FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 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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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of Formosa Taffeta Co., Ltd. management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$7,018,162 thousand and NT$6,042,605 thousand, constituting 9% and 8% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of NT$4,294,178 thousand and NT$4,327,699 thousand, constituting 10% and 9% of the consolidated total operating revenues for the years then ended, respectively. We also did not audit certain investments accounted for under equity method. The balance of related investments accounted for using equity method amounted to NT$3,158,212 thousand and NT$2,909,436 thousand as of December 31, 2015 and 2014, respectively, and the 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$317,763 thousand and NT$230,305 thousand for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Formosa Taffeta Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the non-consolidated financial statements of Formosa Taffeta Co., Ltd. (not presented herein) as of and for the years ended December 31, 2015 and 2014, on which we have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan
March 16, 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.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	(adjusted) December 31, 2014 AMOUNT	%	(adjusted) January 1, 2014 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 5,640,597	7	$ 3,796,868	5	$ 3,064,945	4
1110	Financial assets at fair value through profit or loss - current	6(2)	655,811	1	654,499	1	1,352	-
1125	Available-for-sale financial assets - current	6(3)	1,824,656	2	1,709,615	2	1,422,657	2
1150	Notes receivable, net	6(4)	72,028	-	93,100	-	101,000	-
1160	Notes receivable - related parties	7	5,236	-	2,743	-	6,963	-
1170	Accounts receivable, net	6(5)	3,764,065	5	4,154,561	6	3,760,435	5
1180	Accounts receivable - related parties	7	1,277,332	2	1,321,930	2	1,036,415	1
1200	Other receivables	7	360,728	-	354,982	-	266,519	-
130X	Inventory	6(6) and 8	7,827,720	10	7,950,289	11	7,362,831	10
1410	Prepayments		991,013	1	393,671	1	197,527	-
1470	Other current assets		508,021	1	384,755	-	660,737	1
11XX	**Total current assets**		22,927,207	29	20,817,013	28	17,881,381	23
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3)	29,476,126	37	26,322,249	35	30,486,495	40
1543	Financial assets carried at cost - non-current	6(7)	5,786,109	7	5,442,727	7	353,144	-
1550	Investments accounted for under equity method	6(8)	3,158,212	4	2,909,436	4	7,551,755	10
1600	Property, plant and equipment	6(9) and 8	17,311,841	22	17,846,148	24	19,014,371	25
1840	Deferred income tax assets	6(27)	450,573	-	516,201	1	654,651	1
1900	Other non-current assets	6(10)	944,987	1	1,051,206	1	692,017	1
15XX	**Total non-current assets**		57,127,848	71	54,087,967	72	58,752,433	77
1XXX	**Total assets**		$ 80,055,055	100	$ 74,904,980	100	$ 76,633,814	100
	Liabilities and Equity							
	Current liabilities							
2100	Short-term borrowings	6(11) and 8	$ 3,507,956	5	$ 2,761,686	4	$ 3,706,477	5
2110	Short-term notes and bills payable	6(12)	1,699,525	2	2,349,524	3	1,249,862	2
2120	Financial liabilities at fair value through profit or loss - current	6(13)	818	-	5,843	-	704	-
2150	Notes payable		200,128	-	205,567	-	172,069	-
2160	Notes payable - related parties	7	140,382	-	288,160	-	218,650	-
2170	Accounts payable		1,602,029	2	1,169,886	2	1,032,409	1
2180	Accounts payable - related parties	7	981,723	1	1,186,014	2	1,491,693	2
2200	Other payables	6(14)	1,813,430	2	2,047,240	3	1,309,490	2
2230	Current income tax liabilities	6(27)	381,633	1	154,960	-	307,292	1
2300	Other current liabilities	6(15)	281,377	-	354,132	-	240,159	-
21XX	**Total current liabilities**		10,609,001	13	10,523,012	14	9,728,805	13
	Non-current liabilities							
2540	Long-term borrowings	6(15)	10,362,409	13	9,218,895	12	10,085,653	13
2570	Deferred income tax liabilities	6(27)	120,972	-	95,730	-	55,383	-
2600	Other non-current liabilities	6(16)	2,893,943	4	2,840,680	4	2,629,243	3
25XX	**Total non-current liabilities**		13,377,324	17	12,155,305	16	12,770,279	16
2XXX	**Total liabilities**		23,986,325	30	22,678,317	30	22,499,084	29

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	(adjusted) December 31, 2014 AMOUNT	%	(adjusted) January 1, 2014 AMOUNT	%
	Equity attributable to owners of parent							
	Share capital	6(17)						
3110	Share capital - common stock		$ 16,846,646	21	$ 16,846,646	23	$ 16,846,646	22
	Capital surplus	6(18)						
3200	Capital surplus		20,791	-	38,348	-	98,898	-
	Retained earnings	6(19)						
3310	Legal reserve		6,508,610	8	6,156,773	8	5,943,868	8
3320	Special reserve		1,381,824	2	644,262	1	326,534	-
3350	Unappropriated retained earnings		3,819,939	5	4,636,684	6	3,464,878	5
	Other equity interest	6(20)						
3400	Other equity interest		24,143,610	30	20,717,519	28	24,519,105	32
3500	Treasury stocks	6(17)	(22,285)	-	(22,723)	-	(23,423)	-
31XX	**Equity attributable to owners of the parent**		52,699,135	66	49,017,509	66	51,176,506	67
36XX	**Non-controlling interest**		3,369,595	4	3,209,154	4	2,958,224	4
3XXX	**Total equity**		56,068,730	70	52,226,663	70	54,134,730	71
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet	11						
3X2X	**Total liabilities and equity**		$ 80,055,055	100	$ 74,904,980	100	$ 76,633,814	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

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

	Items	Notes	2015 AMOUNT	2015 %	2014 (adjusted) AMOUNT	2014 (adjusted) %
			For the years ended December 31			
4000	**Sales revenue**	6(21) and 7	$ 42,872,570	100	$ 48,191,112	100
5000	**Operating costs**	6(6)(24)(25) and 7	(36,732,939)	(86)	(42,451,350)	(88)
5900	**Net operating margin**		6,139,631	14	5,739,762	12
	Operating expenses	6(24)(25) and 7				
6100	Selling expenses		(1,836,218)	(4)	(1,893,970)	(4)
6200	General and administrative expenses		(918,716)	(2)	(898,891)	(2)
6300	Research and development expenses		(52,197)	-	(50,326)	-
6000	**Total operating expenses**		(2,807,131)	(6)	(2,843,187)	(6)
6900	**Operating profit**		3,332,500	8	2,896,575	6
	Non-operating income and expenses					
7010	Other income	6(22) and 7	653,564	1	1,197,173	3
7020	Other gains and losses	6(23)	(352,197)	(1)	59,883	-
7050	Finance costs	6(26)	(190,352)	-	(211,869)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	317,782	1	230,208	-
7000	**Total non-operating income and expenses**		428,797	1	1,275,395	3
7900	**Profit before income tax**		3,761,297	9	4,171,970	9
7950	Income tax expense	6(27)	(537,345)	(2)	(352,295)	(1)
8200	**Profit for the year**		$ 3,223,952	7	$ 3,819,675	8

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

			For the years ended December 31			
			2015		2014 (adjusted)	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income	6(20)				
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		($ 197,495)	-	($ 132,252)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		270,933	1	464,689	1
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets		3,168,512	7	(4,268,475)	(9)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(19,388)	-	13,513	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		3,420,057	8	(3,790,273)	(8)
8300	**Total other comprehensive income (loss) for the year**		$ 3,222,562	8	($ 3,922,525)	(8)
8500	**Total comprehensive income (loss) for the year**		$ 6,446,514	15	($ 102,850)	-
	Profit attributable to:					
8610	Owners of the parent		$ 2,828,679	6	$ 3,518,325	7
8620	Non-controlling interest		395,273	1	301,350	1
			$ 3,223,952	7	$ 3,819,675	8
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 6,057,275	14	($ 414,483)	(1)
8720	Non-controlling interest		389,239	1	311,633	1
			$ 6,446,514	15	($ 102,850)	-

	Notes	2015 Before Tax	2015 After Tax	2014 Before Tax	2014 After Tax
Basic and diluted earnings per share (in dollars)	6(28)				
Profit for year from continuing operations		$ 2.24	$ 1.92	$ 2.48	$ 2.27
Non-controlling interest		(0.43)	(0.24)	(0.35)	(0.18)
Profit attributable to common shareholders of the parent		$ 1.81	$ 1.68	$ 2.13	$ 2.09
Assuming shares held by subsidiary are not deemed as treasury stock:					
Profit for year from continuing operations		$ 2.23	$ 1.91	$ 2.48	$ 2.27
Non-controlling interest		(0.43)	(0.23)	(0.36)	(0.18)
Profit attributable to common shareholders of the parent		$ 1.80	$ 1.68	$ 2.12	$ 2.09

