

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2015
(With Independent Auditors' Review Report Thereon)



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Review Report

The Board of Directors

Nan Ya Plastics Corporation :

We have reviewed the accompanying consolidated balance sheets of Nan Ya Plastics Corporation and its subsidiaries (collectively referred to as the "Consolidated Company") as of September 30, 2014 and 2015 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month periods then ended. These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these interim consolidated financial statements based on our reviews. However, we did not review the financial statements of certain subsidiaries with the total assets of \$143,919,881 thousand and \$112,443,613 thousand, constituting 26.76% and 21.53% of the consolidated total assets as of September 30, 2014 and 2015, respectively. The total revenues of these subsidiaries amounted to \$26,154,172 thousand, \$14,460,225 thousand, \$76,039,911 thousand and \$43,831,845 thousand, constituting 30.81%, 20.28%, 30.96% and 18.82% of the consolidated total revenues for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively. In addition, we did not review the financial statements of certain investee companies under the equity method. The Consolidated Company's investments in the aforementioned investee companies were \$57,656,178 thousand and \$58,689,831 thousand, constituting 10.72% and 11.24% of the consolidated total assets as of September 30, 2014 and 2015, respectively, and the Consolidated Company's equity in net earnings of these investee companies were \$1,598,202 thousand, \$2,104,553 thousand, \$5,185,632 thousand and \$8,159,334 thousand, constituting 107.79%, 21.95%, 12.96% and 61.17% of the consolidated total comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively. The interim consolidated financial statements of the aforementioned subsidiaries and investee companies were reviewed by other auditors whose reports have been furnished to us, and our report, insofar as it relates to the amounts included for these subsidiaries and investee companies, is based solely on the reports of other auditors.

Except for those stated in the third paragraph, we conducted our reviews in accordance with Statement of Auditing Standard No. 36 "Review of Financial Statements" in the Republic of China (ROC). A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is to express an opinion regarding the financial statement taken as a whole. Accordingly, we do not express such an opinion.

The consolidated financial statements of certain non-significant subsidiaries were consolidated based on their financial statements as of and for the nine-month periods ended September 30, 2014 and 2015, which were not reviewed by other auditors. The total assets of these subsidiaries amounted to \$7,250,289 thousand and \$42,462,027 thousand, constituting 1.35% and 8.13% of the consolidated total assets as of September 30, 2014 and 2015, respectively; the total liabilities amounted to \$2,305,280 thousand and \$4,305,349 thousand, constituting 1.06% and 2.21% of the consolidated total liabilities as of September 30, 2014 and 2015, respectively. The total comprehensive income of these subsidiaries amounted to \$(844,616) thousand, \$1,838,575 thousand, \$(1,958,923) thousand and \$2,709,030 thousand, constituting (56.96)%, 19.18%, (4.89)% and 20.31% of the consolidated comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively. Also, the financial statements of certain investee companies under the equity method were not reviewed by other auditors. The Consolidated Company's investment in the aforementioned investee companies were \$54,878,487 thousand and \$58,175,433 thousand as of September 30, 2014 and 2015, respectively, and the Consolidated Company's equity in net earnings of these investee companies were \$835,750 thousand, \$657,467 thousand, \$2,003,883 thousand and \$2,027,360 thousand for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively.



Based on our reviews, we are not aware of any material modifications that should be made to the interim consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No.34 "Interim Financial Reporting" as endorsed by Financial Supervisory Commission of the Republic of China.

K P M G

Taipei, Taiwan (the Republic of China)
November 11, 2015

Note to Readers

The accompanying interim consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with the International Accounting Standard No.34 "Interim Financial Reporting" as endorsed by the FSC of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such interim consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' review report and the accompanying interim consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between or any difference in the interpretation of the two versions, the Chinese language shall prevail.

Interim consolidated financial statements as of September 30, 2014 and 2015 were reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, DECEMBER 31, 2014 AND SEPTEMBER 30, 2015
(Expressed in thousands of New Taiwan Dollars)

	September 30, 2014 (Adjusted)	December 31, 2014 (Adjusted)	September 30, 2015		September 30, 2014 (Adjusted)	December 31, 2014 (Adjusted)	September 30, 2015
Assets				Liabilities and equity			
Current assets :				Current liabilities :			
Cash and cash equivalents (note 6(1))	\$ 31,706,517	36,632,716	60,500,025	Short-term borrowings (notes 6(7))	\$ 16,369,640	9,201,472	13,575,999
Available-for-sale financial assets – current (notes 6(2) and (17))	38,663,640	40,842,667	34,514,645	Notes and accounts payable (note 6(17))	7,666,334	7,973,470	8,074,014
Notes receivable, net (notes 6(3) and (17))	7,886,819	8,032,090	7,852,075	Payables to related parties (notes 6(17) and 7)	10,281,898	8,810,017	7,233,417
Accounts receivable, net (notes 6(3) and (17))	38,413,265	34,845,415	35,051,729	Other payables	13,726,049	13,977,003	16,523,237
Receivables from related parties (notes 6(3), (17) and 7)	6,093,449	11,521,600	7,411,026	Other payables to related parties (note 7)	27,100	32,600	-
Other receivables (note 6 (3))	2,316,528	2,575,117	3,253,264	Current portion of bonds payable (note 6(9))	13,391,083	25,660,654	28,724,514
Other receivables from related parties (notes 6(3) and 7)	43,966,721	24,010,378	20,899,965	Current portion of long-term debts (note 6(8))	6,288,693	4,919,981	6,640,452
Inventories, net (note 6(4))	49,359,376	47,379,663	40,883,513	Other current liabilities	1,551,837	1,092,900	1,511,068
Other current assets	7,203,785	5,851,585	4,667,235	Total current liabilities	69,302,634	71,668,097	82,282,701
Total current assets	225,610,100	211,691,231	215,033,477	Non-current liabilities:			
Non-current assets:				Bonds payable (note 6(9))	75,513,178	63,592,267	53,387,723
Available for-sale financial assets – non-current (notes 6(2) and (17))	20,327,855	22,491,849	10,025,333	Long-term debts (note 6(8))	38,815,934	29,991,393	23,423,370
Financial assets carried at cost – non-current (note 6(2))	2,995,334	2,998,687	2,994,935	Deferred tax liability	7,677,904	7,817,412	8,869,864
Investments accounted for using equity method (note 6(5))	124,717,912	129,204,407	136,657,120	Net defined benefit liabilities – non-current	25,386,233	25,970,872	25,790,139
Property, plant and equipment (note 6(6))	143,472,348	145,079,151	139,265,543	Guarantee deposits	633,424	617,021	607,596
Technology development expense	188,854	139,535	119,129	Other non-current liabilities (note 6(5))	179,769	191,998	144,522
Deferred tax assets	8,881,234	8,510,710	5,374,663	Total non-current liabilities	148,206,442	128,180,963	112,223,214
Prepayments on purchase of equipment	2,228,823	2,305,980	2,492,286	Total liabilities	217,509,076	199,849,060	194,505,915
Overdue receivables (note 6(3))	-	-	-	Equity attributable to owners of the parent (notes 6(11), (12) and (17)):			
Net defined benefit assets – non-current	1,148	1,072	1,072	Common stock	79,308,216	79,308,216	79,308,216
Other non-current assets	9,435,500	10,457,816	10,407,438	Capital surplus	22,732,749	22,926,996	23,389,013
Total non-current assets	312,249,008	321,189,207	307,337,519	Retained earnings	151,155,327	153,727,811	166,030,586
				Others	52,881,001	62,417,658	45,564,234
				Non-controlling interests	14,272,739	14,650,697	13,573,032
				Total equity	320,350,032	333,031,378	327,865,081
Total assets	\$ 537,859,108	532,880,438	522,370,996	Total liabilities and equity	\$ 537,859,108	532,880,438	522,370,996

See accompanying notes to interim consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,					
	2014	2015	2014	2015				
	(Adjusted)		(Adjusted)					
	Amount	Amount	Amount	Amount				
Operating revenues, net (note 7)	\$ 84,887,468	71,304,590	245,576,449	232,854,191				
Operating costs (notes 6(4), (10), 7 and 12)	77,002,829	64,395,448	222,584,047	202,543,924				
Less : (Realized) unrealized profit from affiliated companies (note 7)	(5,779)	(15,391)	6,221	(12,019)				
Gross profit, net	7,890,418	6,924,533	22,986,181	30,322,286				
Operating expenses (notes 6(10), 7 and 12):								
Selling expenses	2,526,556	2,315,620	7,501,770	7,308,317				
Administrative expenses	2,053,148	1,953,297	5,971,548	5,998,651				
Total operating expenses	4,579,704	4,268,917	13,473,318	13,306,968				
Operating income	3,310,714	2,655,616	9,512,863	17,015,318				
Non-operating income and expenses (notes 6(5) and (16)):								
Other income	2,129,320	2,620,262	3,680,910	3,811,267				
Other gains and losses	825,920	2,485,352	3,923,776	2,283,208				
Finance costs	(563,831)	(451,503)	(1,659,238)	(1,396,906)				
Share of profit of associates and joint ventures accounted for using equity method	5,264,057	4,536,985	14,646,492	15,929,695				
Total non-operating income and expenses	7,655,466	9,191,096	20,591,940	20,627,264				
Income before income tax	10,966,180	11,846,712	30,104,803	37,642,582				
Less: Income tax expense (note 6(11))	1,332,956	1,668,273	769,969	6,736,255				
Net income	9,633,224	10,178,439	29,334,834	30,906,327				
Other comprehensive income (loss) (notes 6(12) and (17)):								
Items that could not be reclassified subsequently to profit or loss:								
Remeasurements of the net defined benefit plans	(293)	(1,545)	(274)	(1,059)				
Income tax related to items that could not be reclassified subsequently to profit or loss	-	-	-	-				
Total items that could not be reclassified subsequently to profit or loss	(293)	(1,545)	(274)	(1,059)				
Items that could be reclassified subsequently to profit or loss:								
Exchange differences arising on translation foreign operations	2,376,986	6,135,946	1,460,045	2,878,661				
Unrealized gains (losses) on available-for-sale financial assets	(8,469,511)	(4,108,416)	7,862,604	(15,636,083)				
Share of other comprehensive income of associates and joint ventures accounted for using equity method-items that could be reclassified subsequently to profit or loss	(1,972,753)	(2,246,576)	1,443,944	(4,549,157)				
Income tax expense related to items that could be reclassified subsequently to profit or loss	(84,945)	(370,182)	(76,324)	(259,791)				
Total items that could be reclassified subsequently to profit or loss	(8,150,223)	(589,228)	10,690,269	(17,566,370)				
Other comprehensive income for the period, net of tax	(8,150,516)	(590,773)	10,689,995	(17,567,429)				
Total comprehensive income for the period	\$ 1,482,708	9,587,666	40,024,829	13,338,898				
Net income attributable to:								
Owners of the parent	\$ 9,352,679	10,035,085	28,698,111	30,543,664				
Non-controlling interests	280,545	143,354	636,723	362,663				
	\$ 9,633,224	10,178,439	29,334,834	30,906,327				
Comprehensive income (loss) attributable to:								
Owners of the parent	\$ 1,772,163	9,470,478	38,444,435	13,690,240				
Non-controlling interests	(289,455)	117,188	1,580,394	(351,342)				
	\$ 1,482,708	9,587,666	40,024,829	13,338,898				
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Basic earnings per share (note 6(14)) :								
Income from continuing operations	\$ 1.38	1.21	1.49	1.28	3.80	3.70	4.75	3.90
Income from non-controlling interests	\$ (0.13)	(0.03)	(0.11)	(0.01)	(0.37)	(0.08)	(0.36)	(0.05)
Income attributable to shareholders of the parent	\$ 1.25	1.18	1.38	1.27	3.43	3.62	4.39	3.85

See accompanying notes to interim consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	Attributable to Owners of the Parent												
	Retained earnings					Others					Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Foreign currency translation differences	Unrealized gains (losses) on available-for-sale financial assets	Cash flow hedge reserve	Others	Treasury stock			
Balance, January 1, 2014	\$ 79,308,216	21,917,718	43,712,004	64,653,931	29,726,767	1,523,374	41,626,470	1,716	(16,883)	(1,945)	282,451,368	12,896,183	295,347,551
Effect of the retrospective application of accounting principle or adjustment	-	-	-	-	(566,926)	-	-	-	-	-	(566,926)	(30,116)	(597,042)
Adjusted balance, January 1, 2014	79,308,216	21,917,718	43,712,004	64,653,931	29,159,841	1,523,374	41,626,470	1,716	(16,883)	(1,945)	281,884,442	12,866,067	294,750,509
Legal reserve	-	-	2,527,159	-	(2,527,159)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	7,527,371	(7,527,371)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(15,068,560)	-	-	-	-	-	(15,068,560)	-	(15,068,560)
Reversal of special reserve	-	-	-	(771)	771	-	-	-	-	-	-	-	-
Other changes in capital surplus :													
Other changes in capital surplus	-	805,151	-	-	-	-	-	-	-	-	805,151	-	805,151
Net income for the period	-	-	-	-	28,698,111	-	-	-	-	-	28,698,111	636,723	29,334,834
Other comprehensive income for the period	-	-	-	-	-	1,360,710	8,389,010	(3,122)	(274)	-	9,746,324	943,671	10,689,995
Total comprehensive income for the period	-	-	-	-	28,698,111	1,360,710	8,389,010	(3,122)	(274)	-	38,444,435	1,580,394	40,024,829
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	-	(1,855)	(1,855)	-	(1,855)
Disposal of company's share by subsidiaries recognized as treasury share	-	9,528	-	-	-	-	-	-	-	3,800	13,328	-	13,328
Dividend disbursed to subsidiaries	-	352	-	-	-	-	-	-	-	-	352	-	352
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(173,722)	(173,722)
Adjusted balance, September 30, 2014	\$ 79,308,216	22,732,749	46,239,163	72,180,531	32,735,633	2,884,084	50,015,480	(1,406)	(17,157)	-	306,077,293	14,272,739	320,350,032
Balance, January 1, 2015	\$ 79,308,216	22,926,996	46,239,163	72,179,969	36,390,288	9,229,198	53,214,795	(2,510)	(23,825)	-	319,462,290	14,685,292	334,147,582
Effect of the retrospective application of accounting principle or adjustment	-	-	-	-	(1,081,609)	-	-	-	-	-	(1,081,609)	(34,595)	(1,116,204)
Adjusted balance, January 1, 2015	79,308,216	22,926,996	46,239,163	72,179,969	35,308,679	9,229,198	53,214,795	(2,510)	(23,825)	-	318,380,681	14,650,697	333,031,378
Legal reserve	-	-	3,178,527	-	(3,178,527)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	3,526,017	(3,526,017)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(18,240,889)	-	-	-	-	-	(18,240,889)	-	(18,240,889)
Reversal of special reserve	-	-	-	(21,529)	21,529	-	-	-	-	-	-	-	-
Other changes in capital surplus :													
Other changes in capital surplus	-	462,017	-	-	-	-	-	-	-	-	462,017	-	462,017
Net income for the period	-	-	-	-	30,543,664	-	-	-	-	-	30,543,664	362,663	30,906,327
Other comprehensive income for the period	-	-	-	-	-	2,597,862	(19,469,775)	19,548	(1,059)	-	(16,853,424)	(714,005)	(17,567,429)
Total comprehensive income for the period	-	-	-	-	30,543,664	2,597,862	(19,469,775)	19,548	(1,059)	-	13,690,240	(351,342)	13,338,898
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(726,323)	(726,323)
Balance, September 30, 2015	\$ 79,308,216	23,389,013	49,417,690	75,684,457	40,928,439	11,827,060	33,745,020	17,038	(24,884)	-	314,292,049	13,573,032	327,865,081

See accompanying notes to interim consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2014(Adjusted)	2015
Cash flows from operating activities:		
Income before income tax	\$ 30,104,803	37,642,582
Adjustments:		
Adjustments to reconcile net income to net cash provided		
Depreciation	11,420,618	12,006,263
Amortization	1,665,743	1,345,464
Interest expense	1,659,238	1,396,906
Interest revenue	(1,106,697)	(577,806)
Share of profit of associates and joint ventures accounted for using equity method	(14,646,492)	(15,929,695)
Loss (gain) on disposal of property, plant and equipment	28,156	(3,156)
Property, plant and equipment transferred to expense	-	51,482
Gain on disposal of investments	(1,174,102)	(673,727)
Gain on disposal of investments accounted for using equity method	(2,538,951)	-
Gain from price recovery of property, plant and equipment	-	(36,215)
Unrealized profit from associates	6,221	(12,019)
Unrealized foreign exchange loss (gain)	(338,848)	(1,148,642)
Unclaimed dividend and overdue compensation of directors paid (transferred to other income)	(918)	13,809
	<u>(5,026,032)</u>	<u>(3,567,336)</u>
Changes in operating assets and liabilities:		
Changes in operating assets :		
Notes receivable	(969,407)	180,015
Accounts receivable (including related parties)	(6,415,880)	4,622,587
Other receivables	(450,736)	(259,645)
Inventories	(4,114,371)	7,442,060
Other current assets	(782,790)	1,207,420
Total changes in operating assets	<u>(12,733,184)</u>	<u>13,192,437</u>
Changes in operating liabilities :		
Notes and accounts payable	(624,230)	(1,506,351)
Other payables	(1,481,995)	1,534,951
Other current liabilities	635,890	418,168
Net defined benefit liabilities — non-current	(107,568)	(180,733)
Total changes in operating liabilities	<u>(1,577,903)</u>	<u>266,035</u>
Net changes in operating assets and liabilities	<u>(14,311,087)</u>	<u>13,458,472</u>
Total adjustments	<u>(19,337,119)</u>	<u>9,891,136</u>
Cash generated from operations	10,767,684	47,533,718
Interest received	985,248	322,343
Dividends received	7,083,574	5,179,711
Interest paid	(1,579,047)	(1,770,299)
Income taxes paid	(2,006,724)	(2,412,846)
Net cash provided by operating activities	<u>15,250,735</u>	<u>48,852,627</u>

See accompanying notes to interim consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2015

(Expressed in thousands of New Taiwan Dollars)

	For the nine-month periods ended September 30,	
	2014(Adjusted)	2015
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	\$ (2,413,528)	(3,600,000)
Proceeds from disposal of available for-sale financial assets	6,165,019	7,169,249
Acquisition of financial assets carried at cost	-	(25,000)
Proceeds from capital reduction in financial assets carried at cost	15,818	32,441
Acquisition of investments accounted for using equity method	(1,178,458)	-
Proceeds from disposal of investments accounted for using equity method	3,650,366	-
Proceeds from disposal of subsidiaries	-	1,693,392
Acquisition of property, plant and equipment	(5,433,297)	(5,832,581)
Proceeds from disposal of property, plant and equipment	20,027	102,631
Increase in refundable deposits	(15,688)	(80,525)
Decrease in other receivables from related parties	19,812,121	3,110,413
Increase in other non-current assets	(2,007,231)	(2,608,651)
Effect of losing control of subsidiaries	-	(1,014,937)
Net cash provided (used) by investing activities	18,615,149	(1,053,568)
Cash flows from financing activities:		
Increase in short-term borrowings	2,032,080	4,374,527
Decrease in short-term notes and bills payable	(4,499,306)	-
Issuance of bonds payable	9,974,575	-
Repayment of bonds payable	(12,600,000)	(8,000,000)
Increase in long-term debts	19,230,727	5,161,327
Repayment of long-term debts	(26,449,550)	(10,008,879)
Decrease in guarantee deposits	(11,847)	(9,425)
Increase (decrease) in other payables to related parties	11,200	(32,600)
Decrease in other non-current liabilities	(7,610)	(3,326)
Cash dividends paid	(15,075,519)	(17,264,723)
Changes in non-controlling interests	(143,161)	(650,973)
Changes in treasury shares	(3,800)	-
Net cash used in financing activities	(27,542,211)	(26,434,072)
Effect of exchange rate fluctuations on cash held	835,471	2,502,322
Increase in cash and cash equivalents	7,159,144	23,867,309
Cash and cash equivalents, beginning of period	24,547,373	36,632,716
Cash and cash equivalents, end of period	\$ 31,706,517	60,500,025

See accompanying notes to interim consolidated financial statements.

