China Steel Corporation and Subsidiaries

Consolidated Financial Statements for the
Nine Months Ended September 30, 2015 and 2014 and
Independent Auditors’ Review Report

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, R.O.C.

Tel : +886 (2) 2545-9988
Fax: +886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Steel Corporation

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

Except for the matters described in the third paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 4 to the accompanying consolidated financial statements, the financial statements of certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of September 30, 2015 and 2014, these subsidiaries' total assets amounted to NT$120,978,996 thousand and NT$93,976,908 thousand, or 18% and 14%, of consolidated total assets, respectively, and their total liabilities amounted to NT$31,463,323 thousand and NT$28,807,539 thousand, or 9% and 8%, of consolidated total liabilities, respectively. For the three months and nine months ended September 30, 2015 and 2014, their comprehensive income amounted to loss NT$737,257 thousand, loss NT$251,185, loss NT$3,153,012 and profit NT$738,410 thousand, or 269%, 4%, 56% and 4%, of consolidated comprehensive income, respectively. As discussed in Note 15 to the accompanying consolidated financial statements, the investments accounted for using equity method amounted to NT$14,502,463 thousand and NT$11,361,682 thousand as of September 30, 2015 and 2014, respectively, the related share of the profit or loss amounted to loss NT$46,574 thousand, profit NT$300,330 thousand, profit NT$154,258 thousand and profit NT$622,293 thousand for the three months and nine months ended September 30, 2015 and 2014, respectively, and the related share of the other comprehensive income amounted to profit NT$784,971 thousand, loss NT$200,459 thousand, profit NT$1,263,391 thousand and loss NT$150,656 thousand for the three months and nine months ended September 30, 2015 and 2014, respectively. These amounts were evaluated and disclosed from the investees' unreviewed financial statements for the same reporting periods as those of the Corporation.

Based on our reviews, except for the information of the subsidiaries and investees accounted for using equity method mentioned in the preceding paragraph that were based on their unreviewed financial statements where adjustments might have been determined to be necessary if the financial statements were reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission ("FSC") of the Republic of China.

As discussed in Note 3 to the accompanying consolidated financial statements, starting from January 1, 2015, the Corporation and its subsidiaries applied the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS, and Interpretations of IAS endorsed by the FSC. Therefore, some items in the consolidated financial statements of prior reporting periods were adjusted to reflect the effects of retrospective application of the above regulations, standards and interpretations.

Deloitte & Touche

November 11, 2015

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail. As stated in Note 4 to consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2015 (Reviewed) Amount	%	December 31, 2014 (Restated and Audited) Amount	%	September 30, 2014 (Restated and Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 16,774,843	3	$ 13,632,013	2	$ 16,946,040	3
Financial assets at fair value through profit or loss - current (Note 7)	3,430,215	1	5,418,751	1	5,440,566	1
Available-for-sale financial assets - current (Note 8)	4,887,001	1	6,651,624	1	6,400,164	1
Derivative financial assets for hedging - current (Note 10)	141,345	-	62,992	-	25,977	-
Notes receivable (Note 11)	1,369,650	-	1,243,767	-	1,202,810	-
Notes receivable - related parties (Notes 11 and 33)	296,594	-	162,202	-	371,765	-
Accounts receivable, net (Note 11)	9,232,088	1	10,818,647	2	10,972,405	2
Accounts receivable - related parties (Notes 11 and 33)	513,530	-	734,991	-	1,155,331	-
Amounts due from customers for construction contracts (Note 12)	9,657,501	1	7,313,482	1	7,029,746	1
Other receivables	1,620,352	-	1,484,045	-	1,424,360	-
Current tax assets	203,588	-	169,509	-	205,235	-
Inventories (Note 13)	75,014,372	11	81,203,168	12	76,672,934	11
Other financial assets - current (Notes 16 and 34)	12,414,682	2	13,714,418	2	13,479,366	2
Other current assets	4,922,691	1	5,757,202	1	6,276,265	1
Total current assets	140,478,452	21	148,366,811	22	147,602,964	22
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	-	-	31,842	-	-	-
Available-for-sale financial assets - noncurrent (Notes 8 and 19)	48,572,229	7	31,102,392	5	31,917,891	5
Held-to-maturity financial assets - noncurrent (Note 9)	262,641	-	222,989	-	214,324	-
Derivative financial assets for hedging - noncurrent (Note 10)	52,695	-	87,969	-	52,903	-
Debt investments with no active market - noncurrent (Notes 14 and 19)	2,033,030	-	2,806,597	1	2,935,038	1
Investments accounted for using equity method (Notes 4, 15, 30 and 33)	14,502,463	2	13,419,402	2	11,361,682	2
Property, plant and equipment (Notes 10, 16, 17 and 34)	451,880,390	66	459,313,969	67	460,903,831	67
Investment properties (Notes 18 and 34)	10,134,115	2	8,436,098	1	8,351,672	1
Intangible assets (Notes 30 and 33)	2,479,527	-	2,493,804	-	2,539,444	-
Deferred tax assets (Note 3)	4,880,385	1	6,065,105	1	6,158,973	1
Refundable deposits	487,002	-	436,833	-	479,104	-
Other financial assets - noncurrent (Notes 16 and 34)	2,512,156	-	2,376,787	-	2,382,491	-
Other noncurrent assets	5,873,012	1	7,579,422	1	9,462,407	1
Total noncurrent assets	543,669,645	79	534,373,209	78	536,759,760	78
TOTAL	$ 684,148,097	100	$ 682,740,020	100	$ 684,362,724	100

LIABILITIES AND EQUITY	September 30, 2015 (Reviewed) Amount	%	December 31, 2014 (Restated and Audited) Amount	%	September 30, 2014 (Restated and Reviewed) Amount	%
CURRENT LIABILITIES						
Short-term borrowings and bank overdraft (Notes 6, 19 and 34)	$ 35,828,812	5	$ 30,801,717	5	$ 33,204,386	5
Short-term bills payable (Notes 19 and 34)	45,240,313	7	20,112,096	3	36,744,015	5
Financial liabilities at fair value through profit or loss - current (Notes 7 and 20)	3,431	-	7,149	-	6,893	-
Derivative financial liabilities for hedging - current (Note 10)	16,786	-	46,327	-	45,337	-
Notes payable	716,750	-	1,384,782	-	1,121,334	-
Notes payable - related parties (Note 33)	-	-	88	-	-	-
Accounts payable (Note 21)	9,426,059	1	8,903,520	1	10,277,590	1
Accounts payable - related parties (Notes 21 and 33)	405,494	-	689,623	-	835,269	-
Amounts due to customers for construction contracts (Note 12)	3,496,930	1	5,403,038	1	5,543,453	1
Other payables (Note 22)	19,947,918	3	23,131,466	3	23,102,425	3
Current tax liabilities	2,111,544	-	4,868,683	1	3,920,375	1
Provisions - current (Note 23)	3,123,094	1	3,795,700	1	4,477,965	1
Current portion of bonds payable (Note 20)	8,149,761	1	8,148,376	1	3,499,830	1
Current portion of long-term bank borrowings (Notes 19 and 34)	21,254,624	3	20,939,065	3	18,895,194	3
Other current liabilities	2,529,094	-	3,273,887	-	3,139,946	-
Total current liabilities	152,250,610	22	131,505,517	19	144,814,012	21
NONCURRENT LIABILITIES						
Derivative financial liabilities for hedging - noncurrent (Note 10)	48,757	-	10,060	-	1,211	-
Bonds payable (Note 20)	99,535,308	15	89,695,089	13	97,838,651	14
Long-term bank borrowings (Notes 19 and 34)	73,819,188	11	86,579,129	13	78,951,696	12
Long-term bills payable (Note 19)	16,881,198	2	20,019,412	3	17,021,530	3
Provisions - noncurrent (Note 23)	826,097	-	1,031,812	-	1,024,737	-
Deferred tax liabilities (Note 3)	12,381,252	2	12,678,234	2	12,774,147	2
Net defined benefit liabilities (Notes 3, 4 and 24)	5,495,960	1	5,503,901	1	7,139,019	1
Other noncurrent liabilities	1,237,042	-	1,072,632	-	708,343	-
Total noncurrent liabilities	210,224,802	31	216,590,269	32	215,459,334	32
Total liabilities	362,475,412	53	348,095,786	51	360,273,346	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 3 and 25)						
Share capital						
Ordinary shares	157,348,610	23	157,348,610	23	157,348,610	23
Preference shares	382,680	-	382,680	-	382,680	-
Total share capital	157,731,290	23	157,731,290	23	157,731,290	23
Capital surplus	37,596,926	5	37,217,876	5	37,203,600	5
Retained earnings						
Legal reserve	59,173,907	9	56,957,880	8	56,957,880	8
Special reserve	27,133,150	4	27,086,283	4	27,086,440	4
Unappropriated earnings	15,147,851	2	24,106,715	4	15,998,583	3
Total retained earnings	101,454,908	15	108,150,878	16	100,042,903	15
Other equity	6,885,257	1	10,162,015	2	8,391,652	1
Treasury shares	(8,577,733)	(1)	(8,587,461)	(1)	(8,587,461)	(1)
Total equity attributable to owners of the Corporation	295,090,648	43	304,674,598	45	294,781,984	43
NON-CONTROLLING INTERESTS (Note 3)	26,582,037	4	29,969,636	4	29,307,394	4
Total equity	321,672,685	47	334,644,234	49	324,089,378	47
TOTAL	$ 684,148,097	100	$ 682,740,020	100	$ 684,362,724	100

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

(With Deloitte & Touche review report dated November 11, 2015)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2015		2014 (Restated)		2015		2014 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 10, 23, 26 and 33)	$ 67,693,680	100	$ 92,268,397	100	$ 222,060,055	100	$ 276,845,574	100
OPERATING COSTS (Notes 3, 13, 24, 27 and 33)	63,488,974	94	80,235,508	87	200,732,926	90	246,277,247	89
GROSS PROFIT	4,204,706	6	12,032,889	13	21,327,129	10	30,568,327	11
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	-	-	-	-	(89)	-	-	-
REALIZED GROSS PROFIT	4,204,706	6	12,032,889	13	21,327,040	10	30,568,327	11
OPERATING EXPENSES (Notes 3, 24 and 27)								
Selling and marketing expenses	1,128,314	2	1,134,891	1	3,521,125	2	3,611,696	1
General and administrative expenses	1,769,064	2	1,792,086	2	5,165,566	2	5,232,468	2
Research and development expenses	479,810	1	533,281	1	1,472,984	1	1,487,257	1
Total operating expenses	3,377,188	5	3,460,258	4	10,159,675	5	10,331,421	4
PROFIT FROM OPERATIONS	827,518	1	8,572,631	9	11,167,365	5	20,236,906	7
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 27 and 33)	341,501	-	730,356	1	1,325,380	-	2,058,272	1
Other gains and losses (Notes 10, 27 and 33)	1,140,700	2	(95,993)	-	2,068,067	1	176,719	-
Finance costs (Note 27)	(957,457)	(1)	(943,479)	(1)	(2,777,227)	(1)	(2,851,980)	(1)
Share of the profit of associates	(57,225)	-	300,331	-	118,035	-	622,289	-
Total non-operating income and expenses	467,519	1	(8,785)	-	734,255	-	5,300	-
PROFIT BEFORE INCOME TAX	1,295,037	2	8,563,846	9	11,901,620	5	20,242,206	7
INCOME TAX (Notes 3, 4 and 28)	153,710	1	1,449,185	1	2,649,703	1	3,167,033	1
NET PROFIT FOR THE PERIOD	1,141,327	1	7,114,661	8	9,251,917	4	17,075,173	6
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 16, 25 and 28)								
Items that may be reclassified subsequently to profit or loss								

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2015		2014 (Restated)		2015		2014 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translating foreign operations	$ 975,177	2	$ 241,006	-	$ (1,078,222)	-	$ 494,627	-
Unrealized gain (loss) on available-for-sale financial assets	(2,806,130)	(4)	(541,435)	(1)	(3,824,150)	(2)	391,974	-
The effective portion of gains and losses on hedging instruments in a cash flow hedge	268,818	-	50,526	-	55,016	-	57,152	-
Share of the other comprehensive income of associates	784,971	1	(200,459)	-	1,263,391	1	(150,656)	-
Income tax expense relating to items that may be reclassified subsequently to profit or loss	(89,812)	-	(19,687)	-	(42,795)	-	(22,783)	-
Other comprehensive income for the period, net of income tax	(866,976)	(1)	(470,049)	(1)	(3,626,760)	(1)	770,314	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 274,351	-	$ 6,644,612	7	$ 5,625,157	3	$ 17,845,487	6
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 743,913	1	$ 6,613,170	7	$ 9,119,579	4	$ 15,379,818	6
Non-controlling interests	397,414	1	501,491	1	132,338	-	1,695,355	-
	$ 1,141,327	2	$ 7,114,661	8	$ 9,251,917	4	$ 17,075,173	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ (621,615)	(1)	$ 6,044,157	6	$ 5,842,821	3	$ 15,815,617	6
Non-controlling interests	895,966	1	600,455	1	(217,664)	-	2,029,870	-
	$ 274,351	-	$ 6,644,612	7	$ 5,625,157	3	$ 17,845,487	6
EARNINGS PER SHARE (Note 29)								
Basic	$ 0.05		$ 0.43		$ 0.59		$ 0.99	
Diluted	$ 0.05		$ 0.43		$ 0.59		$ 0.99	

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

(With Deloitte & Touche review report dated November 11, 2015)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation													
	Share Capital			Retained Earnings			Other Equity							
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	The Effective Portion of Gains and Losses on Hedging Instruments in a Cash Flow Hedge	Total Other Equity	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	$ 157,348,610	$ 382,680	$ 37,217,876	$ 56,957,880	$ 27,086,283	$ 24,125,515	$ 732,469	$ 9,283,354	$ 146,192	$ 10,162,015	$ (8,587,461)	$ 304,693,398	$ 29,994,473	$ 334,687,871
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	(18,800)	-	-	-	-	-	(18,800)	(24,837)	(43,637)
BALANCE AT JANUARY 1, 2015 AS RESTATED	157,348,610	382,680	37,217,876	56,957,880	27,086,283	24,106,715	732,469	9,283,354	146,192	10,162,015	(8,587,461)	304,674,598	29,969,636	334,644,234
Appropriation of 2014 earnings (Note 25)														
Legal reserve	-	-	-	2,216,027	-	(2,216,027)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	47,049	(47,049)	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$1.0 per share	-	-	-	-	-	(15,734,861)	-	-	-	-	-	(15,734,861)	-	(15,734,861)
Cash dividends to preference shareholders - NT$1.4 per share	-	-	-	-	-	(53,575)	-	-	-	-	-	(53,575)	-	(53,575)
Reversal of special reserve	-	-	-	-	(182)	182	-	-	-	-	-	-	-	-
Net profit for the nine months ended September 30, 2015	-	-	-	-	-	9,119,579	-	-	-	-	-	9,119,579	132,338	9,251,917
Other comprehensive income for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	-	551,844	(3,862,917)	34,315	(3,276,758)	-	(3,276,758)	(350,002)	(3,626,760)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	9,119,579	551,844	(3,862,917)	34,315	(3,276,758)	-	5,842,821	(217,664)	5,625,157
Disposal of the Corporation's shares held by subsidiaries	-	-	(707)	-	-	-	-	-	-	-	9,263	8,556	-	8,556
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	318,021	-	-	-	-	-	-	-	-	318,021	-	318,021
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,169,935)	(3,169,935)
Adjustment of other equity	-	-	61,736	-	-	(27,113)	-	-	-	-	465	35,088	-	35,088
BALANCE AT SEPTEMBER 30, 2015	$ 157,348,610	$ 382,680	$ 37,596,926	$ 59,173,907	$ 27,133,150	$ 15,147,851	$ 1,284,313	$ 5,420,437	$ 180,507	$ 6,885,257	$ (8,577,733)	$ 295,090,648	$ 26,582,037	$ 321,672,685
BALANCE AT JANUARY 1, 2014	$ 154,255,840	$ 382,680	$ 36,960,818	$ 55,359,726	$ 26,920,871	$ 16,348,240	$ (659,689)	$ 8,603,167	$ 12,375	$ 7,955,853	$ (8,496,974)	$ 289,687,054	$ 29,682,661	$ 319,369,715
Effect of retrospective application and retrospective restatement (Note 3)	-	-	-	-	-	(27,533)	-	-	-	-	-	(27,533)	(26,046)	(53,579)
BALANCE AT JANUARY 1, 2014 AS RESTATED	154,255,840	382,680	36,960,818	55,359,726	26,920,871	16,320,707	(659,689)	8,603,167	12,375	7,955,853	(8,496,974)	289,659,521	29,656,615	319,316,136
Appropriation of 2013 earnings														
Legal reserve	-	-	-	1,598,154	-	(1,598,154)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	166,266	(166,266)	-	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$0.7 per share	-	-	-	-	-	(10,797,909)	-	-	-	-	-	(10,797,909)	-	(10,797,909)
Cash dividends to preference shareholders - NT$1.2 per share	-	-	-	-	-	(45,922)	-	-	-	-	-	(45,922)	-	(45,922)
Share dividends to ordinary shareholders - NT$0.2 per share	3,085,117	-	-	-	-	(3,085,117)	-	-	-	-	-	-	-	-
Share dividends to preference shareholders - NT$0.2 per share	7,653	-	-	-	-	(7,653)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(697)	697	-	-	-	-	-	-	-	-
Net profit for the nine months ended September 30, 2014	-	-	-	-	-	15,379,818	-	-	-	-	-	15,379,818	1,695,355	17,075,173
Other comprehensive income for the nine months ended September 30, 2014, net of income tax	-	-	-	-	-	-	6,151	389,692	39,956	435,799	-	435,799	334,515	770,314
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	15,379,818	6,151	389,692	39,956	435,799	-	15,815,617	2,029,870	17,845,487
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(90,487)	(90,487)	(108,115)	(198,602)
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	218,053	-	-	-	-	-	-	-	-	218,053	132,474	350,527
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(2,403,450)	(2,403,450)
Adjustment of other equity	-	-	24,729	-	-	(1,618)	-	-	-	-	-	23,111	-	23,111
BALANCE AT SEPTEMBER 30, 2014	$ 157,348,610	$ 382,680	$ 37,203,600	$ 56,957,880	$ 27,086,440	$ 15,998,583	$ (653,538)	$ 8,992,859	$ 52,331	$ 8,391,652	$ (8,587,461)	$ 294,781,984	$ 29,307,394	$ 324,089,378