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
			Capital Reserves				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Treasury stock transactions	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	Financial statements 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 year ended December 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
Appropriations of 2013 earnings:	6(19)														
Legal reserve		-	-	-	-	-	212,905	-	(212,905)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	608,754	(608,754)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(291,026)	291,026	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,684,664)	-	-	-	(1,684,664)	-	(1,684,664)
Profit for the year		-	-	-	-	-	-	-	3,518,325	-	-	-	3,518,325	301,350	3,819,675
Changes in the net interest of associates recognised under the equity method		-	-	-	-	(65,153)	-	-	-	-	-	-	(65,153)	-	(65,153)
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount		-	-	545	-	-	-	-	-	-	-	-	545	-	545
Stocks of the parent company bought by the subsidiary and recognised as treasury stock		-	2,613	-	-	-	-	-	-	-	-	-	2,613	-	2,613
Disposal of treasury stock	6(17)	-	1,445	-	-	-	-	-	-	-	-	700	2,145	-	2,145
Other comprehensive loss for the year	6(20)	-	-	-	-	-	-	-	(131,222)	481,015	(4,282,601)	-	(3,932,808)	10,283	(3,922,525)
Cash dividends paid by consolidated subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	-	-	(60,703)	(60,703)
Balance at December 31, 2014		$ 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

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FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent													
			Capital Reserves				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Treasury stock transactions	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	Financial statements 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 year ended December 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
Appropriations of 2014 earnings:	6(19)														
Legal reserve		-	-	-	-	-	351,837	-	(351,837)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	737,562	(737,562)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(2,358,530)	-	-	-	(2,358,530)	-	(2,358,530)
Profit for the year		-	-	-	-	-	-	-	2,828,679	-	-	-	2,828,679	395,273	3,223,952
Disposal of treasury stock	6(17)	-	1,058	-	-	-	-	-	-	-	-	438	1,496	-	1,496
Changes in the net interest of associates recognised under the equity method		-	-	-	-	(18,615)	-	-	-	-	-	-	(18,615)	-	(18,615)
Other comprehensive income for the year	6(20)	-	-	-	-	-	-	-	(197,495)	260,455	3,165,636	-	3,228,596	(6,034)	3,222,562
Cash dividends paid by consolidated subsidiaries	6(20)	-	-	-	-	-	-	-	-	-	-	-	-	(228,798)	(228,798)
Balance at December 31, 2015		$ 16,846,646	$12,135	$ 545	$2,032	$ 6,079	$ 6,508,610	$1,381,824	$ 3,819,939	$646,176	$ 23,497,434	($22,285)	$ 52,699,135	$ 3,369,595	$ 56,068,730

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

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

	Notes	For the years ended December 31 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 3,761,297	$ 4,171,970
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
(Reversed of impairment) provision for bad debts	6(5)	(22,373)	5,724
Depreciation	6(9)(24)	2,857,619	3,367,232
Interest expense	6(26)	190,352	211,869
Interest income	6(22)	(27,750)	(20,777)
Dividend income	6(22)	(386,084)	(967,716)
Gain on valuation of financial assets	6(2)(23)	(3,706)	(3,610)
(Gain) loss on valuation of financial liabilities	6(13)(23)	(2,632)	5,379
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(317,782)	(230,208)
Cash dividend from investments accounted for under equity method		56,595	46,056
Gain on disposal of investments	6(23)	-	(36,476)
Loss on disposal and scrap of property, plant and equipment	6(23)	199,113	38,231
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		-	(649,537)
Notes receivable		23,038	7,900
Notes receivable - related parties		(2,493)	4,220
Accounts receivable, net		410,350	(399,850)
Accounts receivable - related parties		44,598	(285,515)
Other receivables		(5,746)	(88,463)
Inventory		122,569	(587,458)
Prepayments		(597,342)	(196,144)
Other current assets		(123,266)	275,982
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		-	(240)
Notes payable		(5,439)	33,498
Notes payable - related parties		(147,778)	69,510
Accounts payable		432,143	137,477
Accounts payable - related parties		(204,291)	(305,679)
Other payables		(173,062)	668,553
Other current liabilities		(121,920)	102,561
Other non-current liabilities		53,263	79,185
Cash generated from operations		6,009,273	5,453,674
Interest received		27,750	20,777
Dividend received		386,084	967,716
Interest paid		(202,574)	(216,324)
Income tax paid		(218,387)	(325,832)
Net cash provided by operating activities		6,002,146	5,900,011

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

	Notes	For the years ended December 31 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available-for-sale financial assets		($ 95,802)	($ 390,435)
Proceeds from capital reduction of financial assets measured at cost		13,380	-
Acquisition of investment accounted for using equity method		-	(119,154)
Acquisition of property, plant and equipment	6(29)	(2,776,031)	(1,893,163)
Proceeds from disposal of property, plant and equipment		119,536	49,157
Decrease (increase) in other non-current assets		134,374	(422,244)
Net cash used in investing activities		(2,604,543)	(2,775,839)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		746,270	(1,101,334)
(Decrease) increase in short-term notes and bills payable		(649,999)	1,099,662
Payment of long-term borrowings		(4,962,052)	(8,107,115)
Increase in long-term borrowings		6,167,902	7,200,000
Cash dividends paid	6(19)	(2,358,530)	(1,684,664)
Cash dividends paid - non-controlling interest		(228,798)	(60,703)
Net cash used in financing activities		(1,285,207)	(2,654,154)
Effect of foreign exchange rate		(268,667)	261,905
Increase in cash and cash equivalents		1,843,729	731,923
Cash and cash equivalents at beginning of year	6(1)	3,796,868	3,064,945
Cash and cash equivalents at end of year	6(1)	$ 5,640,597	$ 3,796,868

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 16, 2016.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 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. 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, plastic 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 December 31, 2015, the Company and its subsidiaries (collectively referred herein as the "Group") had 10,054 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 March 16, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of new issuances of or amendments to IFRSs as endorsed by the Financial Supervisory Commission ("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 assets	$ 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
December 31, 2014				
Deferred income tax assets	$ 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
December 31 , 2015				
Deferred income tax assets	$ 435,339	$ 15,234	$ 450,573	(A)
Others	79,604,482	-	79,604,482	
Total affected assets	$ 80,039,821	$ 15,234	$ 80,055,055	
Accrued pension liabilities	$ 2,613,836	$ 221,859	$ 2,835,695	(A)
Others	21,150,630	-	21,150,630	
Total affected liabilities	23,764,466	221,859	23,986,325	
Retained earnings	4,021,193	(201,254)	3,819,939	(A)
Non-controlling interests	3,374,966	(5,371)	3,369,595	(A)
Others	48,879,196	-	48,879,196	
Total affected equity	56,275,355	(206,625)	56,068,730	
Total affected liabilities and equity	$ 80,039,821	$ 15,234	$ 80,055,055	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
Year ended December 31, 2014				
Operating revenue	$ 48,191,112	$ -	$ 48,191,112	
Operating costs	(42,451,350)	-	(42,451,350)	
Operating expenses	(2,843,218)	31	(2,843,187)	(A)
Non-operating income and expenses	1,275,395	-	1,275,395	
Profit before income tax	4,171,939	31	4,171,970	
Income tax expense	(352,290)	(5)	(352,295)	(A)
Profit for the year	3,819,649	26	3,819,675	
Other comprehensive loss (net)	(3,790,273)	(132,252)	(3,922,525)	
Total comprehensive income	$ 29,376	($ 132,226)	($ 102,850)	
Earnings per share				
Basic	$ 2.27	$ -	$ 2.27	
Diluted	$ 2.27	$ -	$ 2.27	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of transition	2013 version IFRSs amount	Remark
Year ended December 31, 2015				
Operating revenue	$ 42,872,570	$ -	$ 42,872,570	
Operating costs	(36,732,939)	-	(36,732,939)	
Operating expenses	(2,808,283)	1,152	(2,807,131)	(A)
Non-operating income and expenses	428,797	-	428,797	
Profit before income tax	3,760,145	1,152	3,761,297	
Income tax expense	(537,150)	(195)	(537,345)	(A)
Profit for the year	3,222,995	957	3,223,952	
Other comprehensive income (net)	3,420,057	(197,495)	3,222,562	
Total comprehensive income	$ 6,643,052	($ 196,538)	$ 6,446,514	
Earnings per share				
Basic	$ 1.92	$ -	$ 1.92	
Diluted	$ 1.92	$ -	$ 1.92	

Descriptions

The Group recognised previously unrecognised past service cost and as a consequence of elimination of the corridor approach to recognise prior unrecognised actuarial losses by increasing net defined benefit liabilities by $90,789, $223,010 and $221,859 and deferred tax income assets by $15,434, $15,429 and $15,234 and decreasing retained earnings by $70,886, $202,157 and $201,254 and non-controlling interest by $4,469, $5,424, $5,371 as at January 1, 2014, December 31, 2014 and December 31, 2015, respectively. Also, the Group decreased operating expenses by $1,152 and $31 and other comprehensive income by $197,495 and $132,252 and increased income tax expense by $195 and $5 for the years ended December 31, 2015 and 2014, respectively.

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

None.

(3) 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)	To be determined by International Accounting Standards Board
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, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
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 Accounting Standard 34, "Interim Financial Reporting" endorsed by the FSC.