Notes to interim consolidated financial statements as of September 30, 2014 and 2015 were reviewed only, not audited in accordance with generally accepted auditing standards

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2015

**(All amounts are expressed in thousands of New Taiwan Dollars
except for per share information or unless otherwise specified)**

1. Organization and principal activities

Nan Ya Plastics Corporation was incorporated on August 22, 1958, and established its factories in Kaohsiung City. The Consolidated Company engages in the manufacture and sale of plastic products, polyester fibers, petrochemical products, and electronic materials. The Consolidated Company has gone through several capital increases and established many divisions. Currently, the Consolidated Company has the following divisions: plastics, fiber, petrochemical, electronics, and engineering. The Consolidated Company has 10 manufacturing plants across Taiwan, 1 branch office in Mai-Liao and 1 branch office in Sen-Kong.

2. Approval date and procedures of the consolidated financial statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on November 11, 2015.

3. New and revised standards and interpretations

- (1) 2013 version of International Financial Reporting Standards (“IFRSs”) has been endorsed by the Financial Supervisory Commission of the Republic of China (“FSC”) but not yet effective.

The Consolidated Company issued financial statements according to Rule No.1030010325 issued by the FSC on April 3, 2014, adopting the 2013 version of IFRSs issued by the International Accounting Standards Board (“IASB”) as endorsed by the FSC (excluding IFRS 9 Financial Instruments) commencing from 2015. Related new, revised and amended standards and interpretations are listed below:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date Prescribed by IASB</u>
Amendments to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters”	July 1, 2010
Amendments to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendments to IFRS 1 “Government Loans”	January 1, 2013
Amendments to IFRS 7 “Disclosures –Transfer of Financial Asset”	July 1, 2011
Amendments to IFRS 7 “Disclosures - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
IFRS 10 “Consolidated financial statements”	January 1, 2013 (Investment entity took effect on January 1, 2014)
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
IFRS 13 “Fair Value Measurement”	January 1, 2013

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date Prescribed by IASB</u>
Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amendments to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
Amendments to IAS 19 “Employee Benefits”	January 1, 2013
Amendments to IAS 27 “Separate Financial Statements”	January 1, 2013
Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

Except for the following items, the Consolidated Company believes that the adoption of aforementioned 2013 version of IFRSs endorsed by the FSC will not have any significant effect on the Consolidated Company’s financial statements:

(a) IFRS 12 “Disclosure of Interests in Other Entities”

This standard requires a wide range of consolidated disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Disclosures are presented with detailed guidance on how the specifications stated in the standard were met. It also requires the Consolidated Company to disclose the information of the consolidated entities and unconsolidated entities.

(b) IAS 1 “Presentation of Financial Statements”

This standard amended the presentation of other comprehensive income (“OCI”), under which, line items are presented according to those that,

- (i) Will not be reclassified subsequently to profit or loss; and
- (ii) Will be reclassified subsequently to profit or loss.

The amendments also require separate presentation of tax between those two categories of line items.

(c) IAS 19 “Employee Benefits”

The amendments to IAS 19 require the Consolidated Company to calculate a “net interest” amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in current IAS 19. In addition, the amendments eliminate the accounting treatment of either corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when incurred, and instead, require recognition of all actuarial gains and losses immediately through other comprehensive income. The past service cost, on the other hand, is expensed immediately when incurred and is no longer amortized over the average period before vested on a straight-line basis. In addition, instead of recognizing liability and expense only when the demonstrable benefit commitment is made, the amendments require the Consolidated Company to recognize liability and expense for termination benefit on (1) the date when the Consolidated Company can no longer withdraw the offer of the benefit; or (2) the date when the Consolidated Company recognizes related restructuring expense, whichever date is earlier. Moreover, the amendments also require a broader disclosure for defined benefit plans.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

For the first-time adoption of 2013 version of IFRSs, the Consolidated Company's estimated adjustments resulting from the elimination of the corridor approach and recognition of unrecognized actuarial gains or losses are as follows:

Statement of financial position:

	<u>2010 version IFRS Amount</u>	<u>Adjustment for the first-time adoption</u>	<u>2013 version IFRS Amount</u>
December 31, 2014 :			
Investments accounted for using equity method	\$ 129,204,326	81	129,204,407
Deferred tax assets	8,281,938	228,772	8,510,710
Net defined benefit assets—non-current	1,014	58	1,072
Deferred tax liabilities	7,817,402	10	7,817,412
Net defined benefit liabilities—non-current	24,625,157	1,345,715	25,970,872
Other non-current liabilities	192,608	(610)	191,998
Retained earnings	154,809,420	(1,081,609)	153,727,811
Non-controlling interests	14,685,292	(34,595)	14,650,697
September 30, 2014 :			
Investments accounted for using equity method	\$ 124,753,901	(35,989)	124,717,912
Deferred tax assets	8,759,552	121,682	8,881,234
Net defined benefit assets—non-current	1,014	134	1,148
Deferred tax liabilities	7,677,881	23	7,677,904
Net defined benefit liabilities—non-current	24,670,466	715,767	25,386,233
Other non-current liabilities	180,067	(298)	179,769
Retained earnings	151,755,009	(599,682)	151,155,327
Non-controlling interests	14,302,722	(29,983)	14,272,739

Statement of comprehensive income:

	<u>2010 Version IFRS Amount</u>	<u>Adjustment for the first-time adoption</u>	<u>2013 Version IFRS Amount</u>
For the three-month periods ended September 30, 2014 :			
Operating expenses	\$ 4,566,365	13,339	4,579,704
Share of profit (loss) of associates and joint ventures accounting for using equity method	5,263,860	197	5,264,057
Income tax benefit	1,335,224	(2,268)	1,332,956
	<u>2010 Version IFRS Amount</u>	<u>Adjustment for the first-time adoption</u>	<u>2013 Version IFRS Amount</u>
For the nine-month periods ended September 30, 2014 :			
Operating expenses	\$ 13,433,301	40,017	13,473,318
Share of profit (loss) of associates and joint ventures accounting for using equity method	14,645,902	590	14,646,492
Income tax benefit	776,773	(6,804)	769,969

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

- (2) The IFRSs issued by IASB but not yet endorsed by FSC.

New, revised and amended standards and interpretations for IFRSs issued by the IASB but not yet endorsed by the FSC are as follows:

<u>Newly Issued/Revised Standards, Amendments, and Interpretations</u>	<u>Effective date Announced by IASB</u>
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”	January 1, 2016
Amendments to IFRS 10, IFRS 12, and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Acquisitions of Interests in Joint Operations”	January 1, 2016
Amendment to IFRS 14 “Regulatory Deferral Account”	January 1, 2016
Amendment to IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendments to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Annual Improvements Cycle 2010-2012 and 2011-2013	July 1, 2014
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
Amendments to IFRIC Interpretation 21 “Levies”	January 1, 2014

The Consolidated Company is in the process of evaluating the impact on its financial position and financial performance of the initial adoption of the aforementioned standards or interpretations. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

4. Summary of Significant Accounting Policies

- (1) Statement of compliance

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

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

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, 2014. Please refer to note 4 of the consolidated financial statements as of and for the year ended December 31, 2014 for the detail disclosures of significant accounting policies and note 3(1) for the impact of adopting the 2013 version of IFRSs endorsed and issued to be effective by the FSC commencing from January 1, 2015.

(2) Basis of consolidation

Principle of preparing interim consolidated financial statements are the same as the consolidated financial statements as of and for the year ended December 31, 2014. Please refer to Note 4(3) of the consolidated financial statements as of and for the year ended December 31, 2014.

List of subsidiaries included in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	September 30, 2014	December 31, 2014	September 30, 2015
The Company	Nan Ya Plastics Corporation U.S.A.	production of plastic products	100.00 %	100.00 %	100.00 %
The Company	Nan Ya Plastics Corporation America	production of plastic, polyester and chemical products	100.00 %	100.00 %	100.00 %
The Company	Formosa Plastics Group Investment Corp	investment	100.00 %	100.00 %	100.00 %
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	plastics trading, investment holding	100.00 %	100.00 %	100.00 %
The Company	Superior World Wide Trading Co., Ltd.	plastics trading, investment holding	99.99 %	99.99 %	100.00 %
The Company	Nan Ya PCB Corporation	production of printed circuit board	66.97 %	66.97 %	66.97 %
The Company	Wen Fung Industrial Co., Ltd.	plastics processing	100.00 %	100.00 %	100.00 %
The Company	Nan Chung Petrochemical Corporation	production of chemical products	50.00 %	50.00 %	50.00 %
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	electronic materials repair	100.00 %	100.00 %	100.00 %
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	electronic materials trading, investment holding	100.00 %	100.00 %	100.00 %
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	production of printed circuit board	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Nantong) Co., Ltd.	production of plastic products, production of steam and electricity	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd.	production of switch gear and control panel	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	China Nantong Huafeng Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nantong Huafu Plastics Co., Ltd.	production of plastic products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	production of electronic materials	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation	production of polyester products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Guangzhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Construction Materials (Guangzhou) Co., Ltd. (Note)	production of polyester products	100.00 %	100.00 %	- %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Rigid Film (Guangzhou) Co., Ltd. (Note)	production of polyester products	100.00 %	100.00 %	- %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd.	production of polyester products	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	production of electronic materials	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Trading (Huizhou) Co., Ltd.	trading	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Hsiamen) Co., Ltd.	production of plastic products	85.00 %	85.00 %	85.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	production of plastic products and plasticizer	100.00 %	100.00 %	100.00 %
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Anshan) Co., Ltd.	production of plastic products	100.00 %	100.00 %	- %

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	September 30, 2014	December 31, 2014	September 30, 2015
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	production of electronic components	100.00 %	100.00 %	100.00 %
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Property (Kunshan) Co., Ltd.	real estate development	100.00 %	100.00 %	- %

As the result of more than one-half of the total number of directors held by the Company, and the right to designate the general manager and be in charge of its operation for Nan Chung Petrochemical Corporations, Nan Chung Petrochemical Corporation is on the list of subsidiaries included in the consolidated financial statements.

Note: Nan Ya Plastics (Guangzhou) Co., Ltd. merged with Nan Ya Plastics Construction Materials (Guangzhou) Co., Ltd. and Nan Ya Rigid Film (Guangzhou) Co., Ltd. on July 1, 2015 and was renamed as Nan Ya Plastics (Guangzhou) Co., Ltd.

(3) Income Tax

The Consolidated Company evaluates and discloses the interim income tax expense according to IAS 34 “Interim Financial Reporting” B12 section’s specification.

The interim income tax is calculated by multiplying the interim net income before tax by the management’s estimation of the entire year’s effective taxation rate, and proportionately allocated to the interim income tax expense and deferred tax expense based on the ratio between the estimated annual income tax expense and deferred tax expense.

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.

(4) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The interim 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.

Except for those stated below, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with that of note 5 of the consolidated financial statements for the year ended December 31, 2014.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(1) Valuation process

The Consolidated Company's accounting policies and disclosures include financial and non-financial assets and liabilities recognized by fair value. The Consolidated Company has established related supervisory and valuation processes for fair value evaluation.

The Consolidated Company should use the observable market value when analyzing its assets and liabilities carried at fair value by the levels in the fair value hierarchy. The different levels of fair value have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: input parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: input parameters for the assets or liability that are not based on observable market data (unobservable input parameters).

(2) The Transfer policy between different fair value levels:

If there is a transfer between different levels of fair value, the Consolidated Company should recognize the transfer at the reporting date. Please see note 6(17) "Financial Instruments" for the related information concerning the assumptions used in analyzing the fair value.

6. Description of the significant accounts

Except as described below, the description of significant accounts in the accompanying interim consolidated financial statements is not materially different from the consolidated financial statements as of and for the year ended December 31, 2014. Please refer to note 6 of the financial statements as of and for the year ended December 31, 2014 for the detailed disclosures of these significant accounts.

(1) Cash and Cash Equivalents

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Cash on hand	\$ 1,928	1,860	1,628
Cash in banks	19,046,851	24,780,577	21,782,239
Time deposits	8,153,419	10,636,097	37,554,386
Cash equivalents	<u>4,504,319</u>	<u>1,214,182</u>	<u>1,161,772</u>
Cash and cash equivalents	<u><u>\$ 31,706,517</u></u>	<u><u>36,632,716</u></u>	<u><u>60,500,025</u></u>

(2) Financial Assets

(a) Financial assets consisted of the following:

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Available-for-sale financial assets — current:			
Stocks	\$ 37,786,478	36,115,611	32,624,164
Funds	<u>877,162</u>	<u>4,727,056</u>	<u>1,890,481</u>
	<u><u>\$ 38,663,640</u></u>	<u><u>40,842,667</u></u>	<u><u>34,514,645</u></u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Available-for-sale financial assets — non-current:			
Stocks	\$ 19,091,893	21,203,827	8,680,053
Bonds and others	<u>1,235,962</u>	<u>1,288,022</u>	<u>1,345,280</u>
	<u>\$ 20,327,855</u>	<u>22,491,849</u>	<u>10,025,333</u>
Financial assets carried at cost — non-current:			
Stocks	<u>\$ 2,995,334</u>	<u>2,998,687</u>	<u>2,994,935</u>

Please refer to note 8 for the details of financial assets pledged as collateral as of September 30 and December 31, 2014 and September 30, 2015.

The financial assets reported at cost are measured at cost since there is no quoted market price and the fair value cannot be reliably measured.

(3) Notes receivable, accounts receivable and other receivables

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Notes receivable	\$ 7,947,377	8,103,467	7,925,298
Accounts receivable	44,885,866	46,738,292	42,832,930
Other receivables	46,283,249	26,585,495	24,153,229
Overdue receivables	30,968	67,338	56,853
Allowance for doubtful receivables	<u>(470,678)</u>	<u>(509,992)</u>	<u>(500,251)</u>
Total	<u>\$ 98,676,782</u>	<u>80,984,600</u>	<u>74,468,059</u>

Movements of the allowance for doubtful receivables for the nine-month periods ended September 30, 2014 and 2015 were as follows:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Balance, beginning of period	\$ 455,612	509,992
Impairment (reversal of impairment)	21,847	(13,160)
Write-off	(9,315)	-
Effect of losing control of subsidiaries	-	(138)
Effect of exchange rate changes	<u>2,534</u>	<u>3,557</u>
Balance, end of period	<u>\$ 470,678</u>	<u>500,251</u>

The Consolidated Company estimates doubtful receivables and recognizes impairment allowance based on aging analysis, historical default rates and analysis of clients' financial situation.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Aging schedule analysis of overdue notes receivable, accounts receivables, and other receivables of the consolidated company were as follows:

	September 30, 2014	December 31, 2014	September 30, 2015
1~3 months overdue	\$ 313,823	573,718	676,940
3~6 months overdue	159,105	236,214	212,322
6~12 months overdue	110,721	101,870	161,617
More than a year's overdue	63,949	82,613	122,763
Balance, end of period	<u>\$ 647,598</u>	<u>994,415</u>	<u>1,173,642</u>

As of September 30 and December 31, 2014 and September 30, 2015, notes receivable and accounts receivable which were overdue or under legal proceedings amounted to \$30,968, \$67,338 and \$56,853 respectively. Such receivables were reclassified to overdue receivables under other assets and provided with a full impairment loss provision.

The Consolidated Company signed without-recourse factoring and financing contracts with financial institutions. According to these contracts, the net accounts receivable that have matured but are still uncollected will be paid by the financial institutions, except for those affected by trade disputes. As of September 30 and December 31, 2014 and September 30, 2015, the outstanding accounts receivable factoring transactions between the Consolidated Company and the financial institutions were as follows:

		September 30, 2014		
	Factoring Purchaser	Factoring Balance	Prepaid Amount	Factoring Credit limit
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	\$ 73,316	-	200,000
First Hi-tec Enterprise Co., Ltd.	E. Sun Bank	23,106	-	45,000
WUS Printed Circuit Co., Ltd.	CTBC Bank	14,782	-	10,000
		<u>\$ 111,204</u>		

		December 31, 2014		
	Factoring Purchaser	Factoring Balance	Prepaid Amount	Factoring Credit limit
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	<u>\$ 61,040</u>	-	100,000

		September 30, 2015		
	Factoring Purchaser	Factoring Balance	Prepaid Amount	Factoring Credit limit
Gold Circuit Electronics Co., Ltd.	E. Sun Bank	<u>\$ 52,487</u>	-	100,000

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(4) Inventories, net

As of September 30 and December 31, 2014 and September 30, 2015, the components of inventories were as follows:

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Finished goods	\$ 14,528,692	12,327,029	11,171,046
Work in process	10,779,480	10,284,693	9,792,616
Machinery and accessories in process	9,867,255	10,735,048	7,487,098
Raw materials	12,033,223	11,050,246	10,178,557
Supplies	547,539	612,712	657,539
Consigned-out raw materials	163,725	165,260	908,422
Consigned-out finished goods	41,103	46,858	46,712
Goods in transit	1,016,599	1,757,817	641,523
Others	381,760	400,000	-
Total	<u>\$ 49,359,376</u>	<u>47,379,663</u>	<u>40,883,513</u>

As the net realizable value of inventories has increased because the factor that caused the inventory devaluation in the prior period was no longer present, the Consolidated Company recognized a gain from recovery in the value of inventories of \$28,497, \$3,311 and \$216,283 for the three-month periods ended September 30, 2014, and nine-month periods ended September 30, 2014 and 2015. The revaluation inventory to net realizable value as of September 30, 2015, resulted in a loss on inventory revaluation of \$147,070 for the three-month periods ended September 30, 2015, which was debited to cost of goods sold.

