NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014
(With Independent Accountants' Review Report Thereon)

KPMG

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Independent Accountants' Review Report

The Board of Directors
Nanya Technology Corporation

We have reviewed the accompanying consolidated statements of financial position of Nanya Technology Corporation (the "Company") and its subsidiaries as of March 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a report on these consolidated financial statements based on our reviews.

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

As discussed in Note 4(2), the financial statements of certain subsidiaries under the equity method as of and for the three-month periods ended March 31, 2015 and 2014 were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$2,438,529 thousand and NT$4,259,422 thousand, representing 2.30% and 4.46% of the related consolidated total assets as of March 31, 2015 and 2014, respectively; and the total liabilities amounted to NT$620,781 thousand and NT$1,741,487 thousand, representing 1.07% and 2.19% of the related consolidated total liabilities as of March 31, 2015 and 2014, respectively; and their comprehensive income amounted to a net income of NT$35,650 thousand and net loss of NT$1,033,463 thousand, representing 0.56% and 17.01% of the consolidated total comprehensive income for the three-month periods ended March 31, 2015 and 2014, respectively.

Based on our reviews, except for the adjustments to the consolidated financial statements that we might have become aware of had the financial statements of certain subsidiaries under the equity method described above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission, ROC.

Because of the significant decline in the DRAM industry in the previous years, the Company is exposed to liquidity risks as its current liabilities exceeded its current assets by NT$23,205,062 thousand as of March 31, 2015. The management's plans on these matters are described in Note12(2) to the consolidated financial statements. The consolidated financial statements described in the first paragraph above do not include any adjustments that might result from the outcome of this uncertainty.

KPMG

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

Notes to Readers

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

For the convenience of readers, the independent accountants' 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 original Chinese version or any difference in the interpretation of the two versions, the independent accountants' review report and consolidated financial statements in Chinese shall prevail.

Consolidated financial statements as of March 31, 2015 and 2014 are reviewed only, not audited in accordance with the generally accepted auditing standards

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015, DECEMBER 31, 2014 AND MARCH 31, 2014

(Expressed in thousands of New Taiwan Dollars)

Code	Assets	March 31, 2015	%	December 31, 2014 (Adjusted)	%	March 31, 2014 (Adjusted)	%
	Current assets:						
1100	Cash and cash equivalents (Note 6(1))	$ 7,428,590	7	7,267,855	7	7,109,086	7
1170	Notes and accounts receivable, net (Note 6(2))	6,056,484	6	6,025,292	6	5,454,458	6
1180	Accounts receivable due from related parties, net (Notes 6(2) and 7)	78	-	19,825	-	33,393	-
1200	Other receivables (Note 6(2))	1,645,488	2	1,660,987	2	1,987,970	2
1210	Other receivables — related parties (Notes 6(2)(8) and 7)	241,006	-	248,012	-	223,469	-
130x	Inventories (Note 6(3))	5,179,350	5	5,148,407	5	6,542,281	7
1460	Non-current assets classified as held for sale, net (Note 6(4))	-	-	-	-	1,700,000	2
1470	Other current assets	820,490	-	891,640	-	1,061,545	1
	Total current assets	21,371,486	20	21,262,018	20	24,112,202	25
	Non-current assets:						
1523	Non-current available-for-sale financial assets	142,095	-	115,366	-	100,962	-
1550	Investments accounted for using equity method, net (Note 6(5))	30,128,423	29	28,345,213	27	15,874,025	17
1600	Property, plant and equipment (Notes 6(7) and 8)	50,914,799	48	51,175,927	49	49,543,429	52
1780	Intangible assets	503,376	-	537,136	1	507,185	1
1840	Deferred income tax assets	846,582	1	846,648	1	3,251,208	3
1935	Lease receivables — long-term (Note 6(8))	1,823,376	2	1,883,806	2	2,055,929	2
1990	Other non-current assets (Notes 6(1) and 8)	390,332	-	386,211	-	35,058	-
	Total non-current assets	84,748,983	80	83,290,307	80	71,367,796	75
	Total assets	$ 106,120,469	100	104,552,325	100	95,479,998	100

