Bureau in Jiangsu Province, Mainland China. The effective period of land use right started from the date of issuance of certificate of land use right and the lease period ends in December 2056 to December 2076. Furthermore, partial land was not used until November 18, 2011, so the government has taken back the land. Proceeds of land amounted to RMB12,738 thousand in February 2012 and impairment loss in 2011 was RMB 4,726 thousand. Otherwise, Economy Development Zone refunded a part of money and reissue land use right for resumption of 794 square meters land. In March 2015, Formosa Taffeta (Changshu) Co., Ltd. divided some part of housing land and established a new company, Changshu Fushun Enterprise Management Co.,Ltd.(Details are provided in Note 6(10)E.) As of March 31, 2014, the area of the Company's 2 leased parcels of land was 166,509 square meters, and the effective period of land use right ends on December 2056. The Group recognised rental expense of Renminbi 182 thousand for both the three-month periods ended March 31, 2015 and 2014.

E. As the Group used 9,206 square meters of housing land effectively, Formosa Taffeta (Changshu) Co., Ltd. reduced its capital and divided the housing land to establish a new company named Chengshu Fushun Enterprise Management Co., Ltd. The acquisition cost is Renminbi 6,400 thousand and the effective period of land use right ends on December 2076.

(11) Short-term borrowings

Type of borrowings	March 31, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 2,854,333	1.70%～2.14%	Property, plant and equipment and Inventories
Credit borrowings	500,000	0.98%	－
Purchase loans	5,117	0.92%～0.99%	－
	$ 3,359,450		

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 2,471,686	1.68%～2.14%	Property, plant and equipment and Inventories
Credit borrowing	290,000	0.98%	－
	$ 2,761,686		

Type of borrowings	December 31, 2014		Interest rate range	Collateral
Bank borrowings				
Secured borrowings	$	2,596,372	1.70%～2.63%	Property, plant and equipment and Inventories
Credit borrowing		1,333,274	0.98%～5.88%	－
Purchase loans		6,119	1.83%	
	$	3,935,765		

(12) Short-term notes and bills payable

	March 31, 2015		December 31, 2014		March 31, 2014	
Commercial paper payable	$	2,300,000	$	2,350,000	$	1,050,000
Less: Commercial paper payable discount	(	328)	(	476)	(	118)
	$	2,299,672	$	2,349,524	$	1,049,882
Interest rate		1.01%		1.00%		1.09%

The above mentioned commercial paper payable is guaranteed by International Bills Finance Corp. etc.

(13) Financial liabilities at fair value through profit or loss-current

Items	March 31, 2015		December 31, 2014		March 31, 2014	
Current items:						
Financial liabilities held for trading						
Forward foreign exchange contracts	$	-	$	5,843	$	356

A.The Group recognized net gain of $3,726 and $108 on financial liabilities held for trading for the three-month periods ended March 31, 2015 and 2014, respectively.

B.The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2014			March 31, 2014		
Derivative Financial Liabilities	Contract Amount (Notional Principal)		Contract Period	Contract Amount (Notional Principal)		Contract Period
Current items:						
Forward foreign exchange contracts						
Chang Hwa Bank	USD	8,000,000	2014.11~2015.02	USD	3,000,000	2014.03~2014.04

C.The Group entered into forward foreign exchange contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies. However, these forward foreign exchange contracts do not meet all conditions of hedge accounting and are not accounted for under hedge accounting.

(14) Other payables

	March 31, 2015	December 31, 2014	March 31, 2014
Dividends payable	$ 11,734	$ 11,395	$ 20,458
Salaries and year-end bonus payable	455,931	769,631	337,126
Accrued utilities expenses	134,433	138,524	131,011
Commission payable	102,727	44,465	58,317
Others	515,197	1,083,225	429,038
	$ 1,220,022	$ 2,047,240	$ 975,950

(15) Long-term borrowings

Type of borrowings	Borrowing period repayment term	Interest rate range	Collateral	March 31, 2015
Long-term bank borrowings				
Credit borrowings				
Hua Nan Bank	2015.01.15~2017.01.15 principal payable at maturity	1.28%	None	$ 1,500,000
Mega International Commercial Bank	2014.06.21~2016.06.21 principal payable at maturity	1.35%	None	1,200,000
First Bank	2013.09.16~2016.09.16 principal payable at maturity	1.27%	None	1,500,000
China Development Industrial Bank	2014.04.21~2016.04.21 principal payable at maturity	1.28%	None	500,000
Taipei Fubon Bank	2015.01.11~2017.01.11 principal payable at maturity	1.30%	None	500,000
Far Eastern International Bank	2013.04.22~2016.04.22 principal payable at maturity	1.35%	None	1,000,000
Bangkok Bank	2014.12.09~2016.12.09 principal payable at maturity	1.32%	None	200,000
HSBC Bank	2014.12.23~2016.12.23 principal payable at maturity	1.23%	None	1,500,000
Industrial Bank of Taiwan	2013.08.20~2016.08.20 principal payable at maturity	1.31% ~1.32%	None	500,000
Chinatrust Bank	2014.09.25~2016.09.25 principal payable at maturity	1.34%	None	500,000
Installment-repayment borrowings				
Secured bank borrowing Hua Nan Bank	2010.04.26~2019.08.11 principal payable annually	SIBOR for 6 month +1.6%	Endorsement from Formosa Taffeta Co.,	492,974
				9,392,974
Less: current portion (Shown as other current liabilities)				(114,054)
				$ 9,278,920

Type of borrowings	Borrowing period repayment term	Interest rate range	Collateral	December 31, 2014
Long-term bank borrowings				
Credit borrowings				
Hua Nan Bank	2014.01.15~2016.01.15 principal payable at maturity	1.28%	None	$ 1,500,000
Mega International Commercial Bank	2013.06.21~2016.06.21 principal payable at maturity	1.40%	None	1,500,000
First Bank	2013.09.16~2016.09.16 principal payable at maturity	1.27%	None	1,500,000
Far Eastern International Bank	2013.04.22~2016.04.22 principal payable at maturity	1.33%	None	1,200,000
Bangkok Bank	2013.12.11~2015.12.11 principal payable at maturity	1.32%	None	200,000
HSBC Bank	2013.12.11~2015.12.11 principal payable at maturity	1.23%	None	1,500,000
Industrial Bank of Taiwan	2013.08.20~2016.08.20 principal payable at maturity	1.31% ~1.32%	None	500,000
Chinatrust Bank	2014.09.25~2016.09.25 principal payable at maturity	1.34%	None	500,000
China Development Industrial Bank	2014.04.21~2016.04.21 principal payable at maturity	1.33%	None	500,000
Installment-repayment borrowings				
Secured bank borrowing Hua Nan Bank	2010.04.26~2017.08.11 principal payable annually	SIBOR for 6 month +1.6%	Endorsement from Formosa Taffeta Co.,	390,685
				9,290,685
Less: current portion (Shown as other current liabilities)				(71,790)
				$ 9,218,895

