

**FORMOSA CHEMICALS & FIBRE
CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2015 AND 2014**

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

**FORMOSA CHEMICALS & FIBRE CORPORATION
AND SUBSIDIARIES**

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR15000356

To the Board of Directors and Shareholders of Formosa Chemicals & Fibre Corporation

We have audited the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of Formosa Chemicals & Fibre Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$38,208,685 thousand and NT\$31,808,412 thousand, constituting 7% and 6% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of NT\$24,936,460 thousand and NT\$27,600,059 thousand, constituting 8% and 7% of the consolidated total operating revenues for the years then ended, respectively. We also did not audit the financial statements of certain investments accounted for under the equity method. The comprehensive income (including share of profit (loss) of associates accounted for using the equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT\$10,709,919 thousand and NT\$9,602,127 thousand, representing 58% and 36% of the total comprehensive income for the years ended December 31, 2015 and 2014, respectively, and the balance of related investments accounted for using equity method amounted to NT\$111,624,512 thousand and NT\$105,262,789 thousand, constituting 22% and 20% of the consolidated total assets as of December 31, 2015 and 2014, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable



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assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Formosa Chemicals & Fibre Corporation as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Formosa Chemicals & Fibre Corporation as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan
PricewaterhouseCoopers, Taiwan
March 16, 2016

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 CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2015		(adjusted) December 31, 2014		(adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 34,744,139	7	\$ 14,335,920	3	\$ 11,459,481	2
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		655,811	-	654,499	-	1,352	
1125	Available-for-sale financial	6(3)						
	assets - current		83,428,951	16	85,403,726	16	71,852,908	14
1150	Notes receivable, net	6(4)	6,581,909	1	11,118,245	2	12,050,211	2
1160	Notes receivable - related	7						
	parties		5,235	-	2,743	-	6,963	-
1170	Accounts receivable, net	6(5)	14,682,304	3	18,966,457	4	21,756,367	4
1180	Accounts receivable - related	7						
	parties		6,820,320	1	6,796,500	1	9,511,848	2
1200	Other receivables	7	7,845,329	2	15,221,828	3	7,913,999	2
1210	Other receivables - related	7						
	parties		9,853,312	2	18,147,440	4	13,300,700	3
130X	Inventory	6(6) and 8	40,002,037	8	48,948,094	9	53,825,396	10
1470	Other current assets	7 and 8	6,330,056	1	6,335,962	1	12,240,725	2
11XX	Total current assets		210,949,403	41	225,931,414	43	213,919,950	41
Non-current assets								
1523	Available-for-sale financial	6(3) and 8						
	assets - non-current		29,476,127	6	37,051,836	7	45,316,217	9
1543	Financial assets carried at cost -	6(7)						
	non-current		3,524,297	1	3,513,345	1	2,878,666	-
1550	Investments accounted for	6(8), 7 and 8						
	under equity method		113,700,148	22	107,070,123	20	104,466,240	20
1600	Property, plant and equipment	6(9), 7 and 8	144,363,759	28	144,975,464	27	145,053,156	27
1780	Intangible assets		955,257	-	946,435	-	573,758	-
1840	Deferred income tax assets	6(25)	2,087,690	-	2,496,754	-	3,210,185	1
1900	Other non-current assets	8	7,928,749	2	8,833,806	2	10,281,669	2
15XX	Total non-current assets		302,036,027	59	304,887,763	57	311,779,891	59
1XXX	Total assets		\$ 512,985,430	100	\$ 530,819,177	100	\$ 525,699,841	100

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FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015		(adjusted) December 31, 2014		(adjusted) January 1, 2014	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	\$ 26,672,648	5	\$ 29,187,199	6	\$ 27,996,683	5
2110	Short-term notes and bills payable	6(10)	2,049,364	-	2,349,524	-	1,349,848	-
2120	Financial liabilities at fair value through profit or loss - current	6(11)	819	-	5,844	-	704	-
2150	Notes payable		200,127	-	205,567	-	172,083	-
2170	Accounts payable		6,936,889	1	6,950,717	1	7,161,965	1
2180	Accounts payable - related parties	7	12,287,595	2	15,044,168	3	24,476,468	5
2200	Other payables	6(17)	10,310,254	2	9,264,670	2	6,624,633	1
2220	Other payables - related parties	7	2,346,509	1	2,815,901	1	3,214,692	1
2230	Current income tax liabilities	6(25)	3,174,973	1	286,812	-	2,190,113	1
2320	Long-term liabilities, current portion	6(12)(13)	16,179,230	3	23,389,560	4	21,944,368	4
2399	Other current liabilities		2,201,285	1	1,765,124	-	2,745,414	1
21XX	Total current liabilities		<u>82,359,693</u>	<u>16</u>	<u>91,265,086</u>	<u>17</u>	<u>97,876,971</u>	<u>19</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(12)	46,500,000	9	56,000,000	11	50,000,000	10
2540	Long-term borrowings	6(13)	38,774,737	8	47,985,578	9	54,078,987	10
2570	Deferred income tax liabilities	6(25)	927,239	-	923,110	-	251,529	-
2600	Other non-current liabilities	6(14)	11,346,228	2	11,345,302	2	11,093,892	2
25XX	Total non-current liabilities		<u>97,548,204</u>	<u>19</u>	<u>116,253,990</u>	<u>22</u>	<u>115,424,408</u>	<u>22</u>
2XXX	Total liabilities		<u>179,907,897</u>	<u>35</u>	<u>207,519,076</u>	<u>39</u>	<u>213,301,379</u>	<u>41</u>
	Equity attributable to owners of parent							
	Share capital	6(15)						
3110	Common stock		58,611,863	11	58,611,863	11	58,611,863	11
	Capital surplus	6(16)						
3200	Capital surplus		8,875,002	2	8,668,561	2	8,632,578	2
	Retained earnings	6(17)						
3310	Legal reserve		43,905,716	9	42,852,687	8	40,366,323	8
3320	Special reserve		41,927,550	8	41,927,550	8	39,506,782	7
3350	Unappropriated retained earnings	6(25)	52,528,055	10	33,888,707	6	43,111,091	8
	Other equity interest	6(18)						
3400	Other equity interest		77,334,641	15	91,813,226	17	77,161,270	15
3500	Treasury stocks	6(15)	(352,309)	-	(332,413)	-	(236,522)	-
31XX	Equity attributable to owners of the parent		<u>282,830,518</u>	<u>55</u>	<u>277,430,181</u>	<u>52</u>	<u>267,153,385</u>	<u>51</u>
36XX	Non-controlling interest		<u>50,247,015</u>	<u>10</u>	<u>45,869,920</u>	<u>9</u>	<u>45,245,077</u>	<u>8</u>
3XXX	Total equity		<u>333,077,533</u>	<u>65</u>	<u>323,300,101</u>	<u>61</u>	<u>312,398,462</u>	<u>59</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 512,985,430</u>	<u>100</u>	<u>\$ 530,819,177</u>	<u>100</u>	<u>\$ 525,699,841</u>	<u>100</u>

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

See report of independent accountants dated March 16, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			For the years ended December 31			
			2015		2014 (adjusted)	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19) and 7	\$	329,349,307	100	\$ 401,453,739	100
5000 Operating costs	6(6)(14)(23)(24) and 7	(	295,636,411)	(90)	(383,655,665)	(96)
5900 Net operating margin			33,712,896	10	17,798,074	4
Operating expenses	6(14)(23)(24) and 7					
6100 Selling expenses		(	8,831,840)	(3)	(8,470,621)	(2)
6200 General and administrative expenses		(	5,506,930)	(1)	(5,284,295)	(1)
6000 Total operating expenses		(	14,338,770)	(4)	(13,754,916)	(3)
6900 Operating profit			19,374,126	6	4,043,158	1
Non-operating income and expenses						
7010 Other income	6(20) and 7		5,306,716	2	4,894,649	1
7020 Other gains and losses	6(8)(21)		1,418,928	-	4,806,423	1
7050 Finance costs	6(9)(22) and 7	(	2,305,371)	(1)	(2,584,695)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(8)		12,194,766	4	4,532,535	1
7000 Total non-operating income and expenses			16,615,039	5	11,648,912	3
7900 Profit before income tax			35,989,165	11	15,692,070	4
7950 Income tax expense	6(25)	(4,371,618)	(1)	(1,672,850)	-
8200 Profit for the year		\$	31,617,547	10	\$ 14,019,220	4

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FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

		For the years ended December 31			
		2015		2014 (adjusted)	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income (net)	6(18)(25)				
Components of other comprehensive loss that will not be reclassified to profit or loss					
8311 Remeasurement of defined benefit plan		(\$ 573,733)	-	(\$ 165,524)	-
8320 Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive loss that will not be reclassified to profit or loss		(278,660)	-	(25,080)	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		(852,393)	-	(190,604)	-
Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(756,536)	-	4,157,764	1
8362 Unrealized (loss) gain on valuation of available-for-sale financial assets		(9,601,819)	(3)	5,170,789	1
8370 Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(2,088,004)	(1)	3,981,738	1
8399 Income tax relating to the components of other comprehensive income		15,942	-	(542,225)	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(12,430,417)	(4)	12,768,066	3
8300 Total other comprehensive (loss) income for the year		(\$ 13,282,810)	(4)	\$ 12,577,462	3
8500 Total comprehensive income for the year		\$ 18,334,737	6	\$ 26,596,682	7
Net income attributable to:					
8610 Owners of the parent		\$ 27,578,193	9	\$ 10,528,318	3
8620 Non-controlling interest		4,039,354	1	3,490,902	1
		\$ 31,617,547	10	\$ 14,019,220	4
Total comprehensive income attributable to:					
8710 Owners of the parent		\$ 12,247,215	4	\$ 24,989,670	7
8720 Non-controlling interest		6,087,522	2	1,607,012	-
		\$ 18,334,737	6	\$ 26,596,682	7
		Before Tax	After Tax	Before Tax	After Tax
Basic earnings per share	6(26)				
9710 Profit for year from continuing operations		\$ 6.16	\$ 5.41	\$ 2.68	\$ 2.40
9720 Non-controlling interest		(1.00)	(0.69)	(0.77)	(0.60)
9750 Profit attributable to common shareholders of the parent		\$ 5.16	\$ 4.72	\$ 1.91	\$ 1.80
Assuming shares held by subsidiary are not deemed as treasury stock :					
Profit for year from continuing operations		\$ 6.14	\$ 5.39	\$ 2.68	\$ 2.40
Non-controlling interest		(0.99)	(0.68)	(0.77)	(0.60)
Profit attributable to common shareholders of the parent		\$ 5.15	\$ 4.71	\$ 1.91	\$ 1.80

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total	Treasury stocks	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained earnings			Other equity interest								
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges						
For the year ended December 31, 2014														
Balance at January 1, 2014 (adjusted)	\$ 58,611,863	\$ 8,632,578	\$ 40,366,323	\$ 39,506,782	\$ 43,111,091	\$ 684,059	\$ 76,475,419	\$ 1,792	(\$ 236,522)	\$ 267,153,385	\$ 45,245,077	\$ 312,398,462		
Appropriations of 2013 earnings	-	-	2,486,364	-	(2,486,364)	-	-	-	-	-	-	-		-
Legal reserve	-	-	-	2,551,455	(2,551,455)	-	-	-	-	-	-	-		-
Special reserve	-	-	-	-	(14,652,966)	-	-	-	-	(14,652,966)	-	(14,652,966)		-
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-		-
Transfer of special reserve to undistributed earnings	-	-	-	(130,687)	130,687	-	-	-	-	-	-	-		-
Stocks of the parent company purchased by the subsidiary and recognised as treasury stock	-	-	-	-	-	-	-	-	(95,891)	(95,891)	-	(95,891)		-
Dividends paid to subsidiaries to adjust capital surplus	-	11,744	-	-	-	-	-	-	-	11,744	-	11,744		-
Proceeds from disposal of investments accounted for under equity method	-	(432)	-	-	-	-	-	-	-	(432)	-	(432)		-
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	-	5,676	-	-	-	-	-	-	-	5,676	117,818	123,494		-
Changes in the net interest of associates recognised under the equity method	-	18,995	-	-	-	-	-	-	-	18,995	-	18,995		-
Cash dividends paid by consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,115,345)	(1,115,345)		-
Adjustment in non-controlling interest	-	-	-	-	-	-	-	-	-	-	15,358	15,358		-
Profit for the year	-	-	-	-	10,528,318	-	-	-	-	10,528,318	3,490,902	14,019,220		-
Other comprehensive income for the year	-	-	-	-	(190,604)	3,551,566	11,104,804	(4,414)	-	14,461,352	(1,883,890)	12,577,462		-
Balance at December 31, 2014	\$ 58,611,863	\$ 8,668,561	\$ 42,852,687	\$ 41,927,550	\$ 33,888,707	\$ 4,235,625	\$ 87,580,223	\$ 2,622	(\$ 332,413)	\$ 277,430,181	\$ 45,869,920	\$ 323,300,101		-

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained earnings			Other equity interest							
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Treasury stocks				
For the year ended December 31, 2015													
Balance at January 1, 2015 (adjusted)	\$ 58,611,863	\$ 8,668,561	\$ 42,852,687	\$ 41,927,550	\$ 33,888,707	\$ 4,235,625	\$ 87,580,223	\$ 2,622	(\$ 332,413)	\$ 277,430,181	\$ 45,869,920	\$ 323,300,101	
Appropriations of 2013 earnings 6(17)	-	-	-	-	(1,053,029)	-	-	-	-	(7,033,423)	-	(7,033,423)	
Cash dividends 6(16)	-	-	-	-	(7,033,423)	-	-	-	-	-	-	-	
Dividends paid to subsidiaries to adjust capital surplus 6(16)	-	6,701	-	-	-	-	-	-	-	6,701	-	6,701	
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount 6(16)	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in the net interest of associates recognised under the equity method 6(15)	-	199,740	-	-	-	-	-	-	-	-	2,817	2,817	
Stocks of the parent company purchased by the subsidiary and recognised as treasury stock 6(15)	-	-	-	-	-	-	-	-	(19,896)	(19,896)	-	(19,896)	
Cash dividends paid by consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,708,087)	(1,708,087)	
Adjustment in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(5,157)	(5,157)	
Profit for the year	-	-	-	-	27,578,193	-	-	-	-	27,578,193	4,039,354	31,617,547	
Other comprehensive loss for the year 6(18)	-	-	-	-	(852,393)	413,895	(14,964,675)	72,195	-	(15,330,978)	2,048,168	(13,282,810)	
Balance at December 31, 2015	\$ 58,611,863	\$ 8,875,002	\$ 43,905,716	\$ 41,927,550	\$ 52,528,055	\$ 4,649,520	\$ 72,615,548	\$ 69,573	(\$ 352,309)	\$ 282,830,518	\$ 50,247,015	\$ 333,077,533	

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before tax for the year		\$ 35,989,165	\$ 15,692,070
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(23)	16,494,663	17,082,788
Amortization	6(23)	3,455,355	3,198,337
Bad debts expense	6(5)	-	3,865
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(11)(21)	(7,466)	(3,785)
Loss (gain) from price recovery of inventory		(1,329,388)	1,542,480
Interest expense	6(22)	2,305,371	2,584,695
Interest income	6(20)	(482,867)	(393,860)
Dividend income	6(20)	(3,285,815)	(3,052,980)
Share of profit or loss of associates accounted for under the equity method		(12,194,766)	(4,532,535)
Loss (Gain) on disposal and scrap of property, plant and equipment	6(21)	158,124	(686,917)
Gain on disposal of investments	6(21)	(1,158,104)	(2,953,517)
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		2,928	(649,537)
Notes receivable		(2,492)	931,966
Notes receivable-related parties		4,536,336	4,220
Accounts receivable		4,284,153	2,784,185
Accounts receivable-related parties		(23,820)	2,715,348
Other receivables		7,343,434	(10,428,047)
Inventories		10,257,529	3,334,822
Other current assets		5,906	8,927,878
Other non-current assets		(163,050)	(88,020)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss		(1,799)	(239)
Notes payable		(5,440)	33,484
Accounts payable		(13,828)	78,735
Accounts payable-related parties		(2,756,573)	(9,432,301)
Other payables		340,929	2,371,447
Other current liabilities		436,161	(980,291)
Accrued pension liabilities		(483,209)	(85,932)
Cash generated from operations		63,701,437	27,998,359
Interest received		515,932	390,271
Interest paid		(2,579,944)	(2,728,102)
Dividend received		6,798,323	10,273,419
Income tax paid		(1,062,784)	(2,945,660)
Net cash provided by operating activities		67,372,964	32,988,287

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2015	2014
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other receivables-related parties		\$ 8,294,128	(\$ 4,846,740)
Acquisition of available-for-sale financial assets		(95,802)	(391,332)
Proceeds from disposal of available-for-sale financial assets		107,991	528,262
Acquisition of financial assets measured at cost		(25,130)	-
Proceeds received from capital reduction of financial assets measured at cost		13,380	-
Proceeds from disposal of financial assets measured at cost		1,576	170,062
Acquisition of investments accounted for under the equity method		(600,000)	(1,297,031)
Proceeds from disposal of investments accounted for under equity method		1,656,262	3,744,168
Acquisition of property, plant and equipment	6(27)	(17,086,875)	(13,960,361)
Proceeds from disposal of property, plant and equipment		178,829	905,761
Acquisition of intangible assets		(75,868)	(92)
Increase in deferred expenses		(2,422,316)	(3,050,448)
Net cash used in investing activities		(10,053,825)	(18,197,751)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(2,514,551)	1,190,516
(Decrease) increase in short-term notes and bills payable		(300,160)	999,676
Decrease in other payables-related parties		(469,392)	(398,791)
Increase in corporate bonds payable		-	16,000,000
Payment of bonds payable		(10,000,000)	(7,800,000)
Increase in long-term borrowings		14,991,674	30,736,861
Payment of long-term borrowings		(31,474,876)	(38,217,959)
(Decrease) increase in other non-current liabilities		(78,501)	11,439
(Decrease) increase in guarantee deposits		(11,098)	20,687
Payment of cash dividends	6(27)	(6,277,741)	(14,146,357)
Decrease in non-controlling interest		(1,708,087)	(1,115,345)
Net cash used in financing activities		(37,842,732)	(12,719,273)
Effect of foreign exchange translations		931,812	805,176
Increase in cash and cash equivalents		20,408,219	2,876,439
Cash and cash equivalents at beginning of year		14,335,920	11,459,481
Cash and cash equivalents at end of year		\$ 34,744,139	\$ 14,335,920

