

**FORMOSA CHEMICALS & FIBRE  
CORPORATION AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
MARCH 31, 2016 AND 2015**

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

**FORMOSA CHEMICALS & FIBRE CORPORATION  
AND SUBSIDIARIES**

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資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR16000012

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

We have reviewed the accompanying consolidated balance sheets of Formosa Chemicals & Fibre Corporation and subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews. We did not review the financial statements of certain investments accounted for using equity method of Formosa Chemicals & Fibre Corporation and subsidiaries and certain investees information disclosed in Note 13 for the three-month periods ended March 31, 2016 and 2015. The balance of related investment accounted for using equity method amounted to NT\$66,451,504 thousand and NT\$58,738,168 thousand as of March 31, 2016 and 2015, respectively. The comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounted to NT\$2,313,356 thousand and NT\$239,026 thousand for the three-month periods ended March 31, 2016 and 2015, respectively. Those financial statements and the information disclosed in Note 13 were reviewed by other independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein is based solely on the review reports of the other independent accountants.

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

The financial statements of certain insignificant subsidiaries, investments accounted for using equity method and the information disclosed in Note 13 were not reviewed by independent accountants.

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Those statements reflect total assets (including investments accounted for using equity method) of NT\$107,118,646 thousand and NT\$98,140,987 thousand, constituting 21% and 19% of the consolidated total assets, and total liabilities of NT\$19,990,739 thousand and NT\$14,402,503 thousand, constituting 11% and 7% of the consolidated total liabilities as of March 31, 2016 and 2015, respectively; and total operating revenues of NT\$11,928,851 thousand and NT\$11,460,676 thousand, constituting 16% and 14% of the consolidated operating revenue, and comprehensive income (including share of profit (loss) of associates accounted for using equity method and share of profit (loss) and other comprehensive income of associates) amounting to NT\$1,226,588 thousand and NT\$605,369 thousand, constituting 9% and 15% of the total comprehensive income for the three-month periods ended March 31, 2016 and 2015, respectively.

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

*PricewaterhouseCoopers, Taiwan*  
PricewaterhouseCoopers, Taiwan

May 6, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

Assets		Notes	March 31, 2016		December 31, 2015		March 31, 2015	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 36,266,812	7	\$ 34,744,139	7	\$ 24,089,070	5
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		656,481	-	655,811	-	654,750	-
1125	Available-for-sale financial	6(3)						
	assets - current		88,135,941	17	83,428,951	16	88,531,297	17
1150	Notes receivable, net	6(4)	6,572,266	1	6,581,909	1	9,900,320	2
1160	Notes receivable - related	7						
	parties		1,489	-	5,235	-	3,335	-
1170	Accounts receivable, net	6(5)	17,110,447	3	14,682,304	3	17,264,853	3
1180	Accounts receivable - related	7						
	parties		6,553,226	1	6,820,320	1	7,053,202	1
1200	Other receivables	7	7,074,959	1	7,845,329	2	12,288,233	2
1210	Other receivables - related	7						
	parties		8,786,791	2	9,853,312	2	19,089,056	4
130X	Inventory	6(6) and 8	37,608,939	7	40,002,037	8	39,176,855	7
1470	Other current assets	7 and 8	7,633,646	2	6,330,056	1	9,062,170	2
11XX	Total current assets		216,400,997	41	210,949,403	41	227,113,141	43
Non-current assets								
1523	Available-for-sale financial	6(3) and 8						
	assets - non-current		35,004,217	7	29,476,127	6	36,683,525	7
1543	Financial assets carried at cost -	6(7)						
	non-current		23,975,511	5	3,524,297	1	3,538,342	1
1550	Investments accounted for	6(8), 7 and 8						
	under equity method		94,848,025	18	113,700,148	22	107,955,705	20
1600	Property, plant and equipment	6(9), 7 and 8	141,333,608	27	144,363,759	28	144,238,589	27
1780	Intangible assets		2,805	-	3,386	-	5,069	-
1840	Deferred income tax assets		2,107,037	-	2,087,690	-	2,235,397	-
1900	Other non-current assets		8,445,635	2	8,880,620	2	8,631,028	2
15XX	Total non-current assets		305,716,838	59	302,036,027	59	303,287,655	57
1XXX	Total assets		\$ 522,117,835	100	\$ 512,985,430	100	\$ 530,400,796	100

(Continued)

**FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2016 and 2015 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2016		December 31, 2015		March 31, 2015	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>							
2100	Short-term borrowings	6(10)	\$ 28,132,181	5	\$ 26,672,648	5	\$ 29,037,715	6
2110	Short-term notes and bills payable	6(10)	2,548,895	1	2,049,364	-	2,699,672	1
2120	Financial liabilities at fair value through profit or loss - current	6(11)	629	-	819	-	-	-
2150	Notes payable		235,677	-	200,127	-	266,740	-
2170	Accounts payable		6,685,179	1	6,936,889	1	8,304,966	2
2180	Accounts payable - related parties	7	11,057,319	2	12,287,595	2	14,273,872	3
2200	Other payables		9,211,443	2	10,310,254	2	7,572,932	1
2220	Other payables - related parties	7	11,300	-	2,346,509	1	1,484,681	-
2230	Current income tax liabilities		4,312,743	1	3,174,973	1	401,168	-
2320	Long-term liabilities, current portion	6(12)(13)	12,237,150	2	16,179,230	3	28,134,596	5
2399	Other current liabilities		2,218,719	1	2,201,285	1	2,030,331	-
21XX	<b>Total current liabilities</b>		<u>76,651,235</u>	<u>15</u>	<u>82,359,693</u>	<u>16</u>	<u>94,206,673</u>	<u>18</u>
	<b>Non-current liabilities</b>							
2530	Corporate bonds payable	6(12)	46,500,000	9	46,500,000	9	56,000,000	10
2540	Long-term borrowings	6(13)	41,835,333	8	38,774,737	8	40,728,569	8
2570	Deferred income tax liabilities		703,651	-	927,239	-	736,124	-
2600	Other non-current liabilities		11,029,027	2	11,346,228	2	11,458,204	2
25XX	<b>Total non-current liabilities</b>		<u>100,068,011</u>	<u>19</u>	<u>97,548,204</u>	<u>19</u>	<u>108,922,897</u>	<u>20</u>
2XXX	<b>Total liabilities</b>		<u>176,719,246</u>	<u>34</u>	<u>179,907,897</u>	<u>35</u>	<u>203,129,570</u>	<u>38</u>
	<b>Equity attributable to owners of parent</b>							
	<b>Share capital</b>	6(15)						
3110	Common stock		58,611,863	11	58,611,863	11	58,611,863	11
	<b>Capital surplus</b>	6(16)						
3200	Capital surplus		8,839,492	2	8,875,002	2	8,668,561	1
	<b>Retained earnings</b>	6(17)						
3310	Legal reserve		43,905,716	8	43,905,716	9	42,852,687	8
3320	Special reserve		41,927,550	8	41,927,550	8	41,927,550	8
3350	Unappropriated retained earnings	6(25)	59,285,001	11	52,528,055	10	35,375,251	7
	<b>Other equity interest</b>	6(18)						
3400	Other equity interest		79,954,746	16	77,334,641	15	94,084,937	18
3500	Treasury stocks	6(15)	( 352,309)	-	( 352,309)	-	( 333,494)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>292,172,059</u>	<u>56</u>	<u>282,830,518</u>	<u>55</u>	<u>281,187,355</u>	<u>53</u>
36XX	<b>Non-controlling interest</b>		<u>53,226,530</u>	<u>10</u>	<u>50,247,015</u>	<u>10</u>	<u>46,083,871</u>	<u>9</u>
3XXX	<b>Total equity</b>		<u>345,398,589</u>	<u>66</u>	<u>333,077,533</u>	<u>65</u>	<u>327,271,226</u>	<u>62</u>
	<b>Significant contingent liabilities and unrecognized contract commitments</b>	9						
	<b>Significant events after the balance sheet date</b>	11						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 522,117,835</u>	<u>100</u>	<u>\$ 512,985,430</u>	<u>100</u>	<u>\$ 530,400,796</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 6, 2016.

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

Items		Notes	For the three-month periods ended March 31			
			2016		2015	
			AMOUNT	%	AMOUNT	%
4000	<b>Operating revenue</b>	6(19) and 7	\$ 75,799,504	100	\$ 80,909,048	100
5000	<b>Operating costs</b>	6(6)(14)(23)(24) and 7	( 65,209,128)	( 86)	( 74,716,000)	( 92)
5900	<b>Net operating margin</b>		10,590,376	14	6,193,048	8
	<b>Operating expenses</b>	6(14)(23)(24) and 7				
6100	Selling expenses		( 2,137,302)	( 3)	( 2,221,659)	( 3)
6200	General & administrative expenses		( 1,455,251)	( 2)	( 1,304,119)	( 2)
6000	<b>Total operating expenses</b>		( 3,592,553)	( 5)	( 3,525,778)	( 5)
6900	<b>Operating profit</b>		6,997,823	9	2,667,270	3
	<b>Non-operating income and expenses</b>					
7010	Other income	6(20) and 7	469,290	1	372,501	1
7020	Other gains and losses	6(8)(21)	( 476,616)	( 1)	( 225,575)	-
7050	Finance costs	6(9)(22) and 7	( 503,211)	( 1)	( 565,390)	( 1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	2,610,406	4	282,616	-
7000	<b>Total non-operating income and expenses</b>		2,099,869	3	( 135,848)	-
7900	<b>Profit before income tax</b>		9,097,692	12	2,531,422	3
7950	Income tax expense	6(25)	( 1,278,555)	( 2)	( 474,331)	-
8200	<b>Profit for the period</b>		\$ 7,819,137	10	\$ 2,057,091	3

(Continued)



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

Items	Notes	For the three-month periods ended March 31			
		2016		2015	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income(net)</b>	6(18)(25)				
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations		(\$ 1,872,285)	( 2)	(\$ 1,229,904)	( 1)
8362 Unrealized gain on valuation of available-for-sale financial assets		7,206,589	9	2,789,591	3
8370 Share of other comprehensive income of associates and joint ventures accounted for under equity method		( 300,106)	-	216,843	-
8399 Income tax relating to the components of other comprehensive income		165,519	-	136,044	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>		5,199,717	7	1,912,574	2
8500 <b>Total comprehensive income for the period</b>		<u>\$ 13,018,854</u>	<u>17</u>	<u>\$ 3,969,665</u>	<u>5</u>
<b>Net income attributable to:</b>					
8610 Owners of the parent		\$ 6,756,946	9	\$ 1,486,545	2
8620 Non-controlling interest		1,062,191	1	570,546	1
		<u>\$ 7,819,137</u>	<u>10</u>	<u>\$ 2,057,091</u>	<u>3</u>
<b>Total comprehensive income attributable to:</b>					
8710 Owners of the parent		\$ 9,377,051	12	\$ 3,758,256	5
8720 Non-controlling interest		3,641,803	5	211,409	-
		<u>\$ 13,018,854</u>	<u>17</u>	<u>\$ 3,969,665</u>	<u>5</u>
		<b>Before Tax</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>After Tax</b>
<b>Basic earnings per share</b>	6(26)				
9710 Profit for period from continuing operations		\$ 1.56	\$ 1.34	\$ 0.43	\$ 0.35
9720 Non-controlling interest		( 0.30 )	( 0.18 )	( 0.15 )	( 0.10 )
9750 Profit attributable to common shareholders of the parent		<u>\$ 1.26</u>	<u>\$ 1.16</u>	<u>\$ 0.28</u>	<u>\$ 0.25</u>
<b>Assuming shares held by subsidiary are not deemed as treasury stock :</b>					
Profit for period from continuing operations		\$ 1.55	\$ 1.33	\$ 0.43	\$ 0.35
Non-controlling interest		( 0.29 )	( 0.18 )	( 0.15 )	( 0.10 )
Profit attributable to common shareholders of the parent		<u>\$ 1.26</u>	<u>\$ 1.15</u>	<u>\$ 0.28</u>	<u>\$ 0.25</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 6, 2016.

## Equity attributable to owners of the parent

(Continued)

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

	Equity attributable to owners of the parent														
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained earnings			Other equity interest				Treasury stocks	Total	Non-controlling interest	Total equity	
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges						
For the three-month period ended March 31, 2016															
Balance at January 1, 2016		\$ 58,611,863	\$ 8,875,002	\$ 43,905,716	\$ 41,927,550	\$ 52,528,055	\$ 4,649,520	\$ 72,615,548	\$ 69,573	\$ (352,309)	\$ 282,830,518	\$ 50,247,015	\$ 333,077,533		
Difference between proceeds on acquisition of or disposal of equity interest in a subsidiary and its carrying amount		-	-	-	-	-	-	-	-	-	-	( 62,288 )	( 62,288 )		
Changes in the net interest of associates recognised under the equity method		-	( 35,510 )	-	-	-	-	-	-	-	( 35,510 )	( 600,000 )	( 635,510 )		
Profit for the period		-	-	-	-	6,756,946	-	-	-	-	6,756,946	1,062,191	7,819,137		
Other comprehensive income (loss) for the period		-	-	-	-	-	( 1,264,539 )	3,873,672	10,972	-	2,620,105	2,579,612	5,199,717		
Balance at March 31, 2016		\$ 58,611,863	\$ 8,839,492	\$ 43,905,716	\$ 41,927,550	\$ 59,285,001	\$ 3,384,981	\$ 76,489,220	\$ 80,545	\$ (352,309)	\$ 292,172,059	\$ 53,226,530	\$ 345,398,589		

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 6, 2016.



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

		For the three-month periods ended March 31,	
	Notes	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 9,097,692	\$ 2,531,422
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(23)	4,106,404	4,131,165
Amortization	6(23)	894,491	833,484
Reversal of bad debts expense	6(5)	-	( 126 )
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(11)(21)	( 859 )	( 6,095 )
Gain from price recovery	6(6)	( 249,613 )	( 1,440,369 )
Interest expense	6(22)	503,211	565,390
Interest income	6(20)	( 85,392 )	( 101,632 )
Share of profit or loss of associates accounted for under the equity method		( 2,610,406 )	( 282,616 )
(Gain) loss on disposal and scrap of property, plant and equipment	6(21)	( 15,067 )	1,574
Gain on disposal of investments	6(21)	( 11,816 )	( 62,914 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		9,643	1,217,925
Notes receivable-related parties		3,746	( 592 )
Accounts receivable		( 2,428,143 )	1,702,275
Accounts receivable-related parties		267,094	( 256,702 )
Other receivables		781,122	( 405,578 )
Inventories		2,630,304	11,211,608
Other current assets		( 1,303,590 )	608,552
Other non-current assets		400,107	470,011
Changes in operating liabilities			
Notes payable		35,550	61,173
Accounts payable		( 251,710 )	1,651,232
Accounts payable-related parties		( 1,230,276 )	( 770,296 )
Other payables		( 37,886 )	( 1,471,793 )
Other current liabilities		17,434	265,208
Accrued pension liabilities		( 228,799 )	( 102,744 )
Cash inflow generated from operations		10,293,241	20,349,562
Interest received		74,640	106,044
Interest paid		( 609,578 )	( 796,221 )
Net cash flows from operating activities		9,758,303	19,659,385

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

		For the three-month periods ended March 31,	
	Notes	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in other receivables-related parties		\$ 1,066,521	(\$ 941,616
Acquisition of available-for-sale financial assets		( 3,055,384 )	( 4,401 )
Proceeds from disposal of available-for-sale financial assets		33,481	97,671
Acquisition of investments accounted for under the equity method		-	( 600,000 )
Acquisition of property, plant and equipment	6(27)	( 3,305,602 )	( 4,398,539 )
Proceeds from disposal of property, plant and equipment		18,782	35,965
Acquisition of financial assets measured at cost		-	( 25,000 )
Increase in other non-current assets		( 892,422 )	( 455,344 )
Net cash flows used in investing activities		( 6,134,624 )	( 6,291,264 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase (decrease) in short-term borrowings		1,459,533	( 149,484 )
Increase in short-term notes and bills payable		499,531	350,148
Decrease in other payables-related parties		( 2,335,209 )	( 1,331,220 )
Increase in long-term borrowings		7,127,831	4,482,742
Payment of long-term borrowings		( 7,592,496 )	( 6,609,369 )
(Decrease) increase in other non-current liabilities		( 79,537 )	184,730
(Decrease) increase in guarantee deposits		( 8,865 )	30,915
Net cash flows used in financing activities		( 929,212 )	( 3,041,538 )
Effect of foreign exchange translations		( 1,171,794 )	( 573,433 )
Net increase in cash and cash equivalents		1,522,673	9,753,150
Cash and cash equivalents at beginning of period		34,744,139	14,335,920
Cash and cash equivalents at end of period		\$ 36,266,812	\$ 24,089,070

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated May 6, 2016.

FORMOSA CHEMICALS & FIBRE CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015  
(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 and its subsidiaries (together referred herein as the “Group”) now has eight business divisions, namely First Chemical Division, Petrochemicals Division, Third Chemical Division, Plastics Division, Textile Division, First Fiber Division and its subsidiaries, Second Fiber Division, and Engineering & Construction Division. The Group’s major businesses are production and sales of petrochemical products, including PTA, PS, AN, Butadiene, SM polymer, SM, benzene, toluene, p-xylene (PX) and o-xylene (OX), as well as nylon fiber, and rayon staple fiber. The Group is also engaged in spinning, weaving, dyeing and finishing.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

None.