Type of borrowings	Borrowing period repayment term	Interest rate range	Collateral	March 31, 2014
Long-term bank borrowings				
Credit borrowings				
Hua Nan Bank	2013.01.15~2015.01.15 principal payable at maturity	1.28%	None	$ 1,500,000
Mega International Commercial Bank	2013.06.21~2016.06.21 principal payable at	1.32%	None	2,000,000
First Bank	2013.09.16~2016.09.16 principal payable at maturity	1.27%	None	1,500,000
Taiwan Cooperative Bank	2013.09.26~2015.09.26 principal payable at maturity	1.28%	None	1,300,000
Far Eastern International Bank	2013.04.22~2016.04.22 principal payable at maturity	1.35%	None	1,200,000
Bangkok Bank	2013.12.11~2015.12.11 principal payable at maturity	1.31%	None	200,000
HSBC Bank	2013.12.11~2015.12.11 principal payable at maturity	1.25%	None	1,500,000
Industrial Bank of Taiwan	2013.08.20~2016.08.20 principal payable at maturity	1.30% ~1.32%	None	500,000
Chinatrust Bank	2013.09.25~2015.09.25 principal payable at maturity	1.33%	None	100,000
Installment-repayment borrowings				
Secured bank borrowing				
Hua Nan Bank	2010.04.26~2.17.08.11 principal payable at maturity	SIBOR for 6 month +1.6%	Endorsement from Formosa Taffeta Co.,	388,117
				10,188,117
Less: current portion (Shown as other current liabilities)				(97,028)
				$ 10,091,089

The above long-term loans include a loan for $2,000,000, which requires the Company to maintain a current ratio of not lower than 100% within the contract period (2013/6/21~2016/6/21). The Company amended the contract in June 2014, which revised the contract period as 2014/7/21 ~2016/7/21.The ratio calculation shall be based on the Company’s financial statements.

If the Company fails to meet the required ratio, it should improve no later than September of the following year. The Company should provide the audit report to banks no later than April of the following year.

(16) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) For the aforementioned pension plan, the Group recognised pension costs of $20,199 and $23,743 for the three-month periods ended March 31, 2015 and 2014, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2015 amounts to $20,006.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's Mainland China subsidiaries, Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd., and Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of the employees' monthly salaries and wages. The contribution percentage was between 10% and 20%. Other than the monthly contributions, the Group has no further obligations.

(c) The Company's subsidiaries, Formosa Taffeta Vietnam Co., Ltd. and Formosa Taffeta (Dong Nai) Co., Ltd. have a defined contribution plan. Contributions of social security to an independent fund administered by the government in accordance with the pension regulations of local governments are based on certain percentage of employees' salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) Formosa Taffeta (Hong Kong) Co., Ltd. and Schoeller FTC (Hong Kong) Co., Ltd. have a defined contribution plan to pay with monthly salaries and wages mandatory provident fund schemes for full-time employees' pension benefit.

(e) Formosa Taffeta (Cayman) Co., Ltd. does not have a pension plan, and is not required to have one under local regulation.

(f) Changshu Fushun Enterprise Management Co., Ltd. does not have a pension plan, and is not required to have one under local regulation.

(g) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2015 and 2014 were $40,679 and $33,488, respectively.

(17) Share capital

A.As of March 31, 2014, the Company's issued capital was $16,846,646, consisting of 1,684,665,000 shares of common stocks, with a par value of $10 per share.

B.For the three-month periods ended March 31, 2015 and 2014, changes in the number of treasury stocks are as follows:

		Three-month period ended March 31, 2015			
Reason for reacquisition	Investee company	Beginning Shares (in thousands)	Additions	Disposal (Note)	Ending Shares (in thousands)
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,613	-	-	2,613

		Three-month period ended March 31, 2014			
Reason for reacquisition	Investee company	Beginning Shares (in thousands)	Additions	Disposal (Note)	Ending Shares (in thousands)
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,693	-	(80)	2,613

Note: The capital surplus amounting to $1,444 resulted from the subsidiary, Formosa Development Co., Ltd.'s disposal of 800,000 shares of the parent company.

C.The above mentioned treasury stocks were acquired by the subsidiary, Formosa Development Co., Ltd., for investment purposes.

D.As of March 31, 2015 and 2014, the market price per share was $32.95 and $34.00, respectively.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A.According to the R.O.C. Securities Exchange Law No. 41, a company should reserve the amount equal to any valuation or contra-account in the stockholders' equity in the fiscal year from the net income and prior unappropriated earnings as special reserve. If the valuation or contra-account in stockholders' equity belongs to prior periods, the same amount from prior period earnings should be considered special reserve and cannot be distributed. The special reserve includes: i) reserve for special purposes, ii) investment income recognised under the equity method, iii) net proceeds from the recognition of financial asset transactions; only when the accumulated value decreases should the special reserve be adjusted by the same amount, subject to the provisions in this section; and iv) other special reserves set out by legal provisions.

According to the R.O.C. Company Law and the Company's Articles of Incorporation, the annual net income should be used initially to cover any accumulated deficit; 10% of the annual net income should be set aside as legal reserve and special reserve. The remaining balance shall be distributed to shareholders according to their shareholding percentage. After deducting the above items, the remaining earnings, if any, shall be appropriated up to 1% as directors' and supervisors' compensation, and 0.1% to 1% as employees' bonus, which shall be recognized as current expense.

B.The Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, the dividend policy includes cash dividends, stock dividends and capital increase by earnings recapitalization. At least 50% of the Company's distributable earnings shall be appropriated as dividends after deducting the legal reserve and special reserves. The Company would prefer distributing cash dividends. However, if significant investment measures are taken or the Company's financial structure needs to be improved, part of the dividends would be in the form of stock dividends but not to exceed 50% of the total dividends.

C.Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D.The appropriations of 2014 and 2013 earnings had been resolved at the stockholders' meeting on March 20, 2015 and June 26, 2014, respectively. Details are summarized below:

	2014 earnings		2013 earnings	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 351,837		$ 212,905	
Special reserve	737,562		608,754	
Cash dividends	2,358,530	$ 1.40	1,684,664	$ 1.00
	$ 3,447,929		$ 2,506,323	

The estimated appropriations of 2013 and 2012 earnings proposed by the Board of Directors were the same as the actual appropriations approved by the shareholders. Information on the appropriation of the Company’s earnings as resolved by the Board of Directors and approved by stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange Corporation.