Code	Liabilities and Equity	March 31, 2015	%	December 31, 2014 (Adjusted)	%	March 31, 2014 (Adjusted)	%
	Current liabilities :						
2100	Short-term loans (Note 6(9))	$ 3,602,000	3	-	-	90,000	-
2170	Notes and accounts payable, net	1,290,011	1	1,075,345	1	1,058,640	1
2180	Accounts payable — related parties (Note 7)	196,385	-	133,595	-	275,156	-
2220	Other payables — related parties (Notes 6(11) and 7)	36,601,290	35	41,099,884	39	59,491,132	62
2322	Current portion of long-term loans (Notes 6(10)(21))	750,000	1	3,900,000	4	7,293,250	8
2399	Other current liabilities	2,136,862	2	2,970,922	3	2,570,298	3
	Total current liabilities	44,576,548	42	49,179,746	47	70,778,476	74
	Non-current liabilities:						
2540	Long-term loans (Note 6(10))	11,981,250	11	12,480,000	12	7,126,250	8
2570	Deferred income tax liabilities	274	-	276	-	186	-
2613	Lease payables — long-term (Note 6(11))	280,214	-	282,250	-	288,182	-
2640	Accrued pension liabilities	633,322	1	634,563	1	839,617	1
2670	Other non-current liabilities	277,208	-	298,432	-	398,157	-
	Total non-current liabilities	13,172,268	12	13,695,521	13	8,652,392	9
	Total liabilities	57,748,816	54	62,875,267	60	79,430,868	83
	Equity (Notes 6(5)(6)(13)(14)):						
3110	Common stock	24,266,978	23	24,095,278	23	239,610,081	251
3140	Advance receipts for ordinary share	75,405	-	653,565	1	-	-
3200	Additional paid-in capital	7,164,303	7	6,377,936	6	3,718,197	4
3300	Accumulated (deficit) and profit	17,106,607	16	10,816,268	10	(226,998,111)	(238)
3400	Other equity	21,330	-	5,939	-	2,662	-
3500	Treasury stock	(347,533)	-	(347,533)	-	(347,533)	-
	Equity attributable to owners of the Company	48,287,090	46	41,601,453	40	15,985,296	17
36xx	Non-controlling interest	84,563	-	75,605	-	63,834	-
	Total equity	48,371,653	46	41,677,058	40	16,049,130	17
	Total Liabilities and Equity	$ 106,120,469	100	104,552,325	100	95,479,998	100

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

		For the three-month periods ended March 31,					
		2015			2014(Adjusted)		
			Amount	%		Amount	%
4000	**Operating revenues (Note 6(7))**	$	12,027,943	100		11,691,512	100
5000	**Cost of goods sold (Notes 6(3)(12) and 7)**		6,354,719	53		7,030,724	60
	Gross profit		5,673,224	47		4,660,788	40
	Operating expenses (Notes 6(12) and 7):						
6100	Selling and distribution expenses		161,911	-		144,047	1
6200	Administrative and general expenses		315,053	3		285,246	3
6300	Research and development expenses		428,760	4		275,268	2
	Total operating expenses		905,724	7		704,561	6
	Operating income		4,767,500	40		3,956,227	34
	Non-operating income and expenses:						
7010	Other income (Note 6(8))		59,523	-		65,724	1
7020	Other gains and losses (Note 6(17))		(52,681)	-		144,281	1
7050	Finance expenses (Notes 6(11)(17))		(242,966)	(2)		(322,372)	(3)
7060	Share of profit of associates accounted for using equity method (Notes 6(5) and 7)		1,772,544	14		2,972,155	25
	Total non-operating income and expenses		1,536,420	12		2,859,788	24
	Profit before income tax		6,303,920	52		6,816,015	58
7950	**Income tax expense (Note 6(13))**		4,677	-		1,929	-
	Profit from continuing operations		6,299,243	52		6,814,086	58
8100	**Loss from discontinued operations (Note 12(3))**		-	-		(743,958)	(6)
	Net income		6,299,243	52		6,070,128	52
8300	**Other comprehensive income:**						
8360	**Items that could be reclassified subsequently to profit or loss**						
8361	Foreign currency translation differences－foreign operations		(11,338)	-		7,350	-
8362	Other comprehensive income (loss), before tax, available-for-sale financial assets		26,729	-		(2,354)	-
8399	Income tax expense related to items that could be reclassified to profit or loss		-	-		-	-
	Total items that could be reclassified subsequently to profit or loss		15,391	-		4,996	-
8500	**Total comprehensive income**	$	6,314,634	52		6,075,124	52
	Profit attributable to:						
	Owners of the Company						
	Profit from continuing operations	$	6,290,339	52		6,811,851	58
	Loss from discontinued operations		-	-		(683,948)	(6)
8610	**Profit attributable to owners of the Company**	$	6,290,339	52		6,127,903	52
	Non-controlling interests						
	Profit from continuing operations	$	8,904	-		2,235	-
	Loss from discontinued operations		-	-		(60,010)	-
8620	**Income (loss) attributable to non-controlling interests**	$	8,904	-		(57,775)	-
	Total comprehensive (loss) income attributable to:						
	Owners of the Company						
	Comprehensive income from continuing operations	$	6,305,730	52		6,816,847	58
	Comprehensive loss from discontinued operations		-	-		(683,948)	(6)
8710	**Total comprehensive income attributable to owners of the Company**	$	6,305,730	52		6,132,899	52
	Non-controlling interests						
	Comprehensive income from continuing operations	$	8,904	-		2,235	-
	Comprehensive loss from discontinued operations		-	-		(60,010)	-
8720	**Total comprehensive income (loss) attributable to non-controlling interests**	$	8,904	-		(57,775)	-
9750	**Basic earnings per share (Unit、TWD) (Note 6(16))**						
	Basic earnings per share from continuing operations	$		2.61			2.84
	Basic loss per share from discontinued operations			-			(0.28)
	Basic earnings per share	$		2.61			2.56
9850	**Diluted earnings per share(Unit、TWD) (Note 6(16))**						
	Diluted earnings per share from continuing operations	$		2.57			2.83
	Diluted loss per share from discontinued operations			-			(0.28)
	Diluted earnings per share	$		2.57			2.55