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

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

1. HISTORY AND ORGANIZATION

Formosa Chemicals & Fibre Corporation (the “Company”) was founded on December 5, 1965. The Company and its subsidiaries (together referred herein as the “Group”) now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division and its subsidiaries (the Group), Second Fiber Division, and Engineering & Construction Division. The Group’s major businesses are production and sales of petrochemical products, including PTA, PS, AN, Butadiene, SM polymer, SM, benzene, toluene, p-xylene (PX) and o-xylene (OX), as well as nylon fiber, and rayon staple fiber. The Group is also engaged in spinning, weaving, dyeing and finishing.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. An entity is required to recognise

termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs, rather than when the entity is demonstrably committed to a termination. 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 summarised in the following table:

Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>January 1, 2014</u>				
Investments accounted for using equity method	\$ 104,510,758	(\$ 44,518)	\$ 104,466,240	(b)
Deferred income tax assets	3,155,945	54,240	3,210,185	(a)
Other assets	418,023,416	-	418,023,416	
Total affected assets	<u>\$ 525,690,119</u>	<u>\$ 9,722</u>	<u>\$ 525,699,841</u>	
Accrued pension liabilities	\$ 10,452,088	\$ 319,061	\$ 10,771,149	(a)
Other liabilities	202,530,230	-	202,530,230	
Total affected liabilities	<u>212,982,318</u>	<u>319,061</u>	<u>213,301,379</u>	
Retained earnings	43,370,427	(259,336)	43,111,091	(a) 、(b)
Other equity interests	224,042,294	-	224,042,294	
Non-controlling interests	45,295,080	(50,003)	45,245,077	(a)
Total affected equity	<u>312,707,801</u>	<u>(309,339)</u>	<u>312,398,462</u>	
Total affected equity and liabilities	<u>\$ 525,690,119</u>	<u>\$ 9,722</u>	<u>\$ 525,699,841</u>	
Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>December 31, 2014</u>				
Investments accounted for using equity method	\$ 107,084,190	(\$ 14,067)	\$ 107,070,123	(b)
Deferred income tax assets	2,442,073	54,681	2,496,754	(a)
Other assets	421,252,300	-	421,252,300	
Total affected assets	<u>\$ 530,778,563</u>	<u>\$ 40,614</u>	<u>\$ 530,819,177</u>	
Accrued pension liabilities	\$ 10,363,567	\$ 626,867	\$ 10,990,434	(a)
Other liabilities	196,528,642	-	196,528,642	
Total affected liabilities	<u>206,892,209</u>	<u>626,867</u>	<u>207,519,076</u>	
Retained earnings	34,340,617	(451,910)	33,888,707	(a) 、(b)
Other equity interests	243,541,474	-	243,541,474	
Non-controlling interests	46,004,263	(134,343)	45,869,920	(a)
Total affected equity	<u>323,886,354</u>	<u>(586,253)</u>	<u>323,300,101</u>	
Total affected equity and liabilities	<u>\$ 530,778,563</u>	<u>\$ 40,614</u>	<u>\$ 530,819,177</u>	

Consolidated balance sheet	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>December 31, 2015</u>				
Investments accounted for using equity method	\$ 113,713,616	(\$ 13,468)	\$ 113,700,148	(b)
Deferred income tax assets	2,032,491	55,199	2,087,690	(a)
Other assets	<u>397,197,592</u>	-	<u>397,197,592</u>	
Total affected assets	<u>\$ 512,943,699</u>	<u>\$ 41,731</u>	<u>\$ 512,985,430</u>	
Accrued pension liabilities	\$ 10,451,043	\$ 629,915	\$ 11,080,958	(a)
Other liabilities	<u>168,826,939</u>	-	<u>168,826,939</u>	
Total affected liabilities	<u>179,277,982</u>	<u>629,915</u>	<u>179,907,897</u>	
Retained earnings	52,981,553	(453,498)	52,528,055	(a) 、(b)
Other equity interests	230,302,463	-	230,302,463	
Non-controlling interests	<u>50,381,701</u>	<u>(134,686)</u>	<u>50,247,015</u>	(a)
Total affected equity	<u>333,665,717</u>	<u>(588,184)</u>	<u>333,077,533</u>	
Total affected equity and liabilities	<u>\$ 512,943,699</u>	<u>\$ 41,731</u>	<u>\$ 512,985,430</u>	
 Consolidated statement of comprehensive income	 2010 version	 Effect of	 2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
<u>Year ended December 31, 2014</u>				
Operating revenue	\$ 401,453,739	\$ -	\$ 401,453,739	
Operating costs	(383,655,665)	-	(383,655,665)	
Operating expenses	(13,752,327)	(2,589)	(13,754,916)	(a)
Non-operating income and expenses	<u>11,648,685</u>	<u>227</u>	<u>11,648,912</u>	(b)
Net income before tax	15,694,432	(2,362)	15,692,070	
Income tax expense	<u>(1,673,291)</u>	<u>441</u>	<u>(1,672,850)</u>	(a)
Profit for the year	14,021,141	(1,921)	14,019,220	
Other comprehensive income, net of tax	<u>12,854,377</u>	<u>(276,915)</u>	<u>12,577,462</u>	
Total comprehensive income for the year	<u>\$ 26,875,518</u>	<u>(\$ 278,836)</u>	<u>\$ 26,596,682</u>	
 Earnings per share:				
Basic	<u>\$ 1.80</u>	<u>\$ -</u>	<u>\$ 1.80</u>	
Diluted	<u>\$ 1.80</u>	<u>\$ -</u>	<u>\$ 1.80</u>	

Consolidated statement of comprehensive income	2010 version	Effect of	2013 version	
Affected items	IFRSs amount	transition	IFRSs amount	Remark
Year ended December 31, 2015				
Operating revenue	\$ 329,349,307	\$ -	\$ 329,349,307	
Operating costs	(295,636,411)	-	(295,636,411)	
Operating expenses	(14,335,722)	(3,048)	(14,338,770)	(a)
Non-operating income and expenses	16,614,439	600	16,615,039	(b)
Net income before tax	35,991,613	(2,448)	35,989,165	
Income tax expense	(4,372,136)	518	(4,371,618)	(a)
Profit for the year	31,619,477	(1,930)	31,617,547	
Other comprehensive income, net of tax	(13,282,810)	-	(13,282,810)	
Total comprehensive income for the year	\$ 18,336,667	(\$ 1,930)	\$ 18,334,737	
Earnings per share:				
Basic	\$ 4.72	\$ -	\$ 4.72	
Diluted	\$ 4.72	\$ -	\$ 4.72	

Description:

(a)The Group recognised previously unrecognised past service cost and as a consequence of elimination of the corridor approach, recognised prior unrecognised actuarial losses by increasing net defined benefit liabilities by \$629,915, \$626,867 and \$319,061; increasing deferred tax assets by \$55,199, \$54,681, and \$54,240; decreasing retained earnings by (\$440,030), (\$437,843) and (\$214,818); and decreasing non-controlling interest by (\$134,686), (\$134,343), and (\$50,003) at December 31, 2015, December 31, 2014, and January 1, 2014, respectively; and increasing operating expenses by \$3,048 and \$2,589 and decreasing income tax expense by (\$518) and (\$441) for the years ended December 31, 2015 and 2014, respectively.

(b)In accordance with IAS 28, 'Investments in Associates', an associate should use uniform accounting policies as those of the investor in the preparation of its financial statements for like transactions and other events in similar circumstances; otherwise, the associate's financial statements should be adjusted to reflect the investor's accounting policies for the purpose of applying the equity method. Accordingly, investments accounted for using equity method and retained earnings were decreased by (\$13,468), (\$14,067), and (\$44,518); (\$13,468), (\$14,067), and (\$44,518) at January 1, 2014, December 31, 2014, and December 31, 2015, respectively; and share of profit (loss) of associates accounted for using equity method was increased by \$600 and \$227 for the years ended December 31, 2015 and 2014, respectively.

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

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, the 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 recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
 - (b) Inter-company transactions, balances and unrealized 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 recognized directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
The Company	Formosa Carpet Corp.	Spinning, dyeing printing and finishing, and manufacturing synthetic fibre and rug and carpet	100.00	100.00	The Company holds more than 50% of voting rights.
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	100.00	The Company holds more than 50% of voting rights.
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Manufacturing Acetone and Synthetic Phenolic	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2015	December 31, 2014	
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and marketing of PTA	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
The company	Formosa Biomedical Technology Corp.	Manufacturing and sale of cleaner and cosmetics	88.59	88.59	The Company holds more than 50% of voting rights.
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	51.00	51.00	The Company holds more than 50% of voting rights through a 88.59% of voting rights owned company - Formosa Biomedical Technology Corp.
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd.	Investment	100.00	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights
Formosa Biomedical Technology (SAMOA) Corp. Ltd.	Formosa Biomedical Trading (Shanghai) Co., Ltd.	Importing, exporting and wholesale of health food	100.00	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights through a 100% owned company - Formosa Biomedical Technology (SAMOA) Corp. Ltd.
The Company	Tah Shin Spinning Corp.	Spinning	86.40	86.40	The Company holds more than 50% of voting rights.
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary.

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
The Company	Formosa BP Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary.
The Company	Formosa Industries Corp.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary.
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary.
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. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Production of cotton lun, Terylene greige cloth, coloured cloth and textured processing yarn products	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Manufacturing, processing and supply of spinning, weaving, carpet, curtain and cleaners	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2015	December 31, 2014	
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Development of urban land, sales and leasing of buildings, and development of communities and certain zones	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of Nylon and Polyamine fabric	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric of 3XDRY, Nanosphere, Keptotec, Dynatec, Spirit and Reflex	43.00	43.00	Formosa Taffeta Co., Ltd. has substantial control and thus regards Schoeller F.T.C. (Hong Kong) Co., Ltd. as a subsidiary.
Formosa Taffeta Co., Ltd.	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	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investment	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing of processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 99.86% owned company - Formosa Taffeta (Hong Kong) Co., Ltd.

Note 1: Changshu Fushun Enterprise Management Co., Ltd. was dissolved since the Company merged with Changshu Yu Yuan Development Co., Ltd. Please refer to Note 6(8)F for the details.

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

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

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company : None.

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

As of December 31, 2015, December 31, 2014 and January 1, 2014, the non-controlling interest amounted to \$50,247,015, \$45,869,920 and \$45,245,076, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		December 31, 2015		December 31, 2014		
		Amount	Ownership (%)	Amount	Ownership (%)	
Formosa Taffeta Co., Ltd.	Taiwan	\$33,188,742	37.4	\$31,010,890	37.4	(Note)

Name of subsidiary	Principal place of business	Non-controlling interest		
		January 1, 2014		
		Amount	Ownership (%)	Description
Formosa Taffeta Co., Ltd.	Taiwan	\$32,133,166	37.4	(Note)

Note : As the Company holds more than half of the seats in the Board and hence has substantial control, the company is included in the consolidated financial statements. Summarised financial information of the subsidiary:

Balance sheets

	Formosa Taffeta Co., Ltd.		
	December 31, 2015	December 31, 2014	January 1, 2014
Current assets	\$ 22,927,207	\$ 20,817,013	\$ 17,881,381
Non-current assets	57,127,848	54,087,967	58,752,433
Current liabilities	10,609,001	10,523,012	9,728,805
Non-current liabilities	13,377,324	12,155,305	12,770,279
Total net assets	<u>\$ 56,068,730</u>	<u>\$ 52,226,663</u>	<u>\$ 54,134,730</u>

Statements of comprehensive income

	Formosa Taffeta Co., Ltd.	
	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	\$ 42,872,570	\$ 48,191,112
Profit before income tax	3,761,297	4,171,970
Income tax expense	(537,345)	(352,295)
Profit for the year	3,223,952	3,819,675
Other comprehensive income, net of tax	6,446,514	(102,850)
Total comprehensive income for the year	<u>\$ 9,670,466</u>	<u>\$ 3,716,825</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 389,239</u>	<u>\$ 311,633</u>

Statements of cash flows

	Formosa Taffeta Co., Ltd.	
	Year ended December 31, 2015	Year ended December 31, 2014
Net cash provided by (used in) operating activities	\$ 6,002,146	\$ 5,900,011
Net cash provided by (used in) investing activities	(2,604,543)	(2,775,839)
Net cash provided by (used in) financing activities	(1,285,207)	(2,654,154)
Effect of exchange rates on cash and cash equivalents	(268,667)	261,905
Increase (decrease) in cash and cash equivalents	<u>1,843,729</u>	<u>731,923</u>
Cash and cash equivalents, beginning of year	<u>3,796,868</u>	<u>3,064,945</u>
Cash and cash equivalents, end of year	<u>\$ 5,640,597</u>	<u>\$ 3,796,868</u>

(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 Group's functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized 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 recognized 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 recognized 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 recognized 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.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing

joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(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 realized, 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 realized 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 categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
- (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are

recognized and derecognized using trade date accounting.

- C. Financial assets at fair value through profit or loss are initially recognized 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 recognized 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 recognized and derecognized using trade date accounting.
- C. Available-for-sale financial assets are initially recognized 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 recognized 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 recognized at fair value and subsequently measured at amortized 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 reorganization;
 - (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 amortized 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 recognized 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 recognized, the previously recognized 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 recognized previously. Impairment loss is recognized 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 recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized 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 recognized 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 recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized 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 derecognizes 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 realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, 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 realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized 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 recognize 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 recognized 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. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. 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 recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

Land improvements	3—15 years
Buildings	10—60 years
Machinery and equipment	5—15 years
Transportation equipment	3—15 years
Other equipment	2—15 years

(15) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life.

(16) Impairment of non-financial assets

The Group 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 recognized 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. Except for goodwill, when the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 recognized initially at fair value and subsequently measured at amortized 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

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 categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
- (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
- (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

(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 recognized 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 Group in current period or prior periods. The liability recognized 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 unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.

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

C. Employees' bonus and 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. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

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

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology 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 utilized.

(25) Treasury shares

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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

- A. Revenue is measured at the fair value of the consideration received or receivable taking into account corporate 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 is recognized 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.

- B. The Group offers customers price discounts. The Group estimates such discounts based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

(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.

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. The 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.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates

of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

C. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand and petty cash	\$ 67,624	\$ 85,506
Checking accounts and demand deposits	7,306,317	5,148,196
Cash equivalents		
Time deposits	20,408,861	7,091,176
Bonds repurchased and commercial paper	6,961,337	2,011,042
	<u>\$ 34,744,139</u>	<u>\$ 14,335,920</u>

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

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

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

<u>Items</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Financial assets at fair value through profit or loss		
Beneficiary certificate	\$ 649,854	\$ 649,854
Non-hedging derivatives	12	2,394
	<u>649,866</u>	<u>652,248</u>
Valuation adjustments of financial assets at fair value through profit or loss	5,945	2,251
	<u>\$ 655,811</u>	<u>\$ 654,499</u>

A. The Group recognized gain on valuation of financial assets at fair value through profit or loss amounting to \$4,240 and \$9,164 for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

Derivative Instruments	December 31, 2015		December 31, 2014	
	Contract Amount		Contract Amount	
	(Notional Principal) (in thousands)	Contract Period	(Notional Principal) (in thousands)	Contract Period
Current items:				
Forward exchange contracts:				
CHB	USD 2,000	2015.12~2016.02	-	-
Taipei Fubon	-	-	JPY 240,470	2014.10~2015.03
Cross currency swap contract				
ANZ	-	-	USD 100,000	2012.12~2015.12

(a) Cross currency swap

The Group entered into cross currency swap contracts with financial institutions to hedge cash flow risk of the floating-rate and exchange rate liability positions. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward exchange contracts

The Group entered into forward exchange contracts to buy USD and JPY to hedge exchange rate risk of Sixth naphtha cracker project from syndicated long-term borrowings. However, these forward exchange contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Listed (TSE and OTC) stocks	\$ 25,866,696	\$ 23,584,517
Unlisted stocks	825,839	825,839
Valuation adjustments of available-for-sale financial assets	<u>59,028,119</u>	<u>63,291,785</u>
	85,720,654	87,702,141
Less: Accumulated impairment	(<u>2,291,703</u>)	(<u>2,298,415</u>)
	<u>\$ 83,428,951</u>	<u>\$ 85,403,726</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 8,859,919	\$ 11,109,919
Valuation adjustments of available-for-sale financial assets	<u>23,229,293</u>	<u>28,555,002</u>
	32,089,212	39,664,921
Less: Accumulated impairment	(<u>2,613,085</u>)	(<u>2,613,085</u>)
	<u>\$ 29,476,127</u>	<u>\$ 37,051,836</u>

- A. In June 2014, the shareholders of the Group's investee – Nan Ya Technology Corp. have resolved to decrease 89.99% of capital to offset against deficit. The record date for capital reduction was set as June 27, 2014.
- B. The Company has sold Nan Ya Technology Corporation's shares of 1,069 and 5,957 thousand shares in open market in January 2015 and December 2014, respectively, for use of operating capital. The Company has recognized gain on disposal of investments of \$62,357 and \$318,528, respectively (recorded as other gains and losses).
- C. The Company participated in private placement of Nan Ya Technology Corp. in December 2012 and November 2011. As of December 31, 2015 and 2014, the lock-up period of the equity investment in the private placement has expired, and the Company has reclassified financial assets – non-current amounting to \$2,250,000 and \$6,000,000 as current in accordance with the Company's intention, respectively.
- D. The Group recognized \$3,020,671 and \$2,800,402 as dividend income from available-for-sale financial assets for the years ended December 31, 2015 and 2014, respectively.
- E. Available-for-sale financial assets pledged to banks are described in Note 8.