E.For the three-month periods ended March 31, 2015 and 2014, the estimated employees’ bonus amounted to $464 and $487, respectively, while directors’ and supervisors’ remuneration amounted to $232 and $243, respectively. Employees’ bonus and directors’ and supervisors’ remuneration are recognised within the range stipulated in the Company’s Articles of Incorporation in consideration of the legal reserve and other factors. While, if the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognised as gain or loss in the following year.

Information about the appropriation of employees’ bonus and directors’ and supervisors’ remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

F.The employees’ bonus and directors’ and supervisors’ remuneration amounting to $2,315 and $1,157 proposed by the shareholders were the same as the amounts recognized in the financial statements of 2013；The employees’ bonus and directors’ and supervisors’ remuneration amounting to $8,080 and $4,040 proposed by Board of Directors were the same as the amount recognized in the financial statements of 2014, but have not been approved by the shareholders as of the report date of these financial statements.

G.As of March 31, 2015 and 2014, unpaid stock dividends amounted to $11,391 and $20,110, respectively.

(20) Other equity items

	Hedging reserve	Currency translation	Non-controlling interest	Total
January 1, 2015	$ 20,331,798	$ 385,721	$ 3,209,154	$ 23,926,673
Change on unrealised gain or loss of available-for-sale goods				
— Parent company	(18,765)	-	-	(18,765)
— Associates	1,415	-	-	1,415
— Non-controlling interest	-	-	9,197	9,197
Difference of long-term equity investment from cumulative translation differences of foreign operations				
— Parent company	-	(104,796)	-	(104,796)
— Associates	-	(41,198)	-	(41,198)
— Non-controlling interest	-	-	(315)	(315)
Net income of non-controlling interest	-	-	98,603	98,603
March 31, 2015	$ 20,314,448	$ 239,727	$ 3,316,639	$ 23,870,814

	Hedging reserve	Currency translation	Non-controlling interest	Total
January 1, 2014	$ 24,614,399	($ 95,294)	$ 2,958,224	$ 27,477,329
Change of unrealised gain or loss on available-for-sale goods				
—Parent company	(1,701,866)	-	-	(1,701,866)
—Non-controlling interest	(1,309)	-	417	(892)
Difference of long-term equity investment from cumulative translation differences of foreign operations				
—Parent company	-	81,367	-	81,367
—Associates	-	130,211	-	130,211
—Non-controlling interest	-	-	(1,471)	(1,471)
Net income of non-controlling interest	-	-	49,603	49,603
March 31, 2014	$ 22,911,224	$ 116,284	$ 3,006,773	$ 26,034,281

(21) Operating revenue

	Three-month periods ended March 31,	
	2015	2014
Sales revenue	$ 10,931,695	$ 11,820,343
Service revenue	98,231	106,427
	$ 11,029,926	$ 11,926,770

(22) Other income

	Three-month periods ended March 31,	
	2015	2014
Interest income from bank deposits	$ 4,960	$ 4,750
Dividend income	2,906	-
Other income	118,470	53,350
	$ 126,336	$ 58,100

(23) Other gains and losses

	Three-month periods ended March 31, 2015	2014
Forward foreign exchange contracts		
Net gain (loss) on financial assets at fair value through profit or loss	$ 2,369	($ 134)
Net gain on financial liabilities at fair value through profit or loss	3,726	108
Net currency exchange (loss) gain	(57,925)	69,771
(Loss) gain on disposal of property, plant and equipment	(23,688)	2,453
Bank charges	-	(9,743)
Gain on disposal of investments	-	3,655
Other losses	(36,457)	(37,942)
	($ 111,975)	$ 28,168

(24) Expenses by nature

	Three-month periods ended March 31, 2015	2014
Employee benefit expense	$ 1,256,927	$ 1,169,851
Depreciation charges on property, plant and equipment	751,097	912,223
	$ 2,008,024	$ 2,082,074

(25) Employee benefit expense

	Three-month periods ended March 31, 2015	2014
Wages and salaries	$ 1,062,137	$ 994,286
Labour and health insurance fees	102,721	90,927
Pension costs	60,878	57,231
Other personnel expenses	31,191	27,407
	$ 1,256,927	$ 1,169,851

(26) Finance costs

	Three-month periods ended March 31, 2015	2014
Interest expense:		
Bank borrowings	$ 48,577	$ 57,144
Less: capitalisation of qualifying assets	(1,663)	(890)
Finance costs	$ 46,914	$ 56,254

(27) Income tax

A.Income tax expense

	Three-month periods ended March 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	$ 106,159	$ 105,867
Prepayment of taxes	306	166
Impact of change in tax rate	314	(278)
Total current tax	106,779	105,755
Deferred tax:		
Origination and reversal of temporary differences	57,947	34,540
Income tax expense	$ 164,726	$ 140,295

B.The income tax returns of the Company through 2012 have been assessed and approved by the Tax Authority；Formosa Advanced Technologies Co., Ltd. and Formosa Development Co., Ltd. through 2013 have been assessed and approved by the Tax Authority.

C.Starting from January 1, 2007, the enterprise income tax of Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd., Changshu Fushun Enterprise Management Co., Ltd. and Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. are based on 25% of income generated within and outside Mainland China.

D.The income tax rate of the Company's subsidiary, Formosa Taffeta Vietnam Co., Ltd., was approved by the Vietnam government to be 10% for the 15 years before the year of official establishment(December 1993). The Company was granted income tax exemption for 4 years from the first profit – making year and 25% income tax exemption for the next 4 years.

E.The income tax rate of Formosa Taffeta (Dong Nai) Co., Ltd. was approved by the Vietnam government to be 15% for 12 years from the year of official establishment (October 2006); 25% after 12 years. The Company was granted income tax exemption for 3 years from the first profit – making year making profit and income tax reduction of 15% or 25% for the next 4 to 10 years.

F.In accordance with local tax regulations, the applicable income tax rate of the Company's subsidiary, Schoeller F.T.C. (Hong Kong) Co., Ltd., and indirectly owned subsidiary, Formosa Taffeta (Hong Kong) Co., Ltd., was 16.5%.

G.As of March 31, 2015, the unused loss carryforward of the Company's subsidiary, Formosa Taffeta (Changshu) Co., Ltd., was RMB 12,990 thousand, which was not recognised as deferred income tax assets. The final creditable year is 2015.

H. Unappropriated retained earnings:

	March 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 5,154,035	$ 4,636,684

	March 31, 2014	January 1, 2014
Earnings generated in and after 1998	$ 4,005,795	$ 3,464,878

I. Shareholders' creditable tax:

	March 31, 2015	December 31, 2014	March 31, 2014
Creditable account balance	$ 222,230	$ 222,230	$ 209,508

	Years ended December 31,	
	2014 (Expected)	2013 (Actual)
Creditable tax ratio	4.59%	15.49%

(28) Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share is profit or loss attributable to the common stockholders of the Company's parent company divided by the weighted average amount of outstanding common stocks for the year.

