

**FORMOSA CHEMICALS & FIBRE
CORPORATION**
PARENT COMPANY ONLY NON-CONSOLIDATED
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2014 AND 2013

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

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Formosa Chemical & Fibre Corporation

We have audited the accompanying parent company only balance sheets of Formosa Chemicals & Fibre Corporation as of December 31, 2014 and 2013, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the financial statements of certain investee companies accounted for under the equity method. These investments accounted for under the equity method amounted to \$107,416,730 thousand and \$104,470,946 thousand as of December 31, 2014 and 2013, respectively, and the comprehensive income (including share of profit/(loss) of subsidiaries, associates and joint ventures accounted for under equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method) was \$10,084,503 thousand and \$12,428,592 thousand for the years then ended, respectively. The financial statements of these investee companies were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these investee companies, is based solely on the reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant

estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of 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 parent company only financial statements referred to above present fairly, in all material respects, the financial position of Formosa Chemicals & Fibre Corporation as of December 31, 2014 and 2013, and its financial performance and cash flows for the years then ended, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan
PricewaterhouseCoopers, Taiwan

March 20, 2015

The accompanying parent company only 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 parent company only 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
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	\$ 4,105,649	1	\$ 393,370	-
Available-for-sale financial assets - current	6(3)	83,899,972	20	70,281,695	17
Notes receivable, net	6(4)	452,769	-	694,847	-
Notes receivable - related parties	7	288,160	-	218,650	-
Accounts receivable, net	6(5)	5,783,790	1	8,089,230	2
Accounts receivable - related parties	7	10,898,816	3	18,724,868	4
Other receivables	7	10,567,828	3	3,906,542	1
Other receivables - related parties	7	19,972,440	5	14,676,000	4
Inventory	6(6)	26,974,682	6	31,856,107	8
Other current assets	7	3,272,016	1	9,444,050	2
Total current assets		166,216,122	40	158,285,359	38
Non-current assets					
Available-for-sale financial assets - non-current	6(3) and 8	10,729,587	3	14,829,721	3
Financial assets carried at cost - non-current	6(7)	2,438,536	1	2,438,536	1
Investments accounted for under equity method	6(8) and 8	167,752,306	40	165,346,387	40
Property, plant and equipment	6(9) and 8	59,645,043	14	64,758,274	16
Deferred income tax assets	6(24)	1,778,317	-	2,351,384	-
Other non-current assets		6,831,898	2	7,553,460	2
Total non-current assets		249,175,687	60	257,277,762	62
Total assets		\$ 415,391,809	100	\$ 415,563,121	100

(Continued)

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

Liabilities and equity	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(10)	\$ 1,568,400	-	\$ 1,702,000	-
Accounts payable		3,788,439	1	3,839,177	1
Accounts payable - related parties	7	11,782,370	3	22,320,981	5
Other payables	6(26)	5,382,681	1	4,289,327	1
Current income tax liabilities	6(26)	-	-	1,774,593	1
Long-term liabilities, current portion	6(11)(12)	19,785,113	5	19,590,866	5
Other current liabilities		996,152	-	1,223,769	-
Total current liabilities		<u>43,303,155</u>	<u>10</u>	<u>54,740,713</u>	<u>13</u>
Non-current liabilities					
Corporate bonds payable	6(11)	56,000,000	14	50,000,000	12
Long-term borrowings	6(12)	29,420,187	7	35,120,598	9
Deferred income tax liabilities	6(24)	822,500	-	193,765	-
Other non-current liabilities	6(13)	7,963,876	2	8,095,324	2
Total non-current liabilities		<u>94,206,563</u>	<u>23</u>	<u>93,409,687</u>	<u>23</u>
Total liabilities		<u>137,509,718</u>	<u>33</u>	<u>148,150,400</u>	<u>36</u>
Equity					
Share capital	6(14)				
Common stock		58,611,863	14	58,611,863	14
Capital surplus	6(15)				
Capital surplus		8,668,561	2	8,632,578	2
Retained earnings	6(16)				
Legal reserve		42,852,687	11	40,366,323	10
Special reserve		41,927,550	10	39,506,782	10
Unappropriated retained earnings	6(24)	34,340,617	8	43,370,427	10
Other equity interest	6(17)				
Other equity interest		91,813,226	22	77,161,270	18
Treasury stocks		(332,413)	-	(236,522)	-
Total equity		<u>277,882,091</u>	<u>67</u>	<u>267,412,721</u>	<u>64</u>
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet date	11				
Total liabilities and equity		<u>\$ 415,391,809</u>	<u>100</u>	<u>\$ 415,563,121</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 20, 2015.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	2014		2013	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(18) and 7	\$ 299,770,401	100	\$ 331,337,079	100
Operating costs	6(6)(13)(22)(23) and 7	(291,831,014)	(97)	(307,639,293)	(93)
Net operating margin		7,939,387	3	23,697,786	7
Unrealized profit from sales		(36,091)	-	(374,785)	-
Realized profit from sales		374,785	-	66,598	-
Net operating margin		8,278,081	3	23,389,599	7
Operating expenses	6(13)(22)(23) and 7				
Selling expenses		(4,469,408)	(2)	(4,172,480)	(1)
General and administrative expenses		(2,970,190)	(1)	(3,530,695)	(1)
Total operating expenses		(7,439,598)	(3)	(7,703,175)	(2)
Operating profit		838,483	-	15,686,424	5
Non-operating income and expenses					
Other income	6(19) and 7	3,279,128	1	2,114,988	1
Other gains and losses	6(8)(20) and 7	4,954,009	2	539,690	-
Finance costs	6(9)(21) and 7	(1,683,362)	(1)	(1,810,166)	(1)
Share of profit of associates and joint ventures accounted for under equity method	6(8)				
		3,786,043	1	10,618,846	3
Total non-operating income and expenses		10,335,818	3	11,463,358	3
Profit before income tax		11,174,301	3	27,149,782	8
Income tax expense	6(24)	(644,013)	-	(2,286,137)	-
Profit for the year from continuing operations		10,530,288	3	24,863,645	8
Profit for the year		<u>\$ 10,530,288</u>	<u>3</u>	<u>\$ 24,863,645</u>	<u>8</u>
Other comprehensive income (net)	6(17)(24)				
Financial statements translation differences of foreign operations		\$ 3,202,585	1	\$ 2,299,021	-
Unrealized gain on valuation of available-for-sale financial assets	6(3)	9,663,491	3	13,680,425	4
Share of other comprehensive income of associates and joint ventures accounted for under equity method		2,328,105	1	2,396,148	1
Income tax relating to the components of other comprehensive income		(542,225)	-	(310,497)	-
Total comprehensive income for the year		<u>\$ 25,182,244</u>	<u>8</u>	<u>\$ 42,928,742</u>	<u>13</u>
		Before Tax	After Tax	Before Tax	After Tax
Earnings per share (in dollars)	6(26)				
Basic earnings per share		<u>\$ 1.91</u>	<u>\$ 1.80</u>	<u>\$ 4.65</u>	<u>\$ 4.25</u>
Pro forma information assuming the investments of subsidiaries in the Company's shares are not treated as treasury stock:					
Profit from continuing operations (in dollars)		<u>\$ 1.91</u>	<u>\$ 1.80</u>	<u>\$ 4.63</u>	<u>\$ 4.24</u>

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 20, 2015.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest			Treasury stocks	Total
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on available-for- sale financial assets	Hedging instrument gain on effective hedge of cash flow hedges		
2013											
Balance at January 1, 2013		\$ 56,904,721	\$ 8,523,861	\$ 39,656,897	\$ 39,506,782	\$ 24,622,156	(\$ 1,475,476)	\$ 60,584,440	(\$ 12,791)	(\$ 339,297)	\$ 227,971,293
Appropriations of 2012 earnings	6(16)										
Legal reserve		-	-	709,426	-	(709,426)	-	-	-	-	-
Stock dividends		1,707,142	-	-	-	(1,707,142)	-	-	-	-	-
Cash dividends		-	-	-	-	(3,698,806)	-	-	-	-	(3,698,806)
Dividends paid to subsidiaries to adjust capital surplus	6(15)	-	3,757	-	-	-	-	-	-	-	3,757
Stocks of the parent company bought by the subsidiary and recognised as treasury stocks	6(15)	-	21,154	-	-	-	-	-	-	102,775	123,929
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	6(15)	-	3,771	-	-	-	-	-	-	-	3,771
Changes in the net interest of associates recognised under the equity method	6(15)	-	80,035	-	-	-	-	-	-	-	80,035
Profit for the year		-	-	-	-	24,863,645	-	-	-	-	24,863,645
Other comprehensive income for the year	6(17)	-	-	-	-	-	2,159,535	15,890,979	14,583	-	18,065,097
Balance at December 31, 2013		<u>\$ 58,611,863</u>	<u>\$ 8,632,578</u>	<u>\$ 40,366,323</u>	<u>\$ 39,506,782</u>	<u>\$ 43,370,427</u>	<u>\$ 684,059</u>	<u>\$ 76,475,419</u>	<u>\$ 1,792</u>	<u>(\$ 236,522)</u>	<u>\$ 267,412,721</u>
2014											
Balance at January 1, 2014		\$ 58,611,863	\$ 8,632,578	\$ 40,366,323	\$ 39,506,782	\$ 43,370,427	\$ 684,059	\$ 76,475,419	\$ 1,792	(\$ 236,522)	\$ 267,412,721
Appropriations of 2013 earnings	6(16)										
Legal reserve		-	-	2,486,364	-	(2,486,364)	-	-	-	-	-
Special reserve		-	-	-	2,551,455	(2,551,455)	-	-	-	-	-
Cash dividends		-	-	-	-	(14,652,966)	-	-	-	-	(14,652,966)
Transfer of special reserve to undistributed earnings		-	-	-	(130,687)	130,687	-	-	-	-	-
Stocks of the parent company purchased by the subsidiary and recognised as treasury stocks	6(14)	-	-	-	-	-	-	-	-	(95,891)	(95,891)
Dividends paid to subsidiaries to adjust capital surplus	6(15)	-	11,744	-	-	-	-	-	-	-	11,744
Proceeds from disposal of investments accounted for under equity method	6(15)	-	(432)	-	-	-	-	-	-	-	(432)
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount	6(15)	-	5,676	-	-	-	-	-	-	-	5,676
Changes in the net interest of associates recognised under the equity method	6(15)	-	18,995	-	-	-	-	-	-	-	18,995
Profit for the year		-	-	-	-	10,530,288	-	-	-	-	10,530,288
Other comprehensive income for the year	6(17)	-	-	-	-	-	3,551,566	11,104,804	(4,414)	-	14,651,956
Balance at December 31, 2014		<u>\$ 58,611,863</u>	<u>\$ 8,668,561</u>	<u>\$ 42,852,687</u>	<u>\$ 41,927,550</u>	<u>\$ 34,340,617</u>	<u>\$ 4,235,625</u>	<u>\$ 87,580,223</u>	<u>(\$ 2,622)</u>	<u>(\$ 332,413)</u>	<u>\$ 277,882,091</u>

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 20, 2015.

FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		\$ 11,174,301	\$ 27,149,782
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(22)	8,474,169	8,901,949
Amortization		2,984,694	3,962,806
Bad debts expense	6(5)	-	4,924
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(20)	(5,554)	(61,915)
Interest expense	6(21)	1,683,362	1,810,166
Interest income	6(19)	(352,848)	(376,482)
Dividend income	6(19)	(2,095,058)	(958,472)
Share of profit or loss of associates accounted for under the equity method		(3,786,043)	(10,618,846)
Impairment loss on property, plant and equipment	6(9)(20)	-	763,757
Gain on disposal and scrap of property, plant and equipment	6(20)	(722,524)	(125,323)
Gain on disposal of investments	6(20)	(2,919,461)	(40,930)
(Realized) unrealized gain from sales		(338,694)	308,187
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		5,554	-
Notes receivable		242,078	(110,466)
Notes receivable-related parties		(69,510)	300,850
Accounts receivable		2,305,440	132,805
Accounts receivable-related parties		7,826,052	(260,506)
Other receivables		(9,679,415)	(1,892,621)
Inventory		4,881,425	(1,570,728)
Other current assets		9,126,594	(1,842,031)
Other non-current assets		484,999	(50,624)
Net changes in liabilities relating to operating activities			
Accounts payable		239,244	1,647,314
Accounts payable-related parties		(10,538,611)	1,715,685
Other payables		479,844	553,603
Other current liabilities		(227,618)	(443,039)
Accrued pension liabilities		(145,451)	(82,491)
Cash generated from operations		19,026,969	28,817,354
Interest received		347,863	384,148
Dividend received		9,893,892	3,571,830
Interest paid		(1,590,130)	(1,820,832)
Income tax paid		(1,759,030)	(28,433)
Net cash provided by operating activities		25,919,564	30,924,067

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FORMOSA CHEMICALS & FIBRE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other receivables-related parties		(\$ 5,296,440)	\$ 6,195,500
Acquisition of available-for-sale financial assets		(896)	-
Acquisition of investments accounted for under the equity method	6(8)	(1,752,470)	(11,399,315)
Proceeds from disposal of investments accounted for under equity method		3,744,168	306,014
Acquisition of property, plant and equipment	6(26)	(3,652,299)	(3,348,019)
Proceeds from disposal of property, plant and equipment		831,856	153,914
Increase in deferred expenses		(2,806,756)	(5,267,570)
Proceeds from disposal of available-for-sale financial assets		464,773	-
Decrease (increase) in guarantee deposits paid		32,895	(72,280)
Net cash used in investing activities		(8,435,169)	(13,431,756)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(133,600)	(2,789,700)
Decrease in short-term notes and bills payable		-	(12,498,912)
Increase in long-term borrowings		19,100,000	23,700,000
Payment of long-term borrowings		(26,811,807)	(31,261,288)
Increase in corporate bonds payable		16,000,000	15,000,000
Payment of bonds payable		(7,800,000)	(7,800,000)
Increase (decrease) in other current liabilities		14,003	(15,340)
Payment of cash dividends	6(16)(26)	(14,146,357)	(3,585,562)
Net cash used in financing activities		(13,777,761)	(19,250,802)
Effect of foreign exchange translations		5,645	28,189
Increase (decrease) in cash and cash equivalents		3,712,279	(1,730,302)
Cash and cash equivalents at beginning of year		393,370	2,123,672
Cash and cash equivalents at end of year		<u>\$ 4,105,649</u>	<u>\$ 393,370</u>

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 20, 2015.