None of the inventory was pledged as collateral as of September 30 and December 31, 2014 and September 30, 2015.

(5) Investments accounted for using equity method

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

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Associates	\$ 120,186,143	124,436,530	131,742,500
Joint ventures	4,531,769	4,767,877	4,914,620
	<u>\$ 124,717,912</u>	<u>129,204,407</u>	<u>136,657,120</u>

(a) Associates

On January 17, 2014, the Consolidated Company sold for \$3,650,366 their ownership of 47,700 thousand equity shares of Formosa Petrochemical Corporation, and resulted in a profit of \$2,538,951, which was already included in profit or loss under other comprehensive income. The said profit includes the related components previously charged to other comprehensive income and capital surplus, and are now reclassified to profit or loss.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

For the three-month and nine-month periods ended September 30, 2014 and 2015, the Consolidated Company's share of net income of associates was as follows:

	For the three-month periods ended		For the nine-month period ended	
	September 30,		September 30,	
	2014	2015	2014	2015
The Consolidated Company's share of net income of associates	\$ <u>5,224,129</u>	<u>4,555,434</u>	<u>14,665,947</u>	<u>15,758,749</u>

- (i) All of the aforementioned associates are recognized based on the unreviewed interim financial statements generated by the associates' management, except for that of Nan Ya Technology Corporation and Formosa Petrochemical Corporation, which are recognized based on the interim financial statements reviewed by other auditors that have been furnished to us.
- (ii) The unrealized translation gain or loss arising from the investments in foreign entities, which was determined on exchange rates as of September 30 and December 31, 2014 and September 30, 2015, were recognized as adjustments to comprehensive income.
- (iii) The unrealized sales profits and unrealized gain on disposal of fixed assets from downstream transactions with investees under the equity method are treated as deductions from gross income and gain on disposal of fixed assets. The realized sales profits from downstream sales are added to gross income. Details of these transactions are disclosed in note 7.
- (iv) The Consolidated Company, which invested in "Formosa Automobile Corporation", an investee accounted for using the equity method, recognized gains of \$3,941, \$12,306, \$17,544 and \$44,150 from this investment for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively. As of September 30 and December 31, 2014 and September 30, 2015, the Consolidated Company's cumulative loss from this investment had already exceeded the book value of the investment by \$127,054, \$122,977 and \$78,827, respectively.

As the Consolidated Company intends to support this investee company, the investments in this investee were offset against related accounts receivable—related parties. As the balances of accounts receivable—related parties from "Formosa Automobile Corporation" were \$0 as of September 30 and December 31, 2014 and September 30, 2015, such offset resulted in credit balances to the investments in this investee of \$127,054, \$122,977 and \$78,827, respectively, which were reclassified to non-current other liabilities.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

- (v) The Consolidated Company restructured its investment portfolio on September 23, 2015, and transferred 14.75% of its share of stocks in its associate company, "Formosa Ha Tinh (Cayman) Limited" to another associate company, "Formosa Group (Cayman) Limited" as consideration for acquiring the latter's 25% share of newly-issued ordinary stocks, 508,236,725 in total.
- (vi) The financial information of the minor associates of the investments accounted for using equity method was as follows:

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Total carrying amount of equity of the minor associates	\$ <u>120,186,143</u>	<u>124,436,530</u>	<u>131,742,500</u>

Attributable to the Consolidated Company	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Income from continuing operations	\$ 5,222,437	4,555,434	15,049,338	15,758,749
Gain (loss) from discontinued operations, net of tax	1,692	-	(383,391)	-
Other comprehensive income	<u>(1,518,609)</u>	<u>(582,884)</u>	1,813,454	<u>(3,697,829)</u>
Total comprehensive income	\$ <u>3,705,520</u>	<u>3,972,550</u>	<u>16,479,401</u>	<u>12,060,920</u>

(b) Joint ventures

The Consolidated Company's investments in joint ventures are not significantly different from that of the consolidated financial report as of December 31, 2014. All of the joint ventures are recognized according to unreviewed interim financial statements generated by management, except for Nan Ya Republic Plastics (Nantong) Co., Ltd and Nan Ya Plastics (Zhengzhou) Co., Ltd, which are recognized according to interim financial statements reviewed by other auditors that have been furnished to us.

For the three-month and nine-month periods ended September 30, 2014 and 2015, the Consolidated Company's share of net (loss) income of joint ventures was as follows:

	<u>For the three-month periods ended September 30,</u>		<u>For the nine-month periods ended September 30,</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
The Consolidated Company's share of net (loss) income of joint ventures	\$ <u>39,928</u>	<u>(18,449)</u>	<u>(19,455)</u>	<u>170,946</u>

The financial information of the minor joint ventures of the investments accounted for using equity method was as follows:

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Total carrying amount of equity of the minor joint ventures	\$ <u>4,531,769</u>	<u>4,767,877</u>	<u>4,914,620</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Attributable to the Consolidated Company	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Net income (loss)	\$ 39,928	(18,449)	(19,455)	170,946
Other comprehensive income	57,062	224,413	55,685	152,412
Total comprehensive income	<u>\$ 96,990</u>	<u>205,964</u>	<u>36,230</u>	<u>323,358</u>

(c) Collateral

Please refer to note 8 for investments accounted for using equity method which were pledged to banks or courts as collateral to secure the Consolidated Company's bank loans and lawsuits as of September 30 and December 31, 2014 and September 30, 2015.

(6) Property, Plant and Equipment

The cost, depreciation, and impairment of property, plant and equipment of the Consolidated Company for the nine-month periods ended September 30, 2014 and 2015 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2014	\$ 9,901,640	52,420,201	288,526,677	1,596,658	11,059,695	28,524,716	392,029,587
Additions	-	272	353,958	4,585	61,623	5,012,859	5,433,297
Disposals	(272)	(5,248)	(1,031,129)	(17,066)	(122,537)	(495)	(1,176,747)
Reclassification	13,629	2,166,768	10,796,224	32,702	233,333	(12,110,365)	1,132,291
Effect of exchange rate changes	1,135	232,000	1,127,648	4,615	33,469	86,290	1,485,157
Balance on September 30, 2014	<u>\$ 9,916,132</u>	<u>54,813,993</u>	<u>299,773,378</u>	<u>1,621,494</u>	<u>11,265,583</u>	<u>21,513,005</u>	<u>398,903,585</u>
Balance on January 1, 2015	\$ 9,919,689	56,332,102	306,616,236	1,639,029	11,561,855	21,528,835	407,597,746
Additions	-	85,871	451,185	6,349	80,519	5,208,657	5,832,581
Disposals	-	(24)	(2,111,028)	(36,277)	(207,677)	(31,195)	(2,386,201)
Reclassification	-	1,611,627	11,085,541	22,534	322,873	(12,417,404)	625,171
Effect of losing control of subsidiaries	-	(172,945)	(195,281)	(3,665)	(60,527)	-	(432,418)
Effect of exchange rate changes	3,612	421,595	2,072,716	9,586	34,122	(11,258)	2,530,373
Balance on September 30, 2015	<u>\$ 9,923,301</u>	<u>58,278,226</u>	<u>317,919,369</u>	<u>1,637,556</u>	<u>11,731,165</u>	<u>14,277,635</u>	<u>413,767,252</u>
Depreciation and impairment loss							
Balance on January 1, 2014	\$ -	25,075,774	209,749,206	1,426,917	7,966,983	-	244,218,880
Depreciation for the period	-	1,382,540	9,530,551	30,873	476,654	-	11,420,618
Disposals	-	(5,248)	(990,305)	(16,580)	(116,431)	-	(1,128,564)
Reclassification	-	(55)	2,360	(985)	627	-	1,947
Effect of exchange rate changes	-	100,901	790,407	3,672	23,376	-	918,356
Balance on September 30, 2014	<u>\$ -</u>	<u>26,553,912</u>	<u>219,082,219</u>	<u>1,443,897</u>	<u>8,351,209</u>	<u>-</u>	<u>255,431,237</u>
Balance on January 1, 2015	\$ -	27,455,067	225,010,817	1,457,487	8,595,224	-	262,518,595
Depreciation for the period	-	1,484,869	10,060,007	34,158	427,229	-	12,006,263
Disposals	-	(488)	(1,990,475)	(36,436)	(207,845)	-	(2,235,244)
Reclassification	-	28,286	342,545	1,463	18,383	-	390,677
Effect of losing control of subsidiaries	-	(38,399)	(88,168)	(3,113)	(37,742)	-	(167,422)
Reversal of impairment	-	-	(36,215)	-	-	-	(36,215)
Effect of exchange rate changes	-	215,396	1,772,949	8,131	28,579	-	2,025,055
Balance on September 30, 2015	<u>\$ -</u>	<u>29,144,731</u>	<u>235,071,460</u>	<u>1,461,690</u>	<u>8,823,828</u>	<u>-</u>	<u>274,501,709</u>
Carrying amounts :							
Balance on January 1, 2014	<u>\$ 9,901,640</u>	<u>27,344,427</u>	<u>78,777,471</u>	<u>169,741</u>	<u>3,092,712</u>	<u>28,524,716</u>	<u>147,810,707</u>
Balance on September 30, 2014	<u>\$ 9,916,132</u>	<u>28,260,081</u>	<u>80,691,159</u>	<u>177,597</u>	<u>2,914,374</u>	<u>21,513,005</u>	<u>143,472,348</u>
Balance on January 1, 2015	<u>\$ 9,919,689</u>	<u>28,877,035</u>	<u>81,605,419</u>	<u>181,542</u>	<u>2,966,631</u>	<u>21,528,835</u>	<u>145,079,151</u>
Balance on September 30, 2015	<u>\$ 9,923,301</u>	<u>29,133,495</u>	<u>82,847,909</u>	<u>175,866</u>	<u>2,907,337</u>	<u>14,277,635</u>	<u>139,265,543</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

- (a) Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of September 30 and December 31, 2014 and September 30, 2015.
- (b) For the three-month and nine-month periods ended September 30, 2014 and 2015, the capitalized interest on borrowings for the purchase of the property, plant and equipment of the Consolidated Company amounted to \$57,589, \$43,684, \$178,387 and \$115,784, respectively. The capitalized interest rate ranged from 1.055% to 2.250% and 1.1% to 1.8028% for the periods ended September 30, 2014 and 2015, respectively.
- (7) Short-term borrowings

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Unsecured short-term borrowings	\$ <u>16,369,640</u>	<u>9,201,472</u>	<u>13,575,999</u>
Interest rate	<u>0.89%~3.92%</u>	<u>0.86%~2.3326%</u>	<u>0.71%~2.2%</u>

The Consolidated Company has no significant issuance, repurchase, and redemption of the short term borrowings for the nine-month periods ended September 30, 2014 and 2015. For information concerning interest expense, please refer to note 6(16), other related information please refer to note 6(8) of the consolidated financial report as of December 31, 2014.

- (8) Long-term debts

Long-term debts consisted of the following:

<u>September 30, 2014</u>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Secured long-term debts	TWD	1.2950%~1.6495%	103~110	\$ 17,734,688
Unsecured long-term debts	TWD	1.1789%~1.5021%	103~106	17,742,857
Unsecured long-term debts	USD	0.7891%~2.35%	104~107	9,627,082
Current portion	TWD			(6,288,693)
Total				\$ <u>38,815,934</u>

<u>December 31, 2014</u>				
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Secured long-term debts	TWD	1.3%~1.6611%	105~110	\$ 12,734,688
Unsecured long-term debts	TWD	1.1979%~1.4668%	104~106	12,042,857
Unsecured long-term debts	USD	0.7891%~2.35%	104~107	10,133,829
Current portion	TWD			(4,919,981)
Total				\$ <u>29,991,393</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

September 30, 2015				
	Currency	Interest rate	Expiration	Amount
Secured long-term debts	TWD	1.30%~1.6475%	105~110	\$ 10,717,344
Unsecured long-term debts	TWD	1.1843%~1.4364%	105~107	9,838,572
Unsecured long-term debts	USD	0.8100%~2.35%	104~107	9,507,906
Current portion	TWD			(6,640,452)
Total				<u>\$ 23,423,370</u>

- (a) The Consolidated Company has no significant issuance, repurchase, and redemption for the nine-month periods ended September 30, 2014 and 2015. For information concerning interest expense, please refer to note 6(16), other related information please refer to note 6(9) of the consolidated financial report as of December 31, 2014.

- (b) Pledged assets for bank loans

Please refer to note 8 for information on the Consolidated Company's assets pledged to secure loans.

- (c) Secured debts

In order to raise funds to repay debts and for reinvestments, new factory construction plans, and foreign and domestic equipment acquisitions, the Consolidated Company signed a syndicated long-term mortgage loan agreement with Bank of Taiwan, the lead bank of the syndicated loan, and other banks on November 14, 2013. The key terms and conditions of the loan agreement are as follows:

- (i) Credit line: NT\$6,000,000
- (ii) Interest rate: as settled with each participating bank.
- (iii) Period: 7 years (including a 3-year grace period)
- (iv) Collateral: the acquired land financed by the loan.
- (v) The financial covenants under this loan agreement include the requirement to maintain certain financial ratios based on the audited annual financial reports. Failure to comply with these financial covenants may cause the syndicated banks to terminate the credit line or declare the unpaid principal and interest under the loan agreement to be immediately due and payable. These financial ratios are as follows:

- i) Current Ratio (total current assets divided by total current liabilities): not less than 100%
- ii) Leverage Ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 150%

The Consolidated Company did not breach the above mentioned financial covenants in respect of its financial statements as of September 30, 2015.

As of September 30, 2015, NT\$6,000,000 of the credit line had been drawn.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(9) Unsecured bonds payable

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Domestic unsecured nonconvertible corporate bonds	\$ 71,400,000	71,000,000	63,000,000
Foreign unsecured nonconvertible corporate bonds	17,653,100	18,396,394	19,214,333
Costs of issuing bonds	(148,839)	(143,473)	(102,096)
Current portion	(13,391,083)	(25,660,654)	(28,724,514)
Total	<u>\$ 75,513,178</u>	<u>63,592,267</u>	<u>53,387,723</u>

The terms of domestic corporate bonds as of September 30, 2015 were as follows:

	The third domestic unsecured nonconvertible corporate bond in 2010	The first domestic unsecured nonconvertible corporate bond in 2011	The second domestic unsecured nonconvertible corporate bond in 2011	The first domestic unsecured nonconvertible corporate bond in 2012	The second domestic unsecured nonconvertible corporate bond in 2012
Issued amount	NT\$ 6,000,000	NT\$ 6,000,000	NT\$ 4,000,000	NT\$ 6,800,000	NT\$ 5,200,000
Balance, end of year	2,999,745	2,997,709	3,997,772	6,793,344	5,193,645
Current portion	2,999,745	2,997,709	1,998,886	2,747,308	1,198,533
Issuance date	November 12, 2010	June 27, 2011	November 7, 2011	July 4, 2012	September 7, 2012
Issuance period	5 years	5 years	5 years	5 years and 7 years	5 years and 7 years
Coupon rate	1.27%	1.43%	1.35%	1.36% and 1.45%	1.25% and 1.37%
Interest payment date	November 12	June 27	November 7	July 4	September 7
Repayment method	Payable in 2 equal installments for each coupon rate in 2014~2015, respectively	Payable in 2 equal installments for each coupon rate in 2015 and 2016, respectively.	Payable in 2 equal installments for each coupon rate in 2015 and 2016, respectively.	Payable in 2 equal installments for each coupon rate in 2016~2017 and 2018~2019, respectively.	Payable in 2 equal installments for each coupon rate in 2016~2017 and 2018~2019, respectively.

	The third domestic unsecured nonconvertible corporate bond in 2012	The first domestic unsecured nonconvertible corporate bond in 2013	The second domestic unsecured nonconvertible corporate bond in 2013	The first domestic unsecured nonconvertible corporate bond in 2014	The second domestic unsecured nonconvertible corporate bond in 2014
Issued amount	NT\$ 6,000,000	NT\$ 9,600,000	NT\$ 10,400,000	NT\$ 10,000,000	NT\$ 5,000,000
Balance, end of year	5,991,261	9,586,487	10,378,214	9,976,831	4,993,450
Current portion	-	1,547,743	-	-	-
Issuance date	February 25, 2013	August 5, 2013	December 18, 2013	June 24, 2014	November 11, 2014
Issuance period	7 years and 10 years	4 years, 5 years and 7 years	10 years and 12 years	14 years and 15 years	5 years and 10 years
Coupon rate	1.36% and 1.5%	1.40%, 1.45% and 1.55%	1.98% and 2.08%	2.04%	1.45% and 1.93%
Interest payment date	February 25	August 5	December 18	June 24	November 11
Repayment method	Payable in 2 equal installments for each coupon rate in 2019~2020 and 2022~2023, respectively	Payable in 2 equal installments for each coupon rate in 2016~2017, 2017~2018 and 2019~2020, respectively	Payable in 2 equal installments for each coupon rate in 2022~2023 and 2024~2025, respectively	Payable in 2 equal installments for each coupon rate in 2028 and 2029, respectively.	Payable in 2 equal installments for each coupon rate in 2018~2019 and 2023~2024, respectively

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

The details of Nan Ya Plastics (Hong Kong) Co., Ltd's overseas corporate bond were as follows:

	2010	2013
Issued amount	USD\$ 400,000 thousand	USD\$ 180,000 thousand
Issuance date	2010.10.26	2013.8.5
Issuance period	5 years	5 years
Coupon rate	3 month LIBOR+0.8%	3 month LIBOR+1.1%
Interest payment date	January 26, April 26, July 26, and November 26	February 5, May 5, August 5, and November 5
Bondholders with a put option	The bondholders bear no right to request the Consolidated Company to redeem the bond.	The bondholders bear no right to request the Consolidated Company to redeem the bond.
Issuer with a redemption option	The bond issuer bears the right to request the holders to redeem all outstanding bonds if the issuer needs to pay extra tax due to change in laws and regulations.	The bond issuer bears the right to request the holders to redeem all outstanding bonds if the issuer needs to pay extra tax due to change in laws and regulations.

(10) Employee Benefits

(a) Defined benefit plan

Subsequent to December 31, 2014, 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, 2013 and 2014.

