FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

JUNE 30, 2015 AND 2014

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

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Formosa Taffeta Co., Ltd. and its subsidiaries as of June 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

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

As described in Notes 4(3) and 6(8), the financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 were not reviewed by independent accountants. The statements reflect total assets (including investments accounted for using equity method) of NT$19,460,113 thousand and NT$18,277,933 thousand, constituting 24% and 24% of the consolidated total assets, and total liabilities of NT$4,777,991 thousand and NT$5,134,146 thousand, constituting 19% and 21% of the consolidated total liabilities as of June 30, 2015 and 2014, respectively, and comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT$210,527 thousand, NT($138,989) thousand, NT$238,183 thousand and NT$101,340 thousand, constituting 5%, (11%), 5% and (27%) of the total comprehensive income for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

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

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan
August 7, 2015

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2015 and 2014 are reviewed, not audited)

		June 30, 2015		(Adjusted) December 31, 2014		(Adjusted) June 30, 2014		(Adjusted) January 1, 2014	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets									
Cash and cash equivalents	6(1)	$ 5,451,106	7	$ 3,796,868	5	$ 3,687,653	5	$ 3,064,945	4
Financial assets at fair value through profit or loss - current	6(2)	654,716	1	654,499	1	381,953	1	1,352	-
Available-for-sale financial assets - current	6(3)	1,752,009	2	1,709,615	2	1,435,724	2	1,422,657	2
Notes receivable, net	6(4)	118,668	-	93,100	-	69,576	-	101,000	-
Notes receivable - related parties	7	4,417	-	2,743	-	9,936	-	6,963	-
Accounts receivable, net	6(5)	4,353,615	6	4,154,561	6	4,864,802	6	3,760,435	5
Accounts receivable - related parties	7	1,655,175	2	1,321,930	2	1,332,954	2	1,036,415	1
Other receivables	7	448,872	1	354,982	-	325,559	-	266,519	-
Inventories, net	6(6) and 8	7,450,168	9	7,950,289	11	7,259,271	9	7,362,831	10
Prepayments		962,652	1	393,671	1	572,961	1	197,527	-
Other current assets		306,394	-	384,755	-	337,216	-	660,737	1
Current Assets		23,157,792	29	20,817,013	28	20,277,605	26	17,881,381	23
Non-current assets									
Available-for-sale financial assets - noncurrent	6(3)	29,713,224	37	26,322,249	35	29,584,545	38	30,486,495	40
Financial assets carried at cost - noncurrent	6(7)	5,470,725	7	5,442,727	7	353,142	1	353,144	-
Investments accounted for under equity method	6(8)	2,869,085	4	2,909,436	4	7,551,683	10	7,551,755	10
Property, plant and equipment, net	6(9) and 8	16,936,653	21	17,846,148	24	17,904,122	23	19,014,371	25
Deferred income tax assets		461,764	1	516,201	1	591,336	1	654,651	1
Other non-current assets	6(10) and 8	868,221	1	1,051,206	1	932,668	1	692,017	1
Non-current assets		56,319,672	71	54,087,967	72	56,917,496	74	58,752,433	77
Total assets		$ 79,477,464	100	$ 74,904,980	100	$ 77,195,101	100	$ 76,633,814	100
Liabilities and Equity									
Current liabilities									
Short-term borrowings	6(11) and 8	$ 3,502,607	5	$ 2,761,686	4	$ 3,644,970	5	$ 3,706,477	5
Short-term notes and bills payable	6(12)	1,799,533	2	2,349,524	3	1,049,830	1	1,249,862	2
Financial liabilities at fair value through profit or loss - current	6(13)	1,395	-	5,843	-	461	-	704	-
Notes payable		201,045	-	205,567	-	226,975	-	172,069	-
Notes payable - related parties	7	157,496	-	288,160	-	287,851	-	218,650	-
Accounts payable		1,429,570	2	1,169,886	2	1,497,462	2	1,032,409	1
Accounts payable - related parties	7	898,955	1	1,186,014	2	1,334,543	2	1,491,693	2
Other payables	6(14)	4,082,718	5	2,047,240	3	3,090,307	4	1,309,490	2
Current income tax liabilities	6(27)	290,422	-	154,960	-	75,479	-	307,292	1
Other current liabilities	6(15)	656,089	1	354,132	-	368,401	1	240,159	-
Current Liabilities		13,019,830	16	10,523,012	14	11,576,279	15	9,728,805	13
Non-current liabilities									

(Continued)

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2015 and 2014 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2015 AMOUNT	%	(Adjusted) December 31, 2014 AMOUNT	%	(Adjusted) June 30, 2014 AMOUNT	%	(Adjusted) January 1, 2014 AMOUNT	%
Long-term borrowings	6(15)	$ 9,270,084	12	$ 9,218,895	12	$ 10,044,327	13	$ 10,085,653	13
Deferred income tax liabilities	6(27)	135,906	-	95,730	-	76,906	-	55,383	-
Other non-current liabilities		2,883,649	4	2,840,680	4	2,716,526	4	2,629,243	3
Non-current liabilities		12,289,639	16	12,155,305	16	12,837,759	17	12,770,279	16
Total Liabilities		25,309,469	32	22,678,317	30	24,414,038	32	22,499,084	29
Equity attributable to owners of parent									
Share capital	6(17)								
Share capital - common stock		16,846,646	21	16,846,646	23	16,846,646	22	16,846,646	22
Capital surplus	6(18)								
Capital surplus		39,406	-	38,348	-	109,388	-	98,898	-
Retained earnings	6(19)								
Legal reserve		6,508,610	8	6,156,773	8	6,156,773	8	5,943,868	8
Special reserve		1,381,824	2	644,262	1	644,262	1	326,534	-
Unappropriated retained earnings		2,393,449	3	4,636,684	6	2,533,914	3	3,464,878	5
Other equity interest	6(20)								
Other equity interest		23,861,228	30	20,717,519	28	23,482,018	30	24,519,105	32
Treasury stocks	6(17)	(22,285)	-	(22,723)	-	(22,723)	-	(23,423)	-
Equity attributable to owners of the parent		51,008,878	64	49,017,509	66	49,750,278	64	51,176,506	67
Non-controlling interest		3,159,117	4	3,209,154	4	3,030,785	4	2,958,224	4
Total equity		54,167,995	68	52,226,663	70	52,781,063	68	54,134,730	71
Significant contingent liabilities and unrecognized contract commitments	9								
Total liabilities and equity		$ 79,477,464	100	$ 74,904,980	100	$ 77,195,101	100	$ 76,633,814	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 7, 2015.

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

		For the three- month periods ended June 30				For the six- month periods ended June 30			
		2015		2014 (Adjusted)		2015		2014 (Adjusted)	
	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Sales revenue	6(21) and 7	$ 11,596,003	100	$ 13,081,901	100	$ 22,625,929	100	$ 25,008,671	100
Operating costs	6(6)(24)(25) and 7	(9,696,288)	(84)	(11,428,773)	(87)	(19,231,052)	(85)	(22,005,670)	(88)
Net operating margin		1,899,715	16	1,653,128	13	3,394,877	15	3,003,001	12
Operating expenses	6(24)(25) and 7								
Selling expenses		(502,981)	(4)	(509,981)	(4)	(941,785)	(4)	(939,052)	(3)
General & administrative expenses		(242,557)	(2)	(241,315)	(2)	(475,158)	(2)	(446,815)	(2)
Research and development expenses		(12,539)	-	(11,752)	-	(25,107)	-	(24,943)	-
Total operating expenses		(758,077)	(6)	(763,048)	(6)	(1,442,050)	(6)	(1,410,810)	(5)
Operating profit		1,141,638	10	890,080	7	1,952,827	9	1,592,191	7
Non-operating income and expenses									
Other income	6(22) and 7	88,644	1	43,039	-	214,980	1	101,139	-
Other gains and losses	6(23)	(295,936)	(3)	(101,722)	(1)	(407,911)	(2)	(73,554)	-
Finance costs	6(26)	(47,216)	-	(52,918)	-	(94,130)	-	(109,172)	-
Share of profit of associates and joint ventures accounted for under equity method	6(8)	109,252	1	70,319	-	111,296	-	69,009	-
Total non-operating income and expenses		(145,256)	(1)	(41,282)	(1)	(175,765)	(1)	(12,578)	-
Profit before income tax		996,382	9	848,798	6	1,777,062	8	1,579,613	7
Income tax expense	6(27)	(227,343)	(2)	(35,969)	-	(392,069)	(2)	(176,264)	(1)
Profit for the period		$ 769,039	7	$ 812,829	6	$ 1,384,993	6	$ 1,403,349	6

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

		For the three- month periods ended June 30				For the six- month periods ended June 30			
		2015		2014 (Adjusted)		2015		2014 (Adjusted)	
	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income	6(20)								
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		($ 86,986)	(1)	($ 149,240)	(1)	($ 192,097)	(1)	($ 69,344)	-
Unrealized gain (loss) on valuation of available-for-sale financial assets		3,438,888	30	781,836	6	3,429,320	15	(920,922)	(4)
Share of other comprehensive income of associates and joint ventures accounted for under equity method		(55,269)	(1)	(162,944)	(1)	(95,052)	-	(32,733)	-
Total other comprehensive income for the period		$ 3,296,633	28	$ 469,652	4	$ 3,142,171	14	($ 1,022,999)	(4)
Total comprehensive income for the period		$ 4,065,672	35	$ 1,282,481	10	$ 4,527,164	20	$ 380,350	2
Profit (loss), attributable to:									
Owners of the parent		$ 687,343	6	$ 743,416	5	$ 1,204,694	5	$ 1,284,333	5
Non-controlling interest		81,696	1	69,413	1	180,299	1	119,016	1
		$ 769,039	7	$ 812,829	6	$ 1,384,993	6	$ 1,403,349	6
Comprehensive income attributable to:									
Owners of the parent		$ 3,994,396	34	$ 1,197,926	9	$ 4,348,403	19	$ 247,246	1
Non-controlling interest		71,276	1	84,555	1	178,761	1	133,104	1
		$ 4,065,672	35	$ 1,282,481	10	$ 4,527,164	20	$ 380,350	2

Basic and diluted earnings per share		Before tax	After tax	Before tax	After tax	Before tax	After tax	Before tax	After tax
Profit for the period from continuing operations	6(28)	$ 0.59	$ 0.46	$ 0.50	$ 0.48	$ 1.06	$ 0.82	$ 0.94	$ 0.83
Non-controlling interest		(0.12)	(0.05)	(0.07)	(0.04)	(0.24)	(0.10)	(0.15)	(0.07)
Profit attributable to common shareholders of parent		$ 0.47	$ 0.41	$ 0.43	$ 0.44	$ 0.82	$ 0.72	$ 0.79	$ 0.76
Assuming shares held by subsidiaries are not deemed as treasury stock:									
Profit for the period from continuing operations		$ 0.59	$ 0.46	$ 0.50	$ 0.48	$ 1.05	$ 0.82	$ 0.94	$ 0.83
Non-controlling interest		(0.12)	(0.05)	(0.07)	(0.04)	(0.23)	(0.10)	(0.15)	(0.07)
Profit attributable to common shareholders of parent		$ 0.47	$ 0.41	$ 0.43	$ 0.44	$ 0.82	$ 0.72	$ 0.79	$ 0.76

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 7, 2015.