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars)

	Attributable to owners of the Company									
					Total other equity interest					
	Common stock	Advance receipts for share capital	Additional capital surplus	Accumulated profit (deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses)on available-for-sale financial assets	Treasury stock	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance at January 1, 2014	$ 239,608,511	-	3,696,784	(233,081,650)	(19,739)	17,405	(347,533)	9,873,778	131,359	10,005,137
Effects of retrospective application and retrospective restatement	-	-	-	(20,241)	-	-	-	(20,241)	-	(20,241)
Adjusted balance as of January 1, 2014	239,608,511	-	3,696,784	(233,101,891)	(19,739)	17,405	(347,533)	9,853,537	131,359	9,984,896
Net income for the three-month period ended March 31, 2014 (adjusted)	-	-	-	6,127,903	-	-	-	6,127,903	(57,775)	6,070,128
Other comprehensive income	-	-	-	-	7,350	(2,354)	-	4,996	-	4,996
Total comprehensive income	-	-	-	6,127,903	7,350	(2,354)	-	6,132,899	(57,775)	6,075,124
Change in other capital surplus:										
Change in equity of associates accounted for using equity method	-	-	49,965	-	-	-	-	49,965	-	49,965
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	-	(36,311)	(23,652)	-	-	-	(59,963)	(9,787)	(69,750)
Recognized compensation costs on employee stock options	-	-	7,995	-	-	-	-	7,995	37	8,032
Due to recognition of equity component of employee stock options issued	1,570	-	(236)	(471)	-	-	-	863	-	863
Balance at March 31, 2014 (Adjusted)	$ 239,610,081	-	3,718,197	(226,998,111)	(12,389)	15,051	(347,533)	15,985,296	63,834	16,049,130
Balance at January 1, 2015	$ 24,095,278	653,565	6,377,936	10,778,122	(23,516)	29,455	(347,533)	41,563,307	75,605	41,638,912
Effects of retrospective application and retrospective restatement	-	-	-	38,146	-	-	-	38,146	-	38,146
Adjusted balance as of January 1, 2015	24,095,278	653,565	6,377,936	10,816,268	(23,516)	29,455	(347,533)	41,601,453	75,605	41,677,058
Net income for the three-month period ended March 31, 2015	-	-	-	6,290,339	-	-	-	6,290,339	8,904	6,299,243
Other comprehensive income	-	-	-	-	(11,338)	26,729	-	15,391	-	15,391
Total comprehensive income	-	-	-	6,290,339	(11,338)	26,729	-	6,305,730	8,904	6,314,634
Change in other capital surplus:										
Change in equity of associates accounted for using equity method	-	-	10,612	-	-	-	-	10,612	-	10,612
Recognized compensation costs on employee stock options	-	-	2,998	-	-	-	-	2,998	54	3,052
Advance receipts for ordinary share—exercise of employee share options	-	75,405	-	-	-	-	-	75,405	-	75,405
Due to recognition of equity component of employee stock options issued	171,700	(653,565)	772,757	-	-	-	-	290,892	-	290,892
Balance at March 31, 2015	$ 24,266,978	75,405	7,164,303	17,106,607	(34,854)	56,184	(347,533)	48,287,090	84,563	48,371,653

