FORMOSA TAFFETA CO., LTD.

PARENT COMPANY ONLY

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 parent company only balance sheets of Formosa Taffeta Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for under the equity method. These investments accounted for under the equity method amounted to $7,205,429 thousand and $6,818,570 thousand as of December 31, 2015 and 2014, respectively, and the comprehensive income (including share of profit/(loss) of subsidiaries, associates and joint ventures accounted for under equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method) was $525,244 thousand and $384,331 thousand for the years then ended, respectively. The financial statements of these investee companies were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these investee companies, is based solely on the 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, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Formosa Taffeta Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan
March 16, 2016

The accompanying 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 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.
PARENT COMPANY ONLY 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)	$ 1,195,634	2	$ 1,051,513	2	$ 1,226,867	2
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	2,394	-	904	-
1125	Available-for-sale financial assets - current	6(3)	1,284,824	2	1,315,682	2	1,401,093	2
1150	Notes receivable, net	6(4)	64,975	-	70,043	-	76,796	-
1160	Notes receivable - related parties	7	5,236	-	2,743	-	6,963	-
1170	Accounts receivable, net	6(5)	2,078,953	3	2,396,584	4	2,344,288	4
1180	Accounts receivable - related parties	7	189,710	-	287,865	-	228,931	-
1200	Other receivables	7	81,149	-	126,526	-	237,920	1
130X	Inventory	6(6)	4,263,989	6	4,324,890	7	4,250,515	6
1410	Prepayments		711,626	1	142,496	-	75,623	-
1470	Other current assets		176,760	-	193,867	-	179,731	-
11XX	**Total current assets**		10,052,856	14	9,914,603	15	10,029,631	15
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3)	29,420,621	42	26,223,870	39	30,437,832	44
1543	Financial assets carried at cost - non-current	6(7)	240,241	-	5,343,196	8	253,621	-
1550	Investments accounted for under equity method	6(8)	22,145,163	31	16,006,026	24	18,761,516	27
1600	Property, plant and equipment	6(9) and 7	7,874,806	11	7,787,140	12	7,891,096	12
1760	Investment property - net	7	548,181	1	425,616	1	445,037	1
1840	Deferred income tax assets	6(25)	431,073	1	476,969	1	490,310	1
1900	Other non-current assets		210,066	-	388,992	-	110,299	-
15XX	**Total non-current assets**		60,870,151	86	56,651,809	85	58,389,711	85
1XXX	**Total assets**		$ 70,923,007	100	$ 66,566,412	100	$ 68,419,342	100

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FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY 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	%
	Current liabilities							
2100	Short-term borrowings	6(10)	$ 306,791	1	$ 290,000	-	$ 290,000	1
2110	Short-term notes and bills payable	6(11)	1,699,525	3	2,349,524	4	1,249,863	2
2120	Financial liabilities at fair value through profit or loss - current	6(12)	277	-	-	-	-	-
2150	Notes payable		170,387	-	157,549	-	149,525	-
2160	Notes payable - related parties	7	140,382	-	288,160	-	218,650	-
2170	Accounts payable		905,003	1	494,702	1	436,944	1
2180	Accounts payable - related parties	7	967,924	2	1,131,306	2	1,388,975	2
2200	Other payables	7	885,404	1	890,522	1	790,869	1
2230	Current income tax liabilities	6(25)	137,042	-	-	-	215,466	-
2300	Other current liabilities		80,140	-	172,063	-	89,871	-
21XX	**Total current liabilities**		5,292,875	8	5,773,826	8	4,830,163	7
	Non-current liabilities							
2540	Long-term borrowings	6(13)	10,000,000	14	8,900,000	14	9,800,000	14
2570	Deferred income tax liabilities	6(25)	120,389	-	93,401	-	54,451	-
2600	Other non-current liabilities	6(14)	2,810,608	4	2,781,676	4	2,558,222	4
25XX	**Total non-current liabilities**		12,930,997	18	11,775,077	18	12,412,673	18
2XXX	**Total liabilities**		18,223,872	26	17,548,903	26	17,242,836	25
	Equity							
	Share capital	6(15)						
3110	Share capital - common stock		16,846,646	24	16,846,646	25	16,846,646	25
	Capital surplus	6(16)						
3200	Capital surplus		20,791	-	38,348	-	98,898	-
	Retained earnings	6(17)						
3310	Legal reserve		6,508,610	9	6,156,773	9	5,943,868	9
3320	Special reserve		1,381,824	2	644,262	1	326,534	-
3350	Unappropriated retained earnings		3,819,939	5	4,636,684	7	3,464,878	5
	Other equity interest	6(18)						
3400	Other equity interest		24,143,610	34	20,717,519	32	24,519,105	36
3500	Treasury stocks	6(15)	(22,285)	-	(22,723)	-	(23,423)	-
3XXX	**Total equity**		52,699,135	74	49,017,509	74	51,176,506	75
	Commitments and contingent liabilities	9						
	Subsequent event	11						
3X2X	**Total liabilities and equity**		$ 70,923,007	100	$ 66,566,412	100	$ 68,419,342	100

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY 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	%
4000	**Sales revenue**	6(19) and 7	$ 27,761,888	100	$ 32,842,284	100
5000	**Operating costs**	6(6)(22)(23) and 7	(24,479,844)	(88)	(29,244,095)	(89)
5900	**Net operating margin**		3,282,044	12	3,598,189	11
	Operating expenses	6(22)(23) and 7				
6100	Selling expenses		(1,515,739)	(6)	(1,596,514)	(5)
6200	General and administrative expenses		(529,805)	(2)	(525,988)	(1)
6000	**Total operating expenses**		(2,045,544)	(8)	(2,122,502)	(6)
6900	**Operating profit**		1,236,500	4	1,475,687	5
	Non-operating income and expenses					
7010	Other income	6(20) and 7	609,275	2	1,137,082	3
7020	Other gains and losses	6(21) and 7	9,257	-	116,094	-
7050	Finance costs	6(24)	(132,507)	-	(136,054)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(8)	1,316,442	5	981,898	3
7000	**Total non-operating income and expenses**		1,802,467	7	2,099,020	6
7900	**Profit before income tax**		3,038,967	11	3,574,707	11
7950	Income tax expense	6(25)	(210,288)	(1)	(56,382)	-
8200	**Profit for the year**		$ 2,828,679	10	$ 3,518,325	11
	Other comprehensive (loss) income	6(18)				
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial gains (losses) on defined benefit plans		($ 197,495)	(1)	($ 131,222)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation		260,455	1	481,015	1
8362	Other comprehensive income (loss), before tax, available-for-sale financial assets		3,165,636	12	(4,282,601)	(13)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		3,228,596	12	(3,932,808)	(12)
8500	**Total comprehensive income (loss) for the year**		$ 6,057,275	22	($ 414,483)	(1)