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

(With Deloitte & Touche review report dated November 11, 2015)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2015	**2014 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 11,901,620	$ 20,242,206
Adjustments for:		
Depreciation expense	26,257,959	26,345,375
Amortization expense	242,195	301,002
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	126,154	(74,501)
Finance costs	2,777,227	2,851,980
Interest income	(313,827)	(397,737)
Dividend income	(377,676)	(338,260)
Share of the profit of associates	(154,258)	(622,293)
Loss on disposal of property, plant and equipment	40,022	137,673
Gain on disposal of intangible assets	(1,892)	(72,934)
Gain on disposal of investments	(682,429)	(640,881)
Impairment loss recognized on financial assets	72,740	94,400
Increase in provision for loss on inventories	1,924,058	562,819
Reversal of impairment loss on non-financial assets	(1,612,081)	-
Recognition of provisions	3,415,556	3,743,506
Others	2,800	58,785
Changes in operating assets and liabilities		
Financial assets held for trading	721,342	(30,936)
Notes receivable	(125,883)	(4,589)
Notes receivable - related parties	(134,392)	235,297
Accounts receivable	1,559,966	(731,984)
Accounts receivable - related parties	221,461	(634,599)
Amounts due from customers for construction contracts	(2,344,019)	279,724
Other receivables	127,094	1,003,941
Inventories	4,264,738	5,799,621
Other current assets	839,731	(602,548)
Notes payable	(668,032)	105,917
Notes payable - related parties	(88)	(756)
Accounts payable	522,539	(1,265,789)
Accounts payable - related parties	(284,129)	677,897
Amounts due to customers for construction contracts	(1,906,108)	(274,996)
Other payables	(1,241,982)	(150,683)
Provisions	(4,298,407)	(2,228,679)
Other current liabilities	(750,392)	(166,721)
Net defined benefit liabilities	(7,941)	(155,165)
Cash generated from operations	40,113,666	54,046,092
Income taxes paid	(4,527,058)	(3,434,332)
Net cash generated from operating activities	35,586,608	50,611,760

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2015	2014 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	$ (4,526,006)	$ (5,657,989)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	5,306,162	5,191,197
Acquisition of available-for-sale financial assets	(21,882,270)	(6,373,547)
Proceeds from disposal of available-for-sale financial assets	2,846,097	2,158,202
Proceeds from the capital reduction on available-for-sale financial assets	108,159	44,163
Purchases of debt investments with no active market	(45,441)	(19,853)
Proceeds from disposal of debt investments with no active market	848,915	9,758
Acquisition of held-to-maturity financial assets	(30,216)	-
Net cash outflow on acquisition of subsidiaries	(105,382)	(853,388)
Acquisition of investments accounted for using equity method	(641,220)	(282,859)
Proceeds from the capital reduction on investments accounted for using equity method	-	11,550
Acquisition of property, plant and equipment	(18,111,567)	(25,462,566)
Proceeds from disposal of property, plant and equipment	107,553	16,058
Decrease (increase) in refundable deposits	(50,169)	34,111
Acquisition of intangible assets	(116,361)	(62,643)
Acquisition of investment properties	(325,194)	-
Proceeds from disposal of investment properties	-	89
Decrease (increase) in other financial assets	1,323,377	(4,667)
Decrease in other noncurrent assets	229,879	41,816
Interest received	322,028	404,819
Dividends received from associates	330,626	567,503
Dividends received from others	323,929	336,503
Net cash used in investing activities	(34,087,101)	(29,901,743)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	168,472,940	150,840,516
Repayments of short-term borrowings	(162,104,579)	(144,979,710)
Increase in short-term bills payable	25,128,217	5,957,715
Issuance of bonds payable	9,996,610	34,900,000
Repayments of bonds payable	(163,002)	-
Proceeds from long-term bank borrowings	29,836,740	18,497,636
Repayments of long-term bank borrowings	(42,785,781)	(48,095,861)
Decrease in long-term bills payable	(3,138,214)	(17,860,503)
Increase in other noncurrent liabilities	169,120	171,548
Dividends paid to owners of the Corporation	(15,741,664)	(10,572,788)

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2015	**2014 (Restated)**
Purchase of the Corporation's shares by subsidiaries	$ -	$ (198,602)
Disposal of the Corporation's shares by subsidiaries	8,556	-
Interest paid	(2,997,910)	(2,699,202)
Decrease in non-controlling interests	(3,169,935)	(2,403,450)
Net cash generated from (used in) financing activities	3,511,098	(16,442,701)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(146,972)	240,284
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,863,633	4,507,600
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,659,657	10,541,442
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 15,523,290	$ 15,049,042
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of September 30, 2015 and 2014:		
Cash and cash equivalents in the consolidated balance sheets	$ 16,774,843	$ 16,946,040
Bank overdraft	(1,251,553)	(1,896,998)
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,523,290	$ 15,049,042

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

(With Deloitte & Touche review report dated November 11, 2015)

1. GENERAL INFORMATION

China Steel Corporation (the “Corporation”) was incorporated on December 3, 1971. It manufactures and sells steel products and engages in mechanical, communications, and electrical engineering.

The shares of the Corporation and its subsidiaries, including China Steel Structure Co., Ltd., China Steel Chemical Corporation, CHC Resources Corporation, China Ecotech Corporation and Chung Hung Steel Corporation Ltd., have been listed on the Taiwan Stock Exchange. The shares of the subsidiary Thintech Materials Technology Co., Ltd. have been traded on the Taipei Exchange. The subsidiary Dragon Steel Corporation has issued shares to the public.

As of September 30, 2015, the Ministry of Economic Affairs (“MOEA”), Republic of China owned 20.05 % of the Corporation’s issued ordinary shares.

The consolidated financial statements are presented in the Corporation’s functional currency, New Taiwan Dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and approved for issue on November 11, 2015.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (“FSC”)

   According to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, the Corporation and its subsidiaries should apply the 2013 version of IFRS, IAS, IFRIC and SIC (the “IFRSs”) announced by the International Accounting Standards Board (IASB) and endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs did not have any material impact on the Corporation and its subsidiaries’ accounting policies:

   1) IFRS 10 “Consolidated Financial Statements”

      IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Corporation and its subsidiaries consider whether they have control over other entities for consolidation. The Corporation and its subsidiaries have control over an investee if and only if they have i) power over the investee; ii) exposure, or rights, to variable returns from their involvement with the investee and iii) the ability to use their power over the investee to affect the amount of their returns. Additional guidance has been included in IFRS

10 to explain when an investor has control over an investee.

2) IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Ventures". Under IAS 31, joint arrangements are classified as jointly controlled operations, jointly controlled assets and jointly controlled entities. Under IFRS 11, joint arrangements are classified as joint operations and joint ventures.

Under IAS 31, joint arrangements of the Corporation and its subsidiaries are classified as jointly controlled operations depending on the rights and obligations of the parties to the arrangements. Under IFRS 11, the joint arrangements of the Corporation and its subsidiaries are classified as joint operations. The impact is considered immaterial.

3) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements and associates. Under IFRS 12, the consolidated financial statements include more extensive disclosures.

4) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Corporation and its subsidiaries continue to apply the equity method and do not remeasure the retained interest. Under the previous IAS 28, on the loss of joint control, the Corporation and its subsidiaries measure at fair value any investment the Corporation and its subsidiaries retain in the former jointly controlled entity. The Corporation and its subsidiaries recognize in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposal of the part of interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

5) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments measured at fair value only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 32 for more details.

6) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the previous IAS 1, there were no such requirements.

Starting 2015, the Corporation and its subsidiaries retrospectively apply the above amendments. The items which are not reclassified to profit or loss are remeasurements of the defined benefit plans. The items which are likely to be reclassified subsequently to profit or loss include exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, The effective portion of gains and losses on hedging instruments in a cash flow hedge and share of the other comprehensive income of associates (except share of remeasurements of the defined benefit plans). However, the application of the above amendments doesn't result in any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

7) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under previous IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is "employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service". However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities and retained earnings, the carrying amounts of inventories and property, plant and equipment are not adjusted. In addition, the Corporation and its subsidiaries elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation in the consolidated financial statements for the year ended December 31, 2015.

The impact on the prior period is set out below:

	As Originally Stated	**Adjustments Arising from Initial Application**	**Restated**
Impact on assets, liabilities and equity			
December 31, 2014			
Deferred tax assets	$ 6,062,321	$ 2,784	$ 6,065,105
Deferred tax liabilities	$ 12,678,217	$ 17	$ 12,678,234
Accrued pension liabilities	$ 5,457,497	$ (5,457,497)	$ -
Net defined benefit liabilities	$ -	$ 5,503,901	$ 5,503,901
Retained earnings	$ 108,169,678	$ (18,800)	$ 108,150,878
Non-controlling interests	$ 29,994,473	$ (24,837)	$ 29,969,636
September 30, 2014			
Deferred tax assets	$ 6,156,791	$ 2,182	$ 6,158,973
Accrued pension liabilities	$ 7,064,924	$ (7,064,924)	$ -
Net defined benefit liabilities	$ -	$ 7,139,019	$ 7,139,019

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Retained earnings	$ 100,092,541	$ (49,637)	$ 100,042,904
Non-controlling interests	$ 29,329,669	$ (22,275)	$ 29,307,394
January 1, 2014			
Deferred tax assets	$ 6,077,668	$ 3,437	$ 6,081,105
Accrued pension liabilities	$ 7,237,168	$ (7,237,168)	$ -
Net defined benefit liabilities	$ -	$ 7,294,184	$ 7,294,184
Retained earnings	$ 98,628,837	$ (27,533)	$ 98,601,304
Non-controlling interests	$ 29,682,661	$ (26,046)	$ 29,656,615
Impact on total comprehensive income for the three months ended September 30, 2014			
Operating cost	$ 80,237,208	$ (1,700)	$ 80,235,508
Operating expense	$ 3,450,831	$ 9,427	$ 3,460,258
Income tax	$ 1,450,801	$ (1,616)	$ 1,449,185
Net profit for the period	$ 7,120,772	$ (6,111)	$ 7,114,661
Net profit attributable to:			
Owners of the Corporation	$ 6,620,536	$ (7,366)	$ 6,613,170
Non-controlling interests	$ 500,236	$ 1,255	$ 501,491
Total comprehensive income attributable to:			
Owners of the Corporation	$ 6,051,523	$ (7,366)	$ 6,044,157
Non-controlling interests	$ 599,200	$ 1,255	$ 600,455
Impact on total comprehensive income for the nine months ended September 30, 2014			
Operating cost	$ 246,282,357	$ (5,110)	$ 246,277,247
Operating expense	$ 10,303,130	$ 28,291	$ 10,331,421
Income tax	$ 3,171,880	$ (4,847)	$ 3,167,033
Net profit for the period	$ 17,093,507	$ (18,334)	$ 17,075,173
Net profit attributable to:			
Owners of the Corporation	$ 15,401,923	$ (22,105)	$ 15,379,818
Non-controlling interests	$ 1,691,584	$ 3,771	$ 1,695,355
Total comprehensive income attributable to:			
Owners of the Corporation	$ 15,837,722	$ (22,105)	$ 15,815,617
Non-controlling interests	$ 2,026,099	$ 3,771	$ 2,029,870

(Continued)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Impact on earnings per share for the three months ended September 30, 2014			
Basic	$ 0.43	$ -	$ 0.43
Diluted	$ 0.43	$ -	$ 0.43
Impact on earnings per share for the nine months ended September 30, 2014			
Basic	$ 1.00	$ (0.01)	$ 0.99
Diluted	$ 0.99	$ -	$ 0.99

(Concluded)

On initial application of the revised IAS 19, there is no impact on other comprehensive income of the Corporation and its subsidiaries for the nine months ended September 30, 2014; the impact on consolidated assets, liabilities and equity as of September 30, 2015 and the consolidated comprehensive income and earnings per share for the three months and nine months ended September 30, 2015 is considered immaterial.

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Corporation and its subsidiaries and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Refer to Note 38 for more details.

9) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

In sum, the impact on applications of the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs is considered immaterial to the Corporation and its subsidiaries.

b. IFRSs announced by the IASB but not yet endorsed by the FSC

The Corporation and its subsidiaries have not applied the IFRSs announced by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were reported to the board of directors and approved for issue, the FSC has not yet announced the effective date.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
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"	January 1, 2016 (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities : Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
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 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively for annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Except for the following, whenever applied, the initial application of the above new, amended and revised standards and interpretations would not have any material impact on the Corporation and its subsidiaries' accounting policies:

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirements for classifying financial assets are as follows.

   When the contractual cash flow of the debt instruments invested by the Corporation and its subsidiaries that are solely payments of principal and interest on the principal outstanding, the classification and measurement are as follows:

   a) Financial assets that are held within a business model whose objective is to collect the contractual cash flow are generally measured at amortized cost. Related interest revenue is recognized in profit or loss using the effective interest rate; impairment is continually evaluated and recognized in profit or loss.

   b) Financial assets that are held within business models whose objectives are to collect the contractual cash flow and to sell are measured at fair value through other comprehensive income. Related interest revenue is recognized in profit or loss using the effective interest rate; impairment is continually evaluated and recognized in profit or loss as well as exchange gain or loss, while other fair value changes are recognized in other comprehensive income. When the financial assets are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

   Except for above, all other financial assets are measured at fair value through profit or loss However, the Corporation and its subsidiaries may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No impairment evaluation is needed for the subsequent period, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

   Impairment of financial assets

   IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

   Furthermore, for the financial assets with credit impairment on initial recognition, the Corporation and its subsidiaries consider the expected credit losses on initial recognition to calculate effective interest rate after adjusting credit risk. Subsequently, allowance for credit losses is measured at accumulated changes in expected credit losses.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendments to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amount is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation and its subsidiaries are required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Corporation and its subsidiaries or another entity in the same group or on the market price of the equity instruments of the Corporation and its subsidiaries or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Corporation and its subsidiaries as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it reflects not only the performance of the Corporation and its subsidiaries, but also that of other entities outside the Corporation and its subsidiaries.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IAS 39 or IFRS 9. Fair value changes should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Corporation and its subsidiaries is a related party of the Corporation and its subsidiaries. Consequently, the Corporation and its subsidiaries are required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The Corporation and its subsidiaries should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the Corporation and its subsidiaries.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the Corporation and its subsidiaries’ use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The Corporation and its subsidiaries should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, the Corporation and its subsidiaries shall recognize revenue by applying the following steps:

a) Identify the contract with the customer;

b) Identify the performance obligations in the contract;

c) Determine the transaction price;

d) Allocate the transaction price to the performance obligations in the contracts; and

e) Recognize revenue when the Corporation and its subsidiaries satisfy a performance obligation.

When IFRS 15 is effective, the Corporation and its subsidiaries may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

7) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when the Corporation and its subsidiaries sell or contribute assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation and its subsidiaries lose control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Corporation and its subsidiaries sell or contribute assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the Corporation and its subsidiaries, share of the gain or loss is eliminated. Also, when the Corporation and its subsidiaries lose control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the Corporation and its subsidiaries' share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 7 were amended in this annual improvement.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

9) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Corporation and its subsidiaries should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Corporation and its subsidiaries should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

As of the date the consolidated financial statements were reported to the board of directors and approved for issue, the Corporation and its subsidiaries are in the process of estimating the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail. However, the accompanying consolidated financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

1) Subsidiaries included in consolidated financial statements

The consolidated entities were as follows:

			Percentage of Ownership (%)			
Investor	**Investee**	**Main Businesses**	**September 30, 2015**	**December 31, 2014**	**September 30, 2014**	**Additional Descriptions**
China Steel Corporation	China Steel Express Corporation (CSE)	Ocean freight forwarding and bulk shipping transportation	100	100	100	
	C. S. Aluminium Corporation (CSAC)	Production and sale of aluminum and other non-ferrous metal	100	100	100	
	Gains Investment Corporation (GIC)	General investment	100	100	100	
	China Prosperity Development Corporation (CPDC)	Land and commercial real estate sale, rental and development service	100	100	100	
	China Steel Asia Pacific Holdings Pte. Ltd. (CSAPH)	Investment holding company	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Additional Descriptions
	China Steel Global Trading Corporation (CSGT)	Steel product agency and trading service	100	100	100	
	China Steel Machinery Corporation	Manufacture and sale of machinery and equipment for railroad, transportation and generator	74	74	74	Direct and indirect ownerships amounted to 100%
	China Steel Security Corporation	Guard security and system security	100	100	100	
	Info-Champ Systems Corporation (ICSC)	Design and sale of IT hardware and software	100	100	100	
	CSC Steel Australia Holdings Pty. Ltd. (CSCAU)	Investment holding company	100	100	100	
	Himag Magnetic Corporation	Manufacture and sale of magnetic material, special usage chemicals and ferric iron oxide	69	50	50	Direct and indirect ownerships amounted to 88%
	Dragon Steel Corporation (DSC)	Manufacture and sale of steel product	100	100	100	
	China Steel Management Consulting Corporation	Business management consultant	100	100	100	
	China Ecotek Corporation (CEC)	Electrical engineering and co-generation	45	45	45	Refer to 1) below
	China Steel Chemical Corporation (CSCC)	Production and sale of coal chemistry and specialty chemicals	29	29	29	Refer to 1) below
	Chung Hung Steel Corporation Ltd. (CHSC)	Manufacture and sale of steel product	41	41	41	Refer to 1) below
	CHC Resources Corporation (CHC)	Manufacture and sale of slag powder and blast furnace cement, and waste disposal	20	20	20	Direct and indirect ownerships amounted to 36%, and refer to 1) below
	China Steel Structure Co., Ltd. (CSSC)	Design, manufacture and sale of steel structure	33	33	33	Direct and indirect ownerships amounted to 37%, and refer to 1) below
	China Steel Sumikin Vietnam Joint Stock Company (CSVC)	Manufacture and sale of steel product	56	51	51	
	China Steel Corporation India Pvt. Ltd. (CSCI)	Manufacture and sale of steel product (electromagnetic steel coil)	100	100	100	
	Kaohsiung Rapid Transit Corporation (KRTC)	Operation of mass rapid transit	43	43	43	Direct and indirect ownerships amounted to 50%
	China Steel Resources Corporation	Disposal and process of waste	100	100	100	
	CSC Precision Metal Industrial Corporation	Metal processing	100	100	100	
	Winning Investment Corporation (WIC)	General investment	-	-	-	Indirect ownership was 58%
	Eminent Venture Capital Corporation (EVCC)	General investment	-	-	-	Indirect ownership was 55%
	White Biotech Corporation	Biology introduction and development	87	18	18	Acquired the White Biotech Corporation. with the total shareholdings increased from 18% to 87% in July 2015.
China Steel Express Corporation	CSE Transport Corporation (Panama) (CSEP)	Ocean freight forwarding	100	100	100	
	CSEI Transport Corporation (Panama) (CSEIP)	Ocean freight forwarding	100	100	100	
	Transyang Shipping Pte Ltd. (TSP)	Ocean freight forwarding	51	51	51	
	Transglory Investment Corporation (TIC)	General investment	50	50	50	Direct and indirect ownerships amounted to 100%
	Kaohsiung Port Cargo Handling Services Corp.	Cargo Stevedoring	66	66	66	
C.S. Aluminium Corporation	ALU Investment Offshore Corporation	Industry investment	100	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corp.	Industry investment	65	65	65	Direct and indirect ownerships amounted to 79%
United Steel International Development Corp.	Ningbo Huayang Aluminium-Tech Co., Ltd.	Manufacture and sale of aluminum alloy material	100	100	100	
Gains Investment Corporation	Eminence Investment Corporation	General investment	100	100	100	
	Gainsplus Asset Management Inc.	General investment	100	100	100	
	Mentor Consulting Corporation	Management and general investment consulting service	100	100	100	
	Betacera Inc. (BETA)	Manufacture and trading of electronic ceramics	48	48	48	Refer to 1) below
	Universal Exchange Inc.	Wholesale of information software and electronic information supply service	64	64	64	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Additional Descriptions
	Thintech Materials Technology Co., Ltd. (TMTC)	Manufacture and sale of metal sputter targets	32	32	32	Direct and indirect ownerships amounted to 40%, and refer to 2) below
Eminence Investment Corporation	Shin-Mau Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Gau Ruel Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
	Ding Da Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Chiun Yu Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
Shin-Mau Investment Corporation	Horng Chyuan Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Chi Yih Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Gau Ruel Investment Corporation	Lih Ching Loong Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Sheng Lih Dar Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing Cherng Fa Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd.	Electronic ceramics trading	100	100	100	
Lefkara Ltd.	Shang Hai Xike Ceramic Electronic Co., Ltd.	Electronic ceramics trading	100	100	100	
	Betacera (Su Zhou) Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	
	Suzhou Betacera Technology Co., Ltd.	Manufacture and sale of life-saving equipment for aviation and shipping	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech International Limited	International trading and investment service	100	100	100	
	Thintech Global Limited	International trading and investment service	100	100	100	
	Thintech United Limited	International trading and investment service	100	100	100	
Thintech International Limited	Nantong Zhongxing Materials Technology Co., Ltd. (NZMTCL)	Manufacture and development of new compound metal material and vacuum sputtering targets	47	47	47	Refer to 1) below
Thintech Global Limited	Taicang Thintech Materials Co., Ltd.	Process and sale of targets and electro conduction slurry	100	100	100	
Thintech United Limited	Thintech United Metal Resources (Taicang) Co., Ltd.	Refining, sale and process of metal	84	84	84	
China Prosperity Development Corporation	CK Japan Co., Ltd.	Real estate sale and rental	80	80	80	Direct and indirect ownerships amounted to 100%
China Steel Asia Pacific Holdings Pte Ltd.	CSC Steel Holdings Berhad (CSHB)	Investment holding company	46	46	46	Refer to 1) below
	Changzhou China Steel Precision Materials Corporation (CCSPMC)	Manufacture and sale of titanium-nickel alloy and non-ferrous metal	70	70	70	
	Qingdao China Steel Precision Metals Co., Ltd.	Processing and delivery of metal material	60	60	60	Direct and indirect ownerships amounted to 70%
	United Steel International Co., Ltd.	General investment	80	80	80	Investment from United Steel Investment Holding Co., Ltd. in July 2014; direct and indirect ownerships amounted to 100%
	CSC Bio-Coal Sdn. Bhd.	Manufacture bio-coal from bio-mass	100	-	-	Acquired 100% shareholdings from CSHB in August 2015.
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCSSB)	Manufacture and sale of steel product	100	100	100	
	Group Steel Corp. (M) Sdn. Bhd.	Manufacture and sale of steel product	100	100	100	
	CSC Bio-Coal Sdn. Bhd.	Manufacture bio-coal from bio-mass	-	100	100	Sell 100% shareholdings to CSAPH in August 2015
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	General investment	100	100	100	
United Steel International Co., Ltd.	United Steel Engineering and Construction Co., Ltd.	Steel cutting and processing	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	Investment and trading service	100	100	100	
	CSGT (Singapore) Pte. Ltd.	Steel product agency and trading service	100	100	100	
	Chung Mao Trading (BVI) Co., Ltd.	Steel product agency and trading service	53	53	53	
	Wabo Global Trading Corporation	Steel product agency and trading service	44	44	44	Direct and indirect ownerships amounted to 50%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Additional Descriptions
	CSGT International Corporation	Investment and trading service	100	100	100	
	China Steel Global Trading Vietnam Co., Ltd.	Steel trading	-	100	100	End of settlement in September 2015
Chung Mao Trading (SAMOA) Co., Ltd.	CSGT (Shanghai) Co., Ltd.	Steel product agency and trading service	100	100	100	
Chung Mao Trading (BVI) Co., Ltd.	CSGT Hong Kong Limited	Steel product agency and trading service	100	100	100	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Steel cutting and processing	45	45	45	Direct and indirect ownerships amounted to 50%
	CSGT Trading India Pvt. Ltd.	Steel trading	99	99	-	Investment in October 2014; direct and indirect ownerships amounted to 100%
Wabo Global Trading Corporation	CSGT Japan Co., Ltd.	Steel product agency and trading service	100	100	100	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	General investment	100	100	100	
	China Steel Machinery Vietnam Co., Ltd.	Installation of machinery and equipment, and technology service	100	100	100	
	China Steel Machinery Corporation India Pvt. Ltd.	Manufacture of machinery	99	99	99	Direct and indirect ownerships amounted to 100%
	Senergy Wind Power Co., Ltd.	Air-driven generator	50	-	-	Investment in July 2015
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd.	Trading business	100	100	100	
China Steel Security Corporation	Steel Castle Technology Corporation	Firefighting equipment wholesaling	100	100	100	
	China Steel Management and Maintenance for Building Corporation	Building management	100	100	100	
Info-Champ Systems Corporation	Info-Champ System (B.V.I.)	Information service	100	100	100	
Info-Champ System (B.V.I.)	Wuham InfoChamp I.T. Co., Ltd.	Software programming	100	100	100	
CSC Steel Australia Holdings Pty Ltd.	CSC Sonoma Pty. Ltd.	Coal investment	100	100	100	
Himag Magnetic Corporation	Himag Magnetic (Belize) Corporation	Magnetic powder trading	100	100	100	
	MagnPower Corporation	Permanent magnetic ferrite	50	50	50	Investment in September 2014
China Ecotek Corporation	CEC International Corp.	General investment	100	100	100	
	CEC Development Co.	General investment	100	100	100	
	CEC Holding Co., Ltd.	General investment and holdings	100	100	100	
	China Ecotek Construction Corporation	Construction, interior design and decoration, and retail and wholesale of building materials	100	100	100	
CEC International Corp.	China Ecotek India Private Limited	Planning, maintenance and management of eco-construction and eco-equipment	100	100	100	
CEC Development Co.	China Ecotek Vietnam Company Ltd. (CEVC)	Engineering design and construction	100	100	100	
	Xiamen Ecotek PRC Co., Ltd.	Metal materials agency and trading service	100	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	International trading	100	100	100	
	Ever Wealthy Investment Corporation	General investment	100	100	100	
Ever Wealthy Investment Corporation	Ever Earning Investment Company	General investment	-	51	51	End of settlement in April 2015
	China Steel Carbon Materials Technology Co., Ltd.	General investment	100	100	100	
China Steel Carbon Materials Technology Co., Ltd.	Changzhou China Steel New Carbon Technology Co., Ltd.	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100	100	
Chung Hung Steel Corporation Ltd.	Taiwan Steel Corporation (TSC)	Metal smelting	100	100	100	
	Hung Kao Investment Corporation	General investment	100	100	100	
	Hung Li Steel Corporation Ltd. (HLSC)	Steel product processing	100	100	100	
CHC Resources Corporation	Union Steel Development Corp.	Manufacture and trading of metal powder, processing and trade of fireproofing material, and gift trading	93	93	93	
	Pao Good Industrial Co., Ltd.	Slag powder, fly ash and cement dry mixing processing and trading	51	51	51	
	Yu Cheng Lime Corporation	Manufacture of other non-metal mineral product and land lease	90	90	90	
China Steel Structure Co., Ltd.	United Steel Constructure Corporation (USCC)	Contract project of civil engineering and construction engineering, and steel structure installation	100	100	100	
	China Steel Structure Investment Pte. Ltd.	General investment	100	100	100	
United Steel Constructure Corporation	United Steel Investment Pte. Ltd.	General investment	100	100	100	
	United Steel Construction Vietnam Co., Ltd.	Civil engineering construction and other business contract and management	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2015	December 31, 2014	September 30, 2014	Additional Descriptions
	United Steel Development Co., Ltd.	House and construction development and real estate rental business	100	100	100	
China Steel Structure Investment Pte Ltd.	China Steel Structure Holding Co., Ltd.	General investment	63	63	63	Direct and indirect ownerships amounted to 100%
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd.	General investment	100	100	100	
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Designing and manufacturing of various type of steel and steel frame	100	100	100	
China Steel Resources Corporation (CSRC)	Fa Long Storage Corporation	Storage and delivery of waste	-	-	100	Investment in August 2014; merged with CSRC in November 2014

(Concluded)

Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:

a) The actual operations of CEC, CSCC, CHSC, CHC, CSSC, BETA and NZMTCL are controlled by the respective board of directors. The Corporation and other subsidiaries jointly had more than half of the seats in the board of directors of CEC, CSCC, CHSC, CHC, CSSC, BETA and NZMTCL. The actual operation of CSHB is also controlled by the board of directors. The Corporation's subsidiaries had control of more than half of the voting rights in the board of directors. Therefore, the Corporation had control-in-substance over the aforementioned entities and included them in the consolidated entities.

b) The chairman and general manager of TMTC are designated by other subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over TMTC and included it in the consolidated entities.

2) Honley Auto. Parts Co., Ltd. (Honely), of which the Corporation held 50% equity as of September 30, 2014 is not included in the consolidated entities since the Corporation expects to hold only 30% equity after the second capital increase based on agreements between shareholders and has no control over the board of directors. The Corporation held 30% equity of Honley as of September 30, 2015 and December 31, 2014.

The financial statements of certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of September 30, 2015 and 2014, these subsidiaries' total assets amounted to NT$120,978,996 thousand and NT$93,976,908 thousand, respectively, and their total liabilities amounted to NT$31,463,323 thousand and NT$28,807,539 thousand, respectively. For the three months and nine months ended September 30, 2015 and 2014, their comprehensive income amounted to loss NT$737,257 thousand, loss NT$251,185 thousand, loss NT$ 3,153,012 thousand and profit NT$738,410 thousand, respectively. These amounts were evaluated and disclosed from the investees' unreviewed financial statements for the same reporting periods as those of the Corporation.

3) The Corporation had no subsidiary with material non-controlling interests.

d. Other significant accounting policy

Except for the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2014.

1) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units (refer to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2) Retirement benefits

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, when the plan amendment or curtailment occurs and the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Corporation and its subsidiaries' defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2014.

6. CASH AND CASH EQUIVALENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Cash on hand	$ 50,292	$ 60,515	$ 43,006
Checking accounts and demand deposits	11,385,546	8,141,918	12,485,428
Cash equivalents			
Commercial papers with repurchase agreements	496,318	1,420,060	602,024
Time deposits with original maturities less than three months	4,342,671	3,599,520	3,685,582
Bonds with repurchase agreements	500,016	410,000	130,000
	$ 16,774,843	$ 13,632,013	$ 16,946,040

Cash and cash equivalents shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets. The reconciliation information as of September 30, 2015 and 2014 was shown in the consolidated statements of cash flows; the reconciliation information as of December 31, 2014 was as follows:

	December 31, 2014
Cash and cash equivalents	$ 13,632,013
Bank overdraft	(2,972,356)
	$ 10,659,657

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2015	December 31, 2014	September 30, 2014
Financial assets at FVTPL - current			
Financial assets designated as at FVTPL			
Mutual funds	$ 1,794,822	$ 2,712,871	$ 2,938,595
Structured notes	72,217	72,601	61,447
Listed shares	29,347	29,769	29,894
Future contracts (a)	-	78	-
	1,896,386	2,815,319	3,029,936
Financial assets held for trading			
Listed shares	535,252	892,664	690,870
Mutual funds	463,227	1,228,816	1,244,813
Emerging market shares	243,377	276,613	274,189
Convertible bonds	291,973	192,205	196,180
Foreign exchange forward contracts (b)	-	13,134	4,578
	1,533,829	2,603,432	2,410,630
	$ 3,430,215	$ 5,418,751	$ 5,440,566

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Financial assets at FVTPL - noncurrent			
Financial assets designated as at FVTPL			
Convertible preference shares	$ -	$ 31,842	$ -
Financial liabilities at FVTPL - current			
Financial liabilities designated as at FVTPL			
Call and put options (Note 20)	$ 555	$ 1,631	$ 1,577
Financial liabilities held for trading			
Foreign exchange forward contracts (b)	2,817	5,518	5,316
Futures contracts (a)	59	-	-
	$ 3,431	$ 7,149	$ 6,893

(Concluded)

a. The subsidiary TMTC entered into precious metals futures contracts to manage fair value exposures arising from price fluctuation on precious metals. However, some of those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting. As of September 30, 2015 and December 31, 2014, the outstanding precious metals futures contracts were as follows:

Maturity Date	Weight (Kilograms)	Amount (In thousands)
September 30, 2015		
December 15, 2015	420	$ 7,278 (RMB 1,406 thousand)
December 31, 2014		
June 10, 2015	150	2,770 (RMB 544 thousand)

b. The Corporation and its subsidiaries entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, some of those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting. The outstanding foreign exchange forward contracts not under hedge accounting of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2015			
Sell	USD/NTD	October 2015	USD3,127/NTD100,769

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2014			
Buy	NTD/USD	January 2015-November 2015	NTD398,196/USD13,000
Buy	NTD/EUR	March 2015	NTD9,880/EUR246
Sell	USD/NTD	February 2015	USD10,373/NTD323,702
September 30, 2014			
Buy	NTD/GBP	October 2014-December 2014	NTD26,049/GBP527
Buy	NTD/USD	September 2015	NTD89,182/USD3,000
Buy	NTD/EUR	March 2015	NTD9,881/EUR246
Sell	USD/NTD	October 2014	USD9,837/NTD294,785
Sell	EUR/NTD	October 2014	EUR874/NTD35,053
Sell	JPY/NTD	October 2014	JPY100,250/NTD29,554
Sell	HKD/NTD	October 2014	HKD4,628/NTD17,873

(Concluded)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Current			
Domestic investments			
Listed shares	$ 3,825,681	$ 5,607,391	$ 5,440,543
Mutual funds	1,052,569	996,300	885,815
Unlisted shares	5,552	5,600	5,547
	4,883,802	6,609,291	6,331,905
Foreign investments			
Listed shares	3,199	42,333	68,259
	$ 4,887,001	$ 6,651,624	$ 6,400,164
Noncurrent			
Domestic investments			
Emerging market shares and unlisted shares	$ 5,658,886	$ 6,315,609	$ 6,320,922
Listed shares	2,681,471	2,771,076	2,588,240
Private-placement shares of listed companies	213,261	84,133	102,018
	8,553,618	9,170,818	9,011,180
Foreign investments			
Unlisted shares	37,263,862	13,837,749	15,837,754
Listed shares	1,744,522	1,623,569	1,775,152
Certificate of entitlement	1,010,227	6,470,256	5,293,805
	40,018,611	21,931,574	22,906,711
	$ 48,572,229	$ 31,102,392	$ 31,917,891

In April 2015, due to the equity structure adjustment made by Formosa Ha Tinh Steel Corporation, the Corporation transferred its 5% certificate of entitlement of Formosa Ha Tinh Steel Corporation to the shares of Formosa Ha Tinh (Cayman) Limited, with the percentage of ownership remained the same. In June 2015, the Corporation transferred the aforementioned shares to its subsidiary CSAPH.

On February 13, 2015, the Corporation's board of directors approved investing USD939,135 thousand to acquire 20% shareholding of Formosa Ha Tinh (Cayman) Limited through its subsidiary CSAPH, which will increase the total shareholding from 5% to 25%. As of the date the consolidated financial statements were reported to the board of directors and approved for issue, the additional investment was not yet fully acquired and the Corporation's investment through CSAPH amounted to USD610,000 thousand, with total 19% shareholding.

In May 2011, the subsidiary EVCC invested in Taiwan Liposome Company, Ltd. through its private placement, and the subsidiary GIC and Eminence Investment Corporation invested in Brogent Technologies Inc. through its private placement in June 2015. According to the Securities Exchange Act, the securities acquired by private placement could be transferred freely in public market only after held for three years starting from the delivery date. Those securities of Taiwan Liposome Company Ltd. held by the subsidiary EVCC have been released from the 3-year lock-up period since May 2014. However, Taipei Exchange has not approved the listing of those securities; thus, the securities cannot be transferred freely in public market yet.

9. HELD-TO-MATURITY FINANCIAL ASSETS - NONCURRENT

	September 30, 2015	December 31, 2014	September 30, 2014
Structured notes	$ 177,136	$ 171,720	$ 166,260
Guarantee debt certificates	118,494	115,314	112,109
Corporate bonds	31,056	-	-
	326,686	287,034	278,369
Less: Accumulated impairment	64,045	64,045	64,045
	$ 262,641	$ 222,989	$ 214,324

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2015	December 31, 2014	September 30, 2014
Derivative financial assets for hedging - current			
Foreign exchange forward contracts (a)	$ 141,345	$ 62,992	$ 25,977
Derivative financial assets for hedging - noncurrent			
Foreign exchange forward contracts (a)	$ 52,695	$ 85,940	$ 25,489
Interest rate swap contracts (b)	-	2,029	27,414
	$ 52,695	$ 87,969	$ 52,903

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Derivative financial liabilities for hedging - current			
Foreign exchange forward contracts (a)	$ 16,786	$ 46,327	$ 45,337
Derivative financial liabilities for hedging - noncurrent			
Foreign exchange forward contracts (a)	$ 260	$ 748	$ 1,211
Interest rate swap contracts (b)	48,497	9,312	-
	$ 48,757	$ 10,060	$ 1,211

(Concluded)

a. The Corporation and its subsidiaries entered into foreign exchange forward contracts to manage cash flow and fair value exposures arising from exchange rate fluctuations on foreign-currency capital expenditures and sales and purchases contracts. The outstanding foreign exchange forward contracts of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
September 30, 2015			
Buy	NTD/USD	October 2015-December 2018	NTD1,583,771/USD53,194
Buy	NTD/EUR	October 2015-December 2017	NTD971,764/EUR26,428
Buy	NTD/JPY	November 2015-December 2019	NTD237,050/JPY876,459
Sell	USD/NTD	October 2015-November 2015	USD456/NTD14,884
December 31, 2014			
Buy	NTD/USD	January 2015-May 2018	NTD2,094,852/USD71,250
Buy	NTD/EUR	March 2015-December 2017	NTD997,986/EUR25,724
Buy	NTD/JPY	January 2015-June 2015	NTD200,733/JPY623,158
Buy	NTD/GBP	January 2015	NTD10,335/GBP226
Sell	USD/NTD	March 2015	USD424/NTD13,433
September 30, 2014			
Buy	NTD/USD	November 2014-May 2018	NTD2,071,550/USD70,653
Buy	NTD/EUR	November 2014-October 2016	NTD306,056/EUR7,585
Buy	NTD/JPY	April 2015-June 2015	NTD369,775/JPY1,209,899
Buy	NTD/GBP	January 2015	NTD10,335/GBP226
Sell	USD/NTD	October 2014-December 2014	USD1,844/NTD55,205

b. The subsidiary DSC entered into interest rate swap contracts to manage cash flow exposures arising from interest rate fluctuations on bank loans. The outstanding interest rate swap contracts as of September 30, 2015, December 31, 2014 and September 30, 2014 were all as follows:

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid (%)	Range of Interest Rates Received
September 30, 2015			
NT$9,277,000	February 2017-July 2018	0.988-1.14	90 days fixing TAIBOR rate provided by Thomson Reuters
December 31, 2014			
NT$9,277,000	February 2017-July 2018	0.988-1.14	90 days TWD CPBA
September 30, 2014			
NT$9,277,000	February 2017-July 2018	0.988-1.14	90 days TWD CPBA

c. Movements of derivative financial instruments for hedging were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Balance, beginning of period	$ (47,053)	$ 26,721	$ 94,574	$ 10,379
Recognized in other comprehensive income	156,552	38,862	8,808	50,002
Recognized in other gains and losses	15,002	(17,404)	19,147	(1,152)
Transferred to construction contract	1,975	-	1,975	-
Transferred to construction in progress and equipment to be inspected	6,814	(15,847)	10,126	(26,452)
Transferred to operating revenues	(4,793)	-	(6,133)	(445)
Balance, end of period	$ 128,497	$ 32,332	$ 128,497	$ 32,332

11. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	September 30, 2015	December 31, 2014	September 30, 2014
Notes receivable			
Operating	$ 1,665,820	$ 1,404,884	$ 1,573,824
Non-operating	424	1,085	751
	1,666,244	1,405,969	1,574,575
Less: Allowance for doubtful accounts	-	-	-
	$ 1,666,244	$ 1,405,969	$ 1,574,575

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Accounts receivable	$ 9,901,253	$ 11,693,587	$ 12,153,168
Less: Allowance for doubtful accounts	155,635	139,949	25,432
	$ 9,745,618	$ 11,553,638	$ 12,127,736

(Concluded)

The allowance for doubtful accounts was recognized based on estimated irrecoverable amounts determined by reference to the account aging analysis, past default experience of the customers and analysis of customers' current financial position. In determining the recoverability of an account receivable, the Corporation and its subsidiaries considered any change in the credit quality of the account receivable since the credit was initially granted to the end of the reporting period. For the past due notes and accounts receivable not collected after executing legal procedures, the Corporation and its subsidiaries will recognize 100% allowance for doubtful accounts.

