Nan Liu Enterprise Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

Company Address: No.88, Bixiu Road, Qiaotou District, Kaohsiung City
Telephone: 07-6116616

The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference interpretation between the two versions, the Chinese language financial statements shall prevail.

NAN LIU Enterprise Co., Ltd. and Subsidiary
Consolidated Financial Statements for the
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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of Nan liu Enterprise Company Limited as of and for the year ended December 31, 2015, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Nan liu Enterprise Company Limited and Subsidiaries do not prepare a separate set of consolidated financial statements.

As hereby declared,

Company Name: Nan Liu Enterprise Co., Ltd.

Chairman: Huang Chin-san

March 18, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Nanliu Enterprise Company Limited

We have audited the accompanying consolidated balance sheets of Nanliu Enterprise Company Limited and subsidiaries as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing Audit and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nanliu Enterprise Company Limited and Subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have also audited, in accordance with the Regulations Governing Audit and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Nanliu Enterprise Company Limited as of and for the years ended December 31,2015 and 2014 on which we have issued an unqualified opinion.

YANGTZE CPAS & Co.,

March 18, 2016

Notice to Readers

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

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

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Balance Sheets

December 31,2015 and December 31,2014

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	ASSETS		December 31,2015 Amount	%	December 31,2014 Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	4、6(1)	$ 529,058	9.82	$ 339,335	6.92
1150	Notes receivable, net	4、6(2)、7	58,691	1.09	58,657	1.20
1170	Accounts receivable, net	4、6(3)、7	1,119,267	20.79	1,055,013	21.51
1200	Other receivables		1,495	0.03	3,686	0.08
1310	Inventories	4、5、6(4)	991,811	18.42	770,785	15.72
1410	Prepayments		354,415	6.58	357,985	7.30
1470	Other current assets	8	44,938	0.83	83,335	1.70
	Total current assets		3,099,675	57.56	2,668,796	54.43
	NONCURRENT ASSETS					
1600	Property , plant and equipment	4、6(5)、8	2,054,428	38.15	1,864,367	38.02
1780	Intangible assets	4	24	-	171	-
1840	Deferred income tax assets	4、5、6(10)	29,230	0.54	22,175	0.45
1915	Prepayments for equipment		76,135	1.41	221,217	4.51
1920	Refundable deposit	9	21,550	0.40	15,524	0.32
1985	Prepaid investments	4、8	101,322	1.88	108,796	2.22
1990	Other assets		2,463	0.06	2,637	0.05
	Total noncurrent assets		2,285,152	42.44	2,234,887	45.57
1xxx	Total assets		$ 5,384,827	100.00	$ 4,903,683	100.00

	LIABILITIES AND EQUITY		December 31,2015 Amount	%	December 31,2014 Amount	%
	CURRENT LIABILTIES					
2100	Short-term loans	6(6)	$ 207,307	3.85	$ 259,041	5.28
2110	Short-term bills payable , net	6(7)	164,931	3.06	89,952	1.83
2150	Notes payable	4	540,796	10.04	529,444	10.80
2170	Accounts payable	4	523,562	9.72	548,373	11.19
2200	Other payable		160,252	2.98	156,512	3.19
2213	Payables on equipment		37,893	0.70	47,221	0.96
2230	Current tax liabilities	4、6(10)	81,986	1.52	71,906	1.47
2311	Unearned receipts		9,569	0.18	13,837	0.28
2322	Current portion of long-term bank borrowing	6(8)	169,288	3.14	87,388	1.78
2399	Other current liabilities		2,973	0.06	2,276	0.05
	Total current liabilities		$ 1,898,557	35.25	1,805,950	36.83
	NONCURRENT LIABILTIES					
2540	Long-term bank borrowing	6(8)	722,425	13.42	661,748	13.49
2571	Deferred income tax liabilities-Land value increment tax		7,386	0.14	7,386	0.15
2572	Deferred income tax liabilities-income tax	4、6(10)	2,744	0.05	2,739	0.06
2640	Accrued pension liabilities	4、5、6(9)	89,756	1.67	80,093	1.63
2645	Guarantee deposits		500	0.01	509	0.01
	Total noncurrent liabilities		822,811	15.29	752,475	15.34
	Total liabilities		2,721,368	50.54	2,558,425	52.17
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
	Owners equity					
3100	Capital stock	6(11)	726,000	13.49	726,000	14.81
3200	Capital surplus	6(11)	453,467	8.42	453,467	9.25
3300	Retained earnings	6(11)				
3310	Legal reserve		201,355	3.74	159,340	3.25
3320	Special reserve		44,348	0.82	44,348	0.90
3350	Unappropriated earnings		1,153,679	21.42	823,705	16.80
3400	Other	6(11)				
3410	Financial statements translation differences for foreign operations		84,610	1.57	138,398	2.82
	Equity attributable to shareholders of the parent		2,663,459	49.46	2,345,258	47.83
	Total liabilities and equity		$ 5,384,827	100.00	$ 4,903,683	100.00

The accompanying notes are an integral part of these consolidated financial statements.

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Year Ended December 31 ,2015 and 2014

(All Amounts Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			For the year ended December 31			
			2015		2014	
	Item	Note	Amount	%	Amount	%
4110	Sales revenue		$ 5,969,160	100.79	$ 5,376,982	100.62
4170	Less: Sales return		(24,782)	(0.42)	(10,877)	(0.20)
4190	Less: Sales allowances		(22,177)	(0.37)	(22,114)	(0.41)
4000	Net Sales	4、6(13)、7	5,922,201	100.00	5,343,991	100.01
5000	Cost of goods sold	6(4)	(4,725,558)	(79.79)	(4,304,554)	(80.55)
5900	Gross profit		1,196,643	20.21	1,039,437	19.46
6000	Operating expenses					
6100	Promotion expenses		(215,902)	(3.65)	(222,049)	(4.16)
6200	Management expenses		(201,449)	(3.40)	(184,927)	(3.46)
6300	Research expenses		(28,648)	(0.48)	(33,673)	(0.63)
6000	Total Operating expenses		(445,999)	(7.53)	(440,649)	(8.25)
6900	Operating profit		750,644	12.68	598,788	11.21
	Other non-operating income and expenses					
7020	Other income	6(14)	51,451	0.87	20,951	0.39
7050	Finance costs	6(14)	(24,456)	(0.42)	(23,782)	(0.45)
7000	Other non-operating income and expenses		26,995	0.45	(2,831)	(0.06)
7900	Income before income tax		777,639	13.13	595,957	11.15
7950	Income tax expense	4、6(10)	(196,208)	(3.31)	(175,805)	(3.29)
8200	Net Income		581,431	9.82	420,152	7.86
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation	6(9)	(7,424)	(0.12)	1,880	0.04
8349	Income tax (expense) related to components of the comprehensive income	6(10)	1,262	0.02	(320)	(0.01)
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(11)	(53,788)	(0.91)	86,715	1.62
8300	Other comprehensive income(loss)for the period ,net of income tax		(59,950)	(1.01)	88,275	1.65
8500	Total comprehensive income for the period		$ 521,481	8.81	$ 508,427	9.51

(Continued)

			For the year ended December 31					
			2015			2014		
				Amount	%		Amount	%
8600	Net income attributable to :							
8610	Owners of parent		$	581,431	9.82	$	420,152	7.86
8620	Non-controlling interests			-	-		-	-
	Net income		$	581,431	9.82	$	420,152	7.86
8700	Comprehensive income attributable to :							
8710	Owners of parent		$	521,481	8.81	$	508,427	9.51
8720	Non-controlling interests			-	-		-	-
	Total comprehensive income for the period		$	521,481	8.81	$	508,427	9.51
9750	Basic earnings per share(NT dollars)	4、6(12)	$	8.01		$	5.79	
9850	Diluted earnings per share(NT dollars)	4、6(12)	$	8.00		$	5.78	

The accompanying notes are an integral part of these consolidated financial statements.

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the year ended December 31,2015 and 2014

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Capital Stock - Common Stock			Retained Earnings			Other equity items		
	Ordinary shares	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Financial statements translation differences for foreign operations	Non-controlling interests	Total Equity
Balance as of January 1, 2014	72,600	$ 726,000	$ 453,467	$ 121,661	$ 55,760	$ 587,980	$ 51,683	$ -	$ 1,996,551
Legal reserve appropriated	-	-	-	37,679	-	(37,679)	-	-	-
Reversal of special reserve	-	-	-	-	(11,412)	11,412	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(159,720)	-	-	(159,720)
Net income in 2014	-	-	-	-	-	420,152	-		420,152
Other comprehensive income for the year	-	-	-	-	-	1,560	86,715	-	88,275
Balance as of December 31, 2014	72,600	$ 726,000	$ 453,467	$ 159,340	$ 44,348	$ 823,705	$ 138,398	$ -	$ 2,345,258
Balance as of January 1, 2015	72,600	$ 726,000	$ 453,467	$ 159,340	$ 44,348	$ 823,705	$ 138,398	$ -	$ 2,345,258
Legal reserve appropriated	-	-	-	42,015	-	(42,015)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(203,280)	-	-	(203,280)
Net income in 2015	-	-	-	-	-	581,431	-	-	581,431
Other comprehensive income for the year	-	-	-	-	-	(6,162)	(53,788)	-	(59,950)
Balance as of December 31, 2015	72,600	$ 726,000	$ 453,467	$ 201,355	$ 44,348	$ 1,153,679	$ 84,610	$ -	$ 2,663,459

The accompanying notes are an integral part of these consolidated financial statements.