			2015 Before Tax	2015 After Tax	2014 Before Tax	2014 After Tax
9750	**Basic and diluted earnings per share**	6(26)	$ 1.81	$ 1.68	$ 2.13	$ 2.09
	Assuming shares held by subsidiary are not deemed as treasury stock:					
	Basic earnings per share		$ 1.80	$ 1.68	$ 2.12	$ 2.09

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Treasury stock transactions	Capital surplus, changes in ownership interests in subsidiaries	Undistributed earnings	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 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
Appropriations of 2013 net income (Note 2):	6(17)												
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)
Profit for the year		-	-	-	-	-	-	-	3,518,325	-	-	-	3,518,325
Change in equity from not acquiring new shares proportionately to ownership		-	-	-	-	(65,153)	-	-	-	-	-	-	(65,153)
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount		-	-	545	-	-	-	-	-	-	-	-	545
Stocks of the parent company bought by the subsidiary and recognised as treasury stock		-	2,613	-	-	-	-	-	-	-	-	-	2,613
Disposal of treasury stock	6(15)	-	1,445	-	-	-	-	-	-	-	-	700	2,145
Other comprehensive loss for the year	6(18)	-	-	-	-	-	-	-	(131,222)	481,015	(4,282,601)	-	(3,932,808)
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

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FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves				Retained Earnings			Other equity interest			
	Notes	Share capital - common stock	Treasury stock transactions	Capital surplus, changes in ownership interests in subsidiaries	Undistributed earnings	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 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
Appropriations of 2014 net income (Note 2):	6(17)												
Legal reserve		-	-	-	-	-	351,837	-	(351,837)	-	-	-	-
Special reserve		-	-	-	-	-	-	737,562	(737,562)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(2,358,530)	-	-	-	(2,358,530)
Profit for the year		-	-	-	-	-	-	-	2,828,679	-	-	-	2,828,679
Disposal of treasury stock	6(15)	-	1,058	-	-	-	-	-	-	-	-	438	1,496
Change in equity from not acquiring new shares proportionately to ownership		-	-	-	-	(18,615)	-	-	-	-	-	-	(18,615)
Other comprehensive income for the year	6(18)	-	-	-	-	-	-	-	(197,495)	260,455	3,165,636	-	3,228,596
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

Note 1: Directors' and supervisors' remuneration amounting to $2,896 and employees' bonus amounting to $5,791 had been deducted from the Statement of Comprehensive Income in 2015.

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

FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY 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			
Profit before tax for the year		$ 3,038,967	$ 3,574,707
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
(Reversal of impairment) provision for bad debts	6(5)	(18,261)	-
Depreciation (including depreciation on investment property)	6(9)(22) and 7	852,571	894,419
Interest expense	6(24)	132,507	136,054
Interest income	6(20)	(3,205)	(1,804)
Dividend income	6(20)	(376,155)	(965,996)
Gain on valuation of financial assets	6(2)(21)	-	(1,730)
Loss on valuation of financial liabilities	6(12)(21)	2,671	240
Receipt of cash dividends from investment accounted for under the equity method		507,389	162,242
Share of profit of subsidiaries and associates accounted for under the equity method	6(8)	(1,316,442)	(981,898)
Gain on disposal of investments	6(21)	-	(36,476)
Gain on disposal and scrap of property, plant and equipment	6(21)	(27,467)	(6,842)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		7,034	6,753
Notes receivable - related parties		(2,493)	4,220
Accounts receivable		333,926	(52,296)
Accounts receivable - related parties		98,323	(58,934)
Other receivables		44,892	111,580
Inventories		60,901	(74,375)
Prepayments		(569,130)	(66,873)
Other current assets		17,107	(14,136)
Net changes in liabilities relating to operating activities			
Notes payable		12,838	8,024
Notes payable - related parties		(147,778)	69,510
Accounts payable		410,301	57,758
Accounts payable - related parties		(163,382)	(257,669)
Other payables		(5,406)	100,533
Other current liabilities		(91,923)	82,192
Other non-current liabilities		(165,721)	94,212
Cash generated from operations		2,632,064	2,783,415
Interest received		3,205	1,804
Dividends received		376,155	965,996
Interest paid		(132,219)	(136,934)
Income tax paid		(317)	(219,744)
Net cash provided by operating activities		2,878,888	3,394,537

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FORMOSA TAFFETA CO., LTD.
PARENT COMPANY ONLY 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			
Proceeds from capital reduction of financial assets measured at cost		$ 13,380	$ -
Acquisition of investments accounted for under the equity method	6(8)	-	(1,041,995)
Acquisition of property, plant, and equipment	6(27)	(1,090,894)	(691,226)
Proceeds from disposal of property, plant and equipment		55,559	7,784
Decrease (increase) in other non-current assets		178,926	(359,451)
Net cash used in investing activities		(843,029)	(2,084,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		16,791	-
(Decrease) increase in short-term notes and bills payable		(649,999)	1,099,661
Increase in long-term borrowings		6,000,000	7,200,000
Payment of long-term borrowings		(4,900,000)	(8,100,000)
Payment of cash dividends	6(17)	(2,358,530)	(1,684,664)
Net cash used in financing activities		(1,891,738)	(1,485,003)
Increase (decrease) in cash and cash equivalents		144,121	(175,354)
Cash and cash equivalents at beginning of year	6(1)	1,051,513	1,226,867
Cash and cash equivalents at end of year	6(1)	$ 1,195,634	$ 1,051,513

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

FORMOSA TAFFETA CO., LTD.
NOTES TO THE PARENT COMPANY ONLY 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 Corporation.

The major operations of each department are as follows:

Business department	Major activities
Primary department: Fabrics & dyeing	Amine fabrics, polyester fabrics, cotton fabrics, blending fabrics and umbrella ribs
Secondary department: Cord fabrics, petroleum & others	Cord, plastics bags, refineries for gasoline, diesel, crude oil and the related petroleum products, cotton fibers, blending fibers and protection fibers

(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 and 2014, the Company had 4,880 and 4,746 employees, respectively.