Recognition as expense of pension cost was as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Operating cost	\$ 166,927	178,944	501,472	532,019
Selling expenses	8,317	9,334	24,784	27,638
Administration expenses	55,033	46,705	164,386	138,869
Total	<u>\$ 230,277</u>	<u>234,983</u>	<u>690,642</u>	<u>698,526</u>

(b) Defined contribution plan

The Labor Pension Act ("The Act") prescribes a defined contribution plan. Pursuant to the Act, the Consolidated Company, and its subsidiaries namely, Nan Ya PCB Corp., Wen Fung Industrial Corp., Nan Chung Petrochemical Corp., and Wellink Technology Corp., have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Nan Ya Plastics Corporation America and Nan Ya PCB (U.S.A.) Corporation adopt a Defined Contribution Plan and periodically provide contributions thereon according to local law. Those contributions are recognized as an expense on an accrual basis.

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 6% to 20% of salary every month and remit those contributions to the related authority.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

The Consolidated Company's pension costs under the defined contribution pension plan were as follows, and have already been submitted to related authorities:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Operating cost	\$ 202,377	272,875	601,704	752,137
Selling expenses	9,954	16,342	31,178	42,411
Administration expenses	33,892	40,564	102,342	112,226
Total	<u>\$ 246,223</u>	<u>329,781</u>	<u>735,224</u>	<u>906,774</u>

(11) Income Tax

(a) Income tax expense

The details of income tax expense (benefit) for the three-month and nine-month periods ended September 30, 2014 and 2015 were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Current income tax expense				
Current tax expense recognized in the \$ current year	853,432	712,044	2,193,476	2,749,555
Income tax adjustments on prior years	-	-	(36,614)	28,961
Deferred tax expense (benefit)				
The origination and reversal of temporary differences	479,524	956,229	(1,386,893)	3,957,739
Total income tax expense	<u>\$ 1,332,956</u>	<u>1,668,273</u>	<u>769,969</u>	<u>6,736,255</u>

The income tax benefit of the Consolidated Company under other comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2015 is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Items that could be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	<u>\$ (84,945)</u>	<u>(370,182)</u>	<u>(76,324)</u>	<u>(259,791)</u>

(b) Income tax examination

The Company's income tax returns have been examined by the ROC tax authorities through 2013.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(c) Integrated income tax information

	September 30, 2014	December 31, 2014	September 30, 2015
Undistributed earnings in 1997 and prior years	\$ 3,123,574	3,123,574	3,123,574
Undistributed earnings in 1998 and thereafter	<u>29,612,059</u>	<u>32,185,105</u>	<u>37,804,865</u>
Total	<u>\$ 32,735,633</u>	<u>35,308,679</u>	<u>40,928,439</u>
Balance of the Imputation Credit Account	<u>\$ 260,914</u>	<u>341,150</u>	<u>519,990</u>
		<u>2013(actual)</u>	<u>2014(actual)</u>
Creditable ratio for distribution		<u>12.76 %</u>	<u>2.78 %</u>

The aforementioned integrated income tax has been calculated according to the formal Ruling No.10204562810 issued on October 17, 2013 by the Ministry of Finance.

(12) Equity

Except for those stated below, the share capital and other equity of the Consolidated Company has no significant changes for the nine-month periods ended September 30, 2014 and 2015. Please refer to note 6(13) of the consolidated financial report as of December 31, 2014 for related information.

(a) Capital surplus

The components of capital surplus as of September 30 and December 31, 2014 and September 30, 2015, were as follows:

	September 30, 2014	December 31, 2014	September 30, 2015
Paid-in capital from conversion of corporate bond to common stock in excess of par value	\$ 8,997,136	8,997,136	8,997,136
Gains on acquisition of Taiwan Plasticizer Corporation	74,474	74,474	74,474
Other	<u>13,661,139</u>	<u>13,855,386</u>	<u>14,317,403</u>
Total	<u>\$ 22,732,749</u>	<u>22,926,996</u>	<u>23,389,013</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES**Notes To Interim Consolidated Financial Statements****(b) Retained earnings****(i) Special reserve**

As the Consolidated 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 IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) of \$6,277,052, 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, these special reserves can be reverted to distributable earnings proportionately. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRSs, only \$6,243,060 is appropriated in compliance to the IFRSs as endorsed by the FSC. The balance of special reserve amounted to \$6,241,122, \$6,240,560, and \$6,219,031 as of September 30 and December 31, 2014 and September 30, 2015, respectively.

Pursuant to the Regulatory Permit mentioned above, the Consolidated 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.

(ii) Earnings distribution

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 Consolidated 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 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. Thereafter, 0.1% to 1% of the remaining earnings, if any, is appropriated as bonus to employees, and is recognized as the expenses in the year earnings are incurred.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Based on the resolutions approved by the board during their meetings on June 19, 2014 and June 23, 2015, the Company's stockholders approved the distribution of the Company's earnings in 2013 and 2014 as follows:

	<u>2013</u>	<u>2014</u>
Dividends per share:		
Cash dividends	\$ 1.9	2.3
Stock dividends	-	-
	<u>\$ 1.9</u>	<u>2.3</u>

The aforementioned earnings distributions did not differ from those proposed by the board of directors and those estimated and accrued amount in the financial statements in 2013 and 2014. Additional related information of subsequent distribution can be obtained from the Market Observation Post System website.

According to the Company Act which was amended in May 2015, employee bonuses are no longer categorized as distribution of earnings, and the Company will make all the necessary changes to its articles of association before the deadline specified by the authorities.

The distribution in cash of the directors' and supervisors' remuneration and employees' bonuses of the Company is given priority. Pursuant to the Company Act and the Company's articles of incorporation, directors' and supervisors' remuneration of the Company both amounted to \$0 for the three-month and nine-month periods ended September 30, 2014; employees' bonuses of the Company amounted to \$4,229 and \$12,688 for the three-month and nine-month periods ended September 30, 2014. If the actual amounts subsequently approved by the shareholders differ from the amount estimated, the differences are recorded in the year such bonuses are approved by the shareholders as a change in accounting estimate.

(c) Treasury stock

For the nine-month periods ended September 30, 2014 and 2015, the movements of treasury stock were as follows:

Unit: Shares of common stock				
Items	Number of shares on January 1, 2014	Increase	Decrease	Number of shares on September 30, 2014
Stock of the Company held by subsidiaries	<u>185,067</u>	<u>-</u>	<u>185,067</u>	<u>-</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Items	Number of shares on January 1, 2015	Increase	Decrease	Number of shares on September 30, 2015
Stock of the Company held by subsidiaries	-	-	-	-

As of September 30, 2015, the above treasury shares of stock were all sold.

Effective January 1, 2002, pursuant to ROC SFC regulations, the Company's common stock held by a subsidiary is recognized as treasury stock. Accordingly, the Consolidated Company appropriates from retained earnings a special reserve at the balance sheet date equal to the excess amount of book value over the market value of this treasury stock multiplied by the percentage of the Company's shareholding in said subsidiary. This special reserve is reversed to retained earnings upon the recovery of market price.

(d) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets	Cash flow hedge	Others	Non- controlling interest	Total
Balance, January 1, 2014	\$ 1,523,374	41,626,470	1,716	(16,883)	181,513	43,316,190
Exchange differences on translation of foreign financial statements	935,515	-	-	-	23,012	958,527
Share of exchange differences of associates/joint ventures under equity method	425,195	-	-	-	-	425,195
Unrealized gains (losses) on available-for-sale financial assets	-	6,941,944	-	-	920,659	7,862,603
Share of unrealized gains (losses) on available-for-sale financial assets of associates/joint ventures under equity method	-	1,447,066	-	-	-	1,447,066
Share of cashflow hedge of associates and joint ventures accounted for using equity method	-	-	(3,122)	-	-	(3,122)
Other equities	-	-	-	(274)	-	(274)
Balance, September 30, 2014	\$ 2,884,084	50,015,480	(1,406)	(17,157)	1,125,184	54,006,185

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets	Cash flow hedge	Others	Non- controlling interest	Total
Balance, January 1, 2015	\$ 9,229,198	53,214,795	(2,510)	(23,825)	1,086,011	63,503,669
Exchange differences on translation of foreign financial statements	1,594,122	-	-	-	21,008	1,615,130
Share of exchange differences of associates/joint ventures under equity method	1,003,740	-	-	-	-	1,003,740
Unrealized gains (losses) on available-for-sale financial assets	-	(14,901,070)	-	-	(735,013)	(15,636,083)
Share of unrealized gains (losses) on available-for-sale financial assets of associates/joint ventures under equity method	-	(4,568,705)	-	-	-	(4,568,705)
Share of cashflow hedge of associates and joint ventures accounted for using equity method	-	-	19,548	-	-	19,548
Other equities	-	-	-	(1,059)	-	(1,059)
Balance, September 30, 2015	\$ 11,827,060	33,745,020	17,038	(24,884)	372,006	45,936,240

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(13) Share-based payment transactions

Except for those stated below, the share based payment of Nan Ya PCB Corporation (a subsidiary of the Consolidated Company) has no significant changes for the three-month and nine-month periods ended September 30, 2014 and 2015. Please refer to note 6(14) of the consolidated financial report as of December 31, 2014 for more related information.

The details of these employee stock option plans for the nine-month periods ended September 30, 2014 and 2015 were as follows:

Employee stock option plans	For the nine-month periods ended September 30,			
	2014		2015	
	Weighted-average exercise price	Number of options (Units)	Weighted-average exercise price	Number of options (Units)
Outstanding at January 1	\$ 79.59	<u>8,362</u>	79.59	<u>8,362</u>
Outstanding at September 30	79.59	<u>8,362</u>	78.74	<u>8,362</u>
Options exercisable, end of September 30	79.59	<u>8,362</u>	78.74	<u>8,362</u>

There were no expenses arising from share based payments for the three-month and nine-month periods ended September 30, 2015.

There were expenses arising from share based payments amounting to \$0 and \$6,401 for the three-month and nine-month periods ended September 30, 2014, respectively.

(14) Earnings Per Share

The basic earnings per share of the Consolidated Company are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Net income attributable to the Company	\$ <u>9,352,679</u>	<u>10,035,085</u>	<u>28,698,111</u>	<u>30,543,664</u>
Number of weighted average outstanding shares	<u>7,930,637</u>	<u>7,930,822</u>	<u>7,930,650</u>	<u>7,930,822</u>
	\$ <u>1.18</u>	<u>1.27</u>	<u>3.62</u>	<u>3.85</u>

(15) Employee compensation

For the three-month and nine-month periods ended September 30, 2015 the estimated employee compensation were \$9,611 and \$28,832, respectively, based on the distribution plan according to the Company's articles of incorporation, and the amount is reported under the operating cost and expense for the above periods. The difference between the amounts approved in the shareholders' meeting and those recognized in the consolidated financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(16) Results from Non-operating Activities

(a) Other income

The components of other income were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Interest income	\$ 355,939	166,131	1,106,697	577,806
Dividend income	1,326,030	1,078,808	1,348,770	1,103,039
Other income	447,351	1,375,323	1,225,443	2,130,422
	<u>\$ 2,129,320</u>	<u>2,620,262</u>	<u>3,680,910</u>	<u>3,811,267</u>

(b) Other gains and losses

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,	
	2014	2015	2014	2015
Foreign exchange gain	\$ 455,862	2,130,044	433,584	1,760,877
Gain on disposal of investments				
Disposal of investments accounted for using equity method	-	-	2,538,951	-
Disposal of available-for-sale financial assets	435,155	5,687	1,174,102	330,925
Gain on disposal of subsidiaries	-	427,021	-	342,802
Gain (Loss) on disposal of property, plant and equipment	(13,809)	(9,269)	(28,156)	3,156
Reversal of impairment of property, plant and equipment	-	548	-	36,215
Others	(51,288)	(68,679)	(194,705)	(190,767)
	<u>\$ 825,920</u>	<u>2,485,352</u>	<u>3,923,776</u>	<u>2,283,208</u>

(c) Finance costs

The components of finance costs were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Interest expense	\$ 621,420	495,187	1,837,625	1,512,690
Capitalized interest	(57,589)	(43,684)	(178,387)	(115,784)
	<u>\$ 563,831</u>	<u>451,503</u>	<u>1,659,238</u>	<u>1,396,906</u>

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(17) Financial Instruments

Except for those stated below, the credit risks, liquidity risks, market risks, and the fair value of the financial instruments of the Consolidated Company have no significant changes, please refer to Note 6(18) of the consolidated financial report as of December 31, 2014, for more related information.

(a) Exchange rate risk

(i) Exposure to exchange rate risk

The Consolidated Company's foreign currency denominated financial assets and liabilities exposed to exchange rate risk were as follows:

September 30, 2014				
	Foreign Currency	Exchange Rate	TWD	
Financial assets				
Monetary items				
USD	\$	1,721,151	30.4360	52,384,952
JPY		95,605	0.2784	26,616
EUR		186	38.6650	7,192
HKD		227,659	3.9021	888,348
CNY		7,627,852	4.9471	37,735,747
Non-monetary items				
USD		586,038	30.4360	17,836,653
HKD		874,412	3.9021	3,412,043
CNY		40,316	4.9471	199,447
IDR		31,277,334	0.0065	203,303
VND		5,605,556,583	0.0014	7,847,779
Financial liabilities				
Monetary items				
USD		1,575,752	30.4360	47,959,588
JPY		564,540	0.2784	157,168
EUR		1,074	38.6650	41,526
HKD		6,042,168	3.9021	23,577,144
CNY		639,353	4.9471	3,162,943

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

December 31, 2014			
	Foreign Currency	Exchange Rate	TWD
Financial assets			
Monetary items			
USD	\$ 1,987,956	31.7180	63,053,988
JPY	16,389	0.2650	4,343
EUR	447	38.5310	17,223
HKD	40,600	4.0664	165,096
CNY	7,019,815	5.1834	36,386,509
Non-monetary items			
USD	582,384	31.7180	18,472,056
HKD	863,985	4.0664	3,513,309
CNY	41,670	5.1834	215,992
IDR	30,772,815	0.0061	187,714
VND	5,678,632,500	0.0015	8,517,949
Financial liabilities			
Monetary items			
USD	1,396,212	31.7180	44,285,052
JPY	1,203,707	0.2650	318,982
EUR	1,922	38.5310	74,057
HKD	19,911	4.0664	80,966
CNY	594,008	5.1834	3,078,981
September 30, 2015			
	Foreign Currency	Exchange Rate	TWD
Financial assets			
Monetary items			
USD	\$ 2,383,610	33.1280	78,964,232
JPY	318,361	0.2762	87,931
EUR	1,015	37.1310	37,688
HKD	49,417	4.2472	209,884
CNY	7,579,421	5.2079	39,472,867
Non-monetary items			
USD	514,903	33.1280	17,057,707
HKD	883,293	4.2472	3,751,522
CNY	42,436	5.2079	221,002
IDR	46,288,745	0.0059	273,104
VND	5,935,556,754	0.0015	8,903,335
Financial liabilities			
Monetary items			
USD	1,322,341	33.1280	43,806,513
JPY	1,334,511	0.2762	368,592
EUR	10,327	37.1310	383,452
HKD	342,665	4.2472	1,455,367
CNY	322,612	5.2079	1,680,131

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(ii) Sensitivity analysis

The Consolidated Company's exposure to exchange rate risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans and borrowings, accounts payable and other payables which are denominated in different foreign currencies. The overall effects to net income before tax for the six-month periods ended September 30, 2014 and 2015 assuming the TWD depreciated or appreciated by 1% against the USD, JPY, EUR, HKD and CNY as of September 30, 2014 and 2015 were as follows:

	For the nine-month periods ended September 30,	
	2014	2015
Appreciation in value of 1%	\$ (161,767)	(710,913)
Depreciation in value of 1%	161,767	710,913
	\$ -	-

This analysis is performed on the same basis assuming that all other variables remain constant and ignoring any impact of forecasted sales and purchases.

The Consolidated Company has various functional currencies, thus the exchange profit or loss is shown in an aggregate amount. The foreign exchange gain (loss) (including realized and unrealized amount) for the nine-month periods ended September 30, 2014 and 2015 were \$433,584 and \$1,760,877, respectively.

(b) Fair value

(i) Categories and fair value of financial instruments

	<u>Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2014					
Available-for-sale financial assets					
Stock of listed companies	\$ 56,878,371	56,878,371	-	-	56,878,371
Domestic and foreign funds	877,162	877,162	-	-	877,162
Investment in bonds and others	1,235,962	-	-	1,235,962	1,235,962
Total	\$ <u>58,991,495</u>	<u>57,755,533</u>	<u>-</u>	<u>1,235,962</u>	<u>58,991,495</u>
Loans and receivables					
Cash and cash equivalents	\$ 31,706,517	-	-	-	-
Notes and accounts receivable (related parties receivables included)	52,393,533	-	-	-	-
Total	\$ <u>84,100,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost:					
Short term borrowings	\$ 16,369,640	-	-	-	-
Notes and accounts payable (related parties payables included)	17,948,232	-	-	-	-
Bonds payable	88,904,261	-	-	-	-
Long term debts	45,104,627	-	-	-	-
Total	\$ <u>168,326,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

	Carrying Amount	Level 1	Level 2	Level 3	Total
December 31, 2014					
Available-for-sale financial assets					
Stock of listed companies	\$ 57,319,438	57,319,438	-	-	57,319,438
Domestic and foreign funds	4,727,056	4,727,056	-	-	4,727,056
Investment in bonds and others	1,288,022	-	-	1,288,022	1,288,022
Total	<u>\$ 63,334,516</u>	<u>62,046,494</u>	<u>-</u>	<u>1,288,022</u>	<u>63,334,516</u>
Loans and receivables					
Cash and cash equivalents	\$ 36,632,716	-	-	-	-
Notes and accounts receivable (related parties receivables included)	54,399,105	-	-	-	-
Total	<u>\$ 91,031,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost:					
Short term borrowings	\$ 9,201,472	-	-	-	-
Notes and accounts payable (related parties payables included)	16,783,487	-	-	-	-
Bonds payable	89,252,921	-	-	-	-
Long term debts	34,911,374	-	-	-	-
Total	<u>\$ 150,149,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Carrying Amount	Level 1	Level 2	Level 3	Total
September 30, 2015					
Available-for-sale financial assets					
Stock of listed companies	\$ 41,304,217	41,304,217	-	-	41,304,217
Domestic and foreign funds	1,890,481	1,890,481	-	-	1,890,481
Investment in bonds and others	1,345,280	-	-	1,345,280	1,345,280
Total	<u>\$ 44,539,978</u>	<u>43,194,698</u>	<u>-</u>	<u>1,345,280</u>	<u>44,539,978</u>
Loans and receivables					
Cash and cash equivalents	\$ 60,500,025	-	-	-	-
Notes and accounts receivable (related parties receivables included)	50,314,830	-	-	-	-
Total	<u>\$ 110,814,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost:					
Short term borrowings	\$ 13,575,999	-	-	-	-
Notes and accounts payable (related parties payables included)	15,307,431	-	-	-	-
Bonds payable	82,112,237	-	-	-	-
Long term debts	30,063,822	-	-	-	-
Total	<u>\$ 141,059,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(ii) Fair value measurement of financial instruments recognized at fair value

i) Non-derivative financial instrument:

If financial instruments have quoted prices (unadjusted) in active markets, then they are measured at fair value according to the quoted prices. The quoted prices released by the main trade center are the fair value basis for listed and OTC equity instruments.