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(Expressed in thousands of New Taiwan Dollars)

	For the three-month periods ended March 31,	
	2015	2014 (Adjusted)
Cash flows from operating activities:		
Profit from continuing operations before tax	$ 6,303,920	6,816,015
Loss from discontinued operations before tax	-	(743,958)
Profit before tax	6,303,920	6,072,057
Adjustments for:		
Income and expenses not affecting cash flow		
Depreciation expense	1,361,774	1,418,160
Amortization expense	36,196	84,563
Interest expenses	242,966	326,909
Interest income	(59,523)	(65,724)
Share-based payments	3,052	8,032
Share of profit of associates accounted for using equity method	(1,772,544)	(2,972,155)
Gain (loss) on disposal of property, plant and equipment	356	(863)
(Reversal gain) loss of impairment loss on financial assets	(708)	411,769
Unrealized foreign currency exchange loss (gain), net	63,638	(77,761)
Income and expenses not affecting cash flow	(124,793)	(867,070)
Change in operating assets and liabilities:		
Change in operating assets, net :		
(Increase) decrease in accounts receivable and notes receivable	(28,563)	1,206,209
Decrease in other receivables	22,722	63,460
(Increase) decrease in inventories	(30,943)	924,377
Decrease in other assets	66,536	353,556
Increase (decrease) in accounts payable and notes payable	145,146	(547,190)
(Decrease) increase in other current liabilities	(809,266)	156,353
(Decrease) increase in accrued pension liabilities	(1,241)	164
Increase in other non-current liabilities	4,337	16,978
Total changes in operating assets and liabilities	(631,272)	2,173,907
Cash generated from operations	5,547,855	7,378,894
Interest received	59,352	65,382
Interest paid	(249,661)	(335,843)
Income tax paid	(46,918)	(12,589)
Net cash used in provided by operating activities	5,310,628	7,095,844
Cash flows from investing activities:		
Purchases of property, plant and equipment	(964,406)	(127,634)
Proceeds from disposal of fixed and idle assets	308	3,150
Proceeds from disposal of non-current assets classified as held for sale	-	325,000
Acquisition of intangible assets	(58,498)	(190,509)
Decrease in lease receivables	107,332	107,332
Increase in other non-current assets	(4,958)	(8,160)
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	(69,750)
Net cash (used in) provided by investing activities	(920,222)	39,429
Cash flows from financing activities:		
Increase in short-term loans	3,602,000	90,000
Repayments of short-term loans	-	(90,000)
Proceeds from long-term debt	-	6,375,000
Repayments of long-term debt	(3,650,000)	(3,650,000)
Decrease in other payables – related parties	(4,493,467)	(6,790,719)
Decrease in lease payable	(1,920)	(2,030)
Exercise of employee share options	366,297	863
Net cash used in financing activities	(4,177,090)	(4,066,886)
Effect of foreign currency exchange translation	(52,581)	45,197
Increase in cash	160,735	3,113,584
Cash and cash equivalents at beginning of period	7,267,855	3,995,502
Cash and cash equivalents at end of period	$ **7,428,590**	**7,109,086**

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements as of March 31, 2015 and 2014 are reviewed only, not audited in accordance with the generally accepted auditing standards

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015 AND 2014

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

1. Organization and business scope

Nanya Technology Corporation (the "Company") was legally established with the approval of the Ministry of Economic Affairs on March 4, 1995, with registered address at 669, Fuhsing 3rd Road, Hwa-Ya Technology Park, Kueishan District, Taoyuan City, Taiwan. The main operating activities of the Company and its subsidiary (the "Group") are researching, developing, manufacturing and selling semiconductor products, and the import and export business with its machinery, equipment and raw materials.

2. Approval date and procedures of the financial statements

The consolidated financial statements were reported and issued by the Board of Directors on May 11, 2015.

3. New and revised standards and interpretations not yet adopted

(1) The impact of adoption of new and amended standards and interpretations endorsed by the Financial Supervisory Commissions of the Republic of China ("FSC").

