Stock Code:1301

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report For the Nine Months Ended September 30, 2018 and 2017

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Independent Auditors' Review Report

To the Board of Directors
Formosa Plastics Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Formosa Plastics Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2018 and 2017, as well as the changes in equity and cash flows for the nine-month periods ended September 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (" IASs") 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $30,020,184 thousand and $23,634,557 thousand, constituting 5.80% and 5.05% of the consolidated total assets; and the total liabilities amounting to $8,956,469 thousand and $1,391,813 thousand, constituting 5.99% and 1.05% of the consolidated total liabilities as of September 30, 2018 and 2017, respectively; as well as the total comprehensive income (loss) amounting to $(3,772,211) thousand, $(169,284) thousand, $(2,042,631) thousand and $(1,543,945) thousand, constituting 377.67%, (0.55)%, (4.37)% and (2.98)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2018 and 2017, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the Group in its investee companies of $101,829,537 thousand and $88,505,413 thousand as of September 30, 2018 and 2017, respectively, and its equity in net earnings on these investee companies of $1,968,320 thousand, $807,036 thousand, $5,369,781 thousand and $3,093,964 thousand for the three months and nine months ended September 30, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review report of other auditors (please refer to Other Matter paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the as of September 30, 2018 and 2017, and of its consolidated financial performance for the three months and nine months ended September 30, 2018 and 2017, as well as its consolidated cash flows for the nine-month periods ended September 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of certain investee companies under the equity method of the Group. Those financial statements were reviewed by other auditors, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for those, were based solely on the review report of other auditors. The financial statements of the investee companies reflect the total assets amounting to $104,875,637 thousand and $97,836,235 thousand, constituting 20.27% and 20.89% of the consolidated total assets as of September 30, 2018 and 2017, respectively, as well as the related shares of profit of associates and joint ventures accounted for using the equity method amounting to $6,356,135 thousand, $6,597,837 thousand, $19,576,709 thousand and $16,730,421 thousand, constituting 32.11%, 36.66%, 36.25% and 41.39% of the consolidated income before income tax for the three months and nine months ended September 30, 2018 and 2017, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Hui-chih Kou and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
November 13, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2018 and 2017

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2018, December 31, 2017, and September 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2018		December 31, 2017		September 30, 2017	
	Assets	Amount	%	Amount	%	Amount	%
	Current assets:						
1100	Cash and cash equivalents (Note 6(a))	$ 24,036,105	5	18,165,145	4	17,696,697	4
1110	Current financial assets at fair value through profit or loss (Note 6(b))	3,967,114	1	-	-	-	-
1120	Current financial assets at fair value through other comprehensive income (Note 6(b))	111,320,661	21	-	-	-	-
1125	Available-for-sale financial assets－current (Note 6(c))	-	-	111,581,327	23	113,164,799	24
1150	Notes receivable (Notes 6(d)(q))	2,836,087	-	3,051,878	1	3,046,878	1
1170	Accounts receivable, net (Notes 6(d)(q))	9,084,345	2	7,971,516	2	8,089,580	2
1180	Accounts receivable－related parties (Notes 6(d)(q) and 7)	4,440,496	1	4,911,470	1	3,986,478	1
1200	Other receivables (Note 6(e))	1,409,402	-	1,304,199	-	736,333	-
1210	Other receivables－related parties (Notes 6(e) and 7)	16,266,166	3	15,665,975	3	16,355,503	3
130X	Inventories (Note 6(f))	20,755,625	4	17,617,600	4	15,049,894	3
1470	Other current assets	3,952,390	1	3,943,126	1	3,992,516	1
	Total current assets	198,068,391	38	184,212,236	39	182,118,678	39
1517	Financial assets at fair value through other comprehensive income-non-current(Note 6(b))	26,343,588	5	-	-	-	-
1543	Financial assets carried at cost－non-current	-	-	18,538,315	4	18,784,446	4
1550	Investments accounted for using equity method (Notes 6(g) and 8)	206,705,174	40	194,029,840	41	186,341,648	40
1600	Property, plant and equipment (Notes 6(h), 7 and 8)	76,454,027	15	69,094,450	14	71,212,802	15
1780	Intangible assets	385,243	-	431,315	-	444,064	-
1840	Deferred tax assets	2,139,866	-	2,156,300	-	1,448,230	-
1900	Other assets (Notes 7 and 8)	7,333,186	2	7,608,580	2	7,922,686	2
	Total non-current assets	319,361,084	62	291,858,800	61	286,153,876	61
	Total assets	$ 517,429,475	100	476,071,036	100	468,272,554	100

		September 30, 2018		December 31, 2017		September 30, 2017	
	Liabilities and Equity	Amount	%	Amount	%	Amount	%
	Current liabilities:						
2100	Short-term borrowings (Notes 6(i) and 8)	$ 17,348,485	3	14,921,759	3	20,532,623	4
2110	Short-term notes and bills payable (Note 6(j))	13,743,963	3	9,495,509	2	7,995,879	2
2170	Accounts payable	2,098,712	-	4,052,981	1	2,489,117	1
2180	Accounts payable－related parties (Note 7)	8,885,871	2	8,452,435	2	6,541,141	1
2200	Other payables	5,373,693	1	3,480,988	1	3,093,910	1
2220	Other payables－related parties (Note 7)	10,878,189	2	5,424,029	1	2,973,521	1
2321	Current portion of bonds payable (Note 6(l))	5,697,791	1	5,696,600	1	4,645,743	1
2322	Current portion of long-term debts (Notes 6(k) and 8)	3,891,382	1	6,737,722	1	6,765,653	1
2399	Other current liabilities (Note 7)	14,409,057	3	13,012,233	3	14,185,437	3
	Total current liabilities	82,327,143	16	71,274,256	15	69,223,024	15
	Non-Current liabilities:						
2530	Bonds payable (Note 6(l))	34,703,818	7	27,861,638	6	31,109,929	7
2540	Long-term debts (Notes 6(k) and 8)	8,718,930	2	9,893,975	2	11,772,119	3
2570	Deferred tax liabilities	16,565,656	3	14,464,611	3	13,336,122	3
2640	Net defined benefit liabilities	6,963,795	1	7,262,543	2	6,772,971	1
2670	Other liabilities (Note 6(g))	293,543	-	303,847	-	406,384	-
	Total non-current liabilities	67,245,742	13	59,786,614	13	63,397,525	14
	Total liabilities	149,572,885	29	131,060,870	28	132,620,549	29
	Equity (Note 6(o)):						
3110	Common stock	63,657,408	12	63,657,408	13	63,657,408	14
3200	Capital surplus	11,725,316	2	11,649,929	2	11,428,922	2
	Retained earnings:						
3310	Legal reserve	57,103,815	11	52,165,530	11	52,165,530	11
3320	Special reserve	58,778,533	11	51,285,206	11	51,285,206	11
3350	Unappropriated retained earnings	80,502,353	16	78,699,082	17	66,445,833	14
	Total retained earnings	196,384,701	38	182,149,818	39	169,896,569	36
3400	Other components of equity	96,089,165	19	87,553,011	18	90,669,106	19
	Total equity	367,856,590	71	345,010,166	72	335,652,005	71
	Total liabilities and equity	$ 517,429,475	100	476,071,036	100	468,272,554	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month and nine-month periods ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three-month periods ended September 30,				For the nine-month periods ended September 30,			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (Notes 6(q)(r) and 7)**	$ 57,374,129	100	53,480,325	100	174,017,580	100	153,641,840	100
5000	**Operating costs (Notes 6(f)(m)(s) and 7)**	48,937,369	85	44,854,746	84	144,712,245	83	128,629,733	84
	Gross profit	8,436,760	15	8,625,579	16	29,305,335	17	25,012,107	16
	Operating expenses (Notes 6(m)(s) and 7):								
6100	Selling expenses	1,488,915	3	1,539,561	3	4,528,650	3	4,343,352	3
6200	Administrative expenses	1,282,797	2	1,234,857	3	3,426,719	2	3,392,902	2
6300	Research and development expenses	266,467	-	249,477	-	711,860	-	649,012	-
	Total operating expenses	3,038,179	5	3,023,895	6	8,667,229	5	8,385,266	5
	Operating income	5,398,581	10	5,601,684	10	20,638,106	12	16,626,841	11
	Non-operating income and expenses (Notes 6(g)(t) and 7):								
7010	Other income	6,585,394	11	5,214,547	10	8,128,898	5	6,077,685	4
7020	Other gains and losses	(119,457)	-	160,548	-	1,398,898	1	(940,733)	(1)
7050	Finance costs	(391,040)	(1)	(384,631)	-	(1,107,020)	(1)	(1,168,174)	(1)
7060	Recognized share of profit of associates and joint ventures accounted for using equity method, net	8,324,455	15	7,404,873	14	24,946,490	14	19,824,385	13
	Total non-operating income and expenses	14,399,352	25	12,395,337	24	33,367,266	19	23,793,163	15
	Income before income tax	19,797,933	35	17,997,021	34	54,005,372	31	40,420,004	26
7950	Less: income tax expense (Note 6(n))	1,617,776	3	1,070,150	2	6,787,433	4	3,891,666	2
	Net income	18,180,157	32	16,926,871	32	47,217,939	27	36,528,338	24
8300	**Other comprehensive income(Notes 6(n)(o)):**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(13,342,056)	(24)	-	-	800,035	-	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(4,645,283)	(8)	-	-	(2,145,840)	(1)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	112,059	-	-	-
	Total amount of items that could not be reclassified subsequently to profit or loss	(17,987,339)	(32)	-	-	(1,233,746)	(1)	-	-
8360	**Components of other comprehensive income that will be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation	(1,177,010)	(2)	200,615	-	982,036	1	(5,170,018)	(3)
8362	Unrealized gains on valuation of available-for-sale financial assets	-	-	10,339,308	19	-	-	15,690,617	10
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	14,421	-	3,182,912	6	177,141	-	3,840,339	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(29,037)	-	59,582	-	(423,244)	-	974,698	1
	Total amount of components of other comprehensive income that will be reclassified to profit or loss	(1,191,626)	(2)	13,782,417	25	735,933	1	15,335,636	10
8300	**Other comprehensive income, net**	(19,178,965)	(34)	13,782,417	25	(497,813)	-	15,335,636	10
8500	**Total comprehensive income**	$ (998,808)	(2)	30,709,288	57	46,720,126	27	51,863,974	34
	Basic earnings per share (Note 6(p))								
		Before	After	Before	After	Before	After	Before	After
	-before/after income tax	$ 3.11	2.86	2.83	2.66	8.48	7.42	6.35	5.74

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings			Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Gains (losses) on hedging instruments	Total equity
Balance at January 1, 2017	$ 63,657,408	11,428,970	48,226,276	46,721,324	67,703,039	2,794,229	-	72,488,184	51,057	-	313,070,487
Net Income for the period	-	-	-	-	36,528,338	-	-	-	-	-	36,528,338
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	-	(4,550,436)	-	19,912,764	(26,692)	-	15,335,636
Total comprehensive income (loss) for the period	-	-	-	-	36,528,338	(4,550,436)	-	19,912,764	(26,692)	-	51,863,974
Legal reserve appropriated	-	-	3,939,254	-	(3,939,254)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	4,563,882	(4,563,882)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(29,282,408)	-	-	-	-	-	(29,282,408)
Other changes in capital surplus:											
Other changes in capital surplus	-	(48)	-	-	-	-	-	-	-	-	(48)
Balance at September 30, 2017	$ 63,657,408	11,428,922	52,165,530	51,285,206	66,445,833	(1,756,207)	-	92,400,948	24,365	-	335,652,005
Balance at January 1,2018	$ 63,657,408	11,649,929	52,165,530	51,285,206	78,699,082	(3,225,029)	-	90,768,489	9,551	-	345,010,166
Effects of retrospective application	-	-	-	-	3,177,463	-	99,924,373	(90,768,489)	(9,551)	9,551	12,333,347
Balance at January 1, 2018 after adjustments	63,657,408	11,649,929	52,165,530	51,285,206	81,876,545	(3,225,029)	99,924,373	-	-	9,551	357,343,513
Net Income for the period	-	-	-	-	47,217,939	-	-	-	-	-	47,217,939
Other comprehensive income (loss) for the period, net of income tax	-	-	-	-	121,917	743,791	(1,355,663)	-	-	(7,858)	(497,813)
Total comprehensive income (loss) for the period	-	-	-	-	47,339,856	743,791	(1,355,663)	-	-	(7,858)	46,720,126
Legal reserve appropriated	-	-	4,938,285	-	(4,938,285)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	7,493,327	(7,493,327)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(36,284,722)	-	-	-	-	-	(36,284,722)
Other changes in capital surplus:											
Other changes in capital surplus	-	75,379	-	-	-	-	-	-	-	-	75,379
Changes in equity of associates and joint ventures accounted for using equity method	-	8	-	-	2,286	-	-	-	-	-	2,294
Balance at September 30, 2018	$ 63,657,408	11,725,316	57,103,815	58,778,533	80,502,353	(2,481,238)	98,568,710	-	-	1,693	367,856,590