(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 less 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 structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B.Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2015	December 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	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	
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	
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	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	100.00	100.00	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2015	Ownership (%) December 31, 2014	Description
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
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	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Limited	Holding company	100.00	100.00	
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: 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 2: Changshu Fushun Enterprise Management Co., Ltd. merged with Changshu Yu Yuan Development. Co., Ltd. and was eliminated. Details are provided in Note 6(8)H.

Except for the subsidiaries, Formosa Taffeta Vietnam Co., Ltd., Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd., Formosa Taffeta (Dong Nai) Co., Ltd. and Schoeller F.T.C. (Hong Kong) Co., Ltd. whose financial statements were audited by other independent accountants, the financial statements of other subsidiaries were audited by the parent company's auditors.

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 December 31, 2015, December 31, 2014, January 1, 2014, the non-controlling interest amounted to $3,369,595, $3,209,154, and $2,958,224, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2015 Amount		Non-controlling interest December 31, 2015 Ownership (%)	Non-controlling interest December 31, 2014 Amount		Non-controlling interest December 31, 2014 Ownership (%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	$	3,366,457	34.32	$	3,192,402	34.32

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

Summarized financial information on the subsidiaries:

Balance sheets

	Formosa Advanced Technologies Co., Ltd. December 31, 2015	Formosa Advanced Technologies Co., Ltd. December 31, 2014	Formosa Advanced Technologies Co., Ltd. January 1, 2014
Current assets	$ 7,648,938	6,195,144	3,654,281
Non-current assets	3,267,306	4,334,325	5,708,199
Current liabilities	(1,041,340)	(1,171,125)	(703,408)
Non-current liabilities	(65,880)	(56,474)	(52,598)
Total net assets	$ 9,809,024	$ 9,301,870	$ 8,606,474

Statements of comprehensive income

	Formosa Advanced Technologies Co., Ltd. Year ended December 31, 2015	Formosa Advanced Technologies Co., Ltd. Year ended December 31, 2014
Revenue	$ 8,760,789	$ 9,204,384
Profit before income tax	1,372,824	1,071,666
Income tax expense	(245,743)	(228,022)
Profit for the year	1,127,081	843,644
Other comprehensive loss, net of tax	(816)	28,641
Total comprehensive income for the year	$ 1,126,265	$ 872,285
Comprehensive income attributable to non-controlling interest	$ 386,534	$ 299,368

Statements of cash flows

	Formosa Advanced Technologies Co., Ltd.	
	Year ended December 31, 2015	Year ended December 31, 2014
Net cash provided by operating activities	$ 3,177,633	$ 2,012,812
Net cash used in investing activities	(920,801)	(1,028,230)
Net cash used in financing activities	(615,505)	(176,889)
Increase in cash and cash equivalents	1,641,327	807,693
Cash and cash equivalents, beginning of year	1,879,627	1,071,934
Cash and cash equivalents, end of year	$ 3,520,954	$ 1,879,627

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency ouf 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

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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 per cent 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 recognised 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 and 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 retains significant influence over this associate, 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 and 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 financial year-end. 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. 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 ~ 17 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 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.

(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.

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 or constructive obligation and the 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.

(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 suffer a 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

A. 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 December 31, 2015, the carrying amount of inventories was $7,827,720.

B. Impairment assessment of financial assets without active markets

When there is an impairment indication that a financial instrument is impaired and the carrying amount of such investment may not be recoverable, the Group would assess the impairment loss of the investment accordingly. For a financial asset without an active market, the Group assesses its impairment based on the present value of estimated future cash flows from the expected cash dividends and disposal value discounted using the market rate of return at the balance sheet date for a similar financial instrument to determine its recoverable amount as well as by analysing the reasonableness of the related assumptions used.

As of December 31, 2015, the carrying amount of financial assets measured at cost after the impairment loss being recognised was $5,786,109.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015		December 31, 2014	
Cash on hand and petty cash (revolving funds)	$	64,461	$	82,717
Checking accounts and demand deposits		1,859,812		2,012,479
Time deposits		253,658		243,371
Cash equivalents		3,462,666		1,458,301
	$	5,640,597	$	3,796,868

A. The Group associates 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 rate range of time deposit on December 31, 2015 and 2014 are 0.25%~2.53% and 0.25%~1.35% , 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	December 31, 2015		December 31, 2014	
Current items:				
Financial assets held for trading				
Beneficiary certificates	$	649,854	$	649,854
Forward foreign exchange contracts		12		2,394
		649,866		652,248
Valuation adjustment of financial assets held for trading		5,945		2,251
	$	655,811	$	654,499

A. The Group recognised net gain of $3,760 and $3,610 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

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

Derivative Instruments	December 31, 2015 Contract Amount (Notional Principal) (In dollars)		December 31, 2015 Contract Period	December 31, 2014 Contract Amount (Notional Principal) (In dollars)		December 31, 2014 Contract Period
Current items:						
Forward foreign exchange contracts						
Chang Hwa Bank	USD	2,000,000	2015.12~2016.2		-	-
Taipei Fubon Bank		-	-	JPY	240,470,000	2014.10~2015.3

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

	December 31, 2015	December 31, 2014
Current items:		
Listed (TSE and OTC) stocks	$ 1,512,741	$ 1,416,938
Valuation adjustment of available-for-sale financial assets	311,915	292,677
	$ 1,824,656	$ 1,709,615
Non-current items:		
Listed (TSE and OTC) stocks	$ 8,859,918	$ 8,859,918
Valuation adjustment of available-for-sale financial assets	23,229,293	20,075,416
	32,089,211	28,935,334
Accumulated impairment - available-for -sale financial assets	(2,613,085)	(2,613,085)
	$ 29,476,126	$ 26,322,249

In June 2014, the shareholders of the Group’s investee - Nan Ya Technology Corporation has 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

	December 31, 2015	December 31, 2014
Notes receivable	$ 72,028	$ 95,066
Less: allowance for bad debts	-	(1,966)
	$ 72,028	$ 93,100

(5) Accounts receivable, net

	December 31, 2015	December 31, 2014
Accounts receivable	$ 3,863,238	$ 4,274,693
Less: allowance for bad debts	(99,173)	(120,132)
	$ 3,764,065	$ 4,154,561

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:

	December 31, 2015	December 31, 2014
Group 1	$ 2,789,167	$ 3,397,231
Group 2	318,743	341,007
Group 3	370,053	356,228
	$ 3,477,963	$ 4,094,466

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:

	December 31, 2015	December 31, 2014
Up to 30 days	$ 291,503	$ 103,464
31 to 90 days	58,054	50,459
91 to 180 days	16,494	7,966
Over 180 days	5,781	3,530
	$ 371,832	$ 165,419

The above ageing analysis 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 December 31, 2015 and 2014, the Group's accounts receivable that were impaired amounted to $14,808, and $13,443, respectively.

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

	Year ended December 31, 2015		
	Individual provision	Group provision	Total
At January 1	$ 14,808	$ 105,324	$ 120,132
Reversal of provision for impairment	(1,365)	(19,042)	(20,407)
Effect of exchange rate	-	(552)	(552)
At December 31	$ 13,443	$ 85,730	$ 99,173

	Year ended December 31, 2014		
	Individual provision	Group provision	Total
At January 1	$ 4,181	$ 110,227	$ 114,408
(Reversal of) provision for impairment	10,627	(6,762)	3,865
Effect of exchange rate	-	1,859	1,859
At December 31	$ 14,808	$ 105,324	$ 120,132

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

(6) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,358,667	($ 92,182)	$ 1,266,485
Supplies	210,545	(3,100)	207,445
Work in process	2,228,054	(18,678)	2,209,376
Finished goods	3,758,946	(362,013)	3,396,933
Merchandise inventory	135,844	-	135,844
Materials in transit	392,966	-	392,966
Outsourced processed materials	166,192	-	166,192
Construction in progress	32,909	-	32,909
Land for construction	19,570	-	19,570
	$ 8,303,693	($ 475,973)	$ 7,827,720

	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

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

The cost of inventories recognized as expense for the years ended December 31, 2015 and 2014 were as follows:

	Years ended December 31,	
	2015	2014
Cost of inventories sold	$ 36,724,237	$ 42,223,582
Idle capacity	11,993	158,612
Inventory valuation loss	37,413	52,191
Others (Note)	(40,704)	16,965
	$ 36,732,939	$ 42,451,350

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

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

Items	December 31, 2015	December 31, 2014
Unlisted stocks	$ 5,786,109	$ 5,442,727

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. Accordingly, 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) F.