(4) Notes receivable, net

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Notes receivable	\$ 6,581,909	\$ 11,120,211
Less: allowance for bad debts	<u>-</u>	<u>(1,966)</u>
	<u>\$ 6,581,909</u>	<u>\$ 11,118,245</u>

(5) Accounts receivable, net

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts receivable	\$ 14,962,656	\$ 19,267,769
Less: allowance for bad debts	<u>(280,352)</u>	<u>(301,312)</u>
	<u>\$ 14,682,304</u>	<u>\$ 18,966,457</u>

- A. The credit quality of the Group's accounts receivable that are neither past due nor impaired qualify the industrial characteristics, operating scale and profit situation of the counterparty.
- B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Up to 30 days	\$ 470,200	\$ 179,721
31 to 90 days	66,622	57,159
91 to 180 days	16,494	7,966
Over 181 days	<u>5,781</u>	<u>3,530</u>
	<u>\$ 559,097</u>	<u>\$ 248,376</u>

The above ageing analysis was based on past due date.

- C. Movement analysis of financial assets that were impaired is as follows:

<u>Year ended December 31, 2015</u>			
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 156,022	\$ 145,290	\$ 301,312
Write-offs	-	(20,407)	(20,407)
Effect of exchange rate	-	(553)	(553)
At December 31	<u>\$ 156,022</u>	<u>\$ 124,330</u>	<u>\$ 280,352</u>

<u>Year ended December 31, 2014</u>			
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 145,395	\$ 150,192	\$ 295,587
Provision for impairment	13,443	-	13,443
Reversal of impairment	(2,816)	(6,762)	(9,578)
Effect of exchange rate	-	1,860	1,860
At December 31	<u>\$ 156,022</u>	<u>\$ 145,290</u>	<u>\$ 301,312</u>

- D. The Group does not hold any collateral as security.

(6) Inventories

December 31, 2015			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 12,541,924	(\$ 263,384)	\$ 12,278,540
Materials	6,205,173	(3,151)	6,202,022
Work in process	6,708,556	(46,129)	6,662,427
Finished goods	15,220,829	(547,849)	14,672,980
Other inventory	186,068	-	186,068
	<u>\$ 40,862,550</u>	<u>(\$ 860,513)</u>	<u>\$ 40,002,037</u>

December 31, 2014			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 16,020,535	(\$ 691,134)	\$ 15,329,401
Materials	6,731,258	(5,171)	6,726,087
Work in process	8,234,957	(273,279)	7,961,678
Finished goods	19,973,133	(1,222,244)	18,750,889
Other inventory	180,039	-	180,039
	<u>\$ 51,139,922</u>	<u>(\$ 2,191,828)</u>	<u>\$ 48,948,094</u>

Expense and loss incurred on inventories for the years ended December 31, 2015 and 2014 were as follows:

	For the years ended December 31,	
	2015	2014
Cost of inventories sold	\$ 295,981,188	\$ 380,433,745
(Gain from price recovery) loss on inventory valuation	(1,329,388)	1,542,480
Idle capacity	1,026,534	1,649,196
Others	(41,923)	30,244
	<u>\$ 295,636,411</u>	<u>\$ 383,655,665</u>

The gain from price recovery in 2015 resulted from the sale of certain inventories which were previously provided for with allowance.

(7) Financial assets measured at cost

Items	December 31, 2015	December 31, 2014
Non-current items:		
Mai Liao Harbor Administration Corp.	\$ 539,260	\$ 539,260
Formosa Plastic Corp. U.S.A	818,316	818,316
Taiwan Stock Exchange Corp.	1,800	1,800
Taiwan Aerospace Corp.	10,702	10,702
Yi-Jih Development Corp.	3,000	3,000
Chinese Television System Corp.	38,419	38,419
Formosa Automobile Corp.	1,750	1,750
Formosa Development Corp.	90,010	90,010
Formosa Technologies Corp.	16,058	16,726
Formosa Plastics Marine Corp.	15,000	15,000
Formosa Ocean Group Marine Investment Corp.	856,948	856,948
Guangyuan Investment Corp.	50,000	50,000
Taiwan Leader Biotech Corp.	21,033	21,033
Toa Resin Corp., Ltd.	3,000	3,000
Shin Yun Natural Gas Corp.	3,100	3,100
Wk Technology Fund IV Ltd.	34,517	47,897
Syntronix Corporation	4,417	4,417
United Performance Materials Corp.	8,400	8,400
Association of R.O.C. in Xiamen	156	156
Nan Ya Photonics Inc.	294,583	294,583
United Biopharma, Inc.	635,828	635,828
Formosa Lithium Iron Oxide Corp.	53,000	53,000
Mega Growth Venture Capital Co., Ltd.	25,000	-
	3,524,297	3,513,345
Less: Accumulated Impairment	-	-
	\$ 3,524,297	\$ 3,513,345

A. In accordance with the Group's intention, the investment in above 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 Group's financial information can be

obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as ‘financial assets measured at cost’.

B. The Group recognized \$265,144 and \$252,578 as dividend income from investing in financial assets measured at cost for the years ended December 31, 2015 and 2014, respectively.

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

(8) Investments accounted for using equity method

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Formosa Heavy Industries Corp.	\$ 8,353,099	\$ 7,982,274	\$ 7,202,401
Formosa Fairway Corp.	81,090	75,415	86,612
Formosa Plastics Transport Corp.	733,803	699,912	651,756
Formosa Petrochemical Corp.	64,138,149	58,499,142	59,593,730
Mai Liao Power Corp.	11,324,458	11,422,020	10,876,941
Hwa Ya Science Park Management Consulting Co., Ltd.	1,861	2,113	1,772
Chia-Nan Enterprise Corp.	261,493	262,102	260,409
Su Hua Transport Corp.	219,427	180,569	159,660
Formosa Environmental Technology Corp.	261,178	267,354	273,265
Formosa Ha Tinh Steel Corp.	-	-	20,366,082
Formosa Ha Tinh (Cayman) Ltd.	5,400,384	21,069,295	-
Formosa Synthetic Rubber Corp.	369,090	376,302	376,157
Formosa Synthetic Rubber Corp. (Hong Kong)	549,701	899,463	934,979
Formosa Resource Corp.	4,387,101	4,359,188	3,025,362
Formosa Group (Cayman) Corp.	154,121	21,941	361
Formosa Group Investment (Cayman) Corp.	15,754,440	384	-
Formosa Construction Corp.	10,661	14,559	-
Beyoung International Corp.	91,844	93,690	95,804
Ubi Pharma Inc.	632,313	-	-
Kuang Yueh Co., Ltd.	951,527	844,400	560,949
Changshu Yu Yuan Co., Ltd.	24,408	-	-
	<u>\$ 113,700,148</u>	<u>\$ 107,070,123</u>	<u>\$ 104,466,240</u>

A. Associates

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

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2015</u>	<u>December 31, 2014</u>		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.38%	Investments accounted for using equity method	Equity method

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
			<u>January 1, 2014</u>		
Formosa Petrochemical Corp.	Taiwan		24.38%	Investment accounted for using equity method	Equity method

(b) The summarised financial information of the associate that is material to the Group is shown below:

Balance sheet

	<u>Formosa Petrochemical Corp.</u>		
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Current assets	\$ 233,472,422	\$ 259,401,269	\$ 251,575,121
Non-current assets	188,444,138	210,577,540	227,386,059
Current liabilities	(57,747,205)	(104,120,299)	(116,138,940)
Non-current liabilities	(97,480,329)	(126,251,646)	(122,474,977)
Total net assets	<u>\$ 266,689,026</u>	<u>\$ 239,606,864</u>	<u>\$ 240,347,263</u>
Share in associate's net assets	\$ 64,405,400	\$ 58,416,153	\$ 59,846,468
Unrealised profit (loss) from sales of upstream transactions	(156,532)	193,938	(125,714)
Net differences in share capital	(110,719)	(110,949)	(127,024)
Carrying amount of the associate	<u>\$ 64,138,149</u>	<u>\$ 58,499,142</u>	<u>\$ 59,593,730</u>

Statement of comprehensive income

	Formosa Petrochemical Corp.	
	Year ended	Year ended
	December 31, 2015	December 31, 2014
Revenue	\$ 627,992,308	\$ 911,610,803
Profit for the year from continuing operations	47,301,922	9,066,214
Other comprehensive income (loss), net of tax	(12,256,743)	13,999,442
Total comprehensive income	\$ 35,045,179	\$ 23,065,656
Dividends received from associates	\$ 1,974,380	\$ 5,807,000

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2015, December 31, 2014 and January 1, 2014, the carrying amount of the Group's individually immaterial associates amounted to \$49,561,999, \$48,570,981, and \$44,872,510, respectively.

	Year ended	Year ended
	December 31, 2015	December 31, 2014
Profit for the year from continuing operations	\$ 3,243,018	\$ 7,029,258
Other comprehensive income-net of tax	1,770,275	2,286,778
Total comprehensive income	\$ 5,013,293	\$ 9,316,036

- (d) The fair value of the Group's associate which has quoted market price was as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Formosa Petrochemical Corp.	\$ 181,303,024	\$ 159,576,346	\$ 194,005,616

- B. The investments accounted for using equity method were based on the investees' audited financial statements for the years ended December 31, 2015 and 2014
- C. In response to Formosa Ha Tinh Steel Corporation's planning of shareholding, the Group has signed an agreement for the transfer of capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014, whereby the Group will transfer all its capital contribution of US\$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh (Cayman) Limited. The Group has conducted restructuring in June, 2015, transferring 14.75% of equity in Formosa Ha Tinh (Cayman) Limited to Formosa Group Investment (Cayman) Limited as capital contribution. After reorganization, the Group now indirectly holds 19.71% of voting rights of Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh (Cayman) Limited. Although the shareholding ratio is less than 20%, as the Group still has

significant influence over Formosa Ha Tinh Steel Corp., the Group accounts for Formosa Ha Tinh Steel Corp. using equity method. In August, 2015, Formosa Ha Tinh (Cayman) Limited received cash from a capital increase. Since Formosa Taffeta (Cayman) Co., Ltd., the Group's subsidiary, and Formosa Group Investment (Cayman) Corp., the Group's associate, did not subscribe to the capital increase proportionately, the Group's overall ownership percentage decreased from 19.71% to 16.5%. Accordingly, capital surplus was recognized.

- D. In order to improve financial structure, the Group has sold 22 million and 48,907 thousand shares in Formosa Petrochemical Corp. in open market in December 2015 and January 2014, respectively. Among the shares sold in January 2014, 17,200 thousand shares were sold to related party - Chang Gung Memorial Hospital. Therefore, the Company recognized gain on disposal of \$1,093,061 and \$2,614,905, respectively (recorded as other gains and losses), respectively and the shareholding ratio of Formosa Petrochemical Corp. decreased to 24.15% and 24.38%, respectively.
- E. In order to improve technical value and integrate related resources of biomedical industry and further develop the Group toward the high-end medical domain, the Group acquired 150 million shares of UBI Pharma Inc. at NT\$4 per share. The shareholding ratio is 21.99%. As of December 31, 2015, the total investment was \$600,000.
- F. In order to effectively utilise Formosa Taffeta (Changshu) Co., Ltd.'s residential land of 9,206 square metres, the Group adjusted the investment structure in March 2015 by reducing capital of Formosa Taffeta (Changshu) Co., Ltd. and splitting the above land for establishing Changshu Fushun Enterprise Management Co., Ltd., whose 100% share ownership is held by Formosa Taffeta (Hong Kong) Co., Ltd. The above capital reduction, land division and establishment of a new company were completed in the first quarter of 2015. Furthermore, Changshu Fushun Enterprise Management Co., Ltd. merged with Changshu Yu Yuan Development Co., Ltd. in July 2015, with Changshu Yu Yuan Development Co., Ltd. as the surviving company. Formosa Taffeta (Hong Kong) Co., Ltd. holds 40.78% equity interest in Changshu Yu Yuan Development Co., Ltd.
- G. The Group received cash dividends of \$3,512,508 and \$7,220,439 for the years ended December 31, 2015 and 2014, respectively, from its investments accounted for using equity method. The cash dividends are recorded as a deduction from the Group's investments accounted for using equity method.
- H. Certain equity investments pledged to banks are described in Note 8.

(9) Property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2015</u>						
Cost	\$ 8,799,458	\$ 43,700,939	\$ 272,058,606	\$ 14,539,475	\$ 26,847,662	\$ 365,946,140
Accumulated depreciation and impairment	(171,186)	(20,176,718)	(188,508,070)	(12,114,702)	-	(220,970,676)
	<u>\$ 8,628,272</u>	<u>\$ 23,524,221</u>	<u>\$ 83,550,536</u>	<u>\$ 2,424,773</u>	<u>\$ 26,847,662</u>	<u>\$ 144,975,464</u>
<u>2015</u>						
Opening net book amount	\$ 8,628,272	\$ 23,524,221	\$ 83,550,536	\$ 2,424,773	\$ 26,847,662	\$ 144,975,464
Additions	10,078	13,188	699,447	436,036	16,151,669	17,310,418
Disposals	(32,877)	(3,177)	(292,079)	(8,818)	-	(336,951)
Reclassifications	267	1,241,053	19,415,726	192,655	(20,932,200)	(82,499)
Depreciation charge	(330)	(1,423,254)	(14,494,185)	(576,894)	-	(16,494,663)
Net exchange difference	(52)	(175,026)	(559,067)	(5,681)	(268,184)	(1,008,010)
Closing net book amount	<u>\$ 8,605,358</u>	<u>\$ 23,177,005</u>	<u>\$ 88,320,378</u>	<u>\$ 2,462,071</u>	<u>\$ 21,798,947</u>	<u>\$ 144,363,759</u>
<u>At December 31, 2015</u>						
Cost	\$ 8,776,614	\$ 44,661,550	\$ 288,265,584	\$ 14,794,731	\$ 21,798,947	\$ 378,297,426
Accumulated depreciation and impairment	(171,256)	(21,484,545)	(199,945,206)	(12,332,660)	-	(233,933,667)
	<u>\$ 8,605,358</u>	<u>\$ 23,177,005</u>	<u>\$ 88,320,378</u>	<u>\$ 2,462,071</u>	<u>\$ 21,798,947</u>	<u>\$ 144,363,759</u>

	Land and land improvements	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2014</u>						
Cost	\$ 8,737,275	\$ 42,640,707	\$ 263,889,507	\$ 14,487,783	\$ 18,665,843	\$ 348,421,115
Accumulated depreciation and impairment	(170,107)	(18,517,009)	(173,079,361)	(11,601,482)	-	(203,367,959)
	<u>\$ 8,567,168</u>	<u>\$ 24,123,698</u>	<u>\$ 90,810,146</u>	<u>\$ 2,886,301</u>	<u>\$ 18,665,843</u>	<u>\$ 145,053,156</u>
<u>2014</u>						
Opening net book amount	\$ 8,567,168	\$ 24,123,698	\$ 90,810,146	\$ 2,886,301	\$ 18,665,843	\$ 145,053,156
Additions	135,149	19,830	667,904	146,028	12,896,839	13,865,750
Disposals	(88,792)	(5,166)	(120,930)	(3,956)	-	(218,844)
Reclassifications	14,900	215,605	5,358,679	69,796	(5,684,140)	(25,160)
Depreciation charge	(318)	(1,461,952)	(14,931,535)	(688,983)	-	(17,082,788)
Net exchange difference	<u>165</u>	<u>632,206</u>	<u>1,766,272</u>	<u>15,587</u>	<u>969,120</u>	<u>3,383,350</u>
Closing net book amount	<u>\$ 8,628,272</u>	<u>\$ 23,524,221</u>	<u>\$ 83,550,536</u>	<u>\$ 2,424,773</u>	<u>\$ 26,847,662</u>	<u>\$ 144,975,464</u>
<u>At December 31, 2014</u>						
Cost	\$ 8,799,458	\$ 43,700,939	\$ 272,058,606	\$ 14,539,475	\$ 26,847,662	\$ 365,946,140
Accumulated depreciation and impairment	(171,186)	(20,176,718)	(188,508,070)	(12,114,702)	-	(220,970,676)
	<u>\$ 8,628,272</u>	<u>\$ 23,524,221</u>	<u>\$ 83,550,536</u>	<u>\$ 2,424,773</u>	<u>\$ 26,847,662</u>	<u>\$ 144,975,464</u>

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

	For the years ended December 31,	
	2015	2014
Amount capitalized	\$ 174,283	\$ 266,606
Interest rate	0.77%~5.76%	1.23%~3.92%

- B. Under the regulations, land may only be owned by individuals. Thus, the Group has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Group under the name of a third party, and has pledged the full amount to the Company. As of December 31, 2015 and 2014, the pledged amount was \$624,637 and \$624,720, respectively.