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

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



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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity

makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).
- (c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

**B. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'**

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

- (a) If sales or contributions of assets constitute a 'business', the full gain or loss is recognized;
- (b) If sales or contributions of assets do not constitute a 'business', the partial gain or loss is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

**C. Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: Applying the consolidation exception'**

The amendments clarify the following:

- (a) If the ultimate parent of the Group's intermediate parent entity is an investment entity and measures it at fair value through profit or loss, and the intermediate parent entity also meets other criteria for exemption from preparing consolidated financial statements, it is not required to present consolidated financial statements.
- (b) If a subsidiary of an investment entity that provides the investment-related services is itself an investment entity, the investment entity parent shall measure that subsidiary at fair value through profit or loss. If that subsidiary is not itself an investment entity and whose main purpose is providing investment-related services as an extension of the operations of the

investment entity parent, the investment entity parent shall consolidate that subsidiary.

- (c) If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may choose, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

#### D. IFRS 15, "Revenue from contracts with customers"

IFRS 15, "Revenue from contracts with customers" replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

#### E. Amendments to IFRS 15, 'Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer goods or services to a customer) in a contract; determine whether a company is a principal (the provider of goods or services) or an agent (responsible for arranging for the goods or services to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

#### F. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and



account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

G. Amendments to IAS 1, 'Disclosure initiative'

This amendment clarifies the presentation of materiality, aggregation and subtotals, the framework of financial report, and the guide for accounting disclosure.

H. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective from January 1, 2017.

I. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

J. Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'

The amendments clarify that a revenue-based method of depreciation or amortization is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, such as other inputs and processes, selling activities and changes in sales volumes and prices.

K. Amendments to IAS 19, "Defined benefit plans: Employee contributions"

The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

L. Amendments to IAS 27, 'Equity method in separate financial statements'

The amendment allows entities to account for investments in subsidiaries, joint ventures and associates in their separate financial statements either:

- (a) at cost; or
- (b) in accordance with IFRS 9; or
- (c) using the equity method as described in IAS 28.

M. Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'

The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment. When a material impairment loss has been recognised or reversed for an individual asset, including goodwill, or a CGU, it is required to disclose the recoverable amount of the asset or CGU. If the recoverable amount is fair value less costs of disposal, it is required to disclose the level of the fair value hierarchy, the valuation techniques(s) used and key assumptions.

N. Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'

The amendments state that when the parties to a derivative being designated as a hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties, and the novated derivative comply with all of the following criteria, there would be no need to discontinue hedge accounting:

- (a) Novation to a central counterparty must happen as a consequence of laws or regulations or the introduction of laws or regulations.
- (b) Following the novation, a central counterparty would become the new counterparty to each of the original parties to the derivative.
- (c) Any changes to the derivative are limited to those that are necessary to effect such a replacement of the counterparty. Such changes include changes in the collateral requirements, rights to offset receivables and payables balances, and charges levied. However, this does not include changes to the maturity, the payment dates, or the contractual cash flows.

O. IFRIC 21, 'Levies'

This interpretation addresses the accounting for a liability to pay a levy (excluding income taxes) recognised in accordance with IAS 37, 'Provisions'. An entity recognises the liability when the obligating event occurs. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognised when the threshold is reached.

P. Annual improvements to IFRSs 2010-2012 cycle

(a) IFRS 8, 'Operating segments'

The standard is amended to require disclosure of judgments made by management in aggregating operating segments. This amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only when segment assets is provided to chief operating decision maker regularly.

(b) IFRS 13, 'Fair value measurement'

When issuing IFRS 13, 'Fair value measurement', the IASB removed the guidance that an entity could measure short-term receivables and payables with no stated interest rate at

invoice amounts without discounting, when the effect of not discounting is immaterial. The amendment clarifies the deletion was made by IASB noting that paragraph 8 of IAS 8 already permits entities not to apply accounting policies set out in accordance with IFRSs when the effect of applying them is immaterial. The IASB did not intend to change the aforementioned measurement requirements, thus, entities can still apply above standard.

(c) IAS 24, 'Related party disclosures'

The standard is amended to include, as a related party, an entity (or any member of a group of which it is a part) that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

Q. Annual improvements to IFRSs 2011-2013 cycle

IFRS 13, 'Fair value measurement'

The amendment clarifies that the exception of measuring the fair value of a group of financial assets and financial liabilities (portfolio exception) applies to all financial assets, financial liabilities and other contracts within the scope of IFRS 9 or IAS 39.

R. Annual improvements to IFRSs 2012-2014 cycle

(a) IFRS 7, 'Financial instruments: Disclosures'

The amendment provides additional guidance to determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and thus the disclosure requirement of transferred financial assets applies. Also, this amendment clarifies that disclosure of offsetting is not required for all interim periods.

(b) IAS 19, 'Employee benefits'

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds or not is based on corporate bonds in that currency, and not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

(c) IAS 34, 'Interim financial reporting'

The amendment clarifies what is meant by the reference in the standard to "information disclosed elsewhere in the interim financial report". The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory commission.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Available-for-sale financial assets measured at fair value.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
  - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
  - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing



control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
The Company	Formosa Carpet Corp.	Spinning, dyeing printing and finishing, and manufacturing synthetic fibre and rug and carpet	100.00	100.00	The Company holds more than 50% of voting rights. (Note 1)
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	100.00	The Company holds more than 50% of voting rights.
The Company	FCFC International Limited (Cayman)	Investing	100.00	-	The Company holds more than 50% of voting rights. (Note 1)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Manufacturing Acetone and Synthetic Phenolic	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and marketing of PTA	100.00	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
The Company	Formosa Biomedical Technology Corp.	Manufacturing and sale of cleaner and cosmetics	88.59	88.59	The Company holds more than 50% of voting rights. (Note 1)
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	51.00	51.00	The Company holds more than 50% of voting rights through a 88.59% of voting rights owned company - Formosa Biomedical Technology Corp. (Note 1)
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd.	Investment	100.00	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
Formosa Biomedical Technology (SAMOA) Corp. Ltd.	Formosa Biomedical Trading (Shanghai) Co., Ltd	Importing, exporting and wholesale of health food	100.00	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights through a 100% owned company - Formosa Biomedical Technology (SAMOA) Corp. Ltd. (Note 1)
The Company	Tah Shin Spinning Corp.	Spinning	86.40	86.40	The Company holds more than 50% of voting rights. (Note 1)
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary. (Note 1)
The Company	Formosa BP Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	50.00	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary. (Note 1)
The Company	Formosa Industries Corp.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 1)



Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	37.40	The Company has substantial control and thus regards Formosa Taffeta Co. Ltd as a subsidiary.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	100.00	100.00	The Company and Formosa Taffeta Co., Ltd. hold more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	65.68	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Production of cotton lun, Terylene greige cloth, coloured cloth and textured processing yarn products	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			March 31, 2016	December 31, 2015	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of Nylon and Polyamine fabric	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric of 3XDRY, Nanosphere, Keprotec, Dynatec, Spirit and Reflex	43.00	43.00	Formosa Taffeta Co., Ltd. has substantial control and thus regards Schoeller F.T.C. (Hong Kong) Co., Ltd. as a subsidiary. (Note 1)
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise export processing, warehousing and design and drawing of black and white and colour graphs	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investment	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing of processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Taffeta (Hong Kong) Co., Ltd. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			March 31, 2015	
The Company	Formosa Carpet Corp.	Spinning, dyeing printing and finishing, and manufacturing synthetic fibre and rug and carpet	100.00	The Company holds more than 50% of voting rights. (Note 1)
The Company	FCFC Investment Corp. (Cayman)	Investing	100.00	The Company holds more than 50% of voting rights.
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sale of Acrylonitrile Butadiene Styrene (ABS)	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
FCFC Investment Corp. (Cayman)	Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Manufacturing Acetone and Synthetic Phenolic	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			March 31, 2015	
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Investing	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Cayman)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
Formosa Chemicals & Fibre (Hong Kong) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and marketing of PTA	100.00	The company holds more than 50% of voting rights through wholly-owned company - FCFC Investment Corp. (Hong Kong)
The Company	Formosa Biomedical Technology Corp.	Manufacturing and sale of cleaner and cosmetics	88.59	The Company holds more than 50% of voting rights. (Note 1)
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Removal and disposal of waste	51.00	The Company holds more than 50% through a 88.59% owned company - Formosa Biomedical Technology Corp. (Note 1)
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (SAMOA) Co., Ltd.	Investment	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights (Note 1)



Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			March 31, 2015	
Formosa Biomedical Technology (SAMOA) Corp. Ltd.	Formosa Biomedical Trading (Shanghai) Co., Ltd.	Importing, exporting and wholesale of health food	100.00	Formosa Biomedical Technology Corp. holds more than 50% of voting rights through a 100% owned company - Formosa Biomedical Technology (SAMOA) Corp. Ltd. (Note 1)
The Company	Tah Shin Spinning Corp.	Spinning	86.40	The Company holds more than 50% of voting rights. (Note 1)
The Company	Formosa Idemitsu Petrochemical Corp.	Wholesale and retail of petrochemical and plastic raw materials	50.00	The Company has substantial control and thus regards Formosa Idemitsu Petrochemical Corp. as a subsidiary. (Note 1)
The Company	Formosa BP Chemicals Corp.	Chemistry, international trade of petrochemistry	50.00	The Company has substantial control and thus regards Formosa BP Chemicals Corp. as a subsidiary. (Note 1)
The Company	Formosa Industries Corp.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	42.50	The Company has substantial control and thus regards Formosa Industries Corp. as a subsidiary. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			March 31, 2015	
The Company	Formosa Taffeta Co., Ltd.	Production and marketing of Polyamine fabric, Polyester fabric, cotton fabric, blended fabric and tire cord fabric	37.40	The Company has substantial control and thus regards Formosa Taffeta Co., Ltd. as a subsidiary.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Vietnam) Co., Ltd.	Production and marketing of textile, polyester staple fibre, cotton, hydropower	100.00	The Company and Formosa Taffeta Co., Ltd. hold more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	65.68	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights.
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Zhong Shan) Co., Ltd.	Production of cotton lun, Terylene greige cloth, coloured cloth and textured processing yarn products	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Development Co., Ltd.	Assembly, testing, model processing and research and development of various integrated circuits	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			March 31, 2015	
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Sale of Nylon and Polyamine fabric	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Sale of hi-tech performance fabric of 3XDRY, Nanosphere, Keptec, Dynatec, Spirit and Reflex	43.00	Formosa Taffeta Co., Ltd. has substantial control and thus regards Schoeller F.T.C. (Hong Kong) Co., Ltd. as a subsidiary. (Note 1)
Formosa Taffeta Co., Ltd.	Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise export processing, warehousing and design and drawing of black and white and colour graphs	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Manufacturing of nylon and polyester filament products	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Investment	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights. (Note 1)
Formosa Taffeta (Hong Kong) Co., Ltd.	Formosa Taffeta (Changshu) Co., Ltd.	Manufacturing of processing fabric of nylon filament knitted cloth, weaving and dyeing as well as post processing of knitted fabric	100.00	Formosa Taffeta Co., Ltd. holds more than 50% of voting rights through a 100% owned company - Formosa Taffeta (Hong Kong) Co., Ltd. (Note 1)

Note 1: The financial statements of the entity as of and for the three-month periods ended March 31, 2016 and 2015 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: Changshu Fushun Enterprise Management Co., Ltd. was dissolved since the Company merged with Changshu Yu Yuan Development Co., Ltd. Please refer to Note 6(8)E for the details.

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

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

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

As of March 31, 2016, December 31, 2015 and March 31, 2014, the non-controlling interest amounted to \$53,226,530, \$50,247,015 and \$46,083,871, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest				Description
		March 31, 2016		December 31, 2015		
		Amount	Ownership (%)	Amount	Ownership (%)	
Formosa Taffeta Co., Ltd.	Taiwan	\$ 36,241,935	37.4	\$ 33,188,742	37.4	(Note)

Name of subsidiary	Principal place of business	Non-controlling interest			Description
		March 31, 2015			
		Amount	Ownership (%)		
Formosa Taffeta Co., Ltd.	Taiwan	\$ 31,051,737	37.4	(Note)	

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

Summarised financial information of the subsidiaries:

Balance sheets

	Formosa Taffeta Co., Ltd.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 23,134,390	\$ 22,927,207	\$ 22,169,068
Non-current assets	62,198,292	57,127,848	53,486,693
Current liabilities	10,121,401	10,609,001	10,552,123
Non-current liabilities	13,593,638	13,377,324	12,415,483
Total net assets	<u>\$ 61,617,643</u>	<u>\$ 56,068,730</u>	<u>\$ 52,688,155</u>

### Statements of comprehensive income

	Formosa Taffeta Co., Ltd.	
	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015
Revenue	\$ 10,429,595	\$ 11,029,926
Profit before income tax	950,123	780,680
Income tax expense	( 219,969)	( 164,726)
Profit for the period	730,154	615,954
Other comprehensive income (loss), net of tax	4,818,759	( 154,462)
Total comprehensive income for the period	\$ 5,548,913	\$ 461,492
Comprehensive income attributable to non-controlling interest	\$ 117,199	\$ 107,485

### Statements of cash flows

	Formosa Taffeta Co., Ltd.	
	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015
Net cash provided by (used in) operating activities	\$ 912,464	\$ 473,899
Net cash provided by (used in) investing activities	( 1,026,392)	( 497,605)
Net cash provided by (used in) financing activities	144,707	700,261
Effect of exchange rates on cash and cash equivalents	23,805	( 22,361)
Increase (decrease) in cash and cash equivalents	54,584	654,194
Cash and cash equivalents, beginning of period	5,640,597	3,796,868
Cash and cash equivalents, end of period	\$ 5,695,181	\$ 4,451,062

#### (4) Foreign currency translation

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

##### A. Foreign currency transactions and balances



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

#### B. Translation of foreign operations

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

#### (5) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be

sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

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

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

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

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that

are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Loans and receivables

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

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
  - (a) Significant financial difficulty of the issuer or debtor;
  - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
  - (e) The disappearance of an active market for that financial asset because of financial difficulties;
  - (f) Observable data indicating that there is a measurable decrease in the estimated future

cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

- (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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

(a) Financial assets measured at amortized cost

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

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

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

impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

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

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

(12) Inventories

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

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

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted



by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if

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

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

(15) Intangible assets

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

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

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

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the

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

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Derivative financial instruments

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability 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. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no

deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as other equity.
- iii. Past service costs are recognised immediately in profit or loss
- iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

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

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to

apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(25) Treasury shares

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

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

- A. Revenue is measured at the fair value of the consideration received or receivable taking into account corporate tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when



the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

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

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

Financial assets—impairment of equity investments

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

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible assets

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

B. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit

will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

C. Calculation of net defined benefit liabilities

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Cash on hand and petty cash	\$ 296,045	\$ 67,624	\$ 51,092
Checking accounts and demand deposits	8,388,869	7,306,317	6,251,201
Cash equivalents			
Time deposits	22,218,047	20,408,861	14,577,290
Bonds repurchased and commercial paper	5,363,851	6,961,337	3,209,487
	<u>\$ 36,266,812</u>	<u>\$ 34,744,139</u>	<u>\$ 24,089,070</u>

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

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

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

<u>Items</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current items:			
Financial assets at fair value through profit or loss			
Beneficiary certificate	\$ 649,854	\$ 649,854	\$ 649,854
Non-hedging derivatives	-	12	1,688
	649,854	649,866	651,542
Valuation adjustments of financial assets at fair value through profit or loss	6,627	5,945	3,208
	<u>\$ 656,481</u>	<u>\$ 655,811</u>	<u>\$ 654,750</u>

A. The Group recognized gain on valuation of financial assets at fair value through profit or loss amounting to \$1,211 and \$2,369 for the three-month periods ended March 31, 2016 and 2015, respectively.

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

Derivative Instruments	March 31, 2016		December 31, 2015	
	Contract Amount		Contract Amount	
	(Notional Principal) (in thousands)	Contract Period	(Notional Principal) (in thousands)	Contract Period
Current items:				
Forward exchange contracts:				
CHB	-	-	USD 2,000	2015.12~2016.02
Derivative Instruments	March 31, 2015		March 31, 2015	
	Contract Amount		Contract Amount	
	(Notional Principal) (in thousands)	Contract Period	(Notional Principal) (in thousands)	Contract Period
Current items:				
Forward exchange contracts:				
CHB			USD 7,000	2015.02~2015.05
Taipei Fubon			JPY 259,600	2015.01~2015.06
Cross currency swap contract				
ANZ			USD 100,000	2012.12~2015.12

(a) Cross currency swap

The Group 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.

(b) Forward exchange contracts

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

(3) Available-for-sale financial assets

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current items:			
Listed (TSE and OTC)			
stocks	\$ 25,869,166	\$ 25,866,696	\$ 23,553,080
Unlisted stocks	825,839	825,839	825,839
Fund	2,472,900	-	-
Valuation adjustments of available-for-sale financial assets	<u>61,259,739</u>	<u>59,028,119</u>	<u>66,444,081</u>
	90,427,644	85,720,654	90,823,000
Less: Accumulated Impairment	( <u>2,291,703</u> )	( <u>2,291,703</u> )	( <u>2,291,703</u> )
	<u>\$ 88,135,941</u>	<u>\$ 83,428,951</u>	<u>\$ 88,531,297</u>
Non-current items:			
Listed (TSE and OTC)			
stocks	\$ 9,418,267	\$ 8,859,919	\$ 11,109,919
Valuation adjustments of available-for-sale financial assets	<u>28,199,035</u>	<u>23,229,293</u>	<u>28,186,691</u>
	37,617,302	32,089,212	39,296,610
Less: Accumulated Impairment	( <u>2,613,085</u> )	( <u>2,613,085</u> )	( <u>2,613,085</u> )
	<u>\$ 35,004,217</u>	<u>\$ 29,476,127</u>	<u>\$ 36,683,525</u>

- A. The Company has sold Nan Ya Technology Corporation's shares of 1,069 thousand shares in open market in January 2015 for use of operating capital. Accordingly, the Company has recognised gain on disposal of investments of \$62,357 (recorded as other gains and losses).
- B. The Company participated in private placement of Nan Ya Technology Corp. in November 2011 and 2012. As of December 31, 2015, the lock-up period of the equity investment in the private placement has expired. The Company has reclassified financial assets – non-current amounting to \$2,250,000 as current in accordance with the Company's intention.
- C. The Group purchased the Mega Private US Dollar Money Market Funds in January and March 2016. The trading unit was 2,500,000 units and 4,994,157 units and the trading amount was USD 2,500 thousand and USD 50,000 thousand, respectively.
- D. As of March 31, 2016 and 2015, available-for-sale financial assets pledged to banks are described in Note 8.

