MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Interim Consolidated Financial Statements for the

Nine Months Ended September 30, 2015 and 2014 and
Independent Auditors' Review Report

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Independent Auditors' Review Report

Board of Directors of
Makalot Industrial Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Makalot Industrial Co., Ltd. (the "Company") and subsidiaries (the "Group") as of September 30, 2015, the restated consolidated balance sheets as of September 30, 2014, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2015, and the restated consolidated statements of comprehensive income, changes in equity and cash flows for the three months and nine months ended September 30, 2014. These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except those statements expressed in the third and fourth paragraph, we conducted our reviews in accordance with the Republic of China (R.O.C.) Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than in audit in accordance with the general accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

The interim financial statements of certain subsidiaries were not reviewed. Those statements that have been furnished to us, insofar as it relates to the amounts included below, was based solely on the unreviewed financial statements. The book value of the total assets amounted to $3,203,876 thousand and $2,216,038 thousand as of September 30, 2015 and the restatement of 2014, respectively, constituting 23.05% and 18.45% of the total consolidated assets; the book value of the total liabilities were $1,306,051 thousand and $1,018,025 thousand as of September 30, 2015 and the restatement of 2014, respectively, constituting 24.88% and 23.14% of the total consolidated liabilities; and the comprehensive income were $259,474 thousand, $92,843 thousand, $253,497 thousand and $112,537 thousand for three months ended September 30, 2015, the restatement of 2014, nine month ended September 30, 2015 and the restatement of 2014, respectively, constituting 30.19%, 18.13%, 13.53% and 8.52% of the consolidated comprehensive income.

The interim financial statements of certain investments under equity method of the Company and its subsidiaries were not reviewed. Those investments that have been furnished to us, insofar as it relates to the amounts included below, was based solely on the unreviewed financial statements. The book value of the investments under equity method of the Company and its subsidiaries amounted to $197,775 thousand and $207,576 thousand as of September 30, 2015 and the restatement of 2014, respectively; and the related share of income or loss from subsidiaries and affiliates under equity method amounted to ($9,509) thousand, ($3,413) thousand, ($15,393) thousand and ($17,773) thousand for the three months ended September 30, 2015, the restatement of 2014, nine month ended September 30, 2015, and the restatement of 2014, respectively.

Based on our reviews, except for the possible adjustments to the interim consolidated financial statements as mentioned in the first paragraph, if the financial statements of the investments under equity method of the Company and its subsidiaries were reviewed as mentioned in third and fourth paragraph, 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 Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commissions, R.O.C.

As disclosed in Note 3 of the interim consolidated financial statement, the Company and its subsidiaries have applied the 2013 version of IFRS, IAS, IFRIC and SIC (excluded IFRS 9) endorsed by the Financial Supervisory Commissions, R.O.C. and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers since January 1, 2015 and has disclosed the effects of retrospective application of the IFRSs and the restated financial statements resulting from the retrospective IFRS application.

KPMG

Taipei, Taiwan (the Republic of China)
November 10, 2015

Notes to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the International Accounting Standards endorsed by Financial Supervisory Commission, R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

This document is an English translation of a report originally issued in Chinese. In the event of a conflict between the English translation and the original Chinese version, the Chinese-language accountants' report and financial statements shall prevail.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2015, December 31 and September 30, 2014
(Expressed in thousands of New Taiwan Dollars)

Assets	2015.9.30 Amount	%	2014.12.31 (Restated) Amount	%	2014.9.30 (Restated) Amount	%
Current Assets:						
Cash and cash equivalents (note 7))	$ 1,816,039	13	1,648,409	14	1,005,670	8
Financial assets at fair value though profit or loss－current (notes 8 and 24)	47,969	-	53,290	-	60,799	1
Notes receivable, net (note 9)	22	-	552	-	115	-
Accounts receivable, net (note 9)	1,303,689	9	1,318,156	11	1,552,036	13
Inventories, manufacturing (note 10)	2,862,724	21	2,745,101	23	2,914,798	24
Noncurrent assets held for sale(note 12)	-	-	-	-	47,202	-
Other financial assets－current (notes 9)	2,219,674	16	1,127,216	10	1,378,765	12
Other current assets (note 14)	377,588	3	266,167	2	292,540	2
Total current assets	8,627,705	62	7,158,891	60	7,251,925	60
Non-current assets:						
Investment under equity method (note 11)	197,775	1	210,296	2	207,576	2
Property, plant and equipment (note 12 and 29)	4,585,666	33	4,367,751	36	4,221,648	36
Intangible assets (note 13)	34,766	-	42,471	-	44,596	-
Deferred income tax assets	74,509	1	43,328	-	47,292	-
Other non-current assets (notes 14 and 29)	375,136	3	171,408	2	239,231	2
Total non-curent assets	5,267,852	38	4,835,254	40	4,760,343	40
Total Assets	$ 13,895,557	100	11,994,145	100	12,012,268	100

Liabilities and Equity	2015.9.30 Amount	%	2014.12.31 (Restated) Amount	%	2014.9.30 (Restated) Amount	%
Current Liabilities:						
Short-term borrowings (notes 15 and 24)	$ 1,137,164	8	100,001	1	709,683	6
Financial liabilities at fair value through profit or loss—current (notes 8 and 24)	-	-	380	-	2,421	-
Notes payable (note24)	7,615	-	6,028	-	13,316	-
Accounts payable (note 24)	1,530,120	11	1,384,504	12	1,619,858	13
Accounts payable-related parties (notes 24 and 28)	61,258	-	66,109	-	43,724	-
Other payables (note 24)	1,437,679	11	1,236,191	10	1,048,595	9
Current income tax liabilities	210,300	2	257,191	2	189,783	2
Current provision for employee benefits	27,091	-	25,779	-	21,826	-
Current other provision (note 17)	315,617	2	231,752	2	193,552	2
Current portion of convertible bond payable (notes 16 and 24)	257,403	2	303,112	3	330,108	3
Other current liabilities-others	35,183	-	5,278	-	29,941	-
Total current liabilities	5,019,430	36	3,616,325	30	4,202,807	35
Non-current liabilities:						
Deferred income tax liabilities	12,125	-	12,125	-	2,556	-
Accrued pension liability	199,679	2	187,381	2	181,408	2
Other liabilities	15,683	-	16,093	-	11,749	-
Total non-current liabilities	227,487	2	215,599	2	195,713	2
Total liabilities	5,246,917	38	3,831,924	32	4,398,520	37
Equity (Note 21)						
Common stock	1,983,502	14	1,909,695	16	1,905,816	16
Capital surplus	3,374,543	25	3,385,665	28	3,360,973	28
Retained earnings	2,928,933	21	2,700,563	23	2,299,161	19
Exchange differences on translation in the financial statements of foreign operation	306,194	2	150,917	1	32,212	-
Equity attributable to owners of the parent company	8,593,172	62	8,146,840	68	7,598,162	63
Non-controlling interests	55,468	-	15,381	-	15,586	-
Total equity(note 26)	8,648,640	62	8,162,221	68	7,613,748	63
Total Liabilities and Equity	$ 13,895,557	100	11,994,145	100	12,012,268	100

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Statements of Consolidated Comprehensive Income

Three Months and Nine Months Ended September 30, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

	Three months ended September 30, 2015		Three months ended September 30, 2014 (Restated)		Nine months ended September 30, 2015		Nine months ended September 30, 2014 (Restated)	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Net revenues	$ 6,986,801	100	5,952,094	100	17,744,097	100	15,519,860	100
Costs of revenue (notes 10, 19 and 28)	5,378,171	77	4,747,104	80	13,531,174	76	12,077,812	78
Gross profit	1,608,630	23	1,204,990	20	4,212,923	24	3,442,048	22
Operating expenses (note 19 and 22):								
Selling expenses	520,152	7	361,151	6	1,238,740	7	1,018,662	7
Administrative and general expenses	383,833	6	262,275	4	918,961	5	757,582	5
Total operating expenses	903,985	13	623,426	10	2,157,701	12	1,776,244	12
Operating income	704,645	10	581,564	10	2,055,222	12	1,665,804	10
Non-operating income and expenses:								
Other income	21,675	-	18,643	-	56,575	-	30,067	-
Other gains and losses (note 16)	80,295	1	(3,037)	-	52,858	-	(22,047)	-
Financial costs (note 16)	(12,913)	-	(14,429)	-	(35,875)	-	(46,749)	-
Shares of income or loss from subsidiaries and affiliates under equity method	(9,509)	-	(3,413)	-	(15,393)	-	(17,773)	-
Total non-operating income and expenses	79,548	1	(2,236)	-	58,165	-	(56,502)	-
Income before income tax	784,193	11	579,328	10	2,113,387	12	1,609,302	10
Less: Income tax (note 20)	148,501	2	119,151	2	396,489	2	309,236	2
Net income	635,692	9	460,177	8	1,716,898	10	1,300,066	8
Other comprehensive income:								
Items that will not be reclassified subsequently to profit1106 or loss								
Remeasurements of defined benefit plans	-	-	(4,971)	-	-	-	(14,912)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	-	-	(4,971)	-	-	-	(14,912)	-
Items that will be reclassified subsequently to profit or loss								
Exchange difference on translation in the financial statements of foreign operation	223,882	3	57,006	1	156,593	1	35,043	-
Income tax relating to items that will be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
	223,882	3	57,006	1	156,593	1	35,043	-
Total other comprehensive income , net of income tax	223,882	3	52,035	1	156,593	1	20,131	-
Total comprehensive income for the period	**$ 859,574**	**12**	**512,212**	**9**	**1,873,491**	**11**	**1,320,197**	**8**
Profit attributable to:								
Owners of the parent company	$ 628,476	9	458,693	8	1,701,454	10	1,299,176	8
Non-controlling interests	7,216	-	1,484	-	15,444	-	890	-
	$ 635,692	**9**	**460,177**	**8**	**1,716,898**	**10**	**1,300,066**	**8**
Total comprehensive income attributable to:								
Owners of the parent company	$ 850,942	12	510,620	9	1,856,731	11	1,319,531	8
Non-controlling interests	8,632	-	1,592	-	16,760	-	666	-
	$ 859,574	**12**	**512,212**	**9**	**1,873,491**	**11**	**1,320,197**	**8**
Earnings per share (note 23)								
Basic earnings per share (in TWD)	**$ 3.17**		**2.47**		**8.59**		**7.26**	
Diluted earnings per share (in TWD)	**$ 3.11**		**2.42**		**8.41**		**7.05**	

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Statements of Consolidated Changes in Equity