FORMOSA CHEMICALS & FIBRE CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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

1. HISTORY AND ORGANIZATION

Formosa Chemicals & Fibre Corporation (the Company) was founded on March 5, 1965. The Company now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division, Second Fiber Division, and Engineering & Construction Division. The Company'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 Company is also engaged in spinning, weaving, dyeing and finishing.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 20, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the TPEX shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the parent company only financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures — Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures — Offsetting financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, 'Joint arrangements'	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009 — 2011	January 1, 2013

Based on the Company's assessment, the adoption of the 2013 version of IFRSs has no significant impact on the parent company only financial statements of the Company, except the following:

A. IAS 19 (revised), 'Employee benefits'

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income. 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. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

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 Company 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 Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. Improvements to IFRSs 2009-2011: Amendment to IAS 16, 'Property, plant and equipment'

The amendment clarifies that spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

E. 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 using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Company's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Company will disclose additional information about fair value measurements accordingly.

Based on the Company's assessment, significant effects of applying the 2013 version of IFRSs to its parent company only financial statements are summarised in the following:

Parent company only balance sheet

Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
<u>January 1, 2014</u>				
Investments accounted for using equity method	\$ 165,346,387	(\$ 77,544)	\$ 165,268,843	
Deferred income tax assets	2,351,384	37,235	2,388,619	
Others	247,865,350	-	247,865,350	
Total affected assets	<u>\$ 415,563,121</u>	<u>(\$ 40,309)</u>	<u>\$ 415,522,812</u>	
Accrued pension liabilities	\$ 7,919,750	\$ 219,027	\$ 8,138,777	
Others	140,230,650	-	140,230,650	
Total affected liabilities	148,150,400	219,027	148,369,427	
Retained earnings	\$ 43,370,427	(\$ 259,336)	\$ 43,111,091	
Others	224,042,294	-	224,042,294	
Total affected equity	267,412,721	(259,336)	267,153,385	
Total affected liabilities and equity	<u>\$ 415,563,121</u>	<u>(\$ 40,309)</u>	<u>\$ 415,522,812</u>	

Parent company only balance sheet

Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount	Remark
<u>December 31, 2014</u>				
Investments accounted for using equity method	\$ 167,752,306	(\$ 102,374)	\$ 167,649,932	
Deferred income tax assets	1,778,317	37,690	1,816,007	
Others	245,861,186	-	245,861,186	
Total affected assets	<u>\$ 415,391,809</u>	<u>(\$ 64,684)</u>	<u>\$ 415,327,125</u>	
Accrued pension liabilities	\$ 7,774,299	\$ 387,226	\$ 8,161,525	
Others	129,735,419	-	129,735,419	
Total affected liabilities	137,509,718	387,226	137,896,944	
Retained earnings	\$ 34,340,617	(\$ 451,910)	\$ 33,888,707	
Others	243,541,474	-	243,541,474	
Total affected equity	277,882,091	(451,910)	277,430,181	
Total affected liabilities and equity	<u>\$ 415,391,809</u>	<u>(\$ 64,684)</u>	<u>\$ 415,327,125</u>	

Parent company only statement of comprehensive income

Affected items	2010 version IFRSs amount	Effect of Transition	2013 version IFRSs amount
<u>Year ended December 31, 2014</u>			
Operating revenue	\$ 299,770,401	\$ -	\$ 299,770,401
Operating costs	(291,492,320)	-	(291,492,320)
Operating expenses	(7,439,598)	(2,674)	(7,442,272)
Operating profit	838,483	(2,674)	835,809
Non-operating income and expenses	10,335,818	249	10,336,067
Profit before income tax	11,174,301	(2,425)	11,171,876
Income tax expense	(644,013)	455	(643,558)
Profit for the year	<u>\$ 10,530,288</u>	<u>(\$ 1,970)</u>	<u>\$ 10,528,318</u>
Other comprehensive income (net)			
Actuarial gain (loss) on defined benefit plans	\$ -	(\$ 165,524)	(\$ 165,524)
Share of other comprehensive income of associates and joint ventures accounted for under equity method	2,328,105	(25,080)	2,303,025
Others	12,323,851	-	12,323,851
Profit for the year	<u>\$ 25,182,244</u>	<u>(\$ 192,574)</u>	<u>\$ 24,989,670</u>

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

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the parent company only financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

(2) Basis of preparation

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

- (a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b)Available-for-sale financial assets measured at fair value.
- (c)Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

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

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A.Foreign currency transactions and balances

- (a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (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 associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognised in other comprehensive income.
- (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, if the Company 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.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also 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 recognised and derecognised using trade date accounting.

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

(7) Available-for-sale financial assets

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

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

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

(8) Loans and receivables

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

(9) Impairment of financial assets

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

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

- (a) Significant financial difficulty of the issuer or debtor;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
- (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) The disappearance of an active market for that financial asset because of financial difficulties;
- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a) Financial assets measured at amortised cost

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

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

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

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

- A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.
- B. Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to comply with the Company's accounting policies.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. The amount previously recognised in other comprehensive income in relation to the subsidiary is reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. When the Company loses significant influence over the subsidiary, the profit or loss is reclassified from equity to profit or loss.

- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company'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 Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised 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.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(13) Property, plant and equipment

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

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

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

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

Buildings	15 ~ 50 years
Machinery and equipment	5 ~ 15 years
Transportation equipment	5 ~ 8 years
Other equipment	3 ~ 15 years

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. 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 amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

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

(16) Notes and accounts payable

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

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

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

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

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

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

(20) Derivative financial instruments

Derivatives are initially recognised 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 recognised in profit or loss.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, service life and salary of the employee. 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 recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the 'corridor' method.
- iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are recognised based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(23) 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.

(24) 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.

(25) 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 Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B.The Company offers customers price discounts. The Company estimates such discounts based on historical experience. Provisions for such liabilities are recorded when the sales are recognised.

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

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

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

A. Financial assets—impairment of equity investments

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

B. Revenue recognition on a net/gross basis

The determination of whether the Company is acting as principal or agent in a transaction is based on an evaluation of the Company's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Company acts as a principal, the amount received or receivable from customer is recognised as revenue on a gross basis. Where the Company acts as an agent, net revenue is recognised representing commissions earned.

The following characteristics of a principal are used as indicators to determine whether the Company shall recognise revenue on a gross basis:

- a. The Company has primary responsibilities for the goods or services it provides;
- b. The Company bears inventory risk;
- c. The Company has the latitude in establishing prices for the goods or services, either directly or indirectly.
- d. The Company bears credit risk of customers.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Company estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Company reassesses the reasonableness of estimates of discounts and returns periodically.

B.Impairment assessment of tangible and intangible assets (excluding goodwill)

The Company 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 Company strategy might cause material impairment on assets in the future.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Cash on hand and petty cash	\$ 276	\$ 314
Checking accounts and demand deposits	615,554	393,056
Cash equivalents - Time deposits	3,489,819	-
	<u>\$ 4,105,649</u>	<u>\$ 393,370</u>

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

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

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

A.The Company recognised net gain on financial assets held for trading amounting to \$5,554 and \$0 for the years ended December 31, 2014 and 2013, respectively,

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

Derivative Instruments	<u>December 31, 2014</u>			<u>December 31, 2013</u>		
	(Notional Principal)			(Notional Principal)		
	(in thousands)	Contract Period		(in thousands)	Contract Period	
Current items:						
Long-term foreign exchange contract						
ANZ	USD 100,000	101.12~104.12		USD 100,000	101.06~103.06	
Non-current items:						
Long-term foreign exchange contract						
ANZ	-	-		USD 100,000	101.12~104.12	

The Company entered into long-term foreign exchange contracts with financial institutions to hedge cash flow risk of the floating-rate and exchange rate liability positions. However, these long-term foreign exchange contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Current items:		
Listed (TSE and OTC)		
stocks	\$ 22,479,504	\$ 16,450,975
Unlisted stocks	725,839	725,839
Valuation adjustments of		
available-for-sale financial		
assets	<u>62,992,051</u>	<u>55,439,708</u>
	86,197,394	72,616,522
Less: Accumulated		
Impairment	(2,297,422)	(2,334,827)
	<u>\$ 83,899,972</u>	<u>\$ 70,281,695</u>
Non-current items:		
Listed (TSE and OTC)		
stocks	\$ 2,250,000	\$ 8,423,877
Valuation adjustments of		
available-for-sale financial		
assets	<u>8,479,587</u>	<u>6,405,844</u>
	10,729,587	14,829,721
Less: Accumulated		
Impairment	<u>-</u>	<u>-</u>
	<u>\$ 10,729,587</u>	<u>\$ 14,829,721</u>

A. In June 2014, the shareholders of the Company's investee—Nan Ya Technology Corp. have resolved to decrease 89.99% of paid-in capital to offset against accumulated deficit. The record date for capital reduction was set on June 27, 2014.

B. The Company recognised \$1,846,787 and \$816,290 as dividend income from available-for-sale financial assets for the years ended December 31, 2014 and 2013, respectively.

C. The Company recognised \$9,663,491 and (\$13,680,425) in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

D. For using operational capital, the Company sold stocks of Nan Ya Technology Corp. of 5,957 thousand shares in quoted market in December 2014. The Company recognised gain on disposal of investments of \$318,528 (recorded as other gains and losses).

E. The Company participated in private placement of Nan Ya Technology Corp. in November 2011. As of December 31, 2014, the lock-up period of the equity investment in the private placement has expired. The Company has reclassified financial assets—non-current amounting to \$6,000,000 as current in accordance with the Company's intention.

(4) Notes receivable, net

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Notes receivable	\$ 452,769	\$ 694,847
Less: Allowance for doubtful accounts	-	-
	<u>\$ 452,769</u>	<u>\$ 694,847</u>

(5) Accounts receivable, net

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Accounts receivable	\$ 5,944,187	\$ 8,249,627
Less: Allowance for doubtful accounts	(160,397)	(160,397)
	<u>\$ 5,783,790</u>	<u>\$ 8,089,230</u>

A. The Company's accounts receivable that were neither past due nor impaired had good credit quality.

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Up to 30 days	\$ 76,257	\$ 123,807
31 to 90 days	8,543	1,221
91 to 180 days	-	-
Over 180 days	-	-
	<u>\$ 84,800</u>	<u>\$ 125,028</u>

The above ageing analysis was based on past due date.

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

<u>For the year ended December 31, 2014</u>			
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 141,213	\$ 19,184	\$ 160,397
Provision for impairment	-	-	-
Reversal of impairment	-	-	-
At December 31	<u>\$ 141,213</u>	<u>\$ 19,184</u>	<u>\$ 160,397</u>

<u>For the year ended December 31, 2013</u>			
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 143,561	\$ 11,912	\$ 155,473
Provision for impairment	4,924	7,272	12,196
Reversal of impairment	(7,272)	-	(7,272)
At December 31	<u>\$ 141,213</u>	<u>\$ 19,184</u>	<u>\$ 160,397</u>

D. The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

(6) Inventories

December 31, 2014			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,717,550	(\$ 608,696)	\$ 8,108,854
Materials	3,130,288	-	3,130,288
Work in process	4,915,467	(263,956)	4,651,511
Finished goods	11,774,815	(697,792)	11,077,023
Other inventory	7,006	-	7,006
	<u>\$ 28,545,126</u>	<u>(\$ 1,570,444)</u>	<u>\$ 26,974,682</u>
December 31, 2013			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 12,658,858	(\$ 15,520)	\$ 12,643,338
Materials	3,142,037	-	3,142,037
Work in process	5,966,696	(6,552)	5,960,144
Finished goods	10,242,216	(140,297)	10,101,919
Other inventory	8,669	-	8,669
	<u>\$ 32,018,476</u>	<u>(\$ 162,369)</u>	<u>\$ 31,856,107</u>

Expense and loss incurred on inventories for the years ended December 31, 2014 and 2013 were as follows:

	For the years ended December 31,	
	2014	2013
Cost of inventories sold	\$ 288,795,080	\$ 305,551,058
Provision for inventory loss from valuation (Note)	1,408,075	45,678
Idle Capacity	1,424,845	1,855,931
Others	203,014	186,626
	<u>\$ 291,831,014</u>	<u>\$ 307,639,293</u>

(Note) At December 31, 2014 and 2013, because the market price of petrochemical products declined, the Company recognized the allowance for reduction of inventory to market after the assessment.

(7) Financial assets measured at cost

<u>Items</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
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		
Corporation	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.	13,331	13,331
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
	<u>2,438,536</u>	<u>2,438,536</u>
Less: Accumulated impairment	<u>-</u>	<u>-</u>
	<u>\$ 2,438,536</u>	<u>\$ 2,438,536</u>

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

B. The Company recognised \$248,271 and \$142,182 as dividend income from investing in financial assets measured at cost for the years ended December 31, 2014 and 2013, respectively.