(4) Notes receivable, net

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Notes receivable	\$ 6,572,266	\$ 6,581,909	\$ 9,902,286
Less: allowance for bad debts	-	-	( 1,966)
	<u>\$ 6,572,266</u>	<u>\$ 6,581,909</u>	<u>\$ 9,900,320</u>

(5) Accounts receivable, net

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Accounts receivable	\$ 17,390,132	\$ 14,962,656	\$ 17,565,493
Less: allowance for bad debts	( 279,685)	( 280,352)	( 300,640)
	<u>\$ 17,110,447</u>	<u>\$ 14,682,304</u>	<u>\$ 17,264,853</u>

A. The credit quality of the Group's accounts receivable that are neither past due nor impaired qualify the industrial characteristics, operating scale and profit situation of the counterparty.

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Up to 30 days	\$ 540,500	\$ 470,200	\$ 352,131
31 to 90 days	133,252	66,622	53,822
91 to 180 days	8,403	16,494	7,105
Over 181 days	6,938	5,781	5,752
	<u>\$ 689,093</u>	<u>\$ 559,097</u>	<u>\$ 418,810</u>

The above ageing analysis was based on past due date.

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

	<u>Three-month period ended March 31, 2016</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 156,022	\$ 124,330	\$ 280,352
Write-off	-	-	-
Effect of exchange rate	-	( 667)	( 667)
At March 31	<u>\$ 156,022</u>	<u>\$ 123,663</u>	<u>\$ 279,685</u>

	<u>Three-month period ended March 31, 2015</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 156,022	\$ 145,290	\$ 301,312
Reversal of impairment	-	( 126)	( 126)
Effect of exchange rate	-	( 546)	( 546)
At March 31	<u>\$ 156,022</u>	<u>\$ 144,618</u>	<u>\$ 300,640</u>

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

(6) Inventories

March 31, 2016			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 11,428,667	(\$ 107,478)	\$ 11,321,189
Materials	5,780,749	( 3,021)	5,777,728
Work in process	6,346,112	( 33,310)	6,312,802
Finished goods	14,464,311	( 466,927)	13,997,384
Other inventory	199,836	-	199,836
	<u>\$ 38,219,675</u>	<u>(\$ 610,736)</u>	<u>\$ 37,608,939</u>

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

March 31, 2015			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 11,267,311	(\$ 93,823)	\$ 11,173,488
Materials	6,664,702	( 3,429)	6,661,273
Work in process	6,954,150	( 46,546)	6,907,604
Finished goods	14,842,230	( 605,625)	14,236,605
Other inventory	197,885	-	197,885
	<u>\$ 39,926,278</u>	<u>(\$ 749,423)</u>	<u>\$ 39,176,855</u>



Expense and loss incurred on inventories for the three-month periods ended March 31, 2016 and 2015 were as follows:

	For the three-month periods ended March 31,	
	2016	2015
Cost of inventories sold	\$ 65,305,637	\$ 75,996,524
Gain on inventory valuation (Note)	( 249,613)	( 1,440,369)
Idle capacity	141,340	180,766
Others	11,764	( 20,921)
	<u>\$ 65,209,128</u>	<u>\$ 74,716,000</u>

Note: The gain from price recovery for the three-month periods ended March 31, 2016 and 2015 was caused by disposing inventory which were previously provided with allowance.

(7) Financial assets measured at cost

<u>Items</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Non-current items:			
Mai Liao Harbor Administration Corp.	\$ 539,260	\$ 539,260	\$ 539,260
Formosa Plastic Corp. U.S.A	818,316	818,316	818,316
Taiwan Stock Exchange Corp.	1,800	1,800	1,800
Taiwan Aerospace Corp.	10,702	10,702	10,701
Yi-Jih Development Corp.	3,000	3,000	3,000
Chinese Television System Corp.	38,419	38,419	38,419
Formosa Automobile Corp.	1,750	1,750	1,750
Formosa Development Corp.	90,010	90,010	90,010
Formosa Technologies Corp.	16,058	16,058	16,726
Formosa Plastics Marine Corp.	15,000	15,000	15,000
Formosa Ocean Group Marine Investment Corp.	856,948	856,948	856,948
Guangyuan Investment Corp.	50,000	50,000	50,000
Taiwan Leader Biotech Corp.	21,033	21,033	21,033
Toa Resin Corp., Ltd.	3,000	3,000	3,000
Shin Yun Natural Gas Corp.	3,100	3,100	3,100
Wk Technology Fund IV Ltd.	34,517	34,517	47,897
Syntronix Corporation	4,417	4,417	4,417
United Performance Materials Corp.	8,400	8,400	8,400
Association of R.O.C. in Xiamen	151	156	154
Nan Ya Photonics Inc.	294,583	294,583	294,583
United Biopharma, Inc.	635,828	635,828	635,828
Formosa Lithium Iron Oxide Corp.	53,000	53,000	53,000
Mega Growth Venture Capital Co.,Ltd.	25,000	25,000	25,000
Formosa Ha Tinh (Cayman) Limited	20,451,219	-	-
	23,975,511	3,524,297	3,538,342
Less: Accumulated Impairment	-	-	-
	<u>\$ 23,975,511</u>	<u>\$ 3,524,297</u>	<u>\$ 3,538,342</u>

A. According to the Group's intention, the investment in above stocks should be classified as available-for-sale financial assets. However, as these stocks are not traded in active market, and

no sufficient industry information of companies similar to the Group's financial information can be obtained, the fair value of the investment in stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.

B. As of March 31, 2016, December 31, 2015, and March 31, 2015, no financial assets measured at cost held by the Group were pledged to others.

(8) Investments accounted for using equity method

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Formosa Heavy Industries Corp.	\$ 8,335,595	\$ 8,353,099	\$ 8,065,011
Formosa Fairway Corp.	79,981	81,090	76,343
Formosa Plastics Transport Corp.	744,225	733,803	711,853
Formosa Petrochemical Corp.	66,451,504	64,138,149	58,738,168
Mai Liao Power Corp.	11,527,350	11,324,458	11,781,104
Hwa Ya Science Park Management Consulting Co., Ltd.	1,913	1,861	2,165
Chia-Nan Enterprise Corp.	264,899	261,493	264,540
Su Hua Transport Corp.	229,586	219,427	192,394
Formosa Environmental Technology Corp.	260,050	261,178	265,989
Formosa Ha Tinh (Cayman) Ltd.	-	5,400,384	20,650,663
Formosa Synthetic Rubber Corp.	362,652	369,090	372,060
Formosa Synthetic Rubber Corp. (Hong Kong)	440,405	549,701	879,511
Formosa Resource Corp.	4,257,106	4,387,101	4,374,701
Formosa Group (Cayman) Corp.	215,585	154,121	49,190
Formosa Group Investment (Cayman) Corp.	-	15,754,440	371
Formosa Construction Corp.	9,790	10,661	13,624
Beyoung International Corp.	91,458	91,844	94,004
Ubi Pharma Inc.	628,915	632,313	600,000
Kuang Yueh Co., Ltd.	923,494	951,527	824,014
Changshu Yu Yuan Co., Ltd.	23,517	24,408	-
	<u>\$ 94,848,025</u>	<u>\$ 113,700,148</u>	<u>\$ 107,955,705</u>

## A. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		March 31, 2016	December 31, 2015		
Formosa Petrochemical Corp.	Taiwan	24.15%	24.15%	Investments accounted for using equity method	Equity method

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		March 31, 2015			
Formosa Petrochemical Corp.	Taiwan	24.15%		Investments accounted for using equity method	Equity method

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

### Balance sheet

	Formosa Petrochemical Corp.		
	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	\$ 240,352,502	\$ 230,637,376	\$ 231,452,469
Non-current assets	189,521,579	194,830,098	210,550,666
Current liabilities	( 57,605,943)	( 58,763,026)	( 75,147,732)
Non-current liabilities	( 95,836,827)	( 99,980,734)	( 125,321,535)
Total net assets	<u>\$ 276,431,311</u>	<u>\$ 266,723,714</u>	<u>\$ 241,533,868</u>
Share in associate's net assets	\$ 66,758,162	\$ 64,413,777	\$ 58,885,957
Unrealised profit from sale of upstream transactions eliminations	( 187,180)	( 156,532)	( 28,221)
Net differences in share capital	( 119,478)	( 119,096)	( 119,568)
Carrying amount of the associate	<u>\$ 66,451,504</u>	<u>\$ 64,138,149</u>	<u>\$ 58,738,168</u>

Statement of comprehensive income

	Formosa Petrochemical Corp.	
	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015
Revenue	\$ 124,471,678	\$ 155,034,556
Profit for the period from continuing operations	10,447,660	1,122,927
Other comprehensive income, net of tax	( 740,063)	769,718
Total comprehensive income	<u>\$ 9,707,597</u>	<u>\$ 1,892,645</u>

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

As of March 31, 2016, December 31, 2015 and March 31, 2015 the carrying amount of the Group's individually immaterial associates amounted to \$28,396,521, \$49,561,999 and \$49,217,537, respectively.

	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015
Profit for the period from continuing operations	\$ 828,716	\$ 389,428
Other comprehensive income-net of tax	( 542,335)	( 298,265)
Total comprehensive income	<u>\$ 286,381</u>	<u>\$ 91,163</u>

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

	March 31, 2016	December 31, 2015	March 31, 2015
Formosa Petrochemical Corp.	<u>\$ 212,823,982</u>	<u>\$ 181,303,024</u>	<u>\$ 159,111,786</u>

- B. Except for the financial statements of Formosa Petrochemical Corp. which were reviewed by the Company's appointed independent accountants, the financial statements of other investees accounted for using equity method for the three-month periods ended March 31, 2016 and 2015 were not reviewed.
- C. In response to Formosa Ha Tinh Steel Corporation's planning of shareholding, the Group has signed an agreement for the transfer of capital contribution with Formosa Ha Tinh (Cayman) Limited in September 2014, whereby the Group will transfer all its capital contribution of US\$689,955 thousand in Formosa Ha Tinh Steel Corporation as investment in Formosa Ha Tinh (Cayman) Limited. The Group has conducted restructuring in June, 2015, transferring 14.75% of equity in Formosa Ha Tinh (Cayman) Limited to Formosa Group Investment (Cayman) Limited as capital contribution. After reorganization, the Group now indirectly holds 19.71% of voting rights of Formosa Ha Tinh Steel Corporation through direct ownership in Formosa Ha Tinh

(Cayman) Limited. Although the shareholding ratio is less than 20%, as the Group still has significant influence over Formosa Ha Tinh Steel Corp., the Group accounts for Formosa Ha Tinh Steel Corp. using equity method. In August, 2015, Formosa Ha Tinh (Cayman) Limited received cash from a capital increase. Since Formosa Taffeta (Cayman) Co., Ltd., the Group's subsidiary, and Formosa Group Investment (Cayman) Corp., the Group's associate, did not subscribe to the capital increase proportionately, the Group's overall ownership percentage decreased from 19.71% to 16.5%. Accordingly, capital surplus was recognized. In January 2016, the Group has transferred all its share capital of Formosa Group Investment (Cayman) Corp. as investment in FCFC International Limited (Cayman). After reorganisation, the Group's subsidiaries, FCFC International Limited (Cayman) and Formosa Biomedical Technology (SAMOA) Co.,Ltd. collectively hold 15.28% of share capital of Formosa Ha Tinh (Cayman) Limited. As the Group has no significant influence over subsidiaries in management decisions, the Group discontinues accounting the subsidiary using the equity method when the Group loses significant influence and reclassifies the investment as the financial assets at cost.

- D. In order to improve technical value and integrate related resources of biomedical industry and further develop the Group toward the high-end medical domain, the Group acquired 150 million shares of UBI Pharma Inc. at NT\$4 per share. The shareholding ratio is 21.99%. As of March 31, 2016, the total investment was \$600,000.
- E. In order to effectively utilise Formosa Taffeta (Changshu) Co., Ltd.'s residential land of 9,206 square metres, the Group adjusted the investment structure in March 2015 by reducing capital of Formosa Taffeta (Changshu) Co., Ltd. and splitting the above land for establishing Changshu Fushun Enterprise Management Co., Ltd., whose 100% share ownership is held by Formosa Taffeta (Hong Kong) Co., Ltd. The above capital reduction, land division and establishment of a new company were completed in the first quarter of 2015. Furthermore, Changshu Fushun Enterprise Management Co., Ltd. merged with Changshu Yu Yuan Development Co., Ltd. in July 2015, with Changshu Yu Yuan Development Co., Ltd. as the surviving company. Formosa Taffeta (Hong Kong) Co., Ltd. holds 40.78% equity interest in Changshu Yu Yuan Development Co., Ltd.
- F. As of March 31, 2016 and 2015, parts of equity investments pledged to banks are described in Note 8.

(9) Property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2016</u>						
Cost	\$ 8,776,614	\$ 44,661,550	\$ 288,265,584	\$ 14,794,731	\$ 21,798,947	\$ 378,297,426
Accumulated depreciation and impairment	( 171,256)	( 21,484,545)	( 199,945,206)	( 12,332,660)	-	( 233,933,667)
	<u>\$ 8,605,358</u>	<u>\$ 23,177,005</u>	<u>\$ 88,320,378</u>	<u>\$ 2,462,071</u>	<u>\$ 21,798,947</u>	<u>\$ 144,363,759</u>
<u>2016</u>						
Opening net book amount	\$ 8,605,358	\$ 23,177,005	\$ 88,320,378	\$ 2,462,071	\$ 21,798,947	\$ 144,363,759
Additions	-	271	98,296	20,337	2,232,139	2,351,043
Disposals	- (	168) (	1,416) (	2,131)	- (	3,715)
Reclassifications	704	437,192	4,414,530	68,379	( 4,908,399)	12,406
Depreciation charge	( 82)	( 365,813)	( 3,609,481)	( 131,028)	-	( 4,106,404)
Net exchange difference	( 49)	( 236,502)	( 806,897)	( 13,641)	( 226,392)	( 1,283,481)
Closing net book amount	<u>\$ 8,605,931</u>	<u>\$ 23,011,985</u>	<u>\$ 88,415,410</u>	<u>\$ 2,403,987</u>	<u>\$ 18,896,295</u>	<u>\$ 141,333,608</u>
<u>At March 31, 2016</u>						
Cost	\$ 8,776,992	\$ 44,759,167	\$ 291,013,015	\$ 14,768,528	\$ 18,896,295	\$ 378,213,997
Accumulated depreciation and impairment	( 171,061)	( 21,747,182)	( 202,597,605)	( 12,364,541)	-	( 236,880,389)
	<u>\$ 8,605,931</u>	<u>\$ 23,011,985</u>	<u>\$ 88,415,410</u>	<u>\$ 2,403,987</u>	<u>\$ 18,896,295</u>	<u>\$ 141,333,608</u>

	Land and land improvements	Buildings	Machinery and equipment	Transportation and equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2015</u>						
Cost	\$ 8,799,458	\$ 43,700,939	\$ 272,058,606	\$ 14,539,475	\$ 26,847,662	\$ 365,946,140
Accumulated depreciation and impairment	( 171,186)	( 20,176,718)	( 188,508,070)	( 12,114,702)	-	( 220,970,676)
	<u>\$ 8,628,272</u>	<u>\$ 23,524,221</u>	<u>\$ 83,550,536</u>	<u>\$ 2,424,773</u>	<u>\$ 26,847,662</u>	<u>\$ 144,975,464</u>
<u>2015</u>						
Opening net book amount	\$ 8,628,272	\$ 23,524,221	\$ 83,550,536	\$ 2,424,773	\$ 26,847,662	\$ 144,975,464
Additions	-	19,900	372,409	31,371	3,985,745	4,409,425
Disposals	- (	6)	( 36,970)	( 563)	- (	37,539)
Reclassifications	-	74,892	1,626,849	25,502	( 1,444,533)	282,710
Depreciation charge	( 83)	( 363,693)	( 3,632,347)	( 135,042)	- (	4,131,165)
Net exchange difference	( 42)	( 192,664)	( 532,072)	( 10,141)	( 525,387)	( 1,260,306)
Closing net book amount	<u>\$ 8,628,147</u>	<u>\$ 23,062,650</u>	<u>\$ 81,348,405</u>	<u>\$ 2,335,900</u>	<u>\$ 28,863,487</u>	<u>\$ 144,238,589</u>
<u>At March 31, 2015</u>						
Cost	\$ 8,799,214	\$ 43,510,291	\$ 272,737,912	\$ 14,533,401	\$ 28,863,487	\$ 368,444,305
Accumulated depreciation and impairment	( 171,067)	( 20,447,641)	( 191,389,507)	( 12,197,501)	-	( 224,205,716)
	<u>\$ 8,628,147</u>	<u>\$ 23,062,650</u>	<u>\$ 81,348,405</u>	<u>\$ 2,335,900</u>	<u>\$ 28,863,487</u>	<u>\$ 144,238,589</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:

	<u>For the three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Amount capitalized	<u>\$ 51,387</u>	<u>\$ 86,823</u>
Interest rate	<u>1.11%~2.06%</u>	<u>0.77%~5.76%</u>

- B. Under regulations, land may only be owned by individuals. Thus, the Group has already obtained ownership of the agricultural land for future plant expansion which was acquired by the Group under the name of a third party, and has pledged the full amount to the Company. As of March 31, 2016, December 31, 2015 and March 31, 2015, the pledged amount was \$824,537, \$624,637 and \$624,720, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

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

Type of loans	March 31, 2016	Interest rate range	Collateral
OA loans	\$ 23,470	0.36%~1.53%	None
Secured loans	3,228,327	1.50%~2.40%	Note 8
Unsecured loans	24,880,384	0.69%~4.60%	None
Total short-term loans	<u>\$ 28,132,181</u>		
Short-term notes and bills payable	\$ 2,550,000	0.80%~0.90%	None
Short-term notes and bills payable discount	( 1,105)		
Net short-term notes and bills payable	<u>\$ 2,548,895</u>		
Type of loans	December 31, 2015	Interest rate range	Collateral
OA loans	\$ 6,791	1.20%~1.45%	None
Secured loans	3,201,165	1.39%~2.24%	Note 8
Unsecured loans	23,464,692	0.62%~4.60%	None
Total short-term loans	<u>\$ 26,672,648</u>		
Short-term notes and bills payable	\$ 2,050,000	0.60%~0.85%	None
Short-term notes and bills payable discount	( 636)		
Net short-term notes and bills payable	<u>\$ 2,049,364</u>		
Type of loans	March 31, 2015	Interest rate range	Collateral
OA loans	\$ 5,117	1.83%	None
Secured loans	2,854,333	1.70%~2.63%	Note 8
Unsecured loans	26,178,265	0.77%~5.88%	None
Total short-term loans	<u>\$ 29,037,715</u>		
Short-term notes and bills payable	\$ 2,700,000	1.01%	None
Short-term notes and bills payable discount	( 328)		
Net short-term notes and bills payable	<u>\$ 2,699,672</u>		

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

<u>Items</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current items:			
Non-hedging derivatives	<u>\$ 629</u>	<u>\$ 819</u>	<u>\$ -</u>

A. The Group recognized net (loss) gain on valuation of financial liabilities at fair value through profit or loss amounting to (\$352) and \$3,726 for the three-month periods ended March 31, 2016 and 2015, respectively.

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

<u>Derivative Financial Liabilities</u>	<u>March 31, 2016</u>		<u>December 31, 2015</u>	
	<u>Contract Amount</u>		<u>Contract Amount</u>	
	<u>(Notional Principal)</u>		<u>(Notional Principal)</u>	
	<u>(In thousand dollars)</u>	<u>Contract Period</u>	<u>(In thousand dollars)</u>	<u>Contract Period</u>
Current items:				
Forward foreign exchange contracts				
CHB	-	-	USD 5,000	2015.11~2016.02
Taipei Fubon	JPY 40,000	2016.2~2016.04	JPY 270,180	2015.12~2016.03

March 31, 2015: None.

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

(12) Bonds payable

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Bonds payable			
Domestic unsecured nonconvertible corporate bonds	\$ 56,000,000	\$ 56,000,000	\$ 66,000,000
Less: current portion	( 9,500,000)	( 9,500,000)	( 10,000,000)
	<u>\$ 46,500,000</u>	<u>\$ 46,500,000</u>	<u>\$ 56,000,000</u>

The terms of nonconvertible corporate bonds were as follows:

	Issuance	Maturity	Yield	Issued principal				
Description	date	date	rate (%)	amount	March 31, 2016	December 31, 2015	March 31, 2015	Note
<u>2010</u>								
First issued domestic unsecured nonconvertible corporate bonds	2010.6.29	2014.6.29~2015.6.29	1.56	\$ 6,000,000	\$ -	\$ -	\$ 3,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2010.7.29	2014.7.29~2015.7.29	1.52	4,000,000	-	-	2,000,000	Serial bonds, to be settled 50%, 50%
<u>2011</u>								
First issued domestic unsecured nonconvertible corporate bonds	2011.06.10	2015.6.10~2016.6.10	1.44	6,000,000	3,000,000	3,000,000	6,000,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2011.10.31	2015.10.31~2016.10.31	1.38	4,000,000	2,000,000	2,000,000	4,000,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	March 31, 2016	December 31, 2015	March 31, 2015	Note
<u>2012</u>								
First issued domestic unsecured nonconvertible corporate bonds - A	2012.7.26	2016.7.26~2017.7.26	1.29	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 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	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	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	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	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	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	2,200,000	Serial bonds, to be settled 50%, 50%

Description	Issuance date	Maturity date	Yield rate (%)	Issued principal amount	March 31, 2016	December 31, 2015	March 31, 2015	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	\$ 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	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	2,800,000	Serial bonds, to be settled 50%, 50%
Second issued domestic unsecured nonconvertible corporate bonds	2014.1.17	2025.1.17 ~ 2026..1.17	2.03	10,000,000	10,000,000	10,000,000	10,000,000	Serial bonds, to be settled 50%, 50%
<u>2014</u>								
First issued-A domestic unsecured nonconvertible corporate bonds	2014.7.4	2023.7.4 ~ 2024.7.4	1.81	1,400,000	1,400,000	1,400,000	1,400,000	Serial bonds, to be settled 50%, 50%
First issued-B domestic unsecured nonconvertible corporate bonds	2014.7.4	2028.7.4 ~ 2029.7.4	2.03	4,600,000				Serial bonds, to be settled 50%, 50%
					<u>4,600,000</u>	<u>4,600,000</u>	<u>4,600,000</u>	
					56,000,000	56,000,000	66,000,000	
Less: Current portion of bonds payable					<u>( 9,500,000)</u>	<u>( 9,500,000)</u>	<u>( 10,000,000)</u>	
					<u>\$ 46,500,000</u>	<u>\$ 46,500,000</u>	<u>\$ 56,000,000</u>	

(13) Long-term bank loans and notes payable

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2016
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.00%~1.05%	None	\$ 3,000,000
China Trust Bank	Aug. 24, 2015~Aug. 24, 2020, payable in full after Aug. 24, 2018 or payable in full at maturity with a two-year extension	LIBOR+1.25%(if TAIFX is higher than LIBOR+0.35%,th e difference between TAIFX and LIBOR+0.35% is payable by the borrower)	"	3,066,212
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014~Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Apr. 16, 2017; overseas: one hundred and ten million payable semi- annually after Apr. 16, 2017 with a two- year extension	1.87%~1.88%	"	6,132,425
Taiwan Bank	Oct. 24, 2014~Oct. 21, 2017, principal payable semi- annually after three years; interest payable quarterly	LIBOR+1.4% 3 months	"	2,582,560

Type of loans	Borrowing		Collateral	March 31, 2016
	period/repayment term	Interest rate range		
Taiwan Business Bank	Jan.1, 2016~Jan.1, 2019, principal payable quarterly after 27 months	LIBOR+1.10% 3 months	None	\$ 624,588
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.05%~1.12%	"	171,429
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov.17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	"	2,453,432
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	The interest rate is 1.3% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the third year is 6.598%, and the interest accrual period is from December to March)	"	949,294
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	TAIFX+0.75% 3 months	"	2,227,458
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	"	599,554



Type of loans	Borrowing		Collateral	March 31, 2016
	period/repayment term	Interest rate range		
Hua Nan Bank	Mar. 15, 2016 ~ Mar. 15, 2018, payable in full at maturity	1.18%	None	\$ 1,500,000
Mega International Commercial Bank	Dec. 21, 2015 - Dec. 21, 2017, payable in full at maturity	1.34%	"	900,000
First Commercial Bank	Sep. 16, 2015 ~ Sep. 16, 2018, payable in full at maturity	1.06%	"	1,500,000
Mizuho Corporate Bank	Aug. 20, 2015 ~ Aug. 20, 2017, payable in full at maturity	1.10%	"	900,000
E. Sun Bank	Aug. 20, 2015 ~ Aug. 20, 2018, payable in full at maturity	1.24%	"	500,000
China Trust Bank	Sep. 25, 2015 ~ Sep. 25, 2017, payable in full at maturity	1.18%	"	500,000
KGI Bank	Jun. 22, 2015 -Jun. 22, 2017, payable in full at maturity	1.10%	"	500,000
Taipei Fubon Bank	Jan. 11, 2016 -Jan. 11, 2018, payable in full at maturity	1.11%	"	1,500,000
Bangkok Bank	Dec. 2, 2015 ~ Dec. 1, 2017, payable in full at maturity	1.24%	"	200,000
HSBC	Dec. 21, 2015 ~ Dec. 21, 2017, payable in full at maturity	1.17%	"	1,500,000
Industrial Bank of Taiwan	Sep. 25, 2015 ~ Sep. 25, 2018, payable in full at maturity	1.15%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2016
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi- annually after Apr. 21, 2017; interest payable monthly	1.63%	Land	\$ 12,100,000
Hua Nan Bank China Trust Bank ANZ	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	576,330
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	1.01%~1.03%	None	
				89,202
				44,572,484
Less: Current portion of long-term loans				( 2,737,151)
				<u>\$ 41,835,333</u>

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

Type of loans	Borrowing		Collateral	December 31, 2015
	period/repayment term	Interest rate range		
Taiwan Business Bank	Jan.1, 2016~Jan.1, 2019, principal payable quarterly after 27 months	LIBOR+1.10% 3 months	None	\$ 639,757
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.18%~1.20%	"	228,571
Mega International Commercial Bank	Jan. 31, 2011 ~ Jan. 29, 2016, principal payable semi-annually	0.85%~1.30%	"	509,217
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov.17, 2017, principal payable semi-annually	TAIFX+0.80% 3 months	"	2,513,016
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	The interest rate is 1.3% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the third year is 6.598%, and the interest accrual period is from December to March)	"	967,497
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	TAIFX+0.75% 3 months	"	2,281,554
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi-annually after Oct. 22, 2017, interest payable quarterly	The interest rate is 1.75% plus the average of the 3-month RMB interbank lending rate of HSBC (HK) and that of China Bank (HK), 2 business days before the interest accrued (the interest rate for the second year is 6.0173%, and the interest accrual period is from October to January)	"	611,051

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

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	December 31, 2015
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi- annually after Apr. 21, 2017; interest payable monthly	1.63%~1.65%	Land	\$ 12,100,000
Hua Nan Bank China Trust Bank ANZ	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	483,364
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable annually	1.007%	None	85,363
				45,453,967
Less: Current portion of long-term loans				( 6,679,230)
				<u>\$ 38,774,737</u>

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Long-term bank loans				
Unsecured loans				
Japanese Mitsubishi Bank	Mar. 29, 2013 ~ Mar. 29, 2016, payable at maturity date; interest payable monthly	1.14%~1.15%	None	\$ 4,000,000
ANZ Bank	Dec. 28, 2012 ~ Dec. 28, 2015, payable at maturity date; interest payable quarterly	1.22%~1.24%	"	2,905,000
Taiwan Bank	Aug. 10, 2012 ~ May. 29, 2015, payable at maturity date; interest payable monthly	1.46%~1.47%	"	1,500,000
Taiwan Bank	Mar. 5, 2015 ~ Jun. 5, 2016, payable at maturity date; interest payable monthly	1.31%	"	2,000,000
China Development Industrial Bank	Sep. 17, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.38%~1.44%	"	1,000,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
China Development Industrial Bank	Aug. 30, 2013 ~ Jan. 22, 2016, payable at maturity date; interest payable monthly	1.33%	None	\$ 200,000
Taichung Bank	Sep. 17, 2012 ~ Sep. 17, 2015, payable at maturity date; interest payable monthly	1.45%	"	500,000
E. Sun Bank	Jun. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.40%	"	400,000
Mega International Commercial Bank	Aug. 2, 2013 ~ Jun. 20, 2015, payable at maturity date; interest payable monthly	1.40%	"	1,000,000
Far Eastern International Bank	Feb. 7, 2012 ~ Jan. 7, 2018, payable at maturity date; interest payable monthly	1.27%~1.36%	"	950,000
Union Bank of Taiwan	Nov. 7, 2012 ~ Oct. 7, 2017, payable at maturity date; interest payable monthly	1.28%	"	950,000
Jih Sun Bank	Jul. 19, 2013 ~ Oct. 6, 2016, payable at maturity date; interest payable monthly	1.35%	"	200,000



Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.46%~1.48%	None	\$ 200,000
Industrial Bank of Taiwan	Dec. 27, 2013 ~ Jun. 27, 2016, payable at maturity date; interest payable monthly	1.37%	"	100,000
Export-Import Bank of the ROC	Jul. 27, 2012 ~ Jul. 27, 2017, principal payable semi-annually	1.19%~1.20%	"	285,714
Sumitomo Mitsui Banking Corporation	Aug. 14, 2013 ~ Aug. 14, 2015, payable at maturity date; interest payable monthly	1.23%	"	300,000
Sumitomo Mitsui Banking Corporation	Aug. 27, 2014 ~ Aug. 27, 2016, payable at maturity date; interest payable monthly	1.23%	"	1,000,000
Yuanta Commercial Bank	May. 17, 2013 ~ Jan. 30, 2016, payable at maturity date; interest payable monthly	1.28%~1.30%	"	200,000
Mega International Commercial Bank	Jan. 31, 2011 ~ Jan. 29, 2016, principal payable semi-annually	0.85%~0.87%	"	967,151
Mega International Commercial Bank	Nov. 19, 2012 ~ Nov.17, 2017, principal payable semi-annually	1.36%~1.58%	"	2,983,095

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	4.8%~5.76%	None	\$ 971,344
Taiwan Cooperative Bank	Dec. 10, 2013 ~ Dec. 7, 2018, principal payable semi-annually	1.36%~1.5%	"	2,166,669
Taiwan Bank	Oct. 22, 2014 ~ Oct. 21, 2019, principal payable semi- annually after Oct. 22, 2017, interest payable quarterly	5.71%	"	613,481
Taiwan Bank	Oct. 24, 2014 ~ Oct. 21, 2019, principal payable semi- annually after Oct. 22, 2017, interest payable quarterly	1.66%~1.68%	"	2,512,080
Sumitomo Mitsui Banking Corporation	Oct. 16, 2014 ~ Jul. 22, 2019, domestic: one hundred million principal payable semi-annually after Mar. 16, 2017; oversea: one hundred ten million payable semi- annually after Mar. 16, 2017 with two years extension	domestic:LIBOR+ 1.55% oversea: LIBOR+1.45% and TAIEX+0.4% higher	"	3,507,160

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Hua Nan Bank	Jan. 15, 2014 ~ Jan. 15, 2016, payable in full at maturity	1.28%	None	\$ 1,500,000
Mega International Commercial Bank	Jul. 21, 2014 ~ Jul. 21, 2016, payable in full at maturity	1.35%	"	1,200,000
First Commercial Bank	Sep. 16, 2013 ~ Sep. 16, 2016, payable in full at maturity	1.27%	"	1,500,000
Far Eastern International Bank	Apr. 22, 2013 ~ Apr. 22, 2016, payable in full at maturity	1.35%	"	1,000,000
Bangkok Bank	Dec. 9, 2014 ~ Dec. 9, 2016, payable in full at maturity	1.32%	"	200,000
HSBC	Dec. 23, 2014 ~ Dec. 23, 2016, payable in full at maturity	1.23%	"	1,500,000
Industrial Bank of Taiwan	Aug. 20, 2013 ~ Aug. 20, 2016, payable in full at maturity	1.31%~1.32%	"	500,000
China Trust Bank	Sep. 25, 2014 ~ Sep. 25, 2016, payable in full at maturity	1.34%	"	500,000
Taipei Fubon Bank	Jan. 11, 2015 ~ Jan. 11, 2017, payable in full at maturity	1.30%	"	500,000
China Development Industrial Bank	Apr. 21, 2014 ~ Apr. 21, 2016, payable in full at maturity	1.28%	"	500,000

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Secured loans				
Mega International Commercial Bank	Apr. 21, 2014 ~ Apr. 21, 2021, principal payable semi-annually after Apr. 21, 2017; interest payable monthly	1.65%~1.67%	Land	\$ 12,100,000
Mega International Commercial Bank	Aug. 31, 2006 ~ Aug. 31, 2016, principal payable semi-annually	1.53%~1.56%	Machinery and equipment acquired for the Sixth naphtha cracker project	3,053,070
Taipei Fubon Bank	Mar. 26, 2014 ~ Mar. 26, 2016, payable at maturity date; interest	1.4%~1.45%	Land and factories	2,700,000
Hua Nan Bank	Apr. 26, 2010 ~ Jun. 11, 2019, principal payable annually	SIBOR 6 months +1.6%	Endorsement and guarantees of Formosa Taffeta Co., Ltd.	492,974
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2021, principal payable in equal quarterly amortizations	1.74%	Land	4,920
Taiwan Business Bank	Jan. 18, 2007 ~ Dec. 18, 2021, principal payable in equal monthly	1.82%	Factories and buildings	43,781
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2021, principal payable quarterly	1.56%	Land	39,840

Type of loans	Borrowing period/repayment term	Interest rate range	Collateral	March 31, 2015
Taiwan Business Bank	Apr. 15, 2006 ~ Jan. 15, 2016, principal payable quarterly	1.56%	Land	\$ 8,560
Non-financial sector borrowings				
Idemitsu Kosan Co., Ltd.	Jul. 2005 ~ Dec. 2018, interest payable monthly; principal payable	1.06%~1.07%	Equipment	108,326
				58,863,165
Less: Current portion of long-term loans				( 18,134,596)
				<u>\$ 40,728,569</u>

- A. The collaterals for long-term bank loans are described in Note 8.
- B. In order to finance the construction of the Sixth Naphtha four expansion plan and the related factories, the Group obtained a syndicated loan with Bank of Communications as the lead bank. Due to the expansion of the six Naphtha Cracker project, the Group re-entered into the long-term loan agreement with the banks on May 15, 2006. The details were as follows:
- (a) Total credit line: \$16,636,000
  - (b) Interest rate: 90-day secondary market in Taiwan issued commercial paper rate plus the average price of 0.60% interest per annum
  - (c) Period: 7~10 years
  - (d) Collateral: Property, plant and equipment acquired from the proceeds of the loan were pledged as collateral.
- The Group is required to meet certain financial covenants, namely liability ratio (liabilities/net equity) of less than 150% and current ratio (current assets/current liabilities) of above 120% at the end of each year. In the event the Group fails to meet the required covenants, a capital increase has to be completed by June of the following year.
- The Group repaid the loan on December 31, 2015.
- C. The Group has signed contracts for syndicated loans with Mega Bank and others on November 14, 2013 to finance plant construction for Formosa Ha Tinh Steel Corp. Information is as follows:
- (a) Total credit line: \$12,100,000
  - (b) Interest rate: Based on the agreement with the banks
  - (c) Period: 7 years
  - (d) Collateral: Land in Six Naphtha Cracking Plant, Mailiao Township, Yunlin County

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

- D. Formosa Industries Corp.'s long-term borrowing from banks is for the plant construction. The borrowing is guaranteed by Nan Ya Plastics Corp.'s drawn note of \$5,620,571.