Nine Months Ended September 30, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent company									
	Share capital		Retained earnings				Other adjustments to equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange difference on translation in the financial statements of foreign operation	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance, January 1, 2014	$ 1,690,722	1,244,647	873,483	103,113	1,389,982	2,366,578	(2,593)	5,299,354	30,762	5,330,116
Effect of retrospective application of IFRSs and restatement of financial statements	-	-	-	-	(41,399)	(41,399)	-	(41,399)	109	(41,290)
Balance at January 1, 2014 as restated	1,690,722	1,244,647	873,483	103,113	1,348,583	2,325,179	(2,593)	5,257,955	30,871	5,288,826
Net income (restated)	-	-	-	-	1,299,176	1,299,176	-	1,299,176	890	1,300,066
Other comprehensive income (restated)	-	-	-	-	(14,450)	(14,450)	34,805	20,355	(224)	20,131
Total comprehensive income (restated)	-	-	-	-	1,284,726	1,284,726	34,805	1,319,531	666	1,320,197
Appropriation and distribution of retained earnings:										
Reversal of special reserve	-	-	-	(100,520)	100,520	-	-	-	-	-
Appropriation of legal reserve	-	-	134,101	-	(134,101)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,310,744)	(1,310,744)	-	(1,310,744)	-	(1,310,744)
Capital increase by cash	200,000	1,915,000	-	-	-	-	-	2,115,000	-	2,115,000
Conversion of convertible bonds	15,094	109,506	-	-	-	-	-	124,600	-	124,600
Equity components of convertible bonds	-	(9,392)	-	-	-	-	-	(9,392)	-	(9,392)
Share-based payments	-	101,212	-	-	-	-	-	101,212	-	101,212
Non-controlling interests	-	-	-	-	-	-	-	-	(15,951)	(15,951)
Balance, September 30, 2014 (restated)	$ 1,905,816	3,360,973	1,007,584	2,593	1,288,984	2,299,161	32,212	7,598,162	15,586	7,613,748
Balance, January 1, 2015	$ 1,909,695	3,385,665	1,007,584	2,593	1,750,913	2,761,090	150,917	8,207,367	15,890	8,223,257
Effect of retrospective application of IFRSs and restatement of financial statements	-	-	-	-	(60,527)	(60,527)	-	(60,527)	(509)	(61,036)
Balance at January 1, 2015 as restated	1,909,695	3,385,665	1,007,584	2,593	1,690,386	2,700,563	150,917	8,146,840	15,381	8,162,221
Net income	-	-	-	-	1,701,454	1,701,454	-	1,701,454	15,444	1,716,898
Other comprehensive income	-	-	-	-	-	-	155,277	155,277	1,316	156,593
Total comprehensive income	-	-	-	-	1,701,454	1,701,454	155,277	1,856,731	16,760	1,873,491
Appropriation and distribution of retained earnings:										
Appropriation of legal reserve	-	-	170,525	-	(170,525)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(1,473,084)	(1,473,084)	-	(1,473,084)	-	(1,473,084)
Reversal of special reserve	-	-	-	(2,593)	2,593	-	-	-	-	-
Capital surplus transferred to capital	66,958	(66,958)	-	-	-	-	-	-	-	-
Conversion of convertible bonds	6,849	46,971	-	-	-	-	-	53,820	-	53,820
Equity components of convertible bonds	-	(3,980)	-	-	-	-	-	(3,980)	-	(3,980)
Equity related the difference between book value and the actual price of purchasing or disposal of the Group's associates	-	4,914	-	-	-	-	-	4,914	-	4,914
Changes in equities of subsidiaries	-	7,931	-	-	-	-	-	7,931	-	7,931
Non-controlling interests	-	-	-	-	-	-	-	-	23,327	23,327
Balance, September 30, 2015	$ 1,983,502	3,374,543	1,178,109	-	1,750,824	2,928,933	306,194	8,593,172	55,468	8,648,640

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARES

Statements of Consolidated Cash Flows

Nine Months Ended September 30, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	Nine Months ended September 30, 2015	Nine Months ended September 30, 2014 (Restated)
Cash flows from operating activities:		
Net income before tax	$ 2,113,387	1,609,302
Adjustments		
Income(loss) not impact cash flow:		
Depreciation	215,864	178,092
Amortization	10,263	9,551
Change in fair value of financial assets and liabilities through profit or loss	4,941	10,306
Interest expense	17,667	30,907
Interest revenue	(15,245)	(10,250)
Share-based compensation cost	-	101,212
Shares of income or loss from subsidiaries and affiliates under equity method	15,393	17,773
Receivables impairment loss	5,508	11,646
Loss on disposal of investments	-	6,149
Other	2,782	2,363
Total Income and Loss not impact cash flow	257,173	357,749
Changes in assets or liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Available-for-sale financial assets	-	87,910
Notes receivable	530	11,293
Accounts receivable	3,663	(1,281,848)
Inventories	(117,623)	(42,499)
Other financial assets	(1,092,802)	(423,278)
Other operating assets	(111,421)	(42,628)
Total net changes in assets relating to operating activities	(1,317,653)	(1,691,050)
Net changes in liabilities relating to operating activities		
Notes payable	1,587	764
Account payable	145,616	192,285
Account payable－related parties	(4,851)	36,096
Other payables	200,932	(46,158)
Other current liabilities	29,905	(31,114)
Accrued pension liabilities	12,298	24,081
Other operating liabilities	4,372	(27,290)
Total net changes in liabilities relating to operating activities	389,859	148,664
Total net changes in assets or liabilities relating to operating activities	(927,794)	(1,542,386)
Total adjustments	(670,621)	(1,184,637)
Cash inflows from operating activities	1,442,766	424,665
Interest received	15,588	10,291
Interest paid	(12,979)	(25,615)
Income taxes paid	(402,142)	(297,636)
Net Cash inflows from operating activities:	1,043,233	111,705
Cash flows from investing activities		
Acquisition of investments under equity method	-	(91,050)
Disposal of subsidiaries	17,280	-
Acquisition of property, plant and equipment	(369,657)	(306,821)
Increase in long-term prepayments	(184,782)	(32,390)
Proceeds from disposal of property, plant and equipment	581	1,981
Increase in refundable deposits	(18,989)	(5,504)
Acquisition of intangible assets	(2,552)	(18,170)
Net cash outflow from investing activities	(558,119)	(451,954)
Cash flows from financing activities		
Cash dividends	(1,473,084)	(1,310,744)
Increase in short-term borrowings	1,037,163	709,683
Decrease in long-term borrowings	-	(1,200,000)
Capital increase by cash	-	2,115,000
Non-controlling interest	18,892	(15,951)
Net cash inflow from financing activities	(417,029)	297,988
Effect of exchange rate	99,545	29,862
Increase (decrease) in cash and cash equivalents	167,630	(12,399)
Cash and cash equivalents, beginning of period	1,648,409	1,018,069
Cash and cash equivalents, end of period	$ 1,816,039	1,005,670

See accompanying notes to financial statements.

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

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2014

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

1. Organization and Business

Makalot Industrial Co., Ltd. (the Company) was incorporated in January 10, 1990 and registered with the Ministry of Economic Affairs, R.O.C. The Company and its subsidiaries (the Group) is primarily involved in the manufacturing, processing, and wholesale of garment.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the board of directors on November 10, 2015.

3. Application of new and revised International Financial Reporting Standards and Interpretations

(1) The effect of adoption of the new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The Group adopted the 2013 IFRSs endorsed by the FSC to prepare its financial statements starting 2015.

New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
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
Amendment to IFRS 7 "Disclosures-Transfers of Financial Assets"	July 1, 2011
Amendment to IFRS 7 "Disclosures-Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (effective date for investment entity will be January, 1 2014)
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"	July 1, 2012

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 “Employee Benefits”	January 1, 2013
IAS 27 “Separate Financial Statements”	January 1, 2013
Amendment to IAS 32 “Offsetting of Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”	January 1, 2013

Except for the following items, the Group believes that the adoption of the aforementioned 2013 IFRSs endorsed by FSC will not have any significant effect on the interim consolidated financial statements.

(i) Amendments to IAS 19, “Employee Benefits”

The amendments to IAS 19 require the Group 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 the planned assets used in IAS 19 before amendment. In addition, the amendments eliminate the accounting treatment of either the corridor approach or the immediate recognition of actuarial gains and losses to profit or loss when it incurs. However, they are required to recognize all actuarial gains and losses immediately through other comprehensive income. The past service cost will be expensed immediately when it incurs and no longer be amortized over the average period before vesting on a straight-line basis. The termination benefits is recognized as a liability and an expense at the earlier of the date when the entity recognizes its related restructuring costs and the date when the entity can no longer withdraw the offer of the termination benefits. A more extensive disclosure related to defined benefit plan is required to comply with the above standard.

The Group included the adjustments in accrued pension liability, accrued pension cost, remeasurement losses, and the adjustment in retained earnings retrospectively. Please refer to section (iv) for the changing of accounting policies and related impacts.

(ii) Amendments to IAS 1, “Presentation of Items of Other Comprehensive Income”

The standard amended the presentation of OCI. According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The Group has retrospectively applied the above amendment to disclose its comprehensive income statement.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(iii) IFRS 13, “Fair Value Measurement”

IFRS 13 defines the meaning of fair value and sets the method of calculation and the presentation of measurement of fair value. The Group has followed the new required disclosures on fair value measurements. Please refer to Note 24. As the adoption has been prospectively applied from 2015, the Group does not expect any significant influence on the measurement of the fair value for assets and liabilities.

(iv) Significant impacts with adoption of IFRS 2013 on the Group’s consolidated interim financial statements were as follows:

Effects on Consolidated Balance Sheets	Amount before Restatement	Adjustment for adoption of new accounting policy Defined benefit Plan	Amount after Restatement
January 1, 2014			
Accrued pension	$ 101,125	41,290	142,415
Retained earnings	$ 2,366,578	(41,399)	2,325,179
Non-controlling interest	30,762	109	30,871
	$ 2,397,340	(41,290)	2,356,050

Effects on Consolidated Balance Sheets	Amount before Restatement	Adjustment for adoption of new accounting policy Defined benefit Plan	Amount after Restatement
September 30, 2014			
Accrued pension	$ 125,308	56,100	181,408
Retained earnings	$ 2,354,906	(55,745)	2,299,161
Non-controlling interest	15,941	(355)	15,586
	$ 2,370,847	(56,100)	2,314,747

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Effects on Consolidated Balance Sheets		Amount before Restatement	Adjustment for adoption of new accounting policy Defined benefit Plan	Amount after Restatement
January 1, 2015				
Accrued pension	$	126,345	61,036	187,381
Retained earnings	$	2,761,090	(60,527)	2,700,563
Non-controlling interest		15,890	(509)	15,381
	$	2,776,980	(61,036)	2,715,944

Effects on Consolidated Comprehensive Income		Amount before Restatement	Adjustment for adoption of new accounting policy Defined benefit Plan	Amount after Restatement
July 1 to September 30, 2014				
Net revenues	$	5,952,094	-	5,952,094
Costs of revenue		(4,747,104)	-	(4,747,104)
Selling expense		(361,151)	-	(361,151)
Administrative and general expenses		(262,309)	34	(262,275)
Non-operating income and expenses		(2,236)	-	(2,236)
Income tax		(119,151)	-	(119,151)
Net income		460,143	34	460,177
Exchange difference on translation in the financial statements of foreign operation	$	57,006	-	57,006
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-	-
Remeasurements of defined benefit plans		-	(4,971)	(4,971)
Income tax relating to items that may not be reclassified subsequently to profit or loss		-	-	-
Total other comprehensive income , net of income tax		57,006	(4,971)	52,035
Total comprehensive income for the period	$	517,149	(4,937)	512,212
Basic earnings per share (in TWD)	$	2.47	-	2.47
Diluted earnings per share (in TWD)	$	2.42	-	2.42

(Continued)

Effects on Consolidated Comprehensive Income		Amount before Restatement	Adjustment for adoption of new accounting policy Defined benefit Plan	Amount after Restatement
January 1 to September 30, 2014				
Net revenues	$	15,519,860	-	15,519,860
Costs of revenue		(12,077,812)	-	(12,077,812)
Selling expense		(1,018,662)	-	(1,018,662)
Administrative and general expenses		(757,684)	102	(757,582)
Non-operating income and expenses		(56,502)	-	(56,502)
Income tax		(309,236)	-	(309,236)
Net income		1,299,964	102	1,300,066
Exchange difference on translation in the financial statements of foreign operation	$	35,043	-	35,043
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-	-
Remeasurements of defined benefit plans		-	(14,912)	(14,912)
Income tax relating to items that may not be reclassified subsequently to profit or loss		-	-	-
Total other comprehensive income , net of income tax		35,043	(14,912)	20,131
Total comprehensive income for the period	**$**	**1,335,007**	**(14,810)**	**1,320,197**
Basic earnings per share (in TWD)	**$**	**7.26**	-	**7.26**
Diluted earnings per share (in TWD)	**$**	**7.05**	-	**7.05**

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

The following IFRSs issued by the IASB but not endorsed by the FSC.