	Three-month period ended March 31, 2015				
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 780,680	$ 615,954	1,682,051	$ 0.46	$ 0.37
Profit attributable to the non-controlling interest	(189,581)	(98,603)		(0.11)	(0.06)
Profit attributable to the parent	$ 591,099	$ 517,351		$ 0.35	$ 0.31

	Three-month period ended March 31, 2014				
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 730,815	$ 590,520	1,682,021	$ 0.43	$ 0.35
Profit attributable to the non-controlling interest	(126,178)	(49,603)		(0.07)	(0.03)
Profit attributable to the parent	$ 604,637	$ 540,917		$ 0.36	$ 0.32

The following is earnings per share assuming the shares of the Company held by its subsidiary, Formosa Development Co., Ltd. are not deemed as treasury stock:

	Three-month period ended March 31, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 780,680	$ 615,954	1,684,665	$ 0.46	$ 0.37
Profit attributable to the non-controlling interest	(189,581)	(98,603)		(0.11)	(0.06)
Profit attributable to the parent	$ 591,099	$ 517,351		$ 0.35	$ 0.31

	Three-month period ended March 31, 2014				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 730,815	$ 590,520	1,684,665	$ 0.43	$ 0.35
Profit attributable to the non-controlling interest	(126,178)	(49,603)		(0.07)	(0.03)
Profit attributable to the parent	$ 604,637	$ 540,917		$ 0.36	$ 0.32

B. Employees' bonuses could be distributed in the form of stock. It does not have significant effect on the financial statements and earnings per share for the three-month periods ended March 31, 2015 and 2014.

(29) Non-cash transaction

Investing activities with partial cash payments:

	Three-month periods ended March 31,	
	2015	2014
Purchase of property, plant and equipment	$ 623,864	$ 288,536
Add: opening balance of payable on equipment	89,748	16,096
Less: ending balance of payable on equipment	(55,917)	(34,466)
Cash paid during the period	$ 657,695	$ 270,166

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by FORMOSA CHEMICAL & FIBRE CORPORATION (incorporated in R.O.C), which owns 37.4% of the Company's shares. The ultimate controlling party of the Company is FORMOSA CHEMICAL & FIBRE CORPORATION.

(2) Significant related party transactions and balances

A. Operating revenue

	Three-month periods ended March 31,	
	2015	2014
Sales of goods:		
－Ultimate parent	$ 31,949	$ 56,423
－Associates	1,956,578	1,604,917
	$ 1,988,527	$ 1,661,340

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases of goods

	Three-month periods ended March 31,	
	2015	2014
Purchases of goods:		
－Ultimate parent	$ 709,043	$ 857,297
－Associates	3,207,031	4,269,083
	$ 3,916,074	$ 5,126,380

Goods and services are purchased from associates and an entity controlled by key management personnel on normal commercial terms and conditions.

C. Receivables from related parties

	March 31, 2015	December 31, 2014	March 31, 2014
Notes and accounts receivable:			
－Ultimate parent	$ 10,272	$ 6,770	$ 9,243
－Associates	1,456,494	1,317,903	1,236,156
	$ 1,466,766	$ 1,324,673	$ 1,245,399

The receivables from related parties arise mainly from sale transactions. The receivables are due 45~120 days after the date of sales. There are no provisions held against receivables from related parties.

D. Notes and accounts payable

	March 31, 2015	December 31, 2014	March 31, 2014
Notes and accounts payable:			
－Ultimate parent	$ 440,824	$ 605,773	$ 604,742
－Associates	764,207	868,401	1,146,087
	$ 1,205,031	$ 1,474,174	$ 1,750,829

The payables to related parties arise mainly from purchase transactions and are due 15~60 days after the date of purchase. The payables bear no interest.

E. Others

Formosa Taffeta (Dong Nai) Co., Ltd. was consigned by the related party, Formosa Industry, to provide management services to Nhon Trach 3 Industrial Zone. In accordance with the service consignment contract signed by Formosa Taffeta (Dong Nai) Co., Ltd. and Nhon Trach 3 Industrial Zone each year, Formosa Taffeta (Dong Nai) Co., Ltd. is engaged in managing land that is available for rent, meter reading and payment collection of water, electricity, steam and other public liquid sold to leasees in investment district, repairing and performing service on various public facilities of power plant. In accordance with the contract, Formosa Taffeta (Dong Nai) Co., Ltd.'s collectible service expense is as follows:

i. Land lease expense: 3% of Formosa Industry's land rent revenue

ii. Public liquid service expense: 3% of Formosa Industry's monthly sale of electricity to lessees in investment district

iii. Management expense: the full amount of management expense collected from lessees in investment district to Formosa Industry is to be paid to the Company and its subsidiaries

For the three-month periods ended March 31, 2015 and 2014, Formosa Taffeta (Dong Nai) Co., Ltd. has recognised lease service in investment district of $6,963 and $6,518, respectively, for rendering the abovementioned consigned services. As of March 31, 2015, December 31, 2014 and March 31, 2014, the uncollected amount of $2,532, $5,279 and $4,451, respectively, was recognised under 'other receivables'.

For the above land leasing, as of March 31, 2015, December 31, 2014 and March 31, 2014, the amount of management expense and utility expense which Formosa Taffeta (Dong Nai) Co., Ltd. is due to collect from the related party, Formosa Industry, was $0.

(3) Key management compensation

	Three-month periods ended March 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 21,594	$ 24,171

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Item	Book Value March 31, 2015	Book Value December 31, 2014	Purpose
Property, plant and equipment	$ 140,587	$ 141,287	Security for short-term borrowings
Inventories (Held-to-maturity land)	40,287	40,287	Security for short-term borrowings
	$ 180,874	$ 181,574	

Item	Book Value March 31, 2014	Purpose
Property, plant and equipment	$ 141,287	Security for long-term and short-term borrowings
Other non-current assets	14,878	Performance bond
Inventories (Held-to-maturity land)	75,342	Limited transfer for land tax reassessment and security for short-term borrowings
	$ 231,507	

The reexamination case for corporate income tax returns from 2002 to 2004 of the Group's domestic subsidiary had been approved by the Tax Authority in June, 2014, and the assessed additional tax payable was fully paid for in 2014. Consequently, as of December 31, 2014, there was no asset restricted related to the tax reexamination.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of March 31, 2015, the significant commitments and contingent liabilities are the outstanding letters of credit for materials and equipment purchases with various companies listed as follows:

Currency	Amount
USD	$ 1,651
JPY	86,949
EUR	240
CHF	139

(2) Formosa Advanced Technologies Co., Ltd., is engaged in the processing of various integrated circuits packaging test and is responsible for custody for which the subsidiary needs to compensate if lost. As of March 31, 2015, the items in custody amount are as follows:

	Quantity (Unit: piece)	Market value (per piece)
A. Work in process		
LED	8,054,524	NTD 0.07~0.88
FBGA	46,977,170	USD 0.60~22.00
TSOP	6,912,066	USD 0.27~0.53
LED assembly	4,213,963	NTD 0.57
MICRO-SD	31,999	USD 1.50~6.93
Module	123,898	USD 8.00~52.00
Others	2,571	USD 2.10~17.40
	66,316,191	

	Quantity (Unit: piece)	Market value (per piece)
B. Finished goods		
LED	19,901,895	NTD 0.07~0.88
FBGA	69,929,984	USD 0.60~22.00
TSOP	9,959,919	USD 0.27~0.53
LED assembly	2,923,418	NTD 0.57
MICRO-SD	5,033	USD 1.50~6.93
Module	38,973	USD 8.00~52.00
Others	685	USD 2.10~17.40
Total	102,759,907	

	Quantity(Unit: piece)	Market value (per piece)
C. Work in process		
LED	2,840	NTD 1,410
Others	1,135	USD 1,500
	3,975	

	Quantity(Unit: piece)	
D. Finished goods		
LED	1,688	NTD 1,410
Others	726	USD 1,500
	2,414	

	Quantity(Unit: piece)	Market value (per piece)
E. Work in process		
Module	64,734	USD 8.00~52.00

	Quantity(Unit: piece)	Market value (per piece)
F. Finished goods		
Module	19,199	NTD 8.00~52.00

	Quantity(Unit: piece)	Market value (per piece)
G. Finished goods		
LED assembly	120	NTD 106.40

	Quantity(Unit: piece)	Market value (per piece)
H. Finished goods		
LED assembly	326	USD 106.40

(3) Endorsements and guarantees

As of March 31, 2015, in order to assist the subsidiaries is obtaining credit line, the Company has guaranteed the following amounts for subsidiaries:

Name of Company	Three-month period ended March 31, 2015
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 2,504,000
FORMOSA TAFFETA VIETNAM CO., LTD.	2,034,500
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	3,266,680
FORMOSA TAFFETA (DONG NAI) CO., LTD.	4,272,450

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings and short-term bills payable' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio within to 20%. The gearing ratios at March 31, 2015, December 31, 2014, March 31, 2014 and January 1, 2014 were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014	January 1, 2014
Total borrowings	$ 15,052,096	$ 14,401,895	$ 15,173,764	$ 15,137,209
Less: cash and cash equivalents	(4,451,062)	(3,796,868)	(2,604,958)	(3,064,945)
Net debt	10,601,034	10,605,027	12,568,806	12,072,264
Total equity	52,688,155	52,226,663	53,243,244	54,134,730
Total capital	$ 63,289,189	$ 62,831,690	$ 65,812,050	$ 66,206,994
Gearing ratio	17%	17%	19%	18%

(2) Financial instruments

A.Fair value information of financial instruments

The Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables, short-term loans, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other payables and long-term loans (including current portion)) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B.Financial risk management policies

(a)The Group's management considers economic environment, competition and market value risk to achieve the best position of investment risk, maximize the investment of excess liquidity and control the overall market risk. The Group adopts the following strategies to control financial risk:

i. Foreign exchange risk：The Group engages in a number of foreign currency transactions. Therefore, the Group hedges risk naturally, and observes the exchange rates on a continuous and timely basis to mitigate foreign exchange risks.

ii. Interest rate risk：The expected domestic interest rate will not change drastically. However, the Group continues to observe the movement of interest rate to prevent incurring costs due to changes in interest rate.

iii. Cash flow risk：The Group sets up short and long term funding schedule on a regular and timely basis to ensure that all the obligations are met.

iv. Credit risk：The Group has a stringent credit policy in place. Transactions are conducted only with counterparties with good credit conditions. Appropriate measures are also undertaken where necessary to protect the Group's credit rights and thereby mitigate credit risk.

(b)The Board of Directors is responsible for supervising normal business operations, and authorizing management to perform daily operations under acceptable risk. The internal auditor shall review reports prepared by management on a timely basis to evaluate the effectiveness of management. If the internal auditor discovers any irregular circumstances, he or she should inform the Board of Directors immediately and perform necessary preventive measures.

C.Significant financial risks and degrees of financial risks

(a)Market risk

a. Foreign exchange risk

Some of the Group’s transactions are conducted in foreign currencies, which are subject to exchange rate fluctuation. The information on foreign currency denominated assets and liabilities are as follows:

	March 31, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 127,142	31.40	$ 3,992,259
USD:RMB	13,139	6.14	412,565
Non-monetary items			
VND:NTD	4,049,150,311	0.0015	6,073,725
HKD:NTD	265,994	4.04	1,074,616
RMB:NTD	530,336	5.11	2,710,017
USD:NTD	8,457	31.40	265,550
Financial liabilities			
Monetary items			
USD:NTD	4,801	31.40	150,751
USD:RMB	51,918	6.14	1,630,225

	December 31, 2014				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	114,360	31.72	$	3,627,499
USD:RMB		7,942	6.12		251,920
Non-monetary items					
VND:NTD		4,007,652,492	0.0015		6,011,479
HKD:NTD		263,970	4.09		1,079,637
RMB:NTD		530,535	5.18		2,748,171
USD:NTD		5,952	31.72		188,797
Financial liabilities					
Monetary items					
USD:NTD		7,476	31.72		237,139
USD:RMB		45,869	6.12		1,454,965

	March 31, 2014				
	Foreign Cruuency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	115,214	30.47	$	3,510,564
JPY:NTD		7,016	6.15		211,498
EUR:NTD		-	-		-
USD:RMB		-	-		-
Non-monetary items					
VND:NTD		7,181,759,893	0.0014		10,384,825
HKD:NTD		136,921	3.93		537,690
RMB:NTD		443,191	4.90		2,171,636
Financial liabilities					
Monetary items					
USD:RMB	$	-	30.47	$	-
JPY:NTD		-	6.15		-
USD:NTD		6,636	30.47		202,198
USD:RMB		61,450	6.15		1,852,417

D. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended

March 31, 2015 and 2014 amounted ($57,925) and $69,771, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Three-month period ended March 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 39,923	$ -
USD:RMB	1%	4,126	-
Non-monetary items			
VND:NTD	1%	-	60,737
HKD:NTD	1%	-	10,746
RMB:NTD	1%	-	27,100
USD:NTD	1%	-	2,656
Financial liabilities			
Monetary items			
USD:NTD	1%	1,508	-
USD:RMB	1%	16,302	-