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

		Equity attributable to owners of the parent													
			Capital Reserves				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus - Treasury stock transac-tions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Donated assets received	Change in net equity of associates and joint ventures accounted for under equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the six-month period ended June 30, 2014															
Balance at January 1, 2014		$ 16,846,646	$7,019	$ -	$2,032	$89,847	$ 5,943,868	$326,534	$ 3,464,878	($95,294)	$ 24,614,399	($23,423)	$ 51,176,506	$ 2,958,224	$ 54,134,730
Appropriations of 2013 earnings：	6(19)														
Legal reserve		-	-	-	-	-	212,905	-	(212,905)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	608,754	(608,754)	-	-	-	-	-	-
Reversal of special reserve		-	-	-	-	-	-	(291,026)	291,026	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,684,664)	-	-	-	(1,684,664)	-	(1,684,664)
Profit for the period		-	-	-	-	-	-	-	1,284,333	-	-	-	1,284,333	119,016	1,403,349
Changes in the net interest of associates recognised under the equity method	6(8)	-	-	-	-	8,501	-	-	-	-	-	-	8,501	-	8,501
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount		-	-	545	-	-	-	-	-	-	-	-	545	-	545
Disposal of treasury stock	6(17)	-	1,444	-	-	-	-	-	-	-	-	700	2,144	-	2,144
Other comprehensive income for the period	6(20)	-	-	-	-	-	-	-	-	(97,419)	(939,668)	-	(1,037,087)	14,088	(1,022,999)
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(60,543)	(60,543)
Balance at June 30, 2014		$ 16,846,646	$8,463	$ 545	$2,032	$98,348	$ 6,156,773	$644,262	$ 2,533,914	($192,713)	$ 23,674,731	($22,723)	$ 49,750,278	$ 3,030,785	$ 52,781,063

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

		Equity attributable to owners of the parent													
			Capital Reserves				Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Capital surplus - Treasury stock transac-tions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Donated assets received	Change in net equity of associates and joint ventures accounted for under equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the six-month period ended June 30, 2015															
Balance at January 1, 2015		$ 16,846,646	$11,077	$ 545	$2,032	$24,694	$ 6,156,773	$644,262	$ 4,636,684	$385,721	$ 20,331,798	($22,723)	$ 49,017,509	$ 3,209,154	$ 52,226,663
Appropriations of 2014 earnings：	6(19)														
Legal reserve		-	-	-	-	-	351,837	-	(351,837)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	737,562	(737,562)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(2,358,530)	-	-	-	(2,358,530)	-	(2,358,530)
Profit for the period		-	-	-	-	-	-	-	1,204,694	-	-	-	1,204,694	180,299	1,384,993
Disposal of treasury stock	6(17)	-	1,058	-	-	-	-	-	-	-	-	438	1,496	-	1,496
Other comprehensive income for the period	6(20)	-	-	-	-	-	-	-	-	(281,220)	3,424,929	-	3,143,709	(1,538)	3,142,171
Cash dividends paid by consolidated subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(228,798)	(228,798)
Balance at June 30, 2015		$ 16,846,646	$12,135	$ 545	$2,032	$24,694	$ 6,508,610	$1,381,8	$ 2,393,449	$104,501	$ 23,756,727	($22,285)	$ 51,008,878	$ 3,159,117	$ 54,167,995

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 7, 2015.

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

	Notes	For the six-month periods ended June 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 1,777,062	$ 1,579,613
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
(Reversal of impairment) provision for bad debt expense	6(5)	(2,748)	3,367
Depreciation	6(9)(24)	1,475,182	1,773,556
Interest expense	6(26)	94,130	109,172
Interest income	6(22)	(11,506)	(9,096)
Dividend income	6(22)	(3,225)	(3,600)
Gain on valuation of financial assets	6(2)(23)	(2,015)	(1,567)
Loss (gain) on valuation of financial liabilities	6(13)(23)	(2,650)	700
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(111,296)	(69,009)
Gain on disposal of investments	6(23)	-	(3,655)
Loss (gain) on disposal of property, plant and equipment	6(23)	227,990	(9,168)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		-	(379,034)
Notes receivable, net		(25,568)	31,424
Notes receivable - related parties		(1,674)	(2,973)
Accounts receivable , net		(195,365)	(1,130,649)
Accounts receivable - related parties		(333,245)	(296,539)
Other receivables		(37,295)	(12,984)
Inventories		500,121	103,560
Prepayments		(568,981)	(375,434)
Other current assets		78,361	323,521
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		-	(943)
Notes payable		(4,522)	54,906
Notes payable - related parties		(130,664)	69,201
Accounts payable		259,684	465,053
Accounts payable - related parties		(287,059)	(157,150)
Other payables		(525,422)	56,735
Other current liabilities		160,826	142,017
Cash generated from operations		2,330,121	2,261,024
Interest received		11,506	9,096
Dividend received		3,225	3,600
Interest paid		(96,530)	(119,127)
Income tax paid		(160,676)	(322,637)
Net cash provided by operating activities		2,087,646	1,831,956

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

	Notes	For the six-month periods ended June 30, 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of available -for-sale financial assets		($ 4,402)	($ 32,039)
Acquisition of property, plant and equipment	6(29)	(1,034,109)	(632,494)
Proceed from disposal of property, plant and equipment		59,918	11,966
Decrease(increase) in other non-current assets		182,985	(291,976)
Net cash used in investing activities		(795,608)	(944,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		740,921	(61,507)
Decrease in short-term notes and bills payable		(549,991)	(200,032)
Payment of long-term borrowings		(2,020,476)	(3,552,490)
Increase in long-term borrowings		2,148,796	3,500,000
Decrease in non-controlling interest		-	(46,455)
Increase in other non-current liabilities		42,969	87,282
Cash dividends paid- non controlling interest		(16,975)	-
Net cash provided by (used in) financing activities		345,244	(273,202)
Effect of foreign exchange rate		16,956	8,497
Increase in cash and cash equivalents		1,654,238	622,708
Cash and cash equivalents at beginning of period	6(1)	3,796,868	3,064,945
Cash and cash equivalents at end of period	6(1)	$ 5,451,106	$ 3,687,653

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 7, 2015.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

1. HISTORY AND ORGANIZATION

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

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

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

(3)As of June 30, 2015, the Company and its subsidiaries (collectively referred herein as the "Group") had 9,790 employees.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 7, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

B.IAS 1, ‘Presentation of financial statements’

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

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

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

D.IFRS 13, ‘Fair value measurement’

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

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

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

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
June 30, 2014				
Deferred income tax assests	$ 575,904	$ 15,432	$ 591,336	(A)
Others	76,603,765	-	76,603,765	
Total affected assets	$ 77,179,669	$ 15,432	$ 77,195,101	
Accrued pension liabilities	$ 2,480,292	$ 90,774	$ 2,571,066	(A)
Others	21,842,972	-	21,842,972	
Total affected liabilities	24,323,264	90,774	24,414,038	
Retained earnings	2,604,824	(70,910)	2,533,914	(A)
Non-controlling interests	3,035,217	(4,432)	3,030,785	(A)
Others	47,216,364	-	47,216,364	
Total affected equity	52,856,405	(75,342)	52,781,063	
Total affected liabilities and equity	$ 77,179,669	$ 15,432	$ 77,195,101	

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

Consolidated Balance Sheets Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
June 30 , 2015				
Deferred income tax assests	$ 446,433	$ 15,331	$ 461,764	(A)
Others	79,015,700	-	79,015,700	
Total affected assets	$ 79,462,133	$ 15,331	$ 79,477,464	
Accrued pension liabilities	$ 2,516,446	$ 222,435	$ 2,738,881	(A)
Others	22,570,588	-	22,570,588	
Total affected liabilities	25,087,034	222,435	25,309,469	
Retained earnings	2,595,155	(201,706)	2,393,449	(A)
Non-controlling interests	3,164,515	(5,398)	3,159,117	(A)
Others	48,615,429	-	48,615,429	
Total affected equity	54,375,099	(207,104)	54,167,995	
Total affected liabilities and equity	$ 79,462,133	$ 15,331	$ 79,477,464	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the three-month period ended June 30, 2014				
Operating revenue	$ 13,081,901	$ -	$ 13,081,901	
Operating costs	(11,428,773)	-	(11,428,773)	
Operating expenses	(763,057)	9	(763,048)	(A)
Non-operating income and expenses	(41,282)	-	(41,282)	
Profit before income tax	848,789	9	848,798	
Income tax expense	(35,967)	(2)	(35,969)	(A)
Profit for the period	812,822	7	812,829	
Other comprehensive income (net)	469,652	-	469,652	
Total comprehensive income	$ 1,282,474	$ 7	$ 1,282,481	
Earnings per share				
Basic	$ 0.48	$ -	$ 0.48	
Diluted	$ 0.48	$ -	$ 0.48	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the six-month period ended June 30, 2014				
Operating revenue	$ 25,008,671	$ -	$ 25,008,671	
Operating costs	(22,005,670)	-	(22,005,670)	
Operating expenses	(1,410,826)	16	(1,410,810)	(A)
Non-operating income and expenses	(12,578)	-	(12,578)	
Profit before income tax	1,579,597	16	1,579,613	
Income tax expense	(176,261)	(3)	(176,264)	(A)
Profit for the period	1,403,336	13	1,403,349	
Other comprehensive loss (net)	(1,022,999)	-	(1,022,999)	
Total comprehensive income	$ 380,337	$ 13	$ 380,350	
Earnings per share				
Basic	$ 0.83	$ -	$ 0.83	
Diluted	$ 0.83	$ -	$ 0.83	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the three-month period ended June 30, 2015				
Operating revenue	$ 11,596,003	$ -	$ 11,596,003	
Operating costs	(9,696,288)	-	(9,696,288)	
Operating expenses	(758,365)	288	(758,077)	(A)
Non-operating income and expenses	(145,256)	-	(145,256)	
Profit before income tax	996,094	288	996,382	
Income tax expense	(227,294)	(49)	(227,343)	(A)
Profit for the period	768,800	239	769,039	
Other comprehensive income (net)	3,296,633	-	3,296,633	
Total comprehensive income	$ 4,065,433	$ 239	$ 4,065,672	
Earnings per share				
Basic	$ 0.46	$ -	$ 0.46	
Diluted	$ 0.46	$ -	$ 0.46	

Consolidated statement of comprehensive income Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
For the six-month period ended June 30, 2015				
Operating revenue	$ 22,625,929	$ -	$ 22,625,929	
Operating costs	(19,231,052)	-	(19,231,052)	
Operating expenses	(1,442,626)	576	(1,442,050)	(A)
Non-operating income and expenses	(175,765)	-	(175,765)	
Profit before income tax	1,776,486	576	1,777,062	
Income tax expense	(391,971)	(98)	(392,069)	(A)
Profit for the period	1,384,515	478	1,384,993	
Other comprehensive income (net)	3,142,171	-	3,142,171	
Total comprehensive income	$ 4,526,686	$ 478	$ 4,527,164	
Earnings per share				
Basic	$ 0.82	$ -	$ 0.82	
Diluted	$ 0.82	$ -	$ 0.82	