C. As of December 31, 2014 and 2013, no financial assets measured at cost held by the Company were pledged to others.

(8) Investments accounted for using equity method

	December 31, 2014	December 31, 2013
Tah Shin Spinning Corp.	\$ 158,380	\$ 155,445
Formosa Taffeta Co., Ltd.	18,141,088	18,886,649
Formosa Heavy Industries Corp.	8,019,052	7,238,692
Formosa Fairway Corp.	73,583	85,529
Formosa Plastics Transport Corp.	694,375	655,583
Formosa Petrochemical Corp.	58,478,488	59,592,253
Mai Liao Power Corp.	11,427,146	10,882,973
FCFC Investment Corp. (Cayman)	36,544,786	37,113,214
Hwa Ya Science Park Management Consulting Co., Ltd.	2,142	1,802
Chia-Nan Enterprise Corp.	262,102	260,409
Formosa Idemitsu Petrochemical Corp.	585,291	312,516
Su Hua Transport Corp.	180,078	159,867
Formosa Industries Corp., Vietnam	8,383,305	7,587,663
Formosa BP Chemicals Corp.	1,222,038	1,092,167
Formosa Environmental Technology Corp.	268,003	273,956
Formosa Biomedical Technology Corp.	1,667,615	1,262,312
Formosa Carpet Corp.	208,366	205,835
Formosa Ha Tinh Steel Corp.	-	15,242,663
Formosa Ha Tinh (Cayman) Limited	15,764,631	-
Formosa Synthetic Rubber Corp.	376,302	376,157
Formosa Synthetic Rubber Corp. (Hong Kong)	899,463	934,979
Formosa Resource Corp.	4,359,188	3,025,362
Formosa Group (CAYMAN) Corp.	21,941	361
Formosa Group Investment (Cayman) Corp.	384	-
Formosa Construction Corp.	14,559	-
	<u>\$ 167,752,306</u>	<u>\$ 165,346,387</u>

A.The related information on subsidiaries is provided in Note 4(3) of consolidated financial statements in 2014.

B.The investments accounted for using equity method were based on the investees' audited financial statements for the years ended December 31, 2014 and 2013.

C.The financial information of the Company's principal associates is summarised below:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>	<u>% interest held</u>
<u>December 31, 2014</u>					
Formosa Heavy Industries Corp.	\$ 54,524,737	\$ 29,839,770	\$ 20,401,984	\$ 2,102,363	32.91
Formosa Petrochemical Corp.	470,011,431	230,489,282	911,610,803	9,065,576	24.38
Mai Liao Power Corp.	62,374,654	16,556,104	25,639,082	6,534,496	24.94
Formosa Ha Tinh (Cayman) Limited	215,149,931	108,265,703	- (2,508,690)		14.75
Formosa Taffeta Co., Ltd.	66,781,800	17,344,379	32,842,284	3,431,826	37.40
Others	<u>152,151,485</u>	<u>66,615,260</u>	<u>52,414,957</u>	<u>(891,315)</u>	
	<u>\$1,020,994,038</u>	<u>\$ 469,110,498</u>	<u>\$1,042,909,110</u>	<u>\$ 17,734,256</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>	<u>% interest held</u>
<u>December 31, 2013</u>					
Formosa Heavy Industries Corp.	\$ 47,438,902	\$ 25,091,521	\$ 17,954,442	\$ 2,758,759	32.91
Formosa Petrochemical Corp.	478,970,020	238,628,819	929,987,852	26,858,263	24.90
Mai Liao Power Corp.	57,697,398	14,060,777	27,653,298	6,128,090	24.94
Formosa Ha Tinh Steel Corp.	104,450,894	6,301,098	- (517,302)		21.25
Formosa Taffeta Co., Ltd.	68,415,177	17,167,785	33,133,715	2,129,053	37.40
Others	<u>25,375,732</u>	<u>15,787,232</u>	<u>51,591,009</u>	<u>1,508,917</u>	
	<u>\$ 782,348,123</u>	<u>\$ 317,037,232</u>	<u>\$1,060,320,316</u>	<u>\$ 38,865,780</u>	

D.The fair value of the Company's associates which have quoted market price was as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Formosa Petrochemical Corp.	\$ <u>159,576,346</u>	\$ <u>194,005,616</u>

E.The Company invested in Formosa Ha Tinh Steel Corp., which is based in Vietnam. The Company remitted US\$282,500,000 (equivalent to NT\$8,398,938,000) in 2013. As of December 31, 2013, the amount invested totaled to US\$516,250,000 (equivalent to NT\$15,369,779,000). Because Formosa Ha Tinh Steel Corp. has issued new stocks and the Company did not purchase proportionally. As of December 31, 2013, the stockholding ratio became 15.53%. The Company has adjusted investment accounted for using equity method and capital surplus of \$25,493, and increased gain on disposal of investment by \$40,605 according to the related gain in other comprehensive income recognised from the decrease in stockholding ratio and ownership interest.

F.In response to Formosa Ha Tinh Steel Corporation's reorganization, the Company has signed an agreement in September 2014 for the transfer of the Company's capital contribution of USD\$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh (Cayman) Limited. After reorganization, the Company now indirectly holds Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh (Cayman) Limited.

G.The Company's stockholding ratio in Formosa Ha Tinh Steel Corp. (as stated in F., it is indirectly held through Formosa Ha Tinh (Cayman) Limited by the Company starting from September 2014) is below 20%, however, the total stockholding ratio of the Company, subsidiaries and associates exceeds 20%. As the Company assesses that it will have significant influence over Formosa Ha Tinh Steel Corp., investment is accounted for using equity method.

H.The Company invested in Formosa Resources Corp. in 2013 and participated in the company's cash capital increase in 2014 in the amount of \$1,162,500, consisting of 116,250 thousand shares at NTD \$10 (in dollar) per share. As of December 31, 2014, the Company has remitted out \$1,162,500, and the shareholding ratio was 25%.

I.On November 7, 2014, the Board of Directors has resolved to participate in the capital increase of Formosa Biomedical Technology Corp. by acquiring 45,351 thousand shares with \$12.67 per share amounting to \$574,594. As of December 31, 2014, the Company has remitted out \$574,594, and the shareholding ratio was 88.59%.

J.In order to improve financial structure, the Company has sold 48,907 thousand shares in Formosa Petrochemical Corp. in open market in January 2014. Among the shares sold, 17,200 thousand shares were sold to a related party - Chang Gung Memorial Hospital. Therefore, the Company recognized gain on disposal of \$2,614,905 (recorded as other gains and losses), and the shareholding ratio of Formosa Petrochemical Corp. was reduced to 24.38%.

K.As of December 31, 2014 and 2013, the Company received cash dividends from its investments accounted for using equity method in the amount of \$7,798,834 and \$2,613,358, respectively, which was recognized as a deduction from investments accounted for using equity method.

L.As of December 31, 2014 and 2013, certain equity investments were pledged to banks as described in Note 8.

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2014</u>						
Cost	\$6,050,160	\$17,907,558	\$ 157,096,329	\$ 3,861,299	\$ 5,967,572	\$ 190,882,918
Accumulated depreciation and impairment	- (10,642,875)	(113,030,831)	(2,450,938)	- (126,124,644)		
	<u>\$6,050,160</u>	<u>\$ 7,264,683</u>	<u>\$ 44,065,498</u>	<u>\$ 1,410,361</u>	<u>\$ 5,967,572</u>	<u>\$ 64,758,274</u>
<u>2014</u>						
Opening net book amount	\$6,050,160	\$ 7,264,683	\$ 44,065,498	\$ 1,410,361	\$ 5,967,572	\$ 64,758,274
Additions		2,350	522,631	47,267	3,093,720	3,665,968
Disposals	(88,792)	(1,141)	(19,322)	(77)	-	(109,332)
Reclassifications	10	72,349	1,275,902	6,796	(1,550,755)	(195,698)
Depreciation charge	-	(634,384)	(7,624,974)	(214,811)	-	(8,474,169)
Impairment loss	-	-	-	-	-	-
Closing net book amount	<u>\$5,961,378</u>	<u>\$ 6,703,857</u>	<u>\$ 38,219,735</u>	<u>\$ 1,249,536</u>	<u>\$ 7,510,537</u>	<u>\$ 59,645,043</u>
<u>December 31, 2014</u>						
Cost	\$5,961,378	\$17,935,906	\$ 158,462,618	\$ 3,882,264	\$ 7,510,537	\$ 193,752,703
Accumulated depreciation and impairment	- (11,232,049)	(120,242,883)	(2,632,728)	- (134,107,660)		
	<u>\$5,961,378</u>	<u>\$ 6,703,857</u>	<u>\$ 38,219,735</u>	<u>\$ 1,249,536</u>	<u>\$ 7,510,537</u>	<u>\$ 59,645,043</u>

	Land	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2013</u>						
Cost	\$6,069,070	\$17,838,377	\$150,694,502	\$3,732,932	\$6,527,577	\$184,862,458
Accumulated depreciation and impairment	- (9,935,774)	(104,953,009)	(2,276,382)	- (117,165,165)		
	<u>\$6,069,070</u>	<u>\$7,902,603</u>	<u>\$45,741,493</u>	<u>\$1,456,550</u>	<u>\$6,527,577</u>	<u>\$67,697,293</u>
<u>2013</u>						
Opening net book amount	\$6,069,070	\$7,902,603	\$45,741,493	\$1,456,550	\$6,527,577	\$67,697,293
Additions	1,640	-	39,232	45,534	3,687,244	3,773,650
Disposals	(20,550)	-	(6,483)	(1,558)	-	(28,591)
Reclassifications	-	69,249	7,029,321	130,307	(4,247,249)	2,981,628
Depreciation charge	-	(634,810)	(8,046,667)	(220,472)	-	(8,901,949)
Impairment loss	-	(72,359)	(691,398)	-	-	(763,757)
Closing net book amount	<u>\$6,050,160</u>	<u>\$7,264,683</u>	<u>\$44,065,498</u>	<u>\$1,410,361</u>	<u>\$5,967,572</u>	<u>\$64,758,274</u>
<u>December 31, 2013</u>						
Cost	\$6,050,160	\$17,907,558	\$157,096,329	\$3,861,299	\$5,967,572	\$190,882,918
Accumulated depreciation and impairment	- (10,642,875)	(113,030,831)	(2,450,938)	- (126,124,644)		
	<u>\$6,050,160</u>	<u>\$7,264,683</u>	<u>\$44,065,498</u>	<u>\$1,410,361</u>	<u>\$5,967,572</u>	<u>\$64,758,274</u>

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

	For the years ended December 31,	
	2014	2013
Amount capitalised	\$ 92,148	\$ 71,263
Interest rate	1.43~1.51	1.41~1.44

B.The lands owned by the Company are located in Shin-Kong County, Chang-hua County, Tao-yuan County, and Ping-tung County. The ownership of the land has not been transferred to the Company due to the restriction of existing laws. The land is presently registered under the name of nominal trustees and the land amounted to \$16,320 and \$20,335 as of December 31, 2014 and 2013, respectively.

C.Impairment information about the property, plant and equipment is provided in Note 8.

D.The Company recognised impairment loss for the years ended December 31, 2014 and 2013. Details of such loss are as follows:

	For the years ended December 31,			
	2014		2013	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss — Buildings	\$ -	\$ -	\$ 72,359	\$ -
Impairment loss — machinery	-	-	691,398	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,757</u>	<u>\$ -</u>

E.The impairment loss reported by operating segments is as follows:

	For the years ended December 31,			
	2014		2013	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
3rd Petrochemical Div	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,757</u>	<u>\$ -</u>

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

Type of loans	December 31, 2014	Interest rate range	Collateral
Unsecured loans	<u>\$ 1,568,400</u>	1.01%~1.5%	None
Type of loans	December 31, 2013	Interest rate range	Collateral
Unsecured loans	<u>\$ 1,702,000</u>	0.93%~1.03%	None

(11) Bonds payable

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Domestic unsecured nonconvertible corporate bonds	\$ 66,000,000	\$ 57,800,000
Less: current portion	(10,000,000)	(7,800,000)
	<u>\$ 56,000,000</u>	<u>\$ 50,000,000</u>

The terms of domestic unsecured nonconvertible corporate bonds were as follows:

<u>Description</u>	<u>Issuance date</u>	<u>Maturity date</u>	<u>Yield rate (%)</u>	<u>Issued principal amount</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>	<u>Note</u>
<u>2009</u>							
First issued domestic unsecured nonconvertible corporate bonds	2009.8.28	2013.8.28~ 2014.8.28	1.78	\$ 5,600,000	\$ -	\$ 2,800,000	Serial bonds, to be settled 50%, 50%
<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	6,000,000	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	4,000,000	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	6,000,000	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	4,000,000	4,000,000	Serial bonds, to be settled 50%, 50%

	Issuance	Maturity	Yield	Issued			
Description	date	date	rate (%)	principal	December 31, 2014	December 31, 2013	Note
Description	date	date	rate (%)	amount			
2012							
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%

	Issuance	Maturity	Yield	Issued			
Description	date	date	rate (%)	principal	December 31, 2014	December 31, 2013	Note
Description	date	date	rate (%)	amount	December 31, 2014	December 31, 2013	Note
<u>2013</u>							
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		- Serial bonds, to be settled 50%, 50%
<u>2014</u>							
First issued domestic unsecured nonconvertible corporate bonds	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	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	-	Serial bonds, to be settled 50%, 50%
					66,000,000	57,800,000	
Less: Current portion of bonds payable					(10,000,000)	(7,800,000)	
					\$ 56,000,000	\$ 50,000,000	