The Corporation and its subsidiaries had not recognized an allowance for some notes and accounts receivable that are past due at the balance sheet date because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Corporation and its subsidiaries did not hold any collateral or other credit enhancement for these balances.

The aging of notes and accounts receivable was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Not past due	$ 10,702,439	$ 12,078,602	$ 13,336,073
1 to 30 days	343,254	305,516	169,911
31-60 days	89,268	172,686	73,875
61-365 days	219,816	365,229	73,140
More than 365 days	57,085	37,574	49,312
	$ 11,411,862	$ 12,959,607	$ 13,702,311

Aging analysis of notes and accounts receivable that are past due but not impaired was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Less than 31 days	$ 343,254	$ 304,549	$ 169,911
31-60 days	89,268	172,557	73,875
61-365 days	186,984	358,494	67,765
More than 365 days	31,542	37,574	49,257
	$ 651,048	$ 873,174	$ 360,808

Above analysis was based on the past due date.

Movements in the allowance for doubtful accounts recognized on accounts receivable were as follows:

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 139,949	$ 17,492
Recognition	49,020	8,270
Write off	(9,088)	(569)
Reclassified to other receivables	(1,819)	-
Effect of foreign currency exchange difference	(22,427)	239
Balance, end of period	$ 155,635	$ 25,432

Aging analysis of individually impaired accounts receivable was as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Less than 31 days	$ -	$ 911	$ -
31-60 days	-	129	-
61-365 days	32,832	6,735	5,375
More than 365 days	25,543	-	55
	$ 58,375	$ 7,775	$ 5,430

Above analysis of accounts receivable after deducting the allowance for doubtful accounts was based on the past due date.

Retentions receivable from construction contracts included in the accounts receivable did not bear interests; they were expected to be received upon the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months. Refer to Note 12 for details on construction contracts.

The Corporation and the subsidiary CHSC and CSAC entered into accounts receivable factoring agreements (without recourse) with Mega International Commercial Bank, Bank of Taiwan, HSBC Bank and Taishin Bank. Under the agreements, the Corporation and its subsidiaries are empowered to sell accounts receivable to the banks upon the delivery of products to customers and are required to complete related formalities at the next banking day.

For the nine months ended September 30, 2015 and 2014, the related information for the Corporation, CHSC and CSAC's sale of accounts receivable was as follows. Advances received at period-end dominated in US Dollars were converted to NT Dollars at the closing rate.

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line
For the Nine Months Ended September 30, 2015						
Mega International Commercial Bank	$ 5,095,755	$ 9,371,453	$ 10,069,895	$ 4,397,313	1.26-1.51	NT$12 billion
Mega International Commercial Bank	25,854	16,745	42,599	-	-	USD1,200 thousand

(Continued)

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line
Bank of Taiwan	$ 1,736,174	$ 2,935,579	$ 3,264,438	$ 1,407,315	1.26-1.51	NT$3 billion
Bank of Taiwan	357,521	2,327,908	2,020,396	665,033	1.46-1.52	USD0.1 billion
HSBC Bank	10,906	19,591	30,497	-	-	USD2,000 thousand
Taipei Fubon Bank	-	24,811	24,811	-	1.3	USD3,000 thousand
Taishin Bank	-	1,314,218	-	1,314,218	1.28-1.35	USD60,000 thousand
	$ 7,226,210	$ 16,010,305	$ 15,452,636	$ 7,783,879		
For the Nine Months Ended September 30, 2014						
Mega International Commercial Bank	$ 4,773,367	$ 10,387,995	$ 9,918,757	$ 5,242,605	1.26-1.51	NT$12 billion
Bank of Taiwan	1,432,364	2,865,634	2,805,703	1,492,295	1.26-1.51	NT$3 billion
Bank of Taiwan	-	399,725	-	399,725	1.54-1.93	USD0.1 billion
	$ 6,205,731	$ 13,653,354	$ 12,724,460	$ 7,134,625		

(Concluded)

12. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	September 30, 2015	December 31, 2014	September 30, 2014
Amounts due from customers for construction contracts			
Construction costs incurred plus recognized profits less recognized losses to date	$ 59,501,066	$ 45,010,292	$ 58,754,438
Less: Progress billings	49,843,565	37,696,810	51,724,692
Amounts due from customers for construction contracts	$ 9,657,501	$ 7,313,482	$ 7,029,746
Amounts due to customers for construction contracts			
Progress billings	$ 23,012,454	$ 30,654,853	$ 31,663,426
Less: Construction costs incurred plus recognized profits less recognized losses to date	19,515,524	25,251,815	26,119,973
Amounts due to customers for construction contracts	$ 3,496,930	$ 5,403,038	$ 5,543,453
Retentions receivable	$ 1,083,318	$ 918,608	$ 1,188,815
Retentions payable	$ 2,339,587	$ 2,169,421	$ 2,175,134

13. INVENTORIES

	September 30, 2015	December 31, 2014	September 30, 2014
Finished goods	$ 19,134,237	$ 22,562,383	$ 21,856,999
Work in progress	20,397,250	21,383,356	18,870,674
Raw materials	20,112,643	22,326,115	20,433,470
Supplies	9,521,981	8,983,173	9,037,840
Raw materials and supplies in transit	4,911,117	4,965,094	5,515,796
Lands held for construction	142,688	142,688	-
Buildings and lands under construction			
Land under construction	245,002	411,907	411,907
Construction in progress	357,878	25,758	15,985
Payment for floor area	15,489	26,041	26,041
Prepayment for land	-	-	142,688
Others	176,087	376,653	361,534
	$ 75,014,372	$ 81,203,168	$ 76,672,934

The subsidiary CPDC planned a housing development project on a portion of land located in Shijia Section of the Qianzhen District in Kaohsiung City which was initially for the purpose of rental. The project has been approved by the Urban Development Bureau, Kaohsiung City government and is in the process of designing; therefore, the related balances are recorded as lands under construction.

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2015 and 2014 was NT$53,213,095 thousand, NT$67,989,427 thousand, NT$168,508,812 thousand and NT$210,179,663 thousand, respectively.

Movements of provision for loss on inventories were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Balance, beginning of period	$ 8,077,816	$ 4,665,050	$ 5,923,626	$ 4,677,333
Add: Recognized	1,729,690	2,041,986	10,196,518	5,769,459
Less: Sold	1,959,822	1,466,884	8,272,460	5,206,640
Balance, end of period	$ 7,847,684	$ 5,240,152	$ 7,847,684	$ 5,240,152

14. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	September 30, 2015	December 31, 2014	September 30, 2014
Noncurrent			
Unlisted preference shares - overseas			
East Asia United Steel Corporation (EAUS) - Preference A	$ 1,826,091	$ 2,646,000	$ 2,780,000
Subordinated financial bonds	124,434	124,270	124,104
Bonds	82,505	36,327	30,934
	$ 2,033,030	$ 2,806,597	$ 2,935,038

In May 2003, the Corporation signed a slab production joint-venture contract with Sumitomo Metal Industries, Ltd. and Sumitomo Corporation. In July 2003, the joint venture company EAUS was established. The Corporation invested JPY10 billion in EAUS to acquire 10,000 shares of preference A. The Corporation thus has a stable supply of slab from this joint venture. The Corporation also signed a contract with the subsidiary CHSC to transfer the purchasing right of slabs from EAUS, and the Corporation receives royalty on this contract based on the volume purchased by CHSC.

In April 2015, the Corporation sold 3,333 shares of preference A of EAUS to Sumitomo Metal Industries, Ltd. amounted to JPY 3.333 billion. Loss on disposal of the above transaction is considered immaterial.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2015	December 31, 2014	September 30, 2014
Material associates			
7623704 Canada Inc.	$ 8,838,585	$ 8,564,690	$ 7,375,824
Associates that are not individually material	5,663,878	4,854,712	3,985,858
	$ 14,502,463	$ 13,419,402	$ 11,361,682

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			September 30, 2015	December 31, 2014	September 30, 2014
7623704 Canada Inc.	Mineral Investment	Canada	25	25	25

The summarized financial information below represent amounts shown in the financial statements of 7623704 Canada Inc. which were prepared in accordance with IFRSs, which were converted to the functional currency and adjusted for the purposes of applying equity method.

	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 374,532	$ 85,261	$ 136,280
Noncurrent assets	36,157,539	34,815,802	30,952,246
Current liabilities	(515,017)	(127)	(58,793)
Noncurrent liabilities	-	-	-
Equity	$ 36,017,054	$ 34,900,936	$ 31,029,733
Percentage of the Corporation and its subsidiaries' ownership (%)	25	25	25
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	$ 8,838,585	$ 8,564,690	$ 7,375,824

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Net profit (loss)	$ (178,712)	$ 989,362	$ 714,811	$ 2,037,042
Total comprehensive income for the period	$ (178,712)	$ 989,362	$ 714,811	$ 2,037,042
Dividends received from 7623704 Canada Inc.	$ 142,140	$ 262,457	$ 236,866	$ 487,244
Comprehensive income attributable to the Corporation and its subsidiaries	$ (43,856)	$ 242,789	$ 175,415	$ 499,890

b. Associates that are not individually material

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	% of Owner - ship	Amount	% of Owner - ship	Amount	% of Owner - ship
Listed company						
Chateau International Development Co., Ltd.	$ 318,140	20	$ 299,517	20	$ 286,338	20
Unlisted companies						
Kaohsiung Arena Development Corporation	773,668	29	776,932	29	766,817	29
Eminent Venture Capital Corporation	731,909	46	704,647	46	610,040	46
Taiwan Rolling Stock Co., Ltd.	497,960	36	-	-	-	-
Hsin Hsin Cement Enterprise Corp.	463,690	41	483,927	41	488,461	41
Fukuta Elec. A Mach. Co., Ltd.	374,510	25	360,257	25	-	-
Dyna Rechi Co., Ltd.	354,136	28	378,885	28	217,010	29
Wuhan Wisco Yutek Environment Technology Co., Ltd.	344,701	49	252,372	49	244,320	49
Honley Auto. Part Co., Ltd. (Note 4)	274,194	30	284,726	30	280,111	50
Senergy Wind Power Co., Ltd.	249,957	50	-	-	-	-
Ascentek Venture Capital Corp.	224,271	38	239,375	38	230,031	38
IPASS Corporation (Note 33)	139,788	23	140,899	23	139,949	32
White Biotech Corporation	-	-	18,346	18	20,756	18
Others	916,954		914,829		702,025	
	$ 5,663,878		$ 4,854,712		$ 3,985,858	

In June 2015, the Corporation increased NT$260,866 thousand investment in Taiwan Rolling Stock Co., Ltd. and acquired 24,610 thousand common shares, which increased the total shareholding from 19% to 36%. As the result, the investment in Taiwan Rolling Stock Co., Ltd. was reclassified from available-for-sale financial assets to investments accounted for using equity method.

In 2014, the Corporation continually invested NT$285,000 thousand to acquire 30% shareholding in HAPC. HAPC mainly engages in the manufacture and sale of automobiles parts.

In July 2015, the Corporation increased by NT$800,000 thousand its investment in White Biotech Corporation and acquired 80,000 thousand common shares, which increased the total shareholding from 18% to 87%. As the result, the investment in White Biotech Corporation was reclassified from investments in associates to acquisition of subsidiary. Refer to Note 30 for detail.

In June 2015, the subsidiary CSAPH increased NT$61,720 thousand (USD2,000 thousand) investment in Sino Vietnam Hi-tech Material Co. Ltd. and acquired 20% of shareholding.

In July 2015, the subsidiary China Steel Machinery Corporation invested NT$249,990 thousand in Senergy Wind Power Co., Ltd. and acquired 50% of shareholding. The main business of the company is air-driven generator manufacturing and selling.

In August 2015, according to the investment agreement, the subsidiary China Ecotek Corporation continued investing NT$101,116 thousand (USD3,166 thousand) through its subsidiary CHC, with the total shareholding remained at 49%.

Information about associates that are not individually material was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
The Corporation and its subsidiaries' share of				
Net profit (loss) for the period	$ (2,718)	$ 57,541	$ (21,157)	$ 122,403
Other comprehensive income	784,971	(200,459)	1,263,391	(150,656)
Total comprehensive income	$ 782,253	$ (142,918)	$ 1,242,234	$ (28,253)

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Chateau International Development Co., Ltd.	$ 865,255	$ 827,539	$ 798,755

Investments accounted for using equity method as of September 30, 2015 and 2014, and the share of profit and other comprehensive income of those investments for the three months and nine months ended September 30, 2015 and 2014, were based on the associates' unreviewed financial statements.

16. OTHER FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Current			
Pledged time deposits	$ 6,562,179	$ 7,066,159	$ 6,901,134
Time deposits with original maturities more than three months	3,369,578	4,723,815	4,262,129
Hedging foreign-currency deposits	2,482,325	1,918,252	2,309,915
Deposits for projects	600	6,192	6,188
	$ 12,414,682	$ 13,714,418	$ 13,479,366

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Noncurrent			
Pledged receivables	$ 2,000,000	$ 2,000,000	$ 2,000,000
Pledged time deposits	418,768	289,537	295,289
Deposits for projects	71,728	65,580	21,670
Time deposits with original maturities more than three months	21,660	21,670	65,532
	$ 2,512,156	$ 2,376,787	$ 2,382,491

(Concluded)

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts (Note 10). As of September 30, 2015, December 31, 2014 and September 30, 2014, the balance of the foreign-currency deposits, which consist of those designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT$2,482,325 thousand (JPY0.6 billion, RMB52,118 thousand, USD45,013 thousand, EUR14,050 thousand and GBP786 thousand), NT$1,918,252 thousand (JPY0.4 billion, RMB65,000 thousand, USD40,181 thousand, EUR4,211 thousand and GBP783 thousand) and NT$2,309,915 thousand (JPY0.6 billion, RMB76,295 thousand, USD51,007 thousand, EUR4,629 thousand and GBP783 thousand), respectively. As of September 30, 2015, December 31, 2014 and September 30, 2014, cash outflows would be expected from aforementioned contracts for the periods from 2015 to 2016, 2015 and 2014 to 2015, respectively.

Movements of hedging foreign-currency deposits were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Balance, beginning of period	$ 2,428,181	$ 2,164,576	$ 1,918,252	$ 2,169,062
Increase (Decrease)	(54,128)	117,828	523,831	106,806
Recognized in other comprehensive income	108,272	26,625	42,217	35,000
Transferred to construction in progress and equipment to be inspected	-	886	(1,975)	(953)
Balance, end of period	$ 2,482,325	$ 2,309,915	$ 2,482,325	$ 2,309,915

Refer to Note 34 for information relating to other financial assets pledged as security.

17. PROPERTY, PLANT AND EQUIPMENT

For the nine months ended September 30, 2015

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Rental Assets	Construction in Progress and Equipment to be Inspected	Total
Cost										
Balance at January 1, 2015	$ 61,194,127	$ 4,877,697	$ 112,387,766	$ 587,056,811	$ 28,944,254	$ 15,946,643	$ 10,398,069	$ 322,270	$ 34,452,787	$ 855,580,424
Additions	1,110,247	98,975	5,207,968	13,163,464	4,345,506	775,023	944,439	-	(7,877,726)	17,767,896
Disposals	(17,035)	-	(69,087)	(1,425,375)	(63,259)	(301,847)	(684,796)	-	-	(2,561,399)
Reclassification	195,632	-	28,155	(238,753)	1,580	262,921	-	-	(69,944)	179,591

(Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Rental Assets	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange difference	$ (5,334)	$ 871	$ 40,687	$ (23,584)	$ 330,035	$ (26,561)	$ -	$ -	$ (99,082)	$ 217,032
Acquired from business combinations	-	-	-	96,617	-	987	-	-	-	97,604
Other	-	-	-	-	-	(93)	(1,162)	-	-	(1,255)
Balance at September 30, 2015	$ 62,477,637	$ 4,977,543	$ 117,595,489	$ 598,629,180	$ 33,558,116	$ 16,657,073	$ 10,656,550	$ 322,270	$ 26,406,035	$ 871,279,893
Accumulated depreciation and impairment										
Balance at January 1, 2015	$ 25,546	$ 4,420,094	$ 37,332,787	$ 325,618,887	$ 13,979,627	$ 10,697,752	$ 4,190,881	$ 881	$ -	$ 396,266,455
Depreciation	-	53,974	2,647,441	20,374,034	1,188,711	943,980	981,653	7,925	-	26,197,718
Disposals	-	-	(58,108)	(1,311,326)	(62,214)	(297,380)	(684,796)	-	-	(2,413,824)
Reclassification	-	-	(14,893)	(11,994)	1,249	5,135	-	-	-	(20,503)
Effect of foreign currency exchange difference	-	36	(56,591)	(418,813)	(160,605)	(25,286)	-	-	-	(661,259)
Acquired from business combinations	-	-	-	30,596	-	331	-	-	-	30,927
Other	-	-	-	-	-	(11)	-	-	-	(11)
Balance at September 30, 2015	$ 25,546	$ 4,474,104	$ 39,850,636	$ 344,281,384	$ 14,946,768	$ 11,324,521	$ 4,487,738	$ 8,806	$ -	$ 419,399,503
Carrying amount at September 30, 2015	$ 62,452,091	$ 503,439	$ 77,744,853	$ 254,347,796	$ 18,611,348	$ 5,332,552	$ 6,168,812	$ 313,464	$ 26,406,035	$ 451,880,390
Carrying amount at December 31, 2014	$ 61,168,581	$ 457,603	$ 75,054,979	$ 261,437,924	$ 14,964,627	$ 5,248,891	$ 6,207,188	$ 321,389	$ 34,452,787	$ 459,313,969

(Concluded)