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

These non-consolidated financial statements were authorised for issuance by the Board of Directors on March 16, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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				
Investments accounted for using equity method	$ 18,770,110	($ 8,594)	$ 18,761,516	
Deferred income tax assets	477,551	12,759	490,310	(A)
Others	49,167,516	-	49,167,516	
Total affected assets	$ 68,415,177	$ 4,165	$ 68,419,342	
Accrued pension liabilities	$ 2,409,036	$ 75,051	$ 2,484,087	(A)
Others	14,758,749	-	14,758,749	
Total affected liabilities	17,167,785	75,051	17,242,836	
Retained earnings	3,535,764	(70,886)	3,464,878	(A)
Non-controlling interests	47,711,628	-	47,711,628	(A)
Total affected equity	51,247,392	(70,886)	51,176,506	
Total affected liabilities and equity	$ 68,415,177	$ 4,165	$ 68,419,342	

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
December 31, 2014				
Investments accounted for using equity method	$ 16,016,457	($ 10,431)	$ 16,006,026	
Deferred income tax assets	464,171	12,798	476,969	(A)
Others	50,083,417	-	50,083,417	
Total affected assets	$ 66,564,045	$ 2,367	$ 66,566,412	
Accrued pension liabilities	$ 2,478,286	$ 204,524	$ 2,682,810	(A)
Others	14,866,093	-	14,866,093	
Total affected liabilities	17,344,379	204,524	17,548,903	
Retained earnings	4,838,841	(202,157)	4,636,684	(A)
Non-controlling interests	44,380,825	-	44,380,825	(A)
Total affected equity	49,219,666	(202,157)	49,017,509	
Total affected liabilities and equity	$ 66,564,045	$ 2,367	$ 66,566,412	

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
December 31 , 2015				
Investments accounted for using equity method	$ 22,155,489	($ 10,326)	$ 22,145,163	
Deferred income tax assets	418,437	12,636	431,073	(A)
Others	48,346,771	-	70,491,934	
Total affected assets	$ 70,920,697	$ 2,310	$ 70,923,007	
Accrued pension liabilities	$ 2,632,131	$ 203,564	$ 2,835,695	(A)
Others	15,388,177	-	15,388,177	
Total affected liabilities	18,020,308	203,564	18,223,872	
Retained earnings	4,021,193	(201,254)	3,819,939	(A)
Others	48,879,196	-	48,879,196	
Total affected equity	52,900,389	(201,254)	52,699,135	
Total affected liabilities and equity	$ 70,920,697	$ 2,310	$ 70,923,007	

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	$ 32,842,284	$ -	$ 32,842,284	
Operating costs	(29,244,095)	-	(29,244,095)	
Operating expenses	(2,122,271)	(231)	(2,122,502)	(A)
Non-operating income and expenses	2,098,877	143	2,099,020	
Profit before income tax	3,574,795	(88)	3,574,707	
Income tax expense	(56,421)	39	(56,382)	(A)
Profit for the year	3,518,374	(49)	3,518,325	
Other comprehensive loss (net)	(3,801,586)	(132,252)	(3,933,838)	
Total comprehensive loss	($ 283,212)	($ 132,301)	($ 415,513)	
Earnings per share				
Basic	$ 2.09	$ -	$ 2.09	
Diluted	$ 2.09	$ -	$ 2.09	

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	$ 27,761,888	$ -	$ 27,761,888	
Operating costs	(24,479,844)	-	(24,479,844)	
Operating expenses	(2,046,505)	961	(2,045,544)	(A)
Non-operating income and expenses	1,802,362	105	1,802,467	
Profit before income tax	3,037,901	1,066	3,038,967	
Income tax expense	(210,125)	(163)	(210,288)	(A)
Profit for the year	2,827,776	903	2,828,679	
Other comprehensive income (net)	3,426,091	(197,495)	3,228,596	
Total comprehensive income	$ 6,253,867	($ 196,592)	$ 6,057,275	
Earnings per share				
Basic	$ 1.68	$ -	$ 1.68	
Diluted	$ 1.68	$ -	$ 1.68	

Description:

The Group recognised previously unrecognised past service cost and as a consequence of elimination of the corridor approach, recognised prior unrecognised actuarial losses by increasing net defined benefit liabilities by $75,051, $204,524 and $203,564 and deferred tax income assets by $12,759, $12,798 and $12,636 and decreasing retained earnings by $70,886, $202,157 and $201,254 and non-controlling interest by $8,594, $10,431, $10,326 as at January 1, 2014, December 31, 2014 and December 31, 2015, respectively. Also, the Group (decreased) increased operating expenses by ($961) and $231, non-operating income and expenses by $105 and $143 and other comprehensive income by ($197,495) and ($131,222) and increased (decreased) income tax expense by $163 and ($39) 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 Company

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. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these non-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 non-consolidated financial statements were prepared in accordance with 'Regulations Governing the Preparation of Financial Reports by Securities Issuers'.

(2) Basis of preparation

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

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

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

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

B.The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company'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) Foreign currency translation

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

A.Foreign currency transactions and balances

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

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

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

B.Translation of foreign operations

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

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

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

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

(4) 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.

(5) 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.

(6) 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'.

(7) 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'.

(8) 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 effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Company 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.

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.

B.The criteria that the Company 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 Company, 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 Company 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 of an investment in an equity instrument recognised in profit or loss shall not be 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.

(10) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(11) 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 process 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.

(12) Investments accounted for using equity method / subsidiaries and associates

A.Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these non-consolidated financial statements.

B.Unrealised profit (loss) from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to ensure consistency with the polices by the Company's.

C.The Company's share of its subsidiaries' 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.

D.If changes in shareholdings in subsidiaries do not incur lost in control (transaction with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E.Associates are all entities over which the Company 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.

F.The Company'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 Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G.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 Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

H.Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company'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 Company.

I. When the Company 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, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

J. When the Company 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.

K.Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

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

Buildings	10 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	3 ~ 15 years
Other equipment	2 ~ 17 years

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 30 years.

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company 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.

(22) 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 of 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.

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 those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(23) 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 Company 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.

(24) <u>Share capital</u>

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.

(25) 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.

(26) Revenue recognition

The Company manufactures and sell 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 Company's activities. Revenue arising from the sales of goods should be recognised when the Company 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 Company 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.

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

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company'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 Company's accounting policies

Financial assets—impairment of equity investments

The Company 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 Company 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.

(2) Critical accounting estimates and assumptions

1. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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 $4,263,989.

2. Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

As of December 31, 2015, the Company's investments accounted for under the equity method, net of impairment loss, amounted to $22,145,163.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash (revolving funds)	$ 61,720	$ 80,284
Checking accounts and demand deposits	611,798	735,758
Cash equivalents - Commercial paper	522,116	235,471
	$ 1,195,634	$ 1,051,513

A.The Company 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 Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B.The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2015	December 31, 2014
Forward foreign exchange contracts	$ -	$ 2,394

A.The Company recognised net gain of $1,730 for the year ended December 31, 2014.