If trading prices for financial instruments are readily available from trade centers, security brokers, underwriters, trade unions, pricing service institutes or related authorities, and are a fair representation of frequent and actual fair market trades, the financial instrument qualifies for possessing a quoted price in the active markets. If the aforementioned requirements are not met, then the market for the said financial instrument shall be seen as inactive. In general, a large or significantly increasing gap exists between the purchase and the selling prices of a financial instrument, or low trade volume, are indicators for an inactive market.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

If the financial instrument of the Consolidated Company possesses an active market, its fair value should be recognized according to different categories and characteristics as follows:

For listed and OTC stocks that command a standard term and are publicly traded in an active market, their fair value are recognized based on the market's quoted prices.

Except for financial instruments with active markets as mentioned above, other financial instruments are measured with fair values provided by the valuation technology referencing the fair value of other financial instruments with substantially similar terms and characteristics, or using the discounted cashflow method and other methods.

If the financial instrument of the Consolidated Company does not possess an active market, its fair value should be recognized according to different categories and characteristics as follows:

Bond investments with no quoted prices use discounted cashflow method to calculate their fair value, and the major assumption is to measure the investee by discounting the bonds' future cashflow, while reflecting the currency time value and expected rate of return, to fair value.

	Available-for-sale financial assets—investment in bonds and others
January 1, 2014	\$ 1,223,200
Recognized in other comprehensive income	(7,005)
Cumulative effect of currency translation	19,767
September 30, 2014	<u><u>\$ 1,235,962</u></u>
January 1, 2015	\$ 1,288,022
Recognized in other comprehensive income	-
Cumulative effect of currency translation	57,258
September 30, 2015	<u><u>\$ 1,345,280</u></u>

(18) Financial Risk Management

The Consolidated Company's financial risk management has no significant changes, please refer to note 6(19) of the consolidated financial report as of December 31, 2014.

(19) Capital Management

The Consolidated Company's capital management targets, policies and procedures are in accordance with those stated in the consolidated financial report as of December 31, 2014. The aggregated data used for capital management has no significant changes from that disclosed in the consolidated financial report as of December 31, 2014. Please refer to note 6(20) of the consolidated financial report as of December 31, 2014 for more related information.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

7. Related-party Transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company and its subsidiaries.

(2) Significant related-party transactions

(a) Sales to related parties

Significant sales to related parties and the balance of accounts receivable were as follows:

	For the three-month periods ended		For the nine-month periods ended		Receivables from Related Parties		
	September 30,		September 30,		September 30,	December 31,	September 30,
	2014	2015	2014	2015	2014	2014	2015
Associates and joint ventures	\$ 4,772,283	4,548,632	8,895,283	16,602,589	5,037,959	10,271,419	6,283,809
Other Related Parties	3,226,083	3,374,336	13,314,548	10,712,527	1,055,490	1,250,181	1,127,217
	<u>\$ 7,998,366</u>	<u>7,922,968</u>	<u>22,209,831</u>	<u>27,315,116</u>	<u>6,093,449</u>	<u>11,521,600</u>	<u>7,411,026</u>

The selling prices and collection terms of sales to related parties are not significantly different from those of third-party customers. The accounts receivable arising from sales of machinery and equipment, and machine parts are collected after the delivery inspection, and the accounts receivable arising from sales of other products are collected on the 30th day of the following month.

The Consolidated Company sells mainly machinery and provides engineering services to related parties in China and Vietnam. Payment is made after the test run of machinery sold. Also, it sells other products to these related parties. Selling prices and collection terms of other products sold to these associates are not materially different from those to non-related general buyers. Payments are collected 30 to 180 days after shipping of these other products.

(b) Purchase from related parties

Significant purchases from related parties and the balance of accounts payable were as follows:

	For the three-month periods ended		For the nine-month periods ended		Payables to Related Parties		
	September 30,		September 30,		September 30,	December 31,	September 30,
	2014	2015	2014	2015	2014	2014	2015
Associates and joint ventures	\$ 14,716,556	10,133,689	47,504,340	37,444,141	4,174,511	4,660,793	3,241,941
Other Related Parties	17,751,378	11,155,921	48,846,044	36,327,742	5,876,012	4,147,857	3,990,699
	<u>\$ 32,467,934</u>	<u>21,289,610</u>	<u>96,350,384</u>	<u>73,771,883</u>	<u>10,050,523</u>	<u>8,808,650</u>	<u>7,232,640</u>

Purchase prices and payment terms of purchases from related parties are not materially different from those of non-related general suppliers. Payment shall be paid within 30 to 180 days of the month following the month of purchase with checks which are due and payable immediately.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(c) Unrealized sales profit

Significant unrealized (realized) profits from sales to related parties for the three-month and six-month periods ended September 30, 2014 and 2015 were as follows:

Investee	For the three-month periods ended September 30, 2014		
	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint ventures	\$ <u>75,100</u>	<u>(5,779)</u>	<u>69,321</u>
Investee	For the three-month periods ended September 30, 2015		
	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint ventures	\$ <u>79,964</u>	<u>(15,391)</u>	<u>64,573</u>
Investee	For the nine-month periods ended September 30, 2014		
	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint ventures	\$ <u>63,100</u>	<u>6,221</u>	<u>69,321</u>
Investee	For the nine-month periods ended September 30, 2015		
	Unrealized sales profit at beginning of period	(Realized) Unrealized Sales Profits	Unrealized sales profit at end of period
Associates and joint ventures	\$ <u>76,592</u>	<u>(12,019)</u>	<u>64,573</u>

(d) Construction

The Consolidated Company contracted with associates to construct and expand the Consolidated Company's factory. The construction costs for the three-month and nine-month periods ended September 30, 2014 and 2015, and the unpaid amount due to the related parties as of September 30 and December 31, 2014 and September 30, 2015, were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,		Payables to Related Parties		
	2014	2015	2014	2015	September 30, 2014	December 31, 2014	September 30, 2015
Associates and joint ventures	\$ <u>416,107</u>	<u>13,252</u>	<u>630,049</u>	<u>112,946</u>	<u>231,375</u>	<u>1,367</u>	<u>777</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(e) Utility expenses

Part of the utilities of the Consolidated Company's Lin-Yuan plant and all of the utilities of the Consolidated Company's Ren-Wu plant, including power, water and steam, are supplied by or paid on behalf of the Consolidated Company by the utility plants of Formosa Plastics Corporation. The utilities of the Consolidated Company's Mai Liao plant, including power, water and steam, are supplied by Formosa Petrochemical Corporation. The expenses for utilities for the three-month and nine-month periods ended September 30, 2014 and 2015 were as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Associates and joint ventures	\$ 1,744,804	1,592,120	5,251,854	5,036,260
Other related parties	34,569	29,336	88,066	81,951
	<u>\$ 1,779,373</u>	<u>1,621,456</u>	<u>5,339,920</u>	<u>5,118,211</u>

(f) Sales of property, plant and equipment

(i) For the three-month and nine-month periods ended September 30, 2014 and 2015, the realized (unrealized) inter-company profits due to disposal of fixed assets were as follows:

Investee	For the three-month periods ended September 30, 2014		
	Unrealized profit on disposal of fixed assets at beginning	Unrealized (realized) profit on disposal of fixed assets	Unrealized profit on disposal of fixed assets at ending
Associates and joint ventures	\$ -	-	-

Investee	For the nine-month periods ended September 30, 2014		
	Unrealized profit on disposal of fixed assets at beginning	Unrealized (realized) profit on disposal of fixed assets	Unrealized profit on disposal of fixed assets at ending
Associates and joint ventures	\$ 4,293	(4,293)	-

The Consolidated Company has no transactions related to sales of property, plant and equipment for the three-month and nine-month periods ended September 30, 2015.

(ii) Acquisition of financial assets

Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the three-month periods ended
			September 30, 2014
Associates Investments accounted for using equity method	58	Shares of stock of Nanya Technology Corporation	\$ 582
"	1,500	Shares of stock of Formosa Development Corporation	15,000
"	508,237	Shares of stock of Formosa Ha Tinh (Cayman) Limited	15,286,553
			<u>\$ 15,302,135</u>

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine-month periods ended September 30, 2014
Associates	Investments accounted for using equity method	116,250	Shares of Formosa Resources Corporation	\$ 1,162,500
	"	13	Shares of Formosa Group (Cayman) Limited	377
	"	58	Shares of stock of Nanya Technology Corporation	582
	"	1,500	Shares of stock of Formosa Development Corporation	15,000
	"	508,237	Shares of stock of Formosa Ha Tinh (Cayman) Limited	15,286,553
Other Related Parties	Available-for-sale financial assets--current	70	Shares of stock of Formosa Chemicals & Fibre Corporation	704
				<u>\$ 16,465,716</u>

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine-month periods ended September 30, 2015
Associates	Investments accounted for using equity method	508,237	Shares of Formosa Group (Cayman) Limited	<u>\$ 15,077,116</u>

The Consolidated Company has no related transactions for the three-month periods ended September 30, 2015.

(iii) Disposal of financial assets

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the three-month periods ended September 30, 2014
				Proceeds Gains (Losses)
Associates	Investments accounted for using equity method	-	Shares of stock of Formosa Ha Tinh Steel Corporation	<u>\$ 15,286,553</u> <u>-</u>

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine-month periods ended September 30, 2014
				Proceeds Gains (Losses)
Associates	Investments accounted for using equity method	47,700	Shares of stock of Formosa Petrochemical Corporation	\$ 3,650,366 2,538,951
	"	-	Shares of stock of Formosa Ha Tinh Steel Corporation	15,286,553 -
				<u>18,936,919</u> <u>2,538,951</u>

	Financial Statement Account	Transaction Shares (in thousands)	Transaction Items	For the nine-month periods ended September 30, 2015
				Proceeds Gains (Losses)
Associates	Investments accounted for using equity method	508,237	Shares of stock of Formosa Ha Tinh (Cayman) Limited	<u>\$ 15,077,116</u> <u>-</u>

The Consolidated Company has no related transactions for the three-month periods ended September 30, 2015.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(g) Financing to related parties

Lendings to related parties were as follows:

	Other Receivables from Related Parties		
	September 30, 2014	December 31, 2014	September 30, 2015
Associates and joint ventures	\$ 23,750,308	16,842,084	13,766,531
Other related parties	20,216,413	7,168,294	7,133,434
	\$ 43,966,721	24,010,378	20,899,965

(h) Financing from related parties

Lendings from related parties were as follows:

	Other Payables to Related Parties		
	September 30, 2014	December 31, 2014	September 30, 2015
Associates and joint ventures	\$ 27,100	29,600	-
Other related parties	-	3,000	-
	\$ 27,100	32,600	-

(i) Endorsements and guarantees

As of September 30 and December 31, 2014 and September 30, 2015, the amounts of the Consolidated Company's endorsements and guarantees for securing related parties' loans were as follows:

	September 30, 2014	December 31, 2014	September 30, 2015
Associates and joint ventures	\$ 20,103,835	36,526,435	49,124,136

(3) Key management personnel compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2014	2015	2014	2015
Short-term employee benefits	\$ 23,934	24,757	74,114	69,884
Share-based payment	-	-	162	-
	\$ 23,934	24,757	74,276	69,884

Please refer to note 6(13) for related information concerning share-based payment.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

8. Pledged Properties

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
Available-for-sale financial asset — current — stock of Formosa Plastics Corporation	Others	\$ 918,266	920,813	883,878
Investment accounted for using equity method — stock of Formosa Petrochemical Corporation	Short-term borrowings and long-term debts	10,344,040	9,968,700	10,343,713
Land (include idle land)	Short-term borrowings and long-term debts	7,558,051	7,558,051	7,558,051
Machinery and equipment	Short-term borrowings and long-term debts	<u>25,207,819</u>	<u>25,049,174</u>	<u>22,853,374</u>
		<u>\$ 44,028,176</u>	<u>43,496,738</u>	<u>41,639,016</u>

9. Commitments and Contingencies

	<u>September 30, 2014</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>
(1) Outstanding letters of credit	\$ 6,970,739	3,882,082	474,442
(2) Endorsements and guarantees	20,103,835	36,526,435	49,124,136
(3) Bonding guarantees by banks	54,500	54,500	64,500
(4) Letters of credit guarantees by banks	65,100	65,100	20,000
(5) PFG Fiber Glass (HK) Co., Ltd., an investee company under the equity method, invested in PFG Fiber Glass (Kunshan). The Company provided comfort letters to a group of banks, which provided a syndicated loan to PFG Fiber Glass (Kunshan), including Sumitomo Mitsui Financial Group, UFJ, BNP Paribas, Citibank, and Wing Hang Bank. Under these comfort letters, the Company has committed not to reduce the ratio of its shareholding in these investee companies below 50%. In addition, the Company has to monitor the operations of these investees to ensure that they maintain a sound financial condition and pay debts on schedule.			

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

10. Significant Disaster Loss : None °

11. Subsequent Events : None °

12. Others

The nature of Consolidated Company's personnel, depreciation, and amortization expenses, categorized by function, were as follows:

	For the three-month periods ended September 30, 2014				For the three-month periods ended September 30, 2015			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefit								
Salaries	5,035,412	1,444,622	-	6,480,034	4,423,031	1,379,928	-	5,802,959
Labor and health insurance	482,539	89,912	-	572,451	516,482	91,639	-	608,121
Pension expenses	369,304	107,196	-	476,500	451,819	112,945	-	564,764
Other personnel expenses	222,737	33,619	-	256,356	279,669	54,984	-	334,653
Depreciation expenses	3,580,570	233,152	6,181	3,819,903	3,462,490	532,430	5,722	4,000,642
Amortization expenses	677,873	28,113	-	705,986	489,404	12,040	-	501,444

	For the nine-month periods ended September 30, 2014				For the nine-month periods ended September 30, 2015			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefit								
Salaries	14,568,004	4,319,652	-	18,887,656	14,099,808	4,203,817	-	18,303,625
Labor and health insurance	1,339,400	253,911	-	1,593,311	1,427,338	256,883	-	1,684,221
Pension expenses	1,103,176	322,690	-	1,425,866	1,284,156	321,144	-	1,605,300
Other personnel expenses	706,969	112,037	-	819,006	767,751	134,111	-	901,862
Depreciation expenses	10,700,999	700,401	19,218	11,420,618	10,972,173	1,016,457	17,633	12,006,263
Amortization expenses	1,564,572	101,171	-	1,665,743	1,280,319	65,145	-	1,345,464

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

13. Other Disclosures

(1) Information on material transaction items :

The significant transactions required by the “Guidelines” for the Consolidated Company were as follows:

(a) Fund financing to other parties :

No.	Name of Lenders	Name of Borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers (Note 1)	Transaction amount for business between two parties (Note 2)	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 4)
													Name	Value		
0	The Company	Nanya Technology Corporation	Other receivables from related parties	Yes	18,400,000	16,800,000	9,500,000	1.602386% ~1.628155%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Inotera Memories, Inc	Other receivables from related parties	Yes	21,000,000	21,000,000	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Nan Chung Petrochemical Corporation (Note 6)	Other receivables from related parties	Yes	1,000,000	1,000,000	-	1.602386% ~1.627683%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Plastics Marine Corporation	Other receivables from related parties	Yes	2,811,360	2,794,160	2,269,160	1.602386% ~1.625193%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Wellink Technology Corporation (Note 6)	Other receivables from related parties	Yes	100,000	100,000	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd (Note 6)	Other receivables from related parties	Yes	500,000	500,000	53,509	0.75438% ~1.620244%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Mai Liao Power Corporation	Other receivables from related parties	Yes	750,000	-	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Plastics Group Investment Corp (Note 6)	Other receivables from related parties	Yes	70,000	70,000	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Heavy Industries Corporation	Other receivables from related parties	Yes	8,000,000	6,000,000	-	1.620244% ~1.625193%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Petrochemical Corporation	Other receivables from related parties	Yes	8,000,000	6,000,000	-	1.620244% ~1.627683%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Plastics Corporation	Other receivables from related parties	Yes	8,000,000	6,000,000	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025
0	The Company	Formosa Chemicals and Fibre Corporation	Other receivables from related parties	Yes	8,000,000	6,000,000	-	-	2	-	Operating capital	-	-	-	78,573,012	157,146,025

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

No.	Name of Lenders	Name of Borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers (Note 1)	Transaction amount for business between two parties (Note 2)	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 4)
													Name	Value		
0	The Company	Formosa Ha Tinh (Cayman) Ltd	Other receivables from related parties	Yes	7,017,000	-	-	1.627846% ~1.628155%	2	-	Operating capital	-	-	-	78,573,012	157,146,025
1	Nan Ya Plastics (Hong Kong) Co., Ltd	Nan Ya Polyester Fiber (Kunshan) Corporation (Note 6)	Other receivables from related parties	Yes	7,163,091	7,163,091	7,163,091	0.90% ~1.58%	2	-	Operating capital	-	-	-	37,294,990	74,589,980
1	Nan Ya Plastics (Hong Kong) Co., Ltd	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	16,061,925	15,386,111	15,386,111	1.04% ~1.66%	2	-	Operating capital	-	-	-	37,294,990	74,589,980
1	Nan Ya Plastics (Hong Kong) Co., Ltd	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	496,922	496,922	496,922	0.90%~0.98%	2	-	Operating capital	-	-	-	37,294,990	74,589,980
1	Nan Ya Plastics (Hong Kong) Co., Ltd	Na Ya Electronic Materials (Huizhou) Co., Ltd (Note 6)	Other receivables from related parties	Yes	662,563	662,563	662,563	1.35%~1.36%	2	-	Operating capital	-	-	-	37,294,990	74,589,980
1	Nan Ya Plastics (Hong Kong) Co., Ltd	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	2,053,946	2,053,946	2,053,946	1.38%~1.58%	2	-	Operating capital	-	-	-	37,294,990	74,589,980
2	Superior World Wide Trading Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	172,266	172,266	172,266	0.74% ~1.26%	2	-	Operating capital	-	-	-	280,537	561,074
3	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	234,356	78,119	78,119	3.22% ~3.92%	2	-	Operating capital	-	-	-	557,690	1,115,380
3	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation (Note 6)	Other receivables from related parties	Yes	104,158	-	-	3.92% ~3.92%	2	-	Operating capital	-	-	-	557,690	1,115,380
3	Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	385,386	140,614	140,614	3.22% ~3.92%	2	-	Operating capital	-	-	-	557,690	1,115,380
5	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	260,396	182,277	182,277	3.22% ~3.92%	2	-	Operating capital	-	-	-	1,717,941	3,435,881
5	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	52,079	52,079	52,079	3.22% ~3.92%	2	-	Operating capital	-	-	-	1,717,941	3,435,881
5	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	208,317	208,317	208,317	3.22% ~3.22%	2	-	Operating capital	-	-	-	1,717,941	3,435,881