(12) Long-term bank loans and notes payable

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	Jul.14.2014 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%	"	1,500,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.34%~1.41%	"	200,000
Taichung Bank	Sep. 17, 2012 ~ Sep. 17, 2015, payable at maturity date; interest payable monthly	1.40%~1.49%	"	1,000,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
E. Sun Bank	Jun. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.36%~1.40%	None	\$ 400,000
Mega International Commercial Bank	Aug. 2, 2013 ~ Jun. 20, 2015, payable at maturity date; interest payable monthly	1.36%	"	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, 2017, 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 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.40%~1.43%	"	700,000
Taiwan Bank	Aug. 14, 2013 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.3%~1.31%		500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.30%~1.47%	None	\$ 400,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal paid 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	1.2%~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%~1.3%	"	1,500,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.41%~1.46%	"	200,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.37%	"	100,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2014
Secured loans				
Mega International Commercial Bank	Apr. 2014 ~ Apr. 2021, principal payable semi-annually after 3 years	1.6%~1.65%	Land	\$ 12,100,000
Mega International Commercial Bank	Aug. 2006 ~ Jul. 2017, principal payable semi-annually	1.56%~1.58%	Machinery and Equipment acquired in the Sixth naphtha cracker project	4,047,203
Taipei Fubon Bank	Dec. 26, 2013 ~ Jul. 21, 2015, payable at maturity date; interest payable monthly	1.41%~1.43%	Land and factories	3,300,000
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 1995 ~ Dec. 2018, principal payable at maturity date; interest payable monthly	1.07%	Equipment	110,240
				39,205,300
Less: Current portion of long-term bank loans				(9,785,113)
				<u>\$ 29,420,187</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2013
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.07%~1.58%	None	\$ 4,000,000
ANZ Bank	Jun. 27, 2012 ~ Jun. 27, 2014, payable at maturity date. Interest payable quarterly	1.21%~1.28%	"	2,996,000
ANZ Bank	Dec. 28, 2012 ~ Dec. 28, 2015, payable at maturity date; interest payable monthly	1.21%~1.28%	"	2,905,000
Taiwan Bank	Aug. 10, 2012 ~ May. 29, 2015, payable at maturity date; interest payable monthly	1.44%~1.48%	"	1,500,000
Taiwan Bank	Oct. 17, 2013 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%	"	1,500,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.31%~1.45%	"	1,500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2013
Chang Hwa Bank	Aug. 2, 2013 ~ Aug. 2, 2016, payable at maturity date; interest payable monthly	1.48%~1.59%	None	\$ 1,300,000
Taichung Bank	Sep. 17, 2012 ~ Sep. 17, 2015, payable at maturity date; interest payable monthly	1.49%~1.50%	"	1,000,000
E. Sun Bank	Jun. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.49%~1.50%	"	1,000,000
Mega Bank	Aug. 2, 2013 ~ Jun. 20, 2015, payable at maturity date; interest payable monthly	1.36%	"	1,000,000
Far Eastern International Bank	Feb. 7, 2012 ~ Feb. 7, 2015, payable at maturity date; interest payable monthly	1.25%~1.27%	"	950,000
Union Bank of Taiwan	Nov. 7, 2012 ~ Nov. 7, 2014, payable at maturity date; interest payable monthly	1.48%~1.50%	"	950,000
Jih Sun Bank	Jul. 19, 2013 ~ Jul. 4, 2015, payable at maturity date; interest payable monthly	1.25%~1.35%	"	700,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2013
Taipei Fubon Bank	Dec. 26, 2013 ~ Jul. 21, 2015, payable at maturity date; interest payable monthly	1.40%~1.52%	None	\$ 700,000
Taiwan Bank	Aug. 14, 2013 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.30%	"	500,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.47%	"	1,000,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.17%~1.18%	"	400,000
Sumitomo Mitsui Banking Corporation	Aug. 14, 2013 ~ Aug. 14, 2015, payable at maturity date; interest payable monthly	1.20%	"	300,000
Yuanta Commercial Bank	May 17, 2013 ~ Jan. 30, 2016, payable at maturity date; interest payable monthly	1.25%~1.28%	"	200,000
China Development Industrial Bank	Aug. 30, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.34%~1.40%	"	200,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2013
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.37%	None	\$ 100,000
Secured loans				
Mega International Commercial Bank	Aug. 2006 ~ Jul. 2017, principal payable semi-annually	1.56%~1.58%	Machinery and equipment acquired in the Sixth naphtha cracker project	6,035,472
Taiwan Cooperative Bank	Aug. 2, 2013 ~ Aug. 2, 2016, payable at maturity date; interest payable monthly	1.43%~1.45%	Stocks	4,300,000
Taishin Bank	Aug. 1, 2011 ~ Aug. 1, 2014, payable at maturity date; interest payable monthly	1.56%	Stocks	3,500,000
Taipei Fubon Bank	Dec. 26, 2013 ~ Jul. 21, 2015, payable at maturity date; interest payable monthly	1.45%~1.52%	Land and factories	3,300,000
Chang Hwa Bank	Aug. 1, 2012 ~ Aug. 1, 2015, payable at maturity date; interest payable monthly	1.59%	Land and factories	2,500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2013
Taiwan Cooperative Bank	Aug. 1, 2011 ~ Aug. 1, 2014, payable at maturity date; interest payable monthly	1.43%~1.45%	Stocks	\$ 2,200,000
Chang Hwa Bank	Aug. 14, 2013 ~ Aug. 14, 2016, payable at maturity date; interest payable monthly	1.59%	Land	400,000
Taishin Bank	Aug. 14, 2013 ~ Aug. 14, 2016, payable at maturity date; interest payable monthly	1.56%	Stocks	300,000
Mega International Commercial Bank	Jan. 2004 ~ Mar. 2014, principal payable semi-annually	1.51%~1.53%	Equipment	127,000
Non-financial sector borrowings Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, principal payable at maturity date; interest payable monthly	1.07%~1.18%	Equipment	147,992
				46,911,464
Less: Current portion of long-term bank loans				(11,663,866)
Current portion of long-term notes payable				(127,000)
				<u>\$ 35,120,598</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 Company obtained a syndicated loan with Bank of Communications as the lead bank. Due to the expansion of the six Naphtha Cracker project, the Company re-entered into the long-term loan agreement with the banks on May 15, 2006. The details were as follows:

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

(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.

As of December 31, 2014, \$1,724,000 of loans had not been disbursed.

The Company 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 Company fails to meet the required covenants, a capital increase has to be completed by June of the following year.

C. The Company has signed contracts for syndicated loans with Mega Bank and other banks 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 Company 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 Company fails to meet the required covenants, a capital increase has to be completed by June of the following year.

(13) Pensions

A.(a) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. 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 the Trust Department of Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet (recorded as other non-current liabilities) are determined as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Present value of funded obligations	\$ 8,087,755	\$ 8,060,510
Fair value of plan assets	(5,611)	(5,167)
	8,082,144	8,055,343
Unrecognised actuarial gains	(307,845)	(135,593)
Net liability in the balance sheet	<u>\$ 7,774,299</u>	<u>\$ 7,919,750</u>

(c) Changes in present value of funded obligations are as follows:

	<u>2014</u>	<u>2013</u>
Present value of funded obligations		
At January 1	\$ 8,060,510	\$ 8,041,227
Current service cost	106,232	111,694
Interest expense	152,547	132,094
Actuarial gain and loss	172,337	109,111
Benefits paid	(403,871)	(333,616)
At December 31	<u>\$ 8,087,755</u>	<u>\$ 8,060,510</u>

(d) Changes in fair value of plan assets are as follows:

	<u>2014</u>	<u>2013</u>
Fair value of plan assets		
At January 1	\$ 5,167	\$ 12,509
Expected return on plan assets	64	108
Actuarial gain and loss	85 (	5)
Employer contributions	58,738	59,053
Benefits paid	(58,443)	(66,498)
At December 31	<u>\$ 5,611</u>	<u>\$ 5,167</u>

(e) Amounts of expenses recognised in statements of comprehensive income are as follows:

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Current service cost	\$ 106,232	\$ 111,694
Interest cost	152,547	132,094
Expected return on plan assets	(64)	(108)
Current service cost	<u>\$ 258,715</u>	<u>\$ 243,680</u>

Details of cost and expenses recognised in statements of comprehensive income are as follows:

	For the years ended December 31,	
	2014	2013
Cost of sales	\$ 180,489	\$ 168,422
Selling expenses	7,360	6,780
General and administrative expenses	70,866	68,478
	<u>\$ 258,715</u>	<u>\$ 243,680</u>

(f)The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The composition of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's 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.

For the years ended December 31, 2014 and 2013, the Company's actual return on plan assets were \$149 and \$103, respectively.

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

	For the years ended December 31,	
	2014	2013
Discount rate	1.90%	1.65%
Future salary increases	2.50%	2.50%
Expected return on plan assets	1.65%	1.65%

Future mortality rate was estimated based on the Taiwan Annuity Table.

(h) Historical information of experience adjustments was as follows:

	For the years ended December 31,		
	2014	2013	2012
Present value of defined benefit obligation	\$ 8,087,755	\$ 8,060,510	\$ 8,041,227
Fair value of plan assets	(5,611)	(5,167)	(12,509)
Surplus/(deficit) in the plan	<u>\$ 8,082,144</u>	<u>\$ 8,055,343</u>	<u>\$ 8,028,718</u>
Experience adjustments on plan liabilities	<u>\$ 172,337</u>	<u>\$ 109,111</u>	<u>\$ 26,514</u>
Experience adjustments on plan assets	<u>(\$ 85)</u>	<u>\$ 5</u>	<u>(\$ 37)</u>

i. Effective July 1, 2005, the Company has 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 contributes 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.

ii. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2014 and 2013 were \$147,221 and \$146,194, respectively.

(14) Capital stock

A. As of December 31, 2014, the authorised and paid-in capital was \$58,611,863, consisting of 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, 2014 and 2013 are set forth belows:

For the year ended December 31, 2014					
Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
reclassified from long-term investment to treasury stock	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>

For the year ended December 31, 2013

Reason for reacquisition	Subsidiary	Beginning shares	Additions	Disposal	Ending shares
Parent company shares held by subsidiaries	Formosa Taffeta Co.	10,892,826	326,784	-	11,219,610
reclassified from long-term investment to treasury stock	Formosa Advanced Technologies Co.	6,943,488	208,304	(7,151,792)	-
		<u>17,836,314</u>	<u>535,088</u>	<u>(7,151,792)</u>	<u>11,219,610</u>

C.The market value of treasury stocks was \$60.9 and \$84 (in dollars) per share at December 31, 2014 and 2013, respectively.

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

(15) Capital surplus

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

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,	<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>

For the year ended December 31, 2013

	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, 2013	\$ 2,710,554	\$ 5,514,032	\$ 95,051	\$ -	\$ -	\$ 204,224
Disposal of the parent company's stock by subsidiaries	-	-	21,154	-	-	-
Dividends allocated to subsidiaries	-	-	3,757	-	-	-
Effect from net stockholding of associates recognised using equity method	-	-	-	80,035	-	-
Difference between acquisition or disposal price and book value of subsidiaries' stockholding	-	-	-	-	3,771	-
At December 31, 2013	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 119,962</u>	<u>\$ 80,035</u>	<u>\$ 3,771</u>	<u>\$ 204,224</u>

(16) Retained earnings

A. Under the Company'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 Company shall distribute remainder of earnings, after setting aside interest on capital, legal reserve and 0.1%~1% as employees' bonus, as dividends to stockholders.

- B. The Company 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, employee bonus and special reserves shall be distributed to stockholders. The Company would prefer cash dividend. If the Company 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 Company 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.
- E. The appropriation of 2013 earnings had been proposed by the Board of Directors on June 16, 2014 and the appropriation of 2012 earnings had been resolved at the stockholders' meeting on June 17, 2013. Details are as follows:

	For the years ended December 31,			
	2014		2013	
	Amount	Dividends per share (in dollar)	Amount	Dividends per share (in dollar)
Legal reserve	\$ 2,486,364		\$ 709,426	
Special reserve	2,551,455		-	
Cash dividends	14,652,966	\$ 2.50	3,698,806	\$ 0.65
Stock dividends	-	-	1,707,142	0.30
Total	<u>\$ 19,690,785</u>		<u>\$ 6,115,374</u>	

Note : The employees' bonus for 2013 and 2012 which were resolved at the stockholders' meetings were \$51,345 thousand and \$9,716 thousand, respectively.

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

F.The Company estimated employees' bonus of \$39,710 thousand and \$51,345 thousand for 2014 and 2013, respectively, based on the percentage stated in the Articles of Incorporation, taking into consideration net profit for 2014 and 2013, balances of legal reserve, special reserve, shareholder dividends, and other factors. Because the Company allocates employees' bonus in cash, the amount shall be recognised as operating cost and expense of the current period. However, if there is difference between the actual distributes amount of employees' bonus resolved at the stockholders' meeting in the next year and the accrued amount, the difference is recognised in the following year's profit and loss.

G.The resolution of the appropriations of the 2014 net income was approved during the Board of Directors meeting on March 21, 2015 as follows:

	For the year ended December 31, 2014	
	Amount	Dividends per share (in dollar)
Legal reserve	\$ 1,053,029	
Cash dividends	7,033,424	\$ 1.20
	<u>\$ 8,086,453</u>	

Note: The employees' bonus resolved by the Board of Directors during its meeting was \$24,257 for 2014.