New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
IFRS 9 “Financial instruments”	January 1, 2018
Amendment to IFRS 10 and IAS 28 “Sale of Assets Between and 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 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date issued by IASB
Amendment to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment 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 to IFRSs 2010-2012 and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 “Levies”	January 1, 2014

The Group is currently evaluating the impacts from the abovementioned standards and amendments on the consolidated financial position and operating results. Any related impacts will be disclosed when the evaluation is completed.

4. Summary of Significant Accounting Policies

(a) Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “*Interim Financial Reporting*” endorsed by the FSC. The interim consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC.

Except for the following, the accounting policies applied in these interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2014. Please refer to the consolidated financial statements for the year ended December 31, 2014 for more information. The Group adopted the 2013 IFRSs endorsed by the FSC in 2015. For the influence after adoption, please refer to Note 3.

(b) Basis of Consolidation

The basis of preparing the interim consolidated financial statements is the same as that of the consolidated financial statements for the year ended December 31, 2014. Please refer to the consolidated financial statements in 2014.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Subsidiaries included in the interim consolidated financial statements:

Investor	Subsidiary	Main Business Activity	Ownership % 2015.9.30	Ownership % 2014.12.31	Ownership % 2014.9.30	Note
The Company	PT Crystal Garment (PT Crystal)	Manufacture of garments	99.40%	99.40%	99.40%	
The Company	Global Trading Int'l Corp. (Global)	Sale of textile	100.00%	100.00%	100.00%	
The Company	Loyal Trading Int'l Co., Ltd. (Loyal)	Sale of textile	100.00%	100.00%	100.00%	
The Company	Leader Garments Corp. (Leader PH)	Manufacture of garments	99.99%	99.99%	99.99%	
The Company	Diamond Apparel Mfg., Inc. (Diamond)	Manufacture of garments	99.99%	99.99%	99.99%	
The Company	Primeline Fashion, Inc. (Primeline)	Manufacture of garments	99.99%	99.99%	99.99%	
The Company	Fortune Star Investment Limited (Fortune Star)	Investments holding	100.00%	100.00%	100.00%	
The Company	Triple Int'1 Corp. (Triple)	Investments holding	100.00%	100.00%	100.00%	
The Company	Ecolot Textile Co., Ltd.	Trade services	72.00%	100.00%	100.00%	
The Company	Asobi Investment Co., Ltd.	Trade services	50.00%	50.00%	50.00%	Liquidating
The Company	Great Time Global Co., Ltd	Trade services	100.00%	-	-	Note1
Global	PT Glory Industrial Semarang (PT Glory)	Manufacture of garments	95.00%	95.00%	95.00%	
Global	Makalot Garments (Cambodia) Co., Ltd. (Makalot Cambodia)	Manufacture of garments	100.00%	100.00%	100.00%	
Global	Makalot Garments (Vietnam) Co., Ltd. (Makalot Vietnam)	Manufacture of garments	100.00%	100.00%	100.00%	
Fortune Star	Fund Eagle International Limited (Fund Eagle)	Investments holding	100.00%	100.00%	100.00%	
Fortune Star	Wintop Industrial Limited (Wintop)	Investments holding	100.00%	100.00%	100.00%	
Fortune Star	Crown Era Industrial Limited (Crown Era)	Investments holding	100.00%	100.00%	100.00%	
Fortune Star	Crownway International Development Limited (Crownway)	Investments holding	100.00%	100.00%	100.00%	
Fortune Star	PT Starlight Garment Semarang (PT Starlight)	Manufacture of garments	95.00%	95.00%	95.00%	
Triple	Moha Garments Co., Ltd. (Moha)	Manufacture of garments	100.00%	100.00%	100.00%	
Triple	Triple Garment (Vietnam) Co., Limited (Triple Vietnam)	Manufacture of garments	100.00%	100.00%	100.00%	
Triple	Leader Garment (Vietnam) Co., Ltd. (Leader Vietnam)	Manufacture of garments	100.00%	-	-	Note 3
Fund Eagle	Yangzhou Feng Yang Garments Co., Limited	Manufacture of garments	100.00%	100.00%	100.00%	
Crownway	Jiaxing Ruiyang Garment Co., Limited	Manufacture of garments	100.00%	100.00%	100.00%	

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investor	Subsidiary	Main Business Activity	Ownership % 2015.9.30	Ownership % 2014.12.31	Ownership % 2014.9.30	Note
Crownway	Jiaxing Rising Garment Co., Limited	Manufacture of garments	100.00%	100.00%	100.00%	
Wintop	Shanghai Makalot Garment Co., Limited	Manufacture of garments	100.00%	100.00%	100.00%	
Wintop	Eco-Lot Textile Co., Ltd.	Trade services	-	100.00%	100.00%	Note 2
Crown Era	Jiaxing Suntex Garment Co., Limited	Manufacture of garments	100.00%	100.00%	100.00%	
Ecolot Textile Co., Ltd.	Great Time Global Co., Ltd.	Trade services	-	100.00%	100.00%	Note 1
Ecolot Textile Co., Ltd.	Top Shiny Industrial Limited(TOP)	Investments holding	100.00%	100.00%	-	
Top Shiny Industrial Limited(TOP)	Eco-Lot Textile Co., Ltd.	Trade services	100.00%	-	-	Note 2

Note 1: Approved by the Board of Directors on August 11, 2014, the Company purchased Great Time Global Co., Ltd. from Ecolot Textile Co., Ltd. The acquisition occurred on January 31, 2015

Note 2: Approved by the Board of Directors on August 11, 2014, Top Shiny purchased Ecolot Textile Co., Ltd. from Wintop. The acquisition occurred on March 31, 2015

Note 3: Approved by the Board of Directors on January 28, 2015, Triple Int'l Corp. invested in Leader Garment (Vietnam) Co., Ltd. with the amount of USD 3,600 thousand.

(2) Subsidiaries not included in the consolidated financial statements: None.

(c) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the year is best estimated by multiplying the income before tax for the interim reporting period by the effective annual tax rate as forecasted by the management. 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 effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the interim consolidated financial statements in conformity with IAS 34 “Interim Financial Report” endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

In the preparation of these interim consolidated financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with note 5 of the consolidated financial statements for the year ended December 31, 2014.

6. Description of the significant accounts

Except for the following items, there are no significant differences between the interim consolidated financial statements as of September 30, 2015 and the consolidated financial statements for the year ended December 31, 2014. For more information, please refer to note 6 of the consolidated financial statement for the year ended December 31, 2014.

7. Cash and Cash Equivalents

	2015.9.30	2014.12.31	2014.9.30
Cash	$ 9,975	5,389	5,292
Demand deposit	1,733,854	817,060	931,997
Time deposit	72,210	825,960	68,381
	$ 1,816,039	1,648,409	1,005,670

8. Financial assets and liabilities reported at fair value through profit or loss

(1) Financial assets/liabilities at fair value through profit or loss follows:

	2015.9.30	2014.12.31	2014.9.30
Financial assets held for trading	$ 47,969	53,290	60,799
Financial liabilities at fair value through profit or loss	$ -	-	370
Financial liabilities held for trading	-	380	2,051
	$ -	380	2,421

(Continued)

(2) Derivatives not applying hedge accounting

The Group entered into derivative contracts to manage exposures due to fluctuations of foreign exchange rates. The Group did not apply hedge accounting for the derivative contracts and report them as held for trade from operating activities. The details for derivatives held for trade are as followed:

	2015.9.30			
	Amount (in thousands)		Currency	Maturity Dates
Forward exchange contracts sold	**USD**	**1,000**	USD to CNY	2015.10.08

	2014.12.31			
	Amount (in thousands)		Currency	Maturity Dates
Forward exchange contracts sold	**USD**	**2,000**	USD to CNY	2015.1.6~2015.1.22
Forward exchange contracts sold	**USD**	**3,000**	USD to TWD	2015.2.5~2015.2.10

	2014.9.30			
	Amount (in thousands)		Currency	Maturity Dates
Forward exchange contracts sold	**USD**	**15,000**	USD to CNY	2014.10.9~2014.11.20
Forward exchange contracts sold	**USD**	**5,000**	USD to TWD	2014.10.7~2014.10.14

9. Note receivables, account receivables and other receivables

(1) Details:

	2015.9.30	2014.12.31	2014.9.30
Notes receivable	$ 22	552	115
Accounts receivable	1,322,216	1,331,175	1,566,949
Other financial assets－current	2,219,674	1,127,216	1,378,765
Less: allowance for doubtful accounts	(18,527)	(13,019)	(14,913)
Total	**$ 3,523,385**	**2,445,924**	**2,930,916**

As of September 30, 2015, December 31, 2014 and September 30, 2014, other financial asset－current comprises timed deposit amounted to $307,929 thousand, $326,235 thousand and $162,973 thousand, respectively.

(Continued)

The aging of overdue but unimpaired note receivables, account receivables and other receivables of the Group are as followed.

	2015.9.30	2014.12.31	2014.9.30
Overdue less or equal than 60 days	$ -	165	2,345
Overdue more than 60 days	-	-	-
	$ -	165	2,345

The Group believes that the unimpaired past due amount are still collectible based on historic payment behavior and customer financial position.

Changes in allowance for doubtful accounts of note receivables, account receivables and other receivables of the Group for three months ended September 30, 2015 and 2014 were are as followed.

	Individually assessed for impairment	Collectively assessed for impairment	Total
Beginning balance as of January 1,2015	$ -	13,019	13,019
Recognized impairment loss	5,296	212	5,508
Ending balance as of September 30, 2015	$ 5,296	13,231	18,527
Beginning balance as of January 1,2014	$ -	3,267	3,267
Recognized impairment loss	-	11,646	11,646
Ending balance as of September 30, 2014	$ -	14,913	14,913

None of the accounts receivables and notes receivables held by the Group were pledged or collateralized as of September 30, 2015, December 31, 2014 and September 30, 2014.

(2) The Group factored its accounts receivable to certain financial institutions without recourse, and under the agreement, the Group is not required to bear uncollectible risk of the underlying accounts receivables within the factoring credit limit. The factored accounts receivable are conformed to the derecongition when the ownership and the significant risks of the factored accounts receivable are transferred to the banks. As of September 30, 2015, December 31, 2014 and September 30, 2014, the factored accounts receivable were $1,841,041 thousand, $757,439 thousand and $1,159,481 thousand, respectively, and they were included in “other financial assets－current” in the accompanying balance sheets.