Remark：

A. The Group recognised previously unrecognised past service costs and as a result of elimination of the corridor approach to recognise prior unrecognised actuarial losses by increasing accrued pension by $90,789, $90,774, $223,010 and $222,435; deferred tax income assets by $15,434, $15,432, $15,429 and $15,331 and decreased retained earnings by $70,886, $70,910, $202,157 and $201,706; non-controlling interest by $4,469, $4,432, $5,398 and $5,411, as at January 1, June 30, December 31, 2014 and June 30, 2015 respectively. Otherwise, the Group decreased operating expenses by $288, $9, $576 and $16, increased income tax expense by $49, $2, $98 and $3 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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

None.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A.Basis for preparation of consolidated financial statements:

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

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

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

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

B.Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	June 30, 2015	December 31, 2014	Description
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	65.68	
Formosa Taffeta Co., Ltd.	Taffeta (Zhong Shan) Co, Ltd.	Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn products	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta Vietnam Co., Ltd.	Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	100.00	100.00	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership(%) June 30, 2015	Ownership(%) December 31, 2014	Description
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric for 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	43.00	Note 1 and Note 2
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Export trading, entrepot trading, displaying goods, processing of exporting goods, warehousing and black and white and colour design and graph	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Limited.	Holding Company	100.00	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Changshu Fushun Enterprise Management Co., Ltd	Assets management	100.00	-	Note 1 and Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership(%) June 30, 2014	Description
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	
Formosa Taffeta Co., Ltd.	Taffeta (Zhong Shan) Co, Ltd.	Manufacturing of nylon and polyester filament greige cloth, coloured cloth, printed cloth and textured processing yarn	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Urban land consolidation, development and rent and sale of residential and buildings, and development of new community and specialised zones	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta Vietnam Co., Ltd.	Manufacturing, processing, supply and marketing of yarn, knitted fabric, dyeing and finishing, carpets, curtains and cleaning supplies	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of nylon and polyamine goods	100.00	Note 1
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric for 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	Note 1 and Note 2
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Export trading, entrepot trading, displaying goods, processing of exporting goods, warehousing and black and white and colour design and graph	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	Note 1
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Limited.	Holding Company	100.00	Note 1
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing and processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	Note 1

Note 1: The financial statements of the entity as of and for the six-month periods ended June 30, 2015 and 2014 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

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

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

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

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

E. Significant restrictions：None.

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

As of June 30, 2015, December 31, 2014 , June 30, 2014 and January 1, 2014, the non-controlling interest amounted to $ 3,359,117, $ 3,209,154, $ 3,030,785 and $ 2,958,224, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		June 30, 2015		December 31, 2014	
Name of subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	$ 3,158,533	34.32	$ 3,192,402	34.32

		Non-controlling interest			
		June 30, 2014		January 1, 2014	
Name of subsidiary	Principal place of business	Amount	Ownership(%)	Amount	Ownership(%)
Formosa Advanced Technologies Co., Ltd.	Taiwan	$ 3,021,922	34.32	$ 2,953,742	34.32

Summarized financial information on the subsidiaries:

<u>Balance sheets</u>

	Formosa Advanced Technologies Co., Ltd.	
	June 30, 2015	December 31, 2014
Current assets	$ 6,987,025	6,195,144
Non-current assets	3,915,937	4,334,325
Current liabilities	(1,643,465)	(1,171,125)
Non-current liabilities	(56,311)	(56,474)
Total net assets	$ 9,203,186	$ 9,301,870

	Formosa Advanced Technologies Co., Ltd.	
	June 30, 2014	January 1, 2014
Current assets	$ 5,012,848	3,654,281
Non-current assets	4,859,439	5,708,199
Current liabilities	(1,013,308)	(703,408)
Non-current liabilities	(53,845)	(52,598)
Total net assets	$ 8,805,134	$ 8,606,474

Statements of comprehensive income

	Formosa Advanced Technologies Co., Ltd.	
	Three-month period ended June 30, 2015	Three-month period ended June 30, 2014
Revenue	$ 2,099,925	$ 2,240,047
Profit before income tax	291,469	215,546
Income tax expense	(61,181)	(22,298)
Profit for the period	230,288	193,248
Other comprehensive (loss) income, net of tax	(18,688)	48,590
Total comprehensive income for the period	$ 211,600	$ 241,838
Comprehensive income attributable to non-controlling interest	$ 72,621	$ 82,999

	Formosa Advanced Technologies Co., Ltd.	
	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
Revenue	$ 4,407,425	$ 4,401,081
Profit before income tax	634,765	407,554
Income tax expense	(122,449)	(79,704)
Profit for the period	512,316	327,850
Other comprehensive income, net of tax	8,111	47,699
Total comprehensive income for the period	$ 520,427	$ 375,549
Comprehensive income attributable to non-controlling interest	$ 178,611	$ 128,888

Statements of cash flows

	Formosa Advanced Technologies Co., Ltd.	
	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
Net cash provided by operating activities	$ 1,768,766	$ 910,421
Net cash used in investing activities	(393,057)	(213,676)
Increase in cash and cash equivalents	1,375,709	696,745
Cash and cash equivalents, beginning of period	1,879,627	1,071,934
Cash and cash equivalents, end of period	$ 3,255,336	$ 1,768,679

(4) Foreign currency translation

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

A.Foreign currency transactions and balances

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

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

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

B.Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(b)Assets held mainly for trading purposes;

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

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

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

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

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

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

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

(8) Available-for-sale financial assets

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

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

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

(9) Loans and receivables

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

(10) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(a)Financial assets measured at amortised cost

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

(b)Financial assets measured at cost

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

(c)Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

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

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

(12) Inventories

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

(13) Construction contracts

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

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

(14) Investments accounted for using equity method / associates

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

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

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

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

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

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

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

(15) Property, plant and equipment

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

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

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

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

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

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

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

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

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Financial guarantee contracts

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

(23) Employee benefits

A.Short-term employee benefits

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

B.Pensions

(a)Defined contribution plans

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

(b)Defined benefit plans

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

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

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

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

C.Employees', directors' and supervisors' remuneration

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

(24) <u>Income tax</u>

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

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

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

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

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

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

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

(25) Share capital

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

(26) Dividends

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

(27) Revenue recognition

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

(28) Operating segments

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

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

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

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

Financial assets—impairment of equity investments

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

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

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of June 30, 2015, the carrying amount of inventories was $7,450,168.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2015	December 31, 2014	June 30, 2014
Cash on hand and petty cash (revolving funds)	$ 62,246	$ 82,717	$ 116,886
Checking accounts and demand deposits	1,966,273	2,012,479	2,242,657
Time deposits	354,552	243,371	141,043
Cash equivalents	3,068,035	1,458,301	1,187,067
	$ 5,451,106	$ 3,796,868	$ 3,687,653

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

B.The range of time deposit rates on June 31, 2015, December 31, 2014 and June 31, 2014 were 0.20%~2.10% , 0.25%~1.35% and 0.25%~3.06% , respectively.

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

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

Items	June 30, 2015	December 31, 2014	June 30, 2014
Current items:			
Financial assets held for trading			
Beneficiary certificates	$ 649,854	$ 649,854	$ 379,976
Forward foreign exchange contracts	688	2,394	1,135
	650,542	652,248	381,111
Valuation adjustment of financial assets held for	4,174	2,251	842
	$ 654,716	$ 654,499	$ 381,953

A.The Group recognised net (loss) gain of ($354), $1,701, $2,015 and $1,567 on financial assets held for trading for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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

Derivative Instruments	June 30, 2015 Contract Amount (Notional Principal) (In dollars)		June 30, 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	79,110,000	2015.4~2015.8	JPY	240,470,000	2014.10~2015.3
Changhua Bank	USD	4,000,000	2015.7~2015.8		-	-

Derivative Instruments	June 30, 2014 Contract Amount (Notional Principal) (In dollars)		June 30, 2014 Contract Period
Current items:			
Forward foreign exchange contracts			
Taipei Fubon Bank	JPY	166,500,000	2014.4~2014.8
Changhua	USD	4,000,000	2014.5~2014.7

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

(3) Available-for-sale financial assets

	June 30, 2015	December 31, 2014	June 30, 2014
Current items:			
Listed (TSE and OTC) stocks	$ 1,421,340	$ 1,416,938	$ 1,058,541
Valuation adjustment of available-for-sale financial assets	330,669	292,677	377,183
	$ 1,752,009	$ 1,709,615	$ 1,435,724
Non-current items:			
Listed (TSE and OTC) stocks	$ 8,859,918	$ 8,859,918	$ 8,859,918
Valuation adjustment of available-for-sale financial assets	23,466,390	20,075,416	23,337,712
	32,326,308	28,935,334	32,197,630
Accumulated impairment - available-for-sale financial assets	(2,613,084)	(2,613,085)	(2,613,085)
	$ 29,713,224	$ 26,322,249	$ 29,584,545

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

(4) Notes receivable, net

	June 30, 2015	December 31, 2014	June 30, 2014
Notes receivable	$ 120,634	$ 95,066	$ 71,542
Less: allowance for bad debts	(1,966)	(1,966)	(1,966)
	$ 118,668	$ 93,100	$ 69,576

(5) Accounts receivable, net

	June 30, 2015	December 31, 2014	June 30, 2014
Accounts receivable	$ 4,470,058	$ 4,274,693	$ 4,982,577
Less: allowance for bad debts	(116,443)	(120,132)	(117,775)
	$ 4,353,615	$ 4,154,561	$ 4,864,802

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

	June 30, 2015	December 31, 2014	June 30, 2014
Group 1	$ 3,667,599	$ 3,397,231	$ 4,079,659
Group 2	280,341	341,007	446,027
Group 3	300,984	356,228	103,427
	$ 4,248,924	$ 4,094,466	$ 4,629,113

Note:

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

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

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

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

	June 30, 2015	December 31, 2014	June 30, 2014
Up to 30 days	$ 144,365	$ 103,464	$ 211,852
31 to 90 days	40,875	50,459	110,187
91 to 180 days	13,670	7,966	6,226
Over 180 days	7,416	3,530	4,555
	$ 206,326	$ 165,419	$ 332,820

The above ageing analysis was based on past due date.

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

(a)As of June 30, 2015, December 31, 2014 and June 31, 2014, the Group's accounts receivable that were impaired amounted to $14,808, $14,808 and $20,604, respectively.