For the nine months ended September 30, 2014

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2014	$ 60,395,056	$ 4,876,444	$ 107,286,428	$ 560,158,429	$ 25,096,303	$ 15,306,847	$ 10,285,676	$ 46,150,896	$ 829,556,079
Additions	190	1,253	4,654,568	24,896,129	2,308,242	671,821	1,037,496	(10,164,794)	23,404,905
Disposals	(26,328)	-	(84,583)	(4,363,357)	(193,910)	(230,374)	(730,634)	-	(5,629,186)
Reclassification	(52,353)	-	77,133	(62,089)	1,360	30,609	(93,460)	(250,325)	(349,125)
Effect of foreign currency exchange difference	158	-	78,026	429,781	(283,286)	10,294	-	51,281	286,254
Acquisitions through business combinations	979,840	-	15,255	1,215	-	1,255	-	-	997,565
Others	-	-	-	(351)	-	-	(974)	-	(1,325)
Balance at September 30, 2014	$ 61,296,563	$ 4,877,697	$ 112,026,827	$ 581,059,757	$ 26,928,709	$ 15,790,452	$ 10,498,104	$ 35,787,058	$ 848,265,167
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ 25,546	$ 4,351,474	$ 33,920,610	$ 301,901,198	$ 13,232,418	$ 9,682,984	$ 3,699,555	$ -	$ 366,813,785
Depreciation	-	51,646	2,586,500	20,514,132	1,009,662	977,868	1,147,844	-	26,287,652
Disposals	-	-	(43,771)	(4,226,299)	(192,402)	(218,489)	(730,634)	-	(5,411,595)
Reclassification	-	-	(14,302)	(6,296)	541	(891)	-	-	(20,948)
Effect of foreign currency exchange difference	-	-	10,985	75,675	(417,359)	5,646	-	-	(325,053)
Acquisitions through business combinations	-	-	15,255	1,215	-	1,255	-	-	17,725
Others	-	-	-	(230)	-	-	-	-	(230)
Balance at September 30, 2014	$ 25,546	$ 4,403,120	$ 36,475,277	$ 318,259,395	$ 13,632,860	$ 10,448,373	$ 4,116,765	$ -	$ 387,361,336
Carrying amount at September 30, 2014	$ 61,271,017	$ 474,577	$ 75,551,550	$ 262,800,362	$ 13,295,849	$ 5,342,079	$ 6,381,339	$ 35,787,058	$ 460,903,831

The following items of property, plant and equipment were depreciated on a straight-line basis over the following useful lives:

Land improvements	
Drainage system	40 years
Wharf	20-40 years
Canal	15 years
Others	5-15 years

(Continued)

Buildings	
Main structure	10-60 years
Facility	15-40 years
Mechanical and electrical facilities	7-20 years
Trellis and corrugated iron building	5-10 years
Others	3-10 years
Machinery and equipment	
Power equipment	15-25 years
Process equipment	8-25 years
Lifting equipment	8-25 years
Electrical equipment	5-15 years
High-temperature equipment	5-10 years
Examination equipment	3-10 years
Others	2-25 years
Transportation	
Ship equipment	18-25 years
Railway equipment	10-20 years
Transportation equipment	3-10 years
Telecommunication equipment	4-8 years
Others	2 years
Other equipment	
Leasehold improvement	3-35 years
Tank	3-18 years
Office, air condition and extinguishment equipment	3-25 years
Computer equipment	3-10 years
Others	2-18 years
Financial lease Assets - Buildings	30 years

(Concluded)

The subsidiary CHSC bought farmlands for warehousing at the Jia Xing Section and Quing Shui Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHSC from registering the title of these farmlands in CHSC's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHSC in freely changing the land title to CHSC or to other name of other under CHSC instructions. Meanwhile, the land had been pledged to CHSC as collateral. As of September 30, 2015, December 31, 2014 and September 30, 2014, the book value of the farmlands was NT$66,753 thousand, recorded as land.

Refer to Note 34 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

18. INVESTMENT PROPERTIES

For the nine months ended September 30, 2015

	Land	Buildings	Total
Cost			
Balance at January 1, 2015	$ 8,344,056	$ 2,740,155	$ 11,084,211
Additions	231,739	93,455	325,194
Transfer to property, plant and equipment	(195,632)	-	(195,632)
Effect of foreign currency exchange difference	5,283	12,838	18,121
Balance at September 30, 2015	$ 8,385,446	$ 2,846,448	$ 11,231,894

(Continued)

	Land	Buildings	Total
Accumulated depreciation and impairment			
Balance at January 1, 2015	$ 1,891,031	$ 757,082	$ 2,648,113
Impairment losses reversed	(1,612,081)	-	(1,612,081)
Depreciation	-	60,241	60,241
Effect of foreign currency exchange difference	-	1,506	1,506
Balance at September 30, 2015	$ 278,950	$ 818,829	$ 1,097,779
Carrying amount at September 30, 2015	$ 8,106,496	$ 2,027,619	$ 10,134,115
Carrying amount at December 31, 2014	$ 6,453,025	$ 1,983,073	$ 8,436,098

(Concluded)

For the nine months ended September 30, 2014

	Land	Buildings	Total
Cost			
Balance at January 1, 2014	$ 8,266,753	$ 2,589,535	$ 10,856,288
Disposals	(89)	-	(89)
Reclassification	52,353	49,561	101,914
Effect of foreign currency exchange difference	(3,352)	(7,137)	(10,489)
Balance at September 30, 2014	$ 8,315,665	$ 2,631,959	$ 10,947,624
Accumulated depreciation and impairment			
Balance at January 1, 2014	$ 1,891,031	$ 628,008	$ 2,519,039
Depreciation	-	57,723	57,723
Reclassification	-	19,824	19,824
Effect of foreign currency exchange difference	-	(634)	(634)
Balance at September 30, 2014	$ 1,891,031	$ 704,921	$ 2,595,952
Carrying amount at September 30, 2014	$ 6,424,634	$ 1,927,038	$ 8,351,672

The above items of investment properties were depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	30-60 years
Mechanical and electrical facilities	8-20 years

On April 1, 2015, the parcel number "jiou fen zih" land readjustment area of the subsidiary CHSC in Tainan city has been readjusted and confirmed. The subsidiary CHSC has engaged a real estate appraiser for the appraisal of the land value in April and September 2015, respectively. As such, CHSC reversed impairment loss of NT$1,128,307 thousand and NT$431,082 thousand to the extent of the recoverable amount of the impairment loss recognized in the past.

The subsidiary CHSC also engaged a real estate appraiser for the appraisal of the land located at the parcel number “long hua” in Kaohsiung city. As such, CHSC reversed impairment loss of NT$52,692 thousand to the extent of the recoverable amount of the impairment loss recognized in the past.

The fair value of the investment properties was partly arrived at on the basis of valuation carried out in August 2011, December 2013, April 2015, and September 2015 by independent appraisers, who are not related parties, and partly on the basis of information from the Ministry of the Interior’s real estate transaction database website. Appraised lands and buildings were evaluated using Level 3 inputs under market approach, income approach, and land developing analysis approach. The important assumptions and fair value were as follows:

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Fair value	$ 16,282,736	$ 13,623,361	$ 11,328,715
Depreciation rate (%)	1.20-2.00	1.20-2.00	1.20-2.00
Discount rate (%)	1.30-5.50	1.30-5.50	1.33-5.50

All of the Corporation and its subsidiaries’ investment properties were held under freehold interests. Refer to Note 34 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

19. BORROWINGS

a. Short-term borrowings and bank overdraft

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Unsecured loans - interest at 0.50%-9.75% p.a., 0.64%-2.65% p.a. and 0.59%-2.98% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	$ 31,500,711	$ 24,779,644	$ 27,907,873
Letters of credit - interest at 0.16%-1.70% p.a., 0.41%-1.56% p.a. and 0.32%-1.54% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	3,076,548	2,929,777	3,291,190
Bank overdraft - interest at 0.43%-7.60% p.a., 0.43%-7.60% p.a. and 0.43%-7.60% p.a., as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	1,251,553	2,972,356	1,896,998
Secured loans (Note 34) - interest all at 5.88%-6.16% p.a. as of December 31, 2014 and September 30, 2014	-	119,940	108,325
	$ 35,828,812	$ 30,801,717	$ 33,204,386

The amount of USD43,911 thousand (NT$1,335,773 thousand), which was included in the above unsecured loans as of September 30, 2014, were used to hedge the exchange rate fluctuations on investment in CSVC and CSCAU.

Starting November 2014, the subsidiary CCSPMC entered into several credit facility agreements with Chinatrust Commercial Bank, Taipei Fubon Bank and several banks for total amount of US$42,400 thousand. Under the agreements, the Corporation and its subsidiaries should collectively hold 70% of the CCSPMC's equity and 75% of the seats in the board of directors and supervisors. As of September 30, 2015, the subsidiary CSAPH held 70% equity of CCSPMC and three-quarters of the seats in the board of directors and supervisors.

In May 2014, March 2014 and January 2015, the subsidiary CSCI entered into short-term financing contracts with Chinatrust Commercial Bank for USD27,000 thousand and INR0.4 billion credit lines and with Credit Agricole Corporate and Investment Bank for USD25,000 thousand credit lines, respectively. Under the agreement, the Corporation should hold at least 75% and 60% of the CSCI's issued shares and hold two-thirds and half or more of the seats in the board of directors, respectively. As of September 30, 2015, the Corporation held 100% equity of CSCI and all of the seats in the board of directors.

From April 2014, the subsidiary QCSPMC continuously entered into comprehensive credit agreements with Credit Agricole Corporate and Investment Bank and Standard Chartered Bank for USD120,000 thousand and USD18,000 thousand, respectively. Under the agreements, the Corporation and its subsidiaries should directly or indirectly hold at least 70% and 60% of the QCSPMC's issued shares and 70% and 50% of the seats in the board of directors. As of September 30, 2015, the subsidiary CSAPH and CSGT collectively held 70% equity of QCSPMC and four-fifths of the seats in the board of directors.

From March 2015, the subsidiary United Steel Engineering and Construction Co., Ltd. entered into short-term financing contract with Chinatrust Commercial Bank, HSBC Bank (Taiwan) and Standard Chartered Bank (China) for USD10,000 thousand, USD10,000 thousand, and USD8,000 thousand credit line. Under the agreements, the Corporation and its subsidiaries should directly or indirectly hold 100% of United Steel Engineering and Construction Co., Ltd.'s issued shares and all of the seats in the board of directors. As of September 30, 2015, the subsidiary CSAPH and Chung Mao collectively held 100% equity of United Steel Engineering and Construction Co., Ltd. and all of the seats in the board of directors.

b. Short-term bills payable

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Commercial paper - interest at 0.45%-1.2% p.a., 0.59%-1.35% p.a. and 0.59%-1.18% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	$ 45,250,000	$ 20,119,000	$ 36,757,000
Less: Unamortized discounts	9,687	6,904	12,985
	$ 45,240,313	$ 20,112,096	$ 36,744,015

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd., Dah Chung Bills Finance Corp., Grand Bills Finance Corp., Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, First Bank, Union Bank of Taiwan, Taiwan Cooperative Bank and Mega International Commercial Bank, etc.

c. Long-term borrowings

	September 30, 2015	December 31, 2014	September 30, 2014
Syndicated bank loans			
Bank of Taiwan and other banks loan to CHSC			
Repayable in 13 equal semiannual installments from March 2013 to March 2019, interest at 1.58% p.a., 1.58% p.a. and 1.59% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	$ 3,749,230	$ 4,826,154	$ 4,826,154
Repayable in March 2019 with a revolving credit, interest at 1.58% p.a., 1.58%-1.60% p.a. and 1.59%-1.60% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	2,250,000	5,850,000	2,700,000
Bank of Taiwan and other banks loan to DSC			
Repayable in 14 equal semiannual installments from January 2012 to July 2018, interest at 1.35% p.a., 1.36% p.a. and 1.34% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	19,583,540	26,113,540	29,542,000
Repayable in 10 equal semiannual installments from June 2015 to December 2019, interest all at 1.58% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	10,952,000	23,280,000	8,000,000
Bank of Taiwan and other banks loan to the Corporation, repaid in February 2020, interest at 1.65% p.a. as of September 30, 2015	5,916,600	-	-
Mizuho Bank loan to the Corporation repaid in August 2018, interest at 1.33%-1.35% p.a. as of September 30, 2015	4,930,500	-	-
Bank of Taiwan and other banks loan to the Corporation, repaid in October 2014, interest at 2.73% p.a.	-	-	6,276,700
Mega International Commercial Bank and other banks loan to CSVC, repayable in 10 semiannual installments from September 2015 to March 2020, interest all at 2.25% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	3,934,539	3,987,900	3,832,920

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Chinatrust Commercial Bank and other banks loan to CSCI, repayable in 5 semiannual installments from June 2017 to June 2019, interest at 1.88% p.a., 2.10% p.a., and 2.10% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	$ 3,617,968	$ 3,488,806	$ 3,350,789
Bank of Taiwan and other banks loan to the Corporation, repaid in October 2014, interest at 2.68% p.a.	-	-	1,319,330
Taiwan Cooperative Bank and other banks loan to HLSC, repaid in November 2014, interest at 1.55% p.a.	-	-	1,300,000
Mortgage loans			
Due on various dates through April 2032, interest at 0.84%-1.67% p.a., 0.84%-2.10% p.a. and 0.88%-2.10% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	9,643,752	9,695,552	9,505,026
Unsecured loans			
Due on various dates through August 2020, interest at 0.74%-3.41% p.a., 0.38%-3.98% p.a., and 0.38%-4.22% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	30,594,762	30,368,792	27,305,849
	95,172,891	107,610,744	97,958,768
Less: Syndicated loan fee	99,079	92,550	111,878
Current portion	21,254,624	20,939,065	18,895,194
	$ 73,819,188	$ 86,579,129	$ 78,951,696

(Concluded)

1) In December 2011, the subsidiary CHSC entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for a NT$16 billion credit line, which consists of NT$7 billion secured loans with a non-revolving credit line and NT$9 billion unsecured loans with a revolving credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 30% of the CHSC's issued shares and control CHSC's operation. Starting 2012, CHSC should meet some financial ratios and criteria.

   In May 2010, the subsidiary HLSC entered into a syndicated credit facility agreement with Taiwan Cooperative Bank and 13 other banks for a NT$6 billion credit line, which consists of NT$3.5 billion secured loans with a revolving credit line and NT$2.5 billion unsecured loans with a revolving credit line. None of unsecured loan was used as of September 30, 2015. Under the agreement, CHSC and its related parties should hold at least 51% of the HLSC's issued shares and hold over half of the seats in the board of directors and supervisors. Starting 2010, HLSC should meet some financial ratios and criteria.

   The amounts referring to the above financial ratios and criteria should be based on audited annual financial statements. If CHSC and HLSC breach the agreements, they should take remedial measures within half a year from the next day of the financial statements' declaration date; otherwise, the interest rate needs to be adjusted in accordance with the agreement. CHSC was in compliance with the syndicated credit facility agreement based on their financial statements of 2014. As of September 30, 2015, the Corporation directly held 41% equity of CHSC and held half of the seats in the board of directors and controlled its operation; CHSC held 100% equity of HLSC and held all of the seats in the board of directors and supervisors.

2) In July 2012, the subsidiary DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 17 other banks for a NT$35 billion credit line, which consists of NT$30 billion secured loans with a non-revolving credit line and NT$5 billion secured commercial paper with a revolving credit line; in February 2008, DSC entered into the other syndicated credit facility agreement with Bank of Taiwan and 13 other banks for a NT$51.7 billion credit line. As of September 30, 2015, all secured commercial paper (recognized as long-term bills payable) were used. Under the agreements, the Corporation and its associates should collectively hold at least 80% and 40% of DSC's issued shares and hold half or more of the seats in the board of directors. Starting 2012, DSC should meet some financial ratios and criteria.

   The amounts referring to the above financial ratios and criteria should be based on audited annual financial statements. If DSC breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare DSC's outstanding principal and interest to maturity as due, and request DSC to immediately settle. DSC was in compliance with the syndicated credit facility agreement based on its financial statements of 2014. As of September 30, 2015, the Corporation held 100% equity of DSC and all of the seats in the board of directors.

3) In October 2012, the subsidiary CSVC entered into a syndicated credit facility agreement with Mega International Commercial Bank and 11 other banks for a USD246,000 thousand credit line, which consists of USD126,000 thousand long-term borrowings with a non-revolving credit line and USD120,000 thousand short-term borrowings for operation with a revolving credit line. In addition, starting August 2013, the subsidiary CSVC continuously entered into short-term financing contracts with Standard Chartered Bank and other banks for USD56,000 thousand credit lines. Under the agreements, the Corporation should hold at least 51% of CSVC's issued shares and majority of the seats in the board of directors. Starting 2015, CSVC should meet some financial ratios and criteria based on the syndicated credit facility agreement amended in March 2014. As of September 30, 2015, the Corporation held 56% equity of CSVC and over half of the seats in the board of directors.

4) In January 2013, the subsidiary CSCI entered into a syndicated credit facility agreement with Chinatrust Commercial Bank and 9 other banks for a USD110,000 thousand revolving credit line. Under the agreement, the Corporation should hold at least 75% of CSCI's issued shares and hold two-thirds or more of the seats in the board of directors. If CSCI expands or invites new strategic investors, the Corporation should hold at least 60% of CSCI's issued shares and hold half or more of the seats in the board of directors. Starting 2013, CSCI should meet some financial ratios and criteria. CSCI increased its capital in 2014 and met the criteria relating to tangible net value. As of September 30, 2015, the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.

5) In July 2013, the Corporation entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for a CAD278,000 thousand unsecured non-revolving credit line. Under the agreement, the Corporation should meet some financial ratios and criteria which were based on reviewed consolidated financial statements for the nine months ended September 30 and audited annual consolidated financial statements. If the Corporation breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately. The Corporation has repaid the above syndicated bank loans in October 2014.

6) In July and August 2015, the Corporation entered into a syndicated credit facility agreement with Bank of Taiwan along with 11 other banks and Mizuho bank for a USD500,000 thousand and USD150,000 thousand unsecured non-revolving credit line, respectively. Under the agreements, the Corporation should meet some financial ratios and criteria which were based on reviewed consolidated financial statements for the six months ended June 30 and audited annual consolidated financial statements. If the Corporation breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately.

7) The above unsecured loans included those obtained by the Corporation in JPY, AUD and USD to hedge the exchange rate fluctuations on equity investments in EAUS, CSCAU, CSVC, CSAPH and on the available-for-sale financial assets in Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd.

d. Long-term bills payable

	September 30, 2015	December 31, 2014	September 30, 2014
Commercial paper - interest at 0.60%-1.16% p.a., 0.78%-1.34% p.a. and 0.75%-1.38% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	$ 11,890,000	$ 15,030,000	$ 12,030,000
Secured commercial paper in syndicated bank loans - interest at 1.11% p.a., 1.27% p.a. and 1.21% p.a. as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively	5,000,000	5,000,000	5,000,000
	16,890,000	20,030,000	17,030,000
Less: Unamortized discounts	8,802	10,588	8,470
	$ 16,881,198	$ 20,019,412	$ 17,021,530

The Corporation and its subsidiaries entered into commercial paper contracts with bills finance corporations and banks. The duration of the contracts is three to five years and the cycle of issuance is fifteen to sixty days, during which the Corporation and its subsidiaries only have to pay service fees and interests. Therefore, the Corporation and its subsidiaries recorded those commercial papers issued as long-term bills payable.

The subsidiary DSC issued secured commercial paper in syndicated bank loans with the duration of seven years. Refer to c. 2. for details.

The above commercial paper was secured by Mega International Commercial Bank and ANZ Bank (Taiwan).