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) As Of September 30, 2015, December 31, 2014 and September 30, 2014, the relevant information of derecognized accounts receivable factored are as followed:

September 30, 2015

Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	Interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 88,500 thousand	USD 76,050 thousand	$ 2,534,499	1,419,267	(Note 2)	(Note1)	Promissory note USD 95,050 thousand (Note 3)
Standard Chartered Bank	USD 21,800 thousand	USD 20,170 thousand	459,554	202,432	“	“	N/A
E. Sun Bank	USD 13,000 thousand	USD 11,700 thousand	213,936	108,021	“	“	Promissory note USD 11,700 thousand (Note 3)
E. Sun Bank	TWD 180,000 thousand	TWD - thousand	85,467	-	“	“	N/A
CTBC Bank	USD 25,000 thousand	USD 22,500 thousand	290,614	13,309	“	“	“
Total			$ 3,584,070	1,743,029			

December 31, 2014

Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	Interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 99,500 thousand	USD 83,250 thousand	$ 1,866,613	1,241,083	(Note 2)	(Note1)	Promissory note USD 96,250 thousand (Note 3)
Standard Chartered Bank	USD 17,500 thousand	USD 15,750 thousand	207,873	132,226	“	“	N/A
CTBC Bank	USD 20,500 thousand	USD 18,450 thousand	56,676	23,280	“	“	“
Chang Hwa Commercial Bank	USD 4,000 thousand	USD 3,600 thousand	22,866	-	“	“	Promissory note USD 3,600 thousand
Total			$ 2,154,028	1,396,589			

September 30, 2014

Factoring financial institution	Factoring credit limit	Advance amount credit limit	Factored amount (Derecognized amount)	Advance amount	Interest rate	Important derecognized provision	Collateral
HSBC Bank	USD 99,500 thousand	USD 83,250 thousand	$ 2,074,731	1,126,040	(Note 2)	(Note1)	Promissory note USD 96,250 thousand (Note 3)
Standard Chartered Bank	USD 17,500 thousand	USD 15,750 thousand	264,512	154,619	“	“	N/A
CTBC Bank	USD 20,500 thousand	USD 18,450 thousand	150,830	102,901	“	“	“
Chang Hwa Commercial Bank	USD 4,000 thousand	USD 3,600 thousand	52,968	-	“	“	Promissory note USD 3,600 thousand
Total			$ 2,543,041	1,383,560			

(Note 1) According to the accounts receivable purchase agreements or the approval letters issued by the factoring financial institutions, the accounts receivables were factored without recourse. The funds are transferred to the appointed reserve accounts or the factoring financial institutions.

(Note 2) For three months and nine months ended September 30, 2015 and 2014, the average interest rates on factored accounts receivable were 0.80%~1.24% , 0.99%~1.91%, 0.80%~1.24% and 0.99%~1.91%, respectively.

(Note 3) The aggregate credit limit of the promissory note includes letter of credits, export bill negotiations, borrowings, derivatives, and factoring accounts receivable.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Inventories

	2015.9.30	2014.12.31	2014.9.30
Raw materials	$ 2,296,474	2,211,381	2,406,612
Work in progress	308,208	218,273	276,151
Finished goods	258,042	315,447	232,035
	$ 2,862,724	2,745,101	2,914,798

For the nine months ended September 30, 2015 and 2014, the write-downs of inventories of the net realized value amounted to $1,382 thousand, $6,418 thousand. For the three month ended September 30, 2015 and 2014, the reversal of write-downs amounted to $4,698 thousand, $2,283 thousand. The write-downs and reversals were included in the cost of revenue.

None of the inventories held by the Group were pledged or collateral as of September 30, 2015, December 31, 2014 and September 30, 2014.

11. Investment under equity method

A summary of the Group's financial information for its subsidiaries and affiliates under equity method at the reporting date is as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Associate company	$ 197,775	210,296	207,576

The group's investments in the associate companies were not listed.

None of the investment under equity method held by the Group was pledged as collateral as of September 30, 2015, December 31, 2014 and September 30, 2014.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group are as followed:

	Land	Buildings	Machinery	Office and other equipment	Total
Cost:					
Balance as of January 1 , 2015	$ 2,685,726	965,325	1,431,102	1,053,173	6,135,326
Addition	26,849	69,258	160,808	112,742	369,657
Disposal	-	-	(8,596)	(13,345)	(21,941)
Reclassification	-	-	-	43	43
Effect of exchange rate	6,532	23,093	71,459	41,255	142,339
Balance as of September 30, 2015	**$ 2,719,107**	**1,057,676**	**1,654,773**	**1,193,868**	**6,625,424**
Balance as of January 1 , 2014	$ 2,676,784	908,299	1,169,741	916,766	5,671,590
Addition	-	55,194	169,786	81,841	306,821
Disposal	-	-	(17,095)	(4,151)	(21,246)
Reclassification	-	(80,990)	-	(9,044)	(90,034)
Effect of exchange rate	2,239	6,365	25,584	(1,725)	32,463
Balance as of September 30, 2014	**$ 2,679,023**	**888,868**	**1,348,016**	**983,687**	**5,899,594**
Accumulated deprecation:					
Balance as of January 1 , 2015	$ -	174,740	879,280	713,555	1,767,575
Depreciation expenses	-	32,887	97,867	85,110	215,864
Disposal	-	-	(4,302)	(14,710)	(19,012)
Effect of exchange rate	-	6,185	41,448	27,698	75,331
Balance as of September 30, 2015	**$ -**	**213,812**	**1,014,293**	**811,653**	**2,039,758**
Balance as of January 1 , 2014	$ -	186,639	752,405	611,308	1,550,352
Depreciation expenses	-	33,625	82,789	61,678	178,092
Disposal	-	-	(8,715)	(7,545)	(16,260)
Reclassification	-	(17,619)	-	(34,855)	(52,474)
Effect of exchange rate	-	(42,680)	10,691	50,225	18,236
Balance as of September 30, 2014	**$ -**	**159,965**	**837,170**	**680,811**	**1,677,946**
Carrying amounts:					
Balance as of January 1 , 2015	**$ 2,685,726**	**790,585**	**551,822**	**339,618**	**4,367,751**
Balance as of September 30, 2015	**$ 2,719,107**	**843,864**	**640,480**	**382,215**	**4,585,666**
Balance as of January 1 , 2014	**$ 2,676,784**	**721,660**	**417,336**	**305,458**	**4,121,238**
Balance as of September 30, 2014	**$ 2,679,023**	**728,903**	**510,846**	**302,876**	**4,221,648**

(1) Idle assets

As of September 30, 2015, December 31, 2014 and September 30, 2014, the carrying amount of idle assets in property, plant and equipment amounted to $70,057 thousand, $75,473 thousand and $74,347 thousand, respectively.

(Continued)

(2) Collateral

A summary of the pledged assets as of September 30, 2015, December 31, 2014 and September 30, 2014 is in note 29.

(3) Reclassification

On July 10, 2014, the Board of Directors approved and have commenced to execute the disposal plan to sell the No. 2 factory of Jiaxing Ruiyang Garments Co., Limited. Accordingly, the related buildings, equipment and land use right were reclassified to noncurrent assets held for sale. As of September 30, 2014, the carrying amount of the noncurrent assets held for sale was $47,202 thousand.

13. Intangible assets

	Intangible assets
Book value:	
Balance at January 1, 2015	$ 42,471
Balance at September 30, 2015	$ 34,766
Balance at January 1, 2014	$ 35,965
Balance at September 30, 2014	$ 44,596

For the nine months ended September 30, 2015 and 2014, there were no significant additions, disposals, impairment loss or reversal. Amortization for the three months and nine months ended September 30, 2015 and 2014 please refers to Note 33(a). Other information please refers to notes to the consolidated financial statements for the year ended December 31, 2014.

14. Other current and noncurrent assets

	2015.9.30	2014.12.31	2014.9.30
Prepayments for land, equipment, and construction in progress	$ 235,863	71,371	143,161
Prepayments for inventory	73,921	58,812	69,010
Prepaid sales tax and sales tax credit	203,320	122,698	111,927
Refundable deposits	92,723	73,734	71,115
Prepaid rent	46,551	26,303	24,955
Other	100,346	84,657	111,603
Total	$ 752,724	437,575	531,771

(Continued)

15. Short-term borrowings

Details of short-term borrowings of the Group are as follows:

	2015.9.30	2014.12.31	2014.9.30
L/C	$ 242,708	100,001	347,799
Credit loans	894,456	-	361,884
Total	**$ 1,137,164**	**100,001**	**709,683**
Unused facilities	**$ 3,805,854**	**3,079,490**	**2,604,851**
Range of interest rates	**0.80%~1.25%**	**0.99%~2.01%**	**0.99%~1.90%**

The Group pledged assets as collaterals to secure bank loans is described in note 29.

16. Convertible bond payable

	2015.9.30	2014.12.31	2014.9.30
Amount of convertible bond issued	$ 700,000	700,000	700,000
Unamortized bond discount	(9,197)	(15,488)	(18,592)
Cumulative converted amount	(433,400)	(381,400)	(351,300)
Balance of convertible bond	257,403	303,112	330,108
Less: current portion	(257,403)	(303,112)	(330,108)
Embedded derivative-put and call options (accounted as financial assets (liabilities) at fair value through profit or loss－current	**$ -**	**-**	**370**
Equity component-conversion options (accounted for as capital surplus)	**$ 20,406**	**24,386**	**26,690**

	Three months ended September 30 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Embedded derivative-put and call options (accounted for as evaluation loss (gain) on financial instruments)	**$ -**	**379**	**1**	**390**
Interest expense (accounted as financial cost)	**$ 1,325**	**1,681**	**4,129**	**5,683**

From July 24, 2015 to August 23, 2015 and from July 24, 2016 to August 23, 2016, the bondholders may request the Company to repurchase the No. 4 five-year unsecured convertible bonds in Taiwan without coupon rate.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company reclassifies the bond payable as of September 30, 2015 and December 31, 2014 as current liabilities in accordance with the put option of the bondholders effective at any time from August 24, 2015 to August 25, 2106. The reclassification is based on the conservative principle rather than represents the bonds payable should be settled within one year.

For nine months ended September 30, 2015, and 2014, the Group did not issue, redeem, or repay the convertible bonds. For the related information, please refer to notes to the consolidated financial statements for the year ended December 31, 2014.

17. Provisions

		Provisions
Balance at January 1, 2015	$	231,752
Addition		71,321
Effect of exchange rate fluctuation		12,544
Balance at September 30, 2015	**$**	**315,617**
Balance at January 1, 2014	$	189,426
Reversal		(4,057)
Effect of exchange rate fluctuation		8,183
Balance at September 30, 2014	**$**	**193,552**

Provisions mainly are accrued for abnormal losses from operating and others.

18. Operating lease

For nine months ended September 30, 2015 and 2014, there are no significant additions to operating lease. For other information, please refer to notes to the consolidated financial statement for the year ended December 31, 2014.

19. Employee Benefits

(1) Defined benefit plans

Given there was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year, pension cost in the interim financial statement is measured and disclosed in accordance with the actuarial report measured on December 31, 2014 and 2013.

The Group’s pension costs under the defined benefit pension plan amounted to $6,161 thousand, $7,055 thousand, $17,977 thousand and $25,464 thousand for three months and nine months ended September 30, 2015 and 2014, respectively.