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

	Six-month period ended June 30, 2015		
	Individual provision	Group provision	Total
At January 1	$ 14,808	$ 105,324	$ 120,132
(Reversed of) provision for impairment	-	(2,748)	(2,748)
Effect of exchange rate	-	(941)	(941)
At June 30	$ 14,808	$ 101,635	$ 116,443

	Six-month period ended June 30, 2014		
	Individual provision	Group provision	Total
At January 1	$ 4,181	$ 110,227	$ 114,408
(Reversed of) provision for impairment	16,423	(12,674)	3,749
Effect of exchange rate	-	(382)	(382)
At June 30	$ 20,604	$ 97,171	$ 117,775

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

(6) Inventories

	June 30, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,468,215	($ 85,719)	$ 1,382,496
Supplies	230,115	(3,950)	226,165
Work in process	2,155,914	(9,952)	2,145,962
Finished goods	3,296,475	(366,918)	2,929,557
Merchandise inventory	140,979	-	140,979
Materials in transit	409,086	-	409,086
Outsourced processed materials	151,775	-	151,775
Construction in progress	17,750	-	17,750
Land for construction	46,398	-	46,398
	$ 7,916,707	($ 466,539)	$ 7,450,168

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

	June 30, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,299,877	($ 71,050)	$ 1,228,827
Supplies	288,019	(3,819)	284,200
Work in process	2,180,562	(7,928)	2,172,634
Finished goods	2,893,200	(320,304)	2,572,896
Merchandise inventory	321,910	-	321,910
Materials in transit	406,691	-	406,691
Outsourced processed materials	172,643	-	172,643
Construction in progress	12,787	-	12,787
Land for construction	86,683	-	86,683
	$ 7,662,372	($ 403,101)	$ 7,259,271

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

The cost of inventories recognized as expense for the three-month and six-month periods ended June 30, 2015 and 2014 were as follows:

	Three-month periods ended June 30, 2015	Three-month periods ended June 30, 2014
Cost of inventories sold	$ 9,735,491	$ 11,435,217
(Gain on recovery) Inventory valuation loss (Note 1)	(19,957)	14,153
Others (Note 2)	(19,246)	(20,597)
	$ 9,696,288	$ 11,428,773

	Six-month periods ended June 30, 2015	Six-month periods ended June 30, 2014
Cost of inventories sold	$ 19,247,697	$ 22,045,470
Inventory valuation loss	27,979	18,799
Others (Note 2)	(44,624)	(58,599)
	$ 19,231,052	$ 22,005,670

Note 1: Gain from recovery was recognised from sales of inventory previously provided with allowance for the year ended December 31, 2014.

Note 2: Others consist of inventory overage/shortage and disposal of scrap and defective materials.

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

Items	June 30, 2015	December 31, 2014	June 30, 2014
Unlisted stocks	$ 5,470,725	$ 5,442,727	$ 353,142

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

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

C.As of June 30, 2015, December 31, 2014 and June 30, 2014, no financial assets measured at cost held by the Group were pledged to others.

(8) Investments accounted for using equity method

	June 30, 2015	December 31, 2014	June 30, 2014
Formosa Industry Co., Ltd.	$ 2,065,492	$ 2,065,036	$ 1,915,286
Kuang Yueh Co., Ltd.	803,593	844,400	552,956
Formosa Ha Tinh Steel Corporation	-	-	5,083,441
	$ 2,869,085	$ 2,909,436	$ 7,551,683

A. Group's principal associates

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

Company name	Principal place of business	Shareholding ratio June 30, 2015	Shareholding ratio December 31, 2014	Nature of relationship	Methods of measurement
Formosa Industry Co.,	Vietnam	10.00%	10.00%	Associate	Equity method
Kuang Yueh Co., Ltd.	Taiwan	20.16%	20.16%	Associate	Equity method

Company name	Principal place of business	Shareholding ratio June 30, 2014	Nature of relationship	Methods of measurement
Formosa Industry Co.,	Vietnam	10.00%	Associate	Equity method
Kuang Yueh Co., Ltd.	Taiwan	20.39%	Associate	Equity method
Formosa Ha Tinh Steel Corporation	Vietnam	4.963%	Associate	Equity method

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

Balance sheets

	Formosa Industry Co., Ltd. June 30, 2015	Formosa Industry Co., Ltd. December 31, 2014	Formosa Industry Co., Ltd. June 30, 2014
Current assets	$ 12,765,556	$ 9,406,229	$ 10,307,722
Non-current assets	18,976,461	16,432,444	18,416,164
Current liabilities	(7,597,299)	(5,405,736)	(3,405,527)
Non-current liabilities	(4,391,142)	(683,930)	(7,066,850)
Total net assets	$ 19,753,576	$ 19,749,007	$ 18,251,509
Share in associate's net assets	$ 1,975,357	$ 1,974,901	$ 1,825,151
Difference	90,135	90,135	90,135
Carrying amount of the associate	$ 2,065,492	$ 2,065,036	$ 1,915,286

	Kuang Yueh Co., Ltd.		
	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	$ 5,015,018	$ 3,331,200	$ 4,187,036
Non-current assets	3,234,057	3,034,241	2,768,844
Current liabilities	(4,020,614)	(1,931,347)	(4,006,116)
Non-current liabilities	(242,385)	(245,602)	(237,864)
Total net assets	$ 3,986,076	$ 4,188,492	$ 2,711,900
Share in associate's net assets (Carrying amount of the associate)	$ 803,593	$ 844,400	$ 552,956

	Formosa Ha Tinh Steel Corporation
	June 30, 2014
Current assets	$ 29,198,175
Non-current assets	115,995,779
Current liabilities	(42,767,183)
Total net assets	$ 102,426,771
Share in associate's net assets (Carrying amount of the associate)	$ 5,083,441

Statements of Comprehensive Income

	Formosa Industry Co., Ltd.	
	Three-month period ended June 30, 2015	Three-month period ended June 30, 2014
Revenue	$ 5,680,748	$ 6,273,999
Profit for the period from continuing operations (Total comprehensive income)	$ 643,783	$ 341,576

	Formosa Industry Co., Ltd.	
	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
Revenue	$ 11,353,701	$ 12,476,001
Profit for the period from continuing operations (Total comprehensive income)	$ 805,253	$ 706,714

	Kuang Yueh Co., Ltd.	
	Three-month period ended June 30, 2015	Three-month period ended June 30, 2014
Revenue	$ 1,998,405	$ 1,844,291
Profit for the period from continuing operations (Total comprehensive income)	$ 222,590	$ 294,835

	Kuang Yueh Co., Ltd.	
	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
Revenue	$ 2,447,605	$ 2,347,128
Profit for the period from continuing operations (Total comprehensive income)	$ 152,633	$ 204,310

	Formosa Ha Tinh Steel Corporation
	Three-month period ended June 30, 2014
Revenue	$ -
Loss for the period from continuing operations (Total comprehensive loss)	($ 555,904)

	Formosa Ha Tinh Steel Corporation
	Six-month period ended June 30, 2014
Revenue	$ -
Loss for the period from continuing operations (Total comprehensive loss)	($ 862,043)

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

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

D.The investment income of $109,252, $70,319, $111,296 and $69,009 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively, were accounted for under the equity method based on the investees' financial statements which were not reviewed by independent accountants.

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

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

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

(Blank)

(9) Property, plant and equipment

January 1, 2015	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
Cost	$ 2,552,585	$ 10,448,063	$ 42,049,912	$ 9,508,253	$ 926,644	$ 65,485,457
Accumulated depreciation	(15,448)	(4,980,080)	(34,035,448)	(8,450,604)	-	(47,481,580)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
Six-month period ended June 30, 2015						
Opening net book amount	$ 2,381,399	$ 5,467,983	$ 8,012,473	$ 1,057,649	$ 926,644	$ 17,846,148
Additions	13,252	-	-	302	1,013,502	1,027,056
Disposals	-	(6)	(284,451)	(3,451)	-	(287,908)
Transfers (Note)	268	69,656	1,028,925	30,497	(1,132,417)	(3,071)
Depreciation charge	(164)	(171,275)	(1,174,564)	(129,179)	-	(1,475,182)
Net exchange differences	(60)	(62,644)	(84,961)	(10,094)	(12,631)	(170,390)
Closing net book amount	$ 2,394,695	$ 5,303,714	$ 7,497,422	$ 945,724	$ 795,098	$ 16,936,653
June 30, 2015						
Cost	$ 2,565,759	$ 10,424,168	$ 41,864,201	$ 9,422,968	$ 795,098	$ 65,072,194
Accumulated depreciation	(15,326)	(5,120,454)	(34,364,788)	(8,477,244)	-	(47,977,812)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,394,695	$ 5,303,714	$ 7,497,422	$ 945,724	$ 795,098	$ 16,936,653

Note：Transferred to maintenance charge.

	Land and land improvements	Buildings	Machinery	Transportation equipment and other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2014						
Cost	$ 2,401,619	$ 10,174,392	$ 41,240,213	$ 9,579,469	$ 496,713	$ 63,892,406
Accumulated depreciation	(14,369)	(4,576,004)	(31,920,265)	(8,209,668)	-	(44,720,306)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,231,512	$ 5,598,388	$ 9,317,957	$ 1,369,801	$ 496,713	$ 19,014,371
Six-month period ended June 30, 2014						
Opening net book amount	$ 2,231,512	$ 5,598,388	$ 9,317,957	$ 1,369,801	$ 496,713	$ 19,014,371
Additions	-	-	4,145	17,745	659,977	681,867
Disposals	-	(67)	(2,191)	(540)	-	(2,798)
Transfers (Note)	-	49,423	779,646	36,970	(823,233)	42,806
Depreciation charge	(159)	(168,436)	(1,386,613)	(218,348)	-	(1,773,556)
Net exchange differences	(29)	(23,216)	(30,425)	(3,376)	(1,522)	(58,568)
Closing net book amount	$ 2,231,324	$ 5,456,092	$ 8,682,519	$ 1,202,252	$ 331,935	$ 17,904,122
June 30, 2014						
Cost	$ 2,401,448	$ 10,187,388	$ 41,782,095	$ 9,586,506	$ 331,935	$ 64,289,372
Accumulated depreciation	(14,386)	(4,731,296)	(33,097,585)	(8,384,254)	-	(46,227,521)
Accumulated impairment	(155,738)	-	(1,991)	-	-	(157,729)
	$ 2,231,324	$ 5,456,092	$ 8,682,519	$ 1,202,252	$ 331,935	$ 17,904,122

Note :Transferred from prepayment for equipment.

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

	Three-month period ended June 30, 2015	Three-month period ended June 30, 2014
Amount capitalised	$ 1,270	$ 971

	Six-month period ended June 30, 2015	Six-month period ended June 30, 2014
Amount capitalised	$ 2,933	$ 1,861
Interest rate	1.20%~2.00%	1.26%~2.50%

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

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

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

D.Certain regulations restrict ownership of land to individuals. Accordingly, the titles of land which the Company has acquired for future plant expansion is under the name of third parties. Such land titles were transferred and mortgaged to the Company. As of June 30, 2015 and 2014, the land mortgaged to the Company was $586,700 and $526,350, respectively.