(17) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
January 1, 2014	\$ 1,792	\$ 76,475,419	\$ 684,059	\$ 77,161,270
Unrealised gain (loss) on available-for-sale investments:				-
–Parent company	-	9,663,491	-	9,663,491
–Subsidiaries	- (	1,801,600)	- (	1,801,600)
–Associates	-	3,242,913	-	3,242,913
Cash flow hedges:				
–Associates	(4,414)	-	- (	4,414)
Currency translation differences:				
–Parent company	-	-	3,202,585	3,202,585
–Tax of parent company	-	- (	542,225)	(542,225)
–Subsidiaries	-	-	262,579	262,579
–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>

	<u>Hedging reserve</u>	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2013	(\$ 12,791)	\$ 60,584,440	(\$ 1,475,476)	\$ 59,096,173
Unrealised gain (loss) on available-for-sale investments:				-
–Parent company	-	13,680,425	-	13,680,425
–Subsidiaries	- (	213,074)	- (	213,074)
–Associates	-	2,423,628	-	2,423,628
Cash flow hedges:				
–Associates	14,583	-	-	14,583
Currency translation differences:				
–Parent company	-	-	2,299,021	2,299,021
–Tax of parent company	-	- (	310,497)	(310,497)
–Subsidiaries	-	-	56,955	56,955
–Associates	-	-	114,056	114,056
At December 31, 2013	<u>\$ 1,792</u>	<u>\$ 76,475,419</u>	<u>\$ 684,059</u>	<u>\$ 77,161,270</u>

(18) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Sales revenue	\$ 299,553,260	\$ 331,139,391
Service revenue	213	213
Other operating revenue	216,928	197,475
	<u>\$ 299,770,401</u>	<u>\$ 331,337,079</u>

(19) Other income

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Rental revenue	\$ 162,039	\$ 166,579
Interest income:		
Interest income from bank deposits	13,386	4,901
Interest from current account with others	286,748	299,945
Other interest income	52,714	71,636
Dividend income	2,095,058	958,472
Other revenue	669,183	613,455
	<u>\$ 3,279,128</u>	<u>\$ 2,114,988</u>

(20) Other gains and losses

	For the years ended December 31,	
	2014	2013
Net losses on financial assets at fair value through profit or loss	\$ 5,554	\$ -
Net gains on financial liabilities at fair value through profit or loss	-	61,915
Net currency exchange gains	1,414,347	1,216,709
Gains on disposal of investments	2,919,461	40,930
Gains on disposal of property, plant and equipment	722,524	125,323
Impairment loss on property, plant and equipment	- (	763,757)
Other losses	(107,877)	(141,430)
	<u>\$ 4,954,009</u>	<u>\$ 539,690</u>

(21) Finance costs

	For the years ended December 31,	
	2014	2013
Interest expense:		
Bank loans	\$ 625,865	\$ 827,749
Corporate bond	1,021,672	879,599
Current account with others	533	3,085
Discount	68,040	58,612
Other interest expenses	59,400	112,384
	<u>1,775,510</u>	<u>1,881,429</u>
Less: capitalisation of qualifying assets	(92,148)	(71,263)
Finance costs	<u>\$ 1,683,362</u>	<u>\$ 1,810,166</u>

(22) Expenses by nature

	For the years ended December 31,	
	2014	2013
Depreciation charges on property, plant and equipment	\$ 8,474,169	\$ 8,901,949
Employee benefit expense	7,375,866	7,388,086
Amortisation	2,984,694	3,962,806
Manufacturing and operating expenses	<u>\$ 18,834,729</u>	<u>\$ 20,252,841</u>

(23) Employee benefit expense

	For the years ended December 31,	
	2014	2013
Wages and salaries	\$ 6,225,259	\$ 6,241,894
Labor and health insurance fees	380,996	371,875
Pension costs	405,936	389,874
Other personnel expenses	363,675	384,443
	<u>\$ 7,375,866</u>	<u>\$ 7,388,086</u>

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2014	2013
Current tax:		
Current tax on profits for the period	\$ -	\$ 1,803,026
Adjustments in respect of prior years	(15,564)	1,084
Total current tax	<u>(15,564)</u>	<u>1,804,110</u>
Deferred tax:		
Origination and reversal of temporary differences	659,577	482,027
Income tax expense	<u>\$ 644,013</u>	<u>\$ 2,286,137</u>

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

	For the years ended December 31,	
	2014	2013
Currency translation differences	<u>(\$ 542,225)</u>	<u>(\$ 310,497)</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2014	2013
Tax calculated based on profit before tax and statutory tax rate	\$ 1,899,631	\$ 4,615,462
Effect from items disallowed by tax regulation	(1,577,204)	(1,923,402)
Effect from investment tax credit	(154,715)	(321,005)
Effect from five-year exemption	-	(307,892)
Effect from allowance for deferred tax assets	(321,790)	107,002
Additional 10% tax on undistributed earnings	772,431	97,888
Under provision of prior year's income tax	25,660	18,084
Income tax expense	<u>\$ 644,013</u>	<u>\$ 2,286,137</u>

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

For the year ended December 31, 2014				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Loss on inventory	\$ 27,602	\$ 239,373	\$ -	\$ 266,975
Unrealized gain from downstream transactions	63,713	(57,578)	-	6,135
Unfunded pension expense	1,386,397	(65,951)	-	1,320,446
Investment tax credits	738,195	(692,847)	-	45,348
Fixed asset impairment loss	133,141	(41,417)	-	91,724
Others	2,336	45,353	-	47,689
	<u>2,351,384</u>	<u>(573,067)</u>	<u>-</u>	<u>1,778,317</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	(151,357)	-	(542,225)	(693,582)
Unrealised exchange gain	(42,408)	(86,510)	-	(128,918)
	<u>(193,765)</u>	<u>(86,510)</u>	<u>(542,225)</u>	<u>(822,500)</u>
	<u>\$ 2,157,619</u>	<u>(\$ 659,577)</u>	<u>(\$ 542,225)</u>	<u>\$ 955,817</u>

For the year ended December 31, 2013				
			Recognised in other comprehensive	
	January 1	Recognised in profit or loss	income	December 31
Deferred tax assets:				
Temporary differences				
Currency translation differences	\$ 159,140	\$ -	(\$ 159,140)	\$ -
Unrealised exchange gain	9,042	(9,042)	-	-
Loss on inventory	19,837	7,765	-	27,602
Unrealized gain from downstream transactions	11,321	52,392	-	63,713
Unfunded pension expense	1,374,075	12,322	-	1,386,397
Investment tax credits	1,373,426	(635,231)	-	738,195
Fixed asset impairment loss	3,302	129,839	-	133,141
Others	-	2,336	-	2,336
	<u>2,950,143</u>	<u>(439,619)</u>	<u>(159,140)</u>	<u>2,351,384</u>
Deferred tax liabilities:				
Temporary differences				
Currency translation differences	-	-	(151,357)	(151,357)
Unrealised exchange gain	-	(42,408)	-	(42,408)
	<u>-</u>	<u>(42,408)</u>	<u>(151,357)</u>	<u>(193,765)</u>
	<u>\$ 2,950,143</u>	<u>(\$ 482,027)</u>	<u>(\$ 310,497)</u>	<u>\$ 2,157,619</u>

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

December 31, 2014			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Invest in barren areas	\$ 86,339	\$ 40,991	2017
"	49,779	49,779	2018
Investments in emerging important strategic industries	91,362	91,362	2017
	<u>\$ 227,480</u>	<u>\$ 182,132</u>	

December 31, 2013			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
Invest in barren areas	\$ 144,149	\$ 107,002	2016
"	164,778	-	2017
Investments in emerging important strategic industries	536,270	-	2016
	<u>\$ 845,197</u>	<u>\$ 107,002</u>	

E.The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	December 31, 2014	December 31, 2013
Deductible temporary differences	<u>\$ -</u>	<u>\$ 2,334,827</u>

F.The Company's income tax returns through 2012 have been assessed and approved by the Tax Authority.

G.Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and before 1997	\$ 6,198,462	\$ 6,198,462
Earnings generated in and after 1998	28,142,155	37,171,965
	<u>\$ 34,340,617</u>	<u>\$ 43,370,427</u>

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

	December 31, 2014	December 31, 2013
Balance of the imputation credit account	<u>\$ 2,533,329</u>	<u>\$ 1,813,230</u>
	<u>2014 (Estimate)</u>	<u>2013 (Actual)</u>
Creditable tax rate	<u>9.00%</u>	<u>12.85%</u>

(25) 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 period.

For the years ended December 31, 2014 and 2013, the earnings per share are calculated as follows:

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>					
Net income	<u>\$ 11,174,301</u>	<u>\$ 10,530,288</u>	<u>5,844,385</u>	<u>\$ 1.91</u>	<u>\$ 1.80</u>

For the year ended December 31, 2013					
	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</u>					
Net income	<u>\$ 27,149,782</u>	<u>\$ 24,863,645</u>	<u>5,844,603</u>	<u>\$ 4.65</u>	<u>\$ 4.25</u>

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, 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</u>					
Net income	<u>\$ 11,174,301</u>	<u>\$ 10,530,288</u>	<u>5,861,186</u>	<u>\$ 1.91</u>	<u>\$ 1.80</u>

For the year ended December 31, 2013					
	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</u>					
Net income	<u>\$ 27,149,782</u>	<u>\$ 24,863,645</u>	<u>5,861,186</u>	<u>\$ 4.63</u>	<u>\$ 4.24</u>

The average weighted outstanding stocks as of December 31, 2013 were adjusted in accordance with the percentage of unappropriated retained earnings transferred to capital in 2013 retrospectively.

(26) Non-cash transaction

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2014	2013
Purchase of fixed assets	\$ 3,665,968	\$ 3,773,650
Add: opening balance of payable on equipment	790,813	365,182
Less: ending balance of payable on equipment	(804,482)	(790,813)
Cash paid during the period	<u>\$ 3,652,299</u>	<u>\$ 3,348,019</u>

B. Financing activities with partial cash payments:

	For the years ended December 31,	
	2014	2013
Distribution of cash dividends	\$ 14,652,966	\$ 3,698,806
Increase in dividends payable	(506,609)	(113,244)
Cash dividends paid during the year	<u>\$ 14,146,357</u>	<u>\$ 3,585,562</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Sales of goods:

	For the years ended December 31,	
	2014	2013
Sales of goods:		
— Subsidiaries	\$ 59,704,075	\$ 70,504,231
— Associates	35,460,208	41,131,396
— Other related parties	39,443,132	43,220,184
	<u>\$ 134,607,415</u>	<u>\$ 154,855,811</u>

The selling prices and terms for related parties are the same with non-related parties. The collection terms for overseas related parties are described in Note 13(1).

B. Purchases of goods:

	For the years ended December 31,	
	2014	2013
Purchases of goods:		
— Subsidiaries	\$ 1,721,063	\$ 1,446,390
— Associates	177,833,055	196,244,372
— Other related parties	16,172,351	15,211,645
	<u>\$ 195,726,469</u>	<u>\$ 212,902,407</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:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Receivables from related parties:		
— Subsidiaries	\$ 6,430,862	\$ 11,184,858
— Associates	1,987,077	4,356,523
Other related parties	<u>2,769,037</u>	<u>3,402,137</u>
	11,186,976	18,943,518
Other receivables:		
— Associates	<u>9,046,000</u>	<u>2,116,957</u>
	<u>\$ 20,232,976</u>	<u>\$ 21,060,475</u>

The receivables from related parties arise mainly from sale transactions. The receivables are due 30~120 days after the date of sale. There are no provisions held against receivables from related parties.

D. Payables to related parties:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Payables to related parties:		
— Subsidiaries	\$ 166,633	\$ 111,069
— Associates	10,501,777	20,729,135
— Other related parties	<u>1,113,960</u>	<u>1,480,777</u>
	<u>\$ 11,782,370</u>	<u>\$ 22,320,981</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>2014</u>	<u>2013</u>
Expansion and repair works of factory sites:		
— Associates	\$ 212,427	\$ 187,447
— Other related parties	<u>54,723</u>	<u>72,040</u>
	<u>\$ 267,150</u>	<u>\$ 259,487</u>

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Payables to related parties:		
— Associates	\$ 254	\$ 7,158
— Other related parties	<u>7,515</u>	<u>3,151</u>
	<u>\$ 7,769</u>	<u>\$ 10,309</u>

The Company 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.

F. Financing

(a) Ending balance of accounts receivable - related parties

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Subsidiaries	\$ 1,825,000	\$ 1,375,300
Associates	6,060,000	2,500,700
Other related parties	12,087,440	10,800,000
	<u>\$ 19,972,440</u>	<u>\$ 14,676,000</u>

(b) Interest income

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Subsidiaries	\$ 19,597	\$ 16,338
Associates	100,429	40,468
Other related parties	165,901	242,939
	<u>\$ 285,927</u>	<u>\$ 299,745</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan was made; interest was collected at 1.61%~1.65% per annum for the years ended December 31, 2014 and 2013.

(c) Interest expense

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Associates	\$ -	\$ 1,253
Other related parties	-	-
	<u>\$ -</u>	<u>\$ 1,253</u>

The loan terms from related parties are in accordance with the contract's repayment schedule after the loan was made; interest is paid at a rate of 1.62%~1.63% for the year ended December 31, 2013.

G. Receivables for payment on behalf of others

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Associates	\$ 895,043	\$ -

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

H. Operating expenses

	<u>For the years ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Transportation charges		
— Other related parties	\$ 407,513	\$ 140,537

I.Rental revenue

	For the years ended December 31,	
	2014	2013
Subsidiaries	\$ 23,683	\$ 23,578
Associates	33,339	45,042
Other related parties	92,172	84,563
	<u>\$ 149,194</u>	<u>\$ 153,183</u>

The rental prices 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,	
	2014	2013
Purchase of property, plant and equipment		
— Associates	\$ -	\$ 87,139
— Other related parties	-	-
	<u>\$ -</u>	<u>\$ 87,139</u>

(b) Disposal of property, plant and equipment

	For the years ended December 31,	
	2014	2013
— Associates	\$ -	\$ 11,399,315
— Other related parties	-	-
	<u>\$ -</u>	<u>\$ 11,399,315</u>

(c)Acquisition of investment property

	Items	Number of shares	Name of the securities	2014 Addition amount
Associates	Investments accounted for using equity method	116,250,000	Formosa Resources Corporation	\$ 1,162,500
	Investments accounted for using equity method	45,351	Formosa Biomedical Technology	574,594
	Investments accounted for using equity method	12,500	Formosa Group Corp. (Cayman)	377
	Investments accounted for using equity method	-	Formosa Ha Tinh(Cayman) Limited (Note)	15,325,352
	Investments accounted for using equity method	1,500,000	Formosa Construction Corp.	15,000
Other related parties				-
				<u>\$ 17,077,823</u>

	Items	Number of shares	Name of the securities	2013 Addition amount
Associates	Investments accounted for using equity method	-	Formosa Ha Tinh Steel Corporation Tinh (Cayman) (Note)	\$ 8,398,938
	Investments accounted for using equity method	300,000,000	Formosa Resources Corporation	3,000,000
	Investments accounted for using equity method	12,500	Formosa Group Corp. (Cayman)	377
Other related parties				-
				<u>\$ 11,399,315</u>

(c) Disposal of investment property

			December 31, 2014	
	Items	Number of shares	Name of the securities	Addition amount Gain (loss) on disposal
Associates	Investments accounted for using equity method	-	Formosa Ha Tinh (Cayman) Limited (Note)	\$ 15,325,352 \$ -
Other related parties	Investments accounted for using equity method	17,200,000	Formosa Petrochemical Corp.	1,324,400 921,392
				<u>\$ 16,649,752 \$ 921,392</u>

Note: After the reorganization in September 2014, the Group now indirectly holds Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh (Cayman) Limited as described in Note 6(8)F.