(Continued)

(2) Defined contribution plan

The Group's pension costs under the defined contribution pension plan amounted to $14,345 thousand, $12,480 thousand, $40,176 thousand and $34,875 thousand for three months and nine months ended September 30, 2015 and 2014, respectively.

20. Income Tax

(1) Income tax expense

The details of income tax expense are as followed:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Current income tax expense	$ 148,501	119,151	396,489	309,236

(2) The ROC tax authorities have approved the tax returns of the Company through 2013.

(3) Information related to the imputation credit account and creditable ratio is summarized below:

	2015.9.30	2014.12.31	2014.9.30
Unappropriated earnings of 1998 and after	$ 1,750,824	1,750,913	1,344,729
Balance of imputation credit account (ICA)	$ 213,959	340,906	225,669

	2014 (Actual)	2013(Actual)
Tax creditable ratio for earnings distribution to ROC residents	20.83%	20.92%

The above information about ICA has been comforted to amended Article No. 10204562810 of the Income Tax Act issued by the Finance Committee of Legislative Yuan of the Republic of China on October 17, 2013.

The credit available to the ROC resident shareholder is calculated by multiplying the dividend by the creditable ratio. The creditable ratio is calculated by dividing the balance of the ICA by earnings retained since January 1, 1998. Non-resident shareholders are not eligible for the imputation credit. Nevertheless, the 10% surtax paid at the corporate level can be used to offset the dividend withholding tax to be withheld from non-resident shareholders upon distribution of earnings.

(Continued)

Effective January 1, 2015, based on the amendment Article 66-6 of the Income Tax Act., the limitation for using the 10% surtax previously paid on the undistributed earnings as credit against the withholding tax on dividend distribution to non-resident shareholders will be reduces by 50%.

21. Stockholders' equity

Except for those described below, there were no significant changes of capital and other equities for the nine months ended September 30, 2015 and 2014. For related information, please refer to notes of the financial statements for year ended December 31, 2014.

(1) Issue of Common Stock

As of June 16, 2015, the Company's shareholders approved making capital surplus transferred to capital for 66,958 thousand ($0.35 per share). The issuance above was approved by the FSC on August 10, 2015 as the date of the capital increase; and the related registration process had been completed.

(2) Capital Surplus

The balances of capital are as followed:

	2015.9.30	2014.12.31	2014.9.30
Surplus arising from bond conversion option	$ 1,374,264	1,327,293	1,300,297
Paid-in capital in excess of par value	1,948,947	2,015,905	2,015,905
Capital surplus-premium from combination	593	593	593
Equity components of convertible bonds	20,406	24,386	26,690
Capital surplus-interest payable reimbursement	17,181	17,181	17,181
Expired stock options	307	307	307
The difference between book value and the actual price of disposal of the Group's associates	4,914	-	-
Changes in equities of subsidiaries	7,931	-	-
	$ 3,374,543	3,385,665	3,360,973

According to the amended ROC Company Law in January, 2012, the realized capital surplus can be transferred to common stock or distributed as cash dividends after deducting the accumulated deficit, if any. Realized capital surplus includes the additional paid-in capital from issuance of common stock in excess of the common stock's par value and donation from others. Paid-in capital in excess of par value is transferrable to common stock but shall not exceed 10% of the total issued and outstanding common stock in each year according to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

(Continued)

(3) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside 10% as legal reserve. Unless and until the accumulated legal reserve equals the Company's total capital, the Company may set aside a special reserve in accordance to Article 41 of the Securities and Exchange Act. After the board of directors considers the Company's budget for funding needs, financial structures, current period earnings, and steady profit distribution when proposing the distribution of earnings, the proposal should be resolved during the stockholders' meeting and set aside the following items accordingly:

(i) No more than 5% as bonus to directors.

(ii) From 1% to 8% as profit-sharing to employees' bonus.

The Company is now in the growth stage, and profits may be distributed by way of cash dividend and stock dividend. The ratio for distributing cash dividends shall not be lower than 10% of the total distribution.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company expects to modify the Articles of Incorporation according to laws and regulations above before the authority's final due date.

(i) Legal reserve

According to the amendment of the ROC Company Law announced on January, 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. If the Group incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, capitalize the amount of its reserve that exceeds 25% of common stock by issuing new shares or distributing cash dividend.

(ii) Special reserve

The Company is applicable to the regulations in Interpretation No.1010012865 announced on April 6, 2012 by the FSC for recognizing special reserve. A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to the current income or loss and the prior period-undistributed earnings from the reduction of other equity; the special reserve appropriated from the prior period-undistributed earnings cannot be distributed. If the reductions of other equity are reversed the reverse parts can be distributed.

(Continued)

(iii) Earnings appropriation and distribution

The Company's estimated bonuses to employees and estimated emoluments to directors are accrued by the net income, less, 10% of legal reserve, and multiplied by the percentage of bonus to employees and emoluments to directors written in the Company's article of incorporation, and the estimations are recognized as costs of revenue or operating expenses for the periods. For three months and nine months ended September 30, 2014, the estimated employee bonuses amounted to $33,984 thousand and $87,594 thousand, respectively, and the estimated directors' emoluments amounted to $14,868 thousand and $41,400 thousand, respectively. Differences 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. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

For the years ended December 31, 2014 and 2013, the estimated bonuses to employees amounted to $122,685 thousand and $96,704 thousand, respectively, and the emoluments to directors amounted to $53,675 thousand and $42,308 thousand, respectively. The estimations, recognized as costs of revenue or operating expenses as of 2014 and 2013, are based on the Company's article of incorporation of distribution of earnings, sequence, percentage of bonuses to employees and emoluments to directors, and net income.

The comparison between the actual distributions of the directors' emoluments in 2014 and 2013, and the amounts recorded in the Company's financial statements in 2014 and 2013 were as followed:

	2014		
	Actual distributed amount	**Recognized amount by financial statement**	**Difference**
Emoluments to directors	$ 43,300	53,675	(10,375)

	2013		
	Actual distributed amount	**Recognized amount by financial statement**	**Difference**
Emoluments to directors	$ 38,700	42,308	(3,608)

(Continued)

The difference between the actual emoluments to the directors and the recognized amount in 2014 and 2013 was not significant, therefore, the difference was recognized in profit or loss in 2015 and 2014.

Earnings distribution for 2014 and 2013 was decided in the general meeting of the shareholders held on June 16, 2015 and June 23, 2014, respectively. The relevant dividend distributions to the shareholders were as followed:

	2014		2013	
	Amount per share (Taiwan dollar)	Total amount	Amount per share (Taiwan dollar)	Total amount
Cash	$ 7.70	1,473,084	7.70	1,310,744

Information on the earnings appropriation proposed by the Company's board of directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

22. Employee and directors' emoluments

The bonuses of employees amounted to $45,412 thousand and $122,020 thousand, and the emoluments of directors and supervisors amounted to $40,176 thousand and $25,464 thousand for the three months and nine months ended September 30, 2015, respectively. These amounts are accrued by the Company's article of incorporation, and the estimations are recognized as costs of revenue or operating expenses for the periods temporarily. The differences 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.

23. Earnings per share

The calculations of the basic and diluted EPS are as followed:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Basic EPS:				
Profit attributable to owners of the Company	$ 628,476	458,693	1,701,454	1,299,176
Weighted-average number of outstanding common shares (thousand)	198,144	185,406	198,001	178,851
Basic EPS (in TWD)	$ 3.17	2.47	8.59	7.26

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Diluted EPS:					
Profit attributable to common shareholders (basic)		628,476	458,693	1,701,454	1,299,176
Interest of convertible bonds, other gains and losses		1,099	1,710	3,427	5,041
Profit attributable to common shareholders (diluted)		**629,575**	**460,403**	**1,704,881**	**1,304,217**
Weighted-average number of outstanding common shares (basic) (thousand)		198,144	185,406	198,001	178,851
Effect of employee stock dividends (thousand)		451	587	728	1,000
Effect of conversion of convertible bonds (thousand)		3,869	4,532	4,011	5,108
Weighted-average number of outstanding common shares on September 30 (diluted) (thousand)		202,464	190,525	202,740	184,959
Diluted EPS (in TWD)	**$**	**3.11**	**2.42**	**8.41**	**7.05**

24. Financial Instruments

Except for those describe below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments during the nine months ended September 30, 2015 and 2014. For related information, please refer to notes of the consolidated financial statements for years ended in December 31, 2014.

(1) Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

		Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
September 30, 2015								
Non-derivative financial liabilities								
Short-term borrowings	$	1,137,164	(1,139,156)	(1,139,156)	-	-	-	-
Convertible bonds payable		257,403	(268,605)	(268,605)	-	-	-	-
Accounts payable and other payables		3,036,672	(3,036,672)	(3,036,672)	-	-	-	-
Derivatives								
Forward exchange contracts								
Outflow		-	(33,130)	(33,130)	-	-	-	-
Inflow		(354)	33,490	33,490	-	-	-	-
	$	**4,430,885**	**(4,444,073)**	**(4,444,073)**	-	-	-	-

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
December 31, 2014							
Non-derivative financial liabilities							
Short-term borrowings	$ 100,001	(100,354)	(100,354)	-	-	-	-
Convertible bonds payable	303,112	(320,794)	-	(320,794)	-	-	-
Accounts payable and other payables	2,692,832	(2,692,832)	(2,692,832)	-	-	-	-
Derivatives							
Forward exchange contracts							
Outflow	380	(158,590)	(158,590)	-	-	-	-
Inflow	(226)	158,287	158,287	-	-	-	-
	$ 3,096,099	(3,114,283)	(2,793,489)	(320,794)	-	-	-
September 30, 2014							
Non-derivative financial liabilities							
Short-term borrowings	$ 709,683	(711,408)	(711,408)	-	-	-	-
Convertible bonds payable	330,108	(351,322)	-	(351,322)	-	-	-
Accounts payable and other payables	2,725,493	(2,725,493)	(2,725,493)	-	-	-	-
Derivative							
Forward exchange contracts							
Outflow	2,051	(608,720)	(608,720)	-	-	-	-
Inflow	(64)	607,505	607,505	-	-	-	-
	$ 3,767,271	(3,789,438)	(3,438,116)	(351,322)	-	-	-

The Group does not expect the cash flows, included in the maturity analysis, would occur significantly earlier or at significantly different amounts.

(2) Exchange rate risk

(i) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	2015.9.30			2014.12.31			2014.9.30		
	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 170,988	33.128	5,664,490	68,554	31.718	2,174,391	127,658	30.436	3,885,402
CNY	13,081	5.2188	68,267	33,273	5.1043	169,833	25,083	4.9386	123,874
IDR	37,680,265	0.002498	94,131	5,575,073	0.002557	14,255	7,452,483	0.0025	18,631
VND	15,142,531	0.001475	22,340	5,887,036	0.001484	8,736	9,613,530	0.0014	13,459
Financial liabilities									
Monetary items									
USD	97,754	33.128	3,238,395	30,751	31.718	975,354	75,144	30.4360	2,287,082
CNY	84,287	5.2188	439,877	30,370	5.1043	155,020	107,476	4.9386	530,783
IDR	36,186,767	0.002498	90,400	6,543,928	0.002557	16,733	6,674,239	0.0025	16,686
VND	121,892,897	0.001475	179,829	12,959,903	0.001484	19,232	74,789,566	0.0014	104,705

(Continued)

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, other receivables, loans, accounts payables and other payables. A 1% depreciation or appreciation of the TWD against the USD, CNY, IDR, and VND as of September 30, 2015 and 2014, would have increased or decreased the net income after tax by $21,846 thousand and $11,021 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is based on the same basis.