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Year Ended December 31 ,2015 and 2014

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2015	2014
Cash flows from operating activities		
Consolidated Profit before income tax	777,639	$ 595,957
Adjustments for ：		
Depreciation expense	261,124	262,196
Amortization expense	6,445	6,379
Other expense	(465)	344
Interest expense	24,456	23,782
Interest income	(2,871)	(2,706)
Provision for doubtful accounts	6,255	5,468
(Reversal of allowance) Provision for inventory market price decline	-	(3,415)
Loss on disposal of inventory	9,188	23,958
(Profit) Loss on physical inventory	(1,059)	29
Loss on disposal of assets	4,290	950
(Reversal) Impairment of Assets	(2,188)	(2,170)
Foreign exchange (gain)	(7,985)	(7,676)
Changes in operating assets and liabilities		
(Increase) in notes receivable	(34)	(19,430)
(Increase) in accounts receivable	(68,278)	(220,793)
Decrease in other receivable	2,015	14,914
(Increase) in inventories	(229,155)	(142,112)
Decrease in prepayments	12,702	4,655
Decrease (Increase) in other current assets	37,832	(29,509)
Increase in notes payable	10,790	86,046
(Decrease) Increase in accounts payable	(25,458)	95,393
Increase (Decrease) in other payable	3,938	(23,532)
(Decrease) Increase in unearned receipts	(4,268)	984
Increase in accrued pension liabilities	2,239	2,403
Cash generated from operating	817,152	672,115
Interest received	3,047	2,723
Income taxes paid	(191,916)	(151,200)
Net cash generated by operating activities	628,283	523,638

（Continued）

	For the year ended December 31	
	2015	2014
Cash flows from investing activities		
Acquisition of property , plant and equipment	(168,240)	(105,801)
Disposal of property , plant and equipment	840	1,540
(Increase) in prepayments for equipment	(190,110)	(238,500)
(Increase) in long-term prepaid rent	-	(46,680)
(Increase) Decrease in restricted assets	(336)	21,570
Decrease (Increase) in Instead of payment	901	(705)
(Increase)in other noncurrent assets	-	(1,509)
(Increase) in refundable deposits	(6,135)	(79)
Net cash used in investing activities	(363,080)	(370,164)
Cash Flows From Financing Activities：		
Interest paid	(24,675)	(24,592)
(Decrease) Increase in short-term loans	(51,734)	12,540
Increase in short-term bills payable	75,000	40,000
Increase (Decrease) in long-term bank borrowing	135,647	(120,285)
Cash dividends	(203,280)	(159,720)
Increase in other current liabilities	697	302
Net cash used in financing activities	(68,345)	(251,755)
Effect of exchange rate changes on cash and cash equivalents	(7,135)	39,199
Net Increase (Decrease) in cash and cash equivalents	189,723	(59,082)
Cash and cash equivalents, beginning of year	339,335	398,417
Cash and cash equivalents, end of year	$ 529,058	$ 339,335

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

Nan Liu Enterprise Co., Ltd. and subsidiaries

Notes to Consolidated Financial Statements

For the year ending on December 31, 2015 and 2014

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

1. Company history

Nan Liu Enterprise Co., Ltd. was established in 1978 with the registered address of No. 88 Bixiu Road, Qiaotou Dist., Kaohsiung City with the approval of the Ministry of Economic Affairs. The Group's consolidated financial reports as of December 31, 2015 include the Company, subsidiaries of the Company ("the Group") and affiliated companies of the Group and equities of entities under joint control. The Company's major business includes air-through & thermal bond nonwovens fabrics, spunlace nonwoven fabrics, wet wipes, facial masks and skin care products. Please refer to Note 14 for details.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 18, 2016.

3. Application of new standards, amendments and interpretations

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014 and commencing in 2015, companies with shares listed on the Taiwan Capitalization Weighted Stock Index (TWSE) or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’). These provisions have been observed as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015, and they will collectively be referred to herein as the “2013 version of IFRSs” in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. International Accounting Standard (IAS) 19 "Employee Benefits"

The Standard's amendments require the Company to calculate a “net interest” amount by applying the discount rate to the net defined benefit liability or asset to replace the interest cost and expected return on planned assets used in the current IAS 19. In addition, the amendments eliminate the accounting treatment of either "corridor approach" or immediate recognition of actuarial gains and losses to profit when it incurs. Instead, all actuarial gains and losses must be recognized immediately through other comprehensive income. The past service cost, on the other hand, will be expensed immediately when it incurs and will no longer be amortized over the average period before being vested on a straight-line basis. In addition, the amendments also require a broader disclosure of defined benefit plans. The Company can recognize severance benefits when it can no longer recognize terminate severance benefits or related replacement costs. The Company does not recognize severance benefits as liabilities and expenses only due to actual occurrence of resignation. Moreover, disclosure provisions of defined-benefit plans are added. The aforementioned amendments had no effect on the Group’s accrued pension liabilities, deferred tax and other comprehensive income on December 31, 2015 and December 31, 2014.

B. IAS 1 "Presentation of Financial Statements"

The Standard's amendments require entities to separate items presented in other comprehensive items (OCI) and classify them by nature into two groups on the basis of whether they are potentially reclassifiable as profits or losses when specific conditions are met. If the items are presented before tax, the tax related to each of the two groups of OCI items must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

C. International Financial Reporting Standard (IFRS) 12 "Disclosure of Interests in Other Entities"

This standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and requires the disclosure of related information. Additionally, the Company will disclose additional information about its interests in consolidated and unconsolidated entities accordingly.

D. IFRS 13 "Fair Value Measurement"

This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Company's assessment, the adoption of the standard has no significant impact on its unconsolidated financial statements, and the Company will disclose additional information about fair value measurements accordingly.

E. Article 10, Paragraph 3, Subparagraph 3 of Regulations Governing the Preparation of Financial Reports by Securities Issuers

The new regulation requires the amount of change in the fair value of a financial liability that is attributable to changes in the issuer's credit risk of that liability to be presented in other comprehensive income if an entity has designated the financial liability as at-fair-value through profit or loss. After assessment, the new regulation has no significant impact on the Company's financial condition and operating results.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company: None.

(3) Effects of IFRSs issued by the International Accounting Standards Board (IASB) but not endorsed by the FSC.

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

New Standards, Interpretations and Amendments	Effective date by IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board
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
IFRS 16 "Leases"	January 1, 2019

New Standards, Interpretations and Amendments	Effective date by IASB
Amendment to IAS 1 “Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative"	On January 1, 2017
Amendment to IFRS 12 “Recognition of Deferred Tax Assets on Unrealized Loss"	On January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments 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 “Impairment of Assets: 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
IFRIC 21 “Levies"	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the standards and interpretations above on the Company's financial conditions and management results. The impact will be disclosed when the assessment is complete.

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements are prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IFRS, IAS, interpretations, and announcements approved by the Financial Supervisory Commission.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost conventions:

Defined benefit liabilities are recognized based on the net amount of pension fund assets less the present value of the defined benefit obligation.

B. The significant accounting policies apply to all periods covered by the consolidated financial report.

C. The preparation of financial statements is in conformity with the IFRS requirement of the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment and complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. The basis for the consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity.

(b) Inter-company significant transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. The subsidiaries in the consolidated financial statements:

			Percentage owned by the Company	
Name of investors	Name of subsidiaries	Business activities	2015.12.31	2014.12.31

Nan Liu Enterprise Co., Ltd.	NANLIU ENTERPRISE (SAMOA) CO., LTD.	Holding company of overseas reinvestments	100	100
NANLIU ENTERPRISE (SAMOA) CO., LTD.	Nanliu Enterprises (Pinghu) Ltd.	Production and sales of specialty textiles, hair, skin care cosmetics and hygiene products	100	100

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

D. Adjustments for subsidiaries with different fiscal years: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency exchange

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are exchanged into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Exchange differences of non-monetary assets and liabilities arising upon re-translation are recognized in fair value profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date. Their translation differences are then recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date. Their translation differences are then recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the functional currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at the average exchange rates of that period; and

iii. All resulting exchange differences are recognized as other comprehensive income.

(b) Financial statements of foreign entities reported in the currency of a hyperinflationary economy should be restated by applying a general price index of the balance sheet date. Restated financial statements are then translated into the currency of the Group using the exchange rate of the balance sheet date.

(c) Translation differences from net investments of foreign operations, loans with long-term investment natures, and other monetary instruments designated as hedging instruments for these investments are recognized as other comprehensive income.

(d) Upon partial disposal or sale of the foreign operation, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the profit or loss on sale. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(e) Goodwill and fair value adjustments generated from acquiring the foreign entity are considered as the assets and liabilities of the foreign entity, and they are translated using the closing exchange rate at the date of that balance sheet.

(5) Classification of Current and Noncurrent Assets and Liabilities

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

(a) Assets arising from operating activities that are expected to be realized or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

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

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

Assets that do not meet the above criteria are classified as non-current items.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

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

(b) Liabilities arising mainly from trading activities;

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

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

The Group classifies assets that do not meet the above criteria as non-current liabilities.

(6) Cash equivalents

a. In the consolidated cash flow statements, cash and cash equivalents include currency, bank deposits, and other highly liquid investments with a maturity of three months or less at the time of purchase.

b. Cash equivalents refer to the following conditions of highly liquid short-term investments:

(a) Investments that are readily convertible to known amounts of cash.

(b) Investments that are subject to an insignificant risk of changes in value.

(7) Receivables

Accounts receivable are receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(8) Impairment of financial assets

In addition to measuring gain or loss of financial assets at fair value, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset, and if the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated, the financial assets are considered impaired.

For financial assets measured at amortized cost, such as accounts receivable, if the assets are not considered impaired after separate evaluation, impairment is evaluated with a combination basis. This company regularly evaluates the recoverability possibilities of accounts receivable based on accounts receivable age of customers and customers' credit rating analysis.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed the amortized cost that it would have had at the date of reversal had the impairment loss not been recognized previously.

Any impairment loss on available-for-sale financial assets previously recognized in profit or loss is reclassified from 'other comprehensive income' to 'profit or loss'.

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

For financial assets measured by costs, the amount of impairment loss is measured as the difference between the asset's carrying amount and the discounted present value of the estimated future cash flows of the similar asset market return rate on the financial asset. Impairment loss is not reversed in the subsequent period.