K. Sales of materials:

The amounts of raw materials sold and the accounts receivable at the period-end from the investees located in China and Vietnam are listed below:

		For the years ended December 31,	
		2014	2013
Sales of materials:			
— Associates		\$ 730,873	\$ 1,292,588
— Other related parties		-	-
		<u>\$ 730,873</u>	<u>\$ 1,292,588</u>
		December 31, 2014	December 31, 2013
Receivable from sales of materials:			
— Subsidiaries		\$ 71,498	\$ 32,431

L. Donation

		For the years ended December 31,	
		2014	2013
Other related parties		\$ 4,869	\$ 7,632

(2) Key management compensation

		For the years ended December 31,	
		2014	2013
Salaries		\$ 103,666	\$ 94,760
Post-employment benefits		1,652	1,571
		<u>\$ 105,318</u>	<u>\$ 96,331</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2014	December 31, 2013	
Long-term equity investments accounted for under the equity method	\$ 11,140,319	\$ 11,118,394	Collaterals for bank loans
Net fixed assets	9,783,510	8,329,839	"
Available-for-sale financial assets - non-current	-	836,448	"
	<u>\$ 20,923,829</u>	<u>\$ 20,284,681</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

The details of commitments and contingencies as of December 31, 2014 were as follows:

- (1) Capital expenditures contracted for property, plant and equipment at the balance sheet date but not yet incurred amounted to \$4,801,445.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to SGD103,000, US\$109,340,000, EUR7,089,000 and ¥65,502,000.
- (3) Formosa ABS Plastics (Ningbo) Co., Ltd. has received a 5-year long-term loan with a credit line of US\$77 million from Mega International Commercial Bank in 2011. The Company has provided a commitment letter and will arrange capital to assist the borrowing company on reimbursement and fulfilling other obligations as the Company controls the borrowing company's operations.
- (4) Formosa Phenol (Ningbo) Limited Co. entered into a five-year, long-term loan with Mega Bank, Bank of Taiwan, Chang Hwa Bank, Taiwan Cooperative Bank, Mizuho Corporate Bank, Taipei Fubon Bank, E. Sun Bank, Yuanta Bank, and Export-Import Bank of China, which were the arrangers, for US\$69 million and RMB¥190 million to support the borrowers in completing the building of factories and in settling the loans.
- (5) Formosa Chemical Industries (Ningbo) Limited Co. has received a 5-year long-term loan with a credit line of US\$80 million and RMB\$120 million from Bank of Taiwan in 2014. The Company has provided a commitment letter and will arrange capital to assist the borrowing company on reimbursement and fulfilling other obligations as the Company controls the borrowing company's operations.
- (6) The Company signed a 7-year syndicated long-term loan contract with the consortium which included Mega Bank, Bank of Taiwan, Chang Hwa Bank, Hua Nan Bank, Taiwan Cooperative Bank and Land Bank of Taiwan in the amount of \$12.1 billion for the year ended December 31, 2014. As of December 31, 2014, the loan facility had been used and the land in Taisu Industrial Park, Mailiao Township, Yunlin was pledged as collateral.

- (7)The Company's investee under the equity method-Formosa Synthetic Rubber Corp. (Ningpo) signed a syndicated loan contract with a consortium, which included Taiwan Cooperative Bank, for US\$130 million and RMB300 million due to operational needs. According to the demands of the consortium, the Company has to offer a promissory note in accordance with its ownership percentage and has to manage the necessary funds to fulfill the repayment obligations when needed.
- (8)Formosa Resource Australia Pty Ltd., an investee company of the Company's investee accounted for under the equity method-Formosa Resource Corp., needs to sign a loan with ANI Bank for US\$600 million for capital to invest in mineral resources. Under the loan agreement, the Company has to offer a promissory note in accordance with its ownership percentage and has to support the debtor to repay the above loan within necessary limits.
- (9)As of December 31, 2014, the pledged amount for the purchase of major raw materials was US\$8,019,000.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1)The Board of Directors has resolved the appropriation of 2014 earnings on March 20, 2015. Details are provided in Note 6(17) G.
- (2)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 of borrowings for 1~5 years duration with various banks. Complying with the aforementioned borrowing needs, the Company plans to provide guarantee proportionately to shareholding ratio and the Company is liable for the borrowing company's 25% debt. The Board of Directors has approved the plan on March 20, 2015.
- (3)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 will issue 10-year overseas corporate bonds with the ceiling of issuing amount of USD\$1.3 million. Complying with the aforementioned overseas corporate bonds, the Company plans to provide guarantee proportionately to shareholding ratio and the Company guarantees to pay for 25% of obligation arising from the overseas corporate bonds. The Board of Directors has approved the plan on March 20, 2015.
- (4)The Company raises long-term funds for expansion, replacing old plant equipment, repayment of obligation, fulfilling operating funds and investment in local or overseas business. On March 20, 2015, the Board of Directors has resolved the plan for issuing unsecured ordinary corporate bonds of \$5,000,000.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' 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, 2014 and 2013 were as follows:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Total borrowings	\$ 106,773,700	\$ 106,413,464
Less: cash and cash equivalents	(4,105,649)	(393,370)
Net debt	102,668,051	106,020,094
Total equity	<u>277,882,091</u>	<u>267,412,721</u>
Total capital	<u>\$ 380,550,142</u>	<u>\$ 373,432,815</u>
Gearing ratio	27%	28%

(2) Financial instruments

A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (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 Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

(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 Company'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 Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to manage its foreign exchange risk against its functional currency. The Company hedges its entire foreign exchange risk exposure. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward foreign exchange contracts.
- iii. The Company hedges recognised 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 Company also monitors the changes in the exchange rate and sets stop loss points to lower the risk from exchange rate.
- iv. The Company's businesses involve some non-functional currency operations. 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, 2014			
Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 743,999	31.72	\$ 23,598,160
JPY : NTD	13,703	0.27	3,631
EUR : NTD	15,853	38.53	610,832
<u>Non-monetary items</u>			
RMB : NTD	\$ 7,051,180	5.18	36,549,982
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	\$ 172,321	31.72	\$ 5,465,677
JPY : NTD	578,181	0.27	153,218
USD : RMB	979,328	31.72	31,062,326
December 31, 2013			
Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 445,275	29.95	\$ 13,335,986
JPY : NTD	166,553	0.28	47,401
<u>Non-monetary items</u>			
RMB : NTD	\$ 7,324,007	4.91	\$ 35,977,954
USD : NTD	33,344	29.95	998,653
VND : NTD	20,927,875,514	0.001419	29,696,655
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 293,169	29.95	\$ 8,780,412
JPY : NTD	531,945	0.28	151,392

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

For the 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%	\$ 235,982	\$ -	
JPY : NTD	1%	36	-	
EUR : NTD	1%	6,108	-	
<u>Non-monetary items</u>				
RMB : NTD	1%	222,111	\$ -	
USD : NTD	1%	10,368,228	-	
VND : NTD	1%	365,500	-	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 54,657	\$ -	
JPY : NTD	1%	1,532	-	
USD : NTD	1%	310,623	-	
For the year ended December 31, 2013				
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%	\$ 133,360	\$ -	
JPY : NTD	1%	474	-	
<u>Non-monetary items</u>				
USD : NTD	1%	\$ 9,987	\$ -	
VND : NTD	1%	29,696,655	-	
RMB : NTD	1%	359,780	-	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 87,804	\$ -	
JPY : NTD	1%	1,514	-	

Price risk

- A. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, components of equity for the years ended December 31, 2014 and 2013 would have increased/decreased by \$921,019 and \$833,879, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

- A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company 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 Company to fair value interest rate risk. During the years ended December 31, 2014 and 2013, the Company's borrowings at variable rate were denominated in the NTD and USD.
- B. At December 31, 2014 and 2013, 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, 2014 and 2013 would have been \$325,404 and \$389,365 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 Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company 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 Company 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 Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company'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 Company 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 Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	\$ 1,568,400	\$ -	\$ -	\$ -
Accounts payable (including related parties)	15,570,809	-	-	-
Other payables (including related parties)	3,878,921	-	-	-
Bonds payable	10,000,000	9,500,000	18,650,000	27,850,000
Long-term borrowings	9,785,113	16,130,114	9,256,740	4,033,333

Non-derivative financial liabilities:

<u>December 31, 2013</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	\$ 1,702,000	\$ -	\$ -	\$ -
Accounts payable (including related parties)	26,160,158	-	-	-
Other payables (including related parties)	4,289,327	-	-	-
Bonds payable	7,800,000	10,000,000	21,950,000	18,050,000
Long-term borrowings	11,663,866	16,872,866	18,218,133	29,598
Long-term notes payable	127,000	-	-	-

- iv. The Company 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. The table below analyses financial instruments measured at fair value, by valuation method.

The different levels have been defined as follows:

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

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

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

The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Available-for-sale financial assets				
Equity securities	<u>\$ 92,101,877</u>	<u>\$ 2,527,682</u>	<u>\$ -</u>	<u>\$ 94,629,559</u>
<u>December 31, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Available-for-sale financial assets				
Equity securities	<u>\$ 82,784,778</u>	<u>\$ 2,326,638</u>	<u>\$ -</u>	<u>\$ 85,111,416</u>

- B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.
- C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- E. Specific valuation techniques used to value financial instruments include:
- (a) Quoted market prices or dealer quotes for similar instruments.
 - (b) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
 - (c) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
 - (d) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers”, significant transactions for the year ended December 31, 2014 are stated as follows.

A. Loans to others:

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 3)	Balance at December 31, 2014 (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	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
0	The Company	Formosa Plastics Corp.	Other receivables-related parties	Yes	\$ 8,000,000	\$ 6,000,000	\$ -	1.61~1.64	1	2	-	\$ -	None	-	\$ 69,470,523	\$ 138,941,046
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables-related parties	Yes	800,000	800,000	-	1.61~1.64	1	2	-	-	None	-	69,470,523	138,941,046
0	The Company	Nan Ya Plastics Corp.	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.61~1.64	1	2	-	-	None	-	69,470,523	138,941,046
0	The Company	Formosa Biomedical Technology Corp.	Other receivables-related parties	Yes	600,000	600,000	340,000	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	12,400,000	9,000,000	3,000,000	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	3,247,240	3,247,240	2,537,440	0.73~0.74	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 3)	Balance at December 31, 2014 (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	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ 845,600	1.61~1.64	1	2	-	\$ -	None	-	\$ 69,470,523	\$ 138,941,046
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	9,400	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	1,600,000	1,600,000	630,000	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Mai-Liao Power Corp.	Other receivables-related parties	Yes	1,729,135	-	-	1.61	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Energy & Material Technology Corp.	Other receivables-related parties	Yes	1,600,000	-	-	1.61	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	-	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	11,800,000	8,500,000	2,500,000	1.61~1.64	1	2	-	-	None	-	69,470,523	138,941,046
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	15,300,000	10,200,000	8,700,000	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	820,000	820,000	560,000	1.61~1.64	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 3)	Balance at December 31, 2014 (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	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
0	The Company	Mai-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	\$ 1,000,000	\$ 850,000	\$ 850,000	1.63	2	1	Additional operating capital	\$ -	None	-	\$ 55,576,418	\$ 111,152,836
0	The Company	Formosa Synthetic Rubber Corp.	Other receivables-related parties	Yes	160,000	-	-	1.61	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Industries Corp., Vietnam	Other receivables-related parties	Yes	200,000	-	-	1.61	2	1	Additional operating capital	-	None	-	55,576,418	111,152,836
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	236,600	236,600	-	1.64	2	1	Additional operating capital	-	None	-	-	-
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	115,000	115,000	115,000	1.61~1.64	2	1	Additional operating capital	-	None	-	753,080	1,882,701
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	99,178	-	-	3.92	2	1	Additional operating capital	-	None	-	4,303,958	10,759,895
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	97,412	-	-	3.92	2	1	Additional operating capital	-	None	-	4,303,958	10,759,895

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 3)	Balance at December 31, 2014 (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	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	\$ 15,551	\$ 15,551	\$ 15,551	3.92	2	1	Additional operating capital	\$ -	None	-	\$ 4,303,958	\$ 10,759,895
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	668,672	668,672	668,672	3.92	2	1	Additional operating capital	-	None	-	4,303,958	10,759,895
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	124,343	-	-	3.92	2	1	Additional operating capital	-	None	-	4,401,132	11,002,830
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	808,226	-	-	3.92	2	1	Additional operating capital	-	None	-	4,401,132	11,002,830
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Co., Ltd.	Receivables from related party	Yes	686,371	-	-	3.92	2	1	Additional operating capital	-	None	-	4,401,132	11,002,830
3	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	204,618	-	-	3.92	2	1	Additional operating capital	-	None	-	4,401,132	11,002,830

Number (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 3)	Balance at December 31, 2014 (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	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)
													Item	Value		
4	Formosa PS (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 87,671	\$ -	\$ -	3.92	2	1	Additional operating capital	\$ -	None	-	\$ 885,894	\$ 2,214,735
4	Formosa PS (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	259,175	259,175	259,175	3.92	2	1	Additional operating capital	-	None	-	885,894	2,214,735
5	Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Co., Ltd.	Receivables from related party	Yes	74,606	-	-	3.92	2	1	Additional operating capital	-	None	-	3,247,078	8,117,694
5	Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Receivables from related party	Yes	267,410	-	-	3.92	2	1	Additional operating capital	-	None	-	3,247,078	8,117,694
5	Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	544,159	-	-	3.92	2	1	Additional operating capital	-	None	-	3,247,078	8,117,694
5	Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	619,863	-	-	3.92	2	1	Additional operating capital	-	None	-	3,247,078	8,117,694

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, 2014

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 limit on loans granted to others:

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

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

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

B. Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2014 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2014	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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	The Company	Formosa Industries Corp., Vietnam	1	\$ 14,367,572	\$ 4,909,167	\$ 4,485,591	\$ 4,485,591	\$ -	1.61%	\$ 421,052,260	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	180,623,359	29,140,913	29,140,913	13,202,618	-	10.49%	421,052,260	N	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	2	31,992,782	2,532,000	2,532,000	965,325	-	5.14%	63,985,565	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	2	31,992,782	2,057,250	2,057,250	-	-	4.18%	63,985,565	Y	N	N	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	3	31,992,782	2,985,490	2,985,490	466,521	-	6.07%	63,985,565	Y	N	Y	-
1	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	2	31,992,782	4,161,975	4,161,975	1,373,626	-	8.46%	63,985,565	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 the 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 the 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, and provision to the party in Mainland China.