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30, 2018	2017
Cash flows from operating activities:		
Income before income tax	$ 54,005,372	40,420,004
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,244,281	5,966,856
Amortization expense	405,747	431,788
Expected credit loss / Provision for bad debt expense	744	(295)
Net gain on financial assets or liabilities at fair value through profit or loss	(165,755)	-
Interest expense	1,107,020	1,168,174
Interest income	(486,323)	(358,259)
Dividend income	(7,511,410)	(5,606,734)
Share of profit of associates and joint ventures accounted for using equity method	(24,946,490)	(19,824,385)
Gain on disposal of property, plant and equipment	(58,611)	(5,065)
Gain on disposal of investments	-	(98,088)
Impairment loss on non-financial assets	-	79,953
Unrealized foreign exchange loss	1,313	270,712
Total adjustments to reconcile profit	(26,409,484)	(17,975,343)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	215,791	(1,198,340)
Increase in accounts receivable	(1,123,626)	(99,674)
Decrease (increase) in accounts receivable due from related parties	470,974	(58,196)
(Increase) decrease in other receivable	(77,724)	335,437
(Increase) decrease in other receivable due from related parties	(298,535)	19,276
(Increase) decrease in inventories	(3,324,626)	1,984,335
(Increase) decrease in other current assets	(9,648)	205,316
Total changes in operating assets	(4,147,394)	1,188,154
Changes in operating liabilities:		
Decrease in accounts payable	(1,953,917)	(2,072,030)
Increase (decrease) in accounts payable to related parties	471,890	(1,150,713)
Increase (decrease) in other payable	149,987	(558,797)
Increase in other payable to related parties	168,397	59,104
Increase in other current liabilities	1,358,369	1,521,511
Decrease in net defined benefit liability	(298,748)	(294,149)
Total changes in operating liabilities	(104,022)	(2,495,074)
Total changes in operating assets and liabilities	(4,251,416)	(1,306,920)
Total adjustments	(30,660,900)	(19,282,263)
Cash inflow generated from operations	23,344,472	21,137,741
Interest received	458,130	363,853
Dividends received	25,573,822	22,771,652
Interest paid	(858,070)	(1,038,845)
Income taxes paid	(5,308,018)	(1,514,297)
Net cash flows from operating activities	43,210,336	41,720,104
Cash flows (used in) from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,676,070)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	772,908	-
Proceeds from disposal of available-for-sale financial assets	-	164,476
Acquisition of financial assets at cost	-	(1,737,518)
Acquisition of investments accounted for using equity method	(4,461,424)	(1,989,918)
Proceeds from capital reduction of investments accounted for using equity method	1,127,075	-
Acquisition of property, plant and equipment	(12,821,110)	(4,532,917)
Proceeds from disposal of property, plant and equipment	63,052	11,828
(Increase) decrease in other receivables due from related parties	(301,645)	3,475,974
Increase in other non-current assets	(115,533)	(677,118)
Net cash flows (used in) from investing activities	(17,412,747)	(5,285,193)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	300,011,460	266,541,174
Decrease in short-term borrowings	(297,594,177)	(271,033,861)
Increase (decrease) in short-term notes and bills payable	4,250,000	(2,046,940)
Proceeds from issuing bonds	9,300,000	7,000,000
Repayments of bonds	(2,450,000)	(8,550,000)
Proceeds from long-term debt	-	1,700,258
Repayments of long-term debt	(3,991,016)	(4,240,056)
Increase in due to related parties (recognized as other payables—related parties)	5,285,763	1,416,439
Increase (decrease) in other non-current liabilities	10,243	(132,722)
Cash dividends paid	(36,293,430)	(29,231,878)
Net cash flows from (used in) financing activities	(21,471,157)	(38,577,586)
Effect of exchange rate changes on cash and cash equivalents	1,544,528	(38,117)
Net increase (decrease) in cash and cash equivalents	5,870,960	(2,180,792)
Cash and cash equivalents at beginning of period	18,165,145	19,877,489
Cash and cash equivalents at end of period	$ 24,036,105	17,696,697

See accompanying notes to consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Formosa Plastics Corporation (the "Company") was incorporated on November 5, 1954, and established its factories in Kaohsiung City. The Company and its subsidiaries (the " Group") engages in the manufacture and sale of plastic raw materials, chemical fibers, and petrochemical products. The Company has gone through several capital increases and established many divisions, and become a well-diversified enterprise.

(2) Approval date and procedures of the consolidated financial review:

The accompanying consolidated financial statements of the Group as of and for the three months and nine months ended September 30, 2018 and 2017 were authorized for issuance by the board of directors on November 13, 2018.

(3) New standards, amendments and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group' s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

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3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

·Comparative periods have been restated only for retrospective application of the cost of hedging approach for forward points. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

·The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

—The determination of the business model within which a financial asset is held.

— The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

—The designation of certain investments in equity instruments not held for trading as at FVOCI.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables	18,165,145	Amortized cost	18,165,145
Fund instruments	Available-for-sale (note 1)	4,574,268	Mandatorily at FVTPL	4,574,268
Equity instruments	Available-for-sale (note 2)	125,545,374	Designated as at FVTPL	134,739,270
Net receivables	Loans and receivables (note 3)	32,905,038	Amortized cost	32,905,038
Other financial assets (Guarantee deposits paid)	Loans and receivables	149,815	Amortized cost	149,815

Note1: Under IAS 39, these fund instruments were measured as at FVOCI because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9; therefore, there was no change in the book value of those assets recognized, resulting in the increase of $343,982 in other equity interests and decrease of $343,982 in retained earnings, respectively, on January 1, 2018.

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Note2: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI, resulting in the increase of $9,193,896 in those assets recognized, as well as $7,143,169 and $2,050,727 in other equity interests and retained earnings, respectively, on January 1, 2018.

Note3: Notes receivables, accounts receivables and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. The adoption of IFRS 9 did not have any a significant impact on its accounting policies of the above assets.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Additions – equity instruments:						
From available for sale	$ -	4,574,268	-		(343,982)	343,982
Total	$ -	4,574,268	-	4,574,268	(343,982)	343,982
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 130,119,642	-	-		-	-
Available for sale to FVOCI	-	-	9,193,896		2,050,727	7,143,169
Subtraction – equity instruments:						
To FVTPL – required reclassification based on classification criteria	-	(4,574,268)	-		-	-
Total	$ 130,119,642	(4,574,268)	9,193,896	134,739,270	2,050,727	7,143,169

The changes due to the adoption of the above IFRSs would not have any material impact on the Group's basic earnings per share.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group' s discounting rate, the composition of the Group' s lease portfolio at that date, the Group' s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouse and factory facilities. No significant impact is expected for the Group' s finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:

·apply the IFRS 16 definition of a lease to all its contracts; or

·apply a practical expedient and not reassess whether a contract is, or contains, a lease.

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The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can either apply the standard using the following:

·retrospective approach; or

·modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which the Group is the lessor except where the Group is the intermediate lessor in a sub-lease.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
May 18, 2017	IFRS 17 "Insurance Contracts "	The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows: · Recognition: The beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due and when the group becomes onerous shall recognize a group of insurance contracts it issues from the earliest. ·Measurement: On initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. · Presentation and disclosure: The presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.

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The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by the FSC. These consolidated financial statements are not required to include all disclosures required for full annual financial statements under the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the FSC (hereinafter referred to as IFRS as endorsed by the FSC).

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as the consolidated financial statements as of and for the year ended December 31, 2017. Please refer to Note 4 of the financial statements as of and for the year ended December 31, 2017 for the detail disclosures of significant accounting policies.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated interim financial statements:

			Percentage of Ownership (%)			
Investor	**Name of subsidiaries**	**Business activity**	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**	
The Company	Formosa Plastics Corporation (Cayman) Limited	Investment	100 %	100 %	100 %	
The Company	Formosa Industries Corporation	High Density Polyethylene	100 %	100 %	100 %	(Note)
The Company	Formosa Plastics International (Cayman) Limited	Investment	100 %	100 %	100 %	(Note)
Formosa Plastics Corporation (Cayman) Limited	Formosa Industries (Hong Kong) Limited	Investment	100 %	100 %	100 %	
Formosa Industries (Hong Kong) Limited	Formosa Industries (Ningbo) Co., Ltd.	Plastics	100 %	100 %	100 %	

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			Percentage of Ownership (%)			
Investor	**Name of subsidiaries**	**Business activity**	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**	
Formosa Industries (Hong Kong) Limited	Formosa Electronic (Ningbo) Co., Ltd.	Electronics	100 %	100 %	100 %	

Note: The immaterial subsidiaries' financial statements for the three-month and nine-month periods ended September 30, 2018 and 2017 by independent auditors.

(ii) Subsidiary not included in the consolidated financial statements: None.

(c) Financial instruments (applicable from January 1, 2018)

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

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In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Group' s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, others receivable, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(ii) Sale of goods–plastic raw materials, chemical fibers, and petrochemical products.

The Group manufactures and sells plastic raw materials, chemical fibers, and petrochemical products to downstream manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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(iii) Construction contracts

Since the Group entered into separate agreements with different customers on the development of electronic components and software products, wherein the customers have control over the development process of the said items, the Group recognizes its revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized a revenue without issuing any bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iv) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(e) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(f) Income Tax

The Group evaluates and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense is the best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This is should be recognized as current tax expense and deferred taxes in proportion with the estimated annual current tax expense and deferred tax expense.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(g) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The consolidated financial statements are prepared in conformity with IAS 34 " Interim financial reporting" as endorsed by the FSC, under which, management make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the consolidated financial statements as of and for the year ended December 31, 2017.

(6) Explanation of significant accounts:

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from the consolidated financial statements as of and for the year ended December 31, 2017. Please refer to Note 6 of the consolidated financial statements as of and for the year ended December 31, 2017 for the detailed disclosures of these significant accounts.

(a) Cash and cash equivalents

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand	$ 359	382	299
Bank deposit	2,268,359	1,910,953	2,554,235
Cash equivalents			
Cash equivalents－Time deposits	19,766,638	14,313,690	15,142,163
Repurchase bonds	2,000,749	1,940,120	-
	$ 24,036,105	18,165,145	17,696,697

(b) Financial assets at fair value through profit or loss and other comprehensive income

	September 30, 2018
(i) Mandatorily at FVTPL	
Private fund	$ 3,967,114

Please refer to Notes 6(t) for amount of remeasurement at FVTPL.

	September 30, 2018
(ii) Equity investments at fair value through other comprehensive income	
Listed stocks	111,320,661
Non-listed stocks	5,858,670
Non-domestic stocks	20,484,918
Total	$ 137,664,249

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Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity instruments as at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes. These investments were classified as available-for-sale financial assets on December 31 and September 30, 2017.

On April 16, 2018, the Group participated in the cash capital increase of Formosa Ha Tinh (Cayman) Ltd., with a subscription in proportion to its original shareholding percentage of 11.43%, leading to a total investment of US$57,161 thousand (equivalent to $1,676,070 thousand).

No strategic investments were disposed as of June 30, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(c) Available-for-sale financial assets

	December 31, 2017	September 30, 2017
Listed securities:		
Listed stocks	$ 107,007,059	108,539,651
Unpublicly traded investment:		
Private fund	4,574,268	4,625,148
Total	$ 111,581,327	113,164,799

(d) Notes receivable, accounts receivable and other receivables:

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable	$ 2,836,087	3,051,878	3,046,878
Accounts receivable (including related parties)	13,529,395	12,886,796	12,081,251
Less : allowance for doubtful receivables	(4,554)	(3,810)	(5,193)
	$ 16,360,928	15,934,864	15,122,936

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on September 30, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information. The loss allowance provision on receivables as of September 30, 2018 amounted to $4,554 thousand, and the expected credit risk was no more than 0.1%.

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As of December 31 and September 30, 2017 the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, as well as the aging analysis of notes and trade receivable as of September 30, 2018, December 31, 2017 and September 30, 2017, which were past due but not impaired, as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Within 30 days	$ 43,126	24,919	27,189
30~60 days	12,895	586	-
over 61 days	85	-	3,520
Total	$ 56,106	25,505	30,709

The movement of the allowance for doubtful receivable were as follows:

	2018	2017 Impairment loss of group evaluation
Beginning balance (IAS39)	$ 3,810	5,488
Adjustment of the first adoption of IFRS 9	-	
Beginning balance (IFRS 9)	3,810	
Impairment loss recognized	744	1,206
Reversal of impairment	-	(1,501)
Ending balance	$ 4,554	5,193

The terms of sales made by the Group were net 30~90 days. Based on historical default rates, the Group recognizes 0.1% allowance for impairment of uncollectible accounts receivables.

(e) Other receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Other receivable—loans to related parties	$ 14,939,583	14,637,938	15,400,365
Other receivable—related parties	1,326,583	1,028,037	955,138
Other receivable	1,409,402	1,304,199	736,333
	$ 17,675,568	16,970,174	17,091,836

As of September 30, 2018, December 31, 2017 and September 30, 2017, the aging analysis of other receivables were not recognized which estimated by the Group.

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(f) Inventories

	September 30, 2018	December 31, 2017	September 30, 2017
Finished goods	$ 13,029,222	10,664,612	8,030,176
Work in process	1,715,519	1,612,192	1,616,458
Raw materials	3,360,817	2,719,401	2,823,137
Supplies	699,095	619,983	686,265
Machinery and accessories in process	1,694,580	1,775,541	1,726,423
Others	256,392	225,871	167,435
	$ 20,755,625	17,617,600	15,049,894

Change of net realizable value of inventories：

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
(Loss from devaluation) gain from recovery of inventories	$ (21,262)	32,078	(251,912)	(29,439)

The changes in net realizable value of the above inventories have been recognized as cost of goods sold.