All impairment losses of financial assets are directly deducted from the assets' carrying amounts. However, carrying amount of accounts receivable is reduced through the use of an impairment allowance account. When the accounts receivable is not recoverable, it is recognized in the allowance account. The originally recognized amounts recovered subsequently are credited to the allowance account.

(9) Derecognition of financial assets

The Group will derecognize financial assets that meet one of the following criteria:

A. The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial assets have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial assets.

C. Almost all risks and returns of the ownership of the financial assets are neither transferred nor reserved, and the control over the financial assets is not reserved.

(10) Inventories

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

(11) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in the estimate. This is in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and the change is reported from the date of the change. For the estimated useful lives of each asset, except that the houses and buildings are 20-25 years, the remaining personal protective equipment is given 2-10 years.

(12) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

(13) Long-term prepaid rent

A. The Company signed a superficies agreement with Taiwan Sugar Corporation in January 2014 for new factory. The agreement is valid through January 9, 2024 and is amortized for 10 years.

B. NANLIU ENTERPRISE (PINGHU) CO. has land use rights for 50 years. The expiry dates for the land use rights are September 28, 2055, November 14, 2057 and December 31, 2057, amortized over 50 years.

(14) Impairment of non-financial assets

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

(15) Leases (lessor/lessee)

Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee (with the Group as the lessor) or the Group (with the Group as the lessee) assumes substantial or all risks and rewards incidental to ownership of the leased asset. An operating lease is a lease other than a finance lease. Lease income (net of any incentives given to the lessee) or payments (net of any incentives received from the lessor) from an operating lease is recognized in profit or loss on a straight-line basis over the lease term.

(16) Loans

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(17) Accounts and notes payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(18) Derecognition of financial liabilities

Financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expired.

(19) Offsetting financial instruments

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

(20) Provisions

Provisions (including decommissioning) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(21) Employee benefits

A. Short-term employee benefits

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

B. Post-employment benefit plans

(a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. A defined benefit plan is a pension plan without a defined contribution plan. Generally, a defined benefit plan is the pension benefit amount that an employee will receive upon retirement. This amount depends on one or multiple factors such as age, service years, and salary. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive upon retirement for their services with the Group in the current period or prior periods. The liability recognized in the balance sheet in respect to defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds. The corporate bonds referenced are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension liability. When there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise, and they are presented in retained earnings.

C. Severance benefit

Severance benefit is the benefit provided in exchange for the termination of employment before the normal retirement date. This occurs when employment is ended or when employees decide to accept the company's benefit offer. The Group recognizes expenses when the Group can no longer terminate the severance benefit offer or recognize related replacement costs, whichever occurs first. It is not expected to be completely paid off and discounted within 12 months after the balance sheet date.

(22) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, deferred tax is not accounted for if it arises from initial recognition of goodwill or from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising from investments in subsidiaries and associates. This excludes instances when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not subside in the near future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date, and it is expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized as the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Revenue recognition

A. Sales revenue

Revenue arising from the sale of goods should be recognized when meeting all of the following criteria: (a) the delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer; (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of sales revenue can be measured reliably; (d) it is probable that the future economic benefits associated with the transaction will flow to the entity; and (e) costs related to current or upcoming transactions can be measured reliably.

B. Service revenue

The revenue generated by offering service is recognized according to percentage of completion on the reporting date.

C. Interest income and Dividends

Dividends from investment are recognized when the shareholders' rights to receive the payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(24) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as reductions on the carrying amount of assets, and they are amortized to profit or loss over the estimated useful lives of the related assets with the reduction of depreciation expenses.

(25) Share-based payment transaction

Share-based payment to employees are measured at the fair value of the stock options at the grant date. During the period when the employee can receive the salary unconditionally, the share-based payment can be recognized as the salary costs, and the relative equity can be raised. The recognized salary costs are adjusted with the reward amount that is expected to meet the service conditions and non-market price vesting conditions. The amount recognized in the end is the reward amount that meets the service conditions and non-market vesting conditions on the vesting date.

(26) Earnings per share

The Group presents the basic and diluted earnings per share of the common shareholders of the Group. The consolidation's basic earnings per share represent the profit and loss of the common shareholders of the Company divided by the weighted average number of common shares outstanding during the period. The diluted earnings per share is calculated by adjusting the influence of all potential diluted common shares with the gain or loss of the Group's common stock holders and weighted average number of common shares outstanding. Potential dilution of Group common shares includes convertible bonds, warrants, and employee bonuses that are not resolved by the shareholders' meeting and can be taken by stock issuance.

(27) Operating segments

Operating segments of the Group are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. The Board of Directors is recognized as the chief operating decision-maker.

5. Critical accounting judgements and key sources of estimation and uncertainty

During the process of applying accounting policies when preparing the Group's consolidated financial statements, the Group did not make significant accounting judgments. Assumptions and estimates concerning future events are evaluated and adjusted based on historical experience and other factors on an ongoing basis. The details of this are as follows.

Important accounting estimate and assumptions:

Accounting assumptions and estimates are based on reasonable estimates concerning future events regarding conditions on the balance sheet data and may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below.

A. Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the management’s judgment and estimation. This includes assumptions such as future revenue growth and profitability, the amount of tax credits that can be utilized, and tax planning. Any changes in the global economic environment, industry trends and relevant laws could result in significant adjustments to deferred tax assets.

As of December 31, 2015, the Group recognized NT $29,230 thousand as deferred income tax liabilities.

B. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group must make estimations to determine the net realizable value of inventory at the end of each reporting period. Due to rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of each reporting period, then recording the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of December 31, 2015, the Group's carrying amount of inventory was NT $991,811 thousand.

C. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must make estimations in order to determine the actuarial assumptions on the balance sheet date, including discount rates and the expected rate of return on plan assets. Any changes in actuarial assumptions could significantly impact the amount of defined pension obligations.

As of December 31, 2015, the Group's carrying amount of accrued pension obligations amounted to NT $89,756 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

Item	December 31, 2015	December 31, 2014
Cash	$ 2,296	$ 2,953
Demand deposits	260,375	220,272
Check deposits	84	87
Foreign currency deposits	230,838	116,023
Time deposits	35,465	—
Total	$ 529,058	$ 339,335

The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is very low. The maximum credit risk of exposure is the carrying amount of cash and cash equivalents.

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

(2) Notes receivable, net

Item	31 December 2015	31 December 2014
Notes receivable – related parties	$ —	$ —
Notes receivable-Non related parties	58,691	58,657
Less: allowance for doubtful receivables	—	—
Net	$ 58,691	$ 58,657

No notes receivable was pledged as collateral.

(3) Accounts receivable, net

Item	December 31, 2015	December 31, 2014
Related parties	$ 182	$ 246
Non-related parties	1,131,076	1,059,821
Less: allowance for doubtful receivables	(11,991)	(5,054)
Net	$ 1,119,267	$ 1,055,013

A. Aging of financial assets that are past due but not impaired are analyzed as follows.

	Neither past due nor impaired	Past due but not impaired - notes and account receivable				
		Past due within 60 days	Past due 61-90 days	Past due 91-180 days	Past due 181-365 days	Total
2015.12.31	$ 1,082,913	$ 86,525	$ 7,361	$ 1,149	$ 10	$ 1,177,958
2014.12.31	$ 1,082,183	$ 11,563	$ 16,167	$ 729	$ 3,028	$ 1,113,670

B. Movements of the allowance for doubtful receivables:

	For the year ended December 31, 2015		
	Individually assessed for impairment	Collectively assessed for impairment	Total
January 1, 2015	$ 3,174	$ 5,054	$ 8,228
Provision (reversal) for impairment	(758)	7,013	6,255
Write-off (non-recoverable)	(770)	—	(770)
Exchange difference	(21)	(76)	(97)
December 31, 2015	$ 1,625	$ 11,991	$ 13,616

	For the year ended December 31, 2014		
	Individually assessed for impairment	Collectively assessed for impairment	Total
January 1, 2014	$ 1,885	$ 852	$ 2,737
Provision (reversal) for Impairment	1,289	4,179	5,468
Exchange Difference	—	23	23
December 31, 2014	$ 3,174	$ 5,054	$ 8,228

C. Individually assessed accounts receivable and impairment and relative accounts are presented under “Other noncurrent assets”.

D. The maximum exposure to credit risk as of December 31, 2015 and 2014 was the carrying amount of each class of accounts receivable.

E. The Group has no accounts payable pledged for collateral.

(4) Net inventories

December 31, 2015

	Cost	Allowance for price decline of inventories	Book value
Raw materials	$ 386,122	$ 7,081	$ 379,041
Supplies	78,262	2,485	75,777
Work in process	19,140	2,400	16,740
Finished goods	505,934	9,110	496,824
Merchandise	7,823	698	7,125
Raw materials and supplies in transit	16,304	—	16,304
Total	$ 1,013,585	$ 21,774	$ 991,811

December 31, 2014

	Cost	Allowance for price decline of inventories	Book value
Raw materials	$ 259,048	$ 9,545	$ 249,503
Supplies	81,131	2,832	78,299
Work in process	20,285	2,608	17,677
Finished goods	372,152	6,711	365,441
Merchandise	4,108	78	4,030
Raw materials and supplies in transit	55,835	—	55,835
Total	$ 792,559	$ 21,774	$ 770,785

1. As of December 31, 2014 and 2015, inventories were not pledged as collateral.

B. The cost of inventories recognized as expense for the period:

Item	2015	2014
Cost of goods sold	$ 4,752,501	$ 4,324,213
Idle capacity costs	11,113	7,326
Revenue from sale of scraps	(46,185)	(47,557)
(Reversal of allowance) provision for inventory market price decline	—	(3,415)

Loss on disposal of inventory	9,188	23,958
Loss (profit) on physical inventory	(1,059)	29
Total	$ 4,725,558	$ 4,304,554