Due to the variety of functional currencies, the Group summarized the foreign exchange gains and losses (included realized and unrealized) for nine months ended September 30, 2015 and 2014 amounted to $69,635 thousand and $4,077 thousand, respectively.

(3) Fair value

(i) Fair value of financial instruments

The book value, fair value and fair value hierarchy for the financial assets and financial liabilities of the Group were as followed (excluding the disclosure of either the book value of financial assets and liabilities that are not close to the fair value, or the fair value cannot be reliably measured).

	2015.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets held for trading	$ 47,615	47,615	-	-	47,615
Derivative financial assets	354	-	354	-	354
Subtotal	47,969	47,615	354	-	47,969
Loan and receivables:					
Cash and cash equivalents	$ 1,816,039	-	-	-	-
Accounts receivable and notes receivable	1,303,711	-	-	-	-
Other financial assets	2,219,674	-	-	-	-
Subtotal	5,339,424	-	-	-	-
Refundable deposit	$ 92,723	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	$ 1,137,164	-	-	-	-
Accounts payable and other payables	3,036,672	-	-	-	-
Convertible bonds	257,403	-	-	-	-
Subtotal	4,431,239	-	-	-	-

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2014.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets held for trading	$ 53,064	53,064	-	-	53,064
Derivative financial assets	226	-	226	-	226
Subtotal	53,290	53,064	226	-	53,290
Loan and receivables:					
Cash and cash equivalents	$ 1,648,409	-	-	-	-
Accounts receivable and notes receivable	1,318,708	-	-	-	-
Other financial assets	1,127,216	-	-	-	-
Subtotal	4,094,333	-	-	-	-
Refundable deposit	$ 73,734	-	-	-	-
Derivative financial liabilities	380	-	380	-	380
Financial liabilities at amortized cost:					
Short-term borrowings	$ 100,001	-	-	-	-
Accounts payable and other payables	2,692,832	-	-	-	-
Convertible bonds	303,112	-	-	-	-
Subtotal	3,095,945	-	-	-	-

	2014.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Non-derivative financial assets held for trading	$ 60,735	60,735	-	-	60,735
Derivative financial assets	64	-	64	-	64
Subtotal	60,799	60,735	64	-	60,799
Loan and receivables:					
Cash and cash equivalents	$ 1,005,670	-	-	-	-
Accounts receivable and notes receivable	1,552,151	-	-	-	-
Other financial assets	1,378,765	-	-	-	-
Subtotal	3,936,586	-	-	-	-
Refundable deposit	$ 71,115	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	$ 709,683	-	-	-	-
Accounts payable and other payables	2,725,493	-	-	-	-
Convertible bonds	330,108	-	-	-	-
Subtotal	3,765,284	-	-	-	-

(ii) Valuation techniques and assumptions used in fair value determination

Non-derivative financial instruments

The fair value of financial instruments, which are carried at fair value through profit or loss and traded in active markets, is based on quoted market prices.

When the quoted market prices can be obtained through exchange markets, dealer markets, brokered markets, industrial union, pricing organization or authorities, and transactions which occurred frequently, the financial instruments are in active markets.

(Continued)

When the aforementioned conditions were not met, and there is a significant difference between the buying and the selling prices or transactions which occurred infrequently, the financial instruments are in inactive market.

Except for the aforementioned financial instruments, the fair value of other financial instruments is determined using the valuation techniques or the quoted price from counter party. The fair value of financial instruments through valuation techniques is determined by the present value of other financial instruments with similar characteristics, discounted cash flow, other valuation techniques and observable data of valuation model on the reporting date.

Derivative financial instruments

The fair value is based on the general accepted valuation model. The fair value of forward exchange contract is based on the forward exchange rate. Embedded derivative financial instrument is based on the option pricing model or other valuation techniques.

(iii) Transfer between fair value hierarchy

There were no transfers in either direction for the nine months ended September 30, 2015 and 2014.

25. Financial risk management

(1) Nature and extent

The Company is exposed to the following risks from its financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

This note expresses the information on risk exposure and goals, policies and procedures for the Group to measure, and manage risks. Please refer to the notes in the interim consolidated financial statements for further quantitative disclosures.

(2) Risk management framework

The Board of Directors is responsible to establish and oversea the risk management structure of the Group.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group’s activities. The Group, through the training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors the risks which should be in compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation of the risks faced by the Group. The internal auditor undertakes regular reviews of the risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(3) Credit Risk

Credit risk means the potential loss of the Group if the clients or the counterparty involved in that transaction defaults. The primary potential credit risk is from the accounts receivable and financial investments of the Group.

(i) Accounts receivable and other receivables

The Group periodically review payment histories and financial positions of customers, and factored its accounts receivable to certain financial institutions without recourse to lower the credit risk. Some factored accounts receivable transferred the risks to the banks. The Group also aggressively markets the Europe and Asia area to diversify the risk of the concentrated customers in certain area.

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables, other receivables and investment. The components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component, which the loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

(ii) Financial investments

The Group only provide guarantee to wholly owned subsidiaries. The Group did not provide any guarantee to its third party as of September 30, 2015, December 31, 2014 and September 30, 2014.

(Continued)

(4) Liquidity risk

Liquidity risk is the risk when the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group forecasts, the necessary cash demand, including financial liabilities fulfillment, within 60 days of operation cycle, and keeps sufficient funds. The forecasting does not include unexpected potential risks, such as natural disaster. For the Group's available credit limits, please refer to note 15.

(5) Market Risk

Market risk is the risk that comes from changes in market prices such as changes of foreign exchange rates, interest rates and equity prices, impacting the Group's income or the value of financial instruments held by the Group. The objective of market risk management is to manage and control market risk exposures within acceptable range and optimize the return on investments.

(i) Exchange Rate Risk

The Group mainly uses the USD for its sales and purchases, with over 80% of the natural hedge. The net foreign currency position is still exposed to the exchange rate risk. The Group takes advices from professionals in banks and periodically uses the foreign currency forward contracts to hedge the net foreign currency exposure, within the range of 50% to 75%, for the next six months. The Group has effectively minimized the impact of exchange gain and loss in acceptable range.

(ii) Interest rate risk

The Group does not have any significant liability with floating interest rate, and the changing market interest does not have any significant impact to the future cash flow of the Group.

(iii) Other market risk

Except for purchase agreement to meet expecting consumptions and sales requirements, the Group does not sign any other long-term purchase agreements.

26. Capital Management

To maintain investor relationship, market confidence, and future operation, the board maintains working capital by periodically reviewing the financial structure, and optimizes the liability and equity balance to lower the financial costs.

(Continued)

The Group's review comprises:

(1) Growth rate of its future sales and profit.

(2) The impacts to EPS with growth rate of shares.

(3) Various types of financial costs and relative risks.

By adjusting the amount and types of paying the dividends and market financing, the managements maintain and modify its financial structures.

The Group's self-owned capital ratios at the end of the reporting periods are as followed:

	2015.9.30	2014.12.31	2014.9.30
Total equity	$ 8,648,640	8,162,221	7,669,848
Total assets	$ 13,895,557	11,994,145	12,012,268
Self-owned capital ratio	62%	68%	64%

27. Investments and raising capitals through non-cash transactions

For the nine months ended September 30, 2015 and 2014, investments and raising capitals through non-cash transactions were the conversion of convertible bonds; and the sum of common stock and capital surplus amounted to $53,820 thousand and $124,600 thousand, respectively.

28. Related-party Transactions

(a) Significant transactions among related parties

(1) Purchasing

The amount of significant purchasing transactions among related parties was as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Associates	$ 173,829	100,566	394,083	270,175

The price and payment terms provided by the associates to the Group are the same as those of the general sales.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Related parties payables

Account name	Types of related parties		2015.9.30	2014.12.31	2014.9.30
Accounts payables－related parties	Associates	$	61,258	66,109	43,724

(b) Key Management Personnel Transactions

Key management personnel compensation comprised:

		Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Short-term employee benefits	$	32,537	27,367	93,122	84,790
Post-employment benefits		32	32	96	128
	$	32,569	27,399	93,218	84,918

29. Pledged assets

The Group assets pledged to secure loans are as follows:

Pledged assets	Pledged to secure		2015.9.30	2014.12.31	2014.9.30
Land	Borrowing	$	2,484,818	2,484,818	2,484,818
Property, plant and equipment	Borrowing		307,710	319,240	323,371
		$	2,792,528	2,804,058	2,808,189

30. Significant Commitments and Contingencies

(a) Unrecognized significant commitments:

(i) Unused letters of credit to the Group

		2015.9.30	2014.12.31	2014.9.30
Unused letters of credit	$	280,447	504,124	550,206

(Continued)

(ii) The Group issued promissory notes to the banks to apply for borrowings, export bills negotiation, derivatives, and factoring accounts receivables. The issued promissory notes was as follows:

	2015.9.30	2014.12.31	2014.9.30
Issued promissory	$ 8,408,264	7,848,302	7,597,934

31. Significant Casualty Loss: None.

32. Significant Subsequent Events:

In order to build flagship plants for manufacturing high-end functional products on November 10, 2015, the Board of Directors approved a resolution to increase the investment of Leader in Vietnam to USD 2,740 thousand.

33. Other

(a) The Group's personnel, depreciation and amortization expenses, categorized by function, are as followed:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	854,639	520,197	1,374,836	712,411	332,792	1,045,203
Labor and Health insurance	44,867	17,046	61,913	36,108	15,080	51,188
Pension	13,012	7,494	20,506	10,839	8,730	19,569
Others	20,129	13,471	33,600	16,006	10,027	26,033
Depreciation	59,363	12,806	72,169	47,830	13,349	61,179
Amortization	-	3,377	3,377	-	3,405	3,405

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	2,428,681	1,132,106	3,560,787	2,008,118	935,543	2,943,661
Labor and Health insurance	128,021	48,360	176,381	101,795	42,823	144,618
Pension	35,960	22,193	58,153	34,409	25,930	60,339
Others	54,900	32,716	87,616	45,113	29,697	74,810
Depreciation	176,136	39,728	215,864	138,066	40,026	178,092
Amortization	-	10,263	10,263	-	9,551	9,551

(b) The Group's operation is not affected by the seasonal or cyclical variations.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

34. Other Disclosure Items

(a) Significant transaction relevant information

The information on the significant transactions for the nine months ended September 30, 2015 required by the Guidelines Governing the Preparation of Financial Reports of Securities issuers was as follows:

(1) Lending to other parties:

No	Name of lender	Name of borrower	Account name	affiliates	Highest balance during the period	Balance as of September 30, 2015 (note 2)	Appropriated credit as of September 30, 2015	Range of interest rates during the period	Type of financing (Note 1)	Transaction amounts	Purpose of fund financing of the borrower	Allowance for bad debt	Guarantee		Limitation on fund financing to individual party	Limitation on fund financing
													Item	Value		
0	The Company	PT Crystal	Other receivable-related parties	Y	135,282	63,937	57,311	3.0%	2	-	Operating capital	-	-	-	1,718,634	3,437,268
0	The Company	PT Glory	Other receivable-related parties	Y	636,720	636,720	636,720	3.0%	1	Processing 1,170,723	-	-	-	-	1,170,723	3,437,268
0	The Company	PT Starlight	Other receivable-related parties	Y	194,431	171,272	169,284	3.0%	1	Processing 329,698	-	-	-	-	329,698	3,437,268
0	The Company	Makalot Cambodia	Other receivable-related parties	Y	196,118	196,118	187,173	3.0%	1	Processing 1,002,855	-	-	-	-	2,569,496	3,437,268
0	The Company	Moha	Other receivable-related parties	Y	289,539	289,539	277,613	3.0%	1	Processing 662,593	-	-	-	-	1,711,042	3,437,268
0	The Company	Makalot Vietnam	Other receivable-related parties	Y	403,830	403,830	302,790	3.0%	1	Processing 942,025	-	-	-	-	942,025	3,437,268
0	The Company	Triple Vietnam	Other receivable-related parties	Y	82,820	82,820	82,820	3.0%	1	Processing 704,224	-	-	-	-	704,224	3,437,268
0	The Company	Leader Vietnam	Other receivable-related parties	Y	245,147	245,147	132,512	3.0%	2	-	Operating Capital	-	-	-	1,718,634	3,437,268
1	Wintop	PT Starlight	Other receivables	Y	31,803	31,803	-	3.0%	2	-	Operating Capital	-	-	-	859,317	1,718,634
1	Yangzhou Feng Yang Garments Co., Limited、Jiaxing Suntex Garment Co., Limited、Jiaxing Rising Garment Co., Limited、Jiaxing Ruiyang Garment Co., Limited、Shanghai Makalot Garment Co., Limited、Eco-Lot Textile Co., Ltd. (note 4)	Yangzhou Feng Yang Garments Co., Limited、Jiaxing Suntex Garment Co., Limited、Jiaxing Rising Garment Co., Limited、Jiaxing Ruiyang Garment Co., Limited、Shanghai Makalot Garment Co., Limited、Eco-Lot Textile Co., Ltd. (note 4)	Other receivables	Y	52,188	52,188	52,188	3.0%~3.6%	2	-	Operating capital	-	-	-	859,317	1,718,634

Note: The ceiling on total loans granted by the Company to all parties is 40% in the net assets in the financial statements; the ceiling on the short-term financing for each entity's operating capital granted by the Company is 20% of its net assets in the financial statements; the ceiling on the loan granted by the Company to each entity with transactions is the transaction amount within a year. The policy for loans granted mutually between its overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows:

Ceiling on total loans granted by an on overseas subsidiary to all overseas subsidiaries is 20% of the Company's net assets in the financial statements; limit on loans granted by an overseas subsidiary to each overseas subsidiary is 10% of the Company's net assets in the financial statements.

Note1: Nature of lending: 1 for counterparties with transactions and 2 for short-term operating capital.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note2: Ending facility balance approved by BOD.

Note3: The trading companies purchase materials from the Company and sell the final products back to the Company after processing. It is the transaction between the Company and the trading companies, and the Company provides the materials through Loyal Trading Int'l Co., Ltd. to its subsidiaries for productions. According to regulation, the Company only discloses the amount of processing; however, the ceilings for its parties with transactions are based on the actual amount of the transactions of the products.

Note4: The credit limit between subsidiaries in China.

Note5: The aforementioned transactions have been eliminated when preparing the interim consolidated financial statements.

(2) Guarantees and endorsements for other parties:

No.	Endorsement/guarantee Provider	Counter-party/ guarantee receiver		Limit of guarantee/ endorsement amount for receiving party	Maximum balance	Ending balance	Actual amount used	Endorsement and guarantee secured by assets	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount	Classified as endorsement and guarantee to subsidiary by parent company	Classified as endorsement and guarantee to parent company by parent subsidiary	Classified as endorsement and guarantee to companies in Mainland China
		Name	Relation										
0	The Company	Jiaxing Ruiyang Garment Co., Limited	3	1,718,634	113,747	10,438	10,438	-	0.12%	4,296,586	Y	N	Y
0	The Company	Jiaxing Rising Garment Co., Limited	3	1,718,634	63,436	-	-	-	-	4,296,586	Y	N	Y
0	The Company	Jiaxing Suntex Garment Co., Limited	3	1,718,634	63,436	-	-	-	-	4,296,586	Y	N	Y
0	The Company	Shanghai Makalot Garment Co., Limited	3	1,718,634	63,436	-	-	-	-	4,296,586	Y	N	Y
0	The Company	Eco-Lot Textile Co., Ltd.	3	1,718,634	47,577	-	-	-	-	4,296,586	Y	N	Y
0	The Company	Yangzhou Feng Yang Garments Co., Limited	3	1,718,634	10,438	10,438	10,438	-	0.12%	4,296,586	Y	N	Y

Note: Total guarantees amount should not exceed 50% of the Company's net assets of financial statements; guarantees amount to each entity should not exceed 20% of the Company's net assets in the financial statements.

Note 1: Relationship between guarantee provider and receiver is as follows:

(1) The Company has transaction with the counterparty.

(2) The Company holds more than 50% of common shares of the subsidiary.

(3) The Company and its subsidiaries hold more than 50% of common shares of the investee company.

(4) The parent company which holds, more than 50% of its outstanding common shares directly or indirectly through a subsidiary.

(5) Companies in same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.

(6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) Information regarding securities held:

Unit: shares

Company's m	Types and issuer of marketable securities	Nature of the relationship	Account name	Ending balance				Notes
				Number of shares	Book value	Ownership %	Fair value	
The Company	Dimerco Data System Corporation (DDSC)	-	Financial assets at fair value through profit or loss－current	2,368,922	47,615	1.20 %	47,615	

(4) Information regarding purchase or sale of securities for the period which exceeded $300 million or 20% of the Company's paid-in capital: None.

(5) Information on acquisition of real estate for which the purchase amount exceeded $300 million or 20% of the Company's paid-in capital: None.

(6) Information regarding the amount from disposal of real estate exceeding NT$300 million or 20% of the Company's paid-in capital: None.

(7) Information regarding related-party purchase and sale transactions for which the amount exceeded $100 million or 20% of the Company's paid-in capital:

Name of company which purchased or sold	Name of counter-party	Relationship with the Company	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Accounts/notes receivable (payable)		Notes
			Purchase / sale	Amount	Percentage of total purchases / sales	Credit terms	Amount	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Global	Subsidiary	Purchasing	1,047,854	7%	30~60 days	Note 1	Letter of Credit, T/T, or payment with in 45~60 days	(266,454)	12%	Note
The Company	Loyal	Subsidiary	Processing	70,429	1%	30~60 days	-	-	-	-	Note
The Company	Loyal	Subsidiary	Purchasing	1,020,851	6%	30~60 days	Note 1	-	(240,777)	11%	Note
The Company	Leader PH	Subsidiary	Processing	346,345	7%	30~90 days	-	-	(6,177)	-	Note
The Company	Makalot Cambodia	Subsidiary	Processing	926,274	19%	30~60 days	-	-	(88,693)	4%	Note
The Company	PT Glory	Subsidiary	Processing	1,015,730	21%	30~60 days	-	-	(115,475)	5 %	Note
The Company	Makalot Vietnam	Subsidiary	Processing	815,980	17%	30~90 days	-	-	(235,379)	10%	Note
The Company	Moha	Subsidiary	Processing	607,235	12%	30~60 days	-	-	-	-	Note
The Company	Triple Vietnam	Subsidiary	Processing	543,843	11%	30~60 days	-	-	(114,232)	5%	Note
The Company	PT Starlight	Subsidiary	Processing	336,355	7%	30~60 days	-	-	(42,790)	2%	Note
The Company	Great Time Global Co., Ltd	Subsidiary	Sales	330,666	2%	60 days	-	-	67,102	5%	Note
The Company	Ecolot Textile Co., Ltd	Subsidiary	Purchasing	624,925	4%	45~60 days	-	-	(110,004)	5%	Note
The Company	Namtex	Investee under Equity Method	Purchasing	380,245	2%	30~45 days	-	-	(59,785)	3%	-
Ecolot Textile Co., Ltd.	Namtex	Associates	Purchasing	13,838	2%	45~60 days	-	-	(1,473)	100%	Note
Yangzhou Feng Yang Garments Co., Limited	Loyal	Associates	Sales	254,721	99%	30 days after exportation	-	-	18,292	93%	Note
Jiaxing Ruiyang Garment Co., Limited	Loyal	Associates	Sales	409,328	95%	〃	-	-	41,763	80%	Note
Jiaxing Rising Garment Co., Limited	Loyal	Associates	Sales	220,068	87%	〃	-	-	16,779	85%	Note
Jiaxing Suntex Garment Co., Limited	Loyal	Associates	Sales	175,240	95%	〃	-	-	22,445	85%	Note

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note: The aforementioned transactions have been eliminated when preparing the interim consolidated financial statements.

Note1: According to the cost or purchase order price multiplied by a fixed ratio, which is based on the cost and expense that subsidiary incurred.

(8) Information regarding receivables from related parties for which the amount exceeded $100 million or 20% of the Company's paid-in capital:

Name of company which has accounts receivable	Counterparty	Relationship	Ending balance of accounts receivable (in thousands)	Turnover	Past-due receivables from related party		Received subsequently (in thousands)		Allowance for bad debt
					Amount	method			
The Company	Makalot Cambodia	Subsidiary	Other receivables 188,342	-	-	-	1,169	(Note 1)	
The Company	Makalot Vietnam	Subsidiary	Other receivables 304,995	-	-	-	2,205	(Note 1)	
The Company	PT Glory	Subsidiary	Other receivables 641,042	-	-	-	-	(Note 1)	
The Company	Moha	Subsidiary	Other receivables 279,403	-	-	-	1,791	(Note 1)	
The Company	PT Starlight	Subsidiary	Other receivables 170,427	-	-	-	1,143	(Note 1)	
The Company	Leader Vietnam	Subsidiary	Other receivables 133,029	-	-	-	-	(Note 1)	
Global	The company	Parent company	Accounts receivable 266,454	5.35	-	-	172,751	(Note 2)	
Makalot Vietnam	The Company	Parent company	Accounts receivable 235,379	4.98	-	-	74,573	(Note 2)	
Ecolot Textile Co., Ltd.	The Company	Parent company	Accounts receivable 110,004	12.81	-	-	87,610	(Note 2)	
Loyal	The Company	Parent company	Accounts receivable 240,777	6.99	-	-	140,908	(Note 2)	
PT Glory	The Company	Parent company	Accounts receivable 115,475	16.08	-	-	93,752	(Note 2)	
Triple Vietnam	The Company	Parent company	Accounts receivable 114,232	8.96	-	-	81,347	(Note 2)	

Note: The aforementioned transactions have been eliminated when preparing the interim consolidated financial statements.

Note 1: The uncollected accounts receivables primarily consisted of loans.

Note 2: The amount is to be collected on October 26, 2015.

(9) Information regarding trading in derivative financial instruments: Please refer to note 8.