(g) Investments accounted for using equity method

The components of the investments accounted for using equity method were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Associates			
Formosa Petrochemical Corporation	$ 98,944,338	97,144,019	91,732,318
Formosa Plastics Corp., U.S.A.	63,404,647	56,660,362	54,199,946
Formosa Heavy Industries Corp.	8,009,800	7,616,375	7,630,949
Sky Dragon Investments Limited	6,717,763	2,973,156	2,850,951
Mai Liao Power Corp.	11,193,021	10,845,857	10,890,775
Formosa Sumco Technology Corporation	5,931,299	6,297,821	6,103,917
Formosa Transportation Corp.	1,016,104	694,761	704,021
Formosa Fairway Corp.	99,231	100,952	101,008
Yi-Jih Development Corp.	63,262	63,027	62,918
Ya Tai Development Corp.	21,485	23,408	23,515
Formosa Automobile Corporation	7,088	-	-

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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	September 30, 2018	December 31, 2017	September 30, 2017
Wha Ya Park Management Consulting Corporation Ltd.	$ 1,483	1,382	1,864
Su-Hua Transportation Corporation	-	275,864	278,096
Formosa Environmental Technology Corporation	226,873	226,435	252,521
Formosa Resources Corporation	5,189,210	5,361,771	5,780,464
Formosa Plastics Development Corporation Ltd.	83,871	87,773	88,777
Formosa Group (Cayman) Limited	681,604	348,135	297,043
Formosa Olefins, L.L.C.	2,489,658	2,611,119	2,678,749
Lolita Packaging, L.L.C.	273,039	289,745	297,529
Joint ventures			
Formosa Asahi Spandex Co., Ltd.	1,312,058	1,337,432	1,315,535
Formosa Daikin Advanced Chemical Co., Ltd.	983,768	992,930	965,782
Formosa Mitsui Advanced Chemical Co., Ltd.	55,572	77,516	84,970
	$ 206,705,174	194,029,840	186,341,648

For the three-month and nine-month periods ended September 30, 2018 and 2017, the Group's share of net income (loss) of associates and joint ventures were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Associates				
Formosa Petrochemical Corporation	$ 5,914,180	6,394,679	18,348,916	16,285,467
Formosa Plastics Corp., U.S.A.	1,872,449	644,101	5,333,474	3,012,201
Formosa Heavy Industries Corp.	30,194	76,047	127,824	66,418
Sky Dragon Investment Limited	(129,858)	(174,376)	(541,959)	(247,328)
Mai Liao Power Corp.	118,288	166,270	249,101	392,898
Formosa Sumco Technology Corporation	441,955	203,158	1,227,793	444,954
Formosa Transportation Corp.	25,176	(6,591)	18,196	(2,815)
Formosa Fairway Corp.	4,199	3,717	(1,721)	(710)

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	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Yi-Jih Development Corp.	$ 101	53	235	157
Ya Tai Development Corp.	(583)	(696)	(1,923)	(3,046)
Formosa Automobile Corporation	14,571	8,021	36,560	27,219
Wha Ya Park Management Consulting Corporation Ltd.	63	47	101	88
Su-Hua Transportation Corporation	-	9,914	4,881	28,360
Formosa Environmental Technology Corporation	(208)	(1,322)	438	(3,195)
Formosa Resources Corporation	(18,451)	(37,218)	(172,561)	(62,601)
Formosa Plastics Development Corporation Ltd.	(1,613)	(1,120)	(3,902)	(3,118)
Formosa Group (Cayman) Limited	79,813	77,735	318,875	(220,526)
Formosa Olefins, L.L.C.	(97,638)	(30,591)	(179,363)	(111,305)
Lolita Packaging, L.L.C.	(11,022)	(1,887)	(23,068)	(1,898)
Joint ventures				
Formosa Asahi Spandex Co., Ltd.	23,131	32,572	89,913	104,134
Formosa Daikin Advanced Chemical Co., Ltd.	62,427	43,574	135,146	130,895
Formosa Mitsui Advanced Chemical Co., Ltd.	(2,719)	(1,214)	(20,466)	(11,864)
	$ 8,324,455	7,404,873	24,946,490	19,824,385

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associates

1) The information of the major associate of the investments accounted for using the equity method was as follows:

Associates	Relationship	Registration Country	Percentage of ownership September 30, 2018	Percentage of ownership December 31, 2017	Percentage of ownership September 30, 2017
Formosa Petrochemical Corporation	Formosa Petrochemical Corporation, the main supplier of raw materials for the Group, has principal activities that consists of petroleum refining and integrated manufacture of hydrocarbon	Taiwan	28.56 %	28.56 %	28.56 %
Formosa Plastics Corp., U.S.A.	Formosa Plastics Corp., U.S.A, engages in the manufacturing and sales of oil, plastic raw materials, and petrochemical raw materials, with the Group as its main sales target.	U.S.A	22.61 %	22.61 %	22.61 %

The fair value of investments in publicly traded stocks of the major associate was as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Formosa Petrochemical Corporation	$ 410,802,901	314,223,411	288,378,195

The aggregated financial information of the major associate was as follows:

The financial information of Formosa Petrochemical Corporation was as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 268,487,202	266,200,257	247,827,389
Non-current assets	170,895,633	165,340,469	167,359,082
Current liabilities	(74,345,012)	(65,117,512)	(66,763,355)
Non-current liabilities	(14,556,012)	(22,276,730)	(26,240,940)
Net asset	$ 350,481,811	344,146,484	322,182,176
Net asset contributed to non-controlling interest of Formosa Petrochemical Corporation	$ 2,905,957	2,859,884	39,066
Net asset contributed to Formosa Petrochemical Corporation	$ 347,575,854	341,286,600	322,143,110

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three-month periods ended September 30, 2018	For the three-month periods ended September 30, 2017	For the nine-months ended September 30, 2018	For the nine-months ended September 30, 2017
Revenue	$ 201,119,066	153,458,327	575,523,556	456,861,649
Net income	$ 20,699,838	22,262,542	64,218,624	56,935,565
Other comprehensive (loss) income	(13,034,878)	11,146,691	(4,341,781)	13,303,478
Total comprehensive income	$ 7,664,960	33,409,233	59,876,843	70,239,043
Comprehensive income allocated to non-controlling interest of Formosa Petrochemical Corporation	$ (2,048)	1,842	51,183	4,958
Comprehensive income allocated to Formosa Petrochemical Corporation	$ 7,667,008	33,407,391	59,825,660	70,234,085

	For the nine-month periods ended September 30, 2018	For the nine-month periods ended September 30, 2017
Beginning balance of investments in major associate at January 1	$ 97,144,019	87,970,770
Total comprehensive income allocated to the Group	18,939,778	20,084,842
Dividend Received	(17,139,459)	(16,323,294)
Total carrying amount of equity of the major associate	$ 98,944,338	91,732,318

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The financial information of Formosa Plastics Corp., U.S.A. was as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 124,933,034	123,602,500	121,604,629
Non-current assets	202,464,343	172,307,285	171,355,665
Current liabilities	(15,251,903)	(14,514,493)	(12,943,449)
Non-current liabilities	(25,438,015)	(24,570,230)	(33,690,024)
Net asset	$ 286,707,459	256,825,062	246,326,821
Net asset contributed to non-controlling interest of Formosa Plastics Corp., U.S.A.	$ 6,672,545	6,743,441	6,878,609
Net asset contributed to Formosa Plastics Corp., U.S.A.	$ 280,034,914	250,081,621	239,448,212

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Revenue	$ 41,151,291	27,996,626	115,851,032	96,514,996
Net income	$ 8,148,916	3,067,873	23,365,050	13,455,790
Other comprehensive (loss) income	(16)	(118)	(1,221)	26,778
Total comprehensive income	$ 8,148,900	3,067,755	23,363,829	13,482,568
Comprehensive loss allocated to non-controlling interest of Formosa Plastics Corp., U.S.A.	$ (133,031)	(46,334)	(225,206)	(132,656)
Comprehensive income allocated to Formosa Plastics Corp., U.S.A.	$ 8,281,931	3,114,089	23,589,035	13,615,224

	For the nine-month periods ended September 30,	
	2018	2017
Beginning balance of investments in major associate at January 1	$ 56,660,362	54,436,736
Total comprehensive income allocated to the Group	6,744,287	(236,790)
Total carrying amount of equity of the major associate	$ 63,404,649	54,199,946

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2) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Carrying amount of individually insignificant associates' equity	$ 42,004,791	37,817,581	38,043,097

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Attributable to the Group:				
Net income	$ 454,987	291,161	1,059,507	303,552
Other comprehensive (loss) income	(1,108,173)	29,723	483,426	(242,078)
Total comprehensive (loss) income	$ (653,186)	320,884	1,542,933	61,474

3) The Group, which invested in Formosa Automobile Corporation (an investee accounted for using the equity method), recognized the gains of $14,571 thousand, $8,021 thousand, $36,560 thousand and $27,219 thousand from this investment for the three-month and nine-month periods ended September 30, 2018 and 2017, respectively. As of September 30, 2018, December 31 and September 30, 2017, the Group's cumulative losses from this investment had already exceeded the book value of the investment by $29,472 thousand and $39,429 thousand, respectively. The Group intends to continue to support this investee company, which were reclassified to other non-current liabilities. As of September 30, 2018, the situation mentioned above is no longer applicable.

4) On July 1, 2018, Su-Hua Transportation Corporation, an associate previously owned by the Group, merged with Formosa Transportation Corp, another associate owned by the Group, at the stock exchange rate ratio of 5.843543：1. The Group's shareholding ratio in Formosa Transportation Corp remains unchanged

5) On July 1, 2018, The Group participated in the capital increase by cash of Sky Dragon Investment Limited. at 50% ownership interest, with the total investment amounting to US$145,800 thousand (equivalent to $4,461,424 thousand).

6) On July 13, 2018, Formosa Sumco Technology Corporation, an associate owned by the Group, reduced its capital by 50%. The Group received the amount of $1,127,075 thousand on September 25, 2018 due to the said capital reduction, wherein its shareholding ratio remains unchanged.

7) On March 9, 2017, the Group acquired 38 percentage equity ownership of Lolita Packaging, L.L.C. through a cash investment of US$9,880 thousand (equivalent to $306,478 thousand).

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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8) On April 7, 2017, The Group participated in the capital increase by cash of Formosa Resources Corporation at 25% ownership interest, with the total investment amounting to US$55,000 thousand (equivalent to $1,683,440 thousand).

9) On July 3 and July 19, 2017, the Group participated in the capital increase by cash of Formosa Plastics International (Cayman) Limited, with the total investment amounting to US$57,161 thousand (equivalent to $1,738,438 thousand). On July 19, 2017, Formosa Plastics International (Cayman) Ltd. participated in the capital increase by cash of Formosa Plastics International (Cayman) Ltd. at 11.43% ownership interest, with the total investment amounting to US$57,161 thousand (equivalent to $1,738,438 thousand).

(ii) Joint ventures

The Group's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	September 30, 2018	December 31, 2017	September 30, 2017
Individually insignificant joint venture	$ 2,351,398	2,407,878	2,366,287

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Attributable to the Group:				
Net income	$ 82,839	74,932	204,593	223,165
Other comprehensive income (loss)	(2,298)	1,430	(1,478)	(2,048)
Total comprehensive income	$ 80,541	76,362	203,115	221,117

(iii) Collaterals

Please refer to Note 8 for investments accounted for using equity method which were pledged to banks as collateral to secure the Group's bank loans as of September 30, 2018, December 31, 2017 and September 30, 2017.

(iv) The unreviewed financial statements of investments accounted for using equity method.

Except for Formosa Petrochemical Corporation, Mai Liao Power Corporation and Formosa Sumco Technology Corporation, the investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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(h) Property, plant and equipment

The movements of cost and accumulated depreciation and impairments of property, plant and equipment of the Group for the nine-month periods ended September 30, 2018 and 2017 were as follows:

	Land	Buildings and constructions	Machinery and equipment	Other facilities	Construction in progress	Total
Cost:						
Balance as of January 1, 2018	$ 6,775,418	27,618,897	172,922,783	6,204,173	8,734,438	222,255,709
Additions	3,620,155	1,184,247	980,059	253,054	6,948,056	12,985,571
Disposals	-	(22,021)	(1,145,559)	(359,532)	-	(1,527,112)
Reclassification	-	44,614	1,189,694	262,404	(1,309,313)	187,399
Effect of exchange rate changes	-	(180,856)	(1,168,057)	(42,781)	202,123	(1,189,571)
Balance as of September 30, 2018	$ 10,395,573	28,644,881	172,778,920	6,317,318	14,575,304	232,711,996
Balance as of January 1, 2017	$ 6,775,780	27,771,297	171,780,173	6,044,397	5,158,627	217,530,274
Additions	-	720	119,836	105,368	4,324,116	4,550,040
Disposals	(362)	(78,062)	(539,838)	(103,323)	-	(721,585)
Reclassification	-	11,327	2,106,038	90,712	(2,125,049)	83,028
Effect of exchange rate changes	-	(97,591)	(779,816)	(29,284)	(127,892)	(1,034,583)
Balance as of September 30, 2017	$ 6,775,418	27,607,691	172,686,393	6,107,870	7,229,802	220,407,174
Accumulated depreciation/ impairments:						
Balance as of January 1, 2018	$ -	15,643,226	132,770,962	4,747,071	-	153,161,259
Depreciation for the period	-	646,940	4,323,909	273,432	-	5,244,281
Disposals	-	(22,021)	(1,142,431)	(358,219)	-	(1,522,671)
Reclassification	-	-	(1,263)	2,061	-	798
Effect of exchange rate changes	-	(50,839)	(544,296)	(30,563)	-	(625,698)
Balance as of September 30, 2018	$ -	16,217,306	135,406,881	4,633,782	-	156,257,969
Balance as of January 1, 2017	$ -	13,861,706	125,692,288	4,608,585	-	144,162,579
Depreciation for the period	-	698,010	5,032,320	236,526	-	5,966,856
Disposals	-	79,953	-	-	-	79,953
Reclassification	-	(78,061)	(533,848)	(102,913)	-	(714,822)
Effect of exchange rate changes	-	-	39,406	(41,482)	-	(2,076)
	-	(24,428)	(257,885)	(15,805)	-	(298,118)
Balance as of September 30, 2017	$ -	14,537,180	129,972,281	4,684,911	-	149,194,372
Carrying amounts:						
Balance as of September 30, 2018	$ 10,395,573	12,427,575	37,372,039	1,683,536	14,575,304	76,454,027
Balance as of December 31, 2017	$ 6,775,418	11,975,671	40,151,821	1,457,102	8,734,438	69,094,450
Balance as of September 30, 2017	$ 6,775,418	13,070,511	42,714,112	1,422,959	7,229,802	71,212,802

(i) Collaterals

The property, plant and equipment pledged to secure bank loans as of September 30, 2018, December 31, 2017 and September 30, 2017, are described in Note 8.

(ii) As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group's parcels of land with title temporarily registered under the names of third parties for trust purpose had carrying value as of $33,529 thousand which were recorded under property, plant and equipment. The Group has implemented a deed of trust with the authorities to secure the Group's rights related to the abovementioned properties.