(5) Property, plant and equipment

	Land	Land revaluation increment Additions	Buildings	Machinery equipment	Hydropower equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Balance on January 1, 2015	$ 46,046	$ 11,264	$ 335,521	$ 1,233,469	$ 67,858	$ 17,563	$ 4,620	$ 27,740	$ 120,286	$ 1,864,367
Additions	—	—	8,483	47,067	17,290	7,353	222	3,424	75,635	159,474
Disposals or retirements	—	—	—	(510)	(2,155)	(471)	(6)	(20)	—	(3,162)
Deconsolidation	—	—	—	(1,899)	(67)	—	—	(2)	—	(1,968)
Other changes	—	—	105,117	324,115	38,995	924	72	2,087	(147,785)	323,525
Depreciation charge	—	—	(26,172)	(204,847)	(15,622)	(6,120)	(1,682)	(6,681)	—	(261,124)
Reversal of impairment	—	—	1,602	586	—	—	—	—	—	2,188
Effect of exchange rate changes	—	—	(5,440)	(20,011)	(1,066)	(167)	(18)	(362)	(1,808)	(28,872)
Balance on December 31, 2015	$ 46,046	$ 11,264	$ 419,111	$ 1,377,970	$ 105,233	$ 19,082	$ 3,208	$ 26,186	$ 46,328	$ 2,054,428
Carrying Value:										
December 31, 2015:										
Cost	$ 46,046	$ 11,264	$ 649,814	$ 2,822,677	$ 210,135	$ 55,241	$ 20,632	$ 72,526	$ 46,328	$ 3,934,663
Less: accumulated depreciation and impairment	—	—	(230,703)	(1,444,707)	(104,902)	(36,159)	(17,424)	(46,340)	—	(1,880,235)
Balance on December 31, 2015	$ 46,046	$ 11,264	$ 419,111	$ 1,377,970	$ 105,233	$ 19,082	$ 3,208	$ 26,186	$ 46,328	$ 2,054,428

	Land	Land revaluation increments	Buildings	Machinery equipment	Hydropower equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Balance on January 1, 2014	$ 46,046	$ 11,264	$ 347,059	$ 1,223,607	$ 89,649	$ 21,359	$ 4,415	$ 25,699	$ 60,575	$ 1,829,673
Additions	—	—	2,745	17,684	9,358	1,753	1,702	3,978	58,005	95,225
Disposals or retirements	—	—	—	—	(3)	(434)	(29)	(45)	—	(511)
Deconsolidation	—	—	(16)	(228)	(1,712)	—	—	(23)	—	(1,979)
Other changes	—	—	871	122,099	18,538	605	423	3,660	—	146,196
Depreciation charge	—	—	(27,036)	(204,895)	(16,073)	(6,116)	(1,917)	(6,159)	—	(262,196)
Reversal of impairment	—	—	1,588	582	—	—	—	—	—	2,170
Effect of exchange rate changes	—	—	10,310	74,620	(31,899)	396	26	630	1,706	55,789
Balance on December 31, 2014	$ 46,046	$ 11,264	$ 335,521	$ 1,233,469	$ 67,858	$ 17,563	$ 4,620	$ 27,740	$ 120,286	$ 1,864,367
Carrying Amount										
Balance on December 31, 2014										
Cost	$ 46,046	$ 11,264	$ 526,733	$ 2,494,326	$ 162,016	$ 56,863	$ 20,762	$ 68,283	$ 120,286	$ 3,506,579
Less: accumulated depreciation and impairment	—	—	(191,212)	(1,260,857)	(94,158)	(39,300)	(16,142)	(40,543)	—	(1,642,212)
Balance on December 31, 2014	$ 46,046	$ 11,264	$ 335,521	$ 1,233,469	$ 67,858	$ 17,563	$ 4,620	$ 27,740	$ 120,286	$ 1,864,367

1. For the information regarding the Group’s property, plant and equipment pledged to others as collateral, please refer to Note 8.

2. Capitalized interest for the years 2015 and 2014 were 0 and 2,994 thousand, respectively.

(6) Short-term loans

Item	December 31, 2015 Amount		Interest rate
Credit loans	$	207,307	1.20%~2.748%
Total	$	207,307	

Item	December 31, 2014 Amount		Interest rate
Credit loans	$	243,474	1.374%%
Procurement loans		15,567	1.26%~2.0049%
Total	$	259,041	

A. Huang Chin-San and Huang Ho-Chun are the Group's guarantors of short-term loans. Please refer to Notes 7 and 8.

(7) Short-term notes and bills payable, net

December 31, 2015

Item	Guarantee Agency	Period	Interest rate		Amount
Short-term notes and bill payable	GRAND BILLS FINANCE CORPORATION	November 26, 2015-February 24, 2016	0.892%	$	25,000
Short-term notes and bill payable	DAH CHUNG BILLS FINANCE CORPORATION	November 13, 2015-January 12, 2016	0.832%		60,000
Short-term notes and bill payable	INTERNATIONAL BILLS FINANCE CORPORATION	December 1, 2015-January 11, 2016	0.962%		80,000
Total					165,000
Less: discount on short-term notes and bills payable					(69)
Net Amount				$	164,931

December 31, 2014

Item	Guarantee Agency	Period	Interest rate		Amount
Short-term notes and bill payable	GRAND BILLS FINANCE CORPORATION	October 24, 2014-January 22, 2015	0.812%	$	50,000
Short-term notes and bill payable	MEGA BILLS FINANCE CO.,	October 28, 2014-January 26, 2015	0.912%		40,000

LTD.	
Total	90,000
Less: discount on short-term notes and bills payable	(48)
Net Amount	$ 89,952

(8) Long-term loans and current portion of long-term loans

	December 31, 2015	December 31, 2014
Credit loans	$ 891,713	$ 749,136
Secured loans	—	—
Subtotal	891,713	749,136
Less: current portion of long-term loans	(169,288)	(87,388)
Total	$ 722,425	$ 661,748
Range of maturity dates	01/2014~03/2022	01/2012~12/2017
Range of interest rates	1.51%~1.95%	1.88%~4.2%

A. Part of the fixed assets were pledged as collateral by the Group for the aforementioned borrowings. Please refer to Note 8 for more information.

B. The Group's subsidiary took loans from Mega Bank. Excepting financial ratio restrictions (semi-annual and annual consolidated financial statements) that could have an effect on the Company’s operations, cash flow management designated account details are as follows: The bank and the Company shall deposit a collection of accounts receivables, notes receivables or other cash flows into the bank’s cash flow management designated account. Starting from the month following the approval date of the agreement, the Company’s deposited amount is reviewed every six months. If the total deposit does not exceed the equivalent of NT $400 million, an additional 0.1% interest rate is applied to the loan.

(9) Pensions

A. Defined benefit plan:

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law. The plan covers all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and the service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries to the retirement fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31 every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualified for retirement in the next year, the Company will make contributions to cover the deficit by the following March.

(b) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ (93,827)	$ (83,598)
Fair value of plan assets	4,071	3,505
Net defined benefit liability	$ (89,756)	$ (80,093)

(c) Changes in net defined benefit obligations are as follows:

	2015	2014
Defined benefit obligations at January 1	$ 83,598	$ 89,591
Current service cost	1,369	1,532
Interest cost	1,336	1,409
Benefits paid	—	(7,153)
Remeasurement losses/(gains):		
Actuarial losses (gains)-experience adjustments	2,484	(2,305)
Actuarial losses (gains)-changes in financial assumptions	5,040	524
Defined benefit obligations on December 31	$ 93,827	$ 83,598

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

	2015	2014
Fair value of plan assets at January 1	$ 3,505	$ 10,021
Expected return on plan assets	35	93

Contributions on plan assets	432	445
Benefits paid from plan assets	—	(7,153)
Actuarial gain or loss on plan assets	99	99
Fair value of plan assets on December 31	$ 4,071	$ 3,505

(e) The fair value of the plan assets by major categories at the end of reporting period is as follows:

	December 31, 2015	December 31, 2014
Cash	$ 4,071	$ 3,505
Equity instruments	—	—
Debt instruments	—	—
Total	$ 4,071	$ 3,505

(f) Expenses recognized in statements of comprehensive income are as follows:

	2015	2014
Current service cost	$ 1,369	$ 1,532
Interest cost	1,336	1,409
Expected return on plan assets	(35)	(93)
Current pension costs	$ 2,670	$ 2,848

Remeasurement details of net defined benefit liabilities are as follows:

	2015	2014
Actuarial gain or loss on defined benefit obligation	$ 7,523	$ (1,781)
Gain (loss) on plan assets	(99)	(99)
Remeasurement of net defined benefit liabilities' other comprehensive loss (gain)	$ 7,424	$ (1,880)

Details of the aforementioned costs and expenses recognized in the statements of comprehensive income are as follows:

	2015	2014
Cost of goods sold	$ 1,374	$ 1,604
Selling expenses	98	110
General and administrative expenses	847	913
Research and development expenses	351	221
Total	$ 2,670	$ 2,848

Actuarial gain or loss recognized under other comprehensive income are as follows:

	2015	2014

Current period	$ (7,424)	$ 1,880
Accumulated amount	$ (7,647)	$ (223)

(g) The Bank of Taiwan was commissioned to manage the funds of the Group's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and Article 6 of "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund". The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc. With regard to the utilization of the fund, its minimum earnings in annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of the fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilization Report published by the government. Expected returns on plan assets represent a projection of overall returns for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee. It was also taken into account that the fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

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

	December 31, 2015	December 31, 2014
Discount rate	1.25%	1.75%
Future salary increase rate	2.00%	2.00%

Effects of changes in the principal actuarial assumptions on the present value analysis of the defined benefit obligation are as follows:

	Discount rate		Future salary increases	
December 31, 2015	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effects on present value of defined benefit obligation	$ (2,344)	$ 2,441	$ 2,417	$ (2,333)

	Discount rate		Future salary increases	
December 31, 2014	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%

Effect on present value of defined benefit obligation	$ (2,152)	$ 2,248	$ 2,237	$ (2,152)

The sensitivity analysis above is based on other conditions that are unchanged, but only one assumption is changed. In practice, more than one assumption may change at one time. The method of analyzing sensitivity and calculating net pension liability in the balance sheet are the same.