B.The non-hedging derivative instruments transaction 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				
Taipei Fubon Bank	-	-	JPY 240,470,000	2014.10~2015.03

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

(3) Available-for-sale financial assets

	December 31, 2015	December 31, 2014
Current items:		
Listed (TSE and OTC) stocks	$ 1,002,853	$ 1,002,853
Valuation adjustment of available-for-sale financial assets	281,971	312,829
	$ 1,284,824	$ 1,315,682
Non-current items:		
Listed (TSE and OTC) stocks	$ 8,603,311	$ 8,603,311
Valuation adjustment of available-for-sale financial assets	23,221,115	20,024,364
	31,824,426	28,627,675
Accumulated impairment	(2,403,805)	(2,403,805)
	$ 29,420,621	$ 26,223,870

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

(4) Notes receivable

	December 31, 2015	December 31, 2014
Notes receivable	$ 64,975	$ 72,009
Less: allowance for bad debts	.	(1,966)
	$ 64,975	$ 70,043

(5) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	$ 2,121,164	$ 2,455,090
Less: allowance for bad debts	(42,211)	(58,506)
	$ 2,078,953	$ 2,396,584

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

	December 31, 2015	December 31, 2014
Group 1	$ 1,831,469	$ 2,203,020
Group 2	230,600	237,654
Group 3	14,505	1,611
	$ 2,076,574	$ 2,442,285

Note:

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

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

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

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	$ 18,938	$ 7,924
31 to 90 days	9,718	960
91 to 180 days	11,047	391
Over 180 days	4,887	3,530
	$ 44,590	$ 12,805

C. Movements on the Group's provision for impairment of accounts receivable are as follows:

	December 31, 2015	December 31, 2014
At January 1	$ 58,506	$ 58,506
Reversal of provision for impairment	(16,295)	-
At December 31	$ 42,211	$ 58,506

D. The Company does not hold any collateral as security.

(6) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 363,512	($ 14,585)	$ 348,927
Supplies	48,453	(1,337)	47,116
Work in process	1,472,254	-	1,472,254
Finished goods	1,997,053	(181,923)	1,815,130
Merchandise inventory	135,844	-	135,844
Materials in transit	349,635	-	349,635
Outsourced processed materials	95,083	-	95,083
	$ 4,461,834	($ 197,845)	$ 4,263,989

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 362,454	($ 13,335)	$ 349,119
Supplies	87,708	(2,574)	85,134
Work in process	1,572,323	-	1,572,323
Finished goods	1,821,663	(183,951)	1,637,712
Merchandise inventory	195,727	-	195,727
Materials in transit	327,787	-	327,787
Outsourced processed materials	157,088	-	157,088
	$ 4,524,750	($ 199,860)	$ 4,324,890

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

	For the years ended December 31	
	2015	2014
Cost of inventories sold	$ 24,505,792	$ 29,296,158
(Gain from recovery) loss on inventory valuation (Note 1)	(2,015)	3,890
Others (Note 2)	(23,933)	(55,953)
	$ 24,479,844	$ 29,244,095

Note 1: Gain from recovery was recognised from sales of inventory previously provided with allowance for the year ended December 31, 2015.

Note 2: Others consist of inventory over/short and disposal of scrap and defective materials.

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

Items	December 31, 2015	December 31, 2014
Unlisted stocks	$ 240,241	$ 5,343,196

A.According to the Company'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 investee or related financial information on the investee can be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets measured at cost'.

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

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

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

(8) Investments accounted for using equity method

A.List of long-term investments

	December 31, 2015	December 31, 2014	January 1, 2014
Formosa Advanced Technologies Co., Ltd.	$ 6,512,114	$ 6,178,813	$ 5,722,299
Formosa Taffeta (Cayman) Limited	5,446,692	568	-
Formosa Taffeta (Dong Nai) Co., Ltd.	2,414,341	2,414,018	1,862,952
Formosa Industry Co., Ltd.	2,182,277	2,065,036	1,867,387
Taffeta (Zhong Shan) Co, Ltd.	1,726,030	1,732,666	1,643,349
Formosa Taffeta Vietnam Co., Ltd.	1,639,893	1,464,295	1,257,368
Formosa Taffeta (Hong Kong) Co., Ltd.	1,037,814	1,059,432	547,550
Quang Viet Enterprise Co., Ltd.	951,527	844,400	560,949
Formosa Development Co., Ltd.	217,084	215,977	156,332
Schoeller F.T.C. (Hong Kong) Co., Ltd.	9,135	18,884	8,969
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	8,256	11,937	10,942
Formosa Ha Tinh Steel Corporation	-	-	5,123,419
	$ 22,145,163	$ 16,006,026	$ 18,761,516

B.The investment income (loss) on subsidiaries and associates accounted for using equity method for the years ended December 31, 2015 and 2014 was as follows:

	2015	2014
Formosa Advanced Technologies Co., Ltd.	$ 735,207	$ 554,385
Formosa Taffeta (Dong Nai) Co., Ltd.	188,868	185,434
Formosa Industry Co., Ltd.	184,306	145,152
Taffeta (Zhong Shan) Co, Ltd.	130,098	113,529
Formosa Taffeta Vietnam Co., Ltd.	31,459	54,321
Formosa Taffeta (Hong Kong) Co., Ltd.	24,086	(1,343)
Quang Viet Enterprise Co., Ltd.	18,018	(13,316)
Formosa Development Co., Ltd.	7,448	8,968
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	677	3,213
Schoeller F.T.C. (Hong Kong) Co., Ltd.	(3,494)	373
Formosa Taffeta (Cayman) Limited	(231)	(64)
Formosa Ha Tinh Steel Corporation	-	(68,754)
	$ 1,316,442	$ 981,898

Except for the investee companies, Formosa Taffeta (Hong Kong) Co., Ltd. and its subsidiaries, Formosa Taffeta (Changshu) Co., Ltd., Formosa Development Co., Ltd., Formosa Advanced Technologies Co., Ltd., Formosa Taffeta (Zhong Shan) Co., Ltd., and Formosa Taffeta (Cayman) Co., Ltd., the investment income or loss for the years ended December 31, 2015 and 2014 was based on the investees' financial statements audited by other auditors.

C.The share of income of subsidiaries and associates accounted for using equity method of $525,244 and $371,386 for the years ended December 31, 2015 and 2014, respectively, were based on the audited financial statements of the investee companies.

D.Subsidiaries

(a)Information on the Company's subsidiaries is provided in Note 4(3) of the Company's 2015 consolidated financial statements.

(b)In March 2014, the Board of Directors has resolved to increase capital of USD 15.3 million (equivalent to NTD 465,711 thousand) in the Company's subsidiary –Formosa Taffeta (Dong Nai) Co., Ltd. As of December 31, 2014, the Company has subscribed all the shares.

(c)In March 2014, the Board of Directors has resolved to increase capital of USD 15 million (equivalent to NTD 456,525 thousand) in the Company's subsidiary – Formosa Taffeta (Hong Kong) Co., Ltd., for reinvestment in the indirect subsidiary – Formosa Taffeta (Changshu) Co., Ltd. As of December 31, 2014, the Company has subscribed all the shares.

(d)In March 2014, the Board of Directors has resolved to set up Formosa Taffeta (Cayman) Limited with a registered capital of USD 20 thousand (equivalent to NTD 605 thousand). As of December 31, 2014, the Company has subscribed all the shares.

(e)As at December 31, 2015 and 2014, the Company's common stocks owned by its subsidiary, Formosa Development Co., Ltd., were treated as treasury stock. Please refer to Note 6(14).

E. Associates

(a) The financial information of the Company's principal associates is summarised below:

Company name	Principal place of business	Shareholding ratio December 31, 2015	Shareholding ratio 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

(b)The Company is the director of Formosa Industry Co., Ltd. and has significant influence over its operations, thus, Formosa Industry Co., Ltd. is accounted for using equity method.