(iii) Please refer to Note 6(t) for further information about the capitalized interest on borrowings for the purchase of the property, plant and equipment and gain on disposal of property, plant and equipment.

(i) Short-term borrowings

(i) Short-term borrowings consisted of the following:

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured short-term borrowings	$ 17,075,203	14,685,409	20,281,870
Employees' savings	273,282	236,350	250,753
Total	$ **17,348,485**	**14,921,759**	**20,532,623**
Interest rate	**0.9215%~4.4%**	**0.75%~4.437%**	**0.948%~4.437%**

The assets pledged to secure loans are described in Note 8.

(ii) Issuance and redemption of loans

	For the nine-month period ended September 30, 2018,
Balance as of January 1,	$ 14,921,759
New issuance during the period	300,011,460
Repayments during the period	(297,594,177)
Effect of exchange rate change	9,443
Balance as of September 30,	$ **17,348,485**
Interest Rate	**0.9215%~4.4%**

	For the nine-month period ended September 30, 2017,
Balance as of January 1,	$ 25,020,737
New issuance during the period	266,541,174
Repayments during the period	(271,033,861)
Effect of exchange rate change	4,573
Balance as of September 30,	$ **20,532,623**
Interest Rate	**0.948%~4.437%**

The assets pledge to secured loan are described in Note 8.

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(j) Short-term notes and bills payable

	September 30, 2018		
	Institutions	Interest rate	Amount
Short-term notes and bills payable	China Bills Finance Corporation	0.58%	$ 500,000
Short-term notes and bills payable	International Bills Finance Corporation	0.867%	500,000
Short-term notes and bills payable	Mega Bills Finance Co,. Ltd	0.58%~0.857%	2,750,000
Short-term notes and bills payable	Cathay United Bank Company Limited	0.5920%	2,400,000
Short-term notes and bills payable	Taipei Fubon Commercial Bank Co., Ltd.	0.585%~0.592%	2,500,000
Short-term notes and bills payable	KGI Bank Co., Ltd	0.580%	1,100,000
Short-term notes and bills payable	Grand Bills Finance Corporation	0.580%	2,000,000
Short-term notes and bills payable	CTBC Bank Co., Ltd	0.570%	2,000,000
			13,750,000
Less: Discount on short-term notes and bills payable			(6,037)
Total			$ 13,743,963

	December 31, 2017		
	Institutions	Interest rate	Amount
Short-term notes and bills payable	China Bills Finance Corporation	0.600%	$ 1,000,000
Short-term notes and bills payable	Grand Bills Finance Corporation	0.400%	2,300,000
Short-term notes and bills payable	International Bills Finance Corporation	0.590%~0.867%	1,000,000
Short-term notes and bills payable	Cathay United Bank Company Limited	0.419%	2,200,000
Short-term notes and bills payable	Mega Bills Finance Co., Ltd.	0.410%~0.857%	1,500,000
Short-term notes and bills payable	CTBC Bank Co., Ltd	0.400%	1,500,000
			9,500,000
Less: Discount on short-term notes and bills payable			(4,491)
Total			$ 9,495,509

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	September 30, 2017		
	Institutions	**Interest rate**	**Amount**
Short-term notes and bills payable	China Bills Finance Corporation	0.400%~0.600%	$ 2,400,000
Short-term notes and bills payable	Mega Bills Finance Co., Ltd	0.400%~0.857%	2,400,000
Short-term notes and bills payable	International Bills Finance Corporation	0.500%~0.777%	1,000,000
Short-term notes and bills payable	Taipei Fubon Commercial Bank Co., Ltd.	0.420%	1,500,000
Short-term notes and bills payable	Cathy United Bank Company Ltd	0.420%	700,000
			8,000,000
Less: Discount on short-term notes and bills payable			(4,121)
Total			$ 7,995,879

(k) Long-term debts

(i) Long-term debts consisted of the following:

	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Unsecured long-term debts	$ 5,753,970	8,634,332	9,397,102
Secured long-term debts	6,856,342	7,997,365	9,140,670
Less: Current portion	(3,891,382)	(6,737,722)	(6,765,653)
Total	$ **8,718,930**	**9,893,975**	**11,772,119**
Repayment period	**2018~2021**	**2018~2021**	**2017~2021**
Interest rate	**0.800%~4.9885%**	**0.800%~4.9885%**	**0.820%~4.988%**

(ii) Issuance and redemption of loan

	For the nine-month period ended September 30, 2018
Balance of January 1,	$ 16,631,697
Repayment during the period	(3,991,016)
Effect of exchange rate charge	(30,369)
Balance of September 30,	$ **12,610,312**
Interest rate	**0.800%~4.9885%**

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	For the nine-month period ended September 30, 2017
Balance of January 1,	$ 20,839,933
New issuance during the period	1,700,258
Repayment during the period	(4,240,056)
Effect of exchange rate charge	237,637
Balance of September 30,	$ 18,537,772
Interest rate	0.820%~4.988%

(iii) Secured bank loans

In order to raise funds to build the plant and accessory equipment, the Group signed a syndicated loan agreement with Bank of Taiwan, the lead bank of the syndicated loan, and 19 other banks on November 14, 2013. As of September 30, 2018, the details of the loan agreement are as follows:

1) Credit line: $10,300,000 thousand.

2) Interest rate: as settled with each participating bank.

3) Period: 7 years (including a 3 years extension).

4) Collateral: the land at Sixth Naphtha Cracker pledged for 120 percent of the credit line financed by the loan.

5) The financial covenants under the loan agreement include the requirement to maintain certain financial ratios based on the audited consolidated financial reports. If the Group breaches these financial covenants, the syndicated banks may determine to declare the unpaid principal, interest, fees and other sums payable by the Group under the loan agreement to be immediately due and payable. These financial ratios are as follows:

   a) Current Ratio (total current assets divided by total current liabilities): not lower than 100%.

   b) Leverage Ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 150%.

6) The Group did not breach the above mentioned financial covenants in respect of its financial statements as of December 31, 2017.

7) As of September 30, 2018, $10,300,000 thousand of the credit line had been used, and $3,433,333 thousand of the loan had been repaid.

(iv) The assets pledged to secure loans are described in Note 8.

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(l) Bonds payable

(i)

	September 30, 2018	December 31, 2017	September 30, 2017
Domestic unsecured nonconvertible corporate bonds	$ 40,401,609	33,558,238	35,755,672
Less: current portion	(5,697,791)	(5,696,600)	(4,645,743)
Total	$ 34,703,818	27,861,638	31,109,929
Expiry	2018~2028	2018~2026	2017~2026

(ii) Issuance and repayment of bonds payable for the nine-month periods ended September 30, 2018 and 2017:

1) Issuance

For the nine-month periods ended September 30,	
2018	2017
$ 9,300,000	7,000,000
0.82%、0.93%、1.09%	1.09%、1.32%
2023、2025、2028	2022、2024

2) Repayment

For the nine-month periods ended September 30,	
2018	2017
$ 2,450,000	8,550,000

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(iii) The term of domestic corporate bonds as September 30, 2018, December 31, 2017 and September 30, 2017 were as follows:

	The first domestic unsecured nonconvertible corporate bond in 2012	The second domestic unsecured nonconvertible corporate bond in 2012	The third domestic unsecured nonconvertible corporate bond in 2012	The first domestic unsecured nonconvertible corporate bond in 2013
Issue amount	$ 7,000,000	5,000,000	9,000,000	11,500,000
2018.09.30 Ending balance	999,382	1,449,256	6,796,529	1,492,804
2018.09.30 Current portion	999,382	1,449,256	2,149,349	-
2017.12.31 Ending balance	1,998,686	2,898,698	6,795,553	1,491,668
2017.12.31 Current portion	999,073	1,449,256	2,149,349	-
2017.09.30 Ending balance	1,998,455	2,898,512	7,895,119	1,491,289
2017.09.30 Current portion	999,073	1,449,256	1,098,590	-
Issuance date	May 22, 2012	September 12, 2012	November 5, 2012	June 10, 2013
Coupon rate	1.26%、1.42%	1.28%、1.40%	1.25%、1.39%、1.53%	1.23%、1.52%
Interest payment date	May 22	September 12	November 5	June 10
Repayment method	Payable in 2 equal installments for each different coupon rate in 2016~2017 and 2018~2019, respectively.	Payable in 2 equal installments for each different coupon rate in 2016~2017 and 2018~2019. , respectively.	Payable in 2 equal installments for each different coupon rate in 2016~2017, 2018~2019 and 2021~2022 respectively.	Payable in 2 equal installments for each different coupon rate in 2016~2017 and 2022~2023, respectively.

	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The first domestic unsecured nonconvertible corporate bond in 2017	The first domestic unsecured nonconvertible corporate bond in 2018
Issue amount	8,500,000	6,000,000	7,000,000	9,300,000
2018.09.30 Ending balance	7,393,730	5,992,704	6,991,205	9,285,999
2018.09.30 Current portion	1,099,804	-	-	-
2017.12.31 Ending balance	7,391,967	5,991,883	6,989,783	-
2017.12.31 Ending balance	1,098,922	-	-	-
2017.09.30Current portion	8,491,379	5,991,609	6,989,309	-
2017.09.30 Ending balance	1,098,824	-	-	-
Issuance date	November 8, 2013	May 21, 2014	May 19, 2017	June 26, 2018
Coupon rate	1.42%、1.94%	1.83%、1.92%	1.09%、1.32%	0.82%、0.93%、1.09%
Interest payment date	November 8	May 21	May 19	June 26
Repayment method	Payable in 2 equal installments for each different coupon rate in 2017~2018 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2023~2024 and 2025~2026, respectively.	Payable in 2 equal installments for each different coupon rate in 2020~2021 and 2022~2023, respectively.	Payable in 2 equal installments for each different coupon rate in 2022~2023, 2024~2025 and 2027~2028 respectively.

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(m) Employee benefits

(i) Defined benefit plan

Subsequent to December 31, 2017, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, pension cost in the consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2017 and 2016.

The Group's pension costs recognized in loss were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Operating costs	$ 28,100	28,352	83,209	84,557
Selling expenses	1,694	1,714	5,085	5,097
Administrative expenses	17,337	17,612	53,097	52,303
	$ 47,131	47,678	141,391	141,957

(ii) Defined contribution plan

The Labor Pension Act ("The Act") prescribes a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Subsidiaries in China are governed by China laws and regulation. Based on China laws and regulation, those companies contribute for employees' pension benefits at rates ranging from 14% of salary every month and remit those contributions to the related authority.

The Group's pension costs recognized in profit or loss were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Operating costs	$ 47,518	45,264	141,197	134,046
Selling expenses	2,375	2,265	7,143	6,724
Administrative expenses	23,444	22,192	69,247	66,217
	$ 73,337	69,721	217,587	206,987

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(n) Income tax

(i) The details of income tax expense for the three-month and nine-month periods ended September 30, 2018 and 2017 were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Current income tax expense	$ 1,178,012	766,661	5,010,383	2,745,270
Deferred tax expense				
The origination of temporary differences	439,764	303,489	1,838,509	1,146,396
Exchange differences on tax rates	-	-	(61,459)	-
Income tax expense	$ 1,617,776	1,070,150	6,787,433	3,891,666

(ii) The income tax expense (income) related to components of other comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017 was as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Items that could not be reclassified subsequently to profit or loss: :				
Remeasurement of defined benefit plan	$ -	-	112,059	-
Items that will subsequently be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	$ (29,037)	59,582	(423,244)	974,698

(iii) The Group's income tax returns have been examined and approved through 2015 by the ROC tax authorities.

(o) Capital and other equity

Except as described below, there was no material change in equity for the nine-month periods ended September 30, 2018 and 2017. Please refer to Note 6(m) of the consolidated financial statements as of and for the year ended December 31, 2017 for the related detail disclosures on equity.

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital surplus

The components of capital surplus were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Paid-in capital in excess of par value	$ 8,130,081	8,130,081	8,130,081
Treasury stock transactions	16,263	16,263	16,263
Equity in capital surplus of investee companies	203,008	203,000	202,083
Overdue unpaid directors' remuneration and dividends	378,461	303,082	82,992
Paid in capital in excess of the par value derived from overseas corporate bond conversion	2,997,503	2,997,503	2,997,503
	$ 11,725,316	11,649,929	11,428,922

(ii) Retained earnings

According to the rules of the Company's articles and Company Act, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder plus the undistributed earnings of the previous years are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

The Company also adopts a dividend distribution policy, under which, net earnings after deducting the legal reserve and special reserve may first be distributed by way of cash dividends which shall be equal to at least fifty percent (50%) of the Company's total dividend distribution every year. The capitalization of earnings and capital surplus shall not exceed fifty percent of the total dividends.

1) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of $2,790,507 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. In accordance with Regulatory Permit No. 1010012865 as issued by the FSC on April 6, 2012, a special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to $2,790,507 thousand as of September 30, 2018, December 31, 2017, and September 30, 2017.