(i) The expected total contributions paid to the Group's defined benefit pension plans within one year from December 31, 2015 was $1,017 thousand.

(j) As of December 31, 2015, the weighted average duration of the retirement plan is 10 years.

The analysis of timing was as follows:

Within 1 year	$ 2,153
1-2 years	8,402
2-5 years	20,031
Over 5 years	85,012
	$ 115,598

B. Defined contribution plan:

(a) Effective July 1, 2005, the Group established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with Republic of China (ROC) nationality. Under the New Plan, the Group contributes a monthly amount based on no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Monthly contributions of Nan Liu Enterprise (Pinghu) in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. Monthly contributions are administered by the government.

Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs (including pension insurance) under the Group's defined contribution pension plans for the years ending on December 31, 2015 and 2014 were $15,132 thousand and $15,530 thousand, respectively.

(10) Income tax

A. Income tax expense

(a) Components of income tax expense:

Item	2015	2014
Current income tax		
Income tax incurred in current period	$ 179,525	$ 135,186
10% tax on unappropriated earnings	17,486	17,939
Income tax adjustments on prior years	4,985	4,733
10% Dividend tax through capitalization of retained earnings by subsidiaries	—	16,534
Deferred income tax expense		
Recognition and reversal of temporary differences	(5,788)	1,413
Income tax expense	$ 196,208	$ 175,805

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

Item	2015	2014
Currency translation differences	$ —	$ —
Actuarial gains/losses on defined benefit obligations	(1,262)	320
Total	$ (1,262)	$ 320

B. Reconciliation between income tax expense and accounting profit:

Item	2015	2014
Income before tax	$ 777,639	$ 595,957
Income tax expense at the statutory 17% tax rate	$ 132,199	$ 101,313
Nondeductible (deductible) items in determining taxable income	9,196	4,233
Changes of deferred tax		
Temporary differences	(5,788)	1,413
10% tax on unappropriated earnings	17,486	17,939
Prior year income tax underestimation	4,985	4,733
10% dividend tax through capitalization of retained earnings by subsidiaries	—	16,534

	2015	2014
Impact from different tax rates of subsidiaries operating in other jurisdictions	38,130	29,640
Income tax expense	$ 196,208	$ 175,805

C. Deferred tax assets or liabilities resulting from temporary differences, loss carryforwards and investment tax credits are as follows:

Item	2015 January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Impairment of assets	$ 2,807	$ (273)	$ —	$ 2,534
Loss on inventory market value decline	1,741	—	—	1,741
Unrealized gross profit	1,463	4,520	—	5,983
Exchange gain or loss	(1,820)	281	—	(1,539)
Investment income with equity method (Note)	—	—	—	—
Net defined benefit liability	13,616	381	1,262	15,259
Currency translation differences (Note)	—	—	—	—
Others	1,629	879	—	2,508
Deferred income tax benefit (expense)		$ 5,788	$ 1,262	
Net deferred income tax assets (liabilities)	$19,436			$ 26,486
Information specified in the balance sheet as follows:				
Deferred income tax assets	$22,175			$ 29,230
Deferred income tax liabilities	$ 2,739			$ 2,744

Item	2014 January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Impairment of assets	$ 3,077	$ (270)	$ —	$ 2,807
Loss on inventory market value decline	2,206	(465)	—	1,741
Exchange gain or loss	(1,287)	(533)	—	(1,820)

Investment income with equity method (Note)	—	—	—	—
Net defined benefit liabilities	13,527	409	(320)	13,616
Currency translation differences (Note)	—	—	—	—
Others	3,646	(554)	—	3,092
Deferred income tax benefit (expense)		$ (1,413)	$ (320)	
Net deferred income tax assets (liabilities)	$21,169			$ 19,436
Information specified in the balance sheet is as follows:				
Deferred income tax assets	$22,858			$ 22,175
Deferred income tax liabilities	$ 1,689			$ 2,739

(Note) The Company has control over the dividends distribution decision of subsidiaries. The Company planned to use the earnings of subsidiaries to support the capital expenditure required by Yanchao Nonwoven Technology Park (Yanchao Factory). However, the Company has sufficient working capital and there are no significant capital expenditures at the current stage. In addition, the Company planned to reinvest the retained earnings of subsidiaries to expand subsidiary operations. Therefore, based on an evaluation conducted in 2013, the temporary differences resulting from subsidiary undistributed retained earnings and foreign currency translation differences were not expected to be reversed in the foreseeable future. In accordance with paragraph 39 of IAS 12, the taxable temporary differences (including subsidiary's undistributed earnings and foreign currency translation differences) were not recognized as deferred tax liabilities.

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

E. Subsidiaries of the Company filed tax returns using the applicable tax rates of each jurisdiction, and they have been assessed and approved by the respective tax authorities through 2014.

F. Unappropriated retained earnings:

Item	December 31, 2015	December 31, 2014
Before 1997	$ 27,961	$ 27,961
1998-2009	—	—
After 2010	1,125,718	795,744
Total	$ 1,153,679	$ 823,705

G. Imputation credit account and creditable ratio:

	December 31, 2015	December 31, 2014
Imputation credit account balance	$ 79,074	$ 44,228
	2015 (estimated)	2014 (actual)
Creditable ratio for earnings distribution to resident shareholders	13.45%	11.23%

The estimated 2015 and actual 2014 creditable ratios for the earnings distribution of the Company were 13.45% and 11.23%, respectively. However, according to Article 66-6 of the newly amended Income Tax Law, the creditable ratio of individual shareholders living in the territory of the Republic of China is reduced by 50%, effective from January 1, 2015.

Creditable tax actually distributed to shareholders is based on the creditable tax account balances of shareholders at the dividend distribution date, because the estimated creditable ratio may be different from the actual applicable creditable ratio of shareholders in the future.

(11) Capital and other equity

A. Common stock

As of 2015 and December 31, 2014, the Company's authorized capital was $1,000,000 thousand, and issued capital was $726,000 thousand.

B. Capital surplus

Item	December 31, 2015	December 31, 2014
Additional paid-in capital	$ 439,404	$ 439,404
Employee stock options	14,063	14,063
Total	$ 453,467	$ 453,467

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

C. Retained earnings and dividend policy

(a) According to the Company’s Articles of Incorporation (to be resolved by the Shareholders' Meeting on June 13, 2015):

i. Over 1% of the current year’s earnings, if there were earnings, shall be distributed as employee bonuses and less than 2% as director and supervisor remuneration. However, if the Company still has accumulated loss, the compensation shall be kept.

ii. Remuneration of employees shall be paid by stock or cash, including employees of affiliated companies who meet certain criteria. Remuneration of directors and supervisors may be paid in cash.

iii. 10% of the annual net income, after offsetting any loss from prior years and paying all taxes and dues, shall be set aside as legal reserve. Then, special reserve is set aside or reserved according to laws or competent authority. The appropriation of the remaining amount, along with any unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders to be distributed as dividends. Cash dividends, however, shall be no less than 20% of total dividends.

iv. Aforementioned distribution of earnings shall be resolved and recognized in the shareholders' meeting held in the following year.

(b) The legal reserve shall not be used for any purpose other than covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share of ownership. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

(c) Company employee bonuses were calculated by the percentage before remuneration of employees and directors deducted from income before tax, and the amount was estimated to reach NT $8,448 thousand in 2015. For 2014, employee bonuses of NT $7,563 thousand were accrued based on the after- tax earnings of similar years. Remuneration of directors was expensed based on the estimated amount payable. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issuance, the differences are recorded as a change in the accounting estimate in the next year.

(d) The Company Board of Directors held on March 18, 2016 approved a 2015 profit sharing bonus to employees and the compensation of directors in the amounts of NT $8,448 thousand and NT $4,224 thousand respectively. There is no significant difference between the aforementioned approved amounts and the amounts charged against the earnings of 2015. The appropriations of the 2015 employee profit sharing bonus and director compensation are to be presented for approval in the shareholders' meeting to be held on June 13, 2016 (expected).

(e) The distributions of retained earnings for 2014 and 2013 were approved by the shareholders' meeting on June 2, 2015 and June 6, 2014, respectively. The appropriations and dividends per share were as follows:

	2014		2013	
	Dividend per share (NT$)	Amount	Dividend per share (NT$)	Amount
Cash	2.8	$ 203,280	2.20	$ 159,720
Stock	—	—	—	—
		$ 203,280		$ 159,720
Bonus to employees - cash		$ 7,563		$ 6,782
Remuneration to directors and supervisors		3,781		3,391
		$ 11,344		$ 10,173

The appropriations of Earnings of 2014 were as follows:

	2014		
	The amount to be allocated by the Board of Directors allotment case	Estimated annual cost recognized in the estimated amount	Differences
A. Distribution			

1. Cash bonus to employees	$	7,563	$	7,563	$	—
2. Remuneration of directors and supervisors	$	3,781	$	3,781	$	—

Distribution of 2014 retained earnings was the same as proposal by the Board of Directors on May 12, 2015 and the shareholder resolution made on June 2, 2015. Please refer to the Taiwan Stock Exchange website under "Market Observation Post System" for the resolutions of the Board of Directors and shareholders' meeting.

4. Other equity

	Foreign Currency Translation Difference
January 1, 2015	$ 138,398
Currency translation differences (after tax)	(53,788)
December 31, 2015	$ 84,610
January 1, 2014	$ 51,683
Currency translation differences (after tax)	86,715
December 31, 2014	$ 138,398

The exchange differences arising from the translation of foreign operations' net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation difference reserve.

(12) Earnings per share

A. Basic earnings per share (EPS)

Basic EPS shall be calculated based on the gain or loss of common stock holders of the Group's parent company divided by the weighted average number of common shares outstanding.