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

Securities held by	Marketable securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2014				Footnote
	Type	Name			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	\$ 35,208,559	7.65	\$ 35,208,559	-
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	2,527,683	14.97	2,527,683	-
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	27,072,968	5.21	27,072,968	-
The Company	Stocks	Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	233,420,339	18,907,047	9.69	18,907,047	-
The Company	Stocks	Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	14,936,190	183,715	3.47	183,715	-
The Company	Stocks	Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - noncurrent	132,464,038	10,729,587	5.50	10,729,587	-
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	-	-
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	-	-
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	12,881,742	1,800	2.00	-	-
The Company	Stocks	Taiwan Aerospace Corp.	-	Financial assets measured at cost - noncurrent	1,070,151	10,702	0.79	-	-
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	-	-
The Company	Stocks	Chinese Television System Corp.	-	Financial assets measured at cost - noncurrent	2,376,202	38,419	1.41	-	-
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	-	-
The Company	Stocks	Formosa Development Corp.	The Company is the issuer's supervisor	Financial assets measured at cost - noncurrent	13,639,080	90,010	18.00	-	-
The Company	Stocks	Formosa Network Technology Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	1,800,000	13,331	12.50	-	-
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	-	-

Securities held by	Marketable securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2014				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
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	\$ -	-
The Company	Stocks	Guangyuan Investment Corp.	-	Financial assets measured at cost - noncurrent	5,000,000	50,000	3.91	-	-
Tah Shin Spinning Corp.	Stocks	Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	5,760	1,217	-	467	-
Formosa Biomedical Technology Corp.	Stocks	Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	10,798	0.20	10,798	-
Formosa Biomedical Technology Corp.	Stocks	Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	2,875,000	115,288	5.25	115,288	-
Formosa Biomedical Technology Corp.	Stocks	Formosa Energy & Material Technology Corp.	Related party in substance	Financial assets measured at cost - noncurrent	5,300,000	38,520	15.14	-	-
Formosa Biomedical Technology Corp.	Stocks	Formosa Network Technology Corp.	Same as Formosa Biomedical Technology Corp.'s chairman	Financial assets measured at cost - noncurrent	401,920	3,395	2.79	-	-
Formosa Biomedical Technology Corp.	Stocks	Taiwan Leader Biotech Corp.	-	Financial assets measured at cost - noncurrent	2,100,000	21,033	7.41	-	-
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	-	-
Formosa Biomedical Technology Corp.	Stocks	United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,999,750	635,828	19.62	-	-
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	750,592	0.19	750,592	(Note 3)
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	46	-	46	-
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	31,584	0.01	31,584	-
Formosa Taffeta Co., Ltd.	Stocks	Hwa Ya Technologies Corp.	-	Available-for-sale financial assets - current	2,712,345	136,160	0.04	136,160	-
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	397,300	2.35	397,300	-

Securities held by	Marketable securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2014				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
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	\$ 1,129,988	0.58	\$ 1,129,988	-
Formosa Taffeta Co., Ltd.	Stocks	Formosa Petrochemical Corp.	Related party in substance	Available-for-sale financial assets - noncurrent	365,267,576	25,093,882	3.83	25,093,882	-
Formosa Taffeta Co., Ltd.	Stocks	Syntronix Corporation	-	Financial assets measured at cost - noncurrent	174,441	3,236	0.45	-	-
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	10.00	-	-
Formosa Taffeta Co., Ltd.	Stocks	Shin Yun Natural Gas Corp.	-	Financial assets measured at cost - noncurrent	507,237	3,099	1.20	-	-
Formosa Taffeta Co., Ltd.	Stocks	Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	6,690,134	47,897	3.17	-	-
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	9.53	-	-
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	2,613,228	82,055	0.16	82,055	-
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	-	Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	156	0.11	-	-
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	28	-	28	-
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	20,469	-	20,469	-
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	5,582,000	373,436	0.10	373,436	-
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 - current	1,214,557	98,379	0.05	98,379	-

Securities held by	Marketable securities		Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2014				Footnote
	Type	Name			Number of shares	Book value	Ownership (%)	Fair value	
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	\$ -	-
Formosa Advanced Technologies Co., Ltd.	Stocks	Syntronix Corporation	-	Financial assets measured at cost - noncurrent	59,945	1,181	0.16	-	-
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	401,096	-	401,096	-
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	251,009	-	251,009	-

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 considers the Company's stocks held by the subsidiaries - Formosa Taffeta Co., Ltd. and Formosa Advanced Technologies Co., Ltd. as treasury stocks. Details are provided in Note 6(15).

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

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

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2014		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2014	
					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	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	31,340	\$ 500,000	31,340	\$ 500,486	\$ 500,000	\$ 486	-	\$ -
The Company	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	119,162	1,400,000	119,162	1,401,285	1,400,000	1,285	-	-
The Company	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	127,998	1,900,000	127,998	1,901,605	1,900,000	1,605	-	-
The Company	Paradigm Pion Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	26,502	300,000	26,502	300,310	300,000	310	-	-
The Company	FSITC Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	9,729	1,700,000	9,729	1,701,090	1,700,000	1,090	-	-
The Company	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	40,736	500,000	40,736	500,159	500,000	159	-	-
The Company	SinoPac TWD Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	-	36,621	500,000	36,621	500,154	500,000	154	-	-

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2014		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2014	
					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	Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	\$ -	65,055	\$ 1,000,000	65,055	\$ 1,000,465	\$ 1,000,000	\$ 465	-	\$ -
The Company	Stocks	Investments accounted for under equity method	Formosa Resources Corporation	Investments accounted for using equity method	300,000	3,025,362	116,250	1,162,500	-	-	-	-	416,250	4,149,947
The Company	Stocks	Investments accounted for under equity method	Formosa Petrochemical Corp.	Investments accounted for using equity method	2,371,706	59,592,253	-	-	48,907	3,744,168	1,129,263	2,614,905	2,322,799	65,522,071
The Company	Stocks	Investments accounted for under equity method	Formosa Ha Tinh Steel Corp.	Investments accounted for using equity method	-	15,242,663	-	-	-	15,294,027	15,294,027	-	-	-
The Company	Stocks	Investments accounted for under equity method	Formosa Ha Tinh (Cayman) Limited	Investments accounted for using equity method	-	-	508,237	15,294,027	-	-	-	-	508,237	15,294,027
Formosa Taffeta Co., Ltd.	Stocks	Investments accounted for under equity method	Formosa Ha Tinh Steel Corp.	Investments accounted for using equity method	-	5,123,419	-	-	-	5,089,575	5,056,754	32,821	-	-
Formosa Taffeta Co., Ltd.	Stocks	Investments accounted for under equity method	Formosa Ha Tinh (Cayman) Limited	Investments accounted for using equity method	-	-	171,009	5,089,575	-	-	-	-	171,009	5,089,575

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2014		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2014	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Formosa Advanced Technologies Co., Ltd.	Jih Sun Money Market	Financial assets at fair value through profit or loss	-	-	-	\$ -	32,426	\$ 471,242	4,840	\$ 70,223	\$ 70,146	\$ 77	27,586	\$ 401,096
Formosa Advanced Technologies Co., Ltd.	Stocks	Available-for-sale financial assets - current	-	-	-	-	5,582	390,435	-	-	-	-	5,582	373,436

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: The accumulated consideration of acquisition or sale 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 the case that shares were issued with no par value or a par value other than \$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: Beginning balance plus/less addition/disposal during the period that does not agree with the ending balance was caused by gain/loss recognised using equity method or valuation adjustment.

Note 6: Beginning balance of shares plus/less addition/disposal during the period that does not agree with the ending balance was caused by receipt of stock dividend.

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:

Real estate disposed by	Real estate	Transaction date or Date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
The Company	Land and buildings in Changhua Ta Chu	2014.03	During June 1978	\$ 18,872	\$ 648,836 (Note)	Fully collected	\$ 447,422	Natural person	Third party	Disposal of idle lands	Valuers' valuations	-

(Note) Gain/loss on disposal plus the carrying amount that does not agree with transaction amount was caused by deduction of cost of disposals.

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

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

10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

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

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(\$ 3,081,455)	(1)	30 days	-	-	\$ 252,818	1	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(35,760,950)	(12)	30 days	-	-	2,458,735	14	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	(2,918,819)	(1)	60 days	-	-	288,160	39	-
									296,047	2	-
The Company	Formosa Taffeta (Dong Nai) Co., Ltd.	Sub-subsidiary	Sales	(248,161)	-	90 days after delivery	-	-	90,573	1	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Sales	(35,402,965)	(12)	30 days	-	-	1,983,882	11	-
The Company	Formosa Carpet Corp.	Subsidiary	Sales	(114,038)	-	30 days	-	-	5,597	-	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(9,693,506)	(3)	90 days	-	-	1,408,365	8	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(23,300,169)	(8)	90 days	-	-	1,072,102	6	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	Sales	(6,639,570)	(2)	90 days	-	-	1,771,339	10	-
The Company	Formosa Industries Corp.	Subsidiary	Sales	(4,352,854)	(1)	30 days	-	-	442,237	3	-
The Company	PFG Fiber Glass Corp.	The Company's Chairman is the counterparty's director	Sales	(449,700)	-	30 days	-	-	35,803	-	-
The Company	Nan Ya Plastics (America) Corp.	The Company's Chairman is the counterparty's director	Sales	(108,281)	-	30 days	-	-	15,859	-	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	(12,291,655)	(4)	30 days	-	-	1,050,241	6	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	\$ 7,477,312	2	30 days	-	-	(\$ 571,112)	(4)	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	8,695,039	2	30 days	-	-	(542,849)	(3)	-
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Purchases	177,833,055	50	30 days	-	-	(10,501,777)	(67)	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Purchases	592,174	-	45 days	-	-	(62,439)	-	-
The Company	Formosa Industries Corp.	Subsidiary	Purchases	170,652	-	30 days	-	-	(20,991)	-	-
The Company	Formosa BP Chemicals Corp.	Subsidiary	Purchases	1,097,044	-	30 days	-	-	(103,760)	(1)	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	(592,174)	(5)	30 days	-	-	62,439	11	-
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Recognises Formosa Idemitsu Petrochemical Corp. accounted for using equity method	Sales	(338,742)	(3)	30 days after the closing day	-	-	52,461	9	-
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	(1,097,044)	(18)	30 days	-	-	103,760	11	-
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	(964,113)	(16)	30 days	-	-	51,548	6	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	Sales	(1,142,295)	(19)	90 days after delivery	-	-	349,243	-	-
Formosa BP Chemicals Corp.	Nan Ya Plastics Corp.	The ultimate parent company Formosa Chemicals & Fibre Corp.'s chairman is the counterparty's director	Sales	(163,181)	(3)	15 days	-	-	12,539	38	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Same parent company	Sales	(\$ 748,401)	(10)	30 days	-	-	\$ 77,951	9	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	Sales	(1,798,839)	(25)	30 days	-	-	198,831	24	-
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	(597,147)	(8)	30 days	-	-	65,118	8	-
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	(680,061)	(9)	30 days	-	-	75,745	9	-
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS 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	(382,869)	(5)	30 days	-	-	50,594	6	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Power (Ningbo) Co., Ltd.	Formosa PS (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	(\$ 107,102)	(1)	30 days	-	-	\$ 11,408	1	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	(116,748)	(2)	15 days after monthly billings	-	-	22,882	-	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Super Absorbent Polymer (Ningbo) Corp.	Affiliated company	Sales	(110,719)	(2)	30 days	-	-	11,410	1	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	(330,771)	-	15 days after monthly billings	-	-	14,511	-	-
Formosa Industries Corp.	The Company	Parent company	Sales	(170,652)	(1)	30 days	-	-	20,990	1	-
Formosa Industries Corp.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Same parent company	Sales	(145,230)	(1)	90 days after delivery	-	-	41,853	2	-
Formosa Industries Corp.	Formosa Taffeta (Dong Nai) Co., Ltd.	Same parent company	Sales	(580,433)	(2)	90 days after delivery	-	-	-	-	-
Formosa Industries Corp.	Formosa Taffeta (Vietnam) Co., Ltd.	Same parent company	Sales	(307,038)	(1)	90 days after delivery	-	-	-	-	-
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	2,813,373	65	45 days	-	-	(135,538)	(93)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
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	\$ 5,752,524	29	90 days	-	-	(\$ 940,572)	(33)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Ultimate parent company's investee accounted for using equity method	Purchases	930,796	5	90 days	-	-	(55,766)	(2)	-
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Purchases	4,079,506	17	30 days	-	-	(1,499,896)	(49)	-
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Purchases	12,291,655	100	30 days	-	-	(1,050,241)	(100)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	The Company	Parent company	Purchases	9,693,506	48	90 days	-	-	(1,408,365)	(50)	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	The Company	Parent company	Purchases	23,300,169	84	90 days	-	-	(1,072,102)	(78)	-
Formosa PS (Ningbo) Co., Ltd.	The Company	Parent company	Purchases	6,639,570	71	90 days	-	-	(1,771,339)	(97)	-
Formosa PS (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Co., Ltd.	Same parent company	Purchases	107,102	1	30 days	-	-	11,408	1	-
Formosa Industries Corp.	The Company	Parent company	Purchases	4,352,854	18	30 days	-	-	(442,237)	(14)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Carpet Corp.	The Company	Subsidiary	Purchases	\$ 114,038	40	30 days	-	-	(\$ 5,597)	(43)	-
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Co., Ltd.	Same parent company	Purchases	748,401	4	30 days	-	-	(77,951)	(3)	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Co., Ltd.	Same parent company	Purchases	1,798,839	6	30 days	-	-	(198,831)	(15)	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(674,340)	(2)	Pay by mail transfer 60 days after delivery	-	-	Accounts receivable 128,071 Other receivables 216	5 -	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(601,334)	(2)	120 days after delivery	-	-	38,117	1	-
Formosa Taffeta Co., Ltd.	Formosa Carbon (JP) Co., Ltd.	Formosa Taffeta Co., Ltd.'s managing director and the counterparty's person in charge are within first degree of kinship	Sales	(351,249)	(1)	120 days after delivery	-	-	-	-	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	(105,206)	-	120 days after delivery	-	-	16,664	1	-
Formosa Taffeta Co., Ltd.	The Company	Formosa Taffeta Co., Ltd.'s parent company	Sales	(151,778)	(1)	Pay by mail transfer 60 days after delivery	-	-	6,770	-	-
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Related party in substance	Purchases	13,651,099	54	Pay every half of month by mail transfer	-	-	(604,104)	(37)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Formosa Taffeta Co., Ltd.	The Company	Formosa Taffeta Co., Ltd.'s parent company	Purchases	\$ 2,918,819	12	Draw promissory notes due in 2 months after inspection	-	-	Notes payable (\$ 288,160) Accounts payable (296,047)	(65) (18)	-
Formosa Taffeta Co., Ltd.	Nan Ya Plastics Corp.	Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	954,748	4	Pay at 15th of the following month by mail transfer	-	-	(82,115)	(5)	-
Formosa Taffeta Co., Ltd.	Formosa Plastics Corp.	Formosa Taffeta Co., Ltd.'s chairman is the counterparty's managing director and legal representative	Purchases	393,679	2	Pay at 15th of the following month by mail transfer	-	-	(31,450)	(2)	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Sales	(5,463,106)	(59)	60 days after monthly billings	-	-	1,080,359	57	-
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Purchases	239,861	7	45 days after monthly billings	-	-	(19,540)	(4)	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.'s parent company and Formosa Taffeta (Zhong Shan) Co., Ltd are affiliates	Sales	(270,016)	(14)	60 days after monthly billings	-	-	92,108	29	-
Formosa Taffeta (Zhong Shan) Co., Ltd.	Formosa Industries Corp., Vietnam	Formosa Industries Corp., Vietnam's parent company and Formosa Taffeta (Zhong Shan) Co., Ltd. are affiliates	Purchases	140,592	12	60 days after monthly billings	-	-	(12,787)	(10)	-