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Pursuant to the Regulatory Permit mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

2) Earnings distribution

The appropriations of earnings in 2017 and 2016 were approved in the stockholders' meeting on June 20, 2018 and June 13, 2017, respectively. The amounts of appropriation of dividends per share were as follows:

	For the years ended December 31, 2017	For the years ended December 31, 2016
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 36,284,722	29,282,408
Dividends per share	$ 5.70	4.60

3) Other equity

	Exchange differences on translation of foreign operations	Unrealize gain (loss) on financial assets at fair value through profit or loss	Available-for-sale investments	Cash flow hedge	Gain (loss) on hedging instruments	Total
Balance at January 1, 2018	$ (3,225,029)	-	90,768,489	9,551	-	87,553,011
Adjustments due to new standard	-	99,924,373	(90,768,489)	(9,551)	9,551	9,155,884
Balance adjusted as of January 1, 2018	(3,225,029)	99,924,373	-	-	9,551	96,708,895
Exchange differences arising on translation of foreign operations	558,792	-	-	-	-	558,792
Share of exchange differences on associates and joint ventures accounted for using equity method	184,999	-	-	-	-	184,999
Unrealized gains on financial assets at fair value through profit or loss	-	800,035	-	-	-	800,035
Share of unrealized gains on financial assets of associates and joint ventures under equity method through profit or loss	-	(2,155,698)	-	-	-	(2,155,698)
Share of cash flow hedge of associates and joint ventures	-	-	-	-	(7,858)	(7,858)
Balance at September 30, 2018	$ (2,481,238)	98,568,710	-	-	1,693	96,089,165

	Exchange differences on translation of foreign operations	Unrealized gains on available-for-sale financial assets	Cash flow hedge	Total
Balance at January 1, 2017	$ 2,794,229	72,488,184	51,057	75,333,470
Exchange differences on translation of foreign operations, net of tax				
-the Group	(4,195,320)	-	-	(4,195,320)
-associates	(355,116)	-	-	(355,116)
Unrealized gains on available-for-sale financial assets：				
-the Group	-	15,690,617	-	15,690,617
-associates	-	4,222,147	(26,692)	4,195,455
Balance at September 30, 2017	$ (1,756,207)	92,400,948	24,365	90,669,106

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(p) Earnings per share

The basic earnings per share were calculated as follows:

	For the three-month periods ended September 30, 2018	For the three-month periods ended September 30, 2017	For the nine-month periods ended September 30, 2018	For the nine-month periods ended September 30, 2017
Profit attributable to ordinary shareholders	$ 18,180,157	16,926,871	47,217,939	36,528,338
Weighted average number of outstanding ordinary shares	6,365,741	6,365,741	6,365,741	6,365,741
	$ 2.86	2.66	7.42	5.74

(q) Revenue from Contracts with Customers

(i) Revenue Segmentation

For the three-month periods ended September 30, 2018	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Total
Major market：							
Taiwan	$ 6,282,182	3,284,886	2,044,387	1,907,456	6,079,679	806,717	20,405,307
Mainland China	4,877,518	3,869,263	7,106,819	4,085,107	2,002,170	64,268	22,005,145
Others	7,074,538	2,686,386	1,757,076	2,790,525	578,771	76,381	14,963,677
	$ 18,234,238	9,840,535	10,908,282	8,783,088	8,660,620	947,366	57,374,129
Major goods：							
PVC	$ 11,395,908	-	-	-	-	-	11,395,908
Liquid caustic soda	4,800,933	-	-	-	-	-	4,800,933
HDPE	-	5,453,526	-	-	-	-	5,453,526
LLDPE	-	1,353,370	-	-	-	-	1,353,370
EVA	-	2,915,564	-	-	-	-	2,915,564
PP	-	-	10,302,397	-	-	-	10,302,397
POM	-	-	605,885	-	-	-	605,885
AE	-	-	-	4,318,851	-	-	4,318,851
SAP	-	-	-	2,095,752	-	-	2,095,752
Carbon fiber	-	-	-	600,477	-	-	600,477
n-Butanol	-	-	-	949,386	-	-	949,386
AN	-	-	-	-	4,062,314	-	4,062,314
MMA	-	-	-	-	1,395,948	-	1,395,948
ECH	-	-	-	-	1,059,264	-	1,059,264
Others	2,037,397	118,075	-	818,622	2,143,094	947,366	6,064,554
	$ 18,234,238	9,840,535	10,908,282	8,783,088	8,660,620	947,366	57,374,129

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	For the nine-month periods ended September 30, 2018						
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Total
Major market：							
Taiwan	$ 19,269,735	9,818,585	6,050,326	5,873,847	17,541,565	2,075,672	60,629,730
Mainland China	14,009,718	12,165,849	19,333,230	12,782,363	6,008,103	221,370	64,520,633
Others	25,635,697	7,755,005	5,526,190	7,395,007	2,335,569	219,749	48,867,217
	$ 58,915,150	29,739,439	30,909,746	26,051,217	25,885,237	2,516,791	174,017,580
Major goods：							
PVC	$ 34,087,264	-	-	-	-	-	34,087,264
Liquid caustic soda	17,297,872	-	-	-	-	-	17,297,872
HDPE	-	15,065,527	-	-	-	-	15,065,527
LLDPE	-	4,973,020	-	-	-	-	4,973,020
EVA	-	9,403,570	-	-	-	-	9,403,570
PP	-	-	29,076,057	-	-	-	29,076,057
POM	-	-	1,833,689	-	-	-	1,833,689
AE	-	-	-	13,279,028	-	-	13,279,028
SAP	-	-	-	5,537,186	-	-	5,537,186
Carbon fiber	-	-	-	1,747,016	-	-	1,747,016
n-Butanol	-	-	-	2,995,851	-	-	2,995,851
AN	-	-	-	-	11,558,825	-	11,558,825
MMA	-	-	-	-	4,243,987	-	4,243,987
ECH	-	-	-	-	3,831,492	-	3,831,492
Others	7,530,014	297,322	-	2,492,136	6,250,933	2,516,791	19,087,196
	$ 58,915,150	29,739,439	30,909,746	26,051,217	25,885,237	2,516,791	174,017,580

For details on revenue for the three-month and the nine-month periods ended September 30, 2017, please refer to note 6(r).

(ii) Balance of contracts

	September 30, 2018	January 1, 2018
Notes receivable	$ 2,836,087	3,051,878
Accounts receivable (including related parties)	13,529,395	12,886,796
Less: allowance for doubtful receivables	(4,554)	(3,810)
Total	$ 16,360,928	15,934,864

Please refer to Note 6(d) for the disclosure of accounts receivable and impairment.

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(r) Revenue

For the three-month and the nine-month periods ended September 30, 2017, the components of revenue were as follows:

		For the three-month periods ended September 30, 2017	For the nine-month periods ended September 30, 2017
Sale of goods	$	52,878,568	151,802,228
Construction revenue		203,943	681,012
Others		397,814	1,158,600
	$	**53,480,325**	**153,641,840**

(s) Employee bonus

According to the Company's articles, 0.05%~0.5% of the Company's profit, excluding employee compensations, and after being appropriated to offset accumulated deficits, if any, should be distributed as employee compensations.

For the three-month and nine-month periods ended September 30, 2018 and 2017, the appropriated employee compensations amounted to $17,363 thousand, $14,792 thousand, $52,090 thousand, and $44,377 thousand, respectively. These amounts were calculated based on the Company's articles of incorporation and the net profit before tax after deducting employee compensations, and was recognized under operating costs and operating expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

For the years ended December 31, 2017 and 2016, the appropriated employee compensations amounted to $69,454 thousand and $59,169 thousand, respectively, which were consistent with the actual distributions. Related information can be accessed from the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Other income

For the three-month and nine-month periods ended September 30, 2018 and 2017, the components of other income were as follows:

		For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2018	**2017**	**2018**	**2017**
Interest income	$	206,294	124,670	486,323	358,259
Rental income		44,466	36,550	131,165	112,692
Dividends income		6,334,634	5,053,327	7,511,410	5,606,734
	$	**6,585,394**	**5,214,547**	**8,128,898**	**6,077,685**

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(ii) Other gains and losses

For the three-month and nine-month periods ended September 30, 2018 and 2017, the components of other gains and losses were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Gains on disposal of property, plant and equipment	$ 11,106	4,964	58,611	5,065
Gain on disposal of investments	-	98,088	-	98,088
Foreign exchange gains (losses), net	(113,057)	152,972	675,328	(1,164,208)
Gain on financial assets at fair value through profit or loss	30,488	-	165,755	-
Impairment loss on non-financial assets	-	(79,953)	-	(79,953)
Other gains	146,199	106,497	956,597	570,601
Other losses	(194,193)	(122,020)	(457,393)	(370,326)
	$ (119,457)	**160,548**	**1,398,898**	**(940,733)**

(iii) Finance costs

For the three-month and nine-month periods ended September 30, 2018 and 2017, the components of finance costs were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	**2017**	**2018**	**2017**
Interest expense	$ 457,253	391,369	1,247,564	1,179,057
Less: capitalized interest	(66,213)	(6,738)	(140,544)	(10,883)
	$ 391,040	**384,631**	**1,107,020**	**1,168,174**
Capitalized interest rate	**1.51%~3.13%**	**1.51%~2.34%**	**1.47%~3.24%**	**1.51%~2.36%**

(u) Financial Instruments

Except as described below, there was no material change with regard to the fair value and exposure risks of credit risk, liquidity risk and market risk on financial instruments. Please refer to Note 6(s) of the consolidated financial statements as of and for the year ended December 31, 2017 for the related detail disclosures on financial instruments.

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(i) Exposure to currency risk

	September 30, 2018		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 448,306	30.5510	13,696,197
EUR	1,019	35.5288	36,204
JPY	104,540	0.2678	27,996
Financial liabilities			
Monetary items			
USD	160,082	30.5510	4,890,665
EUR	154	35.5288	5,471
JPY	73,960	0.2678	19,806

	December 31, 2017		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 705,661	29.8480	21,062,570
EUR	1,110	35.6081	39,525
JPY	60,873	0.2641	16,077
Financial liabilities			
Monetary items			
USD	318,925	29.8480	9,519,273
EUR	712	35.6081	25,353
JPY	397,011	0.2641	104,851
CHF	536	30.4659	16,330

	September 30, 2017		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 671,927	30.3050	20,362,748
EUR	1,995	35.8104	71,442
JPY	78,464	0.2695	21,146

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	September 30, 2017		
	Foreign currency (in thousand)	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 330,803	30.3050	10,024,985
EUR	314	35.8104	11,244
JPY	172,028	0.2695	46,362
SGD	36	22.3297	804
GBP	12	40.6130	487
CHF	131	31.3063	4,101

The Group' s exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables which are denominated in different foreign currencies. A 1% appreciation of the NTD against the USD, EUR, JPY, CHF and SGD as of September 30, 2018 and 2017 would have decreased the net income before tax by $88,445 thousand and $103,674 thousand for the nine-month periods ended September 30, 2018 and 2017, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The management believes that the analysis is performed on the same basis

Because there are a variety of functional currencies, the Group discloses a summary of its information on exchange gain or loss. The realized and unrealized exchange gain amounted to $675,328 thousand and exchange loss amounted to $1,164,208 thousand for the nine-month periods ended September 30, 2018 and 2017, respectively.

(ii) Fair value

1) Types and fair value of financial instruments

The Group' s financial assets and liabilities are listed as follows: (including (1) the information on the levels in fair value hierarchy, wherein, disclosures are not required for financial instruments not measured at fair value with a carrying value approximating its fair value; and (2) those equity investments in which the fair value cannot be reliably measured and without any quoted price in the open market)

	September 30, 2018				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Mandatorily at FVTPL	$ 3,967,114	-	3,967,114	-	3,967,114
Subtotal	3,967,114	-	3,967,114	-	3,967,114

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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	September 30, 2018				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through OCI					
Listed stocks	$ 111,320,661	111,320,661	-	-	111,320,661
Unquoted equity instruments at fair value	26,343,588	-	-	26,343,588	26,343,588
Subtotal	137,664,249	111,320,661	-	26,343,588	137,664,249
Financial assets measured at amortized cost					
Cash and cash equivalents	24,036,105	-	-	-	-
Notes and accounts receivable (including related parties)	16,360,928	-	-	-	-
Other receivables (including related parties)	17,675,568	-	-	-	-
Subtotal	58,072,601	-	-	-	-
Total	$ 199,703,964	111,320,661	3,967,114	26,343,588	141,631,363
Financial liabilities measured at amortized cost					
Bonds payable	$ 40,401,609	-	-	-	-
Short-term notes and bills payable	13,743,963	-	-	-	-
Short-term borrowings	17,348,485	-	-	-	-
Long-term loans (including current portion)	12,610,312	-	-	-	-
Loans from related parties	9,195,851	-	-	-	-
Accounts payable (including related parties)	10,984,583	-	-	-	-
Other payables (including related parties)	7,056,031	-	-	-	-
Total	$ 111,340,834	-	-	-	-

	December 31, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Listed stocks	$ 107,007,059	107,007,059	-	-	107,007,059
Private fund	4,574,268	-	4,574,268	-	4,574,268
Subtotal	111,581,327	107,007,059	4,574,268	-	111,581,327
Loans and receivables					
Cash and cash equivalents	18,165,145	-	-	-	-
Notes and accounts receivable (including related parties)	15,934,864	-	-	-	-
Other receivables (including related parties)	16,970,174	-	-	-	-
Subtotal	51,070,183	-	-	-	-
Total	$ 162,651,510	107,007,059	4,574,268	-	111,581,327

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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	December 31, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bonds payable	$ 33,558,238	-	-	-	-
Short-term notes and bills payable	9,495,509	-	-	-	-
Short-term loans	14,921,759	-	-	-	-
Long-term loans (including current portion)	16,631,697	-	-	-	-
Loans from related parties	3,910,088	-	-	-	-
Accounts payable (including related parties)	12,505,416	-	-	-	-
Other payables (including related parties)	4,994,929	-	-	-	-
Total	$ 96,017,636	-	-	-	-

	September 30, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Listed stocks	$ 108,539,651	108,539,651	-	-	108,539,651
Private fund	4,625,148	-	4,625,148	-	4,625,148
Subtotal	113,164,799	108,539,651	4,625,148	-	113,164,799
Loans and receivables					
Cash and cash equivalents	17,696,697	-	-	-	-
Notes and accounts receivable (including related parties)	15,122,936	-	-	-	-
Other receivables (including related parties)	17,091,836	-	-	-	-
Subtotal	49,911,469	-	-	-	-
Total	$ 163,076,268	108,539,651	4,625,148	-	113,164,799
Financial liabilities measured at amortized cost					
Bonds payable	$ 35,755,672	-	-	-	-
Short-term notes and bills payable	7,995,879	-	-	-	-
Short-term loans	20,532,623	-	-	-	-
Long-term loans (including current portion)	18,537,772	-	-	-	-
Loans from related parties	1,545,555	-	-	-	-
Accounts payable (including related parties)	9,030,258	-	-	-	-
Other payables (including related parties)	4,521,876	-	-	-	-
Total	$ 97,919,635	-	-	-	-

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value

The Group' s valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

Financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

The fair value of the financial instruments traded in active markets is based on quoted market prices. The fair value of listed equity instruments is based on the market prices that were published at main stock exchanges.