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

(10) Short-term loans and short-term notes and bills payable

Type of loans	December 31, 2015	Interest rate range	Collateral
OA loans	\$ 6,791	1.20%~1.45%	None
Secured loans	3,201,165	1.39%~2.24%	Note 8
Unsecured loans	23,464,692	0.62%~4.6%	None
Total short-term loans	<u>\$ 26,672,648</u>		
Short-term notes and bills payable	\$ 2,050,000	0.6%~0.85%	None
Short-term notes and bills payable discount	(636)		
Net short-term notes and bills payable	<u>\$ 2,049,364</u>		

Type of loans	December 31, 2014	Interest rate range	Collateral
Secured loans	\$ 2,471,686	1.70%~2.63%	Note 8
Unsecured loans	26,715,513	0.98%~5.88%	None
Total short-term loans	<u>\$ 29,187,199</u>		
Short-term notes and bills payable	\$ 2,350,000	0.98%~1.00%	None
Short-term notes and bills payable discount	(476)		
Net short-term notes and bills payable	<u>\$ 2,349,524</u>		

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

Items	December 31, 2015	December 31, 2014
Current items:		
Non-hedging derivatives	\$ 819	\$ 5,844

A. The Group recognized (loss) gain on valuation of financial liabilities at fair value through profit or loss amounting to \$3,226 and (\$5,379) for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	<u>December 31, 2015</u>			<u>December 31, 2014</u>		
	Contract Amount			Contract Amount		
Derivative Financial	(Notional Principal)			(Notional Principal)		
<u>Liabilities</u>	<u>(In thousand dollars)</u>	<u>Contract Period</u>		<u>(In thousand dollars)</u>	<u>Contract Period</u>	
Current items:						
Forward foreign exchange contracts						
CHB	USD	5,000	2015.11~2016.02	USD	8,000	2014.11~2015.02
Taipei Fubon	JPY	270,180	2015.12~2016.03	-	-	-

The Group entered into forward foreign exchange contracts to buy USD and JPY to hedge exchange rate risk of selling prices. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Bonds payable

	December 31, 2015	December 31, 2014
Bonds payable		
Domestic unsecured nonconvertible corporate bonds	\$ 56,000,000	\$ 66,000,000
Less: current portion	(9,500,000)	(10,000,000)
	<u>\$ 46,500,000</u>	<u>\$ 56,000,000</u>

The terms of nonconvertible corporate bonds were as follows:

	Issuance	Maturity	Yield	Issued principal			
Description	date	date	rate (%)	amount	December 31, 2015	December 31, 2014	Note
<u>2010</u>							
First issued domestic unsecured nonconvertible corporate bonds	2010.6.29	2014.6.29~2015.6.29	1.56	\$ 6,000,000	\$ -	\$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2010.7.29	2014.7.29~2015.7.29	1.52	4,000,000	-	2,000,000	Serial bonds, to be settled 50%, 50%
<u>2011</u>							
First issued domestic unsecured nonconvertible corporate bonds	2011.06.10	2015.6.10~2016.6.10	1.44	6,000,000	3,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2011.10.31	2015.10.31~2016.10.31	1.38	4,000,000	2,000,000	4,000,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2015	December 31, 2014	Note
<u>2012</u>							
First issued domestic unsecured nonconvertible corporate bonds - A	2012.7.26	2016.7.26~2017.7.26	1.29	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2012.7.26	2018.7.26~2019.7.26	1.40	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - A	2012.12.7	2016.12.7~2017.12.7	1.23	3,000,000	3,000,000	3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - B	2012.12.7	2018.12.7~2019.12.7	1.36	3,900,000	3,900,000	3,900,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds - C	2012.12.7	2021.12.7~2022.12.7	1.51	4,100,000	4,100,000	4,100,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - A	2013.1.22	2019.1.22~2020.1.22	1.34	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Third issued domestic unsecured nonconvertible corporate bonds - B	2013.1.22	2022.1.22~2023.1.22	1.50	2,200,000	2,200,000	2,200,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	December 31, 2015	December 31, 2014	Note
2013							
First issued domestic unsecured nonconvertible corporate bonds - A	2013.7.8	2017.7.8~2018.7.8	1.24	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - B	2013.7.8	2019.7.8~2020.7.8	1.38	2,700,000	2,700,000	2,700,000	Serial bonds, to be settled 50%, 50%
First issued domestic unsecured nonconvertible corporate bonds - C	2013.7.8	2022.7.8~2023.7.8	1.52	2,800,000	2,800,000	2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026.1.17	2.03	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
2014							
First issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000	4,600,000	4,600,000	Serial bonds, to be settled 50%, 50%
					56,000,000	66,000,000	
Less: Current portion of bonds payable					(9,500,000)	(10,000,000)	
				\$ 46,500,000	\$ 46,500,000	\$ 56,000,000	

(13) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2015
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable	1.11%~1.15%	None	\$ 4,000,000
China Trust Bank	Aug. 24, 2015~Aug. 24, 2020, payable in full after Aug. 24, 2018 or payable in full at maturity with a two-year extension	LIBOR+1.25%(if TAIFX is higher than LIBOR+0.35%, the difference between TAIFX and LIBOR+0.35% is payable by the borrower)	"	2,119,239
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014~Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi-annually after Apr. 16, 2017 with a two-year extension	1.77%~2.08%	"	6,270,058
Taiwan Bank	Oct. 24, 2014~Oct. 21, 2017, principal payable semi-annually after three years ; interest payable quarterly	LIBOR+1.4% 3 months	"	2,645,280

Type of loans	Borrowing		Collateral	December 31, 2015
	period/repayment term	Interest rate range		
Taiwan Business Bank		LIBOR+1.10% 3 months	None	\$ 639,757
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.18%~1.20%	"	228,571
Mega International Commercial Bank	Jan. 31, 2011 ~ Jan. 29, 2016, principal payable semi-annually	0.85%~1.30%	"	509,217
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov.17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	"	2,513,016
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	The interest rate is 1.3% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the third year is 6.598%, and the interest accrual period is from December to March)	"	967,497
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable	TAIFX+0.75% 3 months	"	2,281,554
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	"	611,051

Type of loans	Borrowing		Collateral	December 31, 2015
	period/repayment term	Interest rate range		
Hua Nan Bank	Jan. 15, 2015 ~ Jan. 15, 2016, payable in full at maturity	1.26%	None	\$ 1,500,000
Mega International Commercial Bank	Dec. 21, 2015 - Dec. 21, 2017, payable in full at maturity	1.34%	"	1,500,000
First Commercial Bank	Sep. 16, 2015 ~ Sep. 16, 2018, payable in full at maturity	1.13%		1,500,000
Mizuho Corporate Bank	Aug. 20, 2015 ~ Aug. 20, 2017, payable in full at maturity	1.13%	"	900,000
E. Sun Bank	Aug. 20, 2015 ~ Aug. 20, 2018, payable in full at maturity	1.26%	"	500,000
China Trust Bank	Sep. 25, 2015 ~ Sep. 25, 2017, payable in full at maturity	1.18%	"	500,000
KGI Bank	Jun. 22, 2015 -Jun. 22, 2017, payable in full at maturity	1.12%	"	500,000
Taipei Fubon Bank	Jun. 22, 2015 -Jan. 11, 2017, payable in full at maturity	1.18%	"	1,500,000
Bangkok Bank	Dec. 2, 2015 ~ Dec. 1, 2017, payable in full at maturity	1.27%	"	200,000
HSBC	Dec. 21, 2015 ~ Dec. 21, 2017, payable in full at maturity	1.20%	"	900,000
Industrial Bank of Taiwan	Sep. 25, 2015 ~ Sep. 25, 2018, payable in full at maturity	1.17%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2015
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr. 21, 2017; interest payable monthly	1.63%~1.65%	Land	\$ 12,100,000
Hua Nan Bank	Apr. 26, 2010 ~ Jun. 11, 2019, principle payable in equal annual amortizations	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	483,364
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable	1.007%	Equipment	85,363
				45,453,967
Less: Current portion of long-term				(6,679,230)
				\$ 38,774,737

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.09%~1.15%	None	\$ 4,000,000
ANZ Bank	Dec. 28, 2012 ~ Dec. 28, 2015, payable at maturity date; interest payable quarterly	1.20%~1.22%	"	2,905,000
Taiwan Bank	Aug. 10, 2012 ~ May. 29, 2015, payable at maturity date; interest payable monthly	1.44%~1.46%	"	1,500,000
Taiwan Bank	Aug. 7, 2014 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%~1.31%	"	500,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.41%~1.46%	"	1,500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
China Development Industrial Bank	Aug. 30, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.34%~1.41%	None	\$ 200,000
Taichung Bank	Sep. 17, 2012 ~ Sep. 17, 2015, payable at maturity date; interest payable monthly	1.46%~1.49%	"	1,000,000
E. Sun Bank	Jun. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.49%	"	400,000
Mega International Commercial Bank	Aug. 2, 2013 ~ Jun. 20, 2015, payable at maturity date; interest payable monthly	1.36%~1.40%	"	1,000,000
Far Eastern International Bank	Feb. 7, 2012 ~ Feb. 7, 2015, payable at maturity date; interest payable monthly	1.27%~1.32%	"	950,000
Union Bank of Taiwan	Nov. 7, 2012 ~ Oct. 7, 2016, payable at maturity date; interest payable monthly	1.26%~1.48%	"	950,000
Jih Sun Bank	Jul. 19, 2013 ~ Oct. 6, 2016, payable at maturity date; interest payable monthly	1.35%	"	200,000
Taipei Fubon Bank	Mar. 26, 2014 ~ Mar. 26, 2016, payable at maturity date; interest payable monthly	1.40%~1.43%	"	700,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Taiwan Bank	Jul. 14, 2014 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%	None	\$ 1,500,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.30%~1.47%	"	400,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.37%	"	100,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi- annually	1.14%~1.20%	"	342,857
Sumitomo Mitsui Banking Corporation	Aug. 14, 2013 ~ Aug. 14, 2015, payable at maturity date; interest payable monthly	1.20%~1.23%	"	300,000
Sumitomo Mitsui Banking Corporation	Aug. 27, 2014 ~ Aug. 27, 2016, payable at maturity date; interest payable monthly	1.23%	"	1,000,000
Yuanta Commercial Bank	May. 17, 2013 ~ Jan. 30, 2016, payable at maturity date; interest payable monthly	1.28%~1.30%	"	200,000
Mega International Commercial Bank	Jan. 31, 2011 ~ Jan. 29, 2016, principal payable semi-annually	0.86%~1.30%	"	1,465,372
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov.17, 2017, principal payable semi-annually	1.53%~2.25%	"	3,013,210

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	3.62%~4.36%	"	\$ 984,870
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	1.85%~2.33%	"	2,188,542
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	4.99%	"	622,024
Taiwan Bank	Oct. 24, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	1.80%	"	1,903,080
Mega International Commercial Bank	Mar. 11, 2010 ~ Mar. 11, 2015, principal payable semi-annually	1.69%	"	1,930,180
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, one hundred million principal payable (domestic) semi- annually after Mar. 16, 2017; one hundred ten million payable (overseas) semi-annually after Mar. 16, 2017 with a two years extension	1.78%	"	669,250

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Hua Nan Bank	Jan. 15, 2014 ~ Jan. 15, 2016, payable in full at maturity	1.28%	"	\$ 1,500,000
Mega International Commercial Bank	Jul. 21, 2014 ~ Jul. 21, 2016, payable in full at maturity	1.40%	"	1,500,000
First Commercial Bank	Sep. 16, 2013 ~ Sep. 16, 2016, payable in full at maturity	1.27%	"	1,500,000
Far Eastern International Bank	Apr. 22, 2013 ~ Apr. 22, 2016, payable in full at maturity	1.33%	"	1,200,000
Bangkok Bank	Dec. 9, 2014 ~ Dec. 9, 2016, payable in full at maturity	1.32%	"	200,000
HSBC	Dec. 23, 2014 ~ Dec. 23, 2016, payable in full at maturity	1.23%	"	1,500,000
Industrial Bank of Taiwan	Aug. 20, 2013 ~ Aug. 20, 2016, payable in full at maturity	1.31%~1.32%	"	500,000
China Trust Bank	Sep. 25, 2013 ~ Sep. 25, 2015, payable in full at maturity	1.34%	"	500,000
China Development Industrial Bank	Apr. 21, 2014 ~ Apr. 21, 2016, payable in full at maturity	1.33%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr.21, 2017; interest payable monthly	1.63%~1.65%	Land	\$ 12,100,000
Mega International Commercial Bank	Aug. 31, 2006 ~ Aug. 31, 2016, principal payable semi-annually	1.53%~1.56%	Machinery and equipment acquired for the Sixth naphtha cracker project	4,047,204
Taipei Fubon Bank	Mar. 26, 2014 ~ Mar. 26, 2016, payable at maturity date; interest payable monthly	1.42%~1.43%	Land and factories	3,300,000
Hua Nan Bank	Apr. 26, 2010 ~ Jun. 11, 2019, principle payable in equal annual amortizations	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	390,685
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2021, principal payable in equal quarterly amortizations	1.74%	Land	5,125
Taiwan Business Bank	Jan. 18, 2007 ~ Dec. 18, 2021, principal payable in equal monthly amortizations	1.82%	Factories and buildings	45,299
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2021, principal payable quarterly	1.56%	Land	41,500

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2016, principal payable quarterly	1.56%	Land	\$ 10,700
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	1.06%~1.07%	Equipment	<u>110,240</u>
				61,375,138
Less: Current portion of long-term				(<u>13,389,560</u>)
				<u>\$ 47,985,578</u>

A. The collaterals for long-term bank loans are described in Note 8.

B. In order to finance the construction of the Sixth Naphtha four expansion plan and the related factories, the Group obtained a syndicated loan with Bank of Communications as the lead bank. Due to the expansion of the six Naphtha Cracker project, the Group re-entered into the long-term loan agreement with the banks on May 15, 2006. The details were as follows:

(a) Total credit line: \$16,636,000

(b) Interest rate: 90-day secondary market in Taiwan issued commercial paper rate plus the average price of 0.60% interest per annum

(c) Period: 7~10 years

(d) Collateral: Property, plant and equipment acquired from the proceeds of the loan were pledged as collateral.

The Group is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 120% at the end of each year. In the event the Group fails to meet the required covenants, a capital increase has to be completed by June of the following year.

The Group repaid the loan on December 31, 2015.

C. The Group has signed contracts for syndicated loans with Mega Bank and others on November 14, 2013 to finance plant construction for Formosa Ha Tinh Steel Corp. Information is as follows:

(a) Total credit line: \$12,100,000

(b) Interest rate: Based on the agreement with the banks

(c)Period: 7 years

(d)Collateral: Land in Six Naphtha Cracking Plant, Mailiao Township, Yunlin County

The Group is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 100% at the end of each year. In the event the Group fails to meet the required covenants, a capital increase has to be completed by June of the following year.

C. Formosa Industries Corp.'s long-term borrowing from banks is for the construction of its plant.

The borrowing is guaranteed by Nan Ya Plastics Corp.'s drawn note of \$5,757,072.

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 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. Also, the Company would assess the balance in the aforementioned labor pension reserve account by of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Present value of defined benefit obligations	\$ 11,766,593	\$ 11,288,738	\$ 11,191,926
Fair value of plan assets	(685,635)	(298,304)	(420,777)
Net defined benefit liability	<u>\$ 11,080,958</u>	<u>\$ 10,990,434</u>	<u>\$ 10,771,149</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2015</u>			
Balance at January 1	\$ 11,288,738	(\$ 298,304)	\$ 10,990,434
Current service cost	152,397	-	152,397
Interest expense (income)	223,848	(4,894)	218,954
	<u>11,664,983</u>	<u>(303,198)</u>	<u>11,361,785</u>
Remeasurements:			
Return on plan assets	-	(3,862)	(3,862)
Change in financial assumptions	481,497	-	481,497
Experience adjustments	319,048	-	319,048
	<u>800,545</u>	<u>(3,862)</u>	<u>796,683</u>
Pension fund contribution	-	(599,560)	(599,560)
Paid pension	(698,935)	220,985	(477,950)
Balance at December 31	<u>\$ 11,766,593</u>	<u>(\$ 685,635)</u>	<u>\$ 11,080,958</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2014</u>			
Balance at January 1	\$ 11,191,926	(\$ 420,777)	\$ 10,771,149
Current service cost	155,742	-	155,742
Interest expense (income)	211,095	(7,246)	203,849
	<u>11,558,763</u>	<u>(428,023)</u>	<u>11,130,740</u>
Remeasurements:			
Return on plan assets	-	(2,448)	(2,448)
Change in financial assumptions	(100,268)	-	(100,268)
Experience adjustments	407,930	-	407,930
	<u>307,662</u>	<u>(2,448)</u>	<u>305,214</u>
Pension fund contribution	-	(83,642)	(83,642)
Paid pension	(579,066)	215,809	(363,257)
Effect of associates	1,379	-	1,379
Balance at December 31	<u>\$ 11,288,738</u>	<u>(\$ 298,304)</u>	<u>\$ 10,990,434</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the

Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	1.5%	2.0%
Future salary increases	0.5%~2.5%	0.5%~2.5%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ 246,043)	\$ 257,224	\$ 1,108,369	(\$ 946,712)
<u>December 31, 2014</u>				
Effect on present value of defined benefit obligation	(\$ 237,782)	\$ 245,142	\$ 1,062,861	(\$ 906,837)

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

The method and assumption of analysing sensitivity is the same with last year.

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$367,686.

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

(b) The Company’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage was 14% and 12% for the years ended December 31, 2015 and 2014, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were \$328,459 and \$327,338, respectively.