(14) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$79,065 and \$86,698 for the three-month periods ended March 31, 2016 and 2015, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are \$367,686.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2016 and 2015 was 14% and 12%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2016 and 2015 were \$84,857 and \$88,650, respectively.

(15) Capital stock

- A. As of March 31, 2016, the Company's authorized and paid-in capital was \$58,611,863, and total issued stocks was 5,861,186 thousand shares with a par value of \$10 per share. All proceeds from shares issued have been collected.
- B. Changes in the treasury stocks for the three-month periods ended March 31, 2016 and 2015 are set forth below:

		For the three-month period ended March 31, 2016			
Reason for		Beginning			Ending
reacquisition	Subsidiary	shares	Additions	Disposal	shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
	Formosa Advanced	7,037,000	-	-	7,037,000
		<u>18,256,610</u>	<u>-</u>	<u>-</u>	<u>18,256,610</u>
		For the three-month period ended March 31, 2015			
Reason for		Beginning			Ending
reacquisition	Subsidiary	shares	Additions	Disposal	shares
Parent company shares held by subsidiaries reclassified from long-term investment to treasury stock	Formosa Taffeta Co.	11,219,610	-	-	11,219,610
	Formosa Advanced Technologies Co.	5,582,000	70,000	-	5,652,000
		<u>16,801,610</u>	<u>70,000</u>	<u>-</u>	<u>16,871,610</u>

- E. The market value of treasury stocks was \$80.2 and \$71.8 (in dollars) per share at March 31, 2016 and 2015, respectively.

- D. The above treasury stocks of the parent company were purchased by subsidiaries.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be 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 three-month period ended March 31, 2016						
	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, 2016	\$ 2,710,554	\$ 5,514,032	\$ 138,407	\$ 298,338	\$ 9,447	\$ 204,224
Effect from disposal of net stockholding of associates recognised under the equity method	-	-	-	( 35,510)	-	-
At March 31, 2016	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 138,407</u>	<u>\$ 262,828</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

For the three-month period ended March 31, 2015						
	Share premium	Conversion premium of corporate bonds	Treasury share transactions	Effect from net stockholding of associates recognised using equity method	Difference between stock price and book value for disposal of subsidiaries	Others
At January 1, 2015 ( and March 31, 2015)	<u>\$ 2,710,554</u>	<u>\$ 5,514,032</u>	<u>\$ 131,706</u>	<u>\$ 98,598</u>	<u>\$ 9,447</u>	<u>\$ 204,224</u>

(17) Retained earnings

A. Under the Group's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining balance is to be set aside as special reserve if necessary; and distributed to shareholders as interest on capital. The remaining balance for current year, after allocating for interest on capital, shall be accumulated with remaining balance of previous year. Bonus distributed shall be proposed by the Board of Directors and resolved by the stockholders.

The special reserve includes:

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

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



shareholders' meeting in 2016.

- B. The Group is in the mature stage and the profit is stable. The Board of Directors shall establish the cash dividend or stock dividend percentage. At least 50% of the distributable earnings after deducting the legal reserve, directors' and supervisors' remuneration, employee bonus and special reserves shall be distributed to stockholders. The Group would prefer cash dividend. If the Group requires funds for significant investments or needs to improve its financial structure, part of the dividend will be in the form of stocks which shall not exceed 50% of the total dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.
- D. In accordance with the regulations, the Group shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriations of 2014 and 2013 earnings had been resolved at the stockholders' meeting on June 16, 2015 and June 16, 2014, respectively. Details are as follows:

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

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

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

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

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

(18) Other equity items

	Hedging reserve	Available-for-sale investment	Currency translation	Total
At January 1, 2016	\$ 69,573	\$ 72,615,548	\$ 4,649,520	\$ 77,334,641
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	3,989,378	-	3,989,378
–Associates	-	( 115,706)	-	( 115,706)
Cash flow hedges:				
–Associates	10,972	-	-	10,972
Currency translation differences:				
–Group	-	-	( 1,234,686)	( 1,234,686)
–Tax of parent Group	-	-	165,519	165,519
–Associates	-	-	( 195,372)	( 195,372)
At March 31, 2016	<u>\$ 80,545</u>	<u>\$ 76,489,220</u>	<u>\$ 3,384,981</u>	<u>\$ 79,954,746</u>

	<u>Hedging reserve</u>	<u>Available-for-sale investment</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2015	(\$ 2,622)	\$ 87,580,223	\$ 4,235,625	\$ 91,813,226
Unrealised gain (loss) on available-for-sale investments:				
–Group	-	2,793,007	-	2,793,007
–Associates	-	170,573	-	170,573
Cash flow hedges:				
–Associates	34,304	-	-	34,304
Currency translation differences:				
–Group	-	-	( 874,183)	( 874,183)
–Tax of parent Group	-	-	136,044	136,044
–Associates	-	-	11,966	11,966
At March 31, 2015	<u>\$ 31,682</u>	<u>\$ 90,543,803</u>	<u>\$ 3,509,452</u>	<u>\$ 94,084,937</u>

(19) Operating revenue

	For the three-month periods ended March 31	
	<u>2016</u>	<u>2015</u>
Sales revenue	\$ 75,572,260	\$ 80,696,792
Service revenue	138,452	147,778
Other operating revenue	88,792	64,478
	<u>\$ 75,799,504</u>	<u>\$ 80,909,048</u>

(20) Other income

	For the three-month periods ended March 31	
	<u>2016</u>	<u>2015</u>
Rental revenue	\$ 35,104	\$ 77,964
Interest income:		
Interest income from bank deposits	48,525	31,140
Interest from current account with others	33,061	60,101
Other interest income	3,806	10,391
	<u>85,392</u>	<u>101,632</u>
Other revenue	348,794	192,905
	<u>\$ 469,290</u>	<u>\$ 372,501</u>

(21) Other gains and losses

	For the three-month periods ended March 31	
	2016	2015
Net gain on financial assets at fair value through profit or loss	\$ 1,211	\$ 2,369
Net (loss) gain on financial liabilities at fair value through profit or loss	( 352)	3,726
Net currency exchange loss	( 349,136)	( 223,699)
Gain on disposal of investments	11,816	62,914
Gain (loss) on disposal of property, plant and equipment	15,067	( 1,574)
Other losses	( 155,222)	( 69,311)
	<u>(\$ 476,616)</u>	<u>(\$ 225,575)</u>

(22) Finance costs

	For the three-month periods ended March 31	
	2016	2015
Interest expense:		
Bank loans	\$ 308,615	\$ 359,973
Corporate bonds	216,882	250,990
Current account with others	2,959	18,501
Discount	13,599	11,825
Other interest expenses	12,543	10,924
	554,598	652,213
Less: capitalisation of qualifying assets	( 51,387)	( 86,823)
Finance costs	<u>\$ 503,211</u>	<u>\$ 565,390</u>

(23) Expenses by nature

	For the three-month periods ended March 31	
	2016	2015
Depreciation charges on property, plant and equipment	\$ 4,106,404	\$ 4,131,165
Employee benefit expense	3,707,087	3,647,907
Amortisation	894,491	833,484
	<u>\$ 8,707,982</u>	<u>\$ 8,612,556</u>

(24) Employee benefit expense

	For the three-month periods ended March 31	
	2016	2015
Wages and salaries	\$ 3,164,513	\$ 3,121,187
Labor and health insurance fees	237,194	221,850
Pension costs	163,922	175,348
Other personnel expenses	141,458	129,522
	<u>\$ 3,707,087</u>	<u>\$ 3,647,907</u>

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

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

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

- B. For the three-month periods ended March 31, 2016 and 2015, employees' remuneration (bonuses) was accrued at \$3,910 and \$3,390, respectively. The aforementioned amount was recognized in salary expenses.

For the three-month periods ended March 31, 2016 and 2015, the employees' compensation was estimated and accrued based on approximately 0.1% of the retained earnings.

The expenses recognised for the three-month period ended March 31, 2015 were accrued based on the net income and the percentage as prescribed by the Company's Articles of Incorporation, taking into account other factors such as legal reserve, special reserve and shareholders' dividends.

Employees' compensation of 2015 as resolved by the Board of Directors was in agreement with the amount of \$30,193 recognised in the profit or loss of 2015. Employees' compensation of 2015 has not been distributed.

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

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the three-month periods ended March 31</u>	
	<u>2016</u>	<u>2015</u>
Current tax:		
Current tax on profits for the year	\$ <u>1,356,079</u>	\$ <u>263,810</u>
Deferred tax:		
Effect of exchange rate	1,509	1,664
Origination and reversal of temporary differences	( <u>79,033</u> )	<u>208,857</u>
Total deferred tax	( <u>77,524</u> )	<u>210,521</u>
Income tax expense	\$ <u>1,278,555</u>	\$ <u>474,331</u>

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

	<u>For the three-month periods ended March 31</u>	
	<u>2016</u>	<u>2015</u>
Currency translation differences	\$ <u>165,519</u>	\$ <u>136,044</u>

B. Unappropriated retained earnings:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Earnings generated in and before 1997	\$ 6,198,462	\$ 6,198,462	\$ 6,198,462
Earnings generated in and after 1998	<u>53,086,539</u>	<u>46,329,593</u>	<u>29,176,789</u>
	\$ <u>59,285,001</u>	\$ <u>52,528,055</u>	\$ <u>35,375,251</u>

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Balance of the imputation credit account	\$ <u>2,397,550</u>	\$ <u>2,397,550</u>	\$ <u>2,533,329</u>
	<u>2015 (Estimate)</u>	<u>2014 (Actual)</u>	
Creditable tax rate	<u>9.46%</u>	<u>11.60%</u>	

(26) Earnings per share

A. Basic earnings per share

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

For the three-month periods ended March 31, 2016 and 2015, the earnings per share is calculated as follows:

For the three-month period ended March 31, 2016					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 9,097,692	\$ 7,819,137		\$ 1.56	\$ 1.34
Net income of non- controlling interest	( 1,727,135)	( 1,062,191)		( 0.30)	( 0.18)
Profit attributable to ordinary shareholders the parent	<u>\$ 7,370,557</u>	<u>\$ 6,756,946</u>	<u>5,842,929</u>	<u>\$ 1.26</u>	<u>\$ 1.16</u>
For the three-month period ended March 31, 2015					
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 2,531,422	\$ 2,057,091		\$ 0.43	\$ 0.35
Net income of non- controlling interest	( 916,294)	( 570,546)		( 0.15)	( 0.10)
Profit attributable to ordinary shareholders the parent	<u>\$ 1,615,128</u>	<u>\$ 1,486,545</u>	<u>5,844,315</u>	<u>\$ 0.28</u>	<u>\$ 0.25</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 three-month period ended March 31, 2016				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 9,097,692	\$ 7,819,137		\$ 1.55	\$ 1.33
Net income of non- controlling interest	( 1,727,135)	( 1,062,191)		( 0.29)	( 0.18)
Profit attributable to ordinary shareholders the parent	\$ 7,370,557	\$ 6,756,946	5,861,186	\$ 1.26	\$ 1.15

	For the three-month period ended March 31, 2015				
	Amount		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic earnings per share</u>					
Consolidated net income	\$ 2,531,422	\$ 2,057,091		\$ 0.43	\$ 0.35
Net income of non-controlling interest	( 916,294)	( 570,546)		( 0.15)	( 0.10)
Profit attributable to ordinary shareholders the parent	\$ 1,615,128	\$ 1,486,545	5,861,186	\$ 0.28	\$ 0.25

(27) Non-cash transaction

Investing activities with partial cash payments:

	For the three-month periods ended March 31,	
	2016	2015
Purchase of fixed assets	\$ 2,351,043	\$ 4,409,425
Add: opening balance of payable on equipment	1,485,927	1,262,381
Less: ending balance of payable on equipment	( 531,368)	( 1,273,267)
Cash paid during the period	<u>\$ 3,305,602</u>	<u>\$ 4,398,539</u>



## 7. RELATED PARTY TRANSACTIONS

### (1) Significant related party transactions

#### A. Sales of goods:

	For the three-month periods ended March 31,	
	2016	2015
Sales of goods:		
— Associates	\$ 4,330,172	\$ 5,527,620
— Other related parties	10,408,981	10,516,268
	<u>\$ 14,739,153</u>	<u>\$ 16,043,888</u>

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

#### B. Purchases of goods:

	For the three-month periods ended March 31,	
	2016	2015
Purchases of goods:		
— Associates	\$ 27,991,018	\$ 33,725,787
— Other related parties	3,978,874	6,003,115
	<u>\$ 31,969,892</u>	<u>\$ 39,728,902</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>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Receivables from related parties:			
— Associates	\$ 1,632,396	\$ 1,969,793	\$ 2,133,604
— Other related parties	4,922,319	4,855,762	4,922,933
	<u>6,554,715</u>	<u>6,825,555</u>	<u>7,056,537</u>
Other receivables:			
— Associates	738,177	2,140,695	6,301,840
	<u>\$ 7,292,892</u>	<u>\$ 8,966,250</u>	<u>\$ 13,358,377</u>

Receivables from related parties are mainly from sales of goods and receivables for payments on behalf of others for construction design services. Receivables for sales are due 30~120 days from the sales; receivables for payments on behalf of others for construction design services are due 270 days from the services rendered. The receivables do not bear interest and no collaterals were pledged. No provision was accrued for receivables from related party.

D. Payables to related parties:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Payables to related parties:			
— Associates	\$ 9,337,447	\$ 10,101,907	\$ 10,844,913
— Other related parties	<u>1,719,872</u>	<u>2,185,688</u>	<u>3,428,959</u>
	<u>\$ 11,057,319</u>	<u>\$ 12,287,595</u>	<u>\$ 14,273,872</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 three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Expansion and repair works of factory sites		
— Associates	\$ 157,328	\$ 69,883
— Other related parties	<u>5,503</u>	<u>22,657</u>
	<u>\$ 162,831</u>	<u>\$ 92,540</u>

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

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Payables to related parties:			
— Associates	\$ 1,589	\$ 923	\$ 6,572
— Other related parties	<u>1,369</u>	<u>306</u>	<u>4,373</u>
	<u>\$ 2,958</u>	<u>\$ 1,229</u>	<u>\$ 10,945</u>

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

F. Financing

(a) Loans to related parties:

(i)Ending balance of accounts receivable - related parties

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Associates	\$ 540,000	\$ 1,060,000	\$ 7,067,555
Other related parties	<u>8,246,791</u>	<u>8,793,312</u>	<u>12,021,501</u>
	<u>\$ 8,786,791</u>	<u>\$ 9,853,312</u>	<u>\$ 19,089,056</u>

(ii)Interest income

	<u>For the three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Associates	\$ 1,705	\$ 18,571
Other related parties	<u>31,356</u>	<u>41,419</u>
	<u>\$ 33,061</u>	<u>\$ 59,990</u>

The loan terms to related parties are in accordance with the contract's repayment schedule after the loan is made; interest was collected at 1.47 %~1.50 % and 0.74%~1.63% per annum for the three-month periods ended March 31, 2016 and 2015, respectively.

(b) Loans from related parties:

(i) Ending balance of payables to related parties

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Associates	\$ 11,300	\$ 34,700	\$ 83,900
Other related parties	-	2,311,809	1,400,781
	<u>\$ 11,300</u>	<u>\$ 2,346,509</u>	<u>\$ 1,484,681</u>

(ii) Interest expense

	<u>For the three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Associates	\$ 204	\$ 404
Other related parties	2,551	24,881
	<u>\$ 2,755</u>	<u>\$ 25,285</u>

The loan terms from associates are in accordance with the contract's repayment schedule after the loan is made; interest is paid at a rate of 1.47%~3.92% and 1.63%~3.92% for the three-month periods ended March 31, 2016 and 2015, respectively.