(c)The financial information of the Company's principal associates is summarized below:

Balance sheets

	Formosa Industry Co., Ltd. December 31, 2015	Formosa Industry Co., Ltd. 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	Kuang Yueh Co., Ltd. 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

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 (Profit for the year)	(40,418)	58,210
Total comprehensive income	$ 900,077	$ 961,063

F.The Company's associate, Kuang Yueh Co., Ltd., has raised capital by cash in September and December, 2014, and the Company has subscribed in the amount of $41,603 and $77,551, respectively. As of December 31, 2014, the Company has subscribed $119,154 and the holding ratio is 20.16%.

G.Investments in Formosa Advanced Technologies Co., Ltd. have quoted market prices and the fair value was $5,881,896 and $6,622,579 as of December 31, 2015 and 2014, respectively.

H.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.

I.The Company transferred stock of FORMOSA HA TINH (CAYMAN) LIMITED totaling 171,008,336 shares to the subsidiary-Formosa Taffeta (Cayman) Limited for reorganization. Please refer to Note 6(7)C.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment and other equipment	Prepayments for equipment	Total
At January 1, 2014						
Cost	$ 2,415,784	$ 6,309,058	$ 14,584,906	$ 4,483,504	$ 94,501	$ 27,887,753
Accumulated depreciation	-	(3,464,423)	(12,203,162)	(4,277,290)	-	(19,944,875)
Accumulated impairment	(155,738)	-	-	-	-	(155,738)
	$ 2,260,046	$ 2,844,635	$ 2,381,744	$ 206,214	$ 94,501	$ 7,787,140
2015						
Opening net book amount	$ 2,260,046	$ 2,844,635	$ 2,381,744	$ 206,214	$ 94,501	$ 7,787,140
Additions	13,252	-	-	-	1,077,642	1,090,894
Disposals	(23,083)	(2,928)	(1,712)	(369)	-	(28,092)
Transfers (Note)	268	(114,173)	431,119	38,918	(503,539)	(147,407)
Depreciation charge	-	(211,394)	(565,173)	(51,162)	-	(827,729)
Closing net book amount	$ 2,250,483	$ 2,516,140	$ 2,245,978	$ 193,601	$ 668,604	$ 7,874,806
At December 31, 2013						
Cost	$ 2,406,221	$ 6,169,461	$ 14,375,134	$ 4,356,222	$ 668,604	$ 27,975,642
Accumulated depreciation	-	(3,653,321)	(12,129,156)	(4,162,621)	-	(19,945,098)
Accumulated impairment	(155,738)	-	-	-	-	(155,738)
	$ 2,250,483	$ 2,516,140	$ 2,245,978	$ 193,601	$ 668,604	$ 7,874,806

Note: Transferred from prepayment for equipment.

At January 1, 2013	Land	Buildings	Machinery	Transportation equipment and other equipment	Prepayments for equipment	Total
Cost	$ 2,265,745	$ 6,272,822	$ 14,306,536	$ 4,535,716	$ 144,236	$ 27,525,055
Accumulated depreciation	-	(3,251,162)	(11,920,199)	(4,306,860)	-	(19,478,221)
Accumulated impairment	(155,738)	-	-	-	-	(155,738)
	$ 2,110,007	$ 3,021,660	$ 2,386,337	$ 228,856	$ 144,236	$ 7,891,096
2014						
Opening net book amount	$ 2,110,007	$ 3,021,660	$ 2,386,337	$ 228,856	$ 144,236	$ 7,891,096
Additions	135,149	-	-	-	556,077	691,226
Disposals	-	-	(416)	(526)	-	(942)
Transfers	14,890	36,236	596,972	38,472	(605,812)	80,758
Depreciation charge	-	(213,261)	(601,149)	(60,588)	-	(874,998)
Closing net book amount	$ 2,260,046	$ 2,844,635	$ 2,381,744	$ 206,214	$ 94,501	$ 7,787,140
At December 31, 2013						
Cost	$ 2,415,784	$ 6,309,058	$ 14,584,906	$ 4,483,504	$ 94,501	$ 27,887,753
Accumulated depreciation	-	(3,464,423)	(12,203,162)	(4,277,290)	-	(19,944,875)
Accumulated impairment	(155,738)	-	-	-	-	(155,738)
	$ 2,260,046	$ 2,844,635	$ 2,381,744	$ 206,214	$ 94,501	$ 7,787,140

Note: Transferred from prepayment for equipment.

A.Borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the years ended December 31,	
	2015	2014
Amount capitalised	$ 4,456	$ 2,391
Interest rate	1.17~1.23%	1.23~1.28%

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

Items	Significant components	Estimated useful lives
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.Certain regulations restrict ownership of land to individuals, thus, the title of land which the Company has acquired for future plant expansion is under the name of third parties but the titles were transferred and mortgaged to the Company. As of December 31, 2015 and 2014, the amount of titles mortgaged to the Company were $586,700 and $608,400, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Credit borrowing	$ 300,000	0.93%	-
	6,791	1.20%~1.45%	-
	$ 306,791		

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Credit borrowing	$ 290,000	0.98%	–

(11) Short-term notes and bills payable

	December 31, 2015	December 31, 2014
Commercial papers payable	$ 1,700,000	$ 2,350,000
Less: Commercial papers payable discount	(475)	(476)
	$ 1,699,525	$ 2,349,524
Interest rate	0.84%~0.87%	1.00%

As at December 31, 2015 and 2014, the abovementioned commercial papers payable are issued by International Bills Finance Corporation, etc.

(12) 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	$ 277	$ -

A.The Group recognised net loss of $2,671 and $240 on financial liabilities held for trading for years ended December 31, 2015 and 2014, respectively.

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

Derivative Financial Liabilities	December 31, 2015 Contract Amount (Notional Principal)	December 31, 2015 Contract Period	December 31, 2014 Contract Amount (Notional Principal)	December 31, 2014 Contract Period
Current items:				
Forward foreign exchange contracts				
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.

(13) Long-term borrowings

	December 31, 2015	December 31, 2014
Bank borrowings		
Credit borrowing	$ 10,000,000	$ 8,900,000
Interest rate	1.12%~1.34%	1.23%~1.40%

The above long-term loans include a loan of $2,000,000 for the borrowing period from June 21, 2013 to June 21, 2016. The Company has amended the contract in July 2015, and the amended contract period was July 15, 2015 to July 15, 2017 in the amount of $900,000. Significant covenants of the contract are as follows:

The Company is required to maintain a current ratio of not lower than 100% within the contract period. The ratio calculation shall be based on the Company’s financial statements. If the Company fails to meet the required ratio, it should improve no later than September of the following year. The Company should provide the audit report to banks no later than April of the following year.