(15) Capital stock

A. As of December 31, 2015, the Company’s authorized and paid-in capital was \$58,611,863, and total issued stocks was 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.

B. Changes in the treasury stocks for the years ended December 31, 2015 and 2014 are set forth below:

		For the year ended December 31, 2015			
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
	Formosa Advanced Technologies Co.	5,582,000	1,455,000	-	7,037,000
		<u>16,801,610</u>	<u>1,455,000</u>	<u>-</u>	<u>18,256,610</u>

		For the year ended December 31, 2014			
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
	Formosa Advanced Technologies Co.	-	5,582,000	-	5,582,000
		<u>11,219,610</u>	<u>5,582,000</u>	<u>-</u>	<u>16,801,610</u>

C. The market value of treasury stocks was \$74 and \$66.9 (in dollars) per share at December 31, 2015 and 2014, respectively.

D. The above treasury stocks of the parent company purchased by subsidiaries with idle funds are for investing purpose.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized 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.

For the year ended December 31, 2015						
	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2015	\$ 2,710,554	\$ 5,514,032	\$ 131,706	\$ 98,598	\$ 9,447	\$ 204,224
Dividends allocated to subsidiaries	-	-	6,701	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	199,740	-	-
At December 31, 2015	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 138,407</u>	<u>\$ 298,338</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

For the year ended December 31, 2014						
	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2014	\$ 2,710,554	\$ 5,514,032	\$ 119,962	\$ 80,035	\$ 3,771	\$ 204,224
Dividends allocated to subsidiaries	-	-	11,744	-	-	-
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	18,995	-	-
Disposal of investment accounted for using equity method				(432)		
Difference between acquisition or disposal price and book value of subsidiaries' stockholding	-	-	-	-	5,676	-
At December 31, 2014	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 131,706</u>	<u>\$ 98,598</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

(17) Retained earnings

- A. Under the Group's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance is to be set aside as special

reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year. Bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders.

The special reserve includes:

- (a) Reserve for a special purpose;
- (b) Investment income recognized under equity method and deferred income tax assets arising from unused investment tax credits which are deemed unrealized and transferred to special reserve. Such investment income and deferred income tax assets are reclassified to unappropriated earnings only when they are realized;
- (c) Net unrealized gains from financial instruments transactions. The special reserve for unrealized gains from financial instruments is reduced when the accumulated value of the unrealized gains also decreases; and
- (d) Other special reserves as stipulated by other laws.

The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 24, 2015, and the amended articles will be resolved in the shareholders' meeting in 2016.

- B. The Group is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employees' bonus and special reserves shall be distributed to stockholders. The Group would prefer cash dividend. If the Group requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not 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. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- D. The appropriations of 2014 and 2013 earnings had been resolved at the stockholder's meeting on June 16, 2015 and 2014, respectively. Details are as follows:

For the years ended December 31,				
2014			2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,053,029		\$ 2,486,364	
Special reserve	-		2,551,455	
Cash dividends	7,033,423	\$ 1.20	14,652,966	\$ 2.50
	<u>\$ 8,086,452</u>		<u>\$ 19,690,785</u>	

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

- F. The resolution of the appropriations of the 2015 net income was approved by the Board of Directors during its meeting on March 16, 2016 as follows:

For the year ended December 31, 2015		
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 2,757,819	
Cash dividends	20,514,152	\$ 3.50
	<u>\$ 23,271,971</u>	

- G. Information relating to employees' bonuses and directors' and supervisors' remuneration is summarized in Note 6 (24).

(18) Other equity items

	<u>Hedging reserve</u>	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2015	(\$ 2,622)	\$ 87,580,223	\$ 4,235,625	\$ 91,813,226
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	(11,581,365)	-	(11,581,365)
–Associates	-	(3,383,310)	-	(3,383,310)
Cash flow hedges:				
–Associates	72,195	-	-	72,195
Currency translation differences:				
–Group	-	-	(825,158)	(825,158)
–Tax of parent Group	-	-	15,942	15,942
–Associates	-	-	1,223,111	1,223,111
At December 31, 2015	<u>\$ 69,573</u>	<u>\$ 72,615,548</u>	<u>\$ 4,649,520</u>	<u>\$ 77,334,641</u>
	<u>Hedging reserve</u>	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2014	\$ 1,792	\$ 76,475,419	\$ 684,059	\$ 77,161,270
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	7,861,891	-	7,861,891
–Associates	-	3,242,913	-	3,242,913
Cash flow hedges:				
–Associates	(4,414)	-	-	(4,414)
Currency translation differences:				
–Group	-	-	3,465,164	3,465,164
–Tax of parent Group	-	-	(542,225)	(542,225)
–Associates	-	-	628,627	628,627
At December 31, 2014	<u>(\$ 2,622)</u>	<u>\$ 87,580,223</u>	<u>\$ 4,235,625</u>	<u>\$ 91,813,226</u>

(19) Operating revenue

	For the years ended December 31,	
	2015	2014
Sales revenue	\$ 328,491,576	\$ 400,283,820
Service revenue	548,911	741,523
Other operating revenue	308,820	428,396
	<u>\$ 329,349,307</u>	<u>\$ 401,453,739</u>

(20) Other income

	For the years ended December 31,	
	2015	2014
Rental revenue	\$ 219,829	\$ 138,357
Interest income:		
Interest income from bank deposits	196,753	98,797
Interest from current account with others	232,953	266,870
Other interest income	53,161	55,570
	<u>482,867</u>	<u>421,237</u>
Government grants	-	183,419
Dividend income	3,285,815	3,052,980
Other revenue	1,318,205	1,098,656
	<u>\$ 5,306,716</u>	<u>\$ 4,894,649</u>

(21) Other gains and losses

	For the years ended December 31,	
	2015	2014
Net gain on financial assets at fair value through profit or loss	\$ 4,240	\$ 9,164
Net gain (loss) on financial liabilities at fair value through profit or loss	3,226 (	5,379)
Net currency exchange gain	668,741	1,465,571
Gain on disposal of investments	1,158,104	2,953,517
Gain on disposal of property, plant and equipment	(158,124)	686,917
Other losses	(257,259)	(303,367)
	<u>\$ 1,418,928</u>	<u>\$ 4,806,423</u>

(22) Finance costs

	For the years ended December 31,	
	2015	2014
Interest expense:		
Bank loans	\$ 1,311,015	\$ 1,565,334
Corporate bond	951,787	1,021,672
Current account with others	89,374	137,600
Discount	49,900	73,786
Other interest expenses	77,578	52,909
	2,479,654	2,851,301
Less: capitalisation of qualifying assets	(174,283)	(266,606)
Finance costs	\$ 2,305,371	\$ 2,584,695

(23) Expenses by nature

	For the years ended December 31,	
	2015	2014
Depreciation charges on property, plant and equipment	\$ 16,494,663	\$ 17,082,788
Employee benefit expense	14,655,733	13,940,694
Amortisation	3,455,355	3,198,337
	\$ 34,605,751	\$ 34,221,819

(24) Employee benefit expense

	For the years ended December 31,	
	2015	2014
Wages and salaries	\$ 12,465,068	\$ 11,842,351
Labor and health insurance fees	938,285	860,997
Pension costs	699,810	686,929
Other personnel expenses	552,570	550,417
	\$ 14,655,733	\$ 13,940,694

A. In accordance with the Articles of Incorporation of the Company, after distributing earnings, the Company shall distribute bonus to the employees that accounts for 0.1%-1% of the total distributed amount.

According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from

half of participating members. The resolution should be reported to the shareholders during the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

The board of directors of the Company has approved the amended Articles of Incorporation of the Company on December 24, 2015. In accordance with the amended articles, a ratio of profit before income tax of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 0.05% and shall not be higher than 0.5% for employees' compensation. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. For the years ended December 31, 2015 and 2014, employees' remuneration (bonuses) was accrued at \$30,193 and \$39,710, respectively. The aforementioned amount was recognized in salary expenses.

For the year ended December 31, 2015, the employees' compensation was estimated and accrued based on 0.1% of the retained earnings. The amount of employees' compensation is in agreement with the amount resolved by the board of directors.

The expenses recognized for 2014 were accrued based on the net income for 2014 in accordance with the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve, special reserve and dividends. The difference of \$15,453 between employees' bonus as resolved by the shareholders' meeting and the amount of \$24,257 recognized in the 2014 financial statements, mainly caused by differences in estimates, had been adjusted in the profit or loss of 2015.

Information about the appropriations 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	\$ 3,941,937	\$ 914,528
Adjustments in respect of prior years	9,008	(14,571)
Total current tax	<u>3,950,945</u>	<u>899,957</u>
Deferred tax:		
Effect of exchange rate	(8,462)	(69,894)
Origination and reversal of temporary differences	<u>429,135</u>	<u>842,787</u>
Total deferred tax	<u>420,673</u>	<u>772,893</u>
Income tax expense	<u>\$ 4,371,618</u>	<u>\$ 1,672,850</u>

(b) The income tax charge relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2015	2014
Currency translation differences	<u>\$ 15,942</u>	<u>(\$ 542,225)</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	\$ 7,257,886	\$ 3,210,372
Effect from items disallowed by tax regulation	(2,526,676)	(1,827,914)
Effect from investment tax credits	(197,732)	(312,746)
Effect from five-year exemption	(277,160)	(34,500)
Effect from net operating loss carryforward	290,595	292,230
Effect from allowance for deferred tax assets	(384,811)	(335,166)
Effect from changes in tax regulation of overseas subsidiaries	(127,890)	(160,572)
Additional 10% tax on undistributed earnings	328,096	795,674
Under provision of prior year's income tax	9,209	44,679
Effect from Alternative Minimum Tax	<u>101</u>	<u>793</u>
Income tax expense	<u>\$ 4,371,618</u>	<u>\$ 1,672,850</u>

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

For the year ended December 31, 2015				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
Temporary differences				
Unrealized gain from downstream transactions	\$ 6,135	(\$ 6,135)	\$ -	\$ -
Loss on inventory	309,750	(239,073)	-	70,677
Accrued pension liabilities	1,801,618	(43,844)	-	1,757,774
Others	263,891	(13,573)	-	250,318
Net operating loss carryforward	19,122	(10,201)	-	8,921
Investment tax credits	96,238	(96,238)	-	-
	<u>2,496,754</u>	<u>(409,064)</u>	<u>-</u>	<u>2,087,690</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	(693,582)	-	15,942	(677,640)
Unrealized gain on financial assets	(792)	209	-	(583)
Investment income accounted for using equity method	(83,182)	(37,207)	-	(120,389)
Unrealized gain from downstream transactions	-	(13,297)	-	(13,297)
Unrealized exchange gain	(145,554)	30,224	-	(115,330)
	<u>(923,110)</u>	<u>(20,071)</u>	<u>15,942</u>	<u>(927,239)</u>
	<u>\$ 1,573,644</u>	<u>(\$ 429,135)</u>	<u>\$ 15,942</u>	<u>\$ 1,160,451</u>

For the year ended December 31, 2014				
			Recognised in other comprehensive income	
	January 1	Recognised in profit or loss		December 31
Deferred tax assets:				
Temporary differences				
Unrealized gain from downstream transactions	\$ 63,713	(\$ 57,578)	\$ -	\$ 6,135
Loss on inventory	45,600	264,150	-	309,750
Accrued pension liabilities	1,856,048	(54,430)	-	1,801,618
Others	282,808	(18,917)	-	263,891
Net operating loss carryforward	17,644	1,478	-	19,122
Investment tax credits	944,372	(848,134)	-	96,238
	<u>3,210,185</u>	<u>(713,431)</u>	<u>-</u>	<u>2,496,754</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	(151,357)	-	(542,225)	(693,582)
Unrealized gain on financial assets	(230)	(562)	-	(792)
Investment income accounted for using equity method	(51,263)	(31,919)	-	(83,182)
Unrealized exchange gain	(48,679)	(96,875)	-	(145,554)
	<u>(251,529)</u>	<u>(129,356)</u>	<u>(542,225)</u>	<u>(923,110)</u>
	<u>\$ 2,958,656</u>	<u>(\$ 842,787)</u>	<u>(\$ 542,225)</u>	<u>\$ 1,573,644</u>

D. According to Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment), details of investment tax credits and unrecognized deferred tax assets are as follows:

December 31, 2015			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Invest in barren areas	\$ 71,412	\$ 71,412	2016
Invest in barren areas	86,339	86,339	2017
Invest in barren areas	49,779	49,779	2018
Investments in emerging important strategic industries	<u>91,362</u>	<u>91,362</u>	2017
	<u>\$ 298,892</u>	<u>\$ 298,892</u>	

Qualifying items	December 31, 2014		
	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Machinery and equipment	\$ 37,577	\$ -	2015
Invest in barren areas	92,733	92,733	2016
Invest in barren areas	86,339	40,991	2017
Invest in barren areas	49,779	49,779	2018
Investments in emerging important strategic industries	61,335	56,423	2015
Investments in emerging important strategic industries	104,884	96,483	2016
Investments in emerging important strategic industries	91,362	91,362	2017
	<u>\$ 524,009</u>	<u>\$ 427,771</u>	

D. Expiration dates of unused net operating loss carryforward and amounts of unrecognized deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	December 31, 2015		Usable until year
		Unused amount	Unrecognised deferred tax assets	
2006	Assessed	\$ 57,194	\$ 4,715	2016
2009	Assessed	26,790	26,790	2019
2011	Assessed	7,069	7,069	2021
2012	Assessed	357,422	357,422	2022
2013	Assessed	1,012,868	1,012,868	2023
2014	Amount filed	1,033,741	1,033,741	2024
2015	Amount filed	4,388,335	4,388,335	2025
		<u>\$ 6,883,419</u>	<u>\$ 6,830,940</u>	

December 31, 2014				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2005	Assessed	\$ 20,298	\$ -	2015
2006	Assessed	77,103	-	2016
2009	Assessed	26,790	20,881	2019
2011	Assessed	7,069	7,069	2021
2012	Assessed	362,318	362,318	2022
2013	Assessed	1,798,229	1,798,229	2023
2014	Amount filed	1,350,913	1,341,742	2024
		<u>\$ 3,642,720</u>	<u>\$ 3,530,239</u>	

E. As of December 31, 2015, the status of the Group's income tax assessment is as follows:

	<u>Income tax assessment</u>
	<u>Assessed through 2013</u>
The Company	
Subsidiary-Formosa Taffeta Co., Ltd.	//
Subsidiary-Formosa Carpet Corp.	//
Subsidiary-Formosa BP Chemicals Corp.	//
Subsidiary-Formosa Idemitsu Petrochemical Corp.	//
Subsidiary-Formosa Biomedical Technology Corp.	//
Subsidiary-Tah Shin Spinning Corp.	//
Indirect subsidiary-Hong Jing Resources Corp.	//
Indirect Subsidiary-Formosa Advanced Technologies Co.,	//
Indirect subsidiary-Formosa Development Co., Ltd.	//

F. Unappropriated retained earnings:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>January 1, 2014</u>
Earnings generated in and before 1997	\$ 6,198,462	\$ 6,198,462	\$ 6,198,462
Earnings generated in and after 1998	46,329,593	27,690,245	36,912,629
	<u>\$ 52,528,055</u>	<u>\$ 33,888,707</u>	<u>\$ 43,111,091</u>

G. Information about balance of the imputation credit account is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Balance of the imputation credit account	<u>\$ 2,397,550</u>	<u>\$ 2,533,329</u>
	<u>2015 (Estimate)</u>	<u>2014 (Actual)</u>
Creditable tax rate	<u>9.46%</u>	<u>11.60%</u>

(26) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during

the year.

	For the year ended December 31, 2015				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 35,989,165	\$ 31,617,547		\$ 6.16	\$ 5.41
Net income of non-controlling interest	(5,826,750)	(4,039,354)		(1.00)	(0.69)
Profit attributable to ordinary shareholders the parent	<u>\$ 30,162,415</u>	<u>\$ 27,578,193</u>	<u>5,842,929</u>	<u>\$ 5.16</u>	<u>\$ 4.72</u>
	For the year ended December 31, 2014				
	Amount		Weighted average number of ordinary shares outstanding	Earnings per share (in dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 15,692,070	\$ 14,019,220		\$ 2.68	\$ 2.40
Net income of non-controlling interest	(4,520,194)	(3,490,902)		(0.77)	(0.60)
Profit attributable to ordinary shareholders the parent	\$ 11,171,876	\$ 10,528,318	5,844,385	\$ 1.91	\$ 1.80

- B. Employees' bonus could be distributed in the form of stock. Since there is no significant impact when calculating diluted earnings per share, basic earnings per share equals diluted earnings per share.
- C. If stocks of the parent company held by subsidiaries are not treated as treasury stocks, the calculation of basic earnings per share is as follows:

	For the year ended December 31, 2015				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 35,989,165	\$ 31,617,547		\$ 6.14	\$ 5.39
Net income of non- controlling interest	(5,826,750)	(4,039,354)		(0.99)	(0.68)
Profit attributable to ordinary shareholders the parent	\$ 30,162,415	\$ 27,578,193	5,861,186	\$ 5.15	\$ 4.71

	For the year ended December 31, 2014				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 15,692,070	\$ 14,019,220		\$ 2.68	\$ 2.40
Net income of non-controlling interest	(4,520,194)	(3,490,902)		(0.77)	(0.60)
Profit attributable to ordinary shareholders the parent	\$ 11,171,876	\$ 10,528,318	5,861,186	\$ 1.91	\$ 1.80

(27) Non-cash transaction

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2015	2014
Purchase of fixed assets	\$ 17,310,421	\$ 13,865,750
Add: opening balance of payable on equipment	1,262,381	1,356,992
Less: ending balance of payable on equipment	(1,485,927)	(1,262,381)
Cash paid during the year	<u>\$ 17,086,875</u>	<u>\$ 13,960,361</u>

B. Financing activities with partial cash payments:

	For the years ended December 31,	
	2015	2014
Allocation of cash dividends	\$ 7,033,423	\$ 14,652,966
Increase in dividends payable	(755,682)	(506,609)
Cash dividends paid during the year	<u>\$ 6,277,741</u>	<u>\$ 14,146,357</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2015	2014
Sales of goods:		
— Associates	\$ 23,253,737	\$ 36,839,675
— Other related parties	45,541,874	50,149,641
	<u>\$ 68,795,611</u>	<u>\$ 86,989,316</u>

The Group sells goods to related parties. Except for terms to certain related parties which are longer, prices are in agreement with prices to third parties.