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

No.	Name of Lenders	Name of Borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers (Note 1)	Transaction amount for business between two parties (Note 2)	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 4)
													Name	Value		
5	Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	622,565	299,674	299,674	1.2346% ~3.92%	2	-	Operating capital	-	-	-	1,717,941	3,435,881
5	Nan Ya Trading (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	26,040	26,040	26,040	3.395% ~3.395%	2	-	Operating capital	-	-	-	27,448	54,897
6	Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd	Other receivables from related parties	Yes	296,851	281,227	281,227	3.22% ~3.92%	2	-	Operating capital	-	-	-	740,209	740,209
6	Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd (Note 6)	Other receivables from related parties	Yes	104,158	104,158	104,158	3.22% ~3.22%	2	-	Operating capital	-	-	-	740,209	740,209
6	Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	130,198	-	-	3.57% ~3.92%	2	-	Operating capital	-	-	-	740,209	740,209
6	Nan Ya Plastics (Hsiamen) Co., Ltd.	Xiamen Haicang Investment Group Co., Ltd.	Other receivables from related parties	Yes	93,742	93,742	93,742	3.57% ~3.92%	2	-	Operating capital	-	-	-	740,209	740,209
6	Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	140,614	26,040	26,040	3.22% ~3.92%	2	-	Operating capital	-	-	-	740,209	740,209
7	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	197,901	-	-	3.745% ~3.92%	2	-	Operating capital	-	-	-	3,479,037	6,958,073
7	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Electric (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	208,317	-	-	3.92% ~3.92%	2	-	Operating capital	-	-	-	3,479,037	6,958,073
7	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Anshan) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	432,257	-	-	3.745% ~3.92%	2	-	Operating capital	-	-	-	2,783,227	6,958,073
7	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	104,158	-	-	3.745% ~3.92%	2	-	Operating capital	-	-	-	3,479,037	6,958,073
7	Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Phenol (Ningbo) Limited Company	Other receivables from related parties	Yes	1,041,583	1,041,583	1,041,583	3.22% ~3.22%	2	-	Operating capital	-	-	-	2,783,229	6,958,073
7	Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics Film (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	963,465	468,712	468,712	3.22% ~3.92%	2	-	Operating capital	-	-	-	3,479,037	6,958,073

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Notes To Interim Consolidated Financial Statements

No.	Name of Lenders	Name of Borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers (Note 1)	Transaction amount for business between two parties (Note 2)	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 4)
													Name	Value		
8	Nantong Huafu Plastics Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	28,644	-	-	3.92% ~3.92%	2	-	Operating capital	-	-	-	53,160	106,320
8	Nantong Huafu Plastics Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	41,663	-	-	3.92% ~3.92%	2	-	Operating capital	-	-	-	53,160	106,320
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	452,212	452,212	452,212	1.22635% ~1.3109%	2	-	Operating capital	-	-	-	24,247,651	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	1,840,985	1,620,345	1,620,345	1.22635% ~1.33425%	2	-	Operating capital	-	-	-	24,247,651	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Ps (Ningbo) Limited Company	Other receivables from related parties	Yes	520,792	520,792	520,792	3.395% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Phenol (Ningbo) Limited Company	Other receivables from related parties	Yes	645,782	645,782	645,782	3.22% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Abs Plastics (Ningbo) Limited Company	Other receivables from related parties	Yes	1,562,375	1,562,375	1,562,375	3.22% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Other receivables from related parties	Yes	265,604	-	-	3.745% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co. Ltd.	Other receivables from related parties	Yes	2,788,019	2,527,623	2,527,623	1.2291% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	1,759,786	1,570,320	1,570,320	1.22695% ~3.92%	2	-	Operating capital	-	-	-	24,247,651	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation (Note 6)	Other receivables from related parties	Yes	827,897	148,750	148,750	1.2332% ~1.27305%	2	-	Operating capital	-	-	-	24,247,651	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	243,863	-	-	1.2331% ~1.27375%	2	-	Operating capital	-	-	-	24,247,651	48,495,302
9	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Fujian Fuxin Special Steel Co., Ltd.	Other receivables from related parties	Yes	3,385,146	-	-	3.92% ~3.92%	2	-	Operating capital	-	-	-	19,398,121	48,495,302

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

No.	Name of Lenders	Name of Borrowers	Account name	Related party	Highest balance of financing to other parties during the period	Ending Balance	Actual usage during the period	Range of interest rates during the period	Purposes of fund financing for the borrowers (Note 1)	Transaction amount for business between two parties (Note 2)	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limitation on fund financing (Note 4)
													Name	Value		
10	Nan Ya Electric (Nantong) Corporation	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 6)	Other receivables from related parties	Yes	260,396	260,396	260,396	3.22% ~3.22%	2	-	Operating capital	-	-	-	636,454	1,272,909
10	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation (Note 6)	Other receivables from related parties	Yes	50,000	50,000	-	-	2	-	Operating capital	-	-	-	9,122,830	18,245,659
10	Nan Ya PCB Corporation	Formosa Heavy Industries Corp.	Other receivables from related parties	Yes	1,000,000	-	-	-	2	-	Operating capital	-	-	-	9,122,830	18,245,659
10	Nan Ya PCB Corporation	Hwa Ya Power Corporation	Other receivables from related parties	Yes	4,000,000	1,000,000	1,000,000	1.602% ~1.628%	2	-	Operating capital	-	-	-	9,122,830	18,245,659
11	Nan Ya PCB (Kunshan) Corporation	PFG Fiber Glass (Kunshan) Co. Ltd.	Other receivables from related parties	Yes	1,557,069	1,557,069	1,457,681	1.233% ~3.92%	2	-	Operating capital	-	-	-	5,095,664	5,095,664
12	Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation (Note 6)	Other receivables from related parties	Yes	854,707	284,902	284,902	1.646% ~1.734%	2	-	Operating capital	-	-	-	3,124,771	5,207,951
13	Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A (Note 6)	Other receivables from related parties	Yes	1,987,680	1,987,680	43,549	0.888% ~1.022%	2	-	Operating capital	-	-	-	16,755,610	33,511,219
14	Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation (Note 6)	Other receivables from related parties	Yes	23,000	23,000	5,900	1.602386% ~1.627846%	2	-	Operating capital	-	-	-	23,255	93,020

Note 1 : (a) Those with business contact please fill in 1; (b) Those necessary for short-term financing please fill in 2.

Note 2 : Amount from business contact stands for the sum of purchases and sales.

Note 3 : The cap amount of loans to associates and interested parties should not exceed 25% of the equity of the lenders. Other parties should not exceed 20% of the lender's net worth.

Note 4 : Capital loaned to other parties should not exceed 50% of the lender's net worth, of which the sum loaned to non-interested parties for capital requirements should not exceed 40% of the net worth of borrower.

Note 5 : Nan Ya Plastics Corporation America and Nan Ya Plastics Corporation U.S.A s' reporting currency are denominated in USD, and the exchange rate of NTD to USD as of September 30, 2015 (in average) is 33.128(31.595) : 1.

Nan Ya Plastics (Hong Kong) Co., Ltd and Superior World Wide Trading Co., Ltd. s' reporting currency are denominated in HKD, and the exchange rate of NTD to HKD as of September 30, 2015 (in average) is 4.2472(4.0506) : 1.

Note 6 : This transaction has already been written-off during the consolidation process.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

(b) Guarantees and endorsements for other parties :

No.	Endorsement guarantee provider	Counterparty of guarantee and endorsement		Limitation amount of guarantees and	Highest balance for guarantee and	Balance of guarantees and	Amount secured by guaranteed	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amounts for guarantees and endorsements	Parent Company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of Parent Company	Endorsements/ guarantees to the third parties on behalf of the Companies in Mainland China
		Name	Relationship with The Company (Note)	endorsements for a specific enterprise	endorsements during the period	endorsements as of september 30, 2015	and endorsed property						
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd.	2	204,289,832	34,777,774	34,101,963	34,101,963	-	10.85 %	408,579,664	Y	N	N
0	The Company	Formosa Industries Corporation	1	10,487,795	5,999,762	5,767,866	5,767,866	-	1.84 %	408,579,664	N	N	N
0	The Company	Formosa Group (Cayman) Limited	6	204,289,832	50,727,250	40,706,030	39,049,630	-	12.95 %	408,579,664	N	N	N
1	Nan Ya Plastics Corporation America	Formosa Utility Venture	1	21,782,293	3,028,846	2,650,240	2,650,240	-	8.68 %	43,564,585	N	N	N
2	Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	2	23,719,357	854,702	284,901	284,901	-	0.78 %	47,438,713	Y	N	N

Note: The six conditions in which the Company may have guarantees or endorsements for the receiving parties are as follows:

- (a) The Company has business with the receiving parties.
- (b) The Company holds directly more than 50% of the common stock of the subsidiaries.
- (c) In aggregate, the Company and its subsidiaries hold more than 50% of the investee.
- (d) In aggregate, the Company holds directly or indirectly through its subsidiaries more than 50% of the investee.
- (e) The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
- (f) The stockholders of the Company provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

(c) The securities held at balance sheet date (excluding subsidiaries, associates and joint ventures) :

Security holder	Category and name of security	Relationship between issuer of security and the company which holds securities	Account name	2015.09.30				Notes
				Number of shares (in thousands)	Carrying value	Shareholding percentage	Market value or net asset value	
The Company	Formosa Plastics Corporation	Other related parties	Available-for-sale financial assets – current	294,793	20,458,641	4.63 %	20,458,641	Note 1
The Company	Formosa Chemicals and Fibre Corporation	Other related parties	Available-for-sale financial assets – current	140,520	9,386,712	2.40 %	9,386,712	
The Company	Inotera Memories, Inc	Other related parties	Available-for-sale financial assets – non-current	422,387	8,680,053	6.44 %	8,680,053	
The Company	Mega RMB Money Market	-	Available-for-sale financial assets – current	3,057	166,458	-	166,458	
Nan Ya PCB Corporation	Formosa Plastics Corporation Stock	Other related parties	Available-for-sale financial assets – current	7,011	486,538	0.11 %	486,538	
Nan Ya PCB Corporation	Formosa Chemicals and Fibre Corporation	Other related parties	Available-for-sale financial assets – current	15,432	1,030,848	0.26 %	1,030,848	
Nan Ya PCB Corporation	Inotera Memories, Inc	Other related parties	Available-for-sale financial assets – current	61,383	1,261,424	0.94 %	1,261,424	
Nan Ya PCB Corporation	Mega Diamond Money Market	-	Available-for-sale financial assets – current	139,475	1,724,023	-	1,724,023	
The Company	Formosa Group Ocean Marine Investment Corporation	Other related parties	Financial assets carried at cost – non-current	3	856,948	19.00 %	9,122,709	Note 2
The Company	Formosa Plastics Corporation U.S.A.	Other related parties	Financial assets carried at cost – non-current	2	141,379	0.51 %	931,610	Note 2
The Company	Blue Photonics Holding Inc.	-	Financial assets carried at cost – non-current	6,667	3,908	10.00 %	4,112	Note 2
The Company	Formosa Plastics Maritime Corp	Other related parties	Financial assets carried at cost – non-current	352	1,620	18.00 %	53,015	Note 2
The Company	Formosa Development Corporation	Other related parties	Financial assets carried at cost – non-current	14,116	90,010	18.00 %	223,514	Note 2
The Company	Mai Liao Harbor Administration Corp	Other related parties	Financial assets carried at cost – non-current	39,562	539,245	17.98 %	907,187	Note 2
The Company	Formosa Plastics Marine Corporation Ltd	Other related parties	Financial assets carried at cost – non-current	2,429	15,000	15.00 %	107,017	Note 2
The Company	ASIA Pacific Investment Co.	Other related parties	Financial assets carried at cost – non-current	63,717	727,407	14.99 %	2,531,211	Note 2
The Company	Formosa Technologies Corporation	Other related parties	Financial assets carried at cost – non-current	2,340	13,331	12.50 %	42,763	Note 2
The Company	WK Technology Fund Ltd.	-	Financial assets carried at cost – non-current	2,038	38,326	1.63 %	24,492	Note 2
The Company	WK Technology Fund IV Ltd.	-	Financial assets carried at cost – non-current	1,826	16,527	1.08 %	15,201	Note 2
The Company	Central Leasing Corp.	-	Financial assets carried at cost – non-current	1,779	-	1.07 %	-	
The Company	Chinese Television System Inc.	-	Financial assets carried at cost – non-current	1,769	28,609	1.04 %	56,554	Note 2
The Company	China Investment & Development Company, Limited.	-	Financial assets carried at cost – non-current	1,287	8,250	0.80 %	13,609	Note 2

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Security holder	Category and name of security	Relationship between issuer of security and the company which holds securities	Account name	2015.09.30				Notes
				Number of shares (in thousands)	Carrying value	Shareholding percentage	Market value or net asset value	
The Company	Taiwan Aerospace Corp.	-	Financial assets carried at cost — non-current	1,070	10,702	0.79 %	11,874	Note 2
The Company	AmTrust Capital I Corp.	-	Financial assets carried at cost — non-current	5,000	50,000	3.91 %	50,691	Note 2
The Company	Nan Ya Photonics Inc	Other related parties	Financial assets carried at cost — non-current	28,841	270,313	14.42 %	254,802	Note 2
The Company	Mega Growth Capital Venture	-	Financial assets carried at cost — non-current	2,500	25,000	1.97 %	-	
Nan Ya PCB Corporation	Antig Technology Corporation	-	Financial assets carried at cost — non-current	1,132	-	5.48 %	-	
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Dong Ying) Plastics Corp.	-	Financial assets carried at cost — non-current	N/A	43,337	15.00 %	111,548	Note 2
Nan Ya Plastics (Hong Kong) Co., Ltd.	Hua Ya (Wu Hu) Plastics Corp.	-	Financial assets carried at cost — non-current	N/A	43,337	15.00 %	148,232	Note 2
Formosa Plastics Group Investment Corp	WK Technology Fund Ltd.	-	Financial assets carried at cost — non-current	3,023	34,600	2.42 %	36,269	Note 2
Formosa Plastics Group Investment Corp	WK Technology Fund IV Ltd.	-	Financial assets carried at cost — non-current	6,088	37,089	3.60 %	50,624	Note 2

Note 1 : The Company pledged its shares of Formosa Plastics Corporation of 12,736 thousand common shares amounting to NTD 883,878.

Note 2 : Stockholders' equity is based on an unaudited financial report for the year ended 2014.

(d) The accumulated purchase or sale of securities for the period exceeding \$300 million or 20% of the paid-in capital :

Company name	Category and name of security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Carrying value	Gain/Loss on disposal	Shares	Amount
The Company	Formosa Group Investment (Cayman) Limited share	Investments accounted for using equity method	Formosa Group Investment (Cayman) Limited	Associates	13	384	508,237	15,077,116 (Note 1)	-	-	-	-	508,250	16,031,712
The Company	Formosa Ha Tinh (Cayman) Ltd. share	Investments accounted for using equity method	Formosa Ha Tinh (Cayman) Ltd.	Associates	508,237	15,761,452	-	-	508,237	- (Note 2)	15,077,116	- (Note 2)	-	-
The Company	Taishin 1699 Money Market	Available-for-sale financial assets — current	-	-	-	-	172,584	2,300,000	172,584	2,300,544	2,300,000	544	-	-
The Company	Franklin Templeton Sinoam Money Market	Available-for-sale financial assets — current	-	-	-	-	49,154	500,000	49,154	500,148	500,000	148	-	-
The Company	SinoPac TWD Money Market	Available-for-sale financial assets — current	-	-	-	-	58,269	800,000	58,269	800,163	800,000	163	-	-

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

Company name	Category and name of security	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Carrying value	Gain/Loss on disposal	Shares	Amount
Nan Ya PCB Corporation	CTBC Hwa-win Money Market Fund	Available-for-sale financial assets—current	-	-	73,908	800,022	-	-	73,908	800,431	800,022	409 (Note 3)	-	-
Nan Ya PCB Corporation	Franklin Templeton Sinoam Money Market	Available-for-sale financial assets—current	-	-	88,964	901,966	-	-	88,964	902,965	901,966	999 (Note 4)	-	-
Nan Ya PCB Corporation	Inotera Memories, Inc share	Available-for-sale financial assets—current	-	-	76,933	3,862,045	-	-	15,550	714,190	780,612	(66,422) (Note 5)	61,383	3,081,433 (Note 7)
Nan Ya PCB Corporation	Mega Diamond Money Market	Available-for-sale financial assets—current	-	-	232,664	2,863,238	-	-	93,189	1,150,808	1,146,814	3,994 (Note 6)	139,475	1,716,424 (Note 8)

Note 1: It is a share swap within the Group. For further explanations, please see note 6(5).

Note 2: There are no sales price and profit or loss from disposal because it is a share swap within the Group. For further explanation, please see note 6(5).

Note 3: The aforementioned profit or loss from disposal sum does not include realized revaluation profit of NTD 22.

Note 4: The aforementioned profit or loss from disposal sum does not include realized revaluation profit of NTD 504.

Note 5: The aforementioned profit or loss from disposal sum does not include realized revaluation profit of NTD 388,094.

Note 6: The aforementioned profit or loss from disposal sum does not include realized revaluation profit of NTD 2,470.

Note 7: The aforementioned end-of-period amount does not include unrealized loss of NTD 1,820,009.

Note 8: The aforementioned end-of-period amount does not include unrealized gain of NTD 7,599.