(14) 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 labor 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	$ 2,967,089	$ 2,885,355	$ 2,816,102
Fair value of plan assets	(186,447)	(202,545)	(332,015)
Net defined benefit liability	$ 2,780,642	$ 2,682,810	$ 2,484,087

(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	$ 2,885,355	($ 202,545)	$ 2,682,810
Current service cost	44,078	-	44,078
Interest (expense) income	56,407	(2,928)	53,479
	2,985,840	(205,473)	2,780,367
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(3,013)	(3,013)
Change in financial assumptions	96,379	-	96,379
Experience adjustments	104,129	-	104,129
	200,508	(3,013)	197,495
Pension fund contribution	-	(192,710)	(192,710)
Paid pension	(219,259)	214,749	(4,510)
Balance at December 31	$ 2,967,089	($ 186,447)	$ 2,780,642

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 2,816,102	($ 332,015)	$ 2,484,087
Current service cost	45,872	-	45,872
Interest (expense) income	52,556	(5,513)	47,043
	2,914,530	(337,528)	2,577,002
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,067)	(2,067)
Change in financial assumptions	(20,606)	-	(20,606)
Experience adjustments	151,915	-	151,915
	131,309	(2,067)	129,242
Pension fund contribution	-	(17,692)	(17,692)
Paid pension	(160,484)	154,742	(5,742)
Balance at December 31	$ 2,885,355	($ 202,545)	$ 2,682,810

(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 earning is less than aforementioned rates, government shall make payment for the deficit after being 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 IAS 19 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 was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 49,179)	$ 51,271	$ 222,914	($ 192,410)

The sensitivity analysis above was arrived at based on one assumption which changed while the 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 Company for the year ending December 31, 2016 are $132,748.

(g) As of December 31, 2015, the weighted average duration of that retirement plan is 11 years.

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 pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $71,693 and $67,361, respectively.

(15) Share capital

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

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

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

Formosa Development Co., Ltd, recognized capital surplus of $1,058 from the disposal of 50,000 shares in the Company.

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

Formosa Development Co., Ltd, recognized capital surplus of $1,445 from the disposal of 80,000 shares in the 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 of the Company was $30.00 and $31.40 (in dollars), respectively.

(16) 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.

(17) 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 recognized 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. The amended Articles of Incorporation of the Company as approved by the board of directors of the Company are described in Note 6(23)A.

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:

	2015		2014	
	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 $10,380 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	Dividend per share (in dollars)
Legal reserve	$ 282,868	
Special reserve	326,718	
Cash dividends	2,021,598	$ 1.20
	$ 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(23).

(18) Other equity items

	Hedging reserve	Currency translation
January 1, 2015	$ 20,331,798	$ 385,721
Change in unrealised gain or loss on available-for-sale financial assets		
— Parent company	3,165,894	-
— Subsidiaries and associates	(258)	-
Difference in long-term equity investment from financial statements translation differences of foreign operations		
— Parent company	-	274,489
— Associates	-	(14,034)
December 31, 2015	$ 23,497,434	$ 646,176

	Hedging reserve	Currency translation
January 1, 2014	$ 24,614,399	($ 95,294)
Change in unrealised gain or loss on available-for-sale financial assets		
— Parent company	(4,299,374)	-
— Subsidiaries and associates	16,773	-
Difference in long-term equity investment from financial statements translation differences of foreign operations		
— Parent company	-	463,981
— Associates	-	17,034
December 31, 2014	$ 20,331,798	$ 385,721

(19) Operating revenue

	Years ended December 31,	
	2015	2014
Sales revenue	$ 27,351,373	$ 32,385,986
Service revenue	410,515	456,298
	$ 27,761,888	$ 32,842,284

(20) Other income

	Years ended December 31, 2015	Years ended December 31, 2014
Interest income from bank deposits	$ 3,205	$ 1,804
Dividend income	376,155	965,996
Other income	229,915	169,282
	$ 609,275	$ 1,137,082

(21) Other gains and losses

	Years ended December 31, 2015	Years ended December 31, 2014
Forward foreign exchange contracts		
Net gain on financial assets at fair value through profit or loss	$ -	$ 1,730
Net loss on financial liabilities at fair value through profit or loss	(2,671)	(240)
Net currency exchange gain	77,206	157,631
Gain on disposal of property, plant and equipment	27,467	6,842
Bank charges	(31,303)	(41,741)
Gain on disposal of investment	-	36,476
Other losses	(61,442)	(44,604)
	$ 9,257	$ 116,094

(22) Expenses by nature

	Years ended December 31, 2015	Years ended December 31, 2014
Employee benefit expense	$ 3,003,775	$ 2,961,517
Depreciation charges on property, plant and equipment	827,729	874,998
	$ 3,831,504	$ 3,836,515

(23) Employee benefit expense

	Years ended December 31, 2015	Years ended December 31, 2014
Wages and salaries	$ 2,491,200	$ 2,478,308
Labor and health insurance fees	241,161	231,495
Pension costs	169,250	160,046
Other personnel expenses	102,164	91,668
	$ 3,003,775	$ 2,961,517

A. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration in accordance of the Company's Articles of Incorporation, please refer to Note 6(17). 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 during 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. In accordance with the amended articles, a ratio of profit before income tax of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.05% and shall not be higher than 0.5% for employees' compensation. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' remuneration (bonuses) 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 amount was recognized in salary expenses.

For the year ended December 31, 2015, the employees' compensation was estimated and accrued based on the Articles of Incorporation. The employees' compensation and directors' and supervisors' remuneration resolved by the board of directors were $9,144 and the employees' compensation will be distributed in the form of cash.

The expenses recognized for 2014 were accrued based on the net income for 2014 in accordance with the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve, special reserve and dividends. Where 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 are accounted for as changes in estimates. The employees' bonus and directors' and supervisors' remuneration for 2014 approved by shareholders were the same as the amount shown in the 2014 financial statements.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense:		
Bank borrowings	$ 136,963	$ 138,445
Less: capitalisation of qualifying assets	(4,456)	(2,391)
Finance costs	$ 132,507	$ 136,054

(25) Income tax

A.Income tax expense

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	$ 69,364	($ 23,335)
Additional 10% tax on undistributed earnings	67,678	23,148
Adjustments in respect of prior years	45	4,091
Prepayment of taxes	317	187
Total current tax	137,404	4,091
Deferred tax:		
Origination and reversal of temporary differences	72,884	52,291
Tax expense	$ 210,288	$ 56,382

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	$ 516,624	$ 607,715
Tax effect of permanent differences	(227,256)	(248,745)
Tax effect of temporary differences	(39,227)	(358,970)
Tax effect of investment tax credits	(180,461)	(23,148)
Under provision of prior year's income tax	45	4,091
Net change in deferred income tax assets and liabilities	72,885	52,291
Additional 10% tax on undistributed earnings	67,678	23,148
Tax expense	$ 210,288	$ 56,382