The Group adopted the 2013 version of IFRSs endorsed by the FSC (excluding IFRS 9 Financial Instruments) as they issue the consolidated financial statements commencing from 2015. The related new, revised and amended standards and interpretations are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Prescribed by IASB
Amendments to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First - time Adopters"	July 1, 2010
Amendments to IFRS 7 "Disclosures–Transfer of Financial Asset"	July 1, 2011
Amendments to IFRS 7 "Disclosures–offsetting Financial Assets and Financial Liabilities"	January 1, 2013
IFRS 10 "Consolidated financial statements"	January 1, 2013 (Investment entity took effect on January 1, 2014)
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"	January 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlyin Assets"	January 1, 2012
Amendment to IAS 19 "Employee Benefits"	January 1, 2013
Amendment to IAS 27 "Separate Financial Statements"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financia Liabilitie"	January 1, 2014

Except for the following, the Group believes that the adoption of aforementioned 2013 version of IFRSs endorsed by the FSC did not have any significant effect on the Group's consolidated financial statements.

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

The Group has increased the disclosures on information about its associates according to this standard. Please refer to Note 6(5) for related information.

2) Amendments to IAS 19, "Employee Benefits"

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

The Group has changed the accounting policy related to the measure and expression of net defined benefit assets, pension cost and actuarial gains or losses. With the elimination of the corridor approach, the Group has fully recognized the unrecognized its prior service cost and actuarial gains or losses, and retrospectively adjusted the accumulated deficit. The influenced items and amounts are as follows:

Consolidated statement of financial position:

	2010 IFRSs amounts	Impact on transition	2013 IFRSs amounts
March 31, 2014			
Investments accounted for using equity method	$ 15,874,551	(526)	15,874,025
Accrued pension liabilities	$ 820,103	19,514	839,617
Other non-current liabilities	$ 398,154	3	398,157
Accumulated deficit	$ (226,978,068)	(20,043)	(226,998,111)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		2010 IFRSs amounts	Impact on Transition	2013 IFRSs version
December 31, 2014				
Investments accounted for using equity method	$	28,347,485	(2,272)	28,345,213
Accrued pension liabilities	$	674,994	(40,431)	634,563
Other non-current liabilities	$	298,419	13	298,432
Accumulated profit	$	10,778,122	38,146	10,816,268

		2010 IFRSs amounts	Impact on transition	2013 IFRSs amounts
For the three-month period ended March 31, 2014				
Cost of goods sold	$	(7,030,841)	117	(7,030,724)
Selling and distribution expenses		(144,057)	10	(144,047)
Administrative and general expenses		(285,277)	31	(285,246)
Research and development expenses		(275,289)	21	(275,268)
Share of profit of associates accounted for using equity method		2,972,136	19	2,972,155
Net income		6,069,930	198	6,070,128

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

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

Newly Issued/Revised Standards, Amendments, and Interpretations	Effective Date Announced by IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"	January 1, 2016
Amendments to IFRS 10, IFRS 12, and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendment to IFRS 14 "Regulatory Deferral Account"	January 1, 2016
Amendment to IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS16 and IAS 41 "Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014

(Continued)

Newly Issued/Revised Standards, Amendments, and Interpretations	Effective Date Announced by IASB
Amendments to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 " Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 " Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements Cycle 2010-2012 and 2011-2013	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
Amendments to IFRIC Interpretation 21 "Levies"	January 1, 2014

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

4. Summary of significant accounting policies

(1) Statement of compliance

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

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as those adopted in the consolidated financial statements for the year ended December 31, 2014. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2014 for the detail disclosures of significant accounting policies and Note 3(1) for the impact of adopting the 2013 version of IFRSs endorsed and issued to be effective by the FSC commencing from January 1, 2015.

(2) Basis of consolidation

1) Except for Note 3(1), principle of preparing consolidated financial statements are the same as the consolidated financial statements as of and for the year ended December 31, 2014. Please refer to Note 4(1) of the consolidated financial statements as of and for the year ended December 31, 2014 for relevant inforation.

(Continued)

2) The subsidiaries included in the consolidated financial statements are as follows:

			Shareholdings		
Investor	**The name of subsidiaries**	**Business activity**	**March 31, 2015**	**December 31, 2014**	**March 31, 2014**
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	99.99 %
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
The Company	PEI JEN Co., Ltd.	Investment in enterprise	100.00 %	100.00 %	100.00 %
The Company	PIECEMAKERS TECHNOLOGY CORP.	Product design and sells	58.34 %	58.34 %	71.10 %
The Company	SUMPRO ELECTRONICS CORP.	Manufacture and sale of electronic components	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Germany	Sales of semiconductor products	100.00 %	100.00 %	100.00 %
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzen	Sales of semiconductor products	100.00 %	100.00 %	100.00 %

Note : All of the subsidiaries' financial statements were not reviewed by independent accountants as of and for the three-month periods ended March 31, 2015 and 2014.

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

(3) Income taxes

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

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

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

(Continued)

(4) Employee benefits

The 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 curtailments, settlements, or other significant one-off events.