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

(8) Investments accounted for using equity method

	December 31, 2015	December 31, 2014
Formosa Industry Co., Ltd.	$ 2,182,277	$ 2,065,036
Kuang Yueh Co., Ltd.	951,527	844,400
Changshu Yu Yuan Development Co., Ltd.	24,408	-
	$ 3,158,212	$ 2,909,436

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	place of business	December 31, 2015	December 31, 2014	Nature of relationship	Method of measurement
Formosa Industry Co., Ltd.	Vietnam	10.00%	10.00%	Associate	Equity method
Kuang Yueh Co., Ltd.	Taiwan	20.16%	20.16%	Associate	Equity method
Changshu Yu Yuan Development Co., Ltd.	China	40.78%	-	Associate	Equity method

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

Balance sheets

	Formosa Industry Co., Ltd.	
	December 31, 2015	December 31, 2014
Current assets	$ 7,604,525	$ 9,406,229
Non-current assets	23,625,804	16,432,444
Current liabilities	(1,945,152)	(5,405,736)
Non-current liabilities	(8,404,130)	(683,930)
Total net assets	$ 20,881,047	$ 19,749,007
Share in associate's net assets	$ 2,088,105	$ 1,974,901
Difference	94,172	90,135
Carrying amount of the associate	$ 2,182,277	$ 2,065,036

	Kuang Yueh Co., Ltd.	
	December 31, 2015	December 31, 2014
Current assets	$ 3,015,922	$ 3,247,667
Non-current assets	3,890,540	3,010,978
Current liabilities	(1,973,214)	(1,858,644)
Non-current liabilities	(229,878)	(223,659)
Total net assets	$ 4,703,370	$ 4,176,342
Share in associate's net assets (Carrying amount of the associate)	$ 951,527	$ 844,400

	Changshu Yu Yuan Development Co., Ltd.	
	December 31, 2015	December 31, 2014
Current assets	$ 367,888	$ -
Non-current assets	7,875	-
Current liabilities	(315,910)	-
Total net assets	$ 59,853	$ -
Share in associate's net assets (Carrying amount of the associate)	$ 24,408	$ -

Statements of comprehensive income

	Formosa Industry Co., Ltd.	
	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	$ 21,569,600	$ 21,565,712
Profit for the year from continuing operations (Total comprehensive income)	$ 1,198,929	$ 1,135,295

	Kuang Yueh Co., Ltd.	
	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	$ 7,014,824	$ 6,240,942
Profit for the year from continuing operations	940,495	902,853
Other comprehensive (loss) income	(40,418)	58,210
Total comprehensive income	$ 900,077	$ 961,063

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

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

D.The investment income of $317,782 and $230,208 for the years ended December 31, 2015 and 2014, respectively, were accounted for under the equity method based on the audited financial statements of the investee companies.

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. Accordingly, 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.

G.The Company transferred stock of FORMOSA HA TINH (CAYMAN) LIMITED totaling 171,008,336 shares to the subsidiary-Formosa Taffeta (Cayman) Limited for reorganization.

H.In order to effectively utilise Formosa Taffeta (Changshu) Co., Ltd.’s residential land of 9,206 square metres, the Group adjusted the investment structure in March 2015 by reducing capital of Formosa Taffeta (Changshu) Co., Ltd. and splitting the above land for establishing Changshu Fushun Enterprise Management Co., Ltd., whose 100% share ownership is held by Formosa Taffeta (Hong Kong) Co., Ltd. The above capital reduction, land division and establishment of a new company were completed in the first quarter of 2015. Furthermore, Changshu Fushun Enterprise Management Co., Ltd. merged with Changshu Yu Yuan Development Co., Ltd. in July 2015, with Changshu Yu Yuan Development Co., Ltd. as the surviving company. Formosa Taffeta (Hong Kong) Co., Ltd. holds 40.78% share of Changshu Yu Yuan Development Co., Ltd.

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(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
Year ended December 31, 2015						
Opening net book amount	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
Additions	13,252	-	-	302	2,713,959	2,727,513
Disposals	(23,082)	(3,098)	(286,527)	(5,942)	-	(318,649)
Transfers (Note)	268	61,610	1,839,168	80,628	(2,009,830)	(28,156)
Depreciation charge	(330)	(320,464)	(2,289,008)	(247,817)	-	(2,857,619)
Net exchange differences	(54)	(27,878)	(28,381)	(3,400)	2,317	(57,396)
Closing net book amount	$ 2,371,453	$ 5,178,153	$ 7,247,725	$ 881,420	$ 1,633,090	$ 17,311,841
December 31, 2015						
Cost	$ 2,542,709	$ 10,474,572	$ 41,309,167	$ 9,317,556	$ 1,633,090	$ 65,277,094
Accumulated depreciation	(15,518)	(5,296,419)	(34,061,171)	(8,436,136)	-	(47,809,244)
Accumulated impairment	(155,738)	-	(271)	-	-	(156,009)
	$ 2,371,453	$ 5,178,153	$ 7,247,725	$ 881,420	$ 1,633,090	$ 17,311,841

Note: Transferred to maintenance 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
Year ended December 31, 2014						
Opening net book amount	$ 2,231,512	$ 5,598,388	$ 9,317,957	$ 1,369,801	$ 496,713	$ 19,014,371
Additions	135,149	13	632	11,784	1,819,237	1,966,815
Disposals	-	(64)	(85,998)	(1,326)	-	(87,388)
Transfers (Note)	14,890	102,383	1,298,779	52,785	(1,405,787)	63,050
Depreciation charge	(318)	(337,676)	(2,638,766)	(390,472)	-	(3,367,232)
Net exchange differences	166	104,939	119,869	15,077	16,481	256,532
Closing net book amount	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
December 31, 2014						
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

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:

	Years ended December 31,	
	2015	2014
Amount capitalised	$ 8,293	$ 3,146
Interest rate	1.17%~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 equipment	2 ~ 17 years

C. Information about the property, plant and equipment that were pledged to others as collateral 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 December 31, 2015 and 2014, the land mortgaged to the Company was $586,700 and $608,400, respectively.

(10) Long-term prepaid rent (shown as 'Other non-current assets')

	December 31, 2015	December 31, 2014
Land use right - Formosa Taffeta Co., Ltd.	$ 801	$ 1,171
Land use right - Formosa Taffeta (Zhong Shan) Co., Ltd.	36,458	38,490
Land use right - Formosa Taffeta (Dong Nai) Co., Ltd.	149,204	152,799
Land use right - Formosa Taffeta (Changshu) Co., Ltd.	133,831	167,906
	$ 320,294	$ 360,366

A. Land use right of Formosa Taffeta Co., Ltd. pertains to the payment for the right to establish a petrol station and title transfer of land leasing right and is amortised over the land lease period under the contract. The Group recognised rental expense for the years ended December 31, 2015 and 2014 amounting to $1,080 and $4,318, respectively.

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 HK 12,599 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 for the years ended December 31, 2015 and 2014 of RMB 266 thousand.

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 in 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 1,671,946 thousand and VND 1,697,946 thousand for the years ended December 31, 2015 and 2014, respectively.

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 in December 2056. The Group recognised rental expense for the years ended December 31, 2015 and 2014 amounting to RMB 662 thousand and RMB 728 thousand, respectively.

E. In order to effectively utilise Formosa Taffeta (Changshu) Co., Ltd.'s partial residential land, the company has reduced capital and split land of 9,206 square metres in development zone to Changshu Fushun Enterprise Management Co., Ltd. The acquisition cost is RMB 6,400 thousand and the effective period starts from the approval of certificate of land use right and ends in December 2076. However, Changshu Fushun Enterprise Management Co., Ltd. merged with Changshu Yu Yuan Development Co., Ltd. and eliminated in July 2015. Details are provided in Note 6(8)H.

(11) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 3,201,165	1.39%～2.24%	Property, plant and equipment and Inventories
Credit borrowings	300,000	0.93%	－
Purchase loans	6,791	1.20%～1.45%	－
	$ 3,507,956		

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		

(12) Short-term notes and bills payable

	December 31, 2015	December 31, 2014
Commercial paper payable	$ 1,700,000	$ 2,350,000
Less: Commercial paper payable discount	(475)	(476)
	$ 1,699,525	$ 2,349,524
Interest rate	0.85%	1.00%

The abovementioned commercial paper payable is issued by International Bills Finance Corp. etc.

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

Items	December 31, 2015	December 31, 2014
Current items:		
Financial liabilities held for trading		
Forward foreign exchange contracts	$ 818	$ 5,843

A.The Group recognised net gain (loss) of $2,632 and ($5,379) on financial liabilities held for trading for the years ended December 31, 2015 and 2014, respectively.

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

	December 31, 2015		December 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 5,000	2015.11~2016.2	USD 8,000	2014.11~2015.2
Taipei Fubon Bank	JPY 270,180	2015.12~2016.3	-	-

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

	December 31, 2015	December 31, 2014
Dividends payable	$ 14,642	$ 11,395
Salaries and year-end bonus payable	781,152	769,631
Accrued utilities expenses	117,157	138,524
Commission payable	81,578	44,465
Others	818,901	1,083,225
	$ 1,813,430	$ 2,047,240

(15) Long-term borrowings

	December 31, 2015	December 31, 2014
Bank borrowings		
Secured borrowings	$ 483,364	$ 390,685
Credit borrowings	10,000,000	8,900,000
	10,483,364	9,290,685
Less: current portion (Shown as other currrent liabilities)	(120,955)	(71,790)
	$ 10,362,409	$ 9,218,895
Interest rate	1.12%~1.34%	1.23%~1.40%

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 December 2015, which amended the contract period to 2015/12/21 ~2017/12/21 in the amount of $900,000. The ratio calculation shall be based on the Company's financial statements.