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	$ 13,566	($ 342)	$ -	$ -	$ 13,224
Allowance for bad debts in excess of tax-deductible limit	6,416	(3,753)	-	-	2,663
Provision for pension	423,369	(16,982)	-	-	406,387
Investment tax credits	33,618	(33,618)	-	-	-
	-	8,752	-	-	8,752
	-	47	-	-	47
	476,969	(45,896)	-	-	431,073
Deferred tax liabilities:					
Temporary differences:					
Unrealized foreign exchange gain	(9,812)	9,812	-	-	-
Gain on valuation of financial assets	(407)	407	-	-	-
Gain on investments accounted for using equity method	(83,182)	(37,207)	-	-	(120,389)
	(93,401)	(26,988)	-	-	(120,389)
	$ 383,568	($ 72,884)	$ -	$ -	$ 310,684

Deferred tax assets:	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
	Year ended December 31, 2014				
Temporary differences:					
Provision for inventory obsolescence	$ 12,905	$ 661	$ -	$ -	$ 13,566
Allowance for bad debts in excess of tax-deductible limit	6,416	-	-	-	6,416
Unrealized foreign exchange loss	411,557	11,812	-	-	423,369
Loss on valuation of financial assets	59,432	(25,814)	-	-	33,618
	490,310	(13,341)	-	-	476,969
Deferred tax liabilities:					
Temporary differences:					
Unrealized foreign exchange gain	(3,034)	(6,778)	-	-	(9,812)
Gain on valuation of financial assets	(154)	(253)	-	-	(407)
Gain on investments accounted for using equity method	(51,263)	(31,919)	-	-	(83,182)
	(54,451)	(38,950)	-	-	(93,401)
	$ 435,859	($ 52,291)	$ -	$ -	$ 383,568

D.Details of the Company's investment tax credits and unrecognised deferred tax assets are as follows:

December 31, 2015			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Research and development expenditures	$ 56,423	$ 56,423	2017
Research and development expenditures	96,483	96,483	2016
Machinery and equipment	33,618	-	2015
	$ 186,524	$ 152,906	

E. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014	January 1, 2014
Earnings generated in and after 1998	$ 3,819,939	$ 4,636,684	$ 3,464,878

G. 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	6.12%	7.40%

(26) 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 weighted average amount of outstanding common stocks for the period.

	Year ended December 31, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 3,038,967	$ 2,828,679	1,682,069	$ 1.81	$ 1.68

	Year ended December 31, 2014				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 3,574,707	$ 3,518,325	1,681,984	$ 2.13	$ 2.09

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

	Year ended December 31, 2015				
	Amount		Outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 3,038,967	$ 2,828,679	1,684,665	$ 1.80	$ 1.68

	Year ended December 31, 2014				
	Amount		Outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 3,574,707	$ 3,518,325	1,684,665	$ 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 for the years ended December 31, 2015 and 2014. It also had no significant effect on earnings per share.

(27) Non-cash transaction

Investing activities with partial cash payments:

	Years ended December 31, 2015	Years ended December 31, 2014
Purchase of property, plant and equipment	$ 1,090,894	$ 691,226
Add: opening balance of payable on equipment	-	-
Less: ending balance of payable on equipment	-	-
Cash paid during the year	$ 1,090,894	$ 691,226

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

A. Operating revenue

	Years ended December 31, 2015	Years ended December 31, 2014
Sales of goods:		
－Ultimate parent	$ 108,171	$ 151,778
－Subsidiaries	636,061	853,258
－Associates	930,137	1,151,337
	$ 1,674,369	$ 2,156,373

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	Years ended December 31, 2014
Purchases of goods:		
－Ultimate parent	$ 2,221,996	$ 2,918,819
－Subsidiaries	564,132	473,261
－Associates	11,446,958	15,083,801
	$ 14,233,086	$ 18,475,881

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

C. Notes and accounts receivable

	December 31, 2015	December 31, 2014
Receivables from related parties:		
－Ultimate parent	$ 3,024	$ 6,770
－Subsidiaries	53,146	93,526
－Associates	138,776	190,480
Less: Overdue accounts receivable reclassified as "other receivables"	-	(168)
	$ 194,946	$ 290,608

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

As of December 31, 2015 and 2014, the amount of accounts receivable that were past due and transferred to other receivables was $0 and $168, respectively. The ageing of the aforementioned accounts receivable exceeds regular credit period and is over 60 days.

D. Notes and accounts payable

	December 31, 2015	December 31, 2014
Payables from related parties:		
－Ultimate parent	$ 433,601	$ 584,207
－Subsidiaries	119,521	108,891
－Associates	555,184	726,368
	$ 1,108,306	$ 1,419,466

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.Property transactions, investment property and other payables

(a)The Company purchased raw materials for the related parties and sold fixed assets to related parties. Gain or loss is recorded as gain or loss on disposal of property, plant and equipment. Details are as follows:

	Years ended December 31,			
	2015		2014	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Sale of property, plant and equipment:				
－Subsidiaries	$ 8,997	$ 4,227	$ -	$ -

(b) Assets leased to others

The Company rent out buildings on No. 319 and 329, Henan St., Douliu City, Yunlin County, and land on No. 497-1 Neilin Section and employee's dormitory to Formosa Advanced

Technologies Co., Ltd. The lessee pays the Company at the beginning of every month. For the years ended December 31, 2015 and 2014, rental income amounted to $61,675 and $28,575, respectively.

Investment property leased to Formosa Advanced Technologies Co., Ltd. are as follows:

	Land		Building		Total	
At January 1, 2015						
Cost	$	6,833	$	601,871	$	608,704
Accumulated depreciation		-	(	183,088)	(	163,667)
	$	6,833	$	418,783	$	445,037
Year ended December 31, 2015						
Opening net book amount	$	6,833	$	418,783	$	425,616
Transfers		-		147,407		147,407
Depreciation charge		-	(	24,842)	(	24,842)
Closing net book amount	$	6,833	$	541,348	$	548,181
At December 31, 2015						
Cost	$	6,833	$	794,479	$	801,312
Accumulated depreciation		-	(	223,131)	(	223,131)
	$	6,833	$	571,348	$	578,181

	Land		Building		Total	
At January 1, 2014						
Cost	$	6,833	$	601,871	$	608,704
Accumulated depreciation		-	(	163,667)	(	163,667)
	$	6,833	$	438,204	$	445,037
Year ended December 31, 2014						
Opening net book amount	$	6,833	$	438,204	$	445,037
Depreciation charge		-	(	19,421)	(	19,421)
Closing net book amount	$	6,833	$	418,783	$	425,616
At December 31, 2014						
Cost	$	6,833	$	601,871	$	608,704
Accumulated depreciation		-	(	183,088)	(	183,088)
	$	6,833	$	418,783	$	425,616

The fair value of the Company's investment property was based on the selling price of similar property in neighbouring areas. As of December 31, 2015 and 2014, the fair value was $688,418 and $717,855, respectively.