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

	June 30, 2015	December 31, 2014	June 30, 2014
Land use right - Formosa Taffeta Co., Ltd.	$ 1,460	$ 1,171	$ 1,698
Land use right - Formosa Taffeta (Zhong Shan)	37,062	38,490	36,908
Land use right - Formosa Taffeta (Dong Nai)	145,529	152,799	145,625
Land use right - Formosa Taffeta (Changshu)	135,191	167,906	159,261
Land use right - Changshu Fushun Enterprise Management Co., Ltd.	32,393	-	-
	$ 351,635	$ 360,366	$ 343,492

A.Land use right of Formosa Taffeta Co., Ltd. pertains to the payment for the right to establish a petrol station and title transfer of land leasing right and is amortised over the land lease period under the contract. The Group recognised rental expense for the three-month and six-month periods ended June 30, 2015 and 2014 amounting to $329, $450, $422 and $899, respectively.

B.Formosa Taffeta (Zhong Shan) Co., Ltd. has leased land of Xijiangbian Dingxi Village, Shenwan Town, Zhengshan, Guangdong amounting to 508 acres from Shenwan Town People's Government of Zhongshan City in Guangdong Province, Mainland China and paid land use right of HK 12,599 thousand. The effective period is 50 years from the date of issuance of certificate of land use right, and the lease period is from November 20, 1991 to November 20, 2041. The Group recognised rental expense for the three-month and six-month periods ended June 30, 2015 and 2014 amounting to RMB 67 thousand, 34 thousand, 133 thousand and 100 thousand, respectively.

C.Formosa Taffeta (Dong Nai) Co., Ltd. has paid land use right of VND75,655,550 thousand and VND48,134,338 thousand for the leased land of 273,661.1 square meters and 65,086 square meters in Nhon Trach 3 Industrial Zone in Nhon Trach District, Dong Nai Province, Vietnam from Formosa Industries Corporation in September 2004 and December 2013, respectively. The lease period started from September 1, 2004 and December 1, 2012, respectively, and the effective periods are both 140 years from the date of issuance of certificate of land use right. The Group recognised rental expense of VND 417,987 thousand both for the three-month periods ended June 30, 2015 and 2014 and VND 835,973 thousand both for the six-month periods ended June 30, 2015 and 2014.

D.Formosa Taffeta (Changshu) Co., Ltd. has leased 3 parcels of land amounting to 277,172 square meters in Economy Development Zone from Changshu City Land and Resources Bureau in Jiangsu Province, Mainland China. The effective period of land use right started from the date of issuance of certificate of land use right and the lease period ends in December 2056 to December 2076. Furthermore, partial land was not used until November 18, 2011, so the government has taken back the land. Proceeds of land amounted to RMB12,738 thousand in February 2012 and impairment loss in 2011 was RMB 4,726 thousand. Otherwise, Economy Development Zone refunded a part of money and reissue land use right for resumption of 794 square meters land. In March 2015, Formosa Taffeta (Changshu) Co., Ltd. divided some part of housing land and established a new company, Changshu Fushun Enterprise Management Co.,Ltd. (details are provided in Note 6(10)E.) As of March 31, 2014, the area of the Company's 2 leased parcels of land was 166,509 square meters, and the effective period of land use right ends on December 2056. The Group recognised rental expense for the three-month and six-month periods ended June 30, 2015 and 2014 amounting to RMB 160 thousand, 182 thousand, 342 thousand and 364 thousand, respectively.

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

(11) Short-term borrowings

Type of borrowings	June 30, 2015	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 2,978,856	1.48%～2.21%	Property, plant and equipment and Inventories
Credit borrowings	500,000	0.98%	–
Purchase loans	23,751	1.03%	–
	$ 3,502,607		

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

Type of borrowings	June 30, 2014	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 2,320,668	1.70%～2.63%	Property, plant and equipment and Inventories
Credit borrowing	1,324,302	0.98%～5.88%	–
	$ 3,644,970		

(12) Short-term notes and bills payable

	June 30, 2015	December 31, 2014	June 30, 2014
Commercial paper payable	$ 1,800,000	$ 2,350,000	$ 1,050,000
Less: Commercial paper payable discount	(467)	(476)	(170)
	$ 1,799,533	$ 2,349,524	$ 1,049,830
Interest rate	1.00%	1.00%	1.09%~1.10%

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

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

Items	June 30, 2015	December 31, 2014	June 30, 2014
Current items:			
Financial liabilities held for trading			
Forward foreign exchange contracts	$ 1,395	$ 5,843	$ 461

A.The Group recognised net (loss) gain of ($1,076), ($808), $2,650 and $108 on financial liabilities held for trading for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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

Derivative Financial Liabilities	June 30, 2015 Contract Amount (Notional Principal)		June 30, 2015 Contract Period	December 31, 2014 Contract Amount (Notional Principal)		December 31, 2014 Contract Period
Current items:						
Forward foreign exchange contracts						
Chang Hwa Bank	USD	5,000,000	2015.7~2015.8	USD	8,000,000	2014.11~2015.2
Taipei Fubon Bank	JPY	128,000,000	2015.4~2015.9		-	-
Taipei Fubon Bank	TWD	12,506,411	2015.5~2015.8		-	-

Derivative Financial Liabilities	June 30, 2014 Contract Amount (Notional Principal)		June 30, 2014 Contract Period
Current items:			
Forward foreign exchange contracts			
Taipei Fubon Bank	JPY	354,540,000	2014.4~2014.9

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

(14) Other payables

	June 30, 2015	December 31, 2014	June 30, 2014
Dividends payable	$ 2,582,632	$ 11,395	$ 1,765,456
Salaries and year-end bonus payable	595,865	769,631	562,652
Accrued utilities expenses	143,737	138,524	134,527
Commission payable	114,317	44,465	73,517
Others	646,167	1,083,225	554,155
	$ 4,082,718	$ 2,047,240	$ 3,090,307

(15) Long-term borrowings

	June 30, 2015	December 31, 2014	June 30, 2014
Bank borrowings			
Secured borrowings	$ 461,002	$ 390,685	$ 325,769
Credit borrowing	8,900,000	8,900,000	9,800,000
	9,361,002	9,290,685	10,125,769
Less: current portion (Shown as other currrent liabilities)	(90,918)	(71,790)	(81,442)
	$ 9,270,084	$ 9,218,895	$ 10,044,327
Interest rate	1.23%~1.35%	1.23%~1.40%	1.25%~1.33%

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

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

(16) Pensions

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

(b)For the aforementioned pension plan, the Group recognised pension costs of $27,824, $23,747, $48,023 and $47,490 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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

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

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

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

(d)Formosa Taffeta (Hong Kong) Co., Ltd. and Schoeller FTC (Hong Kong) Co., Ltd. have defined contribution plans whereby contributions are made to the mandatory provident fund based on a percentage of the employees' salaries and wages as full-time employees' pension benefit.

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

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

(g)The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2015 and 2014 were $32,694, $30,981, $73,373 and $64,469, respectively.

(17) Share capital

A.As of June 30, 2015, the Company's issued capital was $16,846,646, consisting of 1,684,665,000 shares of common stock, with a par value of $10 per share.

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

Reason for reacquisition	Investee company	Beginning Shares (in thousands)	Additions	Disposal (Note)	Ending Shares (in thousands)
	Six-month period ended June 30, 2015				
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,613	-	-	2,613

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

Reason for reacquisition	Investee company	Beginning Shares (in thousands)	Additions	Disposal (Note)	Ending Shares (in thousands)
	Six-month period ended June 30, 2014				
Long-term equity investment transferred to treasury stock for parent company's shares held by subsidiaries	Formosa Development Co., Ltd.	2,693	-	(80)	2,613

Note: The capital surplus amounting to $1,444 resulted from the subsidiary, Formosa Development Co., Ltd.'s disposal of 80,000 shares of the parent company.

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

D.As of June 30, 2015 and 2014, the market price per share was $32.75 and $33.00, respectively.

(18) Capital surplus

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

(19) Retained earnings

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

According to the R.O.C. Company Law and the Company's Articles of Incorporation, the annual net income should be used initially to cover any accumulated deficit; 10% of the annual net income should be set aside as legal reserve and special reserve. The remaining balance shall be distributed to shareholders according to their shareholding percentage. After deducting the above items, the remaining earnings, if any, shall be appropriated up to 1% as directors' and supervisors' compensation, and 0.1% to 1% as employees' bonus, which shall be recognized as current expense. In accordance with the Company Act amended in May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. However, the Company recognised directors' and supervisors' compensation and employees' bonus in accordance with the unmodified Company's Articles of Incorporation before modifying Company's Articles.

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

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

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

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

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

The estimated appropriations of 2014 and 2013 earnings proposed by the Board of Directors were the same as the actual appropriations approved by the shareholders. Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange Corporation.

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

F. As of June 30, 2015 and 2014, unpaid stock dividends amounted to $11,348 and $20,088, respectively.

(20) Other equity items

	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2015	$ 20,331,798	$ 385,721	$ 3,209,154
Change on unrealised gain or loss of available-for-sale financial assets			
— Parent company	3,420,855	-	-
— Associates	4,074	-	-
— Non-controlling interest	-	-	2,784
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	-	(166,518)	-
— Associates	-	(114,702)	-
— Non-controlling interest	-	-	(4,322)
Net income of non-controlling interest	-	-	180,299
Cash dividends paid by consolidated subsidiaries	-	-	(228,798)
June 30, 2015	$ 23,756,727	$ 104,501	$ 3,159,117

	Available-for-sale investments	Currency translation	Non-controlling interest
January 1, 2014	$ 24,614,399	($ 95,294)	$ 2,958,224
Change of unrealised gain or loss on available-for-sale financial assets			
— Parent company	(968,620)	-	-
— Associates	28,952	-	-
— Non-controlling interest	-	-	18,746
Difference of long-term equity investment from cumulative translation differences of foreign operations			
— Parent company	-	(64,686)	-
— Associates	-	(32,733)	-
— Non-controlling interest	-	-	(4,658)
Net income of non-controlling interest	-	-	119,016
Cash dividends paid by consolidated subsidiaries	-	-	(60,543)
June 30, 2014	$ 23,674,731	($ 192,713)	$ 3,030,785

(21) Operating revenue

	Three-month periods ended June 30, 2015	Three-month periods ended June 30, 2014
Sales revenue	$ 11,488,236	$ 12,959,545
Service revenue	107,767	122,356
	$ 11,596,003	$ 13,081,901

	Six-month periods ended June 30, 2015	Six-month periods ended June 30, 2014
Sales revenue	$ 22,419,931	$ 24,779,888
Service revenue	205,998	228,783
	$ 22,625,929	$ 25,008,671

(22) Other income

	Three-month periods ended June 30, 2015	Three-month periods ended June 30, 2014
Interest income from bank deposits	$ 6,546	$ 4,346
Dividend income	319	3,600
Other income	81,779	35,093
	$ 88,644	$ 43,039

	Six-month periods ended June 30, 2015	Six-month periods ended June 30, 2014
Interest income from bank deposits	$ 11,506	$ 9,096
Dividend income	3,225	3,600
Other income	200,249	88,443
	$ 214,980	$ 101,139