5. Critical accounting judgments and key sources of estimation uncertainly

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

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

6. Significant accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements for the year ended December 31, 2014. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2014 for more details.

(1) Cash and cash equivalents

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand－pretty cash	$ 239	163	1,711
Checking and demand deposits	2,729,305	3,091,133	2,823,557
Time deposits	4,559,423	3,808,616	4,123,408
Short-term commercial papers	139,623	367,943	160,410
	$ 7,428,590	7,267,855	7,109,086

The Group provided certificate of deposit to financial institute amounting to $15,624, $15,900 and $17,754, as a pledge to imported cargo materials as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

The Group's time deposits amounted to $360,000 as of March 31, 2015 and December 31, 2014. Because the credit agreement shall not be used, such time deposits were reclassified to non-current assets.

(Continued)

(2) Notes receivable, accounts receivable and other receivables

	March 31, 2015	December 31, 2014	March 31, 2014
Notes receivable from operating activities	$ -	21,301	-
Accounts receivable (including related parties)	6,065,296	6,032,705	5,497,776
Other receivables (including related parties)	1,886,494	1,908,999	2,211,439
Less : allowance for doubtful receivables	(8,734)	(8,889)	(9,925)
	$ 7,943,056	7,954,116	7,699,290

Aging analysis of notes receivable, accounts receivable and other receivables:

	Neither past due nor impaired	Past due but not impaired			Total
		Within 30 days	31-60 days	over 61 days	
March 31, 2015	$ 7,920,373	22,683	-	-	7,943,056
December 31, 2014	7,806,317	146,542	1,257	-	7,954,116
March 31, 2014	7,643,252	55,877	161	-	7,699,290

Movements of allowance for doubtful accounts of notes receivable, accounts receivable and other receivables for the three-month periods ended March 31, 2014 and 2015 were as follows:

	Collectively assessed impairment
Balance at January 1, 2015	$ 8,889
Loss on foreign exchange	(155)
Balance at March 31, 2015	$ 8,734
Balance at January 1, 2014	$ 9,546
Gain on foreign exchange	379
Balance at March 31, 2014	$ 9,925

(3) Inventories

	March 31, 2015	December 31, 2014	March 31, 2014
Raw materials	$ 274,138	145,520	244,623
Work in process	2,779,957	2,719,794	3,570,328
Finished goods	2,073,128	2,140,021	2,591,112
Supplies	52,127	143,072	136,218
	$ 5,179,350	5,148,407	6,542,281

(Continued)

As the net realizable value of inventories has increased due to the circumstance that caused the inventory devaluation in prior period to improve, the Group recognized a gain from recovery in the value of inventories of $5 for the three-month period ended March 31, 2015, which were credited to cost of goods sold. The Group recognized a loss from devaluation of inventories of $17,962 for the three-month period ended March 31, 2014, which was debited to cost of goods sold as the carrying value of inventories exceeded the net realizable value thereof.

(4) Non- current assets held for sale

On March 14, 2014, the Board of Directors of the Company and the temporary shareholders' meeting of its subsidiary, Sumpro Electronics Corporation, approved of the plan to sell parts of the buildings of the Company, as well as all machinery equipment and spare parts of the subsidiary. The Company and its subsidiary disposed their assets on July 1, 2014, at $400,000 and $1,300,000, respectively. The full amount of the price has been received.

For the three-month period ended March 31, 2014, non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell, and recognized the impairment losses of $1,980 and $405,306, respectively, under other gains and losses and losses from discontinued operations on the consolidated statements of comprehensive income. Please refer to Note 6(17) and Note 12(3) for details.

(5) Investments accounted for using equity method

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

	March 31, 2015	December 31, 2014	March 31, 2014
Associate	$ 30,128,423	28,345,213	15,874,025

1) Associate

The Group's capital surplus—investment in associate accounted for using equity method increased by $11,520 due to the recognization of the compensation costs of employee stock options of Inotera Memories, Inc. for the three-month period ended March 31, 2015.

On February 10, 2015, the Inotera Memories, Inc.'s capital surplus—investment in associate accounted for using equity method decreased by $908 due to the increase in capital injection of 13,653 thousand shares, without purchasing in proportion to the original shareholding percentage.

The Group's capital surplus—investment in associate accounted for using equity method increased by $14,896 due to the recognization of the compensation costs of employee stock options of Inotera Memories, Inc. for the three-month period ended March 31, 2014.