	Three-month period ended March 31, 2014		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 35,106	$ -
USD:RMB	1%	2,115	-
Non-monetary items			
VND:NTD	1%	-	103,848
HKD:NTD	1%	-	5,377
RMB:NTD	1%	-	21,716
Financial liabilities			
Monetary items			
USD:NTD	1%	2,022	-
USD:RMB	1%	18,524	-

b. Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks and beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2015 and 2014 would have increased/decreased by $5,433 and $3,322, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $280,267 and $302,064, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

c. Interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk. During the three-month periods ended March 31, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.

ii. At March 31, 2015 and 2014, if interest rates on NTD-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2015 and 2014 would have been $73,870 and $83,300 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

iii. At March 31, 2015 and 2014, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2015 and 2014 would have been $2,842 and $2,329 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

a.The equity financial instruments have active markets and are transacted through a stock exchange market or over-the counter market, or with financial institutions which are all in good credit standing. Therefore, the credit risk is low. Besides, the Company's policy requires that transactions for financial assets carried at cost be conducted with counterparties that meet the specified credit rating reqirement; thus, the possibility that credit risk will arise is remote.

b.The Company’s policy requires that wholesale sales of products are made to clients with an appropriate credit review procedures. Therefore, the maximum loss arising from credit risk is equal to the book value of accounts receivable.

c.Loan guarantees provided by the Company are in compliance with the Company’s “Procedures for Provision of Endorsements and Guarantees” and are only provided to affiliated companies of which the Company owns directly or indirectly more than 50% ownership. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

d. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

e. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c)Liquidity risk

a.The Group’s investments in equity financial instruments which have active markets are expected to be sold easily and quickly in the market at the price close to fair value. The Group’s investments in equity financial instruments without active markets are exposed to liquidity risk.

b.Due to well-managed operations, the Company has an excellent credit in financial institutions and the money market, and has adequate working capital to meet commitments associated with receivables and payables. Therefore, no liquidity risk is expected to arise.

c.The table below analyses the Group’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

March 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 3,412,191	$ -	$ -
Short-term bills payable	2,300,000	-	-
Notes payable (including related parties)	407,224	-	-
Accounts payable (including related parties)	2,442,895	-	-
Other payables	1,220,022	-	-
Long-term borrowings (including current portion)	229,240	9,071,506	264,866
Financial guarantee contracts	3,283,047	-	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 2,761,686	$ -	$ -
Short-term bills payable	2,350,000	-	-
Notes payable (including related parties)	493,727	-	-
Accounts payable (including related parties)	2,355,900	-	-
Other payables	2,047,240	-	-
Long-term borrowings (including current portion)	187,982	9,039,479	247,106
Financial guarantee contracts	2,805,472	-	-

March 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 3,935,844	$ -	$ -
Short-term bills payable	1,050,000	-	-
Notes payable (including related parties)	543,694	-	-
Accounts payable (including related	2,611,280	-	-
Other payables	975,950	-	-
Long-term borrowings (including current portion)	223,400	4,803,636	5,412,075
Financial guarantee contracts	3,949,871	-	-

(d)As of March 31, 2015, December 31, 2014 and March 31, 2014 the derivative financial liabilities all mature within 1 year. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B.The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

C.The following table presents the Group's financial assets and liabilities that are measured at fair value at March 31, 2015, December 31, 2014 and March 31, 2014:

March 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 182	$ -	$ 182
Available-for-sale financial assets				
Equity securities	27,598,798	427,900	-	28,026,698
	$ 27,598,798	$ 428,082	$ -	$ 28,026,880

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 2,394	$ -	$ 2,394
Beneficiary certificates	652,105	-		652,105
Available-for-sale financial assets				
Equity securities	27,634,564	397,300	-	28,031,864
	$ 28,286,669	$ 399,694	$ -	$ 28,686,363
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 5,843	$ -	$ 5,843

March 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 683	$ -	$ 683
Beneficiary certificates	400,295	-	-	400,295
Available-for-sale financial assets				
Equity securities	29,863,695	342,700	-	30,206,395
	$ 30,263,990	$ 343,383	$ -	$ 30,607,373
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 356	$ -	$ 356

D. The methods and assumptions the Group used to measure fair value are as follows:

(a)The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b)Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c)The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group’s credit quality.

E.For the three-month periods ended March 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2015 and 2014, there was no transfer into or out from Level 3.

10. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with "Rules Governing the Preparation of Financial Statements by Securities Issuers", significant transactions for the three-month period ended March 31, 2015 are stated as follows. Furthermore, the inter-company transactions were eliminated when preparing financial statements of investees which were audited by other independent accountants. The following disclosures are for reference only.

A. Loans to others: None.

B.Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 8)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2015 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 8)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	2	$ 32,091,485	$ 2,532,000	$ 2,504,000	$ 954,650	$ -	5.07%	$ 64,182,971	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	2	32,091,485	2,057,250	2,034,500	80,080	-	4.12%	64,182,971	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	3	32,091,485	3,270,110	3,266,680	605,655	-	6.62%	64,182,971	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (DONG NAI) CO., LTD.	2	32,091,485	4,286,783	4,272,450	1,642,662	-	8.65%	64,182,971	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company’s procedures of endorsements and guarantees, limit on the Company’s total guarantee amount is 1.3 times of the Company's net assets, and limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount.

C.Holding of marketable securities at the end of the period:

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2015				Footnote
				Number of shares	Book value	Ownership(%)	Fair value	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Available-for-sale financial assets - current	11,219,610	$ 805,568	0.19	$ 805,568	
FORMOSA TAFFETA CO., LTD.	PACIFIC ELECTRIC WIRE AND CABLE CO.,LTD	-	Available-for-sale financial assets - current	32	-	-	-	
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the issuer's managing director and legal representative	Available-for-sale financial assets - current	640	49	-	49	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the issuer's managing director and legal representative	Available-for-sale financial assets - current	482,194	33,512	0.01	33,512	
FORMOSA TAFFETA CO., LTD.	INOTERA MEMORIES INC.	-	Available-for-sale financial assets - current	2,712,345	113,240	0.04	113,240	
FORMOSA TAFFETA CO., LTD.	ASIA PACIFIC INVESTMENT CO. (APIC)	The Company's Chairman is the issuer's director and legal representative	Available-for-sale financial assets - current	10,000,000	427,900	2.35	427,900	
FORMOSA TAFFETA CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - non-current	13,950,464	1,102,087	0.58	1,102,087	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Substantial related party	Available-for-sale financial assets - non-current	365,267,576	25,020,829	3.83	25,020,829	
FORMOSA TAFFETA CO., LTD.	SYNTRONIX CORPORATION	-	Financial assets measured at cost – non-current	174,441	3,236	0.45	3,236	
FORMOSA TAFFETA CO., LTD.	TOA RESIN CORPORATION LIMITED	The Company is the issuer's corporate director	Financial assets measured at cost – non-current	14,400	3,000	10.00	3,000	
FORMOSA TAFFETA CO., LTD.	SHIN YUN GAS CO., LTD.	-	Financial assets measured at cost – non-current	507,237	3,099	1.20	3,099	
FORMOSA TAFFETA CO., LTD.	WK TECHNOLOGY FUND Ⅳ LIMITED	-	Financial assets measured at cost – non-current	6,690,134	47,897	3.17	47,897	
FORMOSA TAFFETA CO., LTD.	NAN YA PHOTONICS INC.	The Company's Chairman and the issuer's Chairman are in second degree of kinship	Financial assets measured at cost – non-current	19,066,860	196,389	9.53	196,389	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2015				Footnote
				Number of shares	Book value	Ownership(%)	Fair value	
FORMOSA TAFFETA CO., LTD.	FORMOSA HA TINH (CAYMAN) LIMITED	Substantial related party	Financial assets measured at cost – non-current	171,008,736	5,089,575	4.96	5,089,575	
FORMOSA DEVELOPMENT CO., LTD.	FORMOSA TAFFETA CO., LTD.	The Company is the parent of FORMOSA DEVELOPMENT CO., LTD.	Available-for-sale financial assets - non-current	2,613,228	86,106	0.16	86,106	
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	Association of R.O.C.	-	Financial assets measured at cost – non-current	-	156	0.11	156	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - current	388	29	0.11	29	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - current	312,512	21,720	-	21,720	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Available-for-sale financial assets - current	5,652,000	405,814	0.10	405,814	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	JIH SUN MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	27,586,096	401,678	-	401,678	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	MEGA DIAMOND MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	20,396,748	251,384	-	251,384	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2015				Footnote
				Number of shares	Book value	Ownership(%)	Fair value	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - non-current	1,214,557	95,950	0.05	95,950	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA PHOTONICS INC.	The Company's Chairman and the issuer's Chairman are in second degree of kinship	Financial assets measured at cost – non-current	9,533,430	98,194	4.77	98,194	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	SYNTRONIX CORPORATION	-	Financial assets measured at cost – non-current	59,945	1,181	0.16	1,181	

Note: Including valuation adjustment of financial assets.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital：None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more：None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more (disclosing from revenue aspect, thus, corresponding transactions are not disclosed):

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts Purchaser/seller Counterparty receivable (payable)	Footnote
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Investee company accounted for under the equity method	Sales	($ 202,236)	(2.89)	Pay by mail transfer 60 days after delivery	$ –	–	Accounts receivable $ 155,902 Other receivables 89	5.80 -	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP.	Substantial related party	Purchases	2,531,202	47.27	Pay every half of month by mail transfer	–	–	Accounts payable (555,489)	(33.35)	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Purchases	585,779	10.94	Draw promissory notes that due in 2 months after inspection	–	–	Notes payable (173,761) Accounts payable (241,419)	(49.93) (14.49)	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director	Purchases	209,265	3.91	Pay at 15th of the following month by mail transfer	–	–	Accounts payable (84,846)	(5.09)	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's director	Sales	(1,524,185)	(66.05)	60 days after monthly billings	–	–	Accounts receivable 1,059,035	60.90	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA INDUSTRIES CORPORATION	The counterparty is the parent company's investee accounted for under the equity method	Purchases	154,964	27.74	60 days after monthly billings	–	–	Accounts payable (12,540)	(4.54)	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Purchases	108,335	19.39	60 days after monthly billings	–	–	Accounts payable (14,581)	(5.27)	

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Amount Action taken		
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Investee company accounted for under the equity method	Notes receivable $ 89 Accounts receivable 155,902	5.07	$ –	–	$ –	$ –
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's director	1,059,635	5.70	–	–	–	–

I. Derivative financial instruments undertaken during the three-month period ended March 31, 2015: Please refer to Notes 6(2) and 13.

J. Significant inter-company transactions during the three-month period ended March 31, 2015:

Individual transactions that did not exceed NT$500 million are not disclosed.

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	1	Purchases	$ 585,779	Draw promissory notes that due in 2 months after inspection	5.31%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(2) Information on investees (not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2015			Net profit (loss) of the investee for the three-month periods ended March 31, 2015	Investment income (loss) recognized by the Company for the three-month periods ended March31, 2015	Footnote
				Balance as at March 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership	Book value			
FORMOSA TAFFETA CO.,LTD	FORMOSA DEVELOPMENT CO.,LTD.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	$ 114,912	$ 114,912	16,100,000	100.00	$ 216,094	$ 117	$ 117	
FORMOSA TAFFETA CO.,LTD	FORMOSA ADVANCED TECHNOLOGIES CO.,LTD	Taiwan	IC assembly, testing and modules	3,773,440	3,773,440	290,464,472	65.68	6,381,871	282,028	185,456	
FORMOSA TAFFETA CO.,LTD	FORMOSA TAFFETA (HONG KONG) CO.,LTD.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,053,396	8,451	8,451	
FORMOSA TAFFETA CO.,LTD	FORMOSA TAFFETA VIETNAM CO.,LTD.	Vietnam	Production, processing, further processing various yam and cotton cloth, and dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	1,493,509	54,601	54,601	
FORMOSA TAFFETA CO.,LTD	QUANG VIET ENTERPRISE CO.,LTD.	Taiwan	Processing and producing of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	213,771	213,771	16,169,872	20.16	824,014	(69,957)	(14,103)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2015			Net profit (loss) of the investee for the three-month periods ended March 31, 2015	Investment income (loss) recognized by the Company for the three-month periods ended March31, 2015	Footnote
				Balance as at March 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership	Book value			
FORMOSA TAFFETA CO.,LTD	SCHOELLER FTC (HONG KONG) CO., LTD.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	20,155	3,507	1,508	
FORMOSA TAFFETA CO.,LTD	FORMOSA TAFFETA (DONG NAI) CO., LTD.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,590,434	2,590,434	-	100.00	2,362,470	(10,995)	(10,995)	
FORMOSA TAFFETA CO.,LTD	FORMOSA INDUSTRIES CORPORATION	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	2,047,683	161,470	16,147	
FORMOSA TAFFETA CO.,LTD	FORMOSA TAFFETA(CAYMAN) LIMITED	Cayman Islands	Investments	605	605	-	100.00	562	-	-	
FORMOSA DEVELOPME NT CO.,LTD	FORMOSA ADVANCED TECHNOLOGIES CO.,LTD.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,051	282,028	-	

(1) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month periods ended March 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2015	Net income of investee as of March 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month periods ended March 31, 2015	Book value of investments in Mainland China as of March 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	Production and sale of polyester and polyamide fabrics	$ 1,402,085	(1)	$ 1,402,085	$ -	$ -	$ 1,402,085	$ 24,202	100	$ 24,202	$ 1,732,666	$ -	Note 2
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	Import and export, entrepot trade, merchandise export processing , warehousing and design and drawing of black and white and colour graphs	15,273	(1)	15,273	-	-	15,273	52	100	52	11,937	-	Note 3
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	(2)	1,334,739	-	-	1,334,739	1,880	100	1,880	966,525	-	Note 4
Changshu Fushun Enterprise Management Co.,Ltd	Assets management	28,260	(2)	-	-	-	-	-	100	-	28,260	-	Note 5

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 and March 31, 2015 are US$46,400,000 (remitted out US$46,388,800 and equipment amounted to US$11,200).