(23) Other gains and losses

	Three-month periods ended June 30, 2015	Three-month periods ended June 30, 2014
Forward foreign exchange contracts		
Net gain (loss) on financial assets at fair value through profit or loss	($ 354)	$ 1,701
Net loss on financial liabilities at fair value through profit or loss	(1,076)	(808)
Net currency exchange loss	(41,800)	(70,703)
(Loss) gain on disposal of property, plant and equipment	(204,302)	6,715
Bank charges	(8,721)	(11,125)
Other losses	(39,683)	(27,502)
	($ 295,936)	($ 101,722)

	Six-month periods ended June 30,	
	2015	2014
Forward foreign exchange contracts		
Net gain on financial assets at fair value through profit or loss	$ 2,015	$ 1,567
Net gain (loss) on financial liabilities at fair value through profit or loss	2,650	(700)
Net currency exchange loss	(99,725)	(932)
(Loss) gain on disposal of property, plant and equipment	(227,990)	9,168
Bank charges	(15,157)	(20,868)
Gain on disposal of investments	-	3,655
Other losses	(69,704)	(65,444)
	($ 407,911)	($ 73,554)

(24) Expenses by nature

	Three-month periods ended June 30,	
	2015	2014
Employee benefit expense	$ 1,190,041	$ 1,205,037
Depreciation charges on property, plant and equipment	724,085	861,333
	$ 1,914,126	$ 2,066,370

	Six-month periods ended June 30,	
	2015	2014
Employee benefit expense	$ 2,446,968	$ 2,374,888
Depreciation charges on property, plant and equipment	1,475,182	1,773,556
	$ 3,922,150	$ 4,148,444

(25) Employee benefit expense

	Three-month periods ended June 30,	
	2015	2014
Wages and salaries	$ 998,907	$ 1,024,073
Labour and health insurance fees	100,511	99,440
Pension costs	60,518	54,728
Other personnel expenses	30,105	26,796
	$ 1,190,041	$ 1,205,037

	Six-month periods ended June 30,	
	2015	2014
Wages and salaries	$ 2,061,044	$ 2,018,359
Labour and health insurance fees	203,232	190,367
Pension costs	121,396	111,959
Other personnel expenses	61,296	54,203
	$ 2,446,968	$ 2,374,888

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(19). However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B.For the three-month and six-month periods ended June 30, 2015 and 2014, employees' remuneration (bonus) was accrued at $619, $669, $1,083 and $1,156, respectively; directors' and supervisors' remuneration was accrued at $309, $335, $541 and $578, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized for the years of 2015 and 2014 were accrued based on the net income of 2014 and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve, special reserve and dividend.

C.The employees' bonus and directors' and supervisors' remuneration of 2014 approved by shareholders were the same as the amount shown in the 2014 financial statements. However, the appropriations of 2014 were unpaid.

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

(26) Finance costs

	Three-month periods ended June 30,	
	2015	2014
Interest expense:		
Bank borrowings	$ 48,486	$ 53,889
Less: capitalisation of qualifying assets	(1,270)	(971)
Finance costs	$ 47,216	$ 52,918

	Six-month periods ended June 30	
	2015	2014
Interest expense:		
Bank borrowings	$ 97,063	$ 111,033
Less: capitalisation of qualifying assets	(2,933)	(1,861)
Finance costs	$ 94,130	$ 109,172

(27) Income tax

A.Income tax expense

	Three-month periods ended June 30,	
	2015	2014
Current tax:		
Current tax on profits for the period	$ 96,335	($ 57,291)
Tax on undistributed surplus earnings	83,712	23,148
Adjustments in respect of prior period	9,531	18,422
Prepayment of taxes	466	272
Impact of change in tax rate	633	1,119
Total current tax	190,677	(14,330)
Deferred tax:		
Origination and reversal of temporary differences	36,666	50,299
Income tax expense	$ 227,343	$ 35,969

	Six-month periods ended June 30,			
	2015		2014	
Current tax:				
Current tax on profits for the period	$	202,494	$	48,576
Tax on undistributed surplus earnings		83,712		23,148
Adjustments in respect of prior period		9,531		18,422
Prepayment of taxes		772		438
Impact of change in tax rate		947		841
Total current tax		297,456		91,425
Deferred tax:				
Origination and reversal of temporary differences		94,613		84,839
Income tax expense	$	392,069	$	176,264

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

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

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

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

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

G.As of June 30, 2015, the unused loss carryforward of the Company’s subsidiary, Formosa Taffeta (Changshu) Co., Ltd., was RMB 12,990 thousand, which was not recognised as deferred income tax assets. The final creditable year is 2015.

H. Unappropriated retained earnings:

	June 30, 2015	December 31, 2014
Earnings generated in and after 1998	$ 2,393,449	$ 4,636,684

	June 30, 2014	January 1, 2014
Earnings generated in and after 1998	$ 2,533,914	$ 3,464,878

I. Shareholders' creditable tax:

	June 30, 2015	December 31, 2014	June 30, 2014
Creditable account balance	$ 254,080	$ 222,230	$ 209,508

	Years ended December 31,	
	2014 (Expected)	2013 (Actual)
Creditable tax ratio	7.40%	15.49%

(28) Earnings per share

A. Basic earnings per share

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

	Three-month period ended June 30, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 996,382	$ 769,039	1,682,069	$ 0.59	$ 0.46
Profit attributable to the non-controlling interest	(207,980)	(81,696)		(0.12)	(0.05)
Profit attributable to the parent	$ 788,402	$ 687,343		$ 0.47	$ 0.41

	Three-month period ended June 30, 2014				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 848,798	$ 812,829	1,682,051	$ 0.50	$ 0.48
Profit attributable to the non-controlling interest	(130,190)	(69,413)		(0.07)	(0.04)
Profit attributable to the parent	$ 718,608	$ 743,416		$ 0.43	$ 0.44

	Six-month period ended June 30, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 1,777,062	$ 1,384,993	1,682,069	$ 1.06	$ 0.82
Profit attributable to the non-controlling interest	(397,561)	(180,299)		(0.24)	(0.10)
Profit attributable to the parent	$ 1,379,501	$ 1,204,694		$ 0.82	$ 0.72

	Six-month period ended June 30, 2014				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 1,579,613	$ 1,403,349	1,681,996	$ 0.94	$ 0.83
Profit attributable to the non-controlling interest	(256,368)	(119,016)		(0.15)	(0.07)
Profit attributable to the parent	$ 1,323,245	$ 1,284,333		$ 0.79	$ 0.76

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

	Three-month period ended June 30, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 996,382	$ 769,039	1,684,665	$ 0.59	$ 0.46
Profit attributable to the non-controlling interest	(207,980)	(81,696)		(0.12)	(0.05)
Profit attributable to the parent	$ 788,402	$ 687,343		$ 0.47	$ 0.41

	Three-month period ended June 30, 2014				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 848,798	$ 812,829	1,684,665	$ 0.50	$ 0.48
Profit attributable to the non-controlling interest	(130,190)	(69,413)		(0.07)	(0.04)
Profit attributable to the parent	$ 718,608	$ 743,416		$ 0.43	$ 0.44

	Six-month period ended June 30, 2015				
	Amount		Weighted-average outstanding common shares	Earnings per share (in dollars)	
	Before tax	After tax	(in thousands)	Before tax	After tax
Net income	$ 1,777,062	$ 1,384,993	1,684,665	$ 1.05	$ 0.82
Profit attributable to the non-controlling interest	(397,561)	(180,299)		(0.23)	(0.11)
Profit attributable to the parent	$ 1,379,501	$ 1,204,694		$ 0.82	$ 0.71

	Six-month period ended June 30, 2014				
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Net income	$ 1,579,613	$ 1,403,349	1,684,665	$ 0.94	$ 0.83
Profit attributable to the non-controlling interest	(256,368)	(119,016)		(0.15)	(0.07)
Profit attributable to the parent	$ 1,323,245	$ 1,284,333		$ 0.79	$ 0.76

B. Employees' bonuses could be distributed in the form of stock. It does not have significant effect on the financial statements and earnings per share for the six-month periods ended June 30, 2015 and 2014.

(29) Non-cash transaction

A.Investing activities with partial cash payments:

	Six-month periods ended June 30,	
	2015	2014
Purchase of property, plant and equipment	$ 1,027,056	$ 681,867
Add: opening balance of payable on equipment	89,748	16,096
Less: ending balance of payable on equipment	(82,695)	(65,469)
Cash paid during the period	$ 1,034,109	$ 632,494

B.Financing activities with no cash flow effects:

	Six-month periods ended June 30,	
	2015	2014
Cash dividend	$ 2,358,530	$ 1,684,664

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Significant related party transactions and balances

A. Operating revenue

	Three-month periods ended June 30,	
	2015	2014
Sales of goods:		
－Ultimate parent	$ 33,912	$ 43,354
－Associates	1,989,921	1,845,476
	$ 2,023,833	$ 1,888,830

	Six-month periods ended June 30,	
	2015	2014
Sales of goods:		
－Ultimate parent	$ 65,861	$ 99,777
－Associates	3,946,499	3,450,390
	$ 4,012,360	$ 3,550,167

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

B. Purchases of goods

	Three-month periods ended June 30,	
	2015	2014
Purchases of goods:		
－Ultimate parent	$ 694,128	$ 780,099
－Associates	3,306,305	4,260,804
	$ 4,000,433	$ 5,040,903

	Six-month periods ended June 30,	
	2015	2014
Purchases of goods:		
－Ultimate parent	$ 1,403,171	$ 1,637,396
－Associates	6,513,336	8,529,887
	$ 7,916,507	$ 10,167,283

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

C. Receivables from related parties

	June 30, 2015	December 31, 2014	June 30, 2014
Notes and accounts receivable:			
－Ultimate parent	$ 7,792	$ 6,770	$ 14,509
－Associates	1,651,800	1,317,903	1,329,038
Less: Overdue accounts receivable reclassified as “other receivables”	-	-	(657)
	$ 1,659,592	$ 1,324,673	$ 1,342,890

The receivables from related parties arise mainly from sale transactions. The receivables are due

45~120 days after the date of sales. There are no provisions held against receivables from related parties.

D. Notes and accounts payable

	June 30, 2015	December 31, 2014	June 30, 2014
Notes and accounts payable:			
－Ultimate parent	$ 447,654	$ 605,773	$ 610,755
－Associates	608,797	868,401	1,011,639
	$ 1,056,451	$ 1,474,174	$ 1,622,394

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

E. Others

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

i. Land lease expense: 3% of Formosa Industry's land rent revenue
ii. Public liquid service expense: 3% of Formosa Industry's monthly sale of electricity to lessees in investment district
iii. Management expense: the full amount of management expense collected from lessees in investment district to Formosa Industry is to be paid to the Company and its subsidiaries

For the three-month and six-month periods ended June 30, 2015 and 2014, Formosa Taffeta (Dong Nai) Co., Ltd. has recognised lease service in investment district of $7,066, $6,775, $14,029 and $13,293, respectively, for rendering the abovementioned consigned services. As of June 30, 2015, December 31, 2014 and June 30, 2014, the uncollected amount of $5,085, $5,279 and $4,634, respectively, was recognised under 'other receivables'.