20. BONDS PAYABLE

	September 30, 2015	December 31, 2014	September 30, 2014
5-year unsecured bonds - issued at par by the Corporation in:			
October 2011; repayable in October 2015 and October 2016; interest at 1.36% p.a., payable annually	$ 9,300,000	$ 9,300,000	$ 9,300,000
5-year unsecured bonds - issued at par by DSC in:			
June 2014; repayable in June 2018 and 2019; interest at 1.4% p.a., payable annually	7,000,000	7,000,000	7,000,000
June 2015; repayable in June 2019 and 2020; interest at 1.45% p.a., payable annually	7,500,000	-	-
7-year unsecured bonds - issued at par by the Corporation in:			
December 2008; repayable in December 2014 and 2015; interest at 2.30% p.a., payable annually	3,500,000	3,500,000	7,000,000
October 2011; repayable in October 2017 and 2018; interest at 1.57% p.a., payable annually	10,400,000	10,400,000	10,400,000
August 2012; repayable in August 2018 and 2019; interest at 1.37% p.a., payable annually	5,000,000	5,000,000	5,000,000
July 2013; repayable in July 2019 and 2020; interest at 1.44% p.a., payable annually	6,300,000	6,300,000	6,300,000
January 2014; repayable in January 2020 and 2021; interest at 1.75% p.a., payable annually	6,900,000	6,900,000	6,900,000
7-year unsecured bonds - issued at par by DSC in:			
June 2014; repayable in June 2020 and September 2021; interest at 1.75% p.a., payable annually	5,000,000	5,000,000	5,000,000
June 2015; repayable in June 2021 and 2022 respectively; interest at 1.72% p.a., payable annually	2,500,000	-	-
10-year unsecured bonds - issued at par by the Corporation in:			
August 2012; repayable in August 2021 and in August 2022; interest at 1.50% p.a., payable annually	15,000,000	15,000,000	15,000,000
July 2013; repayable in July 2022 and in July 2023; interest at 1.60% p.a., payable annually	9,700,000	9,700,000	9,700,000
January 2014; repayable in January 2023 and in January 2024; interest at 1.95% p.a., payable annually	7,000,000	7,000,000	7,000,000
15-year unsecured bonds - issued at par by the Corporation in:			
July 2013; repayable 30% in July 2026 and 30% in July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	3,600,000	3,600,000
January 2014; repayable 30% in January 2027 and 30% in January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	9,000,000	9,000,000	9,000,000

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Liability component of secured domestic convertible bonds - issued by TMTC	$ 48,300	$ 185,700	$ 185,700
Liability component of unsecured domestic convertible bonds - issued by TMTC	15,000	45,500	45,500
	107,763,300	97,931,200	101,431,200
Less: Issuance cost of bonds payable	56,785	66,214	69,527
Unamortized discount on bonds payable	21,446	21,521	23,192
Current portion	8,149,761	8,148,376	3,499,830
	$ 99,535,308	$ 89,695,089	$ 97,838,651

(Concluded)

In September 2013, the subsidiary TMTC issued NT$200,000 thousand of 3-year secured domestic convertible bonds at par from September 2013 to September 2016 which were secured by Hua Nan Commercial Bank. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase date, two years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (1.9090% of face value, yield to put 0.95%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taipei Exchange is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of September 30, 2015, the convertible bonds with NT$151,700 thousand face value have been converted and redeemed into NT$5,766 thousand ordinary share capital.

In September 2013, the subsidiary TMTC issued NT$100,000 thousand of 5-year unsecured domestic convertible bonds at par from September 2013 to September 2018. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase dates, two years, three years and four years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (2.5156%, 3.7971% and 5.0945% of face value for two years, three years and four years, respectively, yield to put 1.25%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taipei Exchange is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of September 30, 2015, the convertible bonds with NT$85,000 thousand face value have been converted into NT$21,975 thousand ordinary share capital.

In June 2015, the subsidiary DSC issued NT$7.5 billion of 5-year unsecured corporate bonds and NT$2.5 billion of 7-year unsecured corporate bonds at par.

According to IAS 32 and IAS 39, TMTC has separately accounted for the embedded derivatives and the host contract - bonds payable. The embedded derivatives, including put options and call options, were recognized in financial instruments at fair value through profit or loss (Note 7) and measured at fair value.

21. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable includes advances received on construction contracts. Advances received on construction contracts bears no interests and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within the normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months. Refer to

Note 12 for details on construction contracts.

22. OTHER PAYABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Salaries and incentive bonus	$ 6,372,824	$ 5,613,982	$ 6,606,645
Purchase of equipment	5,061,641	7,109,543	7,193,522
Sales returns and discounts	1,563,576	1,178,541	952,108
Bonus to employees (employee remuneration), and remuneration to directors and supervisors	1,053,628	2,237,569	1,472,160
Interest payable	1,029,257	992,379	1,058,071
Outsourced repair and construction	149,095	1,078,977	358,566
Others	4,717,897	4,920,475	5,461,353
	$ 19,947,918	$ 23,131,466	$ 23,102,425

23. PROVISIONS

	September 30, 2015	December 31, 2014	September 30, 2014
Current			
Onerous contracts (a)	$ 1,810,838	$ 3,177,583	$ 2,729,160
Sale returns and discounts (b)	691,468	586	1,101,365
Construction warranties (c)	573,708	582,371	606,242
Others	47,080	35,160	41,198
	$ 3,123,094	$ 3,795,700	$ 4,477,965
Noncurrent			
Provision for stabilization funds (d)	$ 791,303	$ 983,466	$ 978,332
Others	34,794	48,346	46,405
	$ 826,097	$ 1,031,812	$ 1,024,737

	Onerous Contracts	Construction Warranties	Sale Returns and Discounts	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2015	$ 3,177,583	$ 582,371	$ 586	$ 983,466	$ 83,506	$ 4,827,512
Recognized (reversed)	2,721,470	(8,608)	690,882	4,530	11,812	3,420,086
Paid	(4,088,215)	(55)	-	(196,693)	(13,444)	(4,298,407)
Balance at September 30, 2015	$ 1,810,838	$ 573,708	$ 691,468	$ 791,303	$ 81,874	$ 3,949,191
Balance at January 1, 2014	$ 2,293,019	$ 632,341	$ -	$ 1,026,382	$ 84,183	$ 4,035,925
Recognized (reversed)	2,654,349	(26,099)	1,101,365	-	13,891	3,743,506
Paid	(2,218,208)	-	-	-	(10,471)	(2,228,679)
Others	-	-	-	(48,050)	-	(48,050)
Balance at September 30, 2014	$ 2,729,160	$ 606,242	$ 1,101,365	$ 978,332	$ 87,603	$ 5,502,702

a. The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts.

b. The provision for sales returns and discounts, recognized as a reduction of operating revenues, represents the annual rewards estimated on the basis of historical experience, management's judgments and other known reasons.

c. The provision for construction warranties represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries' obligations for warranties. The estimate had been made on the basis of historical warranty trends.

d. The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc. The provision for stabilization funds was recognized based on increase in stabilization funds.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Corporation and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contribution in accordance with the local regulations, which is a defined contribution plan.

b. Defined benefit plans

The Corporation and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and its domestic subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. The Corporation and its domestic subsidiaries have no right to influence the investment policy and strategy. Before the end of each year, the Corporation and its subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The Corporation and its subsidiaries, such as CSGT, ICSC, CHC, etc., also makes contributions, equal to a certain percentage of salaries of management personnel, to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation and its subsidiaries, such as CSAC, CHSC, CSCC, etc., also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31, 2014
Present value of defined benefit obligation	$ 29,354,071
Fair value of plan assets	(23,797,205)
Deficit	5,556,866

(Continued)

	December 31, 2014
Net defined benefit liabilities - recognized as other payables, other current assets or other noncurrent assets	$ (52,965)
Net defined benefit liability	$ 5,503,901

(Concluded)

Movements of net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	$ 30,505,432	$ (23,236,849)	$ 7,268,583
Service cost			
Current service cost	896,309	-	896,309
Net interest expense (income)	455,637	(352,727)	102,910
Recognized in profit or loss	1,351,946	(352,727)	999,219
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(195,248)	(195,248)
Actuarial loss - changes in demographic assumptions	100,987	-	100,987
Actuarial loss - changes in financial assumptions	266,319	-	266,319
Actuarial gain - experience adjustments	(1,728,589)	-	(1,728,589)
Recognized in other comprehensive income	(1,361,283)	(195,248)	(1,556,531)
Contributions from the employer	-	(1,010,500)	(1,010,500)
Contributions of employee returning	12,298	(12,298)	-
Benefits paid	(1,237,881)	1,133,243	(104,638)
Others	83,559	(122,826)	(39,267)
Balance at December 31, 2014	$ 29,354,071	$ (23,797,205)	$ 5,556,866

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Operating costs	$ 155,673	$ 162,223	$ 471,322	$ 498,093
Operating expenses	63,932	93,276	188,160	253,989
Others	780	1,174	2,139	4,142
	$ 220,385	$ 256,673	$ 661,621	$ 756,224

Through the defined benefit plans under the Labor Standards Law, the Corporation and its subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2014
Discount rate (%)	1.625-2.000
Expected rate of salary increase (%)	2.250-3.000
Turnover rate (%)	0.000-0.300

The average duration of the defined benefit obligation at December 31, 2014 is 6 to 19 years.

25. EQUITY

a. Share capital

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Numbers of shares authorized (in thousands)	17,000,000	17,000,000	17,000,000
Shares authorized	$ 170,000,000	$ 170,000,000	$ 170,000,000
Numbers of shares issued and fully paid (in thousands)			
Ordinary shares (in thousands)	15,734,861	15,734,861	15,734,861
Preference shares (in thousands)	38,268	38,268	38,268
	15,773,129	15,773,129	15,773,129
Shares issued			
Ordinary shares	$ 157,348,610	$ 157,348,610	$ 157,348,610
Preference shares	382,680	382,680	382,680
	$ 157,731,290	$ 157,731,290	$ 157,731,290

1) Ordinary shares

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

2) Preference shares

Preference shareholders have the following entitlements or rights:

a) 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;

b) Preference over ordinary shares in future payment of dividends in arrears;

c) The sequence and percentage of appropriation of residual property are the same with ordinary shares;

d) The same rights as ordinary shareholders, except the right to vote for directors and supervisors; and

e) Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,924,354 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,668,738,370 shares (including 290 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of September 30, 2015, December 31, 2014, and September 30, 2014, the outstanding depositary receipts were 1,223,506 units, 1,841,908 units and 2,464,077 units, equivalent to 24,470,430 ordinary shares (including 310 fractional shares), 36,838,470 ordinary shares (including 310 fractional shares), and 49,281,850 ordinary shares (including 310 fractional shares), which represented 0.16%, 0.23% and 0.31% of the outstanding ordinary shares, respectively.

b. Capital surplus

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
May be used to offset deficits, distribute cash or transfer to share capital (see 1 below)			
Additional paid-in capital	$ 31,154,766	$ 31,154,766	$ 31,154,766
Treasury share transactions	6,022,977	5,705,663	5,705,663
Others	8,099	8,099	8,099
	37,185,842	36,868,528	36,868,528
May be used to offset deficits only (see 2 below)			
Share of change in equity of subsidiaries	407,314	345,624	334,970
May not be used for any purpose			
Share of change in equity of associates	3,770	3,724	102
	$ 37,596,926	$ 37,217,876	$ 37,203,600

1) The capital surplus could be used to offset a deficit and distribute as cash dividends or transferred to capital when the Corporation has no deficit (limited to a certain percentage of the Corporation's paid-in capital and once a year).

2) The capital surplus included the share of change in equity of subsidiaries recognized without any actual acquisition or disposal of subsidiaries' share by the Corporation or the adjustments to capital surplus of subsidiaries under equity method.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

1) 10% as legal reserve;

2) Preference share dividends at 14% of par value;

3) Of the remainder, 0.15% as remuneration to directors and supervisors and 8% as bonus to employees;

4) Ordinary share dividends at 14% of par value; and

5) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

The board of directors should propose the appropriation of earnings. If necessary, it may, after appropriating for preference shares dividends, propose to appropriate a special reserve or to retain certain earnings. These proposals should be submitted to the shareholders' meeting for approval.

The Corporation's steel business is in a phase of stable growth; thus, 75% or more of the appropriation for dividends should be in cash and 25% or less in shares.

Under the Company Act as amended in May 2015, the appropriations of dividends and bonuses are limited to shareholders and do not include employees. The Corporation expects to make consequential amendments to the Corporation's Articles of Incorporation to be approved during the 2016 annual shareholders' meeting. For information about the accrual basis of the employee remuneration or bonus to employees and remuneration to directors and supervisors for the three months and nine months ended September 30, 2015 and 2014, and the actual appropriations for the years ended December 31, 2014 and 2013, please refer to f Employee benefits expense in Note 27.

The Corporation appropriates and reverses special reserves under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity item.

Under Rule 89 No. 05044 and Rule 91 No. 170010 issued by Securities and Futures Bureau of the FSC, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation.

Appropriation of earnings to legal reserve could be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are entitled a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meeting on June 23, 2015 and June 18, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2014	2013	2014	2013
Legal reserve	$ 2,216,027	$ 1,598,154		
Special reserve	47,049	166,266		
Preference shares				
Cash dividends	53,575	45,922	$ 1.4	$ 1.2
Share dividends	-	7,653	-	0.2
			$ 1.4	$ 1.4
Ordinary shares				
Cash dividends	15,734,861	10,797,909	$ 1.0	$ 0.7
Share dividends	-	3,085,117	-	0.2
	$ 18,051,512	$ 15,701,021	$ 1.0	$ 0.9

d. Special reserves

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 27,086,283	$ 26,920,871
Appropriation in respect of		
The difference between carrying amount of the Corporation's shares held by subsidiaries	47,049	166,266
Reversal of special reserve		
Disposal of property, plant and equipment	(182)	(697)
Balance, end of period	$ 27,133,150	$ 27,086,440

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 732,469	$ (659,689)
Exchange differences arising on translating foreign operations	(1,167,706)	122,779
Income tax relating to exchange differences arising on translating the net assets of foreign operations	(28,394)	(12,982)

(Continued)

	For the Nine Months Ended September 30	
	2015	2014
Gain on hedging instruments designated in hedges of the net assets of foreign operations	$ 473,299	$ 101,226
Share of exchange difference of associates accounted for using the equity method	1,274,645	(204,872)
Balance, end of period	$ 1,284,313	$ (653,538)

(Concluded)

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 9,283,354	$ 8,603,167
Unrealized gain (loss) on available-for-sale financial assets	(3,225,945)	819,533
Income tax relating to unrealized gain on available-for-sale financial assets	(120)	(641)
Reclassified to profit or loss on disposal of available-for-sale financial assets	(633,990)	(482,451)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	873	1,293
Share of unrealized gain (loss) on available-for-sale financial assets of associates accounted for using the equity method	(3,735)	51,958
Balance, end of period	$ 5,420,437	$ 8,992,859

3) The effective portion of gains and losses on hedging instruments in a cash flow hedge

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 146,192	$ 12,375
Fair value changes of hedging instrument	37,143	76,203
Income tax relating to fair value changes	(6,141)	(13,132)
Fair value changes of hedging instruments transferred to profit or loss	(6,133)	(445)
Income tax relating to amounts transferred to profit or loss	1,043	76
Fair value changes of hedging instruments transferred to adjust carrying amount of hedged items	10,124	(27,405)
Income tax relating to amounts transferred to adjust carrying amount of hedged items	(1,721)	4,659
Balance, end of period	$ 180,507	$ 52,331

f. Treasury shares

Purpose of Treasury Shares	Thousand Shares			September 30	
	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
For the nine months ended September 30, 2015					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	318,369	47	376	318,040	$ 8,577,733
For the nine months ended September 30, 2014					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	308,545	9,824	-	318,369	$ 8,587,461

The Corporation's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares. The Corporation's shares held by more than 50%-owned subsidiaries are not allowed to participate in the Corporation's capital increase in cash and have no voting rights; other rights are the same as other ordinary shareholders. The increase of treasury shares was due to acquisition of the Corporation's shares by subsidiaries in which the Corporation has less than 50% shareholding. The decrease of treasury shares was mainly due to subsidiaries' sale of the Corporation's shares and change in percentage of ownership.

For the nine months ended September 30, 2015, a total of 523 thousand shares of the Corporation held by its subsidiaries were sold for proceeds of NT$13,325 thousand. The proceeds of treasury shares sold, calculated by shareholding percentage, amounted to NT$8,556 thousand, and after deducting book values, resulted in the amounts of NT$707 thousand, recorded as deduction of capital surplus. As of September 30, 2015, December 31, 2014, and September 30, 2014, the market values of the treasury shares calculated by combined holding percentage were NT$6,110,611 thousand, NT$8,374,146 thousand, and NT$8,281,108 thousand, respectively.

g. Non-controlling interests

	For the Nine Months Ended September 30	
	2015	2014
Balance, beginning of period	$ 29,969,636	$ 29,656,615
Attributable to non-controlling interests:		
Share of net profit for the period	132,338	1,695,355
Exchange difference on translating foreign operations	(383,815)	270,622
Income tax relating to exchange difference on translating foreign operations	(6,363)	(9)
Unrealized gain on available-for-sale financial assets	35,785	54,892
Income tax relating to unrealized gain on available-for-sale financial assets	(181)	(554)
Fair value changes of cash flow hedges	13,882	8,799
Income tax relating to cash flow hedges	(1,791)	(1,493)
Share of other comprehensive income of associates accounted for using the equity method	(7,519)	2,258

(Continued)

	For the Nine Months Ended September 30	
	2015	2014
Fair value changes of hedging instruments transferred to adjust carrying amount of hedged items	$ 2	$ -
Dividend distributed by subsidiaries	(2,725,691)	(2,528,815)
Disposal of the Corporation's shares by subsidiaries	-	24,358
Others	(444,246)	125,366
Balance, end of period	$ 26,582,037	$ 29,307,394

(Concluded)

26. OPERATING REVENUES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Revenue from the sale of goods	$ 61,686,239	$ 85,718,549	$ 202,075,401	$ 255,686,378
Construction contract revenue	3,920,254	4,267,873	13,362,138	13,828,158
Freight and service revenue	1,512,941	1,641,962	4,721,957	5,054,544
Other revenues	574,246	640,013	1,900,559	2,276,494
	$ 67,693,680	$ 92,268,397	$ 222,060,055	$ 276,845,574

27. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Dividends income	$ 151,663	$ 217,639	$ 265,513	$ 248,801
Interest income	89,655	129,636	313,827	397,737
Rental income	30,087	34,471	110,552	98,113
Insurance claim income	368	183,518	77,071	851,823
Others	69,728	165,092	558,417	461,798
	$ 341,501	$ 730,356	$ 1,325,380	$ 2,058,272

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Reversals of impairment losses recognized on investment property (Note 18)	$ 483,774	$ -	$ 1,612,081	$ -
Net foreign exchange gain	410,237	68,727	482,467	357,011

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Gain on disposal of investments	$ 377,989	$ 71,187	$ 400,523	$ 227,850
Gain on disposal of intangible assets	686	685	1,892	72,934
Loss on disposal of property, plant and equipment	(7,692)	(40,517)	(40,022)	(137,673)
Gain (loss) arising on financial assets at fair value through profit or loss	(9,655)	2,056	(9,345)	38,242
Other losses	(114,639)	(198,131)	(379,529)	(381,645)
	$ 1,140,700	$ (95,993)	$ 2,068,067	$ 176,719

(Concluded)

The components of net foreign exchange gain were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Foreign exchange gain	$ 922,802	$ 452,306	$ 1,930,608	$ 1,242,485
Foreign exchange loss	(512,565)	(383,579)	(1,448,141)	(885,474)
Net exchange gain	$ 410,237	$ 68,727	$ 482,467	$ 357,011

Gain (loss) on financial assets at fair value through profit or loss included a decrease in fair value of NT$12,774 thousand, a decrease in fair value of NT$9,751 thousand, a decrease in fair value of NT$20,120 thousand and an increase in fair value of NT$13,935 thousand for the three months ended September 30, 2015 and 2014 and nine months ended September 30, 2015 and 2014, respectively, and interest income of NT$3,119 thousand, NT$11,807 thousand, NT$10,775 thousand and NT$24,307 thousand for the three months ended September 30, 2015 and 2014 and nine months ended September 30, 2015 and 2014, respectively.