If the financial instruments possessed by the Company have quoted market prices in active markets, the fair value was as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks).

4) There was no transfer between the fair value hierarchy levels for the nine-month periods ended September 30, 2018 and 2017.

5) Movement of financial instruments grouped into level 3

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2018	$ 27,732,211
Total gains and losses recognized:	
In other comprehensive income	(3,513,566)
Purchase	1,676,070
Effect of exchange rate changes	448,873
September 30, 2018	$ **26,343,588**

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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6) The valuation procedures for fair value measurements being categorized within Level 3 is to ensure the valuation results are reasonable by applying independent information to make the results close to the current market conditions, to confirm whether the resource of information is independent, reliable and in line with other resources, and to represent the independent information as the exercisable price. According to the Group' s accounting policy, the analysis on the value changes of remeasured or reevaluated assets and liabilities is performed to ensure the reasonability of the evaluation results at the reporting date.

7) The quantitative information of significant unobservable inputs (Level 3)

Most of the Group' s financial instruments that use Level 3 inputs have only one significant unobservable input, except for equity investment without an active market which have multiple significant unobservable inputs.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	The higher the multiple, the higher the fair value
	Net Asset Value Method	Not applicable	Not applicable

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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8) Valuation model used in Level 3 fair value measurement - sensitivity analysis of the fair value to the reasonable replaceable asssumption

The valuation models and assumptions used to measure the fair value of the financial instruments is reasonable. However, the use of different valuation models or assumptions may result in different measurements. The following is the effect of other comprehensive income from financial assets and liabilities categorized within Level 3 when the inputs used to valuation models have changed:

			Recognized in other comprehensive income	
	Input	**Change**	**Favorable change**	**Unfavorable change**
September 30, 2018				
Financial assets at fair value through other comprehensive income – unquoted equity instruments	Price to earnings ratio multiple price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability	± 1%	212,404	(212,404)

(v) Financial risk management

There were no material changes in financial risk management in comparison to Note 6(t) of the consolidated financial statements as of and for the year ended December 31, 2017.

(w) Capital management

There were no material changes in capital management target adopted for capital management in comparison to Note 6(u) of the consolidated financial statements as of and for the year ended December 31, 2017.

(7) Related-party transactions:

(a) Name of related parties

Name of related party	Relationship with Consolidated Company
Formosa Petrochemical Corporation	Associates
Formosa Plastics Corp., U.S.A.	Associates
Formosa Heavy Industries Corp.	Associates
Mai Liao Power Corp.	Associates
Formosa Sumco Technology Corporation	Associates
Formosa Transportation Corp.	Associates
Ya Tai Development Corp.	Associates
Wha Ya Park Management Consulting Corporation Ltd.	Associates

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Name of related party	Relationship with Consolidated Company
Formosa Environmental Technology Corporation	Associates
Formosa Resources Corporation	Associates
Formosa Group (Cayman) Limited	Associates
Hua Ya Power Corp.	Associates
Formosa Heavy Industries (Ningbo) Corp.	Associates
Huaya Steel (Ningbo) Co., Ltd	Associates
Japan Formosa Sumco Technology Corp.	Associates
Formosa Transportation (Ningbo) Corp.	Associates
Fujian Fuxin Special Steel Co., Ltd.	Associates
Formosa Automobile Corporation	Associates
Formosa Asahi Spandex Co., Ltd.	Joint venture
Formosa Daikin Advanced Chemical Co., Ltd.	Joint venture
Formosa Mitsui Advanced Chemical Co., Ltd.	Joint venture
Nan Ya Plastics Corporation	Other related parties
Formosa Chemicals and Fiber Corporation	Other related parties
Chang Gung Medical Foundation	Other related parties
Nan Ya PCB Corporation	Other related parties
Nan Chung Petrochemical Corporation	Other related parties
PFG Fiber Glass Corporation	Other related parties
Nan Ya Plastics (Hong Kong) Co., Ltd.	Other related parties
Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties
Nan Ya Plastics Film (Nantong) Co., Ltd.	Other related parties
Nan Ya Plastics Film (Huizhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Huizhou) Co., Ltd.	Other related parties
Nan Ya Plastics (Xiamen) Co., Ltd.	Other related parties
Nan Ya Draw Textured Yarn (Kunshan) Co., Ltd.	Other related parties
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Other related parties
Nan Ya Plastics (Ningbo) Co., Ltd.	Other related parties
Nan Ya Plastics (Indonesia) Co., Ltd.	Other related parties
Nan Ya Plastics Corporation America	Other related parties
Formosa Industries Corp., Vietnam	Other related parties

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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Name of related party	Relationship with Consolidated Company
Formosa Taffeta Co., Ltd.	Other related parties
Formosa BP Chemicals Corp.	Other related parties
Formosa Biomedical Technology Corp.	Other related parties
Formosa Carpet Co., Ltd.	Other related parties
Formosa Idemitsu Petrochemical Corp.	Other related parties
Hong Jing Resources Corp.	Other related parties
Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties
Formosa Power (Ningbo) Co., Ltd.	Other related parties
Formosa Chemicals Industries (Ningbo) Co., Ltd.	Other related parties
Formosa Phenol (Ningbo) Co., Ltd.	Other related parties
Formosa Plastics Marine Corp.	Other related parties
Formosa Group Ocean Marine Corp.	Other related parties
Asia Pacific Development Corp.	Other related parties
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	Other related parties
Nanya Technology Corporation	Other related parties
Inteplast Taiwan Corporation	Other related parties
Asian Pacific Investment Corp.	Other related parties
Formosa Ha Tinh (Cayman) Ltd.	Other related parties
Xiamen Chang Gung hospital	Other related parties
Formosa Port (Ningbo) Co., Ltd.	Other related parties
Formosa Ha Tinh (Cayman) Limited Taiwan Branch	Other related parties
Formosa Ha Tinh Steel Corporation	Other related parties

(b) Significant related-party transactions

(i) Sales to related parties

The Group's significant sales to related parties were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Associates	$ 3,390,011	2,950,587	10,275,004	8,827,384
Joint ventures	17,875	208,419	62,182	514,606
Other related parties	7,266,069	5,620,908	21,490,200	16,978,841
	$ 10,673,955	8,779,914	31,827,386	26,320,831

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FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
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The receivables from related parties were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Associates	$ 1,703,208	1,799,927	1,741,491
Joint ventures	6,877	18,298	64,452
Other related parties	2,730,411	3,093,245	2,180,535
	$ 4,440,496	4,911,470	3,986,478

The selling prices and collection terms for the sales to related parties are not significantly different from those third-party customers, and receivables are collected on the 27th of the month following the month of sales. The terms of receivables from other foreign related parties are O/A 60 days, O/A 90 days or L/C at sight.

(ii) Purchase from related parties

The Group's significant purchases from related parties were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Associates				
Formosa Petrochemical Corporation	$ 24,645,776	18,294,630	73,035,534	60,321,973
Other	284,903	68,725	577,975	518,943
Joint ventures	-	6,749	-	18,553
Other related parties	1,014,820	1,108,708	3,003,419	2,890,746
	$ 25,945,499	19,478,812	76,616,928	63,750,215

The payables from related parties were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Associates			
Formosa Petrochemical Corporation	$ 8,527,751	8,101,464	6,113,133
Other	21,310	70,144	6,421
Joint ventures	-	3,524	2,133
Other related parties	336,810	277,303	419,454
	$ 8,885,871	8,452,435	6,541,141

The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendors, and payables are paid on the 27th of the month following the month of purchase.

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(iii) Property plant and equipment

1) Disposal proceeds of property plant and equipment

The Group has no related transactions for the three-month periods ended September 30, 2018 and 2017 and for the nine-month period ended September 30, 2018.

	For the three-month periods ended September 30,			
	2018		2017	
	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Joint ventures	$ 9	-	-	-

	For the nine-month periods ended September 30,			
	Disposal price	Gain from disposal	Disposal price	Gain from disposal
Joint ventures	$ 9	-	3	-
Other related parties				
Asia Pacific Development Corp.	-	-	1,070	664
Other	-	-	107	-
	$ 9	-	1,180	664

There were no unreceived balance as of September 30, 2018, December 31 and September 30, 2017.

2) Purchase property, plant and equipment

	For the three-month periods ended September 30		For the nine months ended September 30	
	2018	2017	2018	2017
Associates	$ -	-	-	663
Other related parties	70,164	10,334	172,930	66,646
	$ 70,164	10,334	172,930	67,309

Other payables–related parties:

	September 30, 2018	December 31, 2017	September 30, 2017
Other related parties	$ 64,408	1,045	1,400

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(iv) Loans to related parties

The Group's significant financing transactions with related parties were as follows:

	Due from related parties (recognized as other receivables-related parties)		
	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Associates			
Formosa Heavy Industries Corp.	$ 9,324,852	2,871,040	4,041,040
Formosa Group (Cayman) Limited	-	4,259,500	4,259,500
Joint ventures	301,993	228,398	91,323
Other related parties			
Formosa Group Ocean Marine Corp.	5,312,738	4,238,500	3,968,002
Formosa Ha Tinh (Cayman) Ltd.	-	3,040,500	3,040,500
	$ 14,939,583	14,637,938	15,400,365

As of September 30, 2018, December 31, 2017 and September 30, 2017, the interest revenue receivables from the abovementioned transactions amounted to $19,043 thousand, $19,032 thousand, and $12,356 thousand, respectively, which was recognized as other receivables-related parties.

	Due to related parties (recognized as other payables–related parties)		
	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Associates			
Formosa Plastics Corp., U.S.A.	$ 8,554,280	3,432,520	1,060,675
Others	641,571	477,568	484,880
	$ 9,195,851	3,910,088	1,545,555

As of September 30, 2018, December 31, 2017 and September 30, 2017, the accrued interest expense from the abovementioned transactions amounted to $611 thousand, $17,129 thousand and $9,415 thousand respectively, which was recognized as other current liabilities.

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(v) Endorsements and guarantees

1) The Group's endorsements guarantees to secure related parties' loans were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Associates			
Formosa Group (Cayman) Limited	$ 19,094,375	21,639,800	25,380,438
Other	3,284,233	3,208,660	3,257,788
Other related Parties			
Formosa Ha Tinh (Cayman) Ltd.	15,821,434	15,457,372	11,709,900
	$ 38,200,042	40,305,832	40,348,126

(vi) Other transactions

1) The Group's income received from related parties, such as sewage treatment income, wharf usage income and utility and steam income were as follows:

	Other receivables–related parties		
	September 30, 2018	December 31, 2017	September 30, 2017
Associates	$ 19	12	28
Joint ventures	8	2,987	-
Other related parties	119	1,581	96
	$ 146	4,580	124

2) The Group's expenses paid to related parties, such as sewage treatment expense, wharf usage expense, utility and steam expenses, transportation expense and restoration expense were as follows:

	Other payables–related parties		
	September 30, 2018	December 31, 2017	September 30, 2017
Associates			
Formosa Petrochemical Corporation	$ 1,218,907	1,106,806	871,163
Others	159,460	161,720	328,456
Other related parties	239,563	244,370	226,947
	$ 1,617,930	1,512,896	1,426,566

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(vii) Receivables from payment on behalf of related parties

1) The Group paid for construction design service fees on behalf of related parties as follows:

	Other receivables–related parties		
	September 30, 2018	December 31, 2017	September 30, 2017
Associates	$ 1,307,394	1,004,425	940,021
Other related parties	-	-	2,637
	$ 1,307,394	1,004,425	942,658

(viii) Rental (recognized as other income)

The Group lease its office and building to related parties, and derived rental income thereon as follows:

	For the three-month periods ended September 30,		For the nine-months ended September 30,	
	2018	2017	2018	2017
Associates				
Formosa Petrochemical Corporation	$ 4,142	4,142	12,426	12,426
Formosa Heavy Industries Corp.	15,364	15,364	46,092	46,092
Other	1,035	1,759	5,225	5,176
Joint ventures				
Formosa Daikin Advanced Chemical Co., Ltd.	9,535	1,914	26,311	5,658
Other	149	148	446	446
Other related parties				
Nan Ya Plastics Corporation	6,185	5,926	18,555	18,938
Other	4,419	4,406	13,256	13,292
	$ 40,829	33,659	122,311	102,028

The rentals charged to related parties are determined based on the local market prices, and rents are collected depending on the contract periods (e.g. monthly, semi-annually or annually).

(c) Compensation of key management

The compensation to key management was as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2018	2017	2018	2017
Short-term employee benefits	$ 17,420	18,758	52,525	53,381

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(8) Pledged assets:

The Group's assets pledged to secure loans were as follows:

Classification of assets	Nature of Pledged Assets	September 30, 2018	December 31, 2017	September 30, 2017
Investments accounted for using equity method	Stocks of Formosa Petrochemical Corp.	$ 10,910,776	10,712,252	10,115,493
Fixed assets	Property plant and equipment	2,182,151	2,183,879	1,994,811
Refundable deposits (classified under other assets)	Certificate of deposit	81,805	34,658	34,658
		$ 13,174,732	12,930,789	12,144,962

(9) Significant commitments and contingencies:

(a) The amounts of endorsements and guarantees for related parties were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Endorsements and guarantees	$ 38,200,042	40,305,832	40,348,126

(b) The amount of unused outstanding letters of credit for the importation of raw materials for related parties were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Unused outstanding letters	$ 590,989	535,719	438,685

(c) The amounts of commitment letters for related parties were as follows:

As of September 30, 2018, the Company' s investee, Formosa Ha Tinh (Cayman) Ltd., signed several contracts of syndicated credit lines with different banks amounting to US$2,120,000 thousand for its operational needs. According to the requirement of the bank consortium, the Company together with the other related parties have to issue a letter of undertaking and to manage the necessary funds to fulfill the repayment of obligations when needed.