If the Company fails to meet the required ratios, it should improve no later than September of the following year. The Company should provide the audited financial statements to the 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 12% 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. Also, the Company would assess the balance in the aforementioned employees pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligations	$ 3,105,115	$ 3,010,031	$ 2,935,644
Fair value of plan assets	(258,894)	(271,047)	(399,259)
Net defined benefit liability	$ 2,846,221	$ 2,738,984	$ 2,536,385

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 3,010,031	($ 271,047)	$ 2,738,984
Current service cost	44,804	(2,928)	41,876
Interest (expense) income	58,901	(1,393)	57,508
	3,113,736	(275,368)	2,838,368
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,460)	(3,460)
Change in financial assumptions	107,560	-	107,560
Experience adjustments	103,078	-	103,078
	210,638	(3,460)	207,178
Pension fund contribution	-	(194,815)	(194,815)
Paid pension	(219,259)	214,749	(4,510)
Balance at December 31	$ 3,105,115	($ 258,894)	$ 2,846,221

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 2,935,644	($ 399,259)	$ 2,536,385
Current service cost	46,684	(5,513)	41,171
Interest (expense) income	54,827	(1,301)	53,526
	3,037,155	(406,073)	2,631,082
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,353)	(2,353)
Change in financial assumptions	(22,833)	-	(22,833)
Experience adjustments	157,438	-	157,438
	134,605	(2,353)	132,252
Pension fund contribution	-	(19,987)	(19,987)
Paid pension	(163,108)	157,366	(5,742)
Effect of business combination	1,379	-	1,379
Balance at December 31	$ 3,010,031	($ 271,047)	$ 2,738,984

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	1.50%	2.00%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 54,927)	$ 57,352	$ 249,590	($ 214,057)

The sensitivity analysis above was arrived at based on one assumption that change while other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are $134,811.

B.(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (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 defined contribution plans. 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 defined contribution plans. 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 defined contribution plans whereby contributions are made to the mandatory provident fund based on a percentage of the employees' salaries and wages as 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)The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $135,599 and $135,858, respectively.

(17) Share capital

A.As of December 31, 2015, the Company's issued capital was $16,846,646, consisting of 1,684,665,000 shares of common stock, with a par value of $10 per share.

B.For the years ended December 31, 2015 and 2014, changes in the number of treasury stocks are as follows (in thousands of shares):

Reason for reacquisition	Investee company	Year ended December 31, 2015 Beginning shares	Additions	Disposal (Note)	Ending shares
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,613	-	(50)	2,563

Note: The capital surplus amounting to $1,058 resulted from the subsidiary, Formosa Development Co., Ltd.'s, disposal of 50,000 shares of the parent company.

Reason for reacquisition	Investee company	Year ended December 31, 2014 Beginning shares	Additions	Disposal (Note)	Ending shares
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 $1,445 resulted from the subsidiary, Formosa Development Co., Ltd.'s, disposal of 80,000 shares of the parent company.

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

D.As of December 31, 2015 and 2014, the market price per share was $30.00 and $31.40, 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. In accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. However, the Company recognised directors' and supervisors' compensation and employees' bonus in accordance with the unmodified Company's Articles of Incorporation before modifying the Company's Articles.

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 June 26, 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	

E. As of December 31, 2015 and 2014, unpaid stock dividends amounted to $14,642 and $11,395, respectively.

F. The appropriations of 2015 earnings had been resolved by the Board of Directors on March 16, 2016. Details are summarized below:

	2015	
	Amount (in thousands)	Dividends per share (in dollars)
Legal reserve	$ 282,868	
Special reserve	326,718	
Cash dividends	2,021,598	$ 1.2
	$ 2,631,184	

As of March 16, 2015, the above appropriation of 2015 earnings has not been resolved by the shareholders.

G. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(25).

(20) Other equity items

	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2015	$ 20,331,798	$ 385,721	$ 3,209,154
Change in unrealised gain or loss on available-for-sale financial assets			
— Parent company	3,165,894	-	-
— Subsidiaries	5,096	-	-
— Associates	(5,354)	-	-
— Non-controlling interest	-	-	(2,478)
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	-	274,489	-
— Associates	-	(14,034)	-
— Non-controlling interest	-	-	(3,556)
Net income of non-controlling interest	-	-	395,273
Cash dividends paid by consolidated subsidiaries	-	-	(228,798)
December 31, 2015	$ 23,497,434	$ 646,176	$ 3,369,595

	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2014	$ 24,614,399	($ 95,294)	$ 2,958,224
Change in unrealised gain or loss on available-for-sale financial assets			
— Parent company	(4,299,374)	-	-
— Subsidiaries	20,294		
— Associates	(3,521)	-	-
— Non-controlling interest	-	-	10,605
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	-	463,981	-
— Associates	-	17,034	-
— Non-controlling interest	-	-	708
Remeasurement of defined benefit plan			
— Non-controlling interest			(1,030)
Net income of non-controlling interest	-	-	301,350
Cash dividends paid by consolidated subsidiaries	-	-	(60,703)
December 31, 2014	$ 20,331,798	$ 385,721	$ 3,209,154

(21) Operating revenue

	Years ended December 31,	
	2015	2014
Sales revenue	$ 42,516,503	$ 47,660,284
Service revenue	356,067	530,828
	$ 42,872,570	$ 48,191,112

(22) Other income

	Years ended December 31,	
	2015	2014
Interest income from bank deposits	$ 27,750	$ 20,777
Dividend income	386,084	967,716
Other income	239,730	208,680
	$ 653,564	$ 1,197,173

(23) Other gains and losses

	Years ended December 31,	
	2015	2014
Forward foreign exchange contracts		
Net gain on financial assets at fair value through profit or loss	$ 3,706	$ 3,610
Net loss on financial liabilities at fair value through profit or loss	2,632	(5,379)
Net currency exchange (loss) gain	(55,949)	205,245
Loss on disposal of property, plant and equipment	(199,113)	(38,231)
Bank charges	(31,303)	(41,741)
Gain on disposal of investments	-	36,476
Other losses	(72,170)	(100,097)
	($ 352,197)	$ 59,883

(24) Expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expense	$ 4,860,228	$ 4,760,740
Depreciation charges on property, plant and equipment	2,857,619	3,367,232
	$ 7,717,847	$ 8,127,972

(25) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	$ 4,083,099	$ 4,028,062
Labor and health insurance fees	409,404	377,388
Pension costs	235,030	230,588
Other personnel expenses	132,695	124,702
	$ 4,860,228	$ 4,760,740

A. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration in accordance with the Company's Articles of Incorporation, please refer to Note

6(19). However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 24, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall between 0.05% and 0.5% for employees' compensation and shall not be higher than 0.5% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders'meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' remuneration (bonus) was accrued at $6,096 and $8,080, respectively; while directors' and supervisors' remuneration was accrued at $3,048 and $4,040, respectively. The aforementioned amounts were recognized in salary expenses. The expense recognized for 2015 is accrued based on the net income for 2015 and the percentage specified in the Articles of Incorporation of the Company. The employees'compensation and directors' and supervisors' remuneration resolved by the board of directors is $9,144 and the employees' compensation will be distributed in the form of cash.

C. The expense recognized for 2014 was accrued based on the net income for 2014 and the percentage specified in the Articles of Incorporation of the Company. The employees' bonus and directors' and supervisors' remuneration for 2014 approved by shareholders were the same as the amounts shown in the 2014 financial statements.

D. 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.

(26) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	$ 198,646	$ 215,015
Less: capitalisation of qualifying assets	(8,294)	(3,146)
Finance costs	$ 190,352	$ 211,869

(27) Income tax

A.Income tax expense

	Years ended December 31, 2015	Years ended December 31, 2014
Current tax:		
Current tax on profits for the year	$ 299,366	$ 131,434
Tax on undistributed surplus earnings	83,712	23,242
Adjustments in respect of prior year	8,719	19,462
Prepayment of taxes	55,394	1,047
Impact of change in tax rate	(716)	(1,687)
Total current tax	446,475	173,498
Deferred tax:		
Origination and reversal of temporary differences	90,870	178,797
Income tax expense	$ 537,345	$ 352,295

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2015	Year ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	$ 821,211	$ 852,285
Expenses disallowed by tax regulation	(229,494)	(264,537)
Tax exempt income by tax regulation	(39,941)	(391,489)
Effect from investment tax credit	(197,732)	(65,465)
Prior year's income tax under estimate	8,719	19,462
Impact of change in the tax rate on temporary difference between current year and the year realized	90,870	178,797
Tax on undistributed earnings	83,712	23,242
Tax expense	$ 537,345	$ 352,295