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Total interest expense	$ 1,039,282	$ 1,075,241	$ 3,042,835	$ 3,272,535
Less: Amounts included in the cost of qualifying assets	81,825	131,762	265,608	420,555
	$ 957,457	$ 943,479	$ 2,777,227	$ 2,851,980

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Capitalized amounts	$ 81,825	$ 131,762	$ 265,608	$ 420,555
Capitalized annual rates (%)	0.63-1.22	1.13-1.69	0.63-1.62	1.06-1.70

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Property, plant and equipment	$ 8,291,299	$ 9,010,538	$ 26,197,718	$ 26,287,652
Investment properties	20,105	18,804	60,241	57,723
Intangible assets	56,469	81,435	173,441	214,363
Others	21,119	30,185	68,754	86,639
	$ 8,388,992	$ 9,140,962	$ 26,500,154	$ 26,646,377
Analysis of depreciation by function				
Operating costs	$ 7,958,152	$ 8,665,563	$ 25,210,652	$ 25,286,273
Operating expenses	348,449	356,252	1,029,118	1,035,356
Others	4,803	7,527	18,189	23,746
	$ 8,311,404	$ 9,029,342	$ 26,257,959	$ 26,345,375
Analysis of amortization by function				
Operating costs	$ 43,875	$ 52,053	$ 147,839	$ 173,705
Operating expenses	33,397	59,313	93,547	126,151
Others	316	254	809	1,146
	$ 77,588	$ 111,620	$ 242,195	$ 301,002

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Direct operating expenses of investment properties that generated from rental income	$ 46,535	$ 33,803	$ 115,994	$ 104,840

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Short-term employee benefits				
Salaries	$ 7,007,440	$ 8,051,025	$ 21,961,501	$ 22,824,284
Labor and health insurance	495,610	531,275	1,454,705	1,384,263
Others	300,036	286,165	890,684	1,070,963
	7,803,086	8,868,465	24,306,890	25,279,510

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Post-employment benefits (Note 24)				
Defined contribution plans	$ 149,898	$ 107,452	$ 460,795	$ 307,670
Defined benefit plans	220,385	256,673	661,621	756,224
	370,283	364,125	1,122,416	1,063,894
Termination benefits	6,915	21,994	36,837	46,581
	$ 8,180,284	$ 9,254,584	$ 25,466,143	$ 26,389,985
Analysis of employee benefits by function				
Operating costs	$ 6,440,160	$ 7,380,664	$ 20,292,522	$ 21,016,333
Operating expenses	1,529,798	1,688,295	4,770,511	4,848,276
Others	210,326	185,625	403,110	525,376
	$ 8,180,284	$ 9,254,584	$ 25,466,143	$ 26,389,985

(Concluded)

Under the Company Act as amended in May 2015, the Corporation's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employee remuneration. The amounts of bonus to employees (employee remuneration) and remuneration to directors and supervisors calculated based on the current Articles of Incorporation were as follows:

	For the Nine Months Ended September 30	
	2015	2014
Bonus to employees (employee remuneration)	$ 684,449	$ 1,176,145
Remuneration to directors and supervisors	12,659	20,455

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The appropriations (in cash) of bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 have been approved in the shareholders' meetings on June 23, 2015 and June 18, 2014, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Bonus to Employees	Remuneration of Directors and Supervisors	Bonus to Employees	Remuneration of Directors and Supervisors
Amounts approved in shareholders' meetings	$ 1,587,490	$ 29,765	$ 1,133,084	$ 21,245
Amounts recognized in respective financial statements	1,587,490	29,765	1,133,084	21,245
Difference	$ -	$ -	$ -	$ -

Information on the bonus to employees, directors and supervisors proposed by the Corporation's board of directors and resolved by the shareholders, is available on the Market Observation Post System website of the Taiwan Stock Exchange.

As of September 30, 2015 and 2014, the Corporation and its subsidiaries' number of employees were about 25,700 and 25,600, respectively.

28. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Current tax				
In respect of the current period	$ 309,797	$ 1,765,462	$ 2,585,363	$ 3,528,061
Income tax on unappropriated earnings	(17)	-	563,692	170,403
In respect of prior years	9,727	(886)	(751,073)	(143,446)
Deferred tax				
In respect of the current period	(165,801)	(285,709)	(507,481)	(255,784)
In respect of prior years	(2)	(28,912)	754,519	(71,455)
Write-down in the current period	6	(770)	4,683	(60,746)
	$ 153,710	$ 1,449,185	$ 2,649,703	$ 3,167,033

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Current tax				
Reversal of special reserve due to disposal of property, plant and equipment	$ 42	$ 69	$ 46	$ 177
Deferred tax				
Reversal of special reserve due to disposal of property, plant and equipment	(42)	(69)	(46)	(177)
	$ -	$ -	$ -	$ -

c. Income tax expense recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Recognized in other comprehensive income:				
Translation of foreign operations	$ 46,215	$ 11,445	$ 34,757	$ 12,991
Unrealized gain (loss) on available-for-sale financial asset	46	(293)	301	1,195
Fair value changes of cash flow hedges	43,746	11,134	7,932	14,625
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	1,494	(2,543)	1,721	(4,659)
Fair value changes of hedging instrument in cash flow hedges transferred to profit or loss	(816)	-	(1,043)	(76)
Disposal of available-for-sale financial assets	(873)	(56)	(873)	(1,293)
	$ 89,812	$ 19,687	$ 42,795	$ 22,783

d. Integrated income tax

	September 30, 2015	December 31, 2014	September 30, 2014
Unappropriated earnings			
Before January 1, 1998	$ 15,954	$ 15,954	$ 15,954
On and after January 1, 1998	15,131,897	24,090,761	15,982,629
	$ 15,147,851	$ 24,106,715	$ 15,998,583
Imputation credits accounts (“ICA”)	$ 1,211,054	$ 515,798	$ 95,111

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation, excluding non-ROC-resident, is based on the balance of the ICA as of the date of dividend distribution.

The creditable ratio of the Corporation for the distribution of 2014 and 2013 earnings was 20.04% and 15.13%, respectively.

e. Income tax assessments

The Corporation’s income tax returns through 2010 and the subsidiaries’ income tax returns through 2009 to 2014 have been assessed by the tax authorities. The Corporation disagreed with the tax authorities’ assessment of its 2010 tax return and filed for administrative appeal. However, the Corporation had recognized the related additional tax payable in prior year.

29. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Net profit for the period attributable to owners of the Corporation	$ 743,913	$ 6,613,170	$ 9,119,579	$ 15,379,818
Less: Dividends on preference shares	13,393	13,393	40,181	40,181
Net profit used in computation of basic earnings per share	$ 730,520	$ 6,599,777	$ 9,079,398	$ 15,339,637

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Weighted average number of ordinary shares in computation of basic earnings per share	15,416,821	15,418,636	15,416,769	15,418,636
Effect of dilutive potential ordinary shares:				
Bonus to employees (Employees remuneration)	36,426	47,425	78,427	76,875
Weighted average number of ordinary shares used in the computation of diluted earnings per share	15,453,247	15,466,061	15,495,196	15,495,511

Preference shares were not included in the calculation of diluted earnings per share for the three months and nine months ended September 30, 2015 and 2014 because of their anti-dilutive effect.

If the Corporation is allowed to settle the bonus (remuneration) paid to employees by cash or shares, the Corporation presumes that the entire amount of the bonus (remuneration) would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity/ Interests Acquired (%)	Consideration Transferred
White Biotech Corporation	Biology introduction and development	July 1, 2015	87/69	$ 800,000

The Corporation acquired White Biotech Corporation through participating in its capital increase in 2015, which increased the Corporation's total equity in White Biotech Corporation from 18% to 87%.

b. Assets acquired and liabilities assumed at the date of acquisition

Assets	
Current assets	
Cash and cash equivalents	$ 826,586
Other current assets	5,220
Noncurrent assets	
Property, plant and equipment	66,677

(Continued)

Liabilities	
Current liabilities	
Other payables	$ (44)
Other current liabilities	(6,782)
	$ 891,657

(Concluded)

c. Non-controlling interests

The non-controlling interest (13% ownership interest in White Biotech Corporation) recognized at the acquisition date measured by reference to the fair value of the non-controlling interest amounted to NT$115,470 thousand. This fair value was estimated based on White Biotech Corporation's identifiable net assets.

d. Goodwill arising on acquisition

Consideration transferred	$ 800,000
Plus: Fair value of White Biotech Corporation's shares held by the Corporation before the date of acquisition	16,498
Non-controlling interests (13% ownership in White Biotech Corporation)	115,470
Less: Fair value of identifiable net assets acquired	(891,657)
Goodwill arising on acquisition	$ 40,311

31. CAPITAL MANAGEMENT

The management of the Corporation and its subsidiaries optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation and its subsidiaries' capital structure and capital demand by reviewing quantitative data and considering industry characteristics, domestic and international economic environment, rate fluctuation, strategies for development, etc.

Except for Note 19, the Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, the Corporation and its subsidiaries believe the carrying amounts of financial instruments, including cash and cash equivalents, receivables, debt investments with no active market, and payables recognized in the consolidated financial statements approximated their fair values.

	September 30, 2015		**December 31, 2014**		**September 30, 2014**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets						
Held-to-maturity investments	$ 262,641	$ 237,607	$ 222,989	$ 205,097	$ 214,324	$ 197,244

The fair value of held-to-maturity investment, which were grouped into Level 2, was measured under valuation method. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for financial instrument.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
September 30, 2015				
Financial assets at fair value through profit or loss				
Mutual funds	$ 2,258,049	$ -	$ -	$ 2,258,049
Listed shares	564,599	-	-	564,599
Emerging market shares	-	-	243,377	243,377
Convertible bonds	291,973	-	-	291,973
Structure notes	-	72,217	-	72,217
	$ 3,114,621	$ 72,217	$ 243,377	$ 3,430,215
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 37,263,862	$ 37,263,862
Domestic listed shares	6,507,152	-	-	6,507,152
Domestic emerging market shares and unlisted shares	-	-	5,664,438	5,664,438
Foreign listed shares	1,747,721	-	-	1,747,721
Mutual funds	1,052,569	-	-	1,052,569
Certificate of entitlement	-	-	1,010,227	1,010,227
Private-placement shares of listed companies	-	213,261	-	213,261
	$ 9,307,442	$ 213,261	$ 43,938,527	$ 53,459,230
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 194,040	$ -	$ 194,040
Financial liabilities at fair value through profit or loss				
Call and put options	$ -	$ 555	$ -	$ 555
Foreign exchange forward contracts	-	2,817	-	2,817
Futures Contract	-	59	-	59
	$ -	$ 3,431	$ -	$ 3,431
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 17,046	$ -	$ 17,046
Interest rate swap contracts	-	48,497	-	48,497
	$ -	$ 65,543	$ -	$ 65,543

(Continued)

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ 3,941,687	$ -	$ -	$ 3,941,687
Listed shares	922,433	-	-	922,433
Emerging market shares	-	-	276,613	276,613
Convertible bonds	192,205	-	-	192,205
Structure notes	-	72,601	-	72,601
Convertible preference shares	-	31,842	-	31,842
Foreign exchange forward contracts	-	13,134	-	13,134
Future contracts	-	78	-	78
	$ 5,056,325	$ 117,655	$ 276,613	$ 5,450,593
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 13,837,749	$ 13,837,749
Domestic listed shares	8,378,467	-	-	8,378,467
Certificate of entitlement	-	-	6,470,256	6,470,256
Domestic emerging market shares and unlisted shares	-	-	6,321,209	6,321,209
Foreign listed shares	1,665,902	-	-	1,665,902
Mutual funds	996,300	-	-	996,300
Private-placement shares of listed companies	-	84,133	-	84,133
	$ 11,040,669	$ 84,133	$ 26,629,214	$ 37,754,016
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 148,932	$ -	$ 148,932
Interest rate swap contracts	-	2,029	-	2,029
	$ -	$ 150,961	$ -	$ 150,961
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	$ -	$ 5,518	$ -	$ 5,518
Call and put options	-	1,631	-	1,631
	$ -	$ 7,149	$ -	$ 7,149
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 47,075	$ -	$ 47,075
Interest rate swap contracts	-	9,312	-	9,312
	$ -	$ 56,387	$ -	$ 56,387

(Continued)

September 30, 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Mutual funds	$ 4,183,408	$ -	$ -	$ 4,183,408
Listed shares	720,764	-	-	720,764
Emerging market shares	-	-	274,189	274,189
Convertible bonds	196,180	-	-	196,180
Structure notes	-	61,447	-	61,447
Foreign exchange forward contracts	-	4,578	-	4,578
	$ 5,100,352	$ 66,025	$ 274,189	$ 5,440,566
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 15,837,754	$ 15,837,754
Domestic listed shares	8,028,783	-	-	8,028,783
Domestic emerging market shares and unlisted shares	-	-	6,326,469	6,326,469
Certificate of entitlement	-	-	5,293,805	5,293,805
Foreign listed shares	1,843,411	-	-	1,843,411
Mutual funds	885,815	-	-	885,815
Private-placement shares of listed companies	-	102,018	-	102,018
	$ 10,758,009	$ 102,018	$ 27,458,028	$ 38,318,055
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 51,466	$ -	$ 51,466
Interest rate swap contracts	-	27,414	-	27,414
	$ -	$ 78,880	$ -	$ 78,880
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	$ -	$ 5,316	$ -	$ 5,316
Call and put options	-	1,577	-	1,577
	$ -	$ 6,893	$ -	$ 6,893
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 46,548	$ -	$ 46,548

(Concluded)

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2015 and 2014.

2) Reconciliation of Level 3 fair value measurements of financial assets

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets	Total
For the nine months ended September 30, 2015			
Balance, beginning of period	$ 276,613	$ 26,629,214	$ 26,905,827
Recognized in profit or loss - other gains and losses			
Realized	-	21,239	21,239
Unrealized	(33,236)	(19,178)	(52,414)
Recognized in other comprehensive income - unrealized loss on available-for-sale financial assets	-	(2,109,693)	(2,109,693)
Purchases	-	19,622,232	19,622,232
Disposal	-	(345,891)	(345,891)
Capital reduction	-	(108,159)	(108,159)
Reclassification	-	108,877	108,877
Transfer into Level 3	-	30,020	30,020
Transfer out of Level 3	-	(78,319)	(78,319)
Effect of foreign currency exchange difference	-	188,185	188,185
Balance, end of period	$ 243,377	$ 43,938,527	$ 44,181,904
For the nine months ended September 30, 2014			
Balance, beginning of period	$ 283,883	$ 23,787,038	$ 24,070,921
Recognized in profit or loss - other gains and losses			
Realized	-	227,611	227,611
Unrealized	(9,694)	(75,662)	(85,356)
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	-	210,767	210,767
Purchases	-	5,120,869	5,120,869
Disposal	-	(338,275)	(338,275)
Effect of foreign currency exchange difference	-	(113,068)	(113,068)
Transfers out of Level 3	-	(1,329,839)	(1,329,839)
Others	-	(31,413)	(31,413)
Balance, end of period	$ 274,189	$ 27,458,028	$ 27,732,217

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivative instruments	A discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.
Private-placement shares of listed companies	Based on information from the Market Observation Post System, the Taipei Exchange, etc. and calculated by using the Black-Scholes Model.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) For emerging market shares, fair values were estimated on the basis of the closing price and liquidity.

b) For domestic unlisted shares, some foreign unlisted shares and certificate of entitlement, fair values were determined based on industry types, valuations of similar companies and operations, or by using the net worth of companies.

c) For other foreign unlisted shares, fair values were measured under income approach and calculated by the present value of the expected return by using discounted cash flow model. Significant unobservable inputs were as follows; if the long-term revenue growth rate increased, long-term pre-tax operating income rate increased or discount rate decreased, the fair value of the investments would increase.

	September 30, 2015
Long-term revenue growth rate (%)	-
Long-term pre-tax operating income rate (%)	16.80
Discount rate (%)	10.18

If the below input to the valuation model was changed to reflect reasonably possible alternative assumptions while all other variables were held constant, the fair value of the equity investment would increase (decrease) as follows:

	September 30, 2015
Discount rate	
Increase 1%	$ (88,719)
Decrease 1%	$ 107,540

c. Categories of financial instruments

	September 30, 2015	December 31, 2014	September 30, 2014
Financial assets			
Fair value through profit or loss			
Designated as at fair value through profit or loss	$ 1,896,386	$ 2,847,161	$ 3,029,936
Held for trading	1,533,829	2,603,432	2,410,630
Derivative instruments in designated hedge accounting relationships	194,040	150,961	78,880
Held-to-maturity investments	262,641	222,989	214,324
Loans and receivables (see 1 below)	47,253,927	47,410,300	51,348,710
Available-for-sale financial assets	53,459,230	37,754,016	38,318,055
Financial liabilities			
Fair value through profit or loss			
Designated as at fair value through profit or loss	555	1,631	1,577
Held for trading	2,876	5,518	5,316
Derivative instruments in designated hedge accounting relationships	65,543	56,387	46,548
Measured at amortized cost (see 2 below)	331,681,900	310,881,598	321,962,648

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, debt investments with no active market, refundable deposits and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, notes and accounts payable (including related parties), other payables, bonds payable, long-term borrowings, long-term bills payable and refundable deposits.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and lower cost working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies.

Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts, foreign deposits or foreign borrowings.

The carrying amounts of the significant non-functional currency monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date were referred to Note 37.

The Corporation and its subsidiaries were mainly exposed to the currencies USD, JPY, CAD, AUD, RMB and VND. The following table details the sensitivity to a 1% increase in the functional currencies against the relevant foreign currencies.

	USD Impact For the Nine Months Ended September 30			JPY Impact For the Nine Months Ended September 30		
	2015	2014		2015	2014	
Pre-tax profit or loss	$ 242,218	$ 51,060	i	$ 9,165	$ 10,121	ii
Pre-tax equity	(6,334)	68,586	iii	(1,734)	(1,351)	iii

	CAD Impact For the Nine Months Ended September 30			AUD Impact For the Nine Months Ended September 30		
	2015	2014		2015	2014	
Pre-tax profit or loss	$ (15)	$(34,181)	i	$ 65,402	$ (197)	i
Pre-tax equity	-	75,960	iii	-	75,791	iii

	RMB Impact For the Nine Months Ended September 30			VND Impact For the Nine Months Ended September 30		
	2015	2014		2015	2014	
Pre-tax profit or loss	$ (8,917)	$ (5,303)	ii	$ (1,639)	$ (8,118)	i
Pre-tax equity	(2,698)	(3,764)	iii	-	-	

i. This was mainly attributable to the exposure of cash, outstanding receivables and payables, which were not hedged at the balance sheet date.

ii. This was mainly attributable to the exposure of cash, outstanding receivables and payables, which were not hedged at the balance sheet date, and debt investments with no active market and borrowings, which were respectively designated as hedged items and hedging instruments in fair value hedges.

iii. This was attributable to other financial assets, which were designated as hedging instruments in cash flow hedges, and borrowings, which were designated as hedging instruments in net investments in foreign operations hedges.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period.