(10) Losses due to major disasters: None

(11) Subsequent events: None

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(12) Other:

(a) The nature of operating costs and expenses of the Group were as follows:

	For the three-month period ended September 30, 2018				For the three-month period ended September 30, 2017			
	Operating costs	Operating expenses	Non-operating expenses	Total	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salaries	1,465,901	994,815	-	2,460,716	1,440,366	972,401	-	2,412,767
Labor and health insurance	100,814	61,822	-	162,636	106,560	59,295	-	165,855
Pension	75,618	44,850	-	120,468	73,616	43,783	-	117,399
Remuneration of directors	-	1,930	-	1,930	-	1,910	-	1,910
Others	44,511	26,630	-	71,141	42,446	24,493	-	66,939
Depreciation expenses	1,622,320	75,675	-	1,697,995	1,944,670	79,420	-	2,024,090
Amortization expenses	127,954	2,144	3,664	133,762	168,031	2,098	3,505	173,634

	For the nine-month period ended September 30, 2018				For the nine-month period ended September 30, 2017			
	Operating costs	Operating expenses	Non-operating expenses	Total	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits								
Salaries	4,009,318	2,689,623	-	6,698,941	4,013,554	2,656,678	-	6,670,232
Labor and health insurance	294,842	178,454	-	473,296	296,123	171,968	-	468,091
Pension	224,406	134,572	-	358,978	218,603	130,341	-	348,944
Remuneration of directors	-	5,600	-	5,600	-	5,590	-	5,590
Others	132,725	78,976	-	211,701	126,286	70,759	-	197,045
Depreciation expenses	5,022,891	221,390	-	5,244,281	5,749,434	217,422	-	5,966,856
Amortization expenses	389,201	6,511	10,035	405,747	414,633	6,233	10,922	431,788

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

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(13) Other disclosures:

(a) Information on significant transactions:

The significant transactions required by the "Guidelines" for the Group were as follows:

(i) Fund financing to other parties (the amounts expressed in CNY are in thousands):

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	Formosa Petrochemical Corp	Other receivables-related parties	Yes	20,500,000	6,000,000	-	1.411% ~1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Chemicals & Fibre Corp	Other receivables-related parties	Yes	8,000,000	6,000,000	-	1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Nan Ya plastic Corp	Other receivables-related parties	Yes	9,500,000	6,000,000	-	1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Heavy Industries Corp.	Other receivables-related parties	Yes	18,926,412	17,324,852	9,324,852	1.408% ~1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Group (Cayman) Limited	Other receivables-related parties	Yes	4,259,500	-	-	1.408% ~1.411%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Automobile Corporation	Other receivables-related parties	Yes	400,000	400,000	-	1.412%		-		-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Plastic Transportation Corp	Other receivables-related parties	Yes	200,000	200,000	-	1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Ha Tinh (Cayman) Limited	Other receivables-related parties	Yes	3,040,500	-	-	1.408% ~1.411%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Formosa Group Ocean Marine Corp.	Other receivables-related parties	Yes	7,583,428	7,247,738	5,312,738	1.408% ~1.412%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
0	The Company	Japan Formosa Sumco Technology Corp.	Other receivables-related parties	Yes	1,220,000	-	-	1.000%	2	-	Short-term financing	-	-	-	73,571,318	147,142,636	
1	Formosa Industries (Ningbo) Co., Ltd	Formosa Mitsui Advanced Chemical Co., Ltd.	Other receivables-related parties	Yes	301,988 (CNY 68,000)	301,988 (CNY68,000)	301,993 (CNY68,000)	3.480%	2	-	Short-term financing	-	-	-	11,616,094	29,040,234	Note 4
2	Formosa Electronic (Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	Other receivables-related parties	Yes	88,820 (CNY 20,000)	-	-)	3.480%	2	-	Short-term financing	-	-	-	125,064	312,661	Note 4

Note 1: (1) Those with business contact please fill in 1

(2) Those necessary for short-term financing please fill in 2

Note 2: (1) The maximum financing allowed should not exceed 50% of the Company's net equity, and the maximum short-term financing to companies with no transaction with the Company could not exceed 40% of the Company's net equity as of September 30, 2018.

(2) The Company grants financing to a related party even if the Company has no normal business transactions with the entity. However, such financing is limited to 25% of the related party's equity based on the current independent auditor's report

(3) The Company grants financing to an entity even if the Company has no normal business transactions with the entity. However, such financing is limited to 20% of the Company's equity based on the current independent auditor's report.

(4) 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 3: The ending balance was approved by the Board of Directors.

Note 4: The exchange rate of NTD to CNY for the highest balance of financing to other parties during the year and for the ending balance was NT$4.441 to CNY1; and the exchange rate for the actual usage during the year was NT$4.441 to CNY1

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Formosa Group (Cayman) Limited	6	239,106,784	21,133,750	19,094,375	19,094,375	-	5.19 %	478,213,567	N	N	N
0	The Company	Formosa Ha Tinh (Cayman) Limited	6	239,106,784	15,914,651	15,821,434	15,821,434	-	4.30 %	478,213,567	N	N	N
0	The Company	Formosa Resources Corporation	6	239,106,784	3,303,583	3,284,233	3,284,233	-	0.89 %	478,213,567	N	N	N

Note 1: The guarantees and endorsements of the Company and its subsidiaries were listed in the form of numbers with the rules below:

(1) The Company is represented by 0.

(2) The subsidiaries are represented numerically starting from 1.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties as follows:

(1) The Company has business relationship.

(2) The Company holds directly and indirectly more than 50% of the voting shares of the subsidiaries.

(3) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.

(4) Subsidiaries in which the Company holds directly or indirectly more than 90% of the voting shares make endoresement and guarantees for each other.

(5) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.

(6) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

(7) According to Consumer Protection Act, companies are required to provide guarantees and endorsements for joint and several liability if take part in business of preconstruction real estate.

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.

(iii) Securities held as of September 30, 2018 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Asian Pacific Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	68,743	3,782,927	16.17 %	3,782,927	
The Company	Mai-Liao Harbor Administration Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	39,574	739,981	17.99 %	739,981	
The Company	Taiwan Aerospace Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,103	22,581	0.81 %	22,581	
The Company	Chinese Television System Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,769	30,926	1.05 %	30,926	
The Company	China Investment & Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,287	4,064	0.80 %	4,064	
The Company	Formosa Plastics Development Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	15,246	306,299	18.00 %	306,299	

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Xiangho Aircraft Leasing Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,071	-	9.55 %	-	
The Company	Formosa Petrochemical Transportation Corporation, Ltd.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,642	81,753	12.00 %	81,753	
The Company	Formosa Network Technology Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,925	98,065	12.50 %	98,065	
The Company	Formosa Plastics Marine Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,429	503,359	15.00 %	503,359	
The Company	Formosa Group Ocean Investment Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	3	4,836,882	19.00 %	4,836,882	
The Company	Formosa Plastics Maritime Corp.	Other related parties	Financial assets at fair value through other comprehensive income-non-current	354	200,910	18.11 %	200,910	
The Company	Am Trust Capital I Corp.	-	Financial assets at fair value through other comprehensive income-non-current	5,000	35,400	3.91 %	35,400	
The Company	Central Leasing International Corp.	-	Financial assets at fair value through other comprehensive income-non-current	2,373	-	1.43 %	-	
The Company	Inteplast Taiwan Corporation	Other related parties	Financial assets at fair value through other comprehensive income-non-current	2,160	32,880	18.00 %	32,880	
The Company	Mega Growth Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,500	19,525	1.97 %	19,525	
Formosa Plastics Corp. (Cayman Ltd)	Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	86,391	18.00 %	86,391	
Formosa Plastics International (Cayman) Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	Financial assets at fair value through other comprehensive income-non-current	621,178	15,561,645	11.43 %	15,561,645	
					26,343,588		**26,343,588**	
The Company	Nan Ya Plastics Corporation	Other related parties	Current financial assets at fair value through other comprehensive income	783,357	66,428,662	9.88 %	66,428,662	
The Company	Formosa Chemicals & Fibre Corporation	Other related parties	Current financial assets at fair value through other comprehensive income	198,744	25,439,224	3.39 %	25,439,224	
The Company	Nan Ya Technology Corp.	Other related parties	Current financial assets at fair value through other comprehensive income	334,815	19,452,775	10.80 %	19,452,775	
					111,320,661		**111,320,661**	
The Company	Mega Prosperity Private Placement Fund	-	Current financial assets at fair value through profit or loss	12,479	**3,967,114**	25.00 %	**3,967,114**	

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Securities-Formosa Plastics International (Cayman) Limited	Investments accounted for using equity method	Formosa Plastics International (Cayman) Limited	Subsidiary	51	15,984,457	1	1,676,070	-	-	-	-	52	15,561,895 (Note 1)
The Company	Securities-Sky Dragon Investment Limited	Investments accounted for using equity method	Sky Dragon Investment Limited	Associates	280,000	2,973,156	145,800	4,461,424	-	-	-	-	425,800	6,717,763 (Note 2)
Formosa Plastics International (Cayman) Limited	Securities-Formosa Ha Tinh (Cayman) Limited	Financial assets at fair value through other comprehensive income-non-current	Formosa Ha Tinh (Cayman) Limited	Other related parties	564,707	15,984,213	56,471	1,676,070	-	-	-	-	621,178	15,561,645 (Note 3)
The Company	Mega Prosperity Private Placement Fund	Current financial assets at fair value through profit or loss			14,979	4,574,268	-	-	2,500	772,908	820,847	-	12,479	3,967,115 (Note 4)

Note 1: The ending balance includes the unrealized loss of financial assets at fair value through other comprehensive income-non-current of investment accounted for using equity method of ($2,545,359) thousand and accumulated translation adjustment of $446,727 thousand.

Note 2 : The ending balance includes the share of profit or loss of associates and joint ventures accounted for using equity method of ($541,959) thousand and accumulated translation adjustment of ($174,858) thousand.

Note 3: The ending balance includes the unrealized loss of financial assets at fair value through other comprehensive income-non-current of ($2,545,359) thousand and adjustments of $446,727 thousand caused by exchange rate changes at the end of the period.

Note 4: The ending balance includes the net gain of financial assets at fair value through profit or loss of $213,694 thousand recognized at the end of the period.

(v) Acquisition of individual real estate with amount exceeding the lower of $300 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The company	Taipei · CBD	May 10, 2018	3,674,500	the first , second, and third installment were paid	TransGlobe Life Insurance Inc.	none	-	-	-	-	refer to market value and appraisal report	Office buildings	none
The company	Taipei · CBD	May 10, 2018	1,000,500	the first, second, and third installment were paid	Meifu development Corporation	none	-	-	-	-	refer to market value and appraisal report	Office buildings	none

Note: The office buildings are co-paid an installment by the Group, Nan Ya Plastics Corporation, Formosa Chemicals and Fiber Corporation and Formosa Petrochemical Corporation. The value of office buildings are $18,044,586 thousand and $18,010,228 thousand, respectively, estimated by Euro-Asia Real Estate Appraiser firm and Taiwan Dawa Real Estate Appraiser & Associates.

(vi) Disposal of individual real estate with amount exceeding the lower of $300 thousand or 20% of the capital stock: None.

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Nan Ya Plastics Corporation	Other related parties	(Sales)	(10,147,816)	(7.10)%	Before the 27th of the following month	-		1,002,274	7.92%	
The Company	Formosa Chemicals & Fibre Corporation	Other related parties	〃	(5,989,417)	(4.19)%	Before the 27th of the following month	-		725,973	5.73%	
The Company	Formosa Petrochemical Corporation	Associates	〃	(6,627,953)	(4.64)%	Before the 27th of the following month	-		730,777	5.77%	
The Company	Formosa Heavy Industries Corp.	Associates	(Sales)	(147,647)	(0.10)%	Before the 27th of the following month	-		4,002	0.03%	
The Company	Mai Liao Power Corp.	Associates	〃	(243,097)	(0.17)%	Before the 27th of the following month	-		13,226	0.10%	
The Company	Formosa Taffeta Co. Ltd.	Other related parties	〃	(255,710)	(0.18)%	Before the 27th of the following month	-		19,265	0.15%	
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties	〃	(382,468)	(0.27)%	O/A 60 days	-		70,743	0.56%	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidiary	〃	(7,067,226)	(4.94)%	O/A 90 days	-		1,631,910	12.89%	Note 1
The Company	Formosa Industries Corp., Vietnam	〃	〃	(271,410)	(0.19)%	O/A 90 days	-		29,970	0.24%	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties	〃	(2,424,308)	(1.70)%	O/A 60 days	-		635,458	5.02%	
The Company	Formosa Plastics Corp., U.S.A.	Associates	〃	(3,163,322)	(2.21)%	O/A 90 days	-		944,621	7.46%	
The Company	Inteplast Taiwan Corporation	Other related parties	〃	(170,194)	(0.12)%	Before the 27th of the following month	-		20,950	0.17%	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidiary	〃	(983,304)	(2.53)%	Before the 30th of the following month	-		173,117	3.15%	Note 1
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	Other related parties	〃	(347,628)	(0.89)%	Before the 30th of the following month	-		5,256	0.10%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	Other related parties	〃	(448,496)	(1.15)%	Before the 30th of the following month	-		66,725	1.21%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Xiamen) Co., Ltd.	〃	〃	(197,726)	(0.51)%	Before the 30th of the following month	-		31,400	0.57%	
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	Other related parties	〃	(356,301)	(0.92)%	Before the 30th of the following month	-		48,169	0.88%	
The Company	Nan Ya Plastics Corporation	Other related parties	Purchase	947,111	0.90 %	Before the 27th of the following month	-		(97,647)	(0.93)%	
The Company	Formosa Chemicals & Fibre Corporation	〃	〃	1,775,395	1.69 %	Before the 27th of the following month	-		(206,329)	(1.97)%	
The Company	Formosa Petrochemical Corporation	Associates	〃	73,035,534	69.53 %	Before the 27th of the following month	-		(8,527,751)	(81.45)%	

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Formosa Heavy Industries Corp.	〃	〃	577,975	0.55 %	Before the 27th of the following month	-		(21,310)	(0.20)%	
The Company	Formosa BP Chemicals Corp.	Other related parties	〃	128,070	0.12 %	Before the 27th of the following month	-		(28,835)	(0.28)%	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidiary	〃	20,946,257	63.18 %	O/A 90 days	-		(2,922,315)	(90.06)%	Note、Note 1
Formosa Industries (Ningbo) Co., Ltd.	Nan Ya Plastics Corporation	Other related parties	〃	117,199	0.35 %	O/A 90 days	-		(3,648)	(0.11)%	

Note: Including the purchases of raw materials on behalf of related parties.