- (e) Information on the acquisition of real estate which exceeds \$300 million or 20% of the paid-in capital : None.
- (f) Information on the disposal of real estate which exceeds \$300 million or 20% of the paid-in capital : None.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(g) Information regarding related-party purchase and sale transactions which exceed \$100 million or 20% of the paid-in capital :

Company name	Related party	Relationship	Transaction details				Abnormal transaction		Note/Account (payable) receivable		Notes
			Purchases/ (Sales)	Amount	% to total purchase /sale	Credit period	Unit price	Payment terms	Ending balance	% to total	
The Company	Formosa Plastics Corporation	Other Related Parties	(Sales)	(859,522)	(0.61)%	30 days	-	-	82,508	0.38 %	Note
The Company	Formosa Chemicals and Fibre Corporation	Other Related Parties	(Sales)	(5,063,674)	(3.57)%	30 days	-	-	550,242	2.52 %	
The Company	Nan Ya PCB Corporation	Subsidiaries	(Sales)	(786,391)	(0.55)%	30 days	-	-	85,797	0.39 %	
The Company	Formosa Petrochemical Corp	Associates	(Sales)	(810,923)	(0.57)%	30 days	-	-	51,134	0.23 %	
The Company	Inotera Memories, Inc	Other Related Parties	(Sales)	(676,057)	(0.48)%	30 days	-	-	66,014	0.30 %	Note
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	(Sales)	(535,561)	(0.38)%	30 days	-	-	34,803	0.16 %	
The Company	Formosa Heavy Industries	Associates	(Sales)	(1,073,091)	(0.76)%	30 days	-	-	243,344	1.12 %	
The Company	Formosa Advanced Technology Corporation	Other Related Parties	(Sales)	(596,476)	(0.42)%	30 days	-	-	55,128	0.25 %	
The Company	Nan Ya Plastics Corporation America	Subsidiaries	(Sales)	(330,329)	(0.23)%	O/A 105	-	-	105,315	0.48 %	Note
The Company	Na Ya Plastics Corporation U.S.A.	Subsidiaries	(Sales)	(438,857)	(0.31)%	O/A 105	-	-	301,795	1.38 %	Note
The Company	Nan Ya Plastics (Guangzhou) Co., Ltd.	Subsidiaries	(Sales)	(121,172)	(0.09)%	O/A 150	-	-	32,673	0.15 %	Note
The Company	Nan Ya Plastics (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(130,155)	(0.09)%	O/A 107	-	-	64,879	0.30 %	Note
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(841,466)	(0.59)%	O/A 150	-	-	290,526	1.33 %	Note
The Company	Nan Ya Plastics (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(589,473)	(0.42)%	O/A 150	-	-	168,076	0.77 %	Note
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(4,406,032)	(3.11)%	O/A 150	-	-	1,116,102	5.12 %	Note
The Company	Nan Ya Polyester Fiber (Kunshan) Corporation	Subsidiaries	(Sales)	(218,472)	(0.15)%	O/A 150	-	-	57,744	0.26 %	Note
The Company	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	(Sales)	(353,260)	(0.25)%	O/A 150	-	-	64,449	0.30 %	Note
The Company	Formosa Industries Corporation	Associates	(Sales)	(3,013,045)	(2.13)%	O/A 150	-	-	557,766	2.56 %	Note
The Company	Formosa Ha Tinh Steel Corporation	Associates	(Sales)	(10,588,642)	(7.47)%	O/A 150	-	-	5,183,354	23.79 %	
The Company	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(115,665)	(0.08)%	O/A 150	-	-	5,174	0.02 %	
The Company	Formosa Acrylic Esters (Ningbo) Co., Ltd.	Other Related Parties	(Sales)	(316,159)	(0.22)%	O/A 150	-	-	-	- %	
The Company	Formosa Plastics Corporation	Other Related Parties	Purchases	9,899,814	10.87 %	30 days	-	-	(1,065,304)	(10.08)%	Note
The Company	Formosa Chemicals and Fibre Corporation	Other Related Parties	Purchases	21,419,532	23.51 %	30 days	-	-	(1,902,336)	(18.00)%	
The Company	Formosa Petrochemical Corp	Associates	Purchases	28,067,418	30.81 %	30 days	-	-	(2,111,167)	(19.98)%	
The Company	PFG Fiber Glass Corporation	Associates	Purchases	2,372,139	2.60 %	30 days	-	-	(122,150)	(1.16)%	
The Company	Nan Chung Petrochemical Corporation	Subsidiaries	Purchases	2,907,849	3.19 %	30 days	-	-	(364,784)	(3.45)%	Note
Nan Ya PCB Corporation	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	Purchases	9,321,749	62.73 %	15 days before next month	-	-	(1,225,710)	(68.30)%	Note
Nan Ya PCB (Kunshan) Corporation	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	Purchases	1,233,160	22.09 %	60 days	-	-	(289,484)	(25.81)%	Note
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other Related Parties	(Sales)	(2,902,906)	(49.81)%	15 days before next month	-	-	153,209	21.16 %	Note
Nan Chung Petrochemical Corporation	Formosa Petrochemical Corp	Associates	Purchases	4,376,027	97.96 %	15 days before next month	-	-	(507,295)	(92.81)%	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other Related Parties	Purchases	316,499	1.28 %	payment within one month	-	-	(159,812)	(41.56)%	

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Company name	Related party	Relationship	Transaction details				Abnormal transaction		Note/Account (payable) receivable		Notes
			Purchases/ (Sales)	Amount	% to total purchase / (sale)	Credit period	Unit price	Payment terms	Ending balance	% to total	
Nan Ya Plastics Corporation America	Formosa Plastics Corporation U.S.A.	Other Related Parties	(Sales)	(227,584)	(0.82)%	payment within one month	-	-	-	- %	
Nan Ya Plastics Corporation America	Nan Ya Plastics Corporation U.S.A.	Other Related Parties	(Sales)	(103,958)	(0.38)%	payment within one month	-	-	12,788	0.31 %	
Nan Ya Plastics Corporation U.S.A.	Formosa Plastics Corporation U.S.A.	Other Related Parties	Purchases	698,325	37.68 %	payment within one month	-	-	(77,012)	(18.74)%	
Nan Ya Plastic (Guangzhou) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other Related Parties	Purchases	268,853	19.56 %	60 days	-	-	(46,348)	(25.93)%	
Nan Ya Plastics (Hsiamen) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other Related Parties	Purchases	144,667	20.42 %	60 days	-	-	(23,959)	(41.15)%	
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other Related Parties	Purchases	368,401	11.54 %	60 days	-	-	(103,923)	(21.19)%	
Nan Ya Plastics Film (Nantong) Ltd.	Formosa Industries (Ningbo) Co., Ltd.	Other Related Parties	Purchases	210,864	16.18 %	60 days	-	-	(57,709)	(43.60)%	
Nan Ya Plastics Film (Nantong) Ltd.	Nan Ya Plastics Film (Huizhou) Ltd.	Subsidiaries	(Sales)	(214,894)	(10.82)%	60 days	-	-	75,459	10.98 %	Note
Nan Ya Electric (Nantong) Co., Ltd.	Formosa Ha Tinh Steel Corporation	Associates	(Sales)	(290,936)	(34.75)%	60 days	-	-	107,586	23.76 %	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Phenol (Ningbo) Limited Company	Other Related Parties	Purchases	1,401,872	39.26 %	60 days	-	-	(337,977)	(75.21)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Chemicals Industries (Ningbo) Limited Company	Other Related Parties	Purchases	275,730	7.72 %	60 days	-	-	(44,343)	(9.87)%	
Nan Ya Plastics (Ningbo) Co., Ltd.	Formosa Power (Ningbo) Limited Company	Other Related Parties	Purchases	375,226	10.51 %	60 days	-	-	-	- %	
Nan Ya Polyester Fiber (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Subsidiaries	(Sales)	(212,718)	(12.63)%	60 days	-	-	26,830	16.82 %	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd.	Subsidiaries	(Sales)	(1,079,883)	(3.83)%	60 days	-	-	574,356	4.09 %	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co. Ltd.	Associates	Purchases	2,564,863	11.47 %	60 days	-	-	(496,620)	(18.65)%	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation	Subsidiaries	(Sales)	(1,825,376)	(6.48)%	60 days	-	-	442,921	3.15 %	Note
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co. Ltd.	Associates	(Sales)	(425,335)	(1.51)%	60 days	-	-	59,195	0.42 %	
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd.	Subsidiaries	Purchases	1,882,868	8.42 %	60 days	-	-	(234,023)	(8.79)%	Note
Nan Ya Plastics (Nantong) Co., Ltd.	Nanya Kyowa Plastics (Nantong) Co., Ltd.	Associates	(Sales)	(107,563)	(2.48)%	60 days	-	-	7,587	0.39 %	
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(100,949)	(2.33)%	60 days	-	-	9,530	0.49 %	Note
Nan Ya Polyester Fibre (Kunshan) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd.	Subsidiaries	(Sales)	(102,107)	(6.06)%	60 days	-	-	14,338	8.99 %	Note

Note : This transaction has already been written-off during the consolidation process.

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(h) Information regarding receivables from related parties which exceed \$100 million or 20% of the paid-in capital :

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent periods	Allowance for bad debts
					Amount	Action taken		
The Company	Formosa Chemicals and Fibre Corporation	Other Related Parties	Receivables from related parties : 550,242	12.27	-	-	548,708	-
The Company	Nan Ya Plastics Corporation America (Note 1)	Subsidiaries	Receivables from related parties : 105,315	4.07	-	-	45,738	-
The Company	Nan Ya Plastics Corporation U.S.A. (Note 1)	Subsidiaries	Receivables from related parties : 301,795	2.99	-	-	34,188	-
The Company	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 290,526	3.46	-	-	60,677	-
The Company	Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 168,076	3.39	-	-	30,421	-
The Company	Formosa Heavy Industries Corp.	Associates	Receivables from related parties : 243,344	11.08	-	-	149,896	-
The Company	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 1,116,102	4.33	-	-	411,622	-
The Company	Formosa Industries Corporation	Associates	Receivables from related parties : 557,766	3.90	-	-	12,245	-
The Company	Formosa Ha Tinh Steel Corporation	Associates	Receivables from related parties : 5,183,354	2.12	-	-	661,964	-
Nan Ya Plastics (Ningbo) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 234,023	21.46	-	-	234,023	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya PCB (Kunshan) Corporation (Note 1)	Subsidiaries	Receivables from related parties : 442,921	5.90	-	-	238,066	-
Nan Ya Electric (Nantong) Co., Ltd.	Formosa Ha Tinh Steel Corporation	Associates	Receivables from related parties : 107,586	2.01	-	-	11,581	-
Nan Chung Petrochemical Corporation	China Man-made Fiber Corporation	Other Related Parties	Receivables from related parties : 349,713	10.82	-	-	344,309	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Receivables from related parties : 574,356	2.42	-	-	-	-
The Company	Nanya Technology Corporation	Associates	Other receivables from related parties : 9,500,000	Note	-	-	-	-
The Company	Formosa Plastics Marine Corp.	Other Related Parties	Other receivables from related parties : 2,269,160	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation (Note 1)	Subsidiaries	Other receivables from related parties : 7,163,091	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 15,386,111	Note	-	-	-	-

(Continued)

NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent periods	Allowance for bad debts
					Amount	Action taken		
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 496,922	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 662,563	Note	-	-	-	-
Nan Ya Plastics (Hong Kong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 2,053,946	Note	-	-	-	-
Superior World Wide Trading Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 172,266	Note	-	-	-	-
Nan Ya Plastics (Guangzhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 140,614	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 182,277	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 299,674	Note	-	-	-	-
Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 104,158	Note	-	-	-	-
Nan Ya Plastics (Huizhou) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 208,317	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Formosa Polyethylene (Ningbo) Limited.	Other Related Parties	Other receivables from related parties : 1,041,583	Note	-	-	-	-
Nan Ya Plastics (Hsiamen) Co., Ltd.	Nan Ya Plastics (Zhengzhou) Co., Ltd.	Associates	Other receivables from related parties : 281,227	Note	-	-	-	-
Nan Ya Plastics (Nantong) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 468,712	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 452,212	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 1,620,345	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 1,570,320	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Ps (Ningbo) Limited Company	Other Related Parties	Other receivables from related parties : 520,792	Note	-	-	-	-

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Company name	Related party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent periods	Allowance for bad debts
					Amount	Action taken		
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Abs Plastics (Ningbo) Limited Company	Other Related Parties	Other receivables from related parties : 1,562,375	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Formosa Phenol (Ningbo) Limited Company	Other Related Parties	Other receivables from related parties : 645,782	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	PFG Fiber Glass (Kunshan) Co. Ltd.	Associates	Other receivables from related parties : 2,527,623	Note	-	-	-	-
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Polyester Fiber (Kunshan) Corporation (Note 1)	Subsidiaries	Other receivables from related parties : 148,750	Note	-	-	-	-
Nan Ya PCB Corporation	Hwa Ya Power Corporation	Other Related Parties	Other receivables from related parties : 1,000,000	Note	-	-	-	-
Nan Ya PCB (Kunshan) Corporation	PFG Fiber Glass (Kunshan) Co. Ltd.	Other Related Parties	Other receivables from related parties : 1,457,681	Note	-	-	-	-
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation (Note 1)	Subsidiaries	Other receivables from related parties : 284,902	Note	-	-	-	-
Nan Ya Electric (Nantong) Co., Ltd.	Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	Subsidiaries	Other receivables from related parties : 260,396	- %	-	-	-	-

Note: We did not calculate the turnover rate for other receivables from related parties.

Note 1: This transaction has already been written-off during the consolidation process.

- (i) For information regarding trading in derivative financial instruments : None.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(j) Intercompany relationships and significant intercompany transactions :

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			
				Financial Statement Item	Amount	Terms	Percentage of consolidated total gross sales or total assets
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Sales	902,056	30~150 days	0.39 %
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Sales	6,870,784	O/A 150	2.95 %
0	The Company	Nan Ya Plastics Corporation U.S.A.	1	Sales	438,857	O/A 105	0.19 %
0	The Company	Nan Ya Plastics Corporation America	1	Sales	330,329	O/A 105	0.14 %
0	The Company	Nan Chung Petrochemical Corporation	1	Sales	535,561	30 days	0.23 %
0	The Company	Superior World Wide Trading Co., Ltd.	1	Sales	4,089	O/A 150	- %
1	Nan Chung Petrochemical Corporation	The Company	2	Sales	2,907,849	30 days	1.25 %
2	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Sales	1,833,860	60 days	0.79 %
3	Wen Fung Industrials Co., Ltd.	Nan Ya PCB Corporation and its subsidiaries	3	Sales	53,104	30 days	0.02 %
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Accounts receivable	90,972	30~150 days	0.01 %
0	The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	1	Accounts receivable	1,845,128	O/A 150	0.35 %
0	The Company	Nan Ya Plastics Corporation U.S.A.	1	Accounts receivable	301,795	O/A 105	0.06 %
0	The Company	Nan Ya Plastics Corporation America	1	Accounts receivable	105,315	O/A 105	0.02 %
0	The Company	Superior World Wide Trading Co., Ltd.	1	Accounts receivable	4,089	O/A 150	- %
1	Nan Chung Petrochemical Corporation	The Company	2	Accounts receivable	364,784	30 days	0.07 %
2	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	Nan Ya PCB Corporation and its subsidiaries	3	Accounts receivable	444,203	60 days	0.09 %
0	The Company	Nan Ya PCB Corporation and its subsidiaries	1	Rent revenue	128,972	30~150 days	0.06 %
4	Superior World Wide Trading Co., Ltd.	Nan Ya Plastics (Hong Kong) Co., Ltd. and its subsidiaries	3	Other receivable from related Parties	172,266	-	0.03 %

Note 1: The appointed numbers represent:

1.0 refers to the Parent Company.

2. Subsidiaries are numbered and organized in a ascending chronological order in an ascending chronological order.

Note 2: Transactions are categorized as follows:

1.Parent company to subsidiary.

2.Subsidiary to parent company.

3.Subsidiary to subsidiary.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(2) Information on investment (excluding those in Mainland China) :

Investor company	Investee company	Location	Major operations	Original investment Amount		Balance as of September 30, 2015			Net income of investee	Investment income (loss) recognized by the investor company	Notes
				September 30, 2015	December 31, 2014	Shares (in thousands)	%	Carrying value			
The Company	Nan Ya Plastics Corporation U.S.A. (Note 1)	U.S.A.	production of plastic products	313,920	313,920	2	100.00 %	1,562,262	178,625	178,625	(Note 7, 8)
The Company	Nan Ya Plastics Corporation America (Note 1)	U.S.A.	production of plastic, polyester and chemical products	7,853,605	7,853,605	60	100.00 %	33,511,219	2,828,472	2,828,472	(Note 7, 8)
The Company	Nan Ya Plastics (Hong Kong) Co., Ltd. (Note 1)	Hong Kong	plastics and electronic products trading	34,858,082	34,858,082	844,053	100.00 %	74,458,435	1,296,432	1,296,432	(Note 7, 8)
The Company	Superior World Wide Trading Co., Ltd. (Note 1)	Hong Kong	plastics trading	33,677	33,677	14	100.00 %	561,077	36,401	36,398	(Note 7, 8)
The Company	Formosa Synthetic Rubber (Hong Kong) Corporation Limited (Note 1)	Hong Kong	production of synthetic rubber products	874,680	874,680	30,000	30.00 %	753,616	(641,180)	(192,354)	(Note 7)
The Company	PFG Fiber Glass (Hong Kong) Corporation Limited (Note 1)	Hong Kong	glass fiber trading	1,268,709	1,268,709	38	50.00 %	3,587,511	(156,418)	(78,209)	(Note 7)
The Company	Formosa Industries Corporation (Note 2)	Vietnam	chemical fiber, dying and finishing and electric power production of printed circuit board	8,435,875	8,435,875	-	42.50 %	8,736,006	877,639	372,996	(Note 7)
The Company	Nan Ya PCB Corporation	Taiwan	investment	4,480,417	4,480,417	432,745	66.97 %	24,250,877	964,795	646,135	(Note 7, 8)
The Company	Formosa Plastics Group Investment Corp	Taiwan	semiconductor production and marketing	76,859	76,859	5,000	100.00 %	105,229	1,219	1,219	(Note 7, 8)
The Company	Nan Ya Technology Corporation (Note 5)	Taiwan	environmental protection	52,438,471	52,438,471	907,304	37.36 %	19,570,853	15,271,353	5,721,297	(Note 7)
The Company	Formosa Environmental Technology Corporation (Note 6)	Taiwan	production of chemical products	672,370	672,370	46,257	26.99 %	292,104	(16,045)	(4,330)	(Note 7)
The Company	Formosa Petrochemical Corp	Taiwan	production of glass fiber	24,893,809	24,893,809	2,223,306	23.34 %	57,985,830	34,777,773	8,115,678	(Note 7)
The Company	PFG Fiber Glass Corporation	Taiwan	production of chemical products	500,000	500,000	50,000	50.00 %	895,645	386,796	193,398	(Note 7)
The Company	Nan Chung Petrochemical Corporation	Taiwan	production of electronic components	1,000,002	1,000,002	100,000	50.00 %	1,141,679	48,179	24,699	(Note 7, 8)
The Company	Wen Fung Industrial Co., Ltd.	Taiwan	production of automobile development industry	214,236	214,236	18,738	100.00 %	230,961	4,999	4,999	(Note 7, 8)
The Company	Formosa Automobile Corporation (Note 3, 4)	Taiwan	machinery industry	945,028	945,028	27,046	45.00 %	-	98,107	44,150	(Note 7)
The Company	Ya Tai Development Corporation	Taiwan	transportation business	53,941	53,941	1,304	44.96 %	34,377	(3,455)	(1,553)	(Note 7)
The Company	Formosa Heavy Industries Corp.	Taiwan	transportation business	2,497,721	2,497,721	651,706	32.91 %	8,527,120	1,420,526	467,506	(Note 7)
The Company	Formosa Fairway Corporation	Taiwan	service business	33,340	33,340	4,474	33.34 %	80,111	14,036	4,679	(Note 7)
The Company	Formosa Plastics Transport Corporation	Taiwan	service business	17,254	17,254	3,993	33.33 %	731,298	93,913	31,305	(Note 7)
The Company	Hwa Ya Science Park Management Consulting Co. Ltd.	Taiwan	construction business	359	359	34	34.00 %	2,364	548	186	(Note 7)
The Company	Yi-Jih Development Corporation	Taiwan	electricity generation business	58,000	58,000	5,800	29.22 %	63,552	895	262	(Note 7)
The Company	Mai Liao Power Corporation	Taiwan	transportation business	5,985,465	5,985,465	498,837	24.94 %	11,250,779	6,048,746	1,508,669	(Note 7)
The Company	Su Hua Transport Corporation	Taiwan		50,000	50,000	7,659	25.00 %	212,395	127,303	31,826	(Note 7)