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
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	\$ 303,453	24	60 days after monthly billings	-	-	(\$ 33,074)	(37)	-
Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.'s parent company	Sales	(137,408)	(8)	60 days after monthly billings	-	-	48,329	25	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.'s parent company and Formosa Taffeta (Dong Nai) Co., Ltd. are affiliates	Sales	(212,695)	(8)	60 days after monthly billings	-	-	32,460	6	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.'s parent company	Sales	(256,127)	(10)	60 days after monthly billings	-	-	35,850	6	-
Formosa Taffeta (Dong Nai) Co., Ltd.	Formosa Industries Corp., Vietnam	Formosa Industries Corp., Vietnam is the parent company's investee accounted for using equity method	Purchases	615,001	26	60 days after monthly billings	-	-	(38,227)	(23)	-
Formosa Taffeta (Dong Nai) Co., Ltd.	The Company	Formosa Taffeta (Dong Nai) Co., Ltd.'s parent company	Purchases	192,454	8	60 days after monthly billings	-	-	(19,009)	(11)	-

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2014	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	\$ 252,818	14.39	\$ -	-	\$ 252,818	-
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	2,458,735	17.33	-	-	2,458,735	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable 288,160	6.90	-	-	-	-
			Accounts receivable 296,047					
The Company	Formosa Petrochemical Corp.	Investees accounted for using equity method	1,983,882	14.90	-	-	1,983,882	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsidiary	1,408,365	5.68	-	-	799,102	-
The Company	Formosa Industries Corp.	Subsidiary	Accounts receivable 442,237	14.02	-	-	224,074	-
			Other receivables 206,826					
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsidiary	1,771,339	4.97	-	-	470,060	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsidiary	1,072,102	11.93	-	-	-	-
The Company	Formosa Ha Tinh Steel Corp.	Investees accounted for using equity method	Other receivables 9,046,000	-	-	-	1,105,732	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	1,050,241	14.99	-	-	1,050,241	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company	349,243	7.00	-	-	112,175	-
Formosa BP Chemicals Corp.	Formosa Chemicals & Fibre Corp.	The Company's director is the counterparty's Chairman	103,760	25.72	-	-	84,821	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	198,831	18.06	-	-	198,831	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Investees accounted for using equity method	Accounts receivable 128,071	6.04	-	-	107,198	-
			Other receivables 216					
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	The Company's Chairman is the counterparty's director	1,080,359	5.69	-	-	472,509	-

I. Derivative financial instruments undertaken: Please refer to Notes 6(2) and 12(2), (3).

J. Significant inter-company transactions:

Year ended December 31, 2014

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	\$ 23,300,169	In accordance with general conditions	6

Year ended December 31, 2013

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	\$ 30,867,566	In accordance with general conditions	7

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: Materiality principle is when transaction amounts reach 3% of the total revenue or total assets.

(2) Information on investees

The information such as the investees' name, location...etc are as below; (not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (Note 1)	Ownership (%)	Book value			
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 85,188	\$ 85,188	18,467,619	86.40	\$ 158,380	(\$ 6,934)	\$ 2,707	-
The Company	Formosa Taffeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	18,141,088	3,431,826	1,272,694	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	589,246,095	32.91	8,019,052	2,102,363	702,948	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,252,038	33.33	73,583	4,415	1,472	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	17,255	17,255	3,992,997	33.33	694,375	87,118	29,036	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	26,386,607	2,322,799,801	24.38	58,478,488	9,065,576	2,529,840	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	498,842,000	24.94	11,427,146	6,534,496	1,629,816	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	18,443,886	18,443,886	84,000	100.00	36,544,786	(2,872,178)	(2,872,178)	-
The Company	Hwa Ya Science Park Management Consulting Co, Ltd.	Taiwan	Management	340	340	33,000	33.00	2,142	1,030	340	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	225,034	225,034	12,448,800	30.00	262,102	55,439	16,632	-
The Company	Formosa Idemitsu Petrochemical Corp.	Taiwan	Wholesale and retail of petrochemical and plastic raw materials	299,999	299,999	60,000,000	50.00	585,291	559,554	272,775	-
The Company	Formosa Industries Corp., Vietnam	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	8,383,305	1,135,295	482,500	-

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (Note 1)	Ownership (%)	Book value			
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	\$ 1,201,500	\$ 1,201,500	120,150,000	50.00	\$ 1,222,038	\$ 286,559	\$ 129,871	-
The Company	Su Hua Transport Corp.	Taiwan	Transportation	50,000	50,000	7,658,750	25.00	180,078	80,841	20,211	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	992,286	147,556,136	88.59	1,667,615	20,424	25,244	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	268,003	(24,638)	(5,997)	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	30,000,000	100.00	208,366	3,864	3,864	-
The Company	Formosa Ha Tinh Steel Corp. (Note 2)	Vietnam	Steelmaking	-	15,369,779	-	14.75	-	(1,886,676)	(204,077)	-
The Company	Formosa Ha Tinh (Cayman) Limited (Note 2)	Cayman Islands	Investments	15,369,779	-	-	14.75	15,764,631	(2,508,690)	(167,594)	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	376,302	435	145	-
The Company	Formosa Synthetic Rubber (Hong Kong) Limited Co.	Hong Kong	Manufacturing of synthetic rubber	874,680	874,680	-	33.33	899,463	(106,559)	(35,516)	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	4,162,500	3,000,000	416,250,000	25.00	4,359,188	(275,491)	(68,873)	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	-	25.00	21,941	82,599	20,650	-

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (Note 1)	Ownership (%)	Book value			
The Company	Formosa Group Investment Corp. (Cayman)	Cayman Islands	Investments	\$ 377	\$ -	-	25.00	\$ 384	(\$ 47)	(\$ 12)	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	15,000	-	1,500,000	33.33	14,559	(1,366)	(455)	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Hong Kong	Investments	14,391,099	14,391,099	-	100.00	25,790,091	(4,436,819)	(4,436,819)	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	360,000	30.00	93,688	11,452	3,456	-
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	252,969	252,969	19,289,016	51.00	301,798	7,416	3,782	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	19,624	(5,195)	(5,195)	-
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Taiwan	1.Handling urban land consolidation 2.Development, rent and sale of industrial plants, residences and building	114,912	114,912	16,100,000	100.00	215,977	59,353	54,321	-

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (Note 1)	Ownership (%)	Book value			
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	\$ 3,773,440	\$ 3,773,440	290,464,472	65.68	\$ 6,189,244	\$ 843,427	\$ 554,242	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	900,337	-	100.00	1,059,432	3,213	3,213	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Vietnam	Production, processing, further processing various yam and cotton cloth, dyeing and finishing clothes, curtains, towels, bed covers and carpets	1,709,221	1,709,221	-	100.00	1,464,295	145,152	145,152	-
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and producing of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	213,771	94,617	16,169,872	20.16	844,400	914,818	185,434	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	18,884	20,855	8,968	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yam	2,590,434	2,124,723	-	100.00	2,414,018	(13,316)	(13,316)	-

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (Note 1)	Ownership (%)	Book value			
Formosa Taffeta Co., Ltd.	Formosa Industries Corp., Vietnam	Vietnam	Synthetic fiber, spinning, weaving, dyeing and finishing and electricity generation	\$ 1,987,122	\$ 1,987,122	-	10.00	\$ 2,065,036	\$ 1,135,295	\$ 113,529	-
Formosa Taffeta Co., Ltd.	Formosa Ha Tinh Steel Corp. (Note 2)	Vietnam	Steelmaking	-	5,150,283	-	-	-	(1,886,676)	(68,755)	-
Formosa Taffeta Co., Ltd.	Formosa Ha Tinh (Cayman) Limited (Note 2)	Cayman Islands	Investments	5,150,283	-	-	4.96	5,304,664	(2,508,690)	(56,392)	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	605	-	-	100.00	568	(64)	(64)	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	21,748	843,427	762	-

Note 1: Certain companies are not limited liability companies and thus, not applicable.

Note 2: In response to Formosa Ha Tinh Steel Corporation's shareholding needs, the Company has signed an agreement of transferring capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014 to pay for investments in Formosa Ha Tinh (Cayman) Limited with the Company's original investment of NTD \$689,955 thousand in Formosa Ha Tinh Steel Corporation after reorganization. The Company indirectly holds Formosa Ha Tinh Steel Corporation through Formosa Ha Tinh (Cayman) Limited after the reorganization.

(3) Information on investments in Mainland China

A. Basic information.

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	\$ 5,618,707	2、4	\$ 4,682,741	\$ -	\$ -	\$ 4,682,741	(\$ 655,086)	100	(\$ 655,086)	\$ 8,117,694	\$ -	-
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2、4	4,051,414	-	-	4,051,414	1,564,812	100	1,564,812	10,759,895	-	-
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	7,975,900	2、4	7,975,900	-	-	7,975,900	(3,021,542)	100	(3,021,542)	11,002,830	-	-
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2、4	1,732,458	-	-	1,732,458	(566,386)	100	(566,386)	2,214,735	-	-
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol- acetone	4,453,788	2、4	-	-	-	-	(193,805)	100	(193,805)	4,454,832	-	-
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	2,912,368	2、4	874,680	-	-	874,680	(106,559)	33	(35,516)	899,463	-	-
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	2、4	29,610	-	-	29,610	(5,195)	100	(5,195)	19,624	-	-

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, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	\$ 1,402,085	1	\$ 1,402,085	\$ -	\$ -	\$ 1,402,085	\$ 1,343)	100	(\$ 1,343)	\$ 1,732,666	\$ -	-
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise export processing, warehousing and design and drawing of black and white and colour graphs	15,273	1	15,273	-	-	15,273	373	100	373	11,937	-	-
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,334,739	2、4	878,214	456,525	-	1,334,739	1,337	100	1,337	1,005,438	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note3)
The Company	\$ 19,317,193	\$ 31,292,979	\$ -

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 investee - Formosa Biomedical (Samoa) Co., Ltd.

Formosa Taffeta (Zhong Shan) Co., Ltd. is an investee company in Mainland China through the subsidiary - Formosa Taffeta (Hong Kong) Co., Ltd.

Note 2: Recognised based on valuation in financial statements audited by investee companies' independent accountants.

Note 3: Corporations that qualify with operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C.

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

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2014	%	Balance at December 31, 2014	Purpose	Maximum balance during the year ended December 31, 2014	Balance at December 31, 2014	Interest rate	Interest during the year ended December 31, 2014	
Formosa Taffeta (Zhong Shan) Co., Ltd.	\$ 40,038	0.12	\$ -	-	\$ 4,980	0.19	\$ 2,532,000	For short-term loans from financial institutions	\$ -	\$ -	-	\$ -	-
Formosa Taffeta (Changshu) Co., Ltd.	105,206	0.32	-	-	16,664	0.62	2,985,490	For short-term loans from financial institutions	-	-	-	-	-