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(10) Business and significant transactions among the affiliates:

No	Name	Counter party	Relationship	Transactions details			
				Account	Amount	Terms	Percentage of total revenue or assets
0	The Company	Global	1	Costs of revenue	1,047,854	Cost multiplied by a fixed ratio	6%
0	〃	Loyal	1	〃	1,091,280	Purchase order price multiplied by a fixed ratio	6%
0	〃	Makalot Cambodia	1	〃	926,274	Processing cost based on the market price	5%
0	〃	PT Glory	1	〃	1,015,730	〃	6%
0	〃	Leader PH	1	〃	346,345	〃	2%
0	〃	Triple Vietnam	1	〃	543,843	〃	3%
0	〃	Moha	1	〃	607,235	〃	3%
0	〃	Makalot Vietnam	1	〃	815,980	〃	5%
0	〃	PT Starlight	1	〃	336,355	〃	2%
0	〃	Ecolot Textile Co., Ltd	1	〃	624,925	〃	3%
0	〃	Great Time Global Co., Ltd.	1	Revenue	330,666	Based on the market price	2%
0	The Company	Makalot Vietnam	1	Accounts payable	235,379	30～90 days	2%
0	〃	Global	1	〃	266,454	〃	2%
0	〃	Loyal	1	〃	240,777	〃	2%
0	〃	Ecolot Textile Co., Ltd	1	〃	110,004	〃	1%
0	〃	PT Glory	1	〃	115,475	〃	1%
0	〃	Triple Vietnam	1	〃	114,232	〃	1%
0	〃	Makalot Cambodia	1	Other non-current receivables	188,342	financing	1%
0	〃	Makalot Vietnam	1	〃	304,995	〃	2%
0	〃	Moha	1	〃	279,403	〃	2%
0	〃	PT Glory	1	〃	641,042	〃	5%
0	〃	PT Starlight	1	〃	170,427	〃	1%
0	〃	Leader Vietnam	1	〃	133,029	〃	1%
1	Yangzhou Feng Yang Garments Co., Limited	Loyal	3	Revenue	254,721	Based on the market price	1%
2	Jiaxing Ruiyang Garment Co., Limited	Loyal	3	〃	409,328	〃	2%
3	Jiaxing Rising Garment Co., Limited	Loyal	3	〃	220,068	〃	2%
4	Jiaxing Suntex Garment Co., Limited	Loyal	3	〃	175,240	〃	1%

Note1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note2: The relationship between transactions parties are as follows:

1. parent to subsidiary
2. subsidiary to parent
3. subsidiary to subsidiary

Note3: The aforementioned transactions have been eliminated when preparing the interim consolidated financial statements.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Business and significant transactions among the affiliates (investees of Mainland China are not included)

Relevant information about reinvestment for 2015 is as follows:

Unit: shares

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30,2015			Net Income (Loss) of the Investee	Share of profit loss of invest	Note
				September 30, 2015	December 31,2014	Shares	Percentage of Ownership	Carrying Value			
The Company	Global	British Virgin Islands	Sale of textile	501,451	484,502	15,740	100.00%	718,275	32,691	33,153	Subsidiaries
The Company	Loyal	British Virgin Islands	Sale of textile	19,857	19,857	10,000	100.00%	164,782	9,908	9,908	Subsidiaries
The Company	PT Crystal	Indonesia	Manufacture of garments	34,464	34,464	993,191	99.40%	(39,597)	(3,786)	(3,764)	Subsidiaries
The Company	Leader PH	Philippine	Manufacture of garments	7,281	7,281	249,995	99.99%	37,876	9,627	9,627	Subsidiaries
The Company	Diamond	Philippine	Manufacture of garments	-	-	149,995	99.99%	3,674	(111)	(111)	Subsidiaries
The Company	Primeline	Philippine	Manufacture of garments	9,945	9,945	99,995	99.99%	73	(13)	(13)	Subsidiaries
The Company	Fortune Star	Samoa	Investments holding	828,300	828,300	26,015,000	100.00%	898,203	(14,630)	(14,630)	Subsidiaries
The Company	Triple	Samoa	Investments holding	275,551	163,351	8,600,000	100.00%	206,145	11,380	8,887	Subsidiaries
The Company	Ecolot Textile Co., Ltd	Taiwan	Sale of garments	25,200	36,000	4,320,000	72.00%	90,088	55,692	38,982	Subsidiaries
The Company	Asobi Investment Co., Ltd (ASB)	Taiwan	Trade services	-	10	1	50.00%	-	-	-	Subsidiaries
The Company	Great Time Global Co., Ltd	Taiwan	Sale of garments	4,575	-	500,000	100.00%	9,481	4,906	3,813	Subsidiaries
Global	PT Glory	Indonesia	Manufacture of garments	189,900	172,951	60,895	95.00%	271,738	22,023	10,621	Subsidiaries
Global	Makalot Cambodia	Cambodia	Manufacture of garments	107,139	107,139	1,000	100.00%	38,779	6,211	6,211	Subsidiaries
Global	Makalot Vietnam	Vietnam	Manufacture of garments	240,208	240,208	-	100.00%	283,498	(247)	(247)	Subsidiaries
Triple	Moha	Cambodia	Manufacture of garments	81,524	81,524	1,000	100.00%	(6,822)	(6,662)	(6,662)	Subsidiaries
Triple	Triple Vietnam	Vietnam	Manufacture of garments	81,171	81,171	-	100.00%	96,896	18,510	18,510	Subsidiaries
Triple	Leader Garment (Vietnam) Co., Ltd.(Leader Vietnam)	Vietnam	Manufacture of garments	112,200	-	-	100.00%	117,737	(1,437)	(1,437)	Subsidiaries
Fortune Star	Fund Eagle International Limited (Fund Eagle)	Hong Kong	Investments holding	98,360	98,360	2,450,000	100.00%	68,033	252	252	Subsidiaries
Fortune Star	Wintop Industrial Limited (Wintop)	Hong Kong	Investments holding	300,666	300,666	9,830,000	100.00%	330,717	(17,008)	(17,008)	Subsidiaries
Fortune Star	Crown Era Industrial Limited (Crown Era)	Hong Kong	Investments holding	117,740	117,740	3,580,000	100.00%	187,262	(3,985)	(3,985)	Subsidiaries
Fortune Star	Crownway International Development Limited (Crownway)	Hong Kong	Investments holding	250,002	250,002	7,460,000	100.00%	219,329	(11,230)	(11,230)	Subsidiaries
Fortune Star	PT Starlight	Indonesia	Manufacture of garments	61,532	61,532	19,950	95.00%	94,426	17,884	17,777	Subsidiaries
Wintop	Namtex	Vietnam	Textile fabric	224,179	224,179	-	50.00%	197,775	(27,652)	(15,393)	Investment under equity method
Ecolot Textile Co., Ltd	Great Time Global Co., Ltd	Taiwan	Sale of garments	-	5,000	-	-	-	4,906	1,093	Subsidiaries
Ecolot Textile Co., Ltd	Top Shiny Industrial Limited (Top Shiny)	Hong Kong	Investments holding	14,085	-	450,000	100.00%	24,602	9,360	9,360	Subsidiaries

Note: The aforementioned transactions between the Company and subsidiaries have been eliminated when preparing the interim consolidated financial statements.

Note 1: Investment gain or loss recognized in the current period included sales from subsidiaries to parent company.

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) Information regarding investments in Mainland China (PRC)

(1) Name, major operations and related information about investees in Mainland China

Name of PRC investee company	Major operations	Amount of paid-in capital (in thousands)	Method of investment (note 1)	Investment transferred from Taiwan, beginning of period (in thousands)	Nine months ended September 30, 2015		Investment transferred from Taiwan, end of period (in thousands)	Investee net income	Direct and indirect shareholding percentage by the Company	Current gain or loss on investment recognized (in thousands)	Carrying value of investment, end of period (in thousands)	Repatriated gain on investment, end of period
					Remittance	Repatriation						
Yangzhou Feng Yang Garments Co., Limited	Manufacture of garments	98,360	2	98,360	-	-	98,360	252	100.00%	252	68,031	-
Shaghai Makalot Garment Co., Limited	Manufacture of garments	65,448	2	65,448	-	-	65,448	1,783	100.00%	1,783	99,340	-
Jiaxing Suntex Garment Co., Limited	Manufacture of garments	117,740	2	117,740	-	-	117,740	(3,985)	100.00%	(3,985)	187,252	-
Jiaxing Rising Garment Co., Limited	Manufacture of garments	155,700	2	155,700	-	-	155,700	(5,601)	100.00%	(5,601)	155,951	-
Jiaxing Ruiyang Garment Co., Limited	Manufacture of garments	94,302	2	94,302	-	-	94,302	(5,629)	100.00%	(5,629)	63,363	-
Eco-Lot Textile Co., Ltd	Trade service	11,039	2	11,039	-	-	11,039	(2,000)	100.00%	(2,000)	743	-

Note: The aforementioned transactions have been eliminated when preparing the interim consolidated financial statements.

Note 1: There are three kinds of investments

1. Invest directly in Mainland China's companies.
2. Invest in Mainland China by remitting through a third region.
3. Others.

(2) Limit on the amount of investment in Mainland China

Cumulative remittance from Taiwan, end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Limit on the amount of investment in Mainland China
542,589	690,037	5,155,903

(3) Significant transactions:

For the nine months ended September 30, 2015, the direct or indirect significant transactions between the Company and the investee can be referred to the "Significant transactions relevant information"(eliminated in consolidated financial statements.) and the "Business and significant transactions among affiliates".

(Continued)

35. Segment information:

The Group's operating segments are as followed:

Three months ended September 30, 2015		Selling and manufacturing of garments	Other segments	Adjustments	Total
Revenue					
Revenue from third parties	$	6,829,743	157,058	-	6,986,801
Total revenue	**$**	**6,829,743**	**157,058**	**-**	**6,986,801**
Segment income or loss		(note 1)	(note 1)	(note 1)	(note 1)
Segment total asset		(note 1)	(note 1)	(note 1)	(note 1)
Segment total liabilities		(note 1)	(note 1)	(note 1)	(note 1)

Three months ended September 30, 2014		Selling and manufacturing of garments	Other segments	Adjustments	Total
Revenue					
Revenue from third parties	$	5,856,204	95,890	-	5,952,094
Total revenue	**$**	**5,856,204**	**95,890**	**-**	**5,952,094**
Segment income or loss		(note 1)	(note 1)	(note 1)	(note 1)
Segment total asset		(note 1)	(note 1)	(note 1)	(note 1)
Segment total liabilities		(note 1)	(note 1)	(note 1)	(note 1)

Nine months ended September 30, 2015		Selling and manufacturing of garments	Other segments	Adjustments	Total
Revenue					
Revenue from third parties	$	17,305,659	438,438	-	17,744,097
Total revenue	**$**	**17,305,659**	**438,438**	**-**	**17,744,097**
Segment income or loss		(note 1)	(note 1)	(note 1)	(note 1)
Segment total asset		(note 1)	(note 1)	(note 1)	(note 1)

(Continued)

MAKALOT INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine months ended September 30, 2014	Selling and manufacturing of garments	Other segments	Adjustments	Total
Revenue				
Revenue from third parties	$ 15,315,581	204,279	-	15,519,860
Total revenue	**$ 15,315,581**	**204,279**	**-**	**15,519,860**
Segment income or loss	(note 1)	(note 1)	(note 1)	(note 1)
Segment total asset	(note 1)	(note 1)	(note 1)	(note 1)

Note 1: The Group discloses the amounts as zero due to the amounts of its segment income or loss; and no total asset was provided to the chief operating decision maker.