For the above land leasing, as of June 30, 2015, December 31, 2014 and June 30, 2014, there were no management expense and utility expense which Formosa Taffeta (Dong Nai) Co., Ltd. is due to collect from the related party, Formosa Industry.

(3) Key management compensation

	Three-month periods ended June 30,	
	2015	2014
Salaries and other short-term employee benefits	$ 3,179	$ 7,191

	Six-month periods ended June 30,	
	2015	2014
Salaries and other short-term employee benefits	$ 24,773	$ 31,362

8. PLEDGED ASSETS

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

	Book Value		
Item	June 30, 2015	December 31, 2014	Purpose
Property, plant and equipment	$ 140,412	$ 140,762	Security for short-term borrowings
Inventories (Held-to-maturity land)	40,287	40,287	Security for short-term borrowings
	$ 180,699	$ 181,049	

	Book Value	
Item	June 30, 2014	Purpose
Property, plant and equipment	$ 141,112	Security for long-term and short-term borrowings
Other non-current assets	14,586	Performance bond
Inventories (Held-to-maturity land)	40,287	Limited transfer for land tax reassessment and security for short-term borrowings
	$ 195,985	

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of June 30, 2015, the significant commitments and contingent liabilities are the outstanding letters of credit for materials and equipment purchases with various companies listed as follows:

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

(2) Formosa Advanced Technologies Co., Ltd., is engaged in the processing of various integrated circuits packaging test and is responsible for custody for which the subsidiary needs to compensate if lost. As of June 30, 2015, the items in custody amount are as follows:

	June 30, 2015	
	Quantity (Unit: piece)	Market value (per piece)
A. Work in process		
LED	23,401,371	NTD 0.03~1.28
FBGA	62,756,185	USD 0.82~6.00
TSOP	8,117,511	USD 0.75~1.05
LED assembly	4,725,878	NTD 0.54
MICRO-SD	47,619	USD 1.48~13.00
Module	523,205	USD 12.00~50.50
Others	917	USD 1.00~10.70
	99,572,686	

	Quantity (Unit: piece)	Market value (per piece)
B. Finished goods		
LED	37,844,944	NTD 0.03~1.28
FBGA	83,864,465	USD 0.82~6.00
TSOP	12,003,792	USD 0.75~1.05
LED assembly	3,666,895	NTD 0.54
MICRO-SD	88,145	USD 1.48~13.00
Module	38,973	USD 12.00~50.50
Others	382,677	USD 1.00~10.70
Total	137,889,891	

	Quantity(Unit: piece)	Market value (per piece)
C. Work in process		
LED	2,770	NTD 1,340~5,340
Others	1,095	USD 1,500
	3,865	

	Quantity(Unit: piece)	
D. Finished goods		
LED	2,932	NTD 1,340~5,340
Others	503	USD 1,500
	3,435	

	Quantity(Unit: piece)	Market value (per piece)
E. Work in process		
Module	106,227	USD 12.00~50.50

	Quantity(Unit: piece)	Market value (per piece)
F. Finished goods		
Module	24,288	USD 12.00~50.50

(3) Endorsements and guarantees

As of June 30, 2015, in order to assist the subsidiaries is obtaining credit line, the Company has guaranteed the following amounts for subsidiaries:

Name of company	Six-month period ended June 30, 2015
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 2,468,800
FORMOSA TAFFETA VIETNAM CO., LTD.	2,005,900
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	3,220,745
FORMOSA TAFFETA (DONG NAI) CO., LTD.	4,212,390

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

The Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio within to 20%. The gearing ratios at June 30, 2015, December 31, 2014, June 30, 2014 and January 1, 2014 were as follows:

	June 30, 2015	December 31, 2014	June 30, 2014	January 1, 2014
Total borrowings	$ 14,663,142	$ 14,401,895	$ 14,820,569	$ 15,137,209
Less: cash and cash equivalents	(5,451,106)	(3,796,868)	(3,687,653)	(3,064,945)
Net debt	9,212,036	10,605,027	11,132,916	12,072,264
Total equity	54,167,995	52,226,663	52,781,063	54,134,730
Total capital	$ 63,380,031	$ 62,831,690	$ 63,913,979	$ 66,206,994
Gearing ratio	15%	17%	17%	18%

(2) Financial instruments

A.Fair value information of financial instruments

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

B.Financial risk management policies

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

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

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

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

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

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

C.Significant financial risks and degrees of financial risks

(a)Market risk

a. Foreign exchange risk

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

	June 30, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 119,110	31.07	$ 3,700,748
USD:RMB	7,714	6.11	239,674
Non-monetary items			
VND:NTD	4,137,363,041	0.0014	5,792,308
HKD:NTD	273,978	3.98	1,090,432
RMB:NTD	542,385	5.08	2,755,316
USD:NTD	177,343	31.07	5,510,047
Financial liabilities			
Monetary items			
USD:NTD	5,375	31.07	167,001
USD:RMB	19,246	6.11	597,943

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

	June 30, 2014				
	Foreign Cruuency Amount (In Thousands)		Exchange Rate		Book Value (NTD)
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	135,860	29.87	$	4,057,459
JPY:NTD		424,916	0.29		125,180
USD:RMB		6,559	6.15		197,145
Non-monetary items					
VND:NTD		7,133,273,530	0.0014		10,314,714
HKD:NTD		144,980	3.85		558,607
RMB:NTD		436,353	4.89		2,132,022
Financial liabilities					
Monetary items					
USD:NTD		3,446	29.87		102,915
USD:RMB		61,409	6.15		1,845,905

D. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2015 and 2014 amounted to ($41,800), ($70,703), ($99,725) and ($932), respectively.

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

	Six-month period ended June 30, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 37,007	$ -
USD:RMB	1%	2,397	-
Non-monetary items			
VND:NTD	1%	-	57,923
HKD:NTD	1%	-	10,904
RMB:NTD	1%	-	27,553
USD:NTD	1%	-	55,100
Financial liabilities			
Monetary items			
USD:NTD	1%	1,670	-
USD:RMB	1%	5,980	-

	Six-month period ended June 30, 2014		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 40,575	$ -
JPY:NTD	1%	1,252	-
USD:RMB	1%	1,971	-
Non-monetary items			
VND:NTD	1%	-	103,147
HKD:NTD	1%	-	5,586
RMB:NTD	1%	-	21,320
Financial liabilities			
Monetary items			
USD:NTD	1%	1,029	-
USD:RMB	1%	18,459	-

b. Price risk

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

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks and beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2015 and 2014 would have increased/decreased by $5,428 and $3,161, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $314,652 and $310,203, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

c. Interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk. During the six-month periods ended June 30, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.

ii. At June 30, 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 six-month periods ended June 30, 2015 and 2014 would have been $36,935 and $40,670 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

iii. At June 30, 2015 and 2014, if interest rates on USD-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2015 and 2014 would have been $1,388 and $916 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

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

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

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

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

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

(c)Liquidity risk

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

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

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

June 30, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 3,537,151	$ -	$ -
Short-term bills payable	1,800,000	-	-
Notes payable (including related parties)	358,541	-	-
Accounts payable (including related parties)	2,328,525	-	-
Other payables	4,082,718	-	-
Long-term borrowings (including current portion)	205,561	9,041,777	258,689
Financial guarantee contracts	3,369,530	-	-

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

June 30, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 3,644,970	$ -	$ -
Short-term bills payable	1,050,000	-	-
Notes payable (including related parties)	514,826	-	-
Accounts payable (including related	2,832,005	-	-
Other payables	3,090,307	-	-
Long-term borrowings (including current portion)	207,944	7,968,495	2,167,759
Financial guarantee contracts	3,573,707	-	-

(d)As of June 30, 2015, December 31, 2014 and June 30, 2014, the derivative financial liabilities all mature within 1 year. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

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

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

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

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

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

C. The following table presents the Group's financial assets and liabilities that are measured at fair value at June 30, 2015, December 31, 2014 and June 30, 2014:

June 30, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 688	$ -	$ 688
Beneficiary certificates	654,028	-	-	654,028
Available-for-sale financial assets				
Equity securities	31,089,433	375,800	-	31,465,233
	$ 31,743,461	$ 376,488	$ -	$ 32,119,949
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,395	$ -	$ 1,395

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

June 30, 2015	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 1,135	$ -	$ 1,135
Beneficiary certificates	380,818	-	-	380,818
Available-for-sale financial assets				
Equity securities	30,671,269	349,000	-	31,020,269
	$ 31,052,087	$ 350,135	$ -	$ 31,402,222
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 461	$ -	$ 461

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

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

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

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

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

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

E.For the six-month periods ended June 30, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. For the six-month periods ended June 30, 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 six-month period ended June 30, 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 NT$300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

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

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss and assets

	Six-month period ended June 30, 2015						
		Second business group					
	First business group	Cord fabric department	Gasoline department	Other segment	FATC department	Adjustment and write-off	Total
Segment revenue							
Revenue from external customers	$ 7,849,500	$ 3,897,820	$ 5,609,410	$ 861,774	$ 4,407,425	$ -	$ 22,625,929
Inter-segment revenue	835,358	39,055	-	63,122	-	(937,535)	-
Total segment revenue	$ 8,684,858	$ 3,936,875	$ 5,609,410	$ 924,896	$ 4,407,425	($ 937,535)	$ 22,625,929
Segment income	$ 1,444,308	$ 96,994	$ 94,326	$ 81,883	$ 634,765	($ 575,214)	$ 1,777,062
Total segment assets							
Identifiable assets	$ 13,952,397	$ 5,137,796	$ 1,338,514	$ 4,418,487	$ 6,061,696	($ 390,194)	$ 30,518,696
Long-term investments							2,869,085
General assets							46,089,683
Total assets							$ 79,477,464

	Six-month period ended June 30, 2014						
		Second business group					
	First business group	Cord fabric department	Gasoline department	Other segment	FATC department	Adjustment and write-off	Total
<u>Segment revenue</u>							
Revenue from external customers	$ 7,949,561	$ 4,345,519	$ 7,384,016	$ 928,494	$ 4,401,081	$ -	$ 25,008,671
Inter-segment revenue	924,621	-	-	-	-	(924,621)	-
Total segment revenue	$ 8,874,182	$ 4,345,519	$ 7,384,016	$ 928,494	$ 4,401,081	($ 924,621)	$ 25,008,671
Segment income	$ 1,250,538	$ 125,618	$ 92,856	$ 41,675	$ 407,554	($ 338,628)	$ 1,579,613
Total segment assets	$ 13,274,207	$ 5,449,434	$ 1,551,007	$ 4,244,359	$ 7,263,470	($ 341,816)	$ 31,440,661
<u>Identifiable assets</u>							
Long-term investments							7,551,683
General assets							38,202,757
Total assets							$ 77,195,101