(c)Other income

Other income pertains to the Company's collections and payment transfer of utilities and disposal fee, etc. for Formosa Advanced Technologies Co., Ltd. For the years ended December 31, 2015 and 2014, other income amounted to $18,908 and $20,976, respectively.

(d)Other receivables

	Items	December 31, 2015	December 31, 2014
Subsidiaries	Purchase of raw materials and supplies and disposal of equipment, payments made by the Company on behalf of related party	$ 13,789	$ 7,056
Associates	Payments made by the Company on behalf of related party	278	-
		$ 14,067	$ 7,056

(e)Other payables

	December 31, 2015	December 31, 2014
Subsidiaries	$ 21,332	$ 3,916
Associates	2,244	1,776
	$ 23,576	$ 5,692

F. Commission expenses

(a)The Company paid commissions for sales rendered to Formosa Taffeta (Hong Kong) Co., Ltd. equivalent to 2.5% ~ 3%. Details are as follows (shown as sales and marketing expenses):

	Years ended December 31,	
	2015	2014
Subsidiaries	$ 18,558	$ 23,592

(b)The balances of commission payable (shown as other payables) consisted of the following:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 3,031	$ 4,843

G.Endorsements and guarantees provided to related parties:

	December 31, 2015	December 31, 2014
Subsidiaries	$ 10,986,528	$ 11,736,715

(3) Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 19,330	$ 22,851

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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	$ 492
JPY	135,749
EUR	491
CHR	42

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The resolution of the appropriations of the 2015 net income that was proposed during the Board of Directors' meeting on March 16, 2015 is provided in Note 6(17) F.

12. OTHERS

(1)Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company 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 Company's strategy, which was unchanged from December 31, 2014, was to maintain the gearing ratio around 20%. The gearing ratios at December 31, 2015 and 2014 were as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Total borrowings	$ 12,006,316	$ 11,539,524	$ 11,339,863
Less: cash and cash equivalents	(1,195,634)	(1,051,513)	(1,226,867)
Net debt	10,810,682	10,488,011	10,112,996
Total equity	52,699,135	49,017,509	51,176,506
Total capital	$ 63,509,817	$ 59,505,520	$ 61,289,502
Gearing ratio	17%	18%	17%

(2)Financial instruments

A.Fair value information of financial instruments

The Company'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, notes payable (including related parties), accounts payable (including related parties), short-term notes and bills payable 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 Company'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 Company adopts the following strategies to control financial risk:

i. Foreign exchange risk：The Company engages in a number of foreign currency transactions. Therefore, the Company 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 Company continues to observe the movement of interest rate to prevent incurring costs due to changes in interest rate.

iii.Cash flow risk：The Company 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 Company 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 Company'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 Company'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	$	50,844	33.07	$	1,681,411
					-
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		527,848	5.09		2,686,746
USD:NTD		167,516	33.07		5,539,754

	December 31, 2014				
Financial assets	Foreign Currency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
Monetary items					
USD:NTD	$	64,066	31.72	$	2,032,174
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

b. The total exchange gain, 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 to $77,206 and $157,631, 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%	$ 16,814	$ -
Non-monetary items			
VND:NTD	1%	-	63,551
HKD:NTD	1%	-	10,460
RMB:NTD	1%	-	26,867
USD:NTD	1%	-	55,398

	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%	$ 20,322	$ -
Non-monetary items			
VND:NTD	1%	-	60,115
HKD:NTD	1%	-	10,796
RMB:NTD	1%	-	27,482

c. Price risk

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

ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks. 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, other components of equity for the years ended December 31, 2015 and 2014 would have increased/decreased by $307,054 and $275,396, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

d. Interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates and variable rates expose the Company to fair value interest rate risk and cash flow interest rate risk. During the years ended December 31, 2015 and 2014, the Company'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.

(b) Credit risk

i. 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.

ii. 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.

iii. 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.

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

v. 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

i. The Company'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 Company's investments in equity financial instruments without active markets are exposed to liquidity risk.

ii. 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.

iii. The table below analyses the Company'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	Over 5 years
Short-term borrowings	$ 310,472	$ -	$ -	$ -
Short-term bills payable	1,700,000	-	-	-
Notes payable (including related parties)	310,769	-	-	-
Accounts payable (including related parties)	1,872,927	-	-	-
Other payables	885,404	-	-	-
Long-term borrowings	119,907	7,562,399	2,521,315	-
Financial guarantee contracts	3,611,465	-	-	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 290,000	$ -	$ -	$ -
Short-term bills payable	2,350,000	-	-	-
Notes payable (including related parties)	445,709	-	-	-
Accounts payable (including related parties)	1,626,008	-	-	-
Other payables	890,522	-	-	-
Long-term borrowings	116,193	8,967,689	-	-
Financial guarantee contracts	2,085,472	-	-	-

(3) Fair value information

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

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments 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 Company's investment in listed stocks and beneficiary certificates 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 Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C.The following table presents the Company'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:				
Available-for-sale financial assets				
Equity securities	$ 30,356,145	$ 349,300	$ -	$ 30,705,445
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 277	$ -	$ 277

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
Available-for-sale financial assets				
Equity securities	27,142,252	397,300	-	27,539,552
	$ 27,142,252	$ 399,694	$ -	$ 27,541,946

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

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

	Listed shares
Market quoted price	Closing price

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

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models.

(d) The Company 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 period (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(12) 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

None.

FORMOSA TAFFETA CO., LTD.

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; fill in the number of category each case belongs to:

(1)Having business relationship.

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

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

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

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

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

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

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

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

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

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

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

FORMOSA TAFFETA CO., LTD.

Holding of marketable securities at the end of the period (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	

				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）
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.

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.

Purchases or sales of goods from or to related parties reaching NT$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				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	Sale	($ 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	Sale	(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	Sale	(304,484)	(1.10)	120 days after delivery	-	-	Accounts receivable -	-	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (DONG NAI) CO., LTD.	Subsidiary	Sale	(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 that 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	Sale	(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)	
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)	

			Transaction				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 ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's managing director	Sale	($ 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	Sale	(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	Purchase	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	Sale	(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	Purchase	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	Sale	(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	Sale	(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	Sale	(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)	
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)	

			Transaction				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 (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	Sale	($ 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.

Receivables from related parties reaching NT$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 collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
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.

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 CHEMICAL & 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; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

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

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

FORMOSA TAFFETA CO., LTD.

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.

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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of 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
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	$ -	Note3
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	-	Note4
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	-	Note5
CHANGSHU YU YUAN DEVELOPMEN T.CO.,LTD.	Buiiding and selling real estate	70,788	(2)	-	-	-	-	(3,868)	41	(1,184)	24,408	-	Note6

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China..
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: The 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. The investment abovementioned is still awaiting approval by MOEA.
(4)The original currency of paid-in capital is translated at USD:TWD = 1:33.07
Note 2: The numbers in this table are expressed in New Taiwan Dollars.

FORMOSA TAFFETA CO., LTD.

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	-	