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	Year ended December 31, 2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences:					
Provision for inventory obsolescence	$ 19,693	$ 2,755	$ -	$ -	$ 22,448
Allowance for bad debts in excess of tax-deductible limit	6,416	(3,753)	-	-	2,663
Estimated sales allowance	2,070	(2,070)	-	-	-
Accrued pension liabilities	436,139	(18,605)	-	-	417,534
Investment tax credits	50,890	(50,890)	-	-	-
Unrealized foreign exchange loss	-	7,928			7,928
Others	993	(993)	-	-	-
	516,201	(65,628)	-	-	450,573
Deferred tax liabilities:					
Temporary differences:					
Gain on valuation of financial assets	(790)	207	-	-	(583)
Unrealized foreign exchange gain	(11,758)	11,758	-	-	-
Investment income accounted for under equity method	(83,182)	(37,207)	-	-	(120,389)
	(95,730)	(25,242)	-	-	(120,972)
	$ 420,471	($ 90,870)	$ -	$ -	$ 329,601

	Year ended December 31, 2014				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
Temporary differences:					
Provision for inventory obsolescence	$ 17,525	$ 2,168	$ -	$ -	$ 19,693
Allowance for bad debts in excess of tax-deductible limit	6,416	-	-	-	6,416
Estimated sales allowance	-	2,070	-	-	2,070
Accrued pension liabilities	424,414	11,725	-	-	436,139
Investment tax credits	206,177	(155,287)	-	-	50,890
Others	119	874	-	-	993
	654,651	(138,450)	-	-	516,201
Deferred tax liabilities:					
Temporary differences:					
Gain on valuation of financial assets	(230)	(560)	-	-	(790)
Unrealized foreign exchange gain	(3,890)	(7,868)	-	-	(11,758)
Investment income accounted for under equity method	(51,263)	(31,919)	-	-	(83,182)
	(55,383)	(40,347)	-	-	(95,730)
	$ 599,268	($ 178,797)	$ -	$ -	$ 420,471

D.Details of investment tax credits and unrecognised deferred tax assets are as follows:

December 31, 2014			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Research and development expenditures	$ 61,335	$ 56,423	2017
Research and development expenditures	104,884	96,483	2016
Machinery and equipment	37,577	-	2015
	$ 203,796	$ 152,906	

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

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

G.The income tax rate of the Company's subsidiary, Formosa Taffeta Vietnam Co., Ltd., was approved by Vietnam government to be 10% for 15 years from the year of official establishment (December 1993). The Company was granted income tax exemption for 4 years from the first profit – making year and 50% income tax exemption for the next 4 years.

H.The income tax rate of Formosa Taffeta (Dong Nai) Co., Ltd. was approved by Vietnam government to be 15% for 12 years from the year of official establishment (October 2006); 22% after 12 years. The Company was granted income tax exemption for 3 years from the first profit – making year and income tax reduction of 15% or 22% for the next 4 to 10 years.

I. 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%.

J.Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 3,819,939	$ 4,636,684

K. Shareholder's creditable tax:

	December 31, 2015	December 31, 2014
Creditable account balance	$ 95,159	$ 222,230

	For the years ended December 31,	
	2015 (Expected)	2014 (Actual)
Creditable tax ratio	7.40%	15.86%

(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 number of outstanding common stocks for the year.

	Year ended December 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	$ 3,761,297	$ 3,223,952	1,682,069	$ 2.24	$ 1.92
Profit attributable to the non-controlling interest	(722,330)	(395,273)		(0.43)	(0.24)
Profit attributable to the parent	$ 3,038,967	$ 2,828,679		$ 1.81	$ 1.68

	Year ended December 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	$ 4,171,970	$ 3,819,675	1,681,984	$ 2.48	$ 2.27
Profit attributable to the non-controlling interest	(597,263)	(301,350)		(0.35)	(0.18)
Profit attributable to the parent	$ 3,574,707	$ 3,518,325		$ 2.13	$ 2.09

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:

	Year ended December 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	$ 3,761,297	$ 3,223,952	1,684,665	$ 2.23	$ 1.91
Profit attributable to the non-controlling interest	(722,330)	(395,273)		(0.43)	(0.23)
Profit attributable to the parent	$ 3,038,967	$ 2,828,679		$ 1.80	$ 1.68

	Year ended December 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	$ 4,171,970	$ 3,819,675	1,684,665	$ 2.48	$ 2.27
Profit attributable to the non-controlling interest	(597,263)	(301,350)		(0.36)	(0.18)
Profit attributable to the parent	$ 3,574,707	$ 3,518,325		$ 2.12	$ 2.09

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 years ended December 31, 2015 and 2014.

(29) Non-cash transaction

Investing activities with partial cash payments:

	Years ended December 31,	
	2015	2014
Purchase of property, plant and equipment	$ 2,727,513	$ 1,966,815
Add: opening balance of payable on equipment	89,748	16,096
Less: ending balance of payable on equipment	(41,230)	(89,748)
Cash paid during the year	$ 2,776,031	$ 1,893,163

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

	Years ended December 31,	
	2015	2014
Sales of goods:		
－Ultimate parent	$ 108,171	$ 151,778
－Associates	7,500,528	6,918,435
	$ 7,608,699	$ 7,070,213

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

B. Purchases of goods

	Years ended December 31,	
	2015	2014
Purchases of goods:		
－Ultimate parent	$ 2,696,503	$ 3,165,259
－Associates	12,683,960	16,688,849
	$ 15,380,463	$ 19,854,108

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

	December 31, 2015	December 31, 2014
Notes and accounts receivable:		
－Ultimate parent	$ 3,024	$ 6,770
－Associates	1,279,544	1,317,903
	$ 1,282,568	$ 1,324,673

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

D. Notes and accounts payable

	December 31, 2015	December 31, 2014
Notes and accounts payable:		
－Ultimate parent	$ 462,104	$ 605,773
－Associates	660,001	868,401
	$ 1,122,105	$ 1,474,174

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 lessees 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 years ended December 31, 2015 and 2014, Formosa Taffeta (Dong Nai) Co., Ltd. has recognised lease service in investment district of $29,220 and $26,948, respectively, for rendering the abovementioned consigned services. As of December 31, 2015 and 2014, the uncollected amount of $2,973 and $5,279, respectively, was recognised under 'other receivables'.

For the above land leasing, as of December 31, 2015 and 2014, management expense and utility expense amounting to $248,971 and $0, respectively, is collectible by Formosa Taffeta (Dong Nai) Co., Ltd. from the related party, Formosa Industry.

(3) Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 33,983	$ 35,000

8. PLEDGED ASSETS

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

	Book Value		
Item	December 31, 2015	December 31, 2014	Purpose
Property, plant and equipment	$ 140,062	$ 140,762	Security for short-term borrowings
Inventories (Held-to-maturity land)	26,798	40,287	Security for short-term borrowings
	$ 166,860	$ 181,049	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)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 December 31, 2015, the items in custody are as follows:

	December 31, 2015							
A.Work in process	Quantity (Unit：PC)	Market value (per PC)	Quantity (Unit：piece)	Market value (per piece)	Quantity (Unit：bar)	Market value (per bar)	Quantity (Unit：stick)	Market value (per stick)
LED	14,526,769	NTD 0.12~0.7	486	NTD 1,080~4,430	-	-	-	-
FBGA	42,153,693	USD 0.8~17.5	-	-	-	-	-	-
TSOP	8,730,052	USD 0.38~0.9	-	-	-	-	-	-
LED assembly	3,623,192	NTD 0.47	-	-	-	-	120	NTD 88.1
Module	866,178	USD 8~37.5	-	-	46,472	USD 8~37.5	-	-
MICRO-SD	938,578	USD 1.183~10.611	-	-	-	-	-	-
Other		USD 1.95~8.3	786	USD 1,500	-	-	-	-
	70,838,462		1,272		46,472		120	

B. Finished goods	Quantity (Unit：PC)	Market value (per PC)	Quantity (Unit：piece)	Market value (per piece)	Quantity (Unit：bar)	Market value (per bar)	Quantity (Unit：stick)	Market value (per stick)
LED	63,732,769	NTD 0.12~0.7	2,144	NTD 1,080~4,430	-	-	-	-
FBGA	117,242,036	USD 0.8~17.5	-	-	-	-	-	-
TSOP	15,976,853	USD 0.38~0.9	-	-	-	-	-	-
LED assembly	4,465,688	NTD 0.47	-	-	-	-	-	-
Module	-	-	-	-	18,114	USD 8~37.5	482	NTD 88.1
MICRO-SD	834,807	USD 1.183~10.611	-	-	-	-	-	-
Other	2,213	USD 1.95~8.3	264	USD 1,500	-	-	-	-
	202,254,366		2,408		18,114		482	

(2) As of December 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	$ 536
JPY	135,749
EUR	491
CHF	42

(3) Endorsements and guarantees

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

Name of company	December 31, 2015
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 2,297,750
FORMOSA TAFFETA VIETNAM CO., LTD.	1,641,250
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	2,626,000
FORMOSA TAFFETA (DONG NAI) CO., LTD.	4,421,528

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The resolution of the appropriations of the 2015 net income was approved during the Board of Directors' meeting on March 16, 2016. Details are provided in Note 6(19) F.

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.

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

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.