G. Receivables for payment on behalf of others

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Associates	\$ 328,225	\$ 414,418	\$ 280,402

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 three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Transportation charges		
Other related parties	\$ 463,902	\$ 455,054

I. Rental revenue

	<u>For the three-month periods ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Associates	\$ 8,587	\$ 10,650
Other related parties	28,274	63,243
	<u>\$ 36,861</u>	<u>\$ 73,893</u>

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

J. Property transactions:

(a) Acquisition of property, plant and equipment

		For the three-month periods ended March 31,	
		2016	2015
Purchase of property, plant and equipment			
— Associates		\$ 125,966	\$ 45,536
— Other related parties		34	-
		<u>\$ 126,000</u>	<u>\$ 45,536</u>

(b) Acquisition of financial assets

				Three-month period ended March 31, 2016
	Items	Number of shares	Name of the securities	Acquisition cost
— Other related parties	Investments accounted for using equity method	508,236,725	Formosa Ha Tinh (Cayman) Limited (Note)	\$ 16,084,840
	Available-for-sale financial assets	15,297,204	Nan Ya Technology Corp.	558,348
				<u>\$ 16,643,188</u>

				Three-month period ended March 31, 2015
	Items	Number of shares	Name of the securities	Acquisition cost
— Other related parties	Investments accounted for using equity method	150,000	UBI Asia	<u>\$ 600,000</u>

(c) Disposal of financial asset

					Three-month period ended March 31, 2016
	Items	Number of shares	Name of the securities	Disposal proceeds	Gain (loss) on disposal
— Associates	Investments accounted for using equity method	508,249,225	Formosa Group Investment Corp. (Cayman) (Note)	\$ 16,085,211	\$

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

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

(2) Key management compensation

	For the three-month periods ended March 31,	
	2016	2015
Salaries	\$ 49,249	\$ 35,246
Post-employment benefits	452	419
	<u>\$ 49,701</u>	<u>\$ 35,665</u>

8. PLEDGED ASSETS

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

Pledged assets	Book value			Purpose
	March 31, 2016	December 31, 2015	March 31, 2015	
Long-term equity investments accounted for under the equity method	\$ 12,780,247	\$ 12,335,333	\$ 10,957,976	Bank loans
Property, plant and equipment	7,674,638	8,136,794	10,094,861	"
Inventory	26,798	26,798	40,287	"
	<u>\$ 20,481,683</u>	<u>\$ 20,498,925</u>	<u>\$ 21,093,124</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

The details of commitments and contingencies as of March 31, 2016 were as follows:

- (1) Capital expenditures of property, plant and equipment that were contracted but not yet completed amounted to \$5,005,921 thousand, RMB257,138 thousand and VND636,004,004 thousand.
- (2) The outstanding letters of credit for major raw materials and equipment purchases amounted to USD90,785 thousand, EUR708 thousand, JPY772,468 thousand and CHF 42 thousand.
- (3) The Group's investee under the equity method—Formosa Synthetic Rubber Corp. (Ningbo) signed a syndicated loan contract with a consortium including Taiwan Cooperative Bank, for USD130 million and RMB300 million for operational needs in 2013. According to the requirement of the consortium, the Group has to offer a promissory note in accordance with its ownership percentage of 33.33% and has to manage the necessary funds to fulfill the repayment obligations when needed.
- (4) Formosa Resource Australia Pty Ltd., an investee company of the Group's investee—Formosa Resource Corp. accounted for under the equity method, needs to sign a loan with ANZ Bank for US\$600 million for capital to invest in mineral resources. Under the loan agreement, the Group has to offer a promissory note in accordance with its ownership percentage of 25% and has to support the debtor to repay the above loan within necessary limits.
- (5) In response to capital expenditure and equipment needs in Son Duong Port & Integrated Steel Mill Complex of Formosa Ha Tinh Steel Corporation in Vietnam, the Group's investee—Formosa Group (Cayman) Limited plans to obtain credit lines for 1–5 years duration with various banks. Complying with the aforementioned borrowing needs, the Group plans to provide guarantee proportionately to shareholding ratio and the Group is liable for the borrowing company's 25% debt.

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

#### 10. SIGNIFICANT DISASTER LOSS

None.

#### 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

#### 12. OTHERS

##### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' 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 March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Total borrowings	\$ 131,253,560	\$ 130,175,979	\$ 156,600,552
Less: cash and cash equivalents	( 36,266,812)	( 34,744,139)	( 24,089,070)
Net debt	94,986,748	95,431,840	132,511,482
Total equity	345,398,589	333,077,533	327,271,226
Total capital	<u>\$ 440,385,337</u>	<u>\$ 428,509,373</u>	<u>\$ 459,782,708</u>
Gearing ratio	22%	22%	29%

##### (2) Financial instruments

###### A. Fair value information of financial instruments

Except those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables (including related parties)), are approximate to their fair values. Because the interest rates of the long-term loans (including portion maturing within one year or one operating cycle, whichever

is longer) are close to the market interest rate, thus the carrying amount is a reasonable basis for the estimation of fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(11)).
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

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

March 31, 2016				
	Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	485,206	32.28	\$ 15,662,450
JPY : NTD		297,030	0.27	80,198
<u>Non-monetary items</u>				
RMB : NTD	\$	6,378,284	5.00	\$ 31,891,420
USD : NTD		495,416	32.28	15,992,028
VND : NTD		7,689,992,877	0.0014	10,765,990
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	51,343	32.28	\$ 1,657,352
JPY : NTD		502,861	0.27	135,772
USD : RMB		692,245	32.28	22,345,669
USD : VND		285,000	32.28	9,199,800
December 31, 2015				
	Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$	871,835	33.07	\$ 28,831,583
JPY : NTD		318,804	0.27	86,077
<u>Non-monetary items</u>				
RMB : NTD	\$	6,306,613	5.09	\$ 32,100,660
USD : NTD		788,851	33.07	26,087,303
VND : NTD		7,447,384,445	0.0015	11,171,077
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$	45,662	33.07	\$ 1,510,042
JPY : NTD		421,337	0.27	113,761
USD : RMB		626,237	33.07	20,709,658
USD : VND		253,300	33.07	8,376,631



March 31, 2015				
	Foreign Currency			
	Amount (In Thousands)	Exchange Rate	Book Value (NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	\$ 1,750,119	31.4	\$	54,955,487
JPY : NTD	253,229	0.26		65,941
<u>Non-monetary items</u>				
RMB : NTD	\$ 7,051,180	5.11	\$	36,031,530
USD : NTD	708,708	31.4		22,254,140
VND : NTD	6,991,387,874	0.0015		10,487,082
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	\$ 164,745	31.4	\$	5,173,158
JPY : NTD	558,134	0.26		145,338
USD : RMB	961,926	31.4		30,205,438
USD : VND	111,700	31.4		3,507,492

- v.Total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2016 and 2015 amounted \$349,136 and \$223,699, respectively.
- vi.Analysis of foreign currency market risk arising from significant foreign exchange variation:

Three-month period ended March 31, 2016				
Sensitivity analysis				
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 156,624	\$ -	-
JPY : NTD	1%	802		-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$ -	\$ 318,914	
USD : NTD	1%	-	159,920	
VND : NTD	1%	-	107,660	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 16,574	\$ -	-
JPY : NTD	1%	1,358		-
USD : RMB	1%	223,457		-
USD : VND	1%	91,998		-

Three-month period ended March 31, 2015				
Sensitivity analysis				
	<u>Degree of variation</u>	<u>Effect on</u>	<u>Effect on other</u>	
		<u>profit or loss</u>	<u>comprehensive</u>	
			<u>income</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 549,555	\$	-
JPY : NTD	1%	659		-
<u>Non-monetary items</u>				
RMB : NTD	1%	\$ -	\$	360,315
USD : NTD	1%	-		222,541
VND : NTD	1%	-		104,870
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 51,732	\$	-
JPY : NTD	1%	1,453		-
USD : RMB	1%	302,054		-
USD : VND	1%	35,075		-

#### Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. 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 three-month periods ended March 31, 2016 and 2015 would have increased/decreased by \$1,204,724 and \$1,220,742, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

#### Interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31,

2016 and 2015, the Group's borrowings at variable rate were denominated in the NTD and USD.

- ii. At March 31, 2016 and 2015, if interest rates on denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2016 and 2015 would have been \$369,952 and \$488,564 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group utilises certain credit enhancement instruments (such as sales revenue or guarantees received in advance) at appropriate times to lower the credit risk from specific customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties are accepted.
- ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, loans to related parties, time deposits and cash equivalents, choosing instruments with appropriate maturities or sufficient liquidity to

provide sufficient headroom as determined by the abovementioned forecasts.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>March 31, 2016</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	\$ 28,132,181	\$ -	\$ -	\$ -
Short-term notes and bills payable	2,548,895	-	-	-
Notes payable (including related parties)	235,677	-	-	-
Accounts payable (including related parties)	17,742,498	-	-	-
Other payables (including related parties)	6,646,404	-	-	-
Bonds payable	9,500,000	6,750,000	14,650,000	25,100,000
Long-term borrowings	2,737,151	12,157,770	28,010,360	1,667,203
<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 26,672,648	\$ -	\$ -	\$ -
Short-term bills payable	2,049,364	-	-	-
Notes payable (including related parties)	200,127	-	-	-
Accounts payable (including related parties)	19,224,484	-	-	-
Other payables (including related parties)	9,702,778	-	-	-
Bonds payable	9,500,000	6,750,000	14,650,000	25,100,000
Long-term borrowings	6,679,230	16,401,433	13,984,007	8,389,297

<u>March 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 29,037,715	\$ -	\$ -	\$ -
Short-term bills payable	2,699,672	-	-	-
Notes payable (including related parties)	266,740	-	-	-
Accounts payable (including related parties)	22,578,838	-	-	-
Other payables (including related parties)	9,057,613	-	-	-
Bonds payable	10,000,000	9,500,000	20,050,000	26,450,000
Long-term borrowings	18,134,596	16,184,175	16,983,244	7,561,150

Derivative financial liabilities:

<u>March 31, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Forward exchange contracts	\$ 629	\$ -	\$ -	\$ -

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

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

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:  
 Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.  
 Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).  
 Level 3: Inputs for the asset or liability that are not based on observable market data.
- C. The following table presents the Group's financial assets and liabilities that are measured at fair value at March 31, 2016, December 31, 2015 and March 31, 2015:

<u>March 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 656,481	\$ -	\$ -	\$ 656,481
Available-for-sale financial assets				
Equity securities	118,028,332	2,689,393	-	120,717,725
Fund	-	2,422,433	-	2,422,433
	<u>\$ 118,684,813</u>	<u>\$ 5,111,826</u>	<u>\$ -</u>	<u>\$ 123,796,639</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 629</u>	<u>\$ -</u>	<u>\$ 629</u>

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 12	\$ -	\$ 12
Beneficiary certificate	655,799	-	-	655,799
Available-for-sale financial assets				
Equity securities	<u>110,333,479</u>	<u>2,571,599</u>	<u>-</u>	<u>112,905,078</u>
	<u>\$ 110,989,278</u>	<u>\$ 2,571,611</u>	<u>\$ -</u>	<u>\$ 113,560,889</u>
Liabilities:				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 819</u>	<u>\$ -</u>	<u>\$ 819</u>



<u>March 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
<u>Recurring fair value measurement</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,688	\$ -	\$ 1,688
Beneficiary certificate	653,062	-	-	653,062
Available-for-sale financial assets				
Equity securities	122,064,558	3,150,264	-	125,214,822
	<u>\$122,717,620</u>	<u>\$ 3,151,952</u>	<u>\$ -</u>	<u>\$ 125,869,572</u>
<u>Liabilities:</u>				
<u>Recurring fair value measurement</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- (c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely

accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

E. For the three-month periods ended March 31, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. For the three-month periods ended March 31, 2016 and 2015, there was no transfer into or out from Level 3.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.

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

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

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), and (11) ; 12(2) and (3).

J. Significant intragroup transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

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

Formosa Taffeta Co., Ltd.: responsible for production of blended fabric, spun fabric, cross-woven fabric, polyamine and polyester fabric, epidemic fabric, designer sportswear fabric, high-tech and function fabric, tire cord fabric, pure cotton yarn, blended yarn, various functional yarn, fireproof fabric, anti-static cloth and industrial fabric, and operation of petrol stations to sell petroleum, diesel fuel, kerosene and small package of petroleum products and provide car wash services.

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

(2) Measurement of segment information

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

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

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

For the three-month period ended March 31, 2016

	3rd								
	1st	2nd	Petrochemical Div and Formosa	Plastics Division, Formosa ABS Plastics Co., Ltd. and Formosa PS	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Other divisions	Reconciliation and offset	Total
External revenue	\$ 8,534,276	\$ 7,363,924	\$ 13,265,623	\$ 21,873,038	\$ 5,773,011	\$ 2,167,035	\$ 16,822,597	\$ -	\$ 75,799,504
Internal revenue	16,781,042	8,292,285	548,558	2,819,564	529,480	-	3,181,144	( 32,152,073)	-
Total revenue	<u>\$ 25,315,318</u>	<u>\$ 15,656,209</u>	<u>\$ 13,814,181</u>	<u>\$ 24,692,602</u>	<u>\$ 6,302,491</u>	<u>\$ 2,167,035</u>	<u>\$ 20,003,741</u>	<u>(\$ 32,152,073)</u>	<u>\$ 75,799,504</u>
Segment profit (loss)	<u>\$ 1,730,502</u>	<u>\$ 2,019,656</u>	<u>(\$ 218,458)</u>	<u>\$ 2,105,656</u>	<u>\$ 759,394</u>	<u>\$ 297,744</u>	<u>\$ 3,582,503</u>	<u>(\$ 1,179,305)</u>	<u>\$ 9,097,692</u>
Total assets of segments	<u>\$ 38,219,129</u>	<u>\$ 19,533,668</u>	<u>\$ 39,378,799</u>	<u>\$ 45,068,915</u>	<u>\$ 75,601,918</u>	<u>\$ 11,287,706</u>	<u>\$ 393,378,380</u>	<u>(\$ 100,350,680)</u>	<u>\$ 522,117,835</u>

For the three-month period ended March 31, 2015

	3rd								
	1st	2nd	Petrochemical Div and Formosa	Plastics Division, Formosa ABS Plastics Co., Ltd. and Formosa PS	Formosa Taffeta Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Other divisions	Reconciliation and offset	Total
External revenue	\$ 13,496,465	\$ 8,542,183	\$ 13,296,036	\$ 23,761,511	\$ 6,601,205	\$ 2,307,500	\$ 12,904,148	\$ -	\$ 80,909,048
Internal revenue	16,765,299	7,372,823	631,501	2,339,212	398,317	-	5,862,048	( 33,369,200)	-
Total revenue	<u>\$ 30,261,764</u>	<u>\$ 15,915,006</u>	<u>\$ 13,927,537</u>	<u>\$ 26,100,723</u>	<u>\$ 6,999,522</u>	<u>\$ 2,307,500</u>	<u>\$ 18,766,196</u>	<u>(\$ 33,369,200)</u>	<u>\$ 80,909,048</u>
Segment profit (loss)	<u>(\$ 887,401)</u>	<u>\$ 211,789</u>	<u>(\$ 675,549)</u>	<u>\$ 1,554,830</u>	<u>\$ 591,099</u>	<u>\$ 343,296</u>	<u>\$ 1,905,043</u>	<u>(\$ 511,685)</u>	<u>\$ 2,531,422</u>
Total assets of segments	<u>\$ 35,236,192</u>	<u>\$ 20,231,303</u>	<u>\$ 41,775,651</u>	<u>\$ 47,936,123</u>	<u>\$ 66,840,816</u>	<u>\$ 10,665,932</u>	<u>\$ 386,665,564</u>	<u>(\$ 78,950,785)</u>	<u>\$ 530,400,796</u>

(4) Reconciliation for segment income (loss)

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

Formosa Chemicals & Fibre Corporation and subsidiaries

Loans to others

For the three-month period ended March 31, 2016

Expressed in thousands of NTD  
(Except as otherwise indicated)

Table 1

No (Note 1)	Creditor Company	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three-month period ended March 31, 2016 (Note 3)	Balance at March 31, 2016 (Note 7)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts		Collateral Value		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
												\$	-	-	\$	-	\$	-
0	The Company	Formosa Plastics Corp.	Other receivables- related parties	Yes	\$ 6,000,000 (Note 3)	\$ 6,000,000 (Note 7)	-	1.47-1.50	1	2	-	\$	-	-	\$	73,043,014 (Note 7)	146,086,029	-
0	The Company	Formosa Idemitsu Petrochemical Corp.	Other receivables- related parties	Yes	800,000	800,000	-	1.47-1.50	1	2	-	-	-	-	-	73,043,014	146,086,029	-
0	The Company	Nan Ya Plastics Corp.	Other receivables- related parties	Yes	6,000,000	6,000,000	-	1.47-1.50	1	2	-	-	-	-	-	73,043,014	146,086,029	-
0	The Company	Formosa Biomedical Technology Corp.	Other receivables- related parties	Yes	600,000	600,000	-	1.47-1.50	2	1	Additional operating capital	-	-	-	-	58,434,412	116,868,823	-