On February 13, 2014, the Inotera Memories, Inc.'s capital surplus—investment in associate accounted for using equity method increased by $35,069 due to increase in capital injection of 24,584 thousand shares, without purchasing in proportion to the original shareholding percentage.

The information of the investment in associate accounted for using equity method was as follows：

			Percentage of ownership		
Associate	Relationship	Registration Country	March 31, 2015	December 31, 2014	March 31, 2014
Inotera Memories,Inc.	The main operating activities of Inotera are manufacturing and selling semiconductor products. Also, Inotera is a partner of the Company to expand the semiconductor industry business.	Taiwan	24.38 %	24.42 %	26.21 %

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

	March 31, 2015	December 31, 2014	March 31, 2014
Inotera Memories, Inc.	$ 66,653,956	80,144,397	38,076,571

The following is the aggregated financial information of the associate that has already been modified to the associate's consolidated financial statements based on the IFRS as endored by FSC to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

(a) The financial information in aggregate of Inotera Memories Inc.

	March 31, 2015	December 31, 2014	March 31, 2014
Current assets	$ 60,491,884	56,814,358	47,316,581
Non-current assets	82,063,680	80,987,748	64,807,243
Current liabilities	(16,750,685)	(17,272,884)	(39,984,263)
Non-current liabilities	(1,831,299)	(4,050,738)	(11,042,982)
Net asset	$ 123,973,580	116,478,484	61,096,579

	For the three-month periods ended March 31,	
	2015	2014
Revenue	$ 18,453,812	20,224,291
Net income from continuing operations	$ 7,268,929	11,245,850
Other comprehensive income	(64)	-
Total comprehensive income	$ 7,268,865	11,245,850

	For the three-month periods ended March 31,	
	2015	2014
Share of the investment in associate at January 1	$ 28,345,213	12,851,702
Total comprehensive income allocated to the Group of the investment in associate at March 31	1,772,544	2,972,155
	30,117,757	15,823,857
Increasing:		
Disposal of realized profit from fixed assets	67	203
Recognization of the costs of employee stock options	11,520	14,896
Capital surplus due to acquisition of shares recognized difference from original holding proportion	-	35,069
Decreasing:		
Capital surplus due to acquisition of shares recognized difference from original holding proportion	(908)	-
Others	(13)	-
Carrying amount of the investment in associate	**$ 30,128,423**	**15,874,025**

(6) Acquisition of non-controlling interests

On March 27, 2014, the subsidiary of the Company, Sumpro Electronics Corporation, redeemed its common shares by paying $69,750 in cash, increasing the Group's shareholding percentage in its subsidiary from 94% to 100%. On September 26, 2014, the treasury stocks repurchased by the subsidiary were cancelled due to the resolution of the board. There were 15,000 thousand shares that were cancelled. September 26, 2014 was the record date for the decrease in capital.

The following summarized the effect of changes in the Company's ownership interest in its subsidiary:

	For the three-month periods ended March 31, 2014
Acquisition of non-controlling interests (carrying amount)	$ 9,787
Consideration paid for the non-controlling interests	(69,750)
Differences between purchase consideration and book value of the shares	$ **(59,963)**
Decrease in capital surplus	$ (36,311)
Decrease in retained earnings	(23,652)
	$ **(59,963)**

(7) Property, plant and equipment

The cost and depreciation of property, plant and equipment of the Group as of and for the three-month periods ended March 31, 2015 and 2014 were as follows:

	Land	Building	Machinery and equipment	Other facilities	Construction in progress	Total
Cost :						
Balance as of January 1, 2015	$ 1,013,924	4,197,965	117,669,279	1,548,558	4,079,353	128,509,079
Additions	-	-	1,093,955	4,427	2,767	1,101,149
Disposals	-	-	(36,207)	(8,323)	-	(44,530)
Reclassification	-	658	2,940,407	(2,756)	(2,938,309)	-
Effect of exchange rate change	-	(37)	(823)	(501)	-	(1,361)
Balance as of March 31, 2015	$ **1,013,924**	**4,198,586**	**121,666,611**	**1,541,405**	**1,143,811**	**129,564,337**
Balance as of January 1, 2014	$ 1,013,924	5,241,798	121,096,948	1,992,068	529,640	129,874,378
Additions	-	-	77,964	7,123	(15,920)	69,167
Disposals	-	-	(616,821)	321	-	(616,500)
Reclassification	-	-	160,088	28,947	(189,035)	-
Reclassification to non-current assets held for sale	-	(1,042,934)	(2,220,593)	-	-	(3,263,527)
Reclassification to prepaid expense	-	-	(71,816)	(8,023)	-	(79,839)
Effect of exchange rate change	-	98	729	(73)	-	754
Balance as of March 31, 2014	$ **1,013,924**	**4,198,962**	**118,426,499**	**2,020,363**	**324,685**	**125,984,433**