B. Purchases of goods:

	For the years ended December 31,	
	2015	2014
Purchases of goods:		
— Associates	\$ 135,070,091	\$ 195,253,116
— Other related parties	21,177,437	28,240,292
	<u>\$ 156,247,528</u>	<u>\$ 223,493,408</u>

The payment terms for related parties are within 30~60 days of purchase. The purchase prices and terms for related parties are the same with non-related parties.

C. Receivables from related parties:

	December 31, 2015	December 31, 2014
Notes and accounts receivable:		
— Associates	\$ 1,969,793	\$ 2,097,557
— Other related parties	<u>4,855,762</u>	<u>4,701,686</u>
	6,825,555	6,799,243
Other receivables:		
— Associates	<u>2,140,695</u>	<u>9,046,000</u>
	<u>\$ 8,966,250</u>	<u>\$ 15,845,243</u>

Receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days

from the sales; receivables for payments on behalf of others for construction design services are due 270 days from the services rendered. The receivables do not bear interest and no collaterals were pledged. No provision was accrued for receivables from related party.

D. Payables to related parties:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Payables to related parties:		
— Associates	\$ 10,101,907	\$ 11,298,988
— Other related parties	<u>2,185,688</u>	<u>3,745,180</u>
	<u>\$ 12,287,595</u>	<u>\$ 15,044,168</u>

The payables to related parties arise mainly from purchase transactions and are due 30~60 days after the date of purchase. The payables bear no interest.

E. Expansion and repair project:

(a) Expansion and repair project:

	<u>For the years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Expansion and repair works of factory sites		
— Associates	\$ 272,408	\$ 212,427
— Other related parties	<u>64,777</u>	<u>54,723</u>
	<u>\$ 337,185</u>	<u>\$ 267,150</u>

(b) Ending balance of payables for expansion and repair project:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Payables to related parties:		
— Associates	\$ 923	\$ 254
— Other related parties	<u>306</u>	<u>7,515</u>
	<u>\$ 1,229</u>	<u>\$ 7,769</u>

The Group contracted the expansion and repair works of the factory sites to related parties. The payment terms are in accordance with the industry practice with payment due within a month after inspection.

E. Loans to/from related parties:

(a) Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Associates	\$ 1,060,000	\$ 6,060,000
Other related parties	<u>8,793,312</u>	<u>12,087,440</u>
	<u>\$ 9,853,312</u>	<u>\$ 18,147,440</u>

(ii) Interest income:

	For the years ended December 31,	
	2015	2014
Associates	\$ 47,205	\$ 100,429
Other related parties	163,653	165,901
	<u>\$ 210,858</u>	<u>\$ 266,330</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan is made; interest was collected at 0.75 %~1.63 % and 0.73%~1.64% per annum for the years ended December 31, 2015 and 2014, respectively.

(b) Loans from related parties:

(i) Outstanding balance:

	December 31, 2015	December 31, 2014
Associates	\$ 34,700	\$ 110,100
Other related parties	2,311,809	2,705,801
	<u>\$ 2,346,509</u>	<u>\$ 2,815,901</u>

(ii) Interest expense:

	For the years ended December 31,	
	2015	2014
Associates	\$ 1,586	\$ 2,188
Other related parties	88,317	134,879
	<u>\$ 89,903</u>	<u>\$ 137,067</u>

The loan terms from associates are in accordance with the contract's repayment schedule after the loan is made; interest was paid at a rate of 1.53%~3.92% and 1.61%~3.92% for the years ended December 31, 2015 and 2014, respectively.

G. Receivables for payment on behalf of others:

	December 31, 2015	December 31, 2014
Associates	<u>\$ 414,418</u>	<u>\$ 895,043</u>

The amount for equipment for resale that the Company paid on behalf of associates is recorded as other current assets.

H. Operating expenses:

	For the years ended December 31,	
	2015	2014
Transportation charges		
Other related parties	<u>\$ 1,741,225</u>	<u>\$ 1,514,009</u>

I. Rental revenue:

	For the years ended December 31,	
	2015	2014
Associates	\$ 36,035	\$ 33,339
Other related parties	115,264	92,172
	<u>\$ 151,299</u>	<u>\$ 125,511</u>

The rental price charged to related parties are determined considering the local rental prices and payments, and are collected monthly.

J. Property transactions:

(a) Purchase of property, plant and equipment:

	For the years ended December 31,	
	2015	2014
— Associates	\$ 174,870	\$ 87,139
— Other related parties	8,004	-
	<u>\$ 182,874</u>	<u>\$ 87,139</u>

(b) Disposal of property, plant and equipment:

	For the years ended December 31,			
	2015		2014	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
— Other related parties	\$ -	\$ -	\$ 1,750	\$ -

(c) Acquisition of financial assets:

	Items	Number of shares	Name of the securities	2015
				Acquisition cost
— Associates	Investments accounted for using equity method	508,236,725	Formosa Group Investment Corp. (Cayman) (Note)	\$ 15,080,156
— Other related parties	//	150,000	UBI Asia	600,000
				<u>\$ 15,680,156</u>

				2014
	Items	Number of shares	Name of the securities	Acquisition cost
— Associates	Investments accounted for using equity method	116,250,000	Formosa Resources Corporation	\$ 1,162,500
	"	12,500	Formosa Group Investment Corp. (Cayman)	377
	"	-	Formosa Ha Tinh (Cayman) Limited (Note)	20,414,927
	"	1,500,000	Formosa Construction Corp.	15,000
	"	3,010,894	Kuang Yueh Co., Ltd.	119,154
				<u>\$ 21,711,958</u>

Note: Details of the Group's acquisition of financial assets are provided in Note 6(8)C.

(d) Disposal of Financial assets:

					2015
	Items	Number of shares	Name of the securities	Proceeds	Gain (loss) on disposal
— Associates	Investments accounted for using equity method	508,236,725	Formosa Ha Tinh (Cayman) Limited.(Note)	\$ 15,080,156	\$ -

					2014
	Items	Number of shares	Name of the securities	Proceeds	Gain (loss) on disposal
— Associates	Investments accounted for using equity method	-	Formosa Ha Tinh Steel Corp.(Note)	\$ 20,414,927	\$ -
— Other related parties	"	17,200,000	Formosa Petrochemical Corp.	1,324,400	921,392
				<u>\$ 21,739,327</u>	<u>\$ 921,392</u>

Note: Details of the Group's acquisition of financial assets are provided in Note 6(8)C.

K. Donation

	For the years ended December 31,	
	2015	2014
Other related parties	\$ 7,455	\$ 4,869

L. Details of affiliates endorsed/ guaranteed for the Group's borrowings are provided in Note 6(13).

(2) Key management compensation

	For the years ended December 31,	
	2015	2014
Salaries	\$ 134,384	\$ 138,398
Post-employment benefits	1,614	1,921
	<u>\$ 135,998</u>	<u>\$ 140,319</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2015	December 31, 2014	
Long-term equity investments accounted for under the equity method	\$ 12,335,333	\$ 11,140,319	Collateral for bank loans
Property, plant and equipment	8,136,794	10,316,097	"
Inventory			Limited transfer for land tax reassessment and collateral for performance guarantee
	<u>26,798</u>	<u>40,287</u>	
	<u>\$ 20,498,925</u>	<u>\$ 21,496,703</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The details of commitments and contingencies as of December 31, 2015 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet completed amounted to NTD4,784,820 thousand, RMB264,102 thousand and VND798,292,661 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to US\$31,206 thousand, EUR2,971 thousand, ¥170,624 thousand and CHF42 thousand.
- (3) The Group's investee under the equity method—Formosa Synthetic Rubber Corp. (Ningbo) signed a syndicated loan contract with a consortium including Taiwan Cooperative Bank, for USD130 million and RMB300 million for operational needs in 2013. According to the requirement of the consortium, the Group has to offer a promissory note in accordance with its ownership percentage of 33.33% and has to manage the necessary funds to fulfill the repayment obligations when needed.
- (4) Formosa Resource Australia PTY Ltd., an investee company of the Group's investee—Formosa Resource Corp. accounted for under the equity method, needs to sign a loan with ANZ Bank for

US\$600 million for capital to invest in mineral resources. Under the loan agreement, the Group has to offer a promissory note in accordance with its ownership percentage of 25% and has to support the debtor to repay the above loan within necessary limits.

(5) In response to capital expenditure and equipment needs in Son Duong Port & Integrated Steel Mill Complex of Formosa Ha Tinh Steel Corporation in Vietnam, the Group's investee—Formosa Group (Cayman) Limited plans to obtain credit lines for 1–5 years duration with various banks. Complying with the aforementioned borrowing needs, the Group plans to provide guarantee proportionately to shareholding ratio and the Group is liable for the borrowing company's 25% debt.

(6) In response to capital expenditure and equipment needs in Son Duong Port & Integrated Steel Mill Complex of Formosa Ha Tinh Steel Corporation in Vietnam, Formosa Group (Cayman) Limited issued 10-year overseas corporate bonds with the ceiling of issuing amount of USD1 billion on April 14, 2015. Complying with the aforementioned overseas corporate bonds, the Group plans to provide guarantee proportionately to shareholding ratio and the Group guarantees to pay for 25% of obligation arising from the overseas corporate bonds; moreover, the Group cannot pledge additional assets in subsequent financing activities in the global capital market.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors has resolved the appropriation of 2015 earnings on March 16, 2016. Details are provided in Note 6(17) F.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' 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 gearing ratios at December 31, 2015 and 2014 were as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Total borrowings	\$ 130,175,979	\$ 158,911,861
Less: cash and cash equivalents	(34,744,139)	(14,335,920)
Net debt	95,431,840	144,575,941
Total equity	<u>333,077,533</u>	<u>323,300,101</u>
Total capital	<u>\$ 428,509,373</u>	<u>\$ 467,876,042</u>
Gearing ratio	22%	31%

(2) Financial instruments

A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of 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 (including related parties)), are approximate to their fair values. Because the interest rates of the long-term loans (including portion maturing within one year or one operating cycle, whichever is longer) are close to the market interest rate, thus the carrying amount is a reasonable basis for the estimation of fair value. 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 activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(21)).

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. The Group hedges its entire foreign exchange risk exposure. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, in the Group uses forward foreign exchange contracts.
- iii. The Group hedges recognized assets or liabilities denominated in foreign currencies or highly expectable transactions by utilising forward exchange contracts and trading forward exchanges and cross currency swap contracts amongst other derivative financial instruments in order to lower the risk from changes in fair value resulting from fluctuations in the exchange rate. The Group also monitors the changes in the exchange rate and sets stop loss points to lower the risk from exchange rate.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, VND and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2015				
	Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 871,835	33.07	\$	28,831,583
JPY : NTD	318,804	0.27		86,077
<u>Non-monetary items</u>				
RMB : NTD	\$ 6,306,613	5.09	\$	32,100,660
USD : NTD	788,851	33.07		26,087,303
VND : NTD	7,447,384,445	0.0015		11,171,077
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 45,662	33.07	\$	1,510,042
JPY : NTD	421,337	0.27		113,761
USD : RMB	626,237	33.07		20,709,658
USD : VND	253,300	33.07		8,376,631

December 31, 2014

Foreign Currency				
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 858,359	31.72	\$ 27,225,431	
JPY : NTD	302,008	0.27	80,032	
<u>Non-monetary items</u>				
RMB : NTD	\$ 7,051,180	5.18	\$ 36,525,112	
USD : NTD	700,269	31.72	22,211,132	
VND : NTD	6,991,387,874	0.0015	10,368,228	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 179,246	31.72	\$ 5,685,325	
JPY : NTD	726,228	0.27	192,450	
USD : RMB	1,025,197	31.72	32,517,198	
USD : VND	82,022	31.72	2,601,574	

v.Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014 amounted \$668,741 and \$1,465,571, respectively.

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

Year ended December 31, 2015

Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 288,316	\$ -
JPY : NTD	1%	861	-
<u>Non-monetary items</u>			
RMB : NTD	1%	\$ -	\$ 321,007
USD : NTD	1%	-	260,873
VND : NTD	1%	-	111,711
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 15,100	\$ -
JPY : NTD	1%	1,138	-
USD : RMB	1%	207,097	-
USD : VND	1%	83,766	-

Year ended December 31, 2014				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 272,254	\$	-
JPY : NTD	1%	800		-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$ -	\$	365,251
USD : NTD	1%	-		222,111
VND : NTD	1%	-		103,682
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 56,853	\$	-
JPY : NTD	1%	1,925		-
USD : RMB	1%	325,172		-
USD : VND	1%	26,016		-

Price risk

- A. 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.
- B. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the years ended December 31, 2015 and 2014 would have increased/decreased by \$1,103,335 and \$1,195,306, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- A. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the years ended December 31, 2015 and 2014, the Group's borrowings at variable rate were denominated in the NTD and USD.

B. At December 31, 2015 and 2014, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been \$377,268 and \$509,414 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group utilises certain credit enhancement instruments (such as sales revenue or guarantees received in advance) at appropriate times to lower the credit risk from specific customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties are accepted.

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

(c)Liquidity risk

i.Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

ii.Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Company treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii.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. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 26,672,648	\$ -	\$ -	\$ -
Short-term notes and bill payable	2,049,364			
Notes payable (including related parties)	200,127			
Accounts payable (including related parties)	19,224,484	-	-	-
Other payables (including related parties)	9,702,778	-	-	-
Bonds payable	9,500,000	6,750,000	14,650,000	25,100,000
Long-term borrowings	6,679,230	16,401,433	13,984,007	8,389,297
<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 29,187,199	\$ -	\$ -	\$ -
Short-term bills payable	2,349,524	-	-	-
Notes payable (including related parties)	205,567	-	-	-
Accounts payable (including related parties)	21,994,886			
Other payables (including related parties)	12,080,570	-	-	-
Bonds payable	10,000,000	9,500,000	18,650,000	27,850,000
Long-term borrowings	13,389,560	27,692,749	15,565,382	4,727,447

Derivative financial liabilities:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Forward exchange contracts	\$ 819	\$ -	\$ -	\$ -
<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Forward exchange contracts	\$ 5,844	\$ -	\$ -	\$ -

- iv. 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 different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

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

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

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 12	\$ -	\$ 12
Beneficiary certificate	655,799	-	-	655,799
Available-for-sale financial assets				
Equity securities	<u>110,333,479</u>	<u>2,571,599</u>	<u>-</u>	<u>112,905,078</u>
	<u>\$ 110,989,278</u>	<u>\$ 2,571,611</u>	<u>\$ -</u>	<u>\$ 113,560,889</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ 819</u>
<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 2,394	\$ -	\$ 2,394
Available-for-sale financial assets	652,105	-	-	652,105
Equity securities	<u>119,530,580</u>	<u>2,924,982</u>	<u>-</u>	<u>122,455,562</u>
	<u>\$ 120,182,685</u>	<u>\$ 2,927,376</u>	<u>\$ -</u>	<u>\$ 123,110,061</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5,844</u>	<u>\$ -</u>	<u>\$ 5,844</u>

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:

	<u>Listed shares</u>	<u>Open-end fund</u>
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) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.		
(d) 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. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.		
(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.		
(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.		
E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.		
F. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.		

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- 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 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and (11) ; 12(2) and (3).
- J. Significant intragroup transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

14. SEGMENT INFORMATION

(1) General information

The Group's reportable segments are strategic business units and provide different products and services. Strategic business units are separately managed because each unit needs different techniques and marketing strategies. The Group's reportable segments are as follows:

1st Petrochemical Div: responsible for production of benzene, p-xylene and o-xylene.

2nd Petrochemical Div: responsible for production of styrene, synthetic phenolic and acetone.

3rd Petrochemical Div and Formosa Chemicals Industries (Ningbo) Limited Co.: responsible for production of purified terephthalic acid.

Plastics Division, Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa PS (Ningbo) Co., Ltd.: responsible for production of ABS resin, polypropylene and PS.

Formosa Taffeta Co., Ltd.: responsible for production of blended fabric, spun fabric, cross-woven fabric, polyamine and polyester fabric, epidemic fabric, designer sportswear fabric, high-tech and function fabric, tire cord fabric, pure cotton yarn, blended yarn, various functional yarn, fireproof

fabric, anti-static cloth and industrial fabric, and operation of petrol stations to sell petroleum, diesel fuel, kerosene and small package of petroleum products and provide car wash services.

Formosa Advanced Technologies Co.: responsible for IC packaging, testing and production of memory module.

(2) Measurement of segment information

The Group has not yet allocated tax expenses or non-recurring gains and losses to reportable segments. Furthermore, not all reportable segments' profit or loss include significant non-cash items besides depreciation and amortization. Reporting amount and reports for operating decision-maker are the same.

The Group's operating segment profit or loss is measured based on operating income before tax for performance assessment basis. The Group considers the sale and transfer among segments as transactions with third parties and measured at market price.