No. (Note 1)	Creditor Company	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance during the three-month period ended March 31, 2016 (Note 3)	Balance at March 31, 2016 (Note 7)	Actual amount drawn down (Note 7)	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	\$ 6,000,000	\$ 6,000,000	\$ -	1.47-1.50	2	1	Additional operating capital	\$ -	-	\$ -	\$ 58,434,412	\$ 116,868,823	-
0	The Company	Formosa Plastics Marine Corp.	Other receivables-related parties	Yes	4,971,791	4,971,791	3,446,791	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Formosa BP Chemicals Corp.	Other receivables-related parties	Yes	1,500,000	1,500,000	-	1.47-1.50	1	2	-	-	-	-	73,043,014	146,086,029	-
0	The Company	Formosa Carpet Corp.	Other receivables-related parties	Yes	100,000	100,000	6,300	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Hong Jing Resources Corp.	Other receivables-related parties	Yes	1,600,000	1,600,000	730,000	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Tah Shin Spinning Corp.	Other receivables-related parties	Yes	100,000	100,000	100	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Formosa Petrochemical Corp.	Other receivables-related parties	Yes	6,000,000	6,000,000	-	1.47-1.50	1	2	-	-	-	-	73,043,014	146,086,029	-
0	The Company	Nan Ya Technology Corp.	Other receivables-related parties	Yes	5,400,000	5,400,000	4,500,000	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Formosa Plastics Transport Corp.	Other receivables-related parties	Yes	660,000	660,000	460,000	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-

Table 1, Page 2

No. (Note 1)	Creditor Company	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the three-month			Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					March 31, 2016 (Note 3)	Balance at March 31, 2016 (Note 7)	Actual amount drawn down						Item	Value			
0	The Company	Mai-Liao Harbor Administration Corp.	Other receivables-related parties	Yes	\$ 780,000	\$ 780,000	\$ 300,000	1.47-1.50	2	1	Additional operating capital	\$ -	\$ -	\$ 58,434,412	\$ 116,868,823	-	
0	The Company	Formosa Ha Tinh Steel Corporation-TW	Other receivables-related parties	Yes	335,000	250,000	80,000	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	3,630,000	3,630,000	-	1.47-1.50	2	1	Additional operating capital	-	-	-	58,434,412	116,868,823	-
1	Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Other receivables-related parties	Yes	15,000	15,000	15,000	1.47	2	1	Additional operating capital	-	-	-	781,199	1,952,998	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Receivables from related party	Yes	2,709,293	2,635,496	2,635,496	3.05-3.92	2	1	Additional operating capital	-	-	-	5,128,258	12,820,644	-
2	Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Receivables from related party	Yes	820,144	629,521	629,521	3.05-3.92	2	1	Additional operating capital	-	-	-	5,128,258	12,820,644	-



No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party (Note 3)	Maximum outstanding balance during the three-month period ended March 31, 2016 (Note 3)	Balance at March 31, 2016 (Note 7)	Actual amount drawn down (Note 7)	Interest rate (Note 4)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
												Item	Value			
2	Formosa Power (Ningbo) Co., Ltd.	Formosa PS (Ningbo) Co., Ltd.	Receivables from related party	Yes	\$ 179,863 (Note 3)	\$ 179,863 (Note 7)	\$ 179,863	3.75-3.92	2	1	Additional operating capital	\$ -	\$ -	\$ 5,128,258 (Note 7)	\$ 12,820,644	-

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

(1) The Company is "0".

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

Note 2: Name of account in which the loans are recognised including but not limited to accounts receivables-related parties, other receivables-related parties and, current account with stockholders, prepayments, and temporary payments, etc.

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

Note 4: The nature of loans:

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

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

Note 5: Amount of business transactions with the borrower:

(1) No business transactions is "1".

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

Note 6: The calculation of line of credit:

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

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

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

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

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

Formosa Chemicals & Fibre Corporation and subsidiaries  
Provision of endorsements and guarantees to others  
For the three-month period ended March 31, 2016

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

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 March 31, 2016 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2016 (Note 3)	Actual amount drawn down (Note 3)	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	\$ 16,161,417	\$ 5,858,751	\$ 5,620,571	\$ 5,620,571	\$ -	1.92	\$ 379,823,675	Y	N	N	-
0	The Company	Formosa Group (Cayman) Limited	6	189,911,838	43,450,563	41,684,133	41,684,133	-	14.27	379,823,675	N	N	N	-
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	189,911,838	12,916,674	12,916,674	-	-	4.42	379,823,675	N	N	N	-
1	Formosa Taifeta Co., Ltd	Formosa Taifeta (Zhongshan) Co., Ltd	2	37,785,051	2,341,500	2,252,950	820,718	-	3.88	75,570,103	Y	N	Y	-
1	Formosa Taifeta Co., Ltd	Formosa Taifeta (Vietnam) Co., Ltd	2	37,785,051	1,672,500	1,609,250	188,946	-	2.77	75,570,103	Y	N	N	-
1	Formosa Taifeta Co., Ltd	Formosa Taifeta (Changshu) Co., Ltd	3	37,785,051	2,676,000	2,574,800	559,053	-	4.43	75,570,103	Y	N	Y	-
1	Formosa Taifeta Co., Ltd	Formosa Taifeta (Dong Nai) Co., Ltd	2	37,785,051	4,505,715	4,335,320	2,181,873	-	7.46	75,570,103	Y	N	N	-
1	Formosa Taifeta Co., Ltd	Formosa Ha Tinh (Cayman) Co., Ltd	6	37,785,051	4,333,549	4,333,549	-	-	7.45	75,570,103	N	N	N	-

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

(1)The Company is '0'.

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

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

(1)Having business relationship

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

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

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

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

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

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

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

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

Formosa Chemicals & Fibre Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 3

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2016				Expressed in thousands of NTD (Except as otherwise indicated)
				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	\$ 38,860,900	7.65	\$ 38,860,900	-
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	2,324,093	14.97	2,324,093	-
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	27,940,956	5.21	27,940,956	-
The Company	Stocks_Nan Ya Technology Corp.	The Company's chairman is the issuer's director	Available-for-sale financial assets - current	364,815,409	14,574,376	13.27	14,574,376	-
The Company	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	14,936,190	247,941	3.47	247,941	-
The Company	Mega Private US Dollar Money Market Funds	-	Available-for-sale financial assets - current	7,494,157	2,422,433	-	2,422,433	-
The Company	Stocks_Mai-Liao Harbor Administration Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	39,562,740	539,260	17.98	539,260	-
The Company	Stocks_Formosa Plastic Corp. U.S.A	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	8,999	818,316	2.92	818,316	-
The Company	Stocks_Central Leasing Corp.	-	Financial assets measured at cost - noncurrent	1,778,611	-	1.07	-	-
The Company	Stocks_Taiwan Stock Exchange Corp.	-	Financial assets measured at cost - noncurrent	13,203,785	1,800	2.00	1,800	-
The Company	Stocks_Taiwan Aerospace Corp.	-	Financial assets measured at cost - noncurrent	1,070,151	10,702	0.79	10,702	-
The Company	Stocks_Yi-Jih Development Corp.	The Company's chairman is the issuer's chairman	Financial assets measured at cost - noncurrent	300,000	3,000	1.51	3,000	-
The Company	Stocks_Chinese Television System Corp.	-	Financial assets measured at cost - noncurrent	2,376,202	38,419	1.41	38,419	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2016			Footnote
				Number of shares	Book value	Ownership (%)	
The Company	Stocks_Formosa Plastics Maritime Corp.	The Company is the issuer's corporate director	Financial assets measured at cost - noncurrent	355,880	\$ 1,750	18.22	1,750
The Company	Stocks_Formosa Development Corp.	The Company is the issuer's supervisor	Financial assets measured at cost - noncurrent	14,116,448	90,010	18.00	90,010
The Company	Stocks_Formosa Network Technology Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,340,000	13,331	12.50	13,331
The Company	Stocks_Formosa Plastics Marine Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,428,500	15,000	15.00	15,000
The Company	Stocks_Formosa Ocean Group Marine Investment Corp.	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	2,622	856,948	19.00	856,948
The Company	Stocks_Guangyuan Investment Corp.	-	Financial assets measured at cost - noncurrent	5,000,000	50,000	3.91	50,000
The Company	Stocks_Mega Growth Venture Capital Co., Ltd.	-	Financial assets measured at cost - noncurrent	2,500,000	25,000	1.25	25,000
FCFC International (Cayman)	Stocks_Formosa Ha Tinh(Cayman) Limited	The Company's chairman is the issuer's director	Financial assets measured at cost - noncurrent	508,236,725	15,134,013	11.43	15,134,013
Tah Shin Spinning Corp.	Stocks_Nan Ya Technology Corp.	-	Available-for-sale financial assets - current	6,315	252	-	252
Formosa Biomedical Technology Corp.	Stocks_Formosa Union Chemical Corp.	-	Available-for-sale financial assets - current	877,879	14,572	0.20	14,572
Formosa Biomedical Technology Corp.	Stocks_Changs Ascending Enterprise Corp., Ltd.	-	Available-for-sale financial assets - current	1,845,000	112,097	3.37	133,763
Formosa Biomedical Technology Corp.	Stocks_Formosa Energy & Material Technology Corp.	Related party in substance	Financial assets measured at cost - noncurrent	5,300,000	53,000	15.14	53,000
Formosa Biomedical Technology Corp.	Stocks_Formosa Network Technology Corp.	Same as Formosa Biomedical Technology Corp.'s chairman	Financial assets measured at cost - noncurrent	414,496	2,727	2.21	2,727
Formosa Biomedical Technology Corp.	Stocks_Taiwan Leader Biotech Corp.	-	Financial assets measured at cost - noncurrent	2,100,000	21,033	6.30	21,033
Formosa Biomedical Technology Corp.	Stocks_United Performance Materials Corp.	Formosa Biomedical Technology Corp. is the director of the issuer's parent company	Financial assets measured at cost - noncurrent	353,100	8,400	0.46	8,400
Formosa Biomedical Technology Corp.	Stocks_United Biopharma, Inc.	-	Financial assets measured at cost - noncurrent	22,999,750	635,828	18.31	635,828
Formosa Taffeta Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Taffeta Co., Ltd.'s parent company	Available-for-sale financial assets - current	11,219,610	899,813	0.19	899,813

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2016			Footnote
				Number of shares	Book value	Ownership (%)	
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	51	-	51
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	32,596	0.01	32,596
Formosa Taffeta Co., Ltd.	Stocks_Hwa Ya Technologies Corp.	-	Available-for-sale financial assets - current	2,712,345	79,065	0.04	79,065
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	365,300	2.35	365,300
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	15,421,010	616,069	0.56	616,069
Formosa Taffeta Co., Ltd.	Stocks_Formosa Petrochemical Corp.	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	365,267,576	33,787,251	3.83	33,787,251
Formosa Taffeta Co., Ltd.	Stocks_Syntronix Corporation	-	Financial assets measured at cost - noncurrent	174,441	3,236	0.45	3,236
Formosa Taffeta Co., Ltd.	Stocks_Toa Resin Corp., Ltd.	Formosa Taffeta Co., Ltd. is the issuer's corporate director	Financial assets measured at cost - noncurrent	14,400	3,000	10.00	3,000
Formosa Taffeta Co., Ltd.	Stocks_Shin Yun Natural Gas Corp.	-	Financial assets measured at cost - noncurrent	568,105	3,100	1.20	3,100
Formosa Taffeta Co., Ltd.	Stocks_Wk Technology Fund IV Ltd.	-	Financial assets measured at cost - noncurrent	5,352,107	34,517	3.17	34,517
Formosa Taffeta Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Taffeta Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	19,066,860	196,389	9.53	196,389
Formosa Taffeta (Cayman) Co., Ltd.	Stocks_Formosa Ha Tinh (Cayman) Limited	Formosa Taffeta Co., Ltd.'s chairman is the issuer's director	Financial assets measured at cost - noncurrent	171,008,736	5,317,206	3.85	5,317,206
Formosa Development Co., Ltd.	Stocks_Formosa Taffeta Co., Ltd.	Formosa Taffeta Co., Ltd. is Formosa Development Co., Ltd.'s parent company	Available-for-sale financial assets - noncurrent	2,563,228	80,614	0.15	80,614
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Stocks_Association of R.O.C. in Xiamen	-	Financial assets measured at cost - noncurrent	-	151	0.11	151

As of March 31, 2016

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2016			Footnote
				Number of shares	Book value	Ownership (%)	
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	74,388	\$ 5,936	-	5,936 -
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	21,126	-	21,126 -
Formosa Advanced Technologies Co., Ltd.	Stocks_Formosa Chemicals & Fibre Corp.	Formosa Advanced Technologies Co., Ltd.'s ultimate parent company	Available-for-sale financial assets - current	7,316,000	586,743	0.12	586,743 -
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Technology Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman is the issuer's director	Available-for-sale financial assets - noncurrent	15,041,215	600,897	0.55	600,897 -
Formosa Advanced Technologies Co., Ltd.	Stocks_Nan Ya Optical Corp.	Formosa Advanced Technologies Co., Ltd.'s chairman and the issuer's chairman are within second degree of kinship	Financial assets measured at cost - noncurrent	9,533,430	98,194	4.77	98,194 -
Formosa Advanced Technologies Co., Ltd.	Stocks_Syntromix Corporation	-	Financial assets measured at cost - noncurrent	59,945	1,181	0.15	1,181 -
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	27,586,096	403,775	-	403,775 -
Formosa Advanced Technologies Co., Ltd.	Beneficiary certificates_Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	20,396,748	252,705	-	252,705 -

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

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

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

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

Formosa Chemicals & Fibre Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2016		Addition (Note 3)		Disposal (Note 3)			Balance as at March 31, 2016	
					Number of shares	Amount	Number of shares	Amount	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	Mega Private US Dollar Money Market Funds	Available-for-sale financial assets - current	Mage International Security Corp.	-	-	\$ -	7,494,157	\$ 2,472,900	\$ -	\$ -	\$ -	7,494,157	\$ 2,472,900
The Company	FCFC (Cayman) Limited	Investments accounted for under equity method	FCFC International (Cayman) Limited	-	-	\$ -	50,000	16,084,840	-	-	-	50,000	16,084,840
The Company	Formosa Group Investment Corp (Cayman)	Investments accounted for under equity method	Formosa Group Investment Corp. (Cayman)	-	508,249,225	16,085,211	-	-	16,085,211	16,085,211	-	-	-
The Company	Formosa Ha Tinh(Cayman) Limited	Financial assets measured at cost - noncurrent	Formosa Ha Tinh(Cayman) Limited	-	-	\$ -	508,236,725	16,084,840	-	-	-	508,236,725	16,084,840
Formosa Taffeta Co., Ltd	Nan Ya Technology Corp _Stocks	Available-for-sale financial assets - noncurrent	-	-	13,950,464	637,536	1,470,546	53,675	-	-	-	15,421,010	616,069
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp _Stocks	Available-for-sale financial assets - noncurrent	-	-	1,214,557	55,505	13,826,658	504,673	-	-	-	15,041,215	600,897

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

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

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

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

Formosa Chemicals & Fibre Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Differences in transaction terms compared to third party transactions										Notes/accounts receivable (payable)	
Transaction					Percentage of total purchases (sales)					Percentage of total notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Credit term	Unit price	Credit term	Balance		Footnote (Note 2)	
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	(\$ 378,703) (	1)	\$	-	162,940	1	-	
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Sales	( 5,785,188) (	11)	-	-	2,310,775	12	-	
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Sales	( 423,673) (	1)	-	-	Notes receivable 81,643 Accounts receivable 301,410 1,538,256	25	-	
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Sales	( 3,947,249) (	8)	-	-	-	8	-	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsiary	Sales	( 2,335,518) (	4)	-	-	2,168,392	11	-	
The Company	Formosa Chemicals Industries (Ningbo) Co.,	Sub-subsiary	Sales	( 4,090,934) (	8)	-	-	4,411,243	22	-	
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsiary	Sales	( 1,288,213) (	2)	-	-	1,147,948	6	-	
The Company	Formosa Industries Corp, Vietnam	Subsidiary	Sales	( 763,987) (	1)	-	-	342,209	2	-	
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary	Sales	( 2,485,492) (	5)	-	-	982,364	5	-	
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	1,299,450	2	-	-	423,033) (	3)	-	
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director	Purchases	1,488,428	3	-	-	562,134) (	4)	-	



Differences in transaction terms compared to third party transactions

Transaction										Notes/accounts receivable (payable)		Percentage of total notes/accounts receivable (payable)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance					
The Company	Formosa Petrochemical Corp.	Investee accounted for using equity method	Purchases	\$ 25,324,104	47	30 days	\$	-	-	(\$ 8,722,599)	( 65)	-		
Formosa BP Chemicals Corp.	The Company	Parent company	Sales	( 171,682)	( 22)	30 days	-	-	-	32,126	8	-		
Formosa BP Chemicals Corp.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is Formosa BP Chemicals Corp.'s ultimate parent company's investee accounted for using equity method	Purchases	261,675	52	45 days	-	-	-	( 7,880)	( 13)	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa ABS Plastics (Ningbo) Co., Ltd.	Same parent company	Sales	( 211,290)	( 12)	30 days	-	-	-	84,148	11	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company	Sales	( 385,933)	( 21)	30 days	-	-	-	149,806	20	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Co.	Same parent company	Sales	( 196,594)	( 11)	30 days	-	-	-	79,262	11	-		
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	( 177,728)	( 10)	30 days	-	-	-	67,173	9	-		
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	( 177,534)	( 10)	30 days	-	-	-	66,214	9	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Plastics (Ningbo) Co., Ltd.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	( 162,187)	( 9)	30 days	-	-	-	67,554	9	-		
Formosa Power (Ningbo) Co., Ltd.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company, Formosa Chemicals & Fibre Corp.'s chairman is the director of the counterparty's ultimate parent company (Formosa Plastics Corp.)	Sales	( 131,253)	( 7)	30 days	-	-	-	47,650	6	-		
Formosa Power (Ningbo) Co., Ltd.	Formosa Super Absorbent Polymer (Ningbo) Co., Ltd.	Affiliated company	Sales	( 161,744)	( 9)	30 days	-	-	-	62,162	8	-		
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	294,083	7	90 days	-	-	-	( 188,672)	( 6)	-		