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Investor company	Investee company	Location	Major operations	Original investment Amount		Balance as of September 30, 2015			Net income of investee	Investment income (loss) recognized by the investor company	Notes
				September 30, 2015	December 31, 2014	Shares (in thousands)	%	Carrying value			
The Company	Formosa Ha Tinh (Cayman) Limited (Note)	Cayman Islands	investment	-	15,369,735	-	-	-	(2,473,541)	(364,847)	(Note 7)
The Company	Formosa Synthetic Rubber Corporation	Taiwan	production of synthetic rubber products	400,000	400,000	40,000	33.33 %	375,604	(2,208)	(736)	(Note 7)
The Company	Formosa Resources Corporation	Taiwan	mining industry	4,162,500	4,162,500	416,250	25.00 %	4,277,028	(328,640)	(82,160)	(Note 7)
The Company	Formosa Group (Cayman) Limited (Note)	Cayman Islands	investment	377	377	13	25.00 %	98,601	288,728	72,182	(Note 7)
The Company	Formosa Group Investment (Cayman) Limited (Note)	Cayman Islands	investment	15,370,112	377	508,249	25.00 %	16,031,712	(689,402)	(172,351)	(Note 7)
The Company	Formosa Plastics Development Co., Ltd	Taiwan	construction business	15,000	15,000	1,500	33.33 %	11,499	(9,182)	(3,061)	(Note 7)
Nan Ya Plastics Corporation America (Note)	Formosa Utility Venture, Ltd.	U.S.A.	electricity generation and trading	265,024	265,024	-	12.10 %	2,003,650	1,376,164	165,749	(Note 7)
Nan Ya PCB Corporation	Nan Ya PCB (HK) Corporation	Hong Kong	electricity generation and trading	5,020,900	5,020,900	1,223,820	100.00 %	12,629,964	234,193	234,193	(Note 7, 8)
Nan Ya PCB Corporation	Nan Ya PCB (U.S.A.) Corporation	U.S.A.	retargeting	3,479	3,479	1,000	100.00 %	11,501	823	823	(Note 7, 8)
Nan Ya PCB Corporation	Formosa Petrochemical Corp	Taiwan	production of chemical products	654,868	654,868	11,958	0.13 %	704,001	34,777,773	43,656	(Note 7)
Nan Ya PCB (HK) Corporation	Nan Ya PCB (Kunshan) Corporation	China	production of printed circuit board	5,017,721	5,017,721	-	100.00 %	12,696,723	231,108	231,108	(Note 7, 8)
Wen Fung Industrial Co., Ltd.	Wellink Technology Corporation	Taiwan	production of electronic components	212,017	212,017	12,370	100.00 %	134,692	4,819	4,819	(Note 7, 8)
Superior World Wide Trading Co., Ltd. (Note 1)	P.T.Indonesia Nanya Indah Plastics Co	Indonesia	production of plastic products	134,067	134,067	5	50.00 %	210,461	200,719	100,359	(Note 7)
Nan Ya Electronic Materials (Kunshan) Co., Ltd.	Nan Ya Property (Kunshan) Co., Ltd.	China	real estate development	-	1,098,870	-	-	-	-	-	

Note: The reporting currency of Nan Ya Plastics Corporation America, Nan Ya Plastics Corporation U.S.A., Formosa Synthetic Rubber (Hong Kong) Corporation Limited, Formosa Ha Tinh (Cayman) Limited, Formosa Group (Cayman) Limited and Formosa Group Investment (Cayman) Limited is denominated in USD, and the exchange rate of NTD to USD as of September 30, 2015 (in average) is 33.128(31.595) : 1.

Note 1: The reporting currency of Nan Ya Plastics (Hong Kong) Co., Ltd., Superior World Wide Trading Co., Ltd. and PFG Fiber Glass (Hong Kong) Corporation Limited is denominated in HKD, and the exchange rate of NTD to HKD as of September 30, 2015 (in average) is 4.2472(4.0506) : 1.

Note 2: The reporting currency of Formosa Industries Corporation is denominated in VND, and the exchange rate of NTD to VND as of September 30, 2015 (in average) is 1 : 0.001474 (0.001452).

Note 3: Due to the fact that cumulative losses from investments under equity method have already exceeded the long-term investment book value of NTD 78,827, and the excess is reclassified to other non-current liabilities.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Note 4: Formosa Automobile Corporation initiated a capital reduction on August 15, 2006 for NTD 674,570.

Note 5: Nanya Technology Corporation initiated capital reductions on June 23, 2009 and June 27, 2014 for NTD 17,361,352 and NTD 32,762,452, respectively.

Note 6: Formosa Environmental Technology Corporation initiated a capital reduction on April 30, 2010 for NTD 209,084.

Note 7: Investment income of the current period does not include cumulative translation adjustment and capital surplus adjustment.

Note 8: This transaction has already been written-off during the consolidation process.

(3) Information regarding investments in Mainland China :

(a) Information regarding investments in Mainland China :

Name of the PRC investee company	Primary business scope	Amount of paid-in capital	Method of investment	Investment transferred from Taiwan, beginning of period	Period ended september 30, 2015		Investment transferred from Taiwan, end of period	Equity in the earnings (losses)	Direct and indirect shareholding percentage by the company	Recognized gain or loss from investment for the current period	Carrying value of investment, end of period	Remitted gain on investment, end of period	Notes
					Remittance	Remittance							
Nan Ya Plastics (Guangzhou) Co., Ltd. (Note 1)	production of polyester products	2,338,309	Indirect investment	1,998,681	-	-	1,998,681	(8,082)	100.00%	(8,082)	2,774,159	611,825	Note1
Nan Ya Plastics (Hsiamen) Co., Ltd. (Note 1)	production of plastic products	936,288	Indirect investment	738,752	-	-	738,752	132,723	85.00 %	112,814	1,208,350	72,820	"
Nan Ya Plastics (Huizhou) Co., Ltd. (Note 1)	production of polyester products	1,679,527	Indirect investment	1,679,527	-	-	1,679,527	84,312	100.00%	84,312	3,434,511	-	"
Nan Ya Plastics Film (Huizhou) Co., Ltd. (Note 1)	production of polyester products	738,870	Indirect investment	738,870	-	-	738,870	(151,911)	100.00%	(151,911)	390,248	-	"
Nan Ya Electronic Materials (Huizhou) Co., Ltd. (Note 1)	production of electronic materials	1,180,918	Indirect investment	1,180,918	-	-	1,180,918	(122,265)	100.00%	(122,265)	1,211,113	-	"
Nan Ya Trading (Huizhou) Co., Ltd. (Note 1)	trading	32,267	Indirect investment	32,267	-	-	32,267	4,578	100.00%	4,578	55,843	-	"
Nan Ya Plastics (Nantong) Co., Ltd. (Note 1)	production of plastic products, production of steam and electricity	2,031,330	Indirect investment	1,973,292	-	-	1,973,292	528,526	100.00%	528,526	6,907,070	103,612	"
China Nantong Huafeng Co., Ltd. (Note 1)	production of plastic products	108,507	Indirect investment	99,636	-	-	99,636	(3,107)	100.00%	(3,107)	50,321	-	"
Nantong Huafu Plastics Co., Ltd. (Note 1)	production of plastic products	96,639	Indirect investment	71,503	-	-	71,503	943	100.00%	943	99,955	-	"
Nan Ya Electric (Nantong) Co., Ltd. (Note 1)	production of switch gear and control panel	339,275	Indirect investment	339,275	-	-	339,275	85,262	100.00%	85,262	1,201,409	-	"

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

Name of the PRC investee company	Primary business scope	Amount of paid-in capital	Method of investment	Investment transferred from Taiwan, beginning of period	Period ended september 30, 2015		Investment transferred from Taiwan, end of period	Equity in the earnings (losses)	Direct and indirect shareholding percentage by the company	Recognized gain or loss from investment for the current period	Carrying value of investment, end of period	Remitted gain on investment, end of period	Notes
					Remittance	Remittance							
Nan Ya Plastics Film (Nantong) Co., Ltd. (Note 1)	production of plastic products	1,035,626	Indirect investment	1,035,626	-	-	1,035,626	32,067	100.00%	32,067	2,198,354	-	"
Nanya Kyowa Plastics (Nantong) Co., Ltd.	interior decorating business	200,988	Indirect investment	100,494	-	-	100,494	35,893	50.00 %	17,947	162,643	-	"
Nan Ya Electronic Materials (Kunshan) Co., Ltd. (Note 1)	production of electronic materials	15,159,216	Indirect investment	15,159,216	-	-	15,159,216	1,415,013	100.00%	1,415,013	48,723,067	-	"
Nan Ya Polyester Fiber (Kunshan) Corporation (Note 1)	production of polyester products	7,035,085	Indirect investment	7,035,085	-	-	7,035,085	(11,854)	100.00%	(11,854)	3,737,759	-	"
Nan Ya Plastics (Zhengzhou) Co., Ltd.	production of plastic products	261,737	Indirect investment	130,869	-	-	130,869	7,515	50.00 %	3,757	58,360	-	"
Nan Ya Plastics (Anshan) Co., Ltd. (Note 1)	production of plastic products	-	Indirect investment	260,458	-	-	260,458	(25,838)	-	(25,838)	-	-	"
Nan Ya Plastics (Ningbo) Co., Ltd. (Note 1)	production of plastic products and plasticizer	2,188,834	Indirect investment	1,989,308	-	-	1,989,308	(572,009)	100.00%	(572,009)	1,386,489	-	"
PFG Fiber Glass (Kunshan) Co. Ltd.	glass fiber trading	2,784,566	Indirect investment	1,260,130	-	-	1,260,130	(156,376)	50.00 %	(78,188)	3,476,341	149,416	Note 2
Hua Ya (Dong Ying) Plastics Corp.	production of plastic products	286,845	Indirect investment	34,591	-	-	34,591	-	15.00 %	-	43,337	23,020	"
Hua Ya (Wu Hu) Plastics Corp.	production of plastic products	286,845	Indirect investment	34,591	-	-	34,591	-	15.00 %	-	43,337	12,687	"
Formosa Synthetic Rubber (Ningbo) Co., Ltd.	synthetic rubber	2,986,000	Indirect investment	874,680	-	-	874,680	(641,180)	30.00 %	(192,354)	757,565	-	"

Note: Recognized gain or loss from investment for the current period were based on the followings:

- (1) Financial report reviewed by the Company's auditors.
- (2) Others

Note 1: This transaction has already been written-off during the consolidation process.

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES

Notes To Interim Consolidated Financial Statements

(b) Quota for investment in Mainland China :

Accumulative remittance from Taiwan to Mainland China, end of the period (Note 1)	Amount of investment approved by Investment Commission, Ministry of Economic Affairs (Note 2)	Limit on the amount of investment in Mainland China (Note 3)
36,767,769	39,298,718	-

Note 1 : Reporting currency of Chinese subsidiaries is RMB, and the monetary amount is first translated to HKD using the exchange rate as of September 30, 2015 (in average) of 1 : 1.2262(1.2637), and translated to NTD using the exchange rate as of September 30, 2015 (in average) of 1 : 4.2472(4.0506).

Note 2 : It includes the amount of NTD 2,015,657 from approved capital increase, capital increase out of earnings and capital increase out of capital surplus.

Note 3 : 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.

(c) Information on significant transactions :

For more information concerning the direct or indirect significant transactions, which has already been written-off during the consolidation process, between the Company and its Chinese investees for the nine-month periods ended September 30, 2015, please see Note 13(1) "Information on material transaction items".

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NAN YA PLASTICS CORPORATION AND SUBSIDIARIES
Notes To Interim Consolidated Financial Statements

14. Operating Segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any shares of profit (loss) of associates and joint ventures accounted for using equity method, income tax, extraordinary gains and losses, and foreign exchange gains and losses, because they are managed on a group basis, and hence they are not allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is in accordance with the amount used in the report for the chief operating decision maker.

There is no material differences between the accounting policies adopted for the Consolidated Company's operating segments and those described in Note 4. The Consolidated Company's operating segment income is measured at income before income tax, and is used as the basis for performance appraisal. The terms and conditions for the Consolidated Company's intersegment sales and transfers are the same as those of third-party transactions, which are measured at market price.

Operating segments are combined and reconciled as follows:

For the periods from July 1 to September 30, 2014							
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue :							
Net revenue from external customers	\$ 12,836,337	23,829,367	26,565,317	17,050,361	4,606,086	-	84,887,468
Net revenue from sales among intersegments	267,148	1,298,260	2,382,982	251,498	1,037,955	(5,237,843)	-
Total revenue	<u>\$ 13,103,485</u>	<u>25,127,627</u>	<u>28,948,299</u>	<u>17,301,859</u>	<u>5,644,041</u>	<u>(5,237,843)</u>	<u>84,887,468</u>
Reportable segment profit or loss	<u>\$ 923,734</u>	<u>1,114,726</u>	<u>1,388,555</u>	<u>1,017,407</u>	<u>8,025,444</u>	<u>(1,503,686)</u>	<u>10,966,180</u>
For the periods from July 1 to September 30, 2015							
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue :							
Net revenue from external customers	\$ 11,913,618	17,375,125	22,979,789	14,050,783	4,985,275	-	71,304,590
Net revenue from sales among intersegments	264,689	2,083,833	2,052,964	214,578	1,386,534	(6,002,598)	-
Total revenue	<u>\$ 12,178,307</u>	<u>19,458,958</u>	<u>25,032,753</u>	<u>14,265,361</u>	<u>6,371,809</u>	<u>(6,002,598)</u>	<u>71,304,590</u>
Reportable segment profit or loss	<u>\$ 1,044,806</u>	<u>175,836</u>	<u>974,699</u>	<u>847,269</u>	<u>10,414,874</u>	<u>(1,610,772)</u>	<u>11,846,712</u>
For the nine-month periods ended September 30, 2014							
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue :							
Net revenue from external customers	\$ 38,088,208	70,464,053	75,667,302	52,157,595	9,199,291	-	245,576,449
Net revenue from sales among intersegments	716,547	5,017,137	6,706,174	636,768	2,551,648	(15,628,274)	-
Total revenue	<u>\$ 38,804,755</u>	<u>75,481,190</u>	<u>82,373,476</u>	<u>52,794,363</u>	<u>11,750,939</u>	<u>(15,628,274)</u>	<u>245,576,449</u>
Reportable segment profit or loss	<u>\$ 3,090,327</u>	<u>2,472,495</u>	<u>3,215,058</u>	<u>1,898,721</u>	<u>23,557,347</u>	<u>(4,129,145)</u>	<u>30,104,803</u>

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For the nine-month periods ended September 30, 2015							
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Revenue :							
Net revenue from external customers	\$ 36,338,769	64,228,295	70,998,611	43,600,158	17,688,358	-	232,854,191
Net revenue from sales among intersegments	856,744	6,918,294	6,219,860	701,955	3,452,400	(18,149,253)	-
Total revenue	<u>\$ 37,195,513</u>	<u>71,146,589</u>	<u>77,218,471</u>	<u>44,302,113</u>	<u>21,140,758</u>	<u>(18,149,253)</u>	<u>232,854,191</u>
Reportable segment profit or loss	<u>\$ 3,630,809</u>	<u>7,298,337</u>	<u>3,096,305</u>	<u>2,567,809</u>	<u>26,065,692</u>	<u>(5,016,370)</u>	<u>37,642,582</u>
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment assets							
September 30, 2014	<u>\$ 39,179,965</u>	<u>64,951,294</u>	<u>136,924,326</u>	<u>41,038,407</u>	<u>384,857,998</u>	<u>(129,092,882)</u>	<u>537,859,108</u>
December 31, 2014	<u>\$ 39,615,470</u>	<u>61,843,733</u>	<u>137,508,116</u>	<u>37,062,046</u>	<u>392,979,968</u>	<u>(136,128,895)</u>	<u>532,880,438</u>
September 30, 2015	<u>\$ 42,096,878</u>	<u>62,037,088</u>	<u>135,563,852</u>	<u>36,946,454</u>	<u>385,215,734</u>	<u>(139,489,010)</u>	<u>522,370,996</u>
	Plastics Product	Plastics Material	Electronic Materials	Polyester Product	Other Department	Reconciliations	Total
Reportable segment liabilities							
September 30, 2014	<u>\$ 10,129,641</u>	<u>20,715,829</u>	<u>28,183,452</u>	<u>8,227,561</u>	<u>153,772,587</u>	<u>(3,519,994)</u>	<u>217,509,076</u>
December 31, 2014	<u>\$ 10,652,180</u>	<u>17,687,268</u>	<u>23,893,799</u>	<u>8,076,174</u>	<u>144,130,361</u>	<u>(4,590,722)</u>	<u>199,849,060</u>
September 30, 2015	<u>\$ 9,825,727</u>	<u>14,143,626</u>	<u>20,522,555</u>	<u>8,605,140</u>	<u>144,924,468</u>	<u>(3,515,601)</u>	<u>194,505,915</u>

The eliminations of the Consolidated Company's intersegment profit amounted to \$1,503,686, \$1,610,772, \$4,129,145 and \$5,016,370 for the three-month and nine-month periods ended September 30, 2014 and 2015, respectively.