B. Diluted earnings per share

Diluted EPS shall consider effects of all diluted potential common shares, adjust the gain or loss of common stock holders of the parent company, and be calculated based on the weighted average number of shares outstanding.

	2015		
	Income after tax	Weighted average number of common shares	Earnings per share (NT$)

		outstanding (shares in thousands)	
Basic earnings per share			
Profit attributable to common stock holders of the parent	$ 581,431	72,600	$ 8.01
Diluted earnings per share			
Assumed conversion of all dilutive potential common stocks	—	49	
Profit attributable to common stock holders plus assumed conversion of all dilutive potential common stocks	$ 581,431	72,649	$ 8.00

	2014		
	Income after tax	Weighted average number of common shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Profit attributable to common stock holders of the parent	$ 420,152	72,600	$ 5.79
Diluted earnings per share			
Assumed conversion of all dilutive potential common stocks	—	54	
Profit attributable to common stock holders plus assumed conversion of all dilutive potential common stocks	$ 420,152	72,654	$ 5.78

If the Company may settle the obligation by cash, by issuing shares, or by a combination of both cash and shares, the remuneration or profit sharing bonus to employees which will be settled in shares should be included in the weighted average number of shares outstanding in the calculation of diluted EPS if the shares have a dilutive effect. The number of shares is estimated by dividing the employee bonus amount in stock by the closing price of the common shares at the end of the reporting period (after considering the dilutive effect of dividends). When calculating the diluted earnings per share before the resolution of the employee bonus or appropriation of stock bonus to employees in the following year, the dilutive effect of the stock bonus shall be taken into account.

(13) Net Sales

	2015	2014
Sale of goods	$ 5,921,897	$ 5,343,400
Sale of processing	304	591
Total	$ 5,922,201	$ 5,343,991

(14) Other non-operating income and expenses

1. Other income

	2015	2014
Interest income	$ 2,871	$ 2,706
Impairment (reversal gain) of PPE	2,188	2,170
(gain) on disposal of PPE	(4,290)	(950)
Net currency exchange gain	14,854	782
Others	35,828	16,243
Total	$ 51,451	$ 20,951

B. Finance costs

	2015	2014
Interest expense (loans)	$ 24,456	$ 23,782
Total	$ 24,456	$ 23,782

(15) Additional information on expenses by nature and employee benefit expense:

	2015		
	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 262,482	$ 115,596	$ 378,078
Wages and salaries	220,719	102,957	323,676
Labor and health insurance expenses	23,777	7,515	31,292
Pension and severance expenses	5,155	3,710	8,865
Other personnel expenses-food expenses	12,831	1,414	14,245
Depreciation	252,316	8,808	261,124
Amortization	145	6,300	6,445

	2014		
	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 236,614	$ 105,883	$ 342,497
Wages and salaries	199,949	94,561	294,510

Labor and health insurance expenses	19,234	6,257	25,491
Pension and severance expenses	5,676	3,668	9,344
Other personnel expenses-food expenses	11,755	1,397	13,152
Depreciation	253,727	8,469	262,196
Amortization	47	6,332	6,379

The total number of employees for the Group in 2015 and 2014 was 786 and 799, respectively.

7. Related party transactions

(1). Names and relationships with the Group

Name of related party	Relationship with the Group
Huang Chin-San	Chairman of the parent company
Huang Hsieh Mei-Yun	Spouse of the chairman of the parent company
Huang Ho-Chun	Director of the parent company
BEAUTY EXPRESS CO.	Deemed related party of the parent company

(2) Significant transactions and balances with related parties:

a. Purchases: None.

b. Sales:

	2015		2014	
Name of related party	Amount	%	Amount	%
BEAUTY EXPRESS CO.	$ 816	0.01	$ 899	0.02

The selling prices and collection terms for related parties are the same as those of ordinary sales.

c. Notes and accounts payable: None.

d. Notes and accounts receivable:

		December 31, 2015		December 31, 2014	
Name of related party	Item	Amount	%	Amount	%
BEAUTY EXPRESS CO.	Notes receivable	$ —	—	$ —	—
BEAUTY EXPRESS CO.	Accounts receivable	182	0.02	246	0.02

e. Property transactions：None.

f. Rental expenses：

(a) The Groups' parent company has rented houses (No. 11 & No. 19, Nongshe Lane, Bixiu Rd., Qiaotou Dist., Kaohsiung City) from Huang Hsieh Mei-Yun and Huang Ho-Chun as employee dormitories since February 2008. The rental period was from February 1, 2008 to December 31, 2014 at a monthly rent of NT $8,000. It was renewed on December 31, 2014 for the period from December 31, 2014 to December 31, 2017. Annual rental expenses were NT $200 thousand for 2015 and 2014. As of December 31, 2015 and 2014, the above amounts were settled.

(b) The Groups' parent company has leased land (No. 613, Bixiu Section, Qiaotou Dist., Kaohsiung City) from Huang Hsieh Mei-Yun and Huang Ho-Chun since July 2011 for the monthly rent NT $10 thousand for the period from July 1, 2011 to December 31, 2015. Annual rental expenses were NT $240 thousand for the years of 2015 and 2014. As of 2015 and December 31, 2014, the above amounts were settled.

g. Others:

(a) Excepting a bank loan for machineries by a subsidiary borrowed from Mega bank in 2012 (which was guaranteed by Huang Chin-San, Huang Ho-Chun and Huang Hsieh Mei-Yun and prepaid in June 2015) all bank loans indicate Huang Chin-San and Huang Ho-Chun as guarantors.

(b) Compensation of key management personnel:

Item	2015	2014
Salaries	$ 11,224	$ 9,944
Bonus	2,683	2,747
Service allowance	500	590
Distribution of surplus items	4,453	4,038
Total	$ 18,860	$ 17,319

A. Salaries include salary, allowances, pensions, severance pay, etc.

B. Bonuses include bonuses, incentives, etc.

C. Service allowances include travelling expenses, special allowances, various allowances, dormitories, company cars, etc.

D. Distribution of surplus items are employee bonuses and remuneration to directors and supervisors.

E. Related information can also be found in the Company's annual report.

8. Pledged Assets

The Groups assets pledged as collateral were as follows:

Item	December 31, 2015	December 31, 2014
Restricted bank deposits	$ 44,107	$ 43,771
Land use rights	—	—
Land	48,744	48,744
Building	1,697	2,346
Machinery equipment	—	—
Total	$ 94,548	$ 94,861

9. Significant contingencies and unrecognized contract commitments

A. The Group's commitments and contingent liabilities were as follows：

Items	December 31, 2015	December 31, 2014
Guarantee notes payable issued for loans and purchases.	NTD 355,000	NTD 270,000
Guarantee notes payable issued for loans and purchases.	USD -	USD -

B. Amounts of unused letters of credit and deposits were as follows:

December 31, 2015		December 31, 2014	
Letter of credit	L/C deposit	Letter of credit	L/C deposit
USD 1,697 EUR 165	$ —	USD 4,410 EUR 1,122 JYP 18,600	$ —

C. In September 2011, the Company signed a superficies agreement with Taiwan Sugar Corporation for 4 pieces of land located at No. 4 Dai Tien Fu Section, Yanchao, Kaohsiung as the land for a new factory. The Company has paid NT $8,153 thousand as a deposit and listed this amount as “Refundable Deposits”. Both parties agree that an official agreement shall be signed after Taiwan Sugar Corporation changes the usage of land based on the superficies agreement. Subsequently, the Company shall pay a 10-year royalty amounting to NT $46,680 thousand to Taiwan Sugar Corporation. As of December 31, 2013, the Kaohsiung City Government approved the changed usage of the land, and the certificate of superficies agreement was completed on January 10, 2014. The superficies agreement is valid through January 9, 2024, and it can be extended by paying a royalty after the expiration of the current agreement. However, the total accumulated period of creation of superficies shall not exceed 50 years. Therefore, the agreement is not extendable after its total accumulated number of years reaches 50.

10. Significant disaster loss: None.

11. Significant subsequent events: None.

12. Others

(A) Capital risk management

The main objective of the Group's capital management is to maintain healthy and good capital ratios to support business operations and maximize shareholders' equity. The Group adjusts capital structure based on economic conditions and debt ratio by means of adjusting the dividends paid to shareholders, or issuing new shares.

The Group periodically reviews its debt-equity ratio to monitor funds. The debt-equity ratio at reported date was as follows:

Item	December 31, 2015	December 31, 2014
Total liabilities	$ 2,721,368	$ 2,558,425
Total equity	2,663,459	2,345,258
Debt to equity ratio	102.17%	109.09%

(B) Financial instruments

1. Fair value information for financial instruments

(1) The carrying amount and fair value of the consolidated Company financial assets and financial liabilities are as follows. This data includes the fair value level of information. However, the carrying amount of financial instruments not measured at fair value is closer to reasonable fair value, and equity instruments which have no quotes in the active markets (and from which fair value cannot, therefore, be reliably measured) do not require the disclosure of their fair value information, according to regulations.

	December 31, 2015				
		Fair value			
Item	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans and accounts receivable					

Cash and cash equivalents	$ 529,058	$ —	$ —	$ —	$ —
Notes and accounts receivable	1,179,453	—	—	—	—
Restricted assets	44,107	—	—	—	—
Other current assets	531	—	—	—	—
Refundable deposit	21,550	—	—	—	—
Financial liabilities:					
Financial liabilities measured at amortized costs					
Short-term borrowing	207,307	—	—	—	—
Short-term bills payable	164,931	—	—	—	—
Notes and accounts payable	1,224,610	—	—	—	—
Payables on equipment	37,893	—	—	—	—
Long-term liabilities due within one year	169,288	—	—	—	—
Long-term liabilities	722,425	—	—	—	—

	December 31, 2014				
		Fair value			
Item	Book value	Level 1	Level 2	Level 3	Total
Financial assets:					
Loans and accounts receivable					
Cash and cash equivalents	$ 339,335	$ —	$ —	$ —	$ —
Notes and accounts receivable	1,117,356	—	—	—	—
Restricted assets	43,771	—	—	—	—
Other current assets	38,363	—	—	—	—

(Continued)

(Previous)					
Refundable deposit	15,524	—	—	—	—
Financial liabilities:					
Financial liabilities measured at amortized costs					
Short-term borrowing	259,041	—	—	—	—
Short-term bills payable	89,952	—	—	—	—
Notes and accounts payable	1,234,329	—	—	—	—
Payables on equipment	47,221	—	—	—	—
Long-term liabilities due within one year	87,388	—	—	—	—
Long-term liabilities	661,748	—	—	—	—

(2) Fair value evaluation technique for financial instruments not measured at fair value

The methods and assumptions adopted by the combined company to estimate financial instruments not measured at fair value are as follows:

If financial liabilities measured at amortized costs have transactions or quote data within market makers, then the most recent closing price and quote price data are the basis for assessment of fair value. If there is no market price as the reference, the evaluation method is then used for estimation. Estimates and assumptions reached through the evaluation method are discounted cash flows used to estimate the fair value.