(3) Information about segment profit or loss, assets and liabilities

For the year ended December 31, 2015

	3rd						
	Petrochemical		Plastics Division,		Formosa		
	Div and		Formosa ABS		Advanced		
	1st	2nd	Formosa Chemical Industries	Plastics Co., Ltd. and Formosa PS	Formosa Taffeta Co., Ltd.	Technologies Co., Ltd.	Reconciliation and offset
	Petrochemical Div	Petrochemical Div					Total
External revenue	\$ 45,849,846	\$ 32,338,774	\$ 57,132,213	\$ 94,996,605	\$ 26,996,734	\$ 8,760,789	\$ 63,274,346
Internal revenue	69,882,113	32,308,695	2,097,516	11,393,774	765,154	-	(132,787,858)
Total revenue	\$ 115,731,959	\$ 64,647,469	\$ 59,229,729	\$ 106,390,379	\$ 27,761,888	\$ 8,760,789	\$ 79,614,952
Segment profit (loss)	\$ 1,803,314	\$ 4,445,845	\$ (2,164,786)	\$ 5,856,798	\$ 3,038,967	\$ 1,372,824	\$ 20,990,166
Segment profit (loss) including:							
Total depreciation and amortisation	\$ 4,132,160	\$ 2,182,541	\$ 3,370,507	\$ 2,816,510	\$ 827,729	\$ 1,570,893	\$ 5,049,678
Interest expense	\$ 317,968	\$ 156,822	\$ 224,796	\$ 380,333	\$ 132,507	\$ 1	\$ 1,149,846
Investment income accounted for using equity method							\$ 12,194,766
Not included in segments' income measurement, but regularly provided to operating decision-maker:							
Income tax expense							(\$ 4,371,618)
Total assets of segments	\$ 35,664,445	\$ 18,072,641	\$ 38,769,810	\$ 45,849,257	\$ 70,923,007	\$ 10,916,244	\$ 372,867,278
							(\$ 80,077,252)
							\$ 512,985,430

(3) Information about segment profit or loss, assets and liabilities

For the year ended December 31, 2014									
3rd									
		Petrochemical		Plastics Division,		Formosa			
		Div and		Formosa ABS		Advanced			
		Formosa		Plastics		Taffeta			
		Chemical		Co., Ltd.		Co., Ltd.			
		Industries		and Formosa PS		Technologies			
		1st		2nd		Other divisions			
		Petrochemical		Petrochemical		Co., Ltd.			
		Div		Div		Co., Ltd.			
		Div		Div		Co., Ltd.			
		Div		Div		Co., Ltd.			
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		Div		Div		Co., Ltd.			
		Div		Div		Co., Ltd.			

(4) Reconciliation for segment income (loss)

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

(5) Information on product and service

	For the years ended December 31,	
	2015	2014
Sales revenue	\$ 328,491,576	\$ 400,283,820
Sales of services	548,911	741,523
Other operating revenue	308,820	428,396
	<u>\$ 329,349,307</u>	<u>\$ 401,453,739</u>

(6) Geographical information

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	For the years ended December 31,			
	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$135,505,161	\$ 77,943,484	\$172,774,228	\$ 84,012,534
China	138,291,942	47,892,010	168,570,737	51,031,273
Others	<u>54,552,204</u>	<u>27,412,271</u>	<u>60,108,774</u>	<u>19,711,899</u>
	<u>\$329,349,307</u>	<u>\$153,247,765</u>	<u>\$401,453,739</u>	<u>\$154,755,706</u>

(7) Major customer information

The information of customers with over 10% of sales revenue in the statement of comprehensive income for the years ended December 31, 2015 and 2014 : None.

Formosa Chemicals and Fibre Corporation and subsidiaries

Loans to others

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor Company	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance during the year ended December 31, 2015 (Note 3)	Balance at December 31, 2015 (Note 7)	Actual amount drawn down	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 8,000,000	\$ 6,000,000	-	1.53-1.63	1	2	-	\$	-	\$	70,707,630	\$ 141,415,259	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	11,500,000	6,000,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	4,384,501	4,221,312	2,913,312	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-

No. (Note 1)	Creditor Company	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note 3)	Balance at December 31, 2015 (Note 7)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
													\$	\$			
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	\$ 1,500,000	\$ 1,500,000	-	1.53-1.63	1	2	-	-	-	-	-	\$ 141,415,259	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	1,600,000	1,600,000	730,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Mai-Liao Power Corp.	Other receivables-related parties	Yes	750,000	-	-	1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.53-1.63	1	2	-	-	-	-	70,707,630	141,415,259	-
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	12,500,000	5,400,000	5,400,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	760,000	460,000	460,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-

Table 1, Page 2

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note 3)	Balance at December 31, 2015 (Note 7)	Actual amount drawn down	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Mat-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	\$ 1,700,000	\$ 480,000	\$ 480,000	1.53-1.63	2	1	Additional operating capital	\$ -	-	\$ -	\$ 56,566,104	\$ 113,132,208	-
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	946,000	946,000	600,000	1.53-1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	6,457,955	-	-	1.63	2	1	Additional operating capital	-	-	-	56,566,104	113,132,208	-
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	115,000	15,000	15,000	1.60-1.63	2	1	Additional operating capital	-	-	-	936,328	1,920,656	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	2,187,014	2,187,014	2,187,014	3.05-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	821,444	325,888	325,888	3.05-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	666,414	-	-	3.22-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	352,100	-	-	3.22-3.92	2	1	Additional operating capital	-	-	-	5,028,296	12,570,739	-

Table 1, Page 3

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party (Note 2)	Balance at December 31, 2015 (Note 3)	Actual amount drawn down (Note 4)	Interest rate (Note 5)	Nature of loan (Note 6)	Amount of transactions with the borrower (Note 7)	Reason for short-term financing (Note 8)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 9)	Ceiling on total loans granted (Note 10)	Footnote
												Item	Value			
4	Formosa PS (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 339,919	\$ -	3.92	2	1	Additional operating capital	\$ -	-	\$ -	601,087	\$ 1,502,717	-
4	Formosa PS (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	257,085	-	3.92	2	1	Additional operating capital	-	-	-	601,087	1,502,717	-

Note 1: The numbers filled in for the loans 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: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

Note 3: Maximum outstanding balance of loans to others during the year ended December 31, 2015

Note 4: The nature of loans:

(1) Related to business transactions is "1".

(2) Short-term financing is "2".

Note 5: Amount of business transactions with the borrower:

(1) No business transactions is "1".

(2) Business transactions amount is provided in Note 13 (1) G.

Note 6: The calculation of line of credit:

The limit on loans granted by the Company to a single party, related party and party with business transactions shall not be more than 25% of the Company's net assets, and limit to others is 20% of the Company's net assets.

The ceiling on loans granted by the Company to others shall not be more than 50% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

The limit on loans granted by a subsidiary to a single party, related party and party with business transactions shall not be more than 50% of the subsidiary's net assets, and limit to others is 40% of the subsidiary's net assets.

The ceiling on loans granted by a subsidiary to others shall not be more than 100% of the Company's net assets, and ceiling on loans granted a short-term financing borrower with no business transactions shall not be more than 40% of the Company's net assets.

Note 7: The amount was resolved by the Board of Directors.

Formosa Chemicals and Fibre Corporation and subsidiaries
Provision of endorsements and guarantees to others

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	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)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Formosa Industries Corp., Vietnam	1	\$ 14,367,572	\$ 5,942,170	\$ 5,757,072	\$ 5,757,072	\$ -	2.04	\$ 367,679,673	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	183,839,837	48,082,781	42,696,473	42,696,473	-	15.11	367,679,673	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., (Zhongshan) Co., Ltd.	2	34,254,437	2,600,000	2,297,750	909,253	-	4.36	68,508,875	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., (Vietnam) Co., Ltd.	2	34,254,437	2,136,550	1,641,250	132,880	-	3.11	68,508,875	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., (Changshu) Co., Ltd.	3	34,254,437	3,363,735	2,626,000	531,437	-	4.98	68,508,875	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., (Dong Nai) Co., Ltd.	2	34,254,437	4,674,114	4,421,528	2,037,895	-	8.39	68,508,875	Y	N	N	-

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

(1)The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1)Having business relationship.

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

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

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

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

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

Note 3: In accordance with Company's procedures of endorsements and guarantees, limit on the Company's total guarantee amount is 130% of the Company's net assets, the limit on endorsement/guarantee to a single party is 50% of the aforementioned total amount. For companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on endorsements to a single party is the higher value of purchasing or selling.

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

Note 5: 'Y' represents cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, or provision to the party in Mainland China.

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the year ended December 31, 2015

Table 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	486,978,692	\$ 37,497,359	7.65	\$ 37,497,359	-
The Company	Stocks_Asia Pacific Investment Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	63,621,500	2,222,299	14.97	2,222,299	-
The Company	Stocks_Nan Ya Plastics Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	413,327,750	25,212,993	5.21	25,212,993	-
The Company	Stocks_Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	364,815,409	16,672,064	15.02	16,672,064	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	14,936,190	224,790	3.47	224,790	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	39,562,740	539,260	17.98	539,260	-
The Company	Stocks_Formosa Plastic Corp. U.S.A.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	8,999	818,316	2.92	818,316	-
The Company	Stocks_Central Leasing Corp.	-	Financial assets measured at cost - noncurrent	1,778,611	-	1.07	-	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets measured at cost - noncurrent	13,203,785	1,800	2.00	1,800	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets measured at cost - noncurrent	1,070,151	10,702	0.79	10,702	-
The Company	Stocks_Yi-Jih Development Corp.	The Company's chairman is the issuer's chairman	Financial assets measured at cost - noncurrent	300,000	3,000	1.51	3,000	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets measured at cost - noncurrent	2,376,202	38,419	1.41	38,419	-

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 December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks_Formosa Plastics Maritime Corp.	The Company is the issuer's corporate director	Financial assets measured at cost - noncurrent	355,880	\$ 1,750	18.22	\$ 1,750	-
The Company	Stocks_Formosa Development Corp.	The Company is the issuer's supervisor	Financial assets measured at cost - noncurrent	14,116,448	90,010	18.00	90,010	-
The Company	Stocks_Formosa Network Technology Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,340,000	13,331	12.50	13,331	-
The Company	Stocks_Formosa Plastics Marine Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,428,500	15,000	15.00	15,000	-
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,622	856,948	19.00	856,948	-
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets measured at cost - noncurrent	5,000,000	50,000	3.91	50,000	-
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets measured at cost - noncurrent	2,500,000	25,000	1.25	25,000	-
Tah Shin Spinning Corp.	Stocks_Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	5,760	263	-	263	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	13,212	0.20	13,212	-
Formosa Biomedical Technology Corp.	Stocks_Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	2,415,000	113,626	4.41	113,626	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Energy & Material Technology Corp.	Related party in substance	Financial assets measured at cost - noncurrent	5,300,000	53,000	15.14	53,000	-
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Same as Formosa Biomedical Technology Corp.'s chairman	Financial assets measured at cost - noncurrent	414,496	2,727	2.21	2,727	-
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets measured at cost - noncurrent	2,100,000	21,033	6.30	21,033	-
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Formosa Biomedical Technology Corp. is the director of the issuer's parent company	Financial assets measured at cost - noncurrent	353,100	8,400	0.46	8,400	-
Formosa Biomedical Technology Corp.	Stocks_United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,999,750	635,828	18.31	635,828	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Taffeta Co., Ltd.'s parent company	Available-for-sale financial assets - current	11,219,610	830,250	0.19	830,250	-

Table 3, Page 2

As of December 31, 2015						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015		
				Number of shares	Book value	Fair value
Formosa Taffeta Co., Ltd.	Stocks_Pacific Electric Wire & Cable Corp., Ltd.	-	Available-for-sale financial assets - current	32	\$ -	-
Formosa Taffeta Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the issuer's managing director	Available-for-sale financial assets - current	640	50	50
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's managing director	Available-for-sale financial assets - current	482,194	29,414	29,414
Formosa Taffeta Co., Ltd.	Stocks_Hwa Ya Technologies Corp.	-	Available-for-sale financial assets - current	2,712,345	75,810	75,810
Formosa Taffeta Co., Ltd.	Stocks_Asia Pacific Investment Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the issuer's director	Available-for-sale financial assets - current	10,000,000	349,300	349,300
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	13,950,464	637,536	637,536
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Related party in substance	Available-for-sale financial assets - noncurrent	365,267,576	28,783,085	28,783,085
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets measured at cost - noncurrent	174,441	3,236	3,236
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Formosa Taffeta Co., Ltd. is the issuer's corporate director	Financial assets measured at cost - noncurrent	14,400	3,000	3,000
Formosa Taffeta Co., Ltd.	Stocks_Slin Yun Natural Gas Corp.	-	Financial assets measured at cost - noncurrent	568,105	3,100	3,100
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	5,352,107	34,517	34,517
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Taffeta Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	19,066,860	196,389	196,389
Formosa Taffeta (Cayman) Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Related party in substance	Financial assets measured at cost - noncurrent	171,008,736	5,446,340	5,446,340
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., Ltd. is Formosa Development Co., Ltd.'s parent company	Available-for-sale financial assets - noncurrent	2,563,228	76,897	76,897
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Stocks_Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	156	156

Table 3, Page 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	388	\$ 30	-	\$ 30	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Plastics Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - current	312,512	19,063	-	19,063	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Advanced Technologies Co., Ltd.'s ultimate parent company	Available-for-sale financial assets - current	7,037,000	520,738	0.12	520,738	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	1,214,557	55,505	0.05	55,505	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	9,533,430	98,194	4.77	98,194	-
Formosa Advanced Technologies Co., Ltd.	Stocks_Syntromix Corporation	-	Financial assets measured at cost - noncurrent	59,945	1,181	0.15	1,181	-
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	27,586,096	403,350	-	403,350	-
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,396,748	252,449	-	252,449	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IAS 39 "Financial Instruments: Recognition and Measurement".

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

Note 3: The Company's stocks held by the subsidiaries—Formosa Taffeta Co., Ltd. and Formosa Advanced Technologies Co., Ltd.—are deemed as treasury stocks. Details are provided in Note 6 (14).

Note 4: Not a limited liability company and thus, not applicable.

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 4

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2015		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Formosa Group Investment Corp. (Cayman)	Investments accounted for under equity method	Formosa Group Investment Corp. (Cayman)	Investments accounted for under equity method	-	\$ -	508,236,725	\$ 15,080,156	-	\$ -	\$ -	-	508,236,725	\$ 15,080,156
The Company	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	508,236,725	15,294,027	-	-	508,236,725	15,294,027	15,294,027	-	-	-
The Company	CTBC Bank Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	46,088	500,000	46,088	500,147	500,000	147	-	-
The Company	Bank SinoPac Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	72,820	1,000,000	72,820	1,000,183	1,000,000	183	-	-
The Company	Paradigm Pion Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	96,535	1,100,000	96,535	1,100,406	1,100,000	406	-	-
The Company	Franklin Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	39,318	400,000	39,318	400,161	400,000	161	-	-
The Company	Taishin Bank Money Market Funds	Financial asset at fair value through profit or loss	-	-	-	-	60,008	800,000	60,008	800,067	800,000	67	-	-
The Company	Capital Money Market	Financial asset at fair value through profit or loss	-	-	-	-	31,403	500,000	31,403	500,165	500,000	165	-	-
Formosa Biomedical Technology Corp.	Uti Pharma Inc.	Investments accounted for under equity method	Uti Pharma Inc.	Investments accounted for under equity method	-	-	150,000,000	600,000	-	-	-	-	150,000,000	600,000

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2015		Addition (Note 3)		Disposal (Note 3)		Balance as at December 31, 2015		
					Number of shares	Amount	Number of shares	Amount	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Formosa Taifeta Co., Ltd.	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	171,008,736	\$ 5,089,575	-	\$ -	\$ 5,089,575	\$ 5,089,575	\$ -	-	\$ -
Formosa Taifeta (Cayman) Co., Ltd.	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	Formosa Ha Tinh (Cayman)	Investments accounted for under equity method	-	-	171,008,736	5,074,375	-	-	-	171,008,736	5,074,375

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 \$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 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 level shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Formosa Chemicals and Fibre Corporation and subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

Differences in transaction terms compared to third party transactions													
Transaction													
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases			Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
					(sales)	(sales)	(sales)						
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	\$ 2,053,971	(	1)	30 days	\$	-	-	\$ 132,287	1	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(27,614,044)	(	12)	30 days	-	-	-	2,269,508	13	-
The Company	Formosa Taifeta Co., Ltd.	Subsidiary	Sales	(2,221,996)	(	1)	60 days	-	-	-	140,382	28	-
The Company	Formosa Taifeta (Dong Nai) Co., Ltd.	Sub-subsiary	Sales	(401,119)	(	-	60 days	-	-	-	293,218	2	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Sales	(21,731,672)	(	9)	30 days	-	-	-	49,629	-	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsiary	Sales	(7,274,646)	(	3)	90 days	-	-	-	1,812,031	11	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsiary	Sales	(10,147,875)	(	4)	90 days	-	-	-	1,136,589	7	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsiary	Sales	(5,263,746)	(	2)	90 days	-	-	-	3,319,541	20	-
The Company	Formosa Phenol (Ningbo) Limited Co.	Sub-subsiary	Sales	(798,419)	(	-	90 days	-	-	-	994,625	6	-
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Sales	(3,124,155)	(	1)	30 days	-	-	-	122,181	1	-
The Company	PFG Fiber Glass Corporation	The Company's Chairman is the counterparty's director	Sales	(436,994)	(	-	30 days	-	-	-	470,344	3	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(10,019,903)	(	4)	30 days	-	-	-	35,491	-	-
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	5,988,651		2	30 days	-	-	(	959,442	6	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	6,526,074		3	30 days	-	-	(	483,384)	3)	-
The Company											536,272)	3)	-