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

	December 31, 2015	December 31, 2014	January 1, 2014
Total borrowings	$ 15,690,845	$ 14,401,895	$ 15,137,209
Less: cash and cash equivalents	(5,640,597)	(3,796,868)	(3,064,945)
Net debt	10,050,248	10,605,027	12,072,264
Total equity	56,068,730	52,226,663	54,134,730
Total capital	$ 66,118,978	$ 62,831,690	$ 66,206,994
Gearing ratio	15%	17%	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:

	December 31, 2015				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
Financial assets					
Monetary items					
USD:NTD	$	96,569	33.07	$	3,193,537
USD:RMB		6,848	6.49		226,463
Non-monetary items					
VND:NTD		4,236,760,190	0.0015		6,355,140
HKD:NTD		246,109	4.25		1,045,963
RMB:NTD		527,631	5.09		2,685,642
USD:NTD		167,516	33.07		5,539,754
Financial liabilities					
Monetary items					
USD:NTD		3,332	33.07		110,189
USD:RMB		45,071	6.49		1,490,498

	December 31, 2014				
	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
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

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 years ended December 31, 2015 and 2014, amounted ($55,949) and $205,245, respectively.

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

	Year ended December 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
USD:NTD	1%	$ 31,935	$ -
USD:RMB	1%	2,265	-
Non-monetary items			
VND:NTD	1%	-	63,551
HKD:NTD	1%	-	10,460
RMB:NTD	1%	-	26,856
USD:NTD	1%	-	55,398
Financial liabilities			
Monetary items			
USD:NTD	1%	1,102	-
USD:RMB	1%	14,905	-

	Year ended December 31, 2014		
	Sensitivity analysis		
Financial assets	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Monetary items			
USD:NTD	1%	$ 36,275	$ -
USD:RMB	1%	2,519	-
Non-monetary items			
VND:NTD	1%	-	60,115
HKD:NTD	1%	-	10,796
RMB:NTD	1%	-	27,482
USD:NTD	1%	-	1,888
Financial liabilities			
Monetary items			
USD:NTD	1%	2,371	-
USD:RMB	1%	14,550	-

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 years ended December 31, 2015 and 2014 would have increased/decreased by $5,443 and $5,412, 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 $313,008 and $280,319, 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 years ended December 31, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.

ii. At December 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 years ended December 31, 2015 and 2014 would have been $83,000 and $73,870 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

iii. At December 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 years ended December 31, 2015 and 2014 would have been $2,718 and $2,392 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.

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 3,578,543	$ -	$ -
Short-term bills payable	1,700,000	-	-
Notes payable (including related parties)	340,510	-	-
Accounts payable (including related parties)	2,583,752	-	-
Other payables	1,813,430	-	-
Long-term borrowings (including current portion)	120,956	7,620,955	2,741,454
Financial guarantee contracts	3,611,465	-	-

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	-	-

(d)As of December 31, 2015 and 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 that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks and beneficiary certificates with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 2: Unobservable inputs for the asset or liability.

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

December 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 12	$ -	$ 12
Beneficiary certificates	655,799	-	-	655,799
Available-for-sale financial assets				
Equity securities	30,951,482	349,300	-	31,300,782
	$ 31,607,281	$ 349,312	$ -	$ 31,956,593
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 818	$ -	$ 818

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

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 such as current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including applying a 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 years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with "Rules Governing the Preparation of Financial Statements by Securities Issuers", significant transactions for the year ended December 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: Please refer to table 1.

C. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or

20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(13) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

A. The Group operates and sets policies from product and service perspective; thus, management also identifies reportable segments using the same method.

B. The Group has 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

	Year ended December 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	$ 13,630,215	$ 7,659,906	$ 11,013,204	$ 1,808,456	$ 8,760,789	$ -	$ 42,872,570
Inter-segment revenue	1,538,445	188,072	-	141,153	-	(1,867,670)	-
Total segment revenue	$ 15,168,660	$ 7,847,978	$ 11,013,204	$ 1,949,609	$ 8,760,789	($ 1,867,670)	$ 42,872,570
Segment income	$ 2,636,674	$ 419,656	$ 185,938	$ 151,154	$ 1,372,824	($ 1,004,949)	$ 3,761,297
Segment assets							
Identifiable assets	$ 13,999,899	$ 5,133,913	$ 1,293,844	$ 4,493,724	$ 5,719,684	($ 382,842)	$ 30,258,222
Long-term investments							3,158,212
General assets							46,638,621
Total assets							$ 80,055,055

	Year ended December 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	$ 14,382,798	$ 8,371,875	$ 14,319,971	$ 1,912,084	$ 9,204,384	$ -	$ 48,191,112
Inter-segment revenue	1,969,095	-	-	-	-	(1,969,095)	-
Total segment revenue	$ 16,351,893	$ 8,371,875	$ 14,319,971	$ 1,912,084	$ 9,204,384	($ 1,969,095)	$ 48,191,112
Segment income	$ 3,243,021	$ 280,019	$ 125,771	$ 207,869	$ 1,071,666	($ 756,376)	$ 4,171,970
Segment assets							
Identifiable assets	$ 13,402,107	$ 5,677,149	$ 1,394,035	$ 4,042,076	$ 7,201,787	($ 348,383)	$ 31,368,771
Long-term investments							2,909,436
General assets							40,626,773
Total assets							$ 74,904,980

(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).

(5) Information on product and service

	Year ended December 31, 2015	Year ended December 31, 2014
Sales revenue	$ 42,516,503	$ 47,660,284
Service revenue	356,067	530,828
	$ 42,872,570	$ 48,191,112

(6) Geographical information

Year ended December 31, 2015	Internal	Asia	Adjustment and write-off	Consolidated
Revenue from customers other than parent company and consolidated subsidiaries	$ 37,212,699	$ 5,659,871	$ -	$ 42,872,570
Revenue from parent company and consolidated subsidiaries	636,061	1,231,609	(1,867,670)	-
Total revenue	$ 37,848,760	$ 6,891,480	($ 1,867,670)	$ 42,872,570
Segment income (loss)	$ 4,414,985	$ 351,261	($ 1,004,949)	$ 3,761,297
Identifiable assets	$ 22,621,451	$ 8,019,613	($ 382,842)	$ 30,258,222
Long-term investment				3,158,212
General assets				46,638,621
Total assets				$ 80,055,055

	Year ended December 31, 2014			
	Internal	Asia	Adjustment and write-off	Consolidated
Revenue from customers other than parent company and consolidated subsidiaries	$ 42,445,920	$ 5,745,192	$ -	$ 48,191,112
Revenue from parent company and consolidated subsidiaries	853,258	1,115,837	(1,969,095)	-
Total revenue	$ 43,299,178	$ 6,861,029	($ 1,969,095)	$ 48,191,112
Segment income (loss)	$ 4,660,234	$ 268,112	($ 756,376)	$ 4,171,970
Identifiable assets	$ 24,386,660	$ 7,330,494	($ 348,383)	$ 31,368,771
Long-term investment				2,909,436
General assets				40,626,773
Total assets				$ 74,904,980

(7) Major customer information

Details of customers whose sales revenue comprise 10% or above of sales revenue in the Group's consolidated statement of income for the years ended December 31, 2015 and 2014 are as follows:

	Years ended December 31,			
	2015		2014	
	Revenue	Segment	Revenue	Segment
NAN YA TECHNOLOGY CORPORATION	$ 6,122,911	FATC department	$ 5,463,106	FATC department

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3,8)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at December 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 3,8)	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
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	2	$ 34,254,437	$ 2,600,000	$ 2,297,750	$ 909,253	$ -	4.36%	$ 68,508,875	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	2	34,254,437	2,136,550	1,641,250	132,880	-	3.11%	68,508,875	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	3	34,254,437	3,363,735	2,626,000	531,437	-	4.98%	68,508,875	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (DONG NAI) CO.,	2	34,254,437	4,674,114	4,421,528	2,037,895	-	8.39%	68,508,875	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:
(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.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)