(3) Fair value evaluation techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If financial instruments have open quotes in active markets, these quotes represent the fair value. The market prices of major exchanges and notes considered popular in over-the-counter market government bonds are all used as the basis of the fair value for the equity instruments of listed companies and debt instruments with open quotes in active markets. If open quotes of financial instruments can regularly be obtained in a timely fashion from exchanges, brokers, underwriters, industry associations, pricing service institutions or competent authorities, and the prices actually and regularly foster fair market trading, then the financial instrument has open quotation in an active market. If the aforementioned conditions are not met, the market is considered not active. In General, wide bid/offer spread, significant increase of trading spreads, or slim trading volume are indicators of an inactive market.

The combined company holds financial assets that have standard terms and conditions and are trading in active markets, such as shares from listed companies, mutual funds and bonds, their fair value is determined by market price quotes.

Fair value for other financial instruments other than the aforementioned financial instruments with active markets is obtained through evaluation techniques or quotes made by counterparties.

B. Derivatives financial instruments

The combined company currently has no derivatives financial instruments.

(4) Transfer between Class 1 and Class 2

There was no transfer in 2015 and 2014.

b. Financial risk management policies

The Group uses a comprehensive risk management and control system to clearly and effectively identify, measure and control all of its risks (including market, credit, liquidity and cash flow risk).

The Group’s management evaluates economic conditions and the effects of market value risks to control the related risks effectively, optimize its risk position, and maintain proper liquidity and central control of market risks.

c. Market risk

Market risk refers to the result of changes in market prices, such as exchange rates, interest rates, and equity instrument price changes that will affect the Company's risk-benefit or value of financial instruments. The objective of market risk management is to control the degree of market risk within bearable range and to maximize the return on investment.

(1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

(i) Exchange rate risk exposures

At the balance sheet date, the book value of monetary assets and liabilities that denominated in non-functional currency were as follows. This includes offset currency items denominated in non-functional monetary items of consolidated financial statements.

	December 31, 2015			December 31, 2014		
Item	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets Monetary items						
USD	$ 23,639	32.825	$ 775,956	$ 18,800	31.650	$ 595,030
RMB	375	4.995	1,873	6,995	5.092	35,618
EUR	57	35.880	2,053	19	38.470	738
Financial liabilities Monetary items						
USD	17,146	32.825	562,817	19,874	31.650	629,020
EUR	9,407	35.880	337,524	2,576	38.470	99,088
JPY	120	0.2727	32	18,600	0.264	4,921

(ii) Sensitivity analysis

The Group's exchange rate risk mainly arises from the conversion of cash and cash equivalents, receivables (payable), other receivables (payable), and loans that are denominated in nonfunctional currency. As of 2015 and December 31, 2014, if the NTD/USD, NTD/RMB, NTD/EUR exchange rate appreciates/depreciates by 1% with all other factors remaining constant, the company’s income before income tax for the years ending on December 31 of 2015 and 2014 would increase/decrease by $1,205 thousand and $1,016 thousand respectively. The analysis uses the same basis as the one used in the prior period.

(2) Interest rate risk

The Group's loans are based on a floating rate and do not have interest rate swap contracts to change from a floating to a fixed rate. In response to interest rate risk, the Group assesses the bank and currency borrowing rates regularly and maintains good relations between financial institutions to decrease financing costs, strengthen the management of working capital, reduce its reliance on banks and diversify the risk of interest rate changes.

The Group’s exposure to interest risk to its financial liabilities is described in the liquidity risk of the Note. The following sensitivity analysis is according to the non-derivative instrument’s interest risk at the reporting date. The analysis assumed that the amount of floating interest rate bank loans at the end of the reporting period had been outstanding for the entire period. When reporting interest rate to top management of the Group, the floating interest rate used should increase or decrease by 1%, which also represents a reasonable possible change assessment by management.

All variables remaining the same, a hypothetical increase/decrease of 1% in the interest rate would result in an increase/decrease in the Group's net income by approximately $12,640 thousand and $10,981 thousand for the years ending on December 31, 2015 and 2014, mainly due to floating rate loans.

(3) Credit risk:

The Group's primary credit risk is the collection of receivables. Consequently, the Group has continuously assessed the collectability of accounts and notes receivable, and reserved provision for doubtful accounts. Therefore, the Group’s credit risk is very low.

(4) Liquidity risk:

The Group manages and maintains sufficient cash and cash equivalents to support its operations and ease the effects of fluctuations in cash flows. The Group's management supervises the utilization of bank facilities to ensure compliance with loan agreements.

Bank loans are an important source of liquidity for the Group. The following table analyzes non-derivative financial liabilities based on the earliest possible repayment date.

Item	December 31, 2015				
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Cash flows of contract
Short-term loans	$ 207,307	$ —	$ —	$ —	$ 207,307
Short-term bills payable	164,931	—	—	—	164,931
Notes payable	540,796	—	—	—	540,796
Accounts payable	523,562	—	—	—	523,562
Other payables	160,252	—	—	—	160,252

Payables on equipment	37,893	—	—	—	37,893
Long-term loans (including due within one year or one operating cycle)	169,288	694,295	27,890	240	891,713

Item	December 31, 2014				
	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years	Cash flows of contract
Short-term loans	$ 259,041	$ —	$ —	$ —	$ 259,041
Short-term bills payable	89,952	—	—	—	89,952
Notes payable	529,444	—	—	—	529,444
Accounts payable	548,373	—	—	—	548,373
Other payables	156,512	—	—	—	156,512
Payables on equipment	47,221	—	—	—	47,221
Long-term loans (including due within one year or one operating cycle)	87,388	661,748	—	—	749,136

(5) The cash flow risk of changes in interest rate:

Changes in the Group's cash flow risk primarily comes from floating rate bank loans. The Group's bank loans are based on a long-term floating rate. When interest rates rise, the Group negotiates to decrease interest rates or borrow short-term loans to manage its interest rate risk. Overall, the Group's cash flow risk from changes in interest rates is low.

(C) Financial instruments with off-balance sheet credit risk

(1) The Group provides endorsement and guarantees commitment to subsidiaries in accordance with “Regulations Governing Endorsements and Guarantees”. Because the Group has full control over the subsidiaries’ credit status, no collateral was requested. In case of the default of subsidiaries, the possible loss is the same amount as the guarantee or endorsement provided.

(2) Financial instruments with off-balance sheet credit risk

Item	December 31, 2015	December 31, 2014
Endorsements / guarantees provided to subsidiaries	USD 23,657	USD 33,625

(D) Fair value estimation

The Group does not engage in transactions of financial instruments measured by fair value.

13. Additional disclosures

(A) Major transactions (B) Related information of reinvestments:

A. Financings provided: None.

B. Endorsement/guarantee provided: Please see Table 1, attached.

C. Marketable securities held (excluding investments in subsidiaries, associates and jointly control identities): None.

D. Marketable securities acquired and disposed of at prices of at least NT $300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT $300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate properties at prices of at least NT $300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT $100 million or 20% of the paid-in capital: Please see Table 2, attached.

H. Receivables from related parties amounting to at least NT $100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instruments transaction: None.

J. Other: The business relationship between the parent and subsidiaries and significant transactions between them: Please see Table 3, attached.

K. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 4, attached.

(C) Information on investment in Mainland China:

1. The name of the investee in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitations on investee: Please see Table 5, attached.

2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss:

   (1) Purchase amount and percentage and ending accounts payable balances and percentage: Please see Table 2, attached.

   (2) Sale amount and percentage and ending accounts receivable balances and percentage: None.

   (3) Assets transaction amount, gain and loss: None.

   (4) Ending balance of endorsement/guarantee or collateral provided and purposes: Please see Table 1, attached.

   (5) Maximum balance of financing, ending balance, interest rate range and total interest in the period: None.

   (6) Transactions with significant impact on gain, loss or financial conditions for the period, such as providing or receiving services: None.

Nan Liu Enterprise Co., Ltd.
ENDORSEMENTS/GUARANTEES PROVIDED
For the year ending on December 31, 2015

TABLE 1

Unit: NT$ Thousand

No.	Endorsement/Guarantee Provider Company Name	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance of Endorsement/Guarantee for the Period	Ending Balance of Endorsement/Guarantee	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Endorsement/ Guarantee Maximum Amount	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company name	Nature of Relationship											
0	Nan Liu Enterprise Co., Ltd.	NANLIU ENTERPRISE (SAMOA) CO., LTD.	The endorser/guarantor parent company directly owns more than 50% voting shares of the endorsed/guaranteed subsidiary	$ 5,326,918	USD 26,130	USD 16,157	USD 2,000 EUR 9,140	$ -	19.94%	$ 5,326,918	Y	N	N	
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	he endorser/guarantor parent company and its subsidiaries jointly own more than	5,326,918	USD 7,500	USD 7,500	USD 3,000	-	9.26%	5,326,918	Y	N	Y	

No.	Endorsement/Guarantee Provider Company Name	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance of Endorsement/Guarantee for the Period	Ending Balance of Endorsement/Guarantee	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Endorsement/ Guarantee Maximum Amount	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company name	Nature of Relationship											
			50% voting shares of the endorsed/guaranteed company.											