Note 1: The transaction has already been written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of $100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Nan Ya Plastics Corporation	Other related parties	1,002,274	12.60	-		-	-	
The Company	Formosa Chemicals & Fibre Corporation	〃	725,973	10.95	-		-	-	
The Company	Formosa Petrochemical Corporation	Associates	730,777	13.30	-		-	-	
The Company	Formosa ABS Plastics (Ningbo) Co., Ltd.	Other related parties	635,458	5.03	-		-	-	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidiary	1,631,910	5.87	-		-	-	Note
The Company	Formosa Plastics Corp., U.S.A.	Associates	944,621	4.02	-		-	-	
Formosa Industries (Ningbo) Co., Ltd.	The Company	Parent-subsidiary	173,117	10.47	-		-	-	Note
The Company	Formosa Heavy Industries Corp.	Associates	9,324,852	-	-		-	-	
The Company	Formosa Group Ocean Marine Corp.	Other related parties	5,312,738	-	-		-	-	
The Company	Formosa Industries (Ningbo) Co., Ltd.	Parent-subsidiary	1,290,405	-	-		-	-	Note
The Company	Fujian Fuxin Special Steel Co., Ltd	Associates	1,307,394	-	-		-	-	
Formosa Industries (Ningbo) Co., Ltd.	Formosa Mitsui Advanced Chemical Co., Ltd.	Joint Venture	301,993	-	-		-	-	

Note: The transaction has already been written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Sales	7,067,226	O/A 90 days	4.06%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Accounts receivable	1,631,910	〃	0.32%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Other revenue (Note 3)	13,879,031	O/A 60 days	7.98%
0	The Company	Formosa Industries (Ningbo) Co., Ltd.	1	Other receivables－related parties	1,290,405	〃	0.25%
1	Formosa Industries (Ningbo) Co., Ltd.	The Company	2	Sales	983,304	Before the 30th of the following month	0.57%
1	Formosa Industries (Ningbo) Co., Ltd.	The Company	2	Accounts receivable	173,117	〃	0.03%

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.

2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Represents the parent company having transaction with a subsidiary.

2. Represents a subsidiary having transaction with the parent company.

3. Represents a subsidiary having transaction with a subsidiary.

Note 3: Including the purchases of raw materials on behalf of related parties.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2018 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Formosa Petrochemical Corporation	Taiwan	Petrochemicals	30,144,951	30,144,951	2,720,549	28.56 %	98,944,338	64,233,953	18,348,916	Note, Note 2
The Company	Formosa Plastics Corp., U.S.A.	U.S.A	Chemicals	5,614,024	5,614,024	70	22.61 %	63,404,647	23,365,050	5,333,474	Note, Note 2
The Company	Formosa Heavy Industries Corp	Taiwan	Mechanical equipment	2,498,463	2,498,463	651,828	32.92 %	8,009,800	370,791	127,824	Note, Note 2
The Company	Sky Dragon Investment Limited	Samoa	Investment	13,221,416	8,759,992	425,800	50.00 %	6,717,763	(1,083,850)	(541,959)	Note, Note 2
The Company	Formosa Plastics Corp. (Cayman Ltd.)	Cayman	Investment	19,104,301	19,104,301	76	100.00 %	29,486,898	945,433	945,433	Note, Note 1, Note 2
The Company	Mai Liao Power Corp	Taiwan	Electricity	5,985,531	5,985,531	547,030	24.94 %	11,193,021	998,717	249,101	Note, Note 2
The Company	Formosa Sumco Technology Corp	Taiwan	Electronics manufacture	1,709,967	2,837,042	112,707	29.06 %	5,931,299	4,225,073	1,227,793	Note, Note 2
The Company	Formosa Transportation Corp.	Taiwan	Transportation	110,664	60,664	6,566	33.33 %	1,016,104	54,589	18,196	Note, Note 2
The Company	Formosa Fairway Corp.	Taiwan	Transportation	33,330	33,330	4,698	33.33 %	99,231	(5,165)	(1,721)	Note 2
The Company	Yi-Jih Development Corp.	Taiwan	Construction	57,000	57,000	5,700	28.72 %	63,262	818	235	Note 2
The Company	Ya Tai Development Corp	Taiwan	Development of land	54,034	54,034	1,306	45.04 %	21,485	(4,269)	(1,923)	Note 2
The Company	Formosa Asahi Spandex Co., Ltd.	Taiwan	Artificial fiber	501,752	501,752	50	50.00 %	1,312,058	179,826	89,913	Note 2
The Company	Formosa Automobile Corporation	Taiwan	Automobile	270,442	270,442	27,044	45.00 %	7,088	81,246	36,560	Note 2
The Company	Wha Ya Park Management Consulting Corporation Ltd	Taiwan	Consulting service	341	341	33	33.00 %	1,483	306	101	Note 2
The Company	Formosa Daikin Advanced Chemical Co., Ltd.	Taiwan	Chemical industry	100,000	100,000	24	50.00 %	983,768	270,293	135,146	Note 2
The Company	Su-Hua Transportation Corporation	Taiwan	Transportation	-	50,000	-	- %	-	19,523	4,881	Note 2
The Company	Formosa Resources Corporation	Taiwan	Mining industry	5,845,940	5,845,940	584,594	25.00 %	5,189,210	(690,244)	(172,561)	Note, Note 2
The Company	Formosa Environmental Technology Corporation	Taiwan	Environmental industry	417,145	417,145	41,714	24.34 %	226,873	1,800	438	Note, Note 2
The Company	Formosa Plastics Development Corporation Ltd	Taiwan	Construction	100,000	100,000	10,000	33.33 %	83,871	(11,708)	(3,902)	Note 2
The Company	Formosa Group (Cayman) Limited	Cayman	Investment	377	377	13	25.00 %	681,604	1,275,502	318,875	Note, Note 2
The Company	Formosa Industries Corporation	U.S.A	Chemicals	6,864,287	6,864,287	2	100.00 %	5,501,820	(380,602)	(380,602)	Note, Note 1, Note 2
The Company	Formosa Plastics International (Cayman) Limited.	Cayman	Investment	18,784,620	17,108,550	52	100.00 %	15,561,895	-	-	Note, Note 1, Note 2
Formosa Plastics Corp. (Cayman) Ltd	Formosa Industries (Hong Kong) Limited	Hong Kong	Reinvestment	7,687,504 (USD234,902)	7,687,504 (USD234,902)	-	100.00 %	29,341,728 (USD960,418)	965,966 (USD32,252)	965,966 (USD32,252)	Note, 1 Note 2, Note 3
Formosa Industries Corporation	Formosa Olefins, L.L.C.	U.S.A	Olefins	3,146,616 (USD95,700)	3,146,616 (USD95,700)	-	33.00 %	2,489,658 (USD81,491)	(250,912) (USD-8,378)	(179,363) (USD-5,989)	Note 2, Note 3
Formosa Industries Corporation	Lolita Packaging, L.L.C.	U.S.A	Transportation	306,478 (USD9,880)	306,478 (USD9,880)	-	38.00 %	273,039 (USD8,937)	(60,706) (USD-2,027)	(23,068) (USD-770)	Note 2, Note 3

Note : Including cumulative translation adjustments.

Note 1 : The transaction has already been written off in the consolidated financial statements.

Note 2 : Long-term equity investments under equity method.

Note 3 : The exchange rate of New Taiwan dollars to US dollars on September 30, 2018, was 30.5510 to 1. The average exchange rate of New Taiwan dollars to US dollars for the nine-month period ended September 30, 2018, was 29.9504 to 1.

(Continued)

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Formosa Industries (Ningbo) Co., Ltd. (note 2)	Plastics	23,074,124 (USD722,023)	(2)	18,814,370 (USD578,270)	-	-	18,814,370 (USD578,270)	941,425 (USD31,433)	100.00%	941,425 (USD31,433)	29,029,067 (USD950,184)	-
Formosa Electronic (Ningbo) Co., Ltd (note 2)	Electronics	74,648 (USD2,260)	(2)	66,137 (USD2,000)	-	-	66,137 (USD2,000)	24,540 (USD819)	100.00%	24,540 (USD819)	312,661 (USD10,234)	-
Formosa Mitsui Advanced Chemical Co., Ltd	Electrolyte	244,196 (USD8,200)	(2)	122,098 (USD4,100)	-	-	122,098 (USD4,100)	(40,932) (USD-1,367)	50.00%	(20,466) (USD-683)	55,572 (USD1,819)	-
Fujian Fuxin Special Steel Co., Ltd	Steel	34,347,344 (USD1,460,000)	(2)	8,759,992 (USD280,000)	4,461,424 (USD145,800)	-	13,221,416 (USD425,800)	(1,858,174) (USD-62,042)	29.16%	(541,959) (USD-18,095)	6,717,247 (USD219,870)	-
Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd.	Carbon fiber	555,517 (USD17,000)	(2)	99,993 (USD3,060)	-	-	99,993 (USD3,060)	- -	18.00%	-	86,391 (USD2,828)	-

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.

Note 2: The transaction has already been written off in the consolidated financial statements.

Note 3: Formosa Mitsui Advanced Chemical Co., Ltd., Fujian Fuxin Special Steel Co., Ltd. and Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd. were not included in the consolidated financial statements of the Group. However, the Group's investment in Swancor (Jiangsu) Carbon Fiber Composite Co., Ltd. was measured at fair value through other comprehensive income.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 2)
32,324,014 (US$1,013,230)	35,354,931 (US$1,157,243)	-

Note: The exchange rate of New Taiwan dollars to US dollars on September 30, 2018, was 30.5510 to 1.

Note 1: Including US$144,013 thousand approved capital increase out of retained earnings.

Note 2: The Industrial Development Bureau of the MOEA issued a letter to the Company stating that it qualifies under Section 12 of the Statute for Upgrading Industries.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

FORMOSA PLASTICS CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Information on investment in mainland China:

Operating segments are combined and reconciled as follows:

	For the three-month period ended September 30, 2018							
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Revenue:								
From external customers	$ 18,234,238	9,840,535	10,908,282	8,783,088	8,660,620	947,366	-	57,374,129
From sales among intersegments	394,013	528,342	17,484	29,995	571,932	1,412,774	(2,954,540)	-
Total revenue	$ 18,628,251	10,368,877	10,925,766	8,813,083	9,232,552	2,360,140	(2,954,540)	57,374,129
Reportable segment profit or loss	$ 1,962,181	(99,962)	869,278	222,495	2,853,309	(16,687)	14,007,319	19,797,933

	For the three-month period ended September 30, 2017							
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Revenue:								
From external customers	$ 17,998,432	10,073,793	9,299,238	8,455,229	6,744,880	908,753	-	53,480,325
From sales among intersegments	299,600	520,585	17,155	17,663	396,262	1,424,230	(2,675,495)	-
Total revenue	$ 18,298,032	10,594,378	9,316,393	8,472,892	7,141,142	2,332,983	(2,675,495)	53,480,325
Reportable segment profit or loss	$ 2,322,315	639,698	904,180	359,482	1,696,128	184,276	11,890,942	17,997,021

	For the nine-month period ended September 30, 2018							
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Revenue:								
From external customers	$ 58,915,150	29,739,439	30,909,746	26,051,217	25,885,237	2,516,791	-	174,017,580
From sales among intersegments	1,267,038	1,452,280	54,830	72,149	1,591,364	4,191,448	(8,629,109)	-
Total revenue	$ 60,182,188	31,191,719	30,964,576	26,123,366	27,476,601	6,708,239	(8,629,109)	174,017,580
Reportable segment profit or loss	$ 9,178,497	514,775	2,459,298	417,262	8,435,610	93,647	32,906,283	54,005,372

	For the nine-month period ended September 30, 2017							
	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Revenue:								
From external customers	$ 55,644,346	28,754,972	26,093,719	21,206,274	19,256,406	2,686,123	-	153,641,840
From sales among intersegments	878,981	1,415,160	46,774	49,446	1,194,065	3,825,563	(7,409,989)	-
Total revenue	$ 56,523,327	30,170,132	26,140,493	21,255,720	20,450,471	6,511,686	(7,409,989)	153,641,840
Reportable segment profit or loss	$ 8,126,892	2,198,789	2,625,702	260,385	4,188,476	489,404	22,530,356	40,420,004

	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Reportable segment assets								
September 30, 2018	$ 30,154,157	15,715,805	14,125,391	27,615,535	6,725,649	478,150,634	(55,057,696)	517,429,475
December 31, 2017	$ 30,090,981	23,225,882	14,182,159	29,151,115	6,626,697	12,084,083	360,710,119	476,071,036
September 30, 2017	$ 29,750,544	13,022,198	13,767,002	31,880,652	5,828,648	422,957,343	(48,933,833)	468,272,554

	Plastic division	Polyolefin division	Polypropylene division	Tairylan division	Chemistry division	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities								
September 30, 2018	$ 4,854,517	2,406,391	2,323,842	2,490,286	162,583	139,259,799	(1,924,533)	149,572,885
December 31, 2017	$ 5,409,092	5,360,776	2,175,639	12,296,246	322,113	121,674,504	(16,177,500)	131,060,870
September 30, 2017	$ 4,775,900	2,071,250	2,367,016	2,621,873	196,846	121,780,768	(1,193,104)	132,620,549