Differences in transaction terms compared to third party transactions

Transaction		Notes/accounts receivable (payable)					Percentage of total notes/accounts receivable (payable)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Purchases	\$ 121,793,926	50	30 days	\$	-	61
The Company	Formosa Industries Corp., Vietnam	Subsidiary	Purchases	109,937	-	30 days	-	-	-
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	(902,470)	(19)	30 days	-	-	11
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	Sales	(1,432,959)	(30)	90 days after delivery	-	-	45
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Sales	(566,534)	(12)	30 days	-	-	8
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Purchases	1,966,312	56	45 days	-	-	88
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Same parent company	Sales	(877,066)	(12)	30 days	-	-	13
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	Sales	(1,666,685)	(22)	30 days	-	-	22
Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Same parent company	Sales	(766,790)	(10)	30 days	-	-	12
Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Same parent company	Sales	(110,181)	(1)	30 days	-	-	1
Formosa Power (Ningbo) Co., Ltd.	Formosa Acrylic Esters (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman, is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(768,361)	(10)	30 days	-	-	10
Formosa Power (Ningbo) Co., Ltd.	Formosa Polypropylene (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(733,244)	(10)	30 days	-	-	10

Differences in transaction terms compared to third party transactions

Transaction											Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount (\$)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)	
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(611,679) (	8)	30 days	\$	-	68,927	10	-
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(509,524) (	7)	30 days	-	-	57,466	8	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Super Absorbent Polymer (Ningbo) Co., Ltd.	Affiliated company	Sales	(115,075) (	2)	30 days	-	-	18,804	3	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Synthetic Rubber Corp.	Affiliated company	Sales	(362,062) (	5)	30 days	-	-	62,608	9	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	(388,801) (	2)	15 days after monthly billings	-	-	65,993	5	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Sales	(214,762) (	1)	30 days	-	-	35,445	2	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Plastics Corp.	The chairman of Formosa ABS Plastics (Ningbo) Co., Ltd.'s ultimate parent company is the counterparty's director	Purchases	3,351,031	15	90 days	-	-	561,340) (	27)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is the ultimate parent company's investee accounted for using equity method	Purchases	437,706	2	90 days	-	-	56,182) (	3)	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Purchases	3,600,291	16	30 days	-	-	450,430) (	23)	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals Europe Plc	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Purchases	(120,257) (	1)	30 days after closing date	-	-	18,422	3	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(669,911) (	5)	30 days	-	-	74,696	12	-

Differences in transaction
terms compared to third
party transactions

Transaction		Notes/accounts receivable (payable)					Percentage of total notes/accounts receivable (payable)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount (\$)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	518,131 (	4)	30 days after closing date	\$	-	41,094
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	557,923 (	4)	30 days after closing date	-	-	56,315
Formosa Phenol (Ningbo) Limited Co.	Formosa Petrochemical Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Purchases	572,264	8	90 days	-	-	-
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	2,285,969 (	36)	30 days	-	-	376,981
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	538,353 (	2)	60 days	-	-	156
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	361,804 (	1)	120 days	-	-	20,640
Formosa Taffeta Co., Ltd.	Yugen Co., Ltd.	The chairman is the first-degree relative of the Company's managing director	Sales	304,484 (	1)	120 days	-	-	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Subsidiary	Sales	149,647 (	1)	120 days	-	-	17,706
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Related party in substance	Purchases	10,263,967	48	15 days	-	-	446,582 (
Formosa Taffeta Co., Ltd.	The Company	Parent company	Sales	108,171)	-	60 days	-	-	3,024
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	785,047	4	15 days	-	-	74,772 (
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is designated to represent as the Company's managing director	Purchases	316,891	1	15 days	-	-	30,701 (
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Sales	6,122,911 (	70)	60 days after monthly billings	-	-	1,084,135

Differences in transaction terms compared to third party transactions											
Transaction						Notes/accounts receivable (payable)					
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount (\$)	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Affiliated company	Sales	306,977	(17)	60 days after monthly billings	\$	-	89,179	33	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Industries Corp., Vietnam	Affiliated company	Purchases	123,866	7	60 days after monthly billings	-	-	11,613	(11)	-
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(115,966)	(6)	60 days after monthly billings	-	-	27,801	9	-
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Industries Corp., Vietnam	Formosa Industries Corp., Vietnam is the parent company's investee accounted for using equity method	Purchases	232,796	16	60 days after monthly billings	-	-	35,917	(26)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Parent company	Sales	(375,337)	(13)	60 days after monthly billings	-	-	61,347	9	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Affiliated company	Sales	(210,203)	(8)	60 days billings	-	-	62,986	9	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Kuang Yueh Co., Ltd.	Kuang Yueh Co., Ltd. is the parent company's investee accounted for using equity method	Sales	(121,694)	(4)	60 days	-	-	20,815	3	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp.	Formosa Industries Corp. is the parent company's investee accounted for using equity method	Purchases	527,979	21	60 days	-	-	23,143	(7)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	The Company	ultimate parent company	Purchases	433,757	17	60 days	-	-	28,503	(9)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	149,857	6	15 days	-	-	6,252	(2)	-
Formosa Taffeta (Changshu) Co., Ltd.	Jiaxing Guangyue Costume Co., Ltd.	Jiaxing Guangyue Costume Co., Ltd. is the parent company's investee accounted for using equity method	Sales	(151,950)	(13)	60 days after monthly billings	-	-	4,053	3	-

Table 5, Page 5

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the year ended December 31, 2015

Expressed in thousands of NT dollars (Except as otherwise indicated)								
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	\$ 132,287	10.67	\$ -	-	\$ 132,287	\$ -
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	2,269,508	11.68	-	-	2,269,508	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable 140,382 Accounts receivable 293,218	4.37	-	-	140,382 274,619	-
The Company	Formosa Petrochemical Corp.	Investees accounted for using equity method	1,812,031	11.45	-	-	1,812,031	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	1,136,588	5.72	-	-	671,019	-
The Company	Formosa Industries Corp.	Sub-subsidiary	Accounts receivable 470,344 Other receivables 115,272	6.85	-	-	470,344 29,074	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	994,625	3.81	-	-	596,509	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary	Accounts receivable 3,319,541 Other receivables 669,321	4.62	-	-	1,533,201 669,321	-
The Company	Formosa Phenol (Ningbo) Limited Co.	Sub-subsidiary	122,181	13.07	-	-	122,181	-
The Company	Formosa Ha Tinh Steel Corp.	Affiliated company	2,140,695	-	-	-	1,060,280	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	959,442	9.97	-	-	959,442	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	301,092	4.41	-	-	238,493	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	151,959	9.50	-	-	151,959	-

Table 6

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	Affiliated company	\$ 376,981	15.06	\$ -	-	\$ 376,981	\$ -
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	The Company's Chairman is the counterparty's director	1,084,135	5.66	-	-	1,084,135	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Significant inter-company transactions during the reporting period

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue (\$	10,147,875	In regular terms	3
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue (	10,019,903	In regular terms	3

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

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: If the transaction amount in this sheet reaches 3% of consolidated operating income or total assets, it is considered material.

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on investees (Excluding those in Mainland China)

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 8

Investor	Investee (Note 1)	Main business activities	Initial investment amount			Shares held as at December 31, 2015			Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended		Footnote
			Balance as at December 31, 2015	Balance as at December 31, 2014		Number of shares	Ownership (%)				December 31, 2015	December 31, 2015	
			\$	\$				\$					
The Company	Tah Shin Spinning Corp.	Spinning	85,188	85,188		18,467,619	86.40	151,685	2,482		1,679	-	
The Company	Formosa Taffeta Co., Ltd.	Spinning	719,003	719,003		630,022,431	37.40	19,417,976	2,609,501		968,196	-	
The Company	Formosa Heavy Industries Corp.	Machinery	2,497,721	2,497,721		651,706,181	32.91	8,353,099	1,268,221		423,628	-	
The Company	Formosa Fairway Corporation	Transportation	33,320	33,320		4,472,169	33.33	81,090	5,463		1,821	-	
The Company	Formosa Plastics Transport Corp.	Transportation	17,255	17,255		4,213,396	33.33	733,803	124,726		41,571	-	
The Company	Formosa Petrochemical Corp.	Chemistry	25,597,696	25,842,468		2,300,799,801	24.15	64,138,149	47,301,922		11,182,054	-	
The Company	Mai-Liao Power Corp.	Electricity generation	5,985,531	5,985,531		498,842,000	24.94	11,324,458	6,539,304		1,631,040	-	
The Company	FCFC Investment Corp. (Cayman)	Investments	18,443,886	18,443,886		84,000	100.00	32,310,866	3,707,147		3,707,147	-	
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Management	340	340		33,000	33.00	1,861	482		159	-	
The Company	Chia-Nan Enterprise Corporation	Electricity generation	225,034	225,034		12,448,800	30.00	261,493	47,816		14,330	-	
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999		60,000,000	50.00	1,873,624	2,566,302		1,289,117	-	
The Company	Su Hua Transport Corp.	Transportation	50,000	50,000		7,638,750	25.00	219,427	155,431		38,858	-	
The Company	Formosa Industries Corp.	Textile, polyester staple fibre, cotton	8,435,801	8,435,801		-	42.50	8,887,497	1,263,762		537,099	-	

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
				\$	\$			\$	\$		
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry Disposals of wastes and sewage	1,201,500	1,201,500	120,150,000	50.00	1,364,957	296,059	145,699	-
The Company	Formosa Environmental Technology Co.	Taiwan		417,145	417,145	41,714,475	24.34	261,178	22,952	5,586	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59	1,690,386	20,705	18,686	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	30,000,000	100.00	210,588	5,299	5,299	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	369,090	21,637	7,212	-
The Company	Formosa Synthetic Rubber (Hong Kong) Limited Co.	Hong Kong	Manufacturing of synthetic rubber	874,680	874,680	-	33.33	549,701	1,049,390	349,762	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	4,162,500	4,162,500	416,250,000	25.00	4,387,101	593,760	148,440	-
The Company	Formosa Group Investment Corp. (Cayman)	Cayman Islands	Investments	15,080,533	377	508,236,725	25.00	15,754,440	2,893,559	723,390	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	-	25.00	154,121	506,898	126,725	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	15,000	15,000	1,500,000	33.33	10,661	11,837	3,946	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	14,391,099	14,391,099	-	100.00	19,543,113	5,830,423	5,830,423	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	360,000	30.00	91,844	4,163	1,329	-

Table 8, Page 2

Investor	Investee (Note 1)	Main business activities	Initial investment amount		Shares held as at December 31, 2015				Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
			Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value				
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Recycle of spent catalyst	\$ 252,969	\$ 252,969	19,636,218	51.00	\$ 281,912	\$ 38,992	\$ 19,886	-	
Formosa Biomedical Technology Corp.	Ubi Pharma Inc.	Bio/pharmaceutical firm	600,000	-	28,350,922	20.05	632,313	1,972	1,171	-	
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Investments	29,610	29,610	-	100.00	17,504	(1,785)	(1,785)	-	
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	114,912	114,912	16,100,000	100.00	217,084	32,521	31,459	-	
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	IC assembly, testing and modules	3,773,440	3,773,440	290,464,472	65.68	6,512,114	1,127,081	735,207	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,037,814	677	677	-	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Production, processing, further processing various yarn and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	1,639,893	184,306	184,306	-	

Investor	Investee (Note 1)	Main business activities	Initial investment amount		Shares held as at December 31, 2015		Book value	Net profit (loss) of the investee for the year ended December 31, 2015		Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
			Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)		\$	\$		
Formosa Taffeta Co., Ltd.	Kuang Yush Co., Ltd.	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	\$ 213,771	\$ 213,771	18,595,352	20.16	\$ 951,527	\$	940,495	\$ 188,868	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Trading of textiles	2,958	2,958	-	43.00	9,135		17,320	7,448	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Production, processing and sale of various dyeing and finishing textiles and yarn	2,590,434	2,590,434	-	100.00	2,414,341		18,018	18,018	-
Formosa Taffeta Co., Ltd.	Formosa Industries Corp., Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	1,987,122	1,987,122	-	10.00	2,182,277		1,198,929	130,098	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investments	5,090,180	605	171,028,736	100.00	5,400,384	(	219,409)	219,409)	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,270		1,127,081	1,335	-

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

Formosa Chemicals and Fibre Corporation and subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 9

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/			Accumulated amount		Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015		Book value of investments in Mainland China as of December 31, 2015		Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted back to Taiwan for the year ended December 31, 2015	Remitted to Mainland China to Taiwan	Amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015		(\$)	(\$)		
Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	\$ 5,618,707	2 × 4	\$ 4,682,741	-	-	\$ 4,682,741	(\$ 566,244)	100	\$ 566,244	\$ 7,411,983	\$ -	-	2	
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2 × 4	4,051,414	-	-	4,051,414	2,134,894	100	2,134,894	12,570,739	-	-	2	
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	7,975,900	2 × 4	7,975,900	-	-	7,975,900	(2,299,937)	100	(2,299,937)	8,523,944	-	-	2	
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2 × 4	1,732,458	-	-	1,732,458	(677,409)	100	(677,409)	1,502,717	-	-	2	
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol-acetone and acetone	4,453,788	2 × 4	-	-	-	-	(2,286,832)	100	(2,286,832)	2,104,470	-	-	2	
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	2,912,368	2 × 4	874,680	-	-	874,680	(1,049,390)	33	(349,762)	549,701	-	-	2	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015		Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
				Amount remitted to Mainland China	Remitted to Mainland China		Amount remitted back to Taiwan	Remitted to Taiwan				December 31, 2015	December 31, 2015			
		\$	2, 4	\$	\$	\$	\$	\$	\$	(\$)	100 (%)	\$	\$	\$	\$	
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	2, 4	29,610	-	29,610	-	29,610	29,610	(1,785)	100	1,785	1,785	17,504	-	2
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	1,402,085	-	1,402,085	1,402,085	24,086	100	24,086	24,086	1,726,030	-	3
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise exhibition, export processing, warehousing and design and drawing of black and white and colour graphics	15,273	1	15,273	-	15,273	-	15,273	15,273	(3,494)	100	(3,494)	3,494	8,256	-	4
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2, 4	1,334,739	-	1,334,739	-	1,334,739	1,334,739	(2,685)	100	(2,685)	2,685	952,458	-	5

Table 9, Page 2

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/		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015
					Amount remitted back to Taiwan for the year ended December 31, 2015	Remitted to Mainland China						
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	\$ 70,788,407	2	\$ -	\$ -	\$ -	\$ -	(\$ 3,868)	41	\$ 1,184	\$ 24,408	\$ -

Footnote 6

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

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

(3) Others

(4) Formosa Power (Ningbo) Co., Ltd. is an investee company in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). Formosa Chemicals Industries (Ningbo) Co., Ltd., Formosa PS (Ningbo) Co., Ltd., Formosa ABS Plastics (Ningbo) Co., Ltd. and Formosa Phenol (Ningbo) Limited Co. were investee companies in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman). After share structure adjustment in 2008 and 2014, the parent company of the 4 investees became Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. Formosa Chemicals & Fibre (Hong Kong) Co., Ltd. is a wholly-owned subsidiary through reinvestment of FCFC Investment Corp. (Cayman). Formosa Synthetic Rubber (Ningbo) Co., Ltd. is an investee company in Mainland China through the investee - Formosa Synthetic Rubber (Hong Kong) Co., Ltd.. Formosa Biomedical Trading (Shanghai) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Biomedical (Samoa) Co., Ltd.. Formosa Taffeta (Changshu) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Taffeta (Hong Kong) Co., Ltd..

The Company is the surviving company after the consolidation of Changshu Yu Yuan Development Co., Ltd. and Changshu Fushun Enterprise Management Co., Ltd. Its paid-in capital is RMB\$13,592,920.

Note 2: Investment income recognized in current period is based on the financial reports audited by CPAs of the Taiwan parent company.

Note 3: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$46,400,000.

(The remittance of US\$46,388,800 and the capitalised value of machinery and equipment of US\$11,200)

Note 4: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$570,000.

Note 5: The Company's paid-in capital, accumulative remittance from Taiwan as of January 1, 2015 and that as of December 31, 2015 all amount to US\$42,000,000. In order to effectively utilise the residential land of the Company, Formosa Chemicals & Fibre Co. split the residential land and established Changshu Fushun Enterprise Management Co., Ltd. by capitalizing the residential land in the first quarter, 2015.

Formosa Chemicals & Fibre Co. reduced the capital of Formosa Taffeta (Changshu) Co., Ltd. by US\$900,000, so the Company's paid-in capital amounts to \$41,100,000.

Note 6: The Company is the surviving company after the merger with Changshu Yu Yuan Development Co., Ltd. in the third quarter, 2015. The paid-in Capital of the Company is RMB\$13,592,920.

Company name	as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	\$ 19,317,193	\$ 32,860,892	Note

Note: Corporations that are qualified with operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C.

Formosa Chemicals and Fibre Corporation and subsidiaries

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

For the year ended December 31, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 10

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing			Interest during the year ended December 31, 2015	Others
	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate		
Formosa Taffeta (Zhongshan) Co., Ltd.	\$ 31,513	0.11	\$ -	0	\$ 622	0.03	\$ 2,297,750	For short-term loans from financial institutions	\$ -	\$ -	-	-	-
Formosa Taffeta (Changshu) Co., Ltd.	61,792	0.22	-	0	6,664	0.29	2,626,000	For short-term loans from financial institutions	-	-	-	-	-