Differences in transaction terms compared to third party transactions

Transaction			Notes/accounts receivable (payable)					Percentage of total notes/accounts receivable (payable)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	
Formosa ABS Plastics (Ningbo) Co., Ltd.	Formosa Petrochemical Corp.	Formosa Petrochemical Corp. is the ultimate parent company's investee accounted for using equity method	Purchases	\$ 143,015	3	90 days	\$	-	(\$ 143,015)	( 5)
Formosa Industries Corp.	Nan Ya Plastics Corp.	Accounts Formosa Industries Corp., Vietnam as an investee using equity method	Purchases	451,478	11	30 days	-	-	( 398,491)	( 28)
Formosa Idemitsu Petrochemical Corp.	The Company	Parent company	Sales	( 190,910)	( 5)	30 days	-	-	88,861	11
Formosa Idemitsu Petrochemical Corp.	Idemitsu Kosan Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	( 131,792)	( 4)	30 days after closing date	-	-	28,096	3
Formosa Idemitsu Petrochemical Corp.	Idemitsu Chemicals (Hong Kong) Co., Ltd.	Accounts Formosa Idemitsu Petrochemical Corp. as an investee using equity method	Sales	( 189,125)	( 5)	30 days after closing date	-	-	65,452	8
Formosa Phenol (Ningbo) Limited Co.	Formosa Petrochemical Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Purchases	191,840	11	90 days	-	-	( 97,984)	( 23)
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	The ultimate parent company's chairman is the director of the counterparty's parent company	Sales	( 986,826)	( 43)	30 days	-	-	384,583	24
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd.'s investee accounted for using equity method	Sales	( 158,186)	( 3)	60 days	-	-	135,589	6
Formosa Taffeta Co., Ltd.	Formosa Petrochemical Corp.	Related party in substance	Purchases	2,068,358	13	15 days	-	-	( 365,163)	( 27)
Formosa Taffeta Co., Ltd.	The Company	Parent company	Purchases	423,673	3	60 days	-	-	( 301,410)	( 22)
									( 81,644)	( 55)

Differences in transaction terms compared to third party transactions

Transaction											Notes/accounts receivable (payable)		
Purchaser/seller		Counterparty	Relationship with the counterparty		Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
Formosa Taffeta Co., Ltd.		Nan Ya Plastics Corp.		Formosa Taffeta Co., Ltd.'s director is the counterparty's managing director	Purchases	\$ 156,175	1	15 days	\$	-	(\$ 63,980) (	5)	-
Formosa Advanced Technologies Co., Ltd.		Nan Ya Technology Corp.		Formosa Advanced Technologies Co., Ltd.'s chairman is the counterparty's director	Sales	( 1,489,217) (	69)	60 days after monthly billings	-	-	1,010,186	63	-
Formosa Taffeta (Dong Nai) Co., Ltd.		Formosa Taffeta (Vietnam) Co., Ltd.		Formosa Taffeta (Vietnam) Co., Ltd.'s parent company is Affiliated company with Formosa Taffeta (Dong Nai) Co., Ltd.	Sales	( 107,241) (	12)	60 days	-	-	90,634	11	-
Formosa Taffeta (Dong Nai) Co., Ltd.		Formosa Industries Corp.		Formosa Industries Corp. is the parent company's investee accounted for using equity method	Purchases	142,764	8	60 days	-	-	35,814) (	8)	-
Formosa Taffeta (Vietnam) Co., Ltd.		Formosa Taffeta (Dong Nai)Co., Ltd.		Affiliated company	Purchases	108,547	10	60 days	-	-	88,213) (	38)	-

Formosa Chemicals & Fibre Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 6

Table 6	Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2016 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
						Amount	Action taken		
The Company	Formosa Plastics Corp.	The Company's Chairman is the counterparty's director		\$ 162,940	10.26	\$ -	-	\$ 162,940	\$ -
The Company	Nan Ya Plastics Corp.	The Company's Chairman is the counterparty's director		2,310,775	10.10	-	-	2,310,775	-
The Company	Formosa Taffeta Co., Ltd.	Subsidiary	Notes receivable	81,644	4.15	-	-	42,729	-
The Company	Formosa Petrochemical Corp.	Investees accounted for using equity method	Accounts receivable	301,410	9.43	-	-	157,443	-
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Sub-subsubsidiary		1,538,256		-	-	1,519,410	-
The Company	Formosa Industries Corp.	Subsidiary	Accounts receivable	342,209	7.52	-	-	142,502	-
The Company	Formosa PS (Ningbo) Co., Ltd.	Sub-subsubsidiary		1,147,948	4.81	-	-	281,904	-
The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Sub-subsubsidiary	Accounts receivable	4,411,243	4.23	-	-	1,347,566	-
The Company	Formosa Ha Tinh Steel Corp.	Affiliated company	Other receivables	702,954	-	-	-	1,450	-
The Company	Formosa Idemitsu Petrochemical Corp.	Subsidiary		738,177	10.24	-	-	131,465	-
Formosa BP Chemicals Corp.	BP Chemicals (Malaysia) SDN Corp.	Affiliated company		982,364		-	-	982,364	-
Formosa Power (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Co., Ltd.	Same parent company		111,108	1.56	-	-	87,914	-
				149,806	10.23	-	-	149,806	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2016 (Note 1)	Turnover rate		Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
				10.37	\$	Amount	Action taken		
Formosa Phenol (Ningbo) Limited Co.	Nan Ya Plastics (Ningbo) Corp.	Affiliated company	\$	384,583		-	-	384,583	\$ -
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Formosa Taffeta Co., Ltd. investees		135,589	\$	-	-	21,258	
Formosa Advanced Technologies Co., Ltd.	Nan Ya Technology Corp.	The Company's Chairman is the counterparty's director		1,010,186		-	-	481,849	-

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

Formosa Chemicals & Fibre Corporation and subsidiaries  
Significant inter-company transactions during the reporting period  
For the three-month period ended March 31, 2016

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	1	Sales revenue	(\$ 2,335,518)	In regular terms	3
0	The Company	Formosa Chemicals Industries (Ningbo) Co., Ltd.	1	Sales revenue	( 4,090,934)	In regular terms	5
0	The Company	Formosa Idemitsu Petrochemical Corp.	1	Sales revenue	( 2,485,492)	In regular terms	3

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

(1)Parent company is '0'.

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

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

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

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

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

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

For the three-month period ended March 31, 2016

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2016			Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2016		Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Footnote
				Balance as at 31, 2016	December 31, 2015	Number of shares	Ownership (%)	\$		March 31, 2016	(\$		
The Company	Tah Shin Spinning Corp.	Taiwan	Spinning	\$ 85,188	85,188	18,467,619	86.40	\$ 139,074	(	1,063)	(	12,669)	-
The Company	Formosa Taifeta Co., Ltd.	Taiwan	Spinning	719,003	719,003	630,022,431	37.40	21,258,157		643,592		240,703	-
The Company	Formosa Heavy Industries Corp.	Taiwan	Machinery	2,497,721	2,497,721	651,706,181	32.91	8,335,595	(	123,526)	(	39,343)	-
The Company	Formosa Fairway Corporation	Taiwan	Transportation	33,320	33,320	4,472,169	33.33	79,981	(	3,329)	(	1,110)	-
The Company	Formosa Plastics Transport Corp.	Taiwan	Transportation	17,255	17,255	4,213,395	33.33	744,225		31,269		10,422	-
The Company	Formosa Petrochemical Corp.	Taiwan	Chemistry	25,842,468	25,842,468	2,300,799,801	24.15	66,451,504		10,446,085		2,492,082	-
The Company	Mai-Liao Power Corp.	Taiwan	Electricity generation	5,985,531	5,985,531	498,842,000	24.94	11,527,350		959,290		239,247	-
The Company	FCFC Investment Corp. (Cayman)	Cayman Islands	Investments	18,443,886	18,443,886	84,000	100.00	31,657,575		365,698		365,698	-
The Company	Hwa Ya Science Park Management Consulting Co., Ltd.	Taiwan	Management	340	340	33,000	33.00	1,913		156		51	-
The Company	Chia-Nan Enterprise Corporation	Taiwan	Electricity generation	225,034	225,034	12,448,800	30.00	264,899		11,353		3,406	-
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	1,636,482		724,866		362,858	-
The Company	Su Hua Transport Corp.	Taiwan	Transportation	50,000	50,000	7,658,750	25.00	229,586		40,639		10,160	-
The Company	Formosa Industries Corp.	Vietnam	Textile, polyester staple fibre, cotton	8,435,801	8,435,801	-	42.50	8,930,861		489,869		208,195	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2016			Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Footnote
				Balance as at 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)					
The Company	Formosa BP Chemicals Corp.	Taiwan	Chemistry, international of petrochemistry	\$ 1,201,500	\$ 1,201,500	120,150,000	50.00	\$	1,345,939	(\$ 81,487)	19,018	-
The Company	Formosa Environmental Technology Co.	Taiwan	Disposals of wastes and sewage	417,145	417,145	41,714,475	24.34	(	260,050	( 4,635)	1,128	-
The Company	Formosa Biomedical Technology Corp.	Taiwan	Manufacturing and sale of cosmetics	1,566,879	1,566,879	147,556,136	88.59		1,727,406	19,994	17,713	-
The Company	Formosa Carpet Corp.	Taiwan	Yarn spinning mills, finishing of textiles and carpet manufacturing	300,000	300,000	30,000,000	100.00		212,215	2,094	2,088	-
The Company	Formosa Synthetic Rubber Corp.	Taiwan	Manufacturing of synthetic rubber	400,000	400,000	40,000,000	33.33	(	362,652	( 19,316)	6,438	-
The Company	Formosa Synthetic Rubber (Hong Kong) Limited Co.	Hong Kong	Manufacturing of synthetic rubber	874,680	874,680	-	33.33	(	440,405	( 327,920)	109,296	-
The Company	Formosa Resources Corporation	Taiwan	Mining industry and its trading, wholesale of chemical material and international trading	4,162,500	4,162,500	416,250,000	25.00	(	4,257,106	( 115,470)	28,868	-
The Company	Formosa Group Corp. (Cayman)	Cayman Islands	Investments	377	377	-	25.00		215,585	268,795	67,199	-
The Company	Formosa Construction Corp.	Taiwan	Development and sale of rebuilt housing, buildings and plants under urban redevelopment	15,000	15,000	1,500,000	33.33	(	9,790	( 2,611)	870	-
The Company	FCFC International (Cayman) Limited	Cayman Islands	Investments	16,084,840	-	50,000	100.00		15,442,759	-	-	-
FCFC Investment Corp. (Cayman)	Formosa Chemicals & Fibre Corp. (Hong Kong) Co., Ltd.	Hong Kong	Investments	14,391,099	14,391,099	-	100.00	(	19,047,088	( 131,059)	131,059	-
Formosa Biomedical Technology Corp.	Beyoung International Corp.	Taiwan	International trading	90,000	90,000	360,000	30.00	(	93,301	( 1,291)	387	-

Table 8. Page 2



Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2016			Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Footnote
				Balance as at 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
				\$	\$			\$			
Formosa Biomedical Technology Corp.	Hong Jing Resources Corp.	Taiwan	Recycle of spent catalyst	252,969	252,969	19,289,016	51.00	297,556	8,318	4,242	-
Formosa Biomedical Technology Corp.	Ubi Pharma Inc.	Taiwan	Bio/pharmaceutical firm	600,000	600,000	28,350,922	20.05	628,915	16,946	3,398	-
Formosa Biomedical Technology Corp.	Formosa Biomedical Technology (Samoa) Co., Ltd.	Samoa	Investments	29,610	29,610	-	100.00	19,633	10	10	-
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	221,278	477	477	-
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	6,733,841	247,008	162,235	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Hong Kong) Co., Ltd.	Hong Kong	Sale of spun fabrics and filament textile	1,356,862	1,356,862	-	100.00	1,047,442	26,369	30,086	-
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	1,678,998	68,890	67,828	-

Investor	Investee (Note 1)	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2016			Net profit (loss) of the investee for the three-month period ended March 31, 2016	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Footnote
				Balance as at 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Formosa Taffeta Co., Ltd.	Kuang Yueh Co., Ltd.	Taiwan	Processing and production of ready-to-wear, processing and trading of cotton cloth, and import and export of the aforementioned products	\$ 213,771	\$ 213,771	18,595,352	20.16	\$ 923,494	(\$ 85,283)	\$ 20,881)	-
Formosa Taffeta Co., Ltd.	Schoeller F.T.C. (Hong Kong) Co., Ltd.	Hong Kong	Trading of textiles	2,958	2,958	-	43.00	10,343	3,598	1,547	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Dong Nai) Co., Ltd.	Vietnam	Production, processing and sale of various dyeing and finishing textiles and yarn	2,590,434	2,590,434	-	100.00	2,436,285	66,104	63,215	-
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	2,195,491	489,869	48,987	-
Formosa Taffeta Co., Ltd.	Formosa Taffeta (Cayman) Co., Ltd.	Cayman Islands	Investments	5,090,180	5,090,180	171,028,736	100.00	5,317,550	-	-	-
Formosa Development Co., Ltd.	Formosa Advanced Technologies Co., Ltd.	Taiwan	IC assembly, testing and modules	21,119	21,119	469,500	0.11	22,535	247,008	264	-

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

Formosa Chemicals & Fibre Corporation and subsidiaries

Information on investments in Mainland China

For the three-month period ended March 31, 2016

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted back to Taiwan for the three-month period ended March 31, 2016	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
				Amount remitted from Taiwan to Mainland China/														
				Investment method (Note 1)	Paid-in capital	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	\$ -	\$ -	\$ -	\$ 4,682,741	\$ 138,130	100	\$ 138,130	\$ 7,407,785	\$ -	2
Formosa Power (Ningbo) Co., Ltd.	Cogeneration power generation business	4,834,511	2 ∙ 4	4,051,414	-	-	-	4,051,414	-	-	-	4,051,414	496,758	100	496,758	12,820,644	-	2
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Production and market of PTA	7,975,900	2 ∙ 4	7,975,900	-	-	-	7,975,900	-	-	-	7,975,900	179,842	100	179,842	8,187,473	-	2
Formosa PS (Ningbo) Co., Ltd.	Sale of Polystyrene	1,732,458	2 ∙ 4	1,732,458	-	-	-	1,732,458	-	-	-	1,732,458	13,395	100	13,395	1,487,560	-	2
Formosa Phenol (Ningbo) Limited Co.	Production and sale of phenol-acetone and acetone	4,453,788	2 ∙ 4	-	-	-	-	-	-	-	-	-	102,742	100	102,742	1,964,272	-	2
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Production and sale of synthetic rubber	2,912,368	2 ∙ 4	874,680	-	-	-	874,680	-	-	-	874,680	327,920	33	109,296	440,405	-	2

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
		\$	2 ~ 4	\$	Remitted to Mainland China	Remitted back to Taiwan	\$	\$	100	\$	\$	\$	2
Formosa Biomedical Trading (Shanghai) Co., Ltd.	Investments	29,610	2 ~ 4	29,610	-	-	29,610	10	100	10	17,184	-	2
Formosa Taffeta (Zhong Shan) Co., Ltd.	Production and sale of polyester and polyamide fabrics	1,402,085	1	1,402,085	-	-	1,402,085	29,736	100	29,736	1,722,672	-	3
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Import and export, entrepot trade, merchandise exhibition, export processing, warehousing and design and drawing of black and white and colour graphs	15,273	1	15,273	-	-	15,273	195	100	195	8,291	-	4
Formosa Taffeta (Changshu) Co., Ltd.	Weaving and dyeing as well as post dressing of high-grade loomage face fabric	1,302,019	2 ~ 4	1,334,739	-	-	1,334,739	29,430	100	29,430	963,375	-	5

Table 9, Page 2

Investee in Mainland China	Main business activities	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2016	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Net income of investee for the three-month period ended March 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2016	Book value of investments in Mainland China as of March 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2016	Footnote
Changshu Yu Yuan Development Co., Ltd.	Building and selling real estate	2	\$ 70,788	\$ -	\$ -	(\$ 1,083)	41 (\$ -)	442 (\$ -)	\$ 23,517	\$ -	6

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

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others
- (4) Formosa Power (Ningbo) Co., Ltd. is an investee company in Mainland China through the Company's investee - FCFC Investment Corp. (Cayman)

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

The Company is the surviving company after the consolidation of Changshu Yu Yuan Development Co., Ltd. and Changshu Fushun Enterprise Management Co., Ltd. It's paid-in capital is RMB\$13,592,920. The Company income recognized in current period is based on the financial reports audited by CPAs of the Taiwan parent company.

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

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

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

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

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2016	Investment amount approved by the Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Note
The Company	\$ 19,317,193	\$ 32,081,755		

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

Formosa Chemicals & Fibre Corporation and subsidiaries

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

For the three-month period ended March 31, 2016

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		endorsements/guarantees or collaterals		Financing		Interest during the three-month period ended March 31, 2016	
	Amount	%	Amount	%	Balance at March 31, 2016	%	Balance at March 31, 2016	Purpose	Balance at March 31, 2016	Interest rate		
	\$		\$		\$		\$		\$		\$	
Formosa Taffeta (Zhongshan) Co., Ltd.	4,498	0.07	-	-	3,076	0.13	2,252,950	For short-term loans from financial institutions	-	-	-	-
Formosa Taffeta (Changshu) Co., Ltd.	41,405	0.66	-	-	35,541	1.56	2,574,800	For short-term loans from financial institutions	-	-	-	-