For the year ended December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2015				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Available-for-sale financial assets - current	11,219,610	$ 830,250	0.19	$ 830,250	
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	50	-	50	
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	29,414	0.01	29,414	
FORMOSA TAFFETA CO., LTD.	INOTERA MEMORIES INC.	-	Available-for-sale financial assets - current	2,712,345	75,810	0.04	75,810	
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	349,300	2.35	349,300	
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	637,536	0.57	637,536	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Substantial related party	Available-for-sale financial assets - non-current	365,267,576	28,783,085	3.83	28,783,085	
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	568,105	3,099	1.20	3,099	
FORMOSA TAFFETA CO., LTD.	WK TECHNOLOGY FUND Ⅳ LIMITED	-	Financial assets measured at cost – non-current	5,352,107	34,517	3.17	34,517	
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	
FORMOSA TAFFETA (CAYMAN) LIMITED	FORMOSA HA TINH (CAYMAN) LIMITED	Substantial related party	Financial assets measured at cost – non-current	171,008,736	5,446,340	4.15	5,446,340	
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	2,563,228	76,897	0.15	76,897	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	Association of R.O.C.	-	Financial assets measured at cost – non-current	-	$ 153	0.11	$ 153	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the issuer's managing director and legal representative	Available-for-sale financial assets - current	388	30	-	30	
FORMOSA ADVANCED TECHNOLOGIES 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	312,512	19,063	-	19,063	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Available-for-sale financial assets - current	7,037,000	520,738	0.12	520,738	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	JIH SUN MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	27,586,096	403,350	-	403,350	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	MEGA DIAMOND MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	20,396,748	252,449	-	252,449	
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	55,505	0.05	55,505	
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	0.15	1,181	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2015	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
FORMOSA TAFFETA CO., LTD.	FORMOSA HA TINH (CAYMAN) LIMITED	Financial assets measured at cost – non-current	-	-	171,008,736	$ 5,089,575	-	$ -	(171,008,736)	$ 5,089,575	$ 5,089,575	$ -	-	$ -
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CAYMAN) LIMITED	Investments accounted for under equity method	FORMOSA TAFFETA (CAYMAN) LIMITED	Subsidiary	20,000	562	171,008,736	5,089,575	-	-	-	-	171,028,736	5,446,692
FORMOSA TAFFETA (CAYMAN) LIMITED	FORMOSA HA TINH (CAYMAN) LIMITED	Financial assets measured at cost – non-current	-	-	-	-	171,008,736	5,089,575	-	-	-	-	171,008,736	5,446,692

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: Beginning balance added addition amount is not equal to balance at December 31, 2015 because of valuation in exchange rate.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the year ended December 31, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		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 receivable (payable)	Footnote (Note 2)
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Investee company accounted for under the equity method	Sales	($ 538,353)	(1.94)	Pay by mail transfer 60 days after delivery	$ -	-	Accounts receivable $ 78,375 Notes receivable $ 156	3.45	
FORMOSA TAFFETA CO., LTD.	SCHOELLER FTC (HONG KONG) CO., LTD.	Subsidiary	Sales	(361,804)	(1.30)	120 days after delivery	-	-	Accounts receivable 20,640	0.91	
FORMOSA TAFFETA CO., LTD.	YUGEN CO., LTD	The Company's managing director and counterparty's person in charge are in first degree of kinship	Sales	(304,484)	(1.10)	120 days after delivery	-	-	Accounts receivable -	-	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (DONG NAI) CO., LTD.	Subsidiary	Sales	(149,647)	(0.54)	120 days after delivery	-	-	Accounts receivable 17,706	0.78	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Substantial related party	Purchases	10,263,967	47.64	Pay every half of month by mail transfer	-	-	Accounts payable (446,582)	(23.84)	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Purchases	2,221,996	10.31	Draw promissory notes due in 2 months after inspection	-	-	Accounts payable (293,218) Notes payable (140,382)	(23.15)	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Sales	(108,171)	(0.39)	60 days after monthly billings	-	-	Accounts receivable 3,024	-	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director	Purchases	785,047	3.64	Pay every half of month by mail transfer	-	-	Accounts payable (74,772)	(3.99)	

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		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 receivable (payable)	Footnote (Note 2)
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director and legal reprsentive	Purchases	316,891	1.47	Pay every half of month by mail transfer	-	-	Accounts payable (30,701)	(1.64)	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's managing director	Sales	($ 6,122,911)	(69.89)	60 days after monthly billings	-	-	Accounts receivable $1,086,135	64.00	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Affiliated company	Sales	(306,977)	(16.60)	60 days after monthly billings	-	-	Accounts receivable 89,179	33.05	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA INDUSTRIES COPORATION	Investee company accounted for under the equity method	Purchases	123,866	6.70	60 days after monthly billings	-	-	Accounts payable (11,613)	(10.76)	
FORMOSA TAFFETA VIETNAM CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Sales	(115,966)	(6.06)	60 days after monthly billings	-	-	Accounts receivable 27,801	8.87	
FORMOSA TAFFETA VIETNAM CO., LTD.	FORMOSA INDUSTRIES COPORATION	The counterparty is the parent company's investee accounted for under the equity method	Purchases	232,796	16.17	60 days after monthly billings	-	-	Accounts payable (35,917)	(26.14)	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA TAFFETA CO., LTD.	Parent company	Sales	(375,337)	13.42	60 days after monthly billings	-	-	Accounts receivable 61,347	8.53	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA TAFFETA VIETNAM CO., LTD.	Affiliated company	Sales	(210,203)	(7.51)	60 days after monthly billings	-	-	Accounts receivable 62,986	8.76	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	The counterparty is the parent company's investee accounted for under the equity method	Sales	(121,694)	(4.35)	60 days after monthly billings	-	-	Accounts receivable 20,815	2.89	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA INDUSTRIES COPORATION	The counterparty is the parent company's investee accounted for under the equity method	Purchases	527,979	20.53	60 days after monthly billings	-	-	Accounts payable (23,143)	(7.02)	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Purchases	433,757	16.86	60 days after monthly billings	-	-	Accounts payable (28,503)	(8.64)	

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		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 receivable (payable)	Footnote (Note 2)
FORMOSA TAFFETA (DONG NAI) CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director	Purchases	149,857	5.83	Pay every half of month by mail transfer	-	-	Accounts payable (6,252)	(1.90)	
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	JIAXING GUANYUE COSTUME LIMITED COMPANY	The counterparty's parent company is the parent company's investee accounted for under the equity method	Sales	($ 151,950)	(13.14)	Pay by mail transfer 60 days after delivery	-	-	Accounts receivable $4,053	2.68	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015（Note 1）	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's director	$ 1,084,135	5.66	$ -	-	$ 1,084,135	$ -

Note 1: Fill in separately the balances of accounts receivable–related parties, notes receivable–related parties, other receivables–related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICALS & FIBRE CORPORATION	1	Purchases	$ 2,221,996	Draw promissory notes that due in 2 months after inspection	5.18

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:

(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.

Note 4: The amount of transactions under $500 million are not disclosed.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount as at December 31, 2015	Initial investment amount as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2(3))	Footnote
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	$ 217,084	$ 32,460	$ 31,459	
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	6,512,114	1,127,081	735,207	
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	1,037,814	677	677	
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	1,639,893	184,306	184,306	
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	18,595,352	20.16	951,527	940,495	188,868	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount as at December 31, 2015	Initial investment amount as at December 31, 2014	Shares held as at December 31, 2015 Number of shares	Shares held as at December 31, 2015 Ownership (%)	Shares held as at December 31, 2015 Book value	Net profit (loss) of the investee for the year ended December 31, 2015 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2(3))	Footnote
FORMOSA TAFFETA CO., LTD.	SCHOELLER FTC (HONG KONG) CO., LTD.	Hong Kong	Trading of textiles	$ 2,958	$ 2,958	-	43.00	$ 9,135	$ 17,320	$ 7,448	
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	2,414,341	18,018	18,018	
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	2,182,277	1,198,929	130,098	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CAYMAN) LIMITED	Cayman Islands	Investments	5,090,180	605	171,028,736	100.00	5,446,692	(231)	(231)	
FORMOSA DEVELOPMENT CO., LTD.	FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,270	1,127,081	1,335	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2015' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the nine-month period ended December 31, 2015' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the nine-month period ended December 31, 2015' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

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 year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 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	$ 24,086	100	$ 24,086	$ 1,726,030	$ -	Note 3
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	(3,494)	100	(3,494)	8,256	-	Note 4
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	(2,685)	100	(2,685)	952,458	-	Note 5
CHANGSHU YU YUAN DEVELOPMENT. CO., LTD.	Building and selling real estate	70,788	(2)	-	-	-	-	(3,868)	41	(1,184)	24,408	-	Note 6

Note 1: Investment methods are classified into the following three categories:

(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 amount of 'Investment income (loss) recognised by the Company for the year ended December 31, 2015 were derived from financial statements which were reviewed by independent accountants.

Note 3: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 and December 31, 2015 are both US$46,400,000 (remitted out US$46,388,800 and equipment amounted to US$11,200).

Note 4: The Company's paid-in capital and accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015 and December 31, 2015 are both US$570,000.

Note 5: 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 December 31, 2015 were US$41,100,000.

Note 6: The Company is the surviving company after the consolidation of Changshu Yu Yuan Development.Co.,Ltd. and Changshu FushunEnterpriseManagementCo.,Ltd. It's paid-in capital is RMB$13,592,920.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 1,402,085	$ 1,534,448	$ 33,641,238
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	15,273	18,850	33,641,238
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	1,334,739	1,388,940	33,641,238

Note 1：

(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. Such investment is still awaiting approval by MOEA.

(4)The original currency of paid-in capital was translated at USD:TWD = 1:33.07

Note 2: The numbers in this table are expressed in New Taiwan Dollars.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the year ended December 31, 2015

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate	Interest during the year ended December 31, 2015	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 31,513	0.11	$ -	-	$ 622	0.03	$ 2,297,750	For short-tem loans from financial institutions	$ -	$ -	0	$ -	
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	61,792	0.22	-	-	6,664	0.29	2,626,000	For short-tem loans from financial institutions	-	-	0	-	