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) Enter ‘0’ for the Issuer.
(2) The investees are numbered in serial order starting from ‘1’.
Note 2: Relationship between the endorser/guarantor and the Company is classified into the following six categories (just mark the category number):
(1) Companies with business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) More than 50% voting shares of the subsidiary directly held by the endorser/guarantor parent company or indirectly held by subsidiary.
(5) Companies which guarantee each other according to contract based on contractor relationship.
(6) Joint venture endorsed/guaranteed by shareholders based on their holding ratio.

Nan Liu Enterprise Co., Ltd.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT $100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDING ON DECEMBER 31, 2014

TABLE 2

Unit: NT$ Thousand

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	NANLIU ENTERPRISE (SAMOA) CO., LTD. is the investee company evaluated by equity method.	Purchase	$ 1,079,399	21.37%	With the same general terms and conditions	—	—	$ 203,377	19.11%	—

Note 1: If related party transaction terms are different from general terms, situations and reasons for the differences should be specified in the unit price and credit period columns.

Note 2: In case of advance payment (prepayment), reasons, terms of the contract agreement, amount and differences from the general situation shall be specified in the note column.

Note 3: Paid-in capital refers to the parent company's paid-in capital. When the issuer's shares have no denomination, or its denomination is not NT $10, regarding a maximum transaction amount on 20% of paid-in capital, the amount is calculated based on 10% of ownership's equity attributable to the parent company in the balance sheet.

Nan Liu Enterprise Co., Ltd.

SIGNIFICANT INTERCOMPANY TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES

For the year ending on December 31, 2015

TABLE 3

Unit: NT$ Thousand

No	Company name	Counter party	Nature of relationship	Intercompany Transactions			
				Financial statements item	Amount	Terms	Percentage of consolidated net revenue or total assets
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	1	Sales	$ 75,696	The same as other companies	1.28%
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	1	Accounts receivable	9,763	The same as other companies	0.18%
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	1	Purchase	1,079,399	The same as other companies	18.23%
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Pinghu) Ltd.	1	Accounts payable	203,377	The same as other companies	3.78%

Note 1: Information on business contacts between the parent company and subsidiaries shall be specified in the No. column. Specifications on how to complete the column are as follows:

(1) Enter "0" for the parent company.

(2) For subsidiaries, please start from "1" in serial order.

Note 2: Trader’s relationship has the following three categories (Please enter the category number):

(1) The parent company to subsidiaries.

(2) Subsidiaries to the parent company.

(3) Subsidiaries to subsidiaries.

Note 3: For the percentage of transaction amount to consolidated revenue account or total assets, if the items belong on the balance sheet, this is calculated by the percentage of ending balance to consolidated total assets. If the items belong to the income statement, it is calculated by the percentage of interim cumulative amount to consolidated total revenues.

Note 4: Significant transactions to specify according to the principle of materiality is determined by the company.

Nan Liu Enterprise Co., Ltd.
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
December 31, 2015

TABLE 4

(NT$ in Thousands; Shares in Thousands)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2015			Investee company net income (losses) of the investee	Share of profits/losses of investee	Note
				December 31, 2015	December 31, 2014	Shares	Percentage of ownership	Carrying amount			
Nan Liu Enterprise Co., Ltd.	NANLIU ENTERPRISE (SAMOA) CO., LTD.	Samoa	Investment business	$ 1,383,441	$ 1,325,860	44,528	100.00 %	$ 2,436,232	$ 330,268	$ 330,268	

Note 1: If a public company has a foreign holding company and considers consolidated financial statements as its primary financial statements in accordance with local laws and regulations, for information on foreign investee companies, the company may only disclose relevant information at the holding company level.

Note 2: For situations not specified in Note 1, please complete according to the following rules:

(1) "Investee company name", "Area", "Main Business", "The original investment amount" and "Ending shareholding situation", etc., should be filled in according to the Company's (public) reinvestment situation and reinvestment of directly or indirectly controlled Investment. The relationship (if they are subsidiaries or subsidiaries of subsidiaries) between investee companies and the Company (public) should be specified in Note column.

(2) In the "Investee company's current profit and loss" B column, the investee company’s' profit and loss for the period should be entered.

(3) In the "Investment gains and losses recognized for the period" B column, only the gains and losses of subsidiaries and investee companies with the equity method recognized by the Company (public) must be indicated here, and others may not be included. When filling in "gains and losses of subsidiaries recognized for the period", the Company should ensure that profits or losses of subsidiaries for the period already include the gains and losses of reinvestment recognized in accordance with rules.

Nan Liu Enterprise Co., Ltd.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR YEAR ENDING ON DECEMBER 31, 2015

TABLE 5

Unit: NT$ Thousand

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015	Remarks
					Outflow	Inflow							
Nanliu Enterprise (Pinghu) Ltd.	Manufacturing and processing of nonwovens fabric	$ 1,846,701	2	$ 1,325,860	$ 57,581	$ -	$ 1,383,441	$ 357,665	100.00%	$ 357,665	$ 2,847,610	$ -	

Accumulated Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment by Investment Commission, MOEA
$ 1,383,441	$ 1,877,537	$ -

Note 1: Investments are divided into the following three categories (Please enter the category number):
(1) Direct investment in mainland China.
(2) Investments in mainland China through companies in the third region (please specify the investment company in the third region).
(3) Other methods
Note 2: Investment gains and losses recognized in the current period column:
(1) In case of preparation, it should be specified if there is no investment income.
(2) The recognition basis of investment gains and losses is divided into the following three categories and should be specified:
(a) Certified financial statements audited by CPA firms in the Republic of China that have partnership with international CPA firms.
(b) Financial statements audited by the CPA firm of Taiwan's parent company.
(c) Others.
Note 3: The amounts in this table should be shown in New Taiwan Dollars.

14. Operating segments information

A. General information:

The Group has four reportable segments, including Thermal-bonded nonwovens fabrics, Spunlace nonwovens fabrics, Biotechnology, and B2 Post-processing. They are mainly engaged in manufacturing and subcontracting thermal-bonded nonwoven fabrics, wet wipes, facial masks and skin care products. The segments are classified based on the nature of the products.

In accordance with SFAS 41 “Disclosures about Segments", operating and reporting segments are identified. If operating segments reach the quantitative thresholds, core principles of the compilation should be taken into account to determine whether to separately or collectively disclose reportable segments. If the operating segments do not reach the quantitative thresholds, they are included in other segments. The measured amount is provided to major decision makers to allocate resources to segments and assess performance. In addition, accounting policies adopted by operating segments and a summary of significant accounting policies is described in Note 2. There are no significant inconsistencies.

B. Measurement of segment information:

The Group's segments use the same accounting policy as the Group. The Group uses the net income from operations as the measurement for segment profit and the basis for performance assessment.

C. Segment profit/losses and asset information

2015:

Item	Air-through nonwovens	Spunlace nonwovens	Biotechnology	B2 Post-processing	Others	Total
Net revenue from external customers	$ 1,185,522	$1,504,359	$2,326,110	$ 895,450	$ 10,760	$5,922,201
Net revenue from sales among intersegments	—	—	—	—	—	—
Segment revenue	$ 1,185,522	$1,504,359	$2,326,110	$ 895,450	$ 10,760	$5,922,201
Segment income	$ 137,214	$ 149,951	$ 302,795	$ 156,696	$ 3,988	$ 750,644
Segment assets	$ 563,542	$ 930,596	$ 452,258	$ 84,942	$ 99,225	$2,130,563

2014:

Item	Air-through nonwovens	Spunlace nonwovens	Biotechnology	B2 Post-processing	Others	Total
Net revenue from	$ 1,043,872	$1,325,217	$2,236,726	$727,589	$ 10,587	$5,343,991

external customers						
Net revenue from sales among intersegments	—	—	—	—	—	—
Segment revenue	$ 1,043,872	$1,325,217	$2,236,726	$727,589	$ 10,587	$5,343,991
Segment income	$ 107,001	$ 89,031	$ 337,067	$ 61,493	$ 4,196	$ 598,788
Segment assets	$ 468,880	$1,030,085	$ 430,980	$100,788	$ 54,851	$2,085,584

D. Reconciliation for segment income (loss):

(a). Measurement of segments gain or loss:

The Group's segments use the same accounting policy as the Group. The Group uses income from operations as its measurement for segment profit and the basis for performance assessment.

(b) Reconciliation for segment income (loss):

The segment's operating income reported to the chief operating decision-maker was measured in a manner consistent with revenue and expenses in the income statement. The Group did not provide the amount of total assets and total liabilities to the chief operating decision-maker for decision making. The reconciliation of reportable segment income or loss and income before tax for operating segments is provided as follows:

	2015	2014
Reportable segments income	$ 750,644	$ 598,788
Unallocated amounts:		
Non-operating income and expense	26,995	(2,831)
Income before income tax	$ 777,639	$ 595,957

E. Geographic information

The company distinguishes revenue information based on the geographic location of customers and non-current assets based on the geographic location of assets.

1. Revenue from external customers

Area	2015	2014
Taiwan	$ 1,518,762	$ 1,342,229
China	2,703,201	2,546,167
Asia	1,503,928	1,283,693
Others	196,310	171,902
Total	$ 5,922,201	$ 5,343,991

2. Non-current assets

Area	December 31, 2015	December 31, 2014
Taiwan	$ 377,155	$ 346,483
China	1,878,767	1,866,229
Total	$ 2,255,922	$ 2,212,712

F. Major customers

	2015	
Name	Amount	Percentage of net revenue %
Customer A	$ 680,201	11.49%
Total	$ 680,201	11.49%

	2014	
Name	Amount	Percentage of net revenue %
Customer A	$ 781,107	14.65%
Total	$ 781,107	14.65%