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts.

The carrying amounts of the Corporation and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Fair value interest rate risk			
Financial liabilities	$ 152,925,382	$ 117,955,561	$ 138,082,495
Cash flow interest rate risk			
Financial liabilities	147,783,822	158,339,323	148,072,806

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the nine months ended September 30, 2015 and 2014 would have been lower/higher by NT$1,108,379 thousand and NT$1,110,546 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in mutual funds, listed shares and private placement shares of listed companies.

If equity prices had been 1% higher/lower, the pre-tax profit for the nine months ended September 30, 2015 and 2014 would have been higher/lower by NT$28,226 thousand and NT$49,042 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the nine months ended September 30, 2015 and 2014 would have been higher/lower by NT$95,207 thousand and NT$108,600 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets and the amount of contingent liabilities in relation to financial guarantee issued by the Corporation and its subsidiaries.

The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions and companies.

Counterparties of accounts receivable consisted of a large number of different customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition.

The Corporation and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Corporation and its subsidiaries define counterparties as having similar characteristics if they are related entities.

As of September 30, 2015, the maximum credit risk of off-balance-sheet guarantees provided to investees of co-investment for procurement compliance was NT$2,348,974 thousand.

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to control proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The following table details the undiscounted cash flows of the Corporation and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities from the earliest date on which they can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

The table below summarizes the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments:

	Less Than 1 Year	**1-5 Years**	**Over 5 Years**	**Total**
September 30, 2015				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 29,087,983	$ 378,981	$ -	$ 29,466,964
Variable interest rate liabilities	61,640,189	87,623,687	2,649,611	151,913,487
Fixed interest rate liabilities	55,044,368	45,857,118	62,255,942	163,157,428
Financial guarantee liabilities	2,348,974	-	-	2,348,974
	$ 148,121,514	$ 133,859,786	$ 64,905,553	$ 346,886,853
December 31, 2014				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 32,971,821	$ 145,279	$ -	$ 33,117,100
Variable interest rate liabilities	55,150,465	102,854,300	5,619,154	163,623,919
Fixed interest rate liabilities	30,622,779	35,702,021	63,098,950	129,423,750
Financial guarantee liabilities	2,435,424	-	-	2,435,424
	$ 121,180,489	$ 138,701,600	$ 68,718,104	$ 328,600,193
September 30, 2014				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 34,099,051	$ 179,496	$ -	$ 34,278,547
Variable interest rate liabilities	55,783,209	86,440,227	11,242,018	153,465,454
Fixed interest rate liabilities	42,715,192	43,964,377	63,336,887	150,016,456
Financial guarantee liabilities	2,396,637	-	-	2,396,637
	$ 134,994,089	$ 130,584,100	$ 74,578,905	$ 340,157,094

The amounts included above for financial guarantee liabilities were the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Corporation and its subsidiaries consider that it is more likely than not that none of the amount will be payable under the arrangement.

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not in this note. Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

a. Operating revenues

Account Items	Related Parties Types	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2015	2014	2015	2014
Revenue from sales of goods	The Corporation and its subsidiaries as key management personnel of other related parties	$ 806,061	$ 921,675	$ 2,734,077	$ 3,038,330
	Other related parties as key management personnel of subsidiaries	429,667	918,190	1,451,416	2,812,612
	Other related parties as supervisors of the Corporation and its subsidiaries	335,696	464,348	1,161,938	1,400,557
	Others	247,851	500,539	835,674	784,263
		$ 1,819,275	$ 2,804,752	$ 6,183,105	$ 8,035,762
Construction contract revenue	The Corporation and its subsidiaries as key management personnel of other related parties	$ 204,282	$ 115,065	$ 1,088,792	$ 639,061
	Others	135,581	46,746	571,519	52,907
		$ 339,863	$ 161,811	$ 1,660,311	$ 691,968

Sales to related parties were made under normal terms. The construction contracts undertaken by the Corporation and its subsidiaries with related parties were different from those with unrelated parties; therefore, the prices were not comparable. However, the collection terms have no material differences.

b. Purchase of goods

Related Parties Types	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Companies with significant influence over subsidiaries	$ 635,807	$ 1,235,445	$ 1,228,090	$ 2,379,891
Associates	50,152	63,903	157,201	168,617

(Continued)

Related Parties Types	For the Three Months Ended September 30 2015	2014	For the Nine Months Ended September 30 2015	2014
Other related parties as key management personnel of subsidiaries	$ 63,007	$ 54,034	$ 194,688	$ 175,686
Others	896	187,100	5,326	285,538
	$ 749,862	$ 1,540,482	$ 1,585,305	$ 3,009,732

(Concluded)

Purchases from related parties were made under normal terms.

c. Receivables from related parties

Account Items	Related Parties Types	September 30, 2015	December 31, 2014	September 30, 2014
Notes and accounts receivable	The Corporation and its subsidiaries as key management personnel of other related parties	$ 372,026	$ 327,329	$ 1,087,937
	Other related parties as key management personnel of subsidiaries	310,503	391,630	338,048
	Others	127,595	178,234	101,111
		$ 810,124	$ 897,193	$ 1,527,096

No guarantee was received for receivables from related parties. No impairment was recognized for the nine months ended September 30, 2015 and 2014 on receivables from related parties.

d. Payables to related parties

Account Items	Related Parties Types	September 30, 2015	December 31, 2014	September 30, 2014
Notes and accounts payable	Companies with significant influence over subsidiaries	$ 348,137	$ 632,506	$ 755,359
	Associates	33,100	30,259	45,779
	Other related parties as key management personnel of subsidiaries	16,784	26,590	20,615
	Others	7,473	356	13,516
		$ 405,494	$ 689,711	$ 835,269

The outstanding payables to related parties were unsecured.

e. Disposal of other assets

Related Parties Types	Account Items	Price For the Nine Months Ended September 30 2015	2014	Gain on Disposal For the Nine Months Ended September 30 2015	2014
Associates	Intangible assets	$ -	$ 114,286	$ -	$ 94,366

The subsidiary KRTC acquired 25% equity of IPASS Corporation (IPASS) in the amount of NT$130,000 thousand through investment in cash of NT$10,000 thousand and transfer of intangible assets in February 2014. Gain on disposal of intangible assets, after deducting transaction cost of NT$5,714 thousand, amounted to NT$94,366 thousand of which NT$23,259 thousand was deferred by the percentage of ownership and recognized as reduction in investments accounted for using equity method. The subsidiary ICSC further invested in IPASS for NT$40,000 thousand in February 2014, acquiring 7% equity, which increased the Corporation and its subsidiaries' total equity in IPASS to 32%.

f. Acquisition of financial assets - for the nine months ended September 30, 2015

Related Parties Types	Account Item	Number of Shares (In Thousand)	Investee	Price
The Corporation as key management personnel of other related parties	Investments accounted for using equity method	24,610	Taiwan Rolling Stock Co., Ltd.	$ 260,866

The acquisition price is based on the net value of Taiwan Rolling Stock Co., Ltd.

g. Others

Account Items	Related Parties Types	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2015	2014	2015	2014
Service and other revenues	The Corporation and its subsidiaries as key management personnel of other related parties	$ 75,717	$ 160,119	$ 429,960	$ 711,998
	Others	38,626	26,007	108,070	82,961
		$ 114,343	$ 186,126	$ 538,030	$ 794,959

h. Endorsements and guarantees provided by the Corporation and its subsidiaries

Related Party Types	September 30, 2015	December 31, 2014	September 30, 2014
The Corporation as key management personnel of others			
Amount endorsed	$ 2,348,974	$ 2,435,424	$ 2,396,637
Amount utilized	(2,348,974)	(2,435,424)	(2,396,637)
	$ -	$ -	$ -

i. Compensation of key management personnel

The remuneration to directors and other members of key management personnel were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Short-term employee benefits	$ 15,938	$ 23,022	$ 69,399	$ 69,072
Post-employment benefits	334	571	1,003	1,714
	$ 16,272	$ 23,593	$ 70,402	$ 70,786

34. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Corporation and its subsidiaries' assets mortgaged or pledged as collateral for long-term borrowings, short-term borrowings and bank overdraft, performance guarantees and bankers' acceptance bills, etc. were as follows (listed based on their carrying amounts):

	September 30, 2015	December 31, 2014	September 30, 2014
Net property, plant and equipment	$ 124,075,954	$ 138,346,513	$ 146,272,840
Time deposits (Note 16)	6,980,947	7,355,696	7,196,423
Shares (see a. below)	4,145,280	6,993,170	6,003,400
Pledged receivables (Note 16) (see b. below)	2,000,000	2,000,000	2,000,000
Net investment properties	1,545,643	1,551,118	1,726,568
	$ 138,747,824	$ 156,246,497	$ 163,199,231

a. Shares of the Corporation were pledged by the subsidiaries WIC and TIC and were recorded as treasury shares in the consolidated financial statements.

b. In accordance with revised agreements of build-operate-transfer contract in 2013, the subsidiary KRTC reclassified NT$2,000,000 thousand including arbitration receivable - Kaohsiung City Government and part of the consideration of transferred assets to operating performance guarantees.

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 19, significant commitments and contingencies of the Corporation and its subsidiaries as of September 30, 2015 were as follows:

a. The Corporation and its subsidiaries provided letters of credits for NT$5.4 billion guaranteed by financial institutions for several construction and lease contracts, and guarantee notes for NT$78.1 billion to banks and owners for loans, purchase agreements and warranty.

b. Unused letters of credit for importation of materials and machinery amounted to NT$9.9 billion.

c. Property purchase and construction contracts for NT$10.1 billion were signed but not yet recorded.

d. Construction contracts for NT$37.9 billion were not yet being completed.

e. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, Mozambique, Russia, Japan, Philippines, Vietnam, Indonesia and domestic companies with contract terms of 1 to 10 years. Contracted annual purchases of 10,950,000 metric tons of coal, 23,000,000 metric tons of iron ore, and 3,340,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of September 30, 2015 were USD 3.9 billion (including 15,390,000 metric tons of coal, 46,760,000 metric tons of iron ore, and 1,690,000 metric tons of limestone).

f. In August 2014, the associate Chang-Chun Ceck Auto. Parts Co., Ltd. (CCCA) entered into a credit facility agreement with Chinatrust Commercial Bank for a EUR2,000 thousand import loan commitment. Under the agreement, the Corporation and its associates should collectively hold at least 30% of CCCA's issued shares and one seat in the board of directors. As of September 30, 2015, the Corporation indirectly held 30% equity of CCCA and one seat in the board of directors.

g. In November 2014, the associate Honley Auto. Parts Co., Ltd. (HAPC) entered into credit facility agreements for a NT$225,000 thousand factory building loan commitment and a JPY56,500 thousand import letter of credit loan commitment with Shanghai Commercial & Savings Bank. Under the agreement, the Corporation and its associates should collectively hold at least 30% of HAPC's issued shares and two seats in the board of directors. As of September 30, 2015, the Corporation held 30% equity of HAPC and two seats in the board of directors.

h. Endorsements/guarantees provided to the unconsolidated entities as of September 30, 2015 were as follows:

Endorsement/Guarantee Provider	Counterparty	Ending Balance
China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	NT$ 2,348,974 thousand

36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The subsidiary DSC, under board of directors' resolution in October 2015, plans to issue domestic corporate bonds in 2016 for the purpose of repayment of bank loans. The issue amount will be limited to NT$10 billion.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2015	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets				
USD	$ 348,114	32.8700	(USD:NTD)	$ 11,442,505
USD	22,156	1.4276	(USD:AUD)	728,283
USD	21,803	6.3505	(USD:RMB)	716,675
USD	4,820	23,478.5714	(USD:VND)	158,444
USD	3,441	4.5905	(USD:MYR)	113,096
JPY	8,052,279	0.2739	(JPY:NTD)	2,205,519
RMB	210,924	5.1760	(RMB:NTD)	1,091,742
EUR	15,297	36.9200	(EUR:NTD)	564,770
VND	133,768,162	0.00004	(VND:USD)	187,944

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary financial assets				
Available-for-sales financial assets				
USD	$ 88,963	32.8700	(USD:NTD)	$ 2,924,220
JPY	6,291,200	0.2739	(JPY:NTD)	1,723,160
MYR	216,262	7.1605	(MYR:NTD)	1,548,545
KRW	30,379,200	0.0280	(KRW:NTD)	850,618
VND	474,364,865	0.00004	(VND:USD)	666,482
Associate accounted for using equity method				
USD	268,891	1.4276	(USD:AUD)	8,838,585
Monetary financial liabilities				
USD	865,502	32.8700	(USD:NTD)	28,449,046
USD	121,259	6.3505	(USD:RMB)	3,985,771
USD	110,000	65.7006	(USD:INR)	3,615,700
USD	20,434	23,478.5714	(USD:VND)	671,657
AUD	284,876	23.0250	(AUD:NTD)	6,559,278
JPY	10,901,584	0.2739	(JPY:NTD)	2,985,944
December 31, 2014				
Monetary financial assets				
USD	251,956	31.6500	(USD:NTD)	7,974,401
USD	15,558	6.2156	(USD:RMB)	492,413
USD	14,820	1.2218	(USD:AUD)	469,052
USD	3,960	22,607.1429	(USD:VND)	125,323
JPY	11,699,386	0.2646	(JPY:NTD)	3,095,657
VND	918,553,871	0.00005	(VND:USD)	1,308,939
RMB	175,493	5.0920	(RMB:NTD)	893,610
RMB	28,606	0.1609	(RMB:USD)	145,663
Non-monetary financial assets				
Available-for-sales financial assets				
USD	265,616	31.6500	(USD:NTD)	8,406,750
JPY	6,042,000	0.2646	(JPY:NTD)	1,598,713
MYR	178,360	8.6920	(MYR:NTD)	1,550,304
KRW	35,870,250	0.0292	(KRW:NTD)	1,047,411
Associate accounted for using equity method				
USD	270,600	1.2218	(USD:AUD)	8,564,690
Monetary financial liabilities				
USD	449,301	31.6500	(USD:NTD)	14,220,367
USD	103,030	6.2156	(USD:RMB)	3,260,886
USD	110,000	63.1989	(USD:INR)	3,481,500
USD	22,932	22,607.1429	(USD:VND)	725,795
USD	4,163	3.6413	(USD:MYR)	131,747
JPY	14,149,122	0.2646	(JPY:NTD)	3,743,858
AUD	284,884	25.9050	(AUD:NTD)	7,379,921

(Continued)

September 30, 2014	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets				
USD	$ 268,500	30.4200	(USD:NTD)	$ 8,167,771
USD	20,909	6.1654	(USD:RMB)	636,062
USD	14,531	1.1434	(USD:AUD)	442,030
USD	6,592	61.5291	(USD:INR)	200,538
USD	3,940	21,963.8989	(USD:VND)	119,868
USD	3,566	3.4059	(USD:MYR)	108,485
JPY	11,137,574	0.2780	(JPY:NTD)	3,096,246
VND	586,117,793	0.00005	(VND:USD)	811,773
CAD	125,230	27.2900	(CAD:NTD)	3,417,532
RMB	180,465	4.9340	(RMB:NTD)	890,414
RMB	22,329	0.1622	(RMB:USD)	110,169
Non-monetary financial assets				
Available-for-sales financial assets				
USD	291,920	30.4200	(USD:NTD)	8,880,199
JPY	6,284,000	0.2780	(JPY:NTD)	1,746,952
MYR	178,360	8.9315	(MYR:NTD)	1,593,021
KRW	40,647,050	0.0291	(KRW:NTD)	1,182,829
Associate accounted for using equity method				
USD	279,042	1.0257	(USD:AUD)	7,375,824
Monetary financial liabilities				
USD	478,092	30.4200	(USD:NTD)	14,543,555
USD	110,000	61.5291	(USD:INR)	3,346,200
USD	95,631	6.1654	(USD:RMB)	2,909,096
USD	24,851	21,963.8989	(USD:VND)	755,973
AUD	284,876	26.6050	(AUD:NTD)	7,579,135
CAD	278,345	27.2900	(CAD:NTD)	7,596,030
JPY	14,504,157	0.2780	(JPY:NTD)	4,032,156

(Concluded)

For the three months ended September 30, 2015 and 2014 and nine months ended September 30, 2015 and 2014, realized and unrealized net foreign exchange gains were NT$410,237 thousand, NT$68,727 thousand, NT$482,467 thousand and NT$357,011 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the each entity.

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

- Steel - manufacture and sell steel products, including the Corporation, DSC, CHSC, CSCSSB, CSVC, CSCI, HLSC and TSC.

a. Segment revenues and operating results

The following is an analysis of the Corporation and its subsidiaries' revenues and results of operations by reportable segment.

	Steel	Others	Adjustment and Elimination	Total
For the nine months ended September 30, 2015				
Revenues from external customers	$ 175,028,527	$ 47,031,528	$ -	$ 222,060,055
Inter-segment revenues	39,816,519	31,714,026	(71,530,545)	-
Segment revenues	$ 214,845,046	$ 78,745,554	$ (71,530,545)	$ 222,060,055
Segment profit	$ 7,230,851	$ 5,779,827	$ (1,843,313)	$ 11,167,365
Interest income	190,568	180,102	(56,843)	313,827
Financial costs	(2,537,076)	(273,344)	33,193	(2,777,227)
Share of the profit of associates	2,772,331	919,687	(3,573,983)	118,035
Other non-operating income and expenses	2,926,033	704,037	(550,450)	3,079,620
Profit before income tax	10,582,707	7,310,309	(5,991,396)	11,901,620
Income tax	2,151,784	652,956	(155,037)	2,649,703
Net profit for the period	$ 8,430,923	$ 6,657,353	$ (5,836,359)	$ 9,251,917
For the nine months ended September 30, 2014				
Revenues from external customers	$ 224,147,377	$ 52,698,197	$ -	$ 276,845,574
Inter-segment revenues	45,609,064	33,854,265	(79,463,329)	-
Segment revenues	$ 269,756,441	$ 86,552,462	$ (79,463,329)	$ 276,845,574
Segment profit	$ 12,429,466	$ 7,723,717	$ 83,723	$ 20,236,906
Interest income	257,557	188,318	(48,138)	397,737
Financial costs	(2,669,511)	(213,854)	31,385	(2,851,980)
Share of the profit of associates	9,340,241	3,025,067	(11,743,019)	622,289
Other non-operating income and expenses	1,151,179	1,200,111	(514,036)	1,837,254
Profit before income tax	20,508,932	11,923,359	(12,190,085)	20,242,206
Income tax	1,777,359	1,323,825	65,849	3,167,033
Net profit for the period	$ 18,731,573	$ 10,599,534	$ (12,255,934)	$ 17,075,173

Inter-segment revenues were accounted for according to market price or cost-plus pricing.

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

Segment assets	September 30, 2015	December 31, 2014	September 30, 2014
Steel	$ 737,248,857	$ 741,842,358	$ 749,735,453
Others	225,581,333	204,954,836	200,109,168
Adjustment and elimination	(278,682,093)	(264,057,174)	(265,481,897)
Consolidated total assets	$ 684,148,097	$ 682,740,020	$ 684,362,724

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Segment liabilities			
Steel	$ 311,578,867	$ 298,981,035	$ 319,093,656
Others	71,466,779	64,828,118	64,861,572
Adjustment and Elimination	(20,570,234)	(15,713,367)	(23,681,882)
Consolidated total liabilities	$ 362,475,412	$ 348,095,786	$ 360,273,346

(Concluded)