(4) <u>Reconciliation for segment income (loss)</u>

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

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the six-month period ended June 30, 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 June 30, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at June 30, 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	$ 33,155,770	$ 2,520,000	$ 2,468,800	$ 941,230	$ -	4.84%	$ 66,311,541	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA VIETNAM CO.,LTD.	2	33,155,770	2,047,500	2,005,900	148,198	-	3.93%	66,311,541	Y	N	N	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	3	33,155,770	3,270,110	3,220,745	557,949	-	6.31%	66,311,541	Y	N	Y	
0	FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (DONG NAI)	2	33,155,770	4,286,783	4,212,390	1,722,153	-	8.26%	66,311,541	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. AND SUBSIDIARIES

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

June 30, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	As of June 30, 2015 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	$ 832,496	0.19	$ 832,496	
FORMOSA TAFFETA CO., LTD.	PACIFIC ELECTRIC WIRE AND CABLE CO.,LTD	-	Available-for-sale financial assets - current	32	-	0.00	-	
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	46	0.00	46	
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	34,911	0.01	34,911	
FORMOSA TAFFETA CO., LTD.	INOTERA MEMORIES INC.	-	Available-for-sale financial assets - current	2,712,345	66,724	0.04	66,724	
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	375,800	2.35	375,800	
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	721,239	0.57	721,239	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Substantial related party	Available-for-sale financial assets - non-current	365,267,576	28,929,192	3.83	28,929,192	
FORMOSA TAFFETA CO., LTD.	SYNTRONIX CORPORATION	-	Financial assets measured at cost – non-current	174,441	3,236	0.45	3,236	
FORMOSA TAFFETA CO., LTD.	TOA RESIN CORPORATION LIMITED	The Company is the issuer's corporate director	Financial assets measured at cost – non-current	14,400	3,000	10.00	3,000	
FORMOSA TAFFETA CO., LTD.	SHIN YUN GAS CO., LTD.	-	Financial assets measured at cost – non-current	507,237	3,099	1.20	3,099	
FORMOSA TAFFETA CO., LTD.	WK TECHNOLOGY FUND Ⅳ LIMITED	-	Financial assets measured at cost – non-current	6,690,134	47,897	3.17	47,897	
FORMOSA TAFFETA CO., LTD.	NAN YA PHOTONICS INC.	The Company's Chairman and the issuer's Chairman are in second degree of kinship	Financial assets measured at cost – non-current	19,066,860	196,389	9.53	196,389	
FORMOSA TAFFETA(CAYMAN) LIMITED	FORMOSA HA TINH (CAYMAN) LIMITED	Substantial related party	Financial assets measured at cost – non-current	171,008,736	5,117,573	4.96	5,117,573	
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	83,946	0.15	83,946	

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of June 30, 2015 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	Association of R.O.C.	-	Financial assets measured at cost – non-current	-	$ 156	0.11	$ 156	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - current	388	28	0.00	28	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the issuer's director	Available-for-sale financial assets - current	312,512	22,626	0.00	22,626	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Parent company	Available-for-sale financial assets - current	5,652,000	419,378	0.10	419,378	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	JIH SUN MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	27,586,096	402,271	0.00	402,271	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	MEGA DIAMOND MONEY MARKET FUND	-	Financial assets at fair value through profit or loss - current	20,396,748	251,757	0.00	251,757	
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	62,793	0.05	62,793	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA PHOTONICS INC.	The Company's Chairman and the issuer's Chairman are in second degree of kinship	Financial assets measured at cost – non-current	9,533,430	98,194	4.77	98,194	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	SYNTRONIX CORPORATION	-	Financial assets measured at cost – non-current	59,945	1,181	0.16	1,181	

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

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

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

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)				Balance as at June 30, 2015	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	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	5,118,134
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	5,117,573

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 June 30, 2015 because of valuation in exchange rate.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions （Note 1）		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	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	($ 387,935)	(2.67)	Pay by mail transfer 60 days after delivery	$ -	-	Accounts receivable	$ 179,230	6.59	
FORMOSA TAFFETA CO., LTD.	SCHOELLER FTC (HONG KONG) CO.,LTD.	Subsidiary	Purchases	(223,558)	(1.54)	120 days after delivery	-	-	Accounts receivable	30,161	1.11	
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	(142,022)	(0.98)	120 days after delivery	-	-	Accounts receivable	76,955	2.83	
FORMOSA TAFFETA CO., LTD.	FORMOSA PETROCHEMICAL CORP. (FPCC)	Substantial related party	Purchases	5,244,387	51.08	Pay every half of month by mail transfer	-	-	Accounts payale	(416,675)	(25.40)	
FORMOSA TAFFETA CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Purchases	1,143,311	11.14	Draw promissory notes that due in 2 months after inspection	-	-	Notes payable	(157,496)	(48.32)	
								-	Accounts payale	(256,424)	(15.63)	
FORMOSA TAFFETA CO., LTD.	NAN YA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director	Purchases	419,741	4.09	Pay every half of month by mail transfer	-	-	Accounts payale	(72,524)	(4.42)	

			Transaction				Differences in transaction terms compared to third party transactions （Note 1）		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
FORMOSA TAFFETA CO., LTD.	FORMOSA PLASTICS CORPORATION	The Company's Chairman is the counterparty's managing director and legal reprsentive	Purchases	$ 150,812	1.47	Pay every half of month by mail transfer	-	-	Accounts payale ($ 24,541)	(1.50)	
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's managing director	Sale	(3,046,044)	(69.11)	60 days after monthly billings	-	-	Accounts receivable 1,144,520	69.47	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Affiliated company	Sale	(190,821)	(16.62)	60 days after monthly billings	-	-	Accounts receivable 186,601	45.10	
FORMOSA TAFFETA VIETNAM CO.,LTD.	FORMOSA INDUSTRIES COPORATION	The counterparty is the parent company's investee accounted for under the equity method	Purchases	115,314	33.85	60 days after monthly billings	-	-	Accounts payale (29,791)	(38.09)	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA TAFFETA CO., LTD.	Ultimate parent company	Sale	(126,875)	(9.08)	60 days after monthly billings	-	-	Accounts receivable 45,036	6.36	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA INDUSTRIES COPORATION	The counterparty is the parent company's investee accounted for under the equity method	Purchases	291,585	53.13	60 days after monthly billings	-	-	Accounts payale (22,130)	(6.98)	
FORMOSA TAFFETA (DONG NAI) CO., LTD.	FORMOSA CHEMICAL & FIBRE CORPORATION	Ultimate parent company	Purchases	228,317	41.60	60 days after monthly billings	-	-	Accounts payale (28,986)	(9.15)	

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	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	($ 137,488)	(18.32)	Pay by mail transfer 60 days after delivery	-	-	Accounts receivable $ 98,425	24.17	

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

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

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

June 30, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2015 (Note 1)	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
FORMOSA TAFFETA CO., LTD.	QUANG VIET ENTERPRISE CO., LTD.	Investee company accounted for under the equity method	$ 179,230	5.05	$ -	-	$ 94,758	$ -
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	FORMOSA TAFFETA (CHANGSHU) CO., LTD.	Affilated company	186,601	2.74	-	-	52,462	-
FORMOSA ADVANCED TECHNOLOGIES CO., LTD.	NAN YA TECHNOLOGY CORPORATION	The Company's Chairman is the counterparty's director	1,144,520	5.48	-	-	548,971	-

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

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

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the six-month period ended June 30, 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	$ 1,143,311	Draw promissory notes that due in 2 months after inspection	5.05

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. AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 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: Balance as at June 30, 2015	Initial investment amount: Balance as at June 30, 2014	Shares held as at June 30, 2015: Number of shares	Shares held as at June 30, 2015: Ownership (%)	Shares held as at June 30, 2015: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2015 (Note 2(2))	Investment income(loss) recognised by the Company for the six-month period ended June 30, 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	$ 183,366	($ 1,013)	($ 2,259)	
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	6,114,200	512,316	336,709	
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	1,083,365	44,887	44,887	
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	1,529,501	124,824	125,785	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2015			Net profit (loss) of the investee for the six-month period ended June 30, 2015 (Note 2(2))	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2015 (Note 2(3))	Footnote
				Balance as at June 30, 2015	Balance as at June 30, 2014	Number of shares	Ownership (%)	Book value			
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	$ 803,593	$ 152,633	$ 30,771	
FORMOSA TAFFETA CO., LTD.	SCHOELLER FTC (HONG KONG) CO., LTD.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	7,643	9,179	3,964	
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	2,332,604	14,902	14,902	
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	2,065,492	805,253	80,525	
FORMOSA TAFFETA CO., LTD.	FORMOSA TAFFETA (CAYMAN) LIMITED	Cayman Islands	Investments	5,090,180	605	171,028,736	100.00	5,118,134	-	-	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at June 30, 2015	Initial investment amount: Balance as at June 30, 2014	Shares held as at June 30, 2015: Number of shares	Shares held as at June 30, 2015: Ownership (%)	Shares held as at June 30, 2015: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2015 (Note 2(2))	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2015 (Note 2(3))	Footnote
FORMOSA DEVELOPMENT CO.,LTD.	FORMOSA ADVANCED TECHNOLOGIES CO.,LTD.	Taiwan	IC assembly, testing and modules	$ 21,119	$ 21,119	469,500	0.11	$ 22,289	$ 512,316	$ 541	

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 June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 2015' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the six-month period ended June 30, 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: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2015	Net income of investee as of June 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the Six-month period ended June 30, 2015 (Note 2)	Book value of investments in Mainland China as of June 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of June 30, 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	$ 54,456	100.00	$ 54,456	$ 1,752,990	$ -	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	(3,834)	100.00	(3,834)	7,887	-	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	42,545	100.00	42,545	995,585	-	Note5
Changshu Fushun Enterprise Management Co.,Ltd	Assets management	28,260	(2)	-	-	-	-	(179)	100.00	(179)	32,346	-	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 six-month period ended June 30, 2015 were derived from financial statements which were not 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 June 30, 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 June 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 June 30, 2015 were US$41,100,000.

Note 6：The Company was invested by Formosa Taffeta (Hong Kong) Co., Ltd through infusion of land investment, the paid-in capital is US$900,000

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 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	$ 1,441,648	$ 32,500,797
XIAMEN XIANGYU FORMOSA IMPORT & EXPORT TRADING CO., LTD.	15,273	17,710	32,500,797
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	1,334,739	1,304,940	32,500,797
Changshu Fushun Enterprise Management Co.,Ltd	-	-	-

Note：

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

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

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

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

(5)The original currency of paid-in capital is translated at USD:TWD = 1:31.07

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

FORMOSA TAFFETA CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 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 June 30, 2015	%	Balance at June 30, 2015	Purpose	Maximum balance during the Six-month period ended June 30, 2015	Balance at June 30, 2015	Interest rate	Interest during the Six-month period ended June 30, 2015	
FORMOSA TAFFETA (ZHONG SHAN) CO., LTD.	$ 17,542	0.12	$ -	0.00	$ 5,057	0.19	$ 2,468,800	For short-tem loans from financial institutions	$ -	$ -	-	$ -	
FORMOSA TAFFETA (CHANGSHU) CO., LTD.	41,035	0.28	-	0.00	6,039	0.22	3,220,745	For short-tem loans from financial institutions	-	-	-	-	