Note 3: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 and March 31, 2015 are US$570,000.

Note 4: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 is US$42,000,000. Formosa Taffeta (Changshu) Co., Ltd. reduced its capital amouting to US$900,000 and divided the housing land to establish a new company named Changshu Fushun Enterprise Management Co., Ltd. in March 2015. Thus, the original currency of paid-in capital and accumulated amount of remittance from Taiwan as of March 31, 2015 were US$41,100,000.

Note 5: The company was invested by Formosa Taffeta (Hong Kong) Co., Ltd through infusion of land investment, the paid-in capital is US$900,000.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)(Note)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (consolidated net assets x 60%)
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 1,402,085	$ 1,471,715	$ 31,460,546
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	15,273	18,079	31,460,546
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	1,334,739	1,332,156	31,460,546

Note: (1)The investment in FORMOSA TAFFETA (ZHONG SHAN) CO., LTD. approved by the Investment Commission of MOEA is US$46,400,000.

(2)The investment in XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD. approved by the Investment Commission of MOEA is US$570,000.

(3)The investment in FORMOSA TAFFETA (CHANG SHU) CO., LTD. approved by the Investment Commission of MOEA is US$42,000,000, while the company reduced its capital and divided some part of housing land to Changshu Fushun Enterprise management Co.,Ltd. The investment abovementioned is still awaiting approved by MOEA.

(4)The investment in Changshu Fushun Enterprise Management Co.,Ltd is still awaiting approval by MOEA and it was established with housing land from FORMOSA TAFFETA (CHANG SHU) CO., LTD, as a result, there is no approved amount of investment by MOEA.

(5)The original currency of paid-in capital is translated at USD:TWD = 1:31.4.

B． Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas:

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at March 31, 2015	%	Balance at March 31, 2015	Purpose	Maximum balance during the three-month periods ended March 31, 2015	Balance at March 31, 2015	Interest rate	Interest during the three-month periods ended March 31, 2015	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 8,409	0.12	$ -	-	$ 4,206	0.16	$ 2,504,000	For short-tem loans from financial institutions	$ -	$ -	-	$ -	
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	26,623	0.38	-	-	16,384	0.61	3,266,680	For short-tem loans from financial institutions	-	-	-	-	

14. SEGMENT INFORMATION

(1) General information

A. The Company and its subsidiaries operate and set policies from product and service perspective; thus, management also identifies reportable segments using the same method.

B. The Company and its subsidiaries have four reportable segments: First business group, Second business group consisting of Cord fabric department, Gasoline department and FORMOSA ADVANCED TECHNOLOGIES CO., LTD. (FATC)department. Details are as follows:

(a)First business group: Mainly produces and sells woven, dyeing and finishing products and manages plants of overseas subsidiaries – FORMOSA TAFFETA (ZHONG SHAN) CO., LTD., FORMOSA TAFFETA VIETNAM CO., LTD. and FORMOSA TAFFETA (HONG KONG) CO., LTD.

(b) Cord fabric department: Mainly produces and provides tire cords.

(c) Gasoline department: Mainly operates gasoline stations, sells gasoline and provides car washing.

(d) FATC department: The subsidiary - FORMOSA ADVANCED TECHNOLOGIES CO., LTD. mainly provides installation and testing of various integrated circuit and engages in processing and research and development of modules.

(2) Measurement of segment information

The measurement based on each operating segment’s profit before tax excludes the effects of non-recurring expenditure, i.e. from the unrealised gain or loss on financial instruments. Furthermore, interest income and expense are not allocated to operating segments.

(3) Information about segment profit or loss and assets

	Three-month period ended March 31, 2015						
		Second business group					
	First business group	Cord fabric department	Gasoline department	Other segment	FATC department	Adjustment and write-off	Total
Segment revenue							
Revenue from external customers	$ 3,264,126	$ 2,375,176	$ 2,650,515	$ 432,609	$ 2,307,500	$ -	$ 11,029,926
Inter-segment revenue	398,317	-	-	-	-	(398,317)	-
Total segment revenue	$ 3,662,443	$ 2,375,176	$ 2,650,515	$ 432,609	$ 2,307,500	($ 398,317)	$ 11,029,926
Segment income (loss)	$ 604,313	$ 25,706	$ 46,493	$ 24,514	$ 343,296	($ 263,642)	$ 780,680
Total segment assets							
Identifiable assets	$ 14,197,568	$ 5,271,055	$ 1,412,247	$ 4,091,818	$ 6,612,086	($ 283,444)	$ 31,301,330
Long-term investments							2,871,697
General assets							41,482,734
Total assets							$ 75,655,761

	Three-month period ended March 31, 2014						
		Second business group					
	First business group	Cord fabric department	Gasoline department	Other segment	FATC department	Adjustment and write-off	Total
Segment revenue							
Revenue from external customers	$ 3,538,212	$ 2,161,988	$ 3,627,941	$ 437,595	$ 2,161,034	$ -	$ 11,926,770
Inter-segment revenue	383,313	-	-	-	-	(383,313)	-
Total segment revenue	$ 3,921,525	$ 2,161,988	$ 3,627,941	$ 437,595	$ 2,161,034	($ 383,313)	$ 11,926,770
Segment income (loss)	$ 477,717	$ 91,285	$ 64,977	$ 19,925	$ 192,008	($ 115,097)	$ 730,815
Total segment assets	$ 13,786,407	$ 5,464,554	$ 1,482,027	$ 3,989,414	$ 7,519,209	($ 334,921)	$ 31,906,690
Identifiable assets							
Long-term investments							7,691,518
General assets							36,392,714
Total assets							$ 75,990,922

(4) Reconciliation for segment income (loss)

A. Sales between segments are carried out at arm’s length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

B. The total consolidated profit (loss) after adjustment and reconciliation information for profit after tax of reportable segments are provided in Note 14(3).