(Continued)

	Land	Building	Machinery and equipment	Other facilities	Construction in progress	Total
Accumulated depreciation / impairment :						
Balance as of January 1, 2015	$ -	1,131,077	75,006,135	1,195,940	-	77,333,152
Depreciation for the period	-	40,042	1,301,612	20,120	-	1,361,774
Disposals	-	-	(36,207)	(7,592)	-	(43,799)
Reversal of impairment loss	-	-	-	(708)	-	(708)
Reclassification	-	658	4,921	(5,579)	-	-
Effect of exchange rate change	-	(16)	(668)	(197)	-	(881)
Balance as of March 31, 2015	$ -	1,171,761	76,275,793	1,201,984	-	78,649,538
Balance as of January 1, 2014	$ -	1,602,429	73,947,602	1,525,667	-	77,075,698
Depreciation for the period	-	50,222	1,334,499	33,439	-	1,418,160
Disposals	-	-	(610,619)	(3,594)	-	(614,213)
Impairment loss	-	-	-	4,483	-	4,483
Reclassification	-	-	(21,348)	21,348	-	-
Reclassification to non-current assets held for sale	-	(640,954)	(765,287)	-	-	(1,406,241)
Reclassification to prepaid expense	-	-	(35,908)	(2,033)	-	(37,941)
Effect of exchange rate change	-	35	1,009	14	-	1,058
Balance as of March 31, 2014	$ -	1,011,732	73,849,948	1,579,324	-	76,441,004
Carrying amounts:						
Balance as of March 31, 2015	$ 1,013,924	3,026,825	45,390,818	339,421	1,143,811	50,914,799
Balance as of December 31, 2014	$ 1,013,924	3,066,888	42,663,144	352,618	4,079,353	51,175,927
Balance as of March 31, 2014	$ 1,013,924	3,187,230	44,576,551	441,039	324,685	49,543,429

1) Collaterals

Please refer to Note 8 for conditions of the Group's property, plant and equipment pledged or collateralized as security for long-term loans or lines of credit.

2) Leased Assets

Please refer to Note 6(11) for the further description of finance lease liabilities.

(8) Lease receivables

1) On June 18, 2009, the Company signed an amended long-term lease agreement with Inotera Memories, Inc. and MeiYa Technology Corp. on the lease of building, facilities and land located on 348, 348-1 and 348-3, Hwa-Ya Section, Kueishan District, Taoyuan City. This amended lease agreement, which took effect retroactively from January 1, 2009, includes the renewal term. Initial lease term is from January 1, 2009 to December 31, 2018. However Inotera Memories, Inc. is entitled to renew this amended lease agreement for an unlimited number of consecutive additional terms of five years each, by providing a written notice with the intention to renew the lease term commencing from January 1, 2019. In addition, Inotera Memories, Inc. has an exclusive option to purchase the leased assets for a total purchase price of US$50,000 thousand on and after January 1, 2024. Also, the rental receivable for the entire year of 2009 has been waived. Initial yearly rentals for the leased building (including facilities and land) were US$13,010 thousand and US$1,990 thousand, respectively from January 1, 2010 to December 31, 2018; the first yearly renewal rentals for the leased building (including facilities and land) will be US$8,010 thousand and US$1,990 thousand, respectively, from January 1, 2019 to December 31, 2023; the subsequent yearly renewal rentals for the leased building (including facilities and land) will be US$10 thousand and US$1,990 thousand commencing from January 1, 2024. The amended lease agreement for the building (including facilities) is treated as a capital lease because (a) the present value of the periodic rental payments made since the inception date is at least 90% of the market value of the leased assets and (b) the lease term is equal to 75% or more of the total estimated economic life of the leased assets. The land is treated as an operating lease.

2) The total lease receivable from the capital lease of the building (including facilities) was $5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was $2,656,223. The difference was recognized as unrealized interest revenue of $2,529,397. For the three-month periods ended March 31, 2015 and 2014, the Company recognized the interest revenue of $52,884 and $58,274, respectively, from the amortization of unrealized interest revenue.

The details of lease receivables were as follows:

	March 31, 2015			December 31, 2014			March 31, 2014		
	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
Less than one year	$ 429,330	196,777	232,553	429,330	202,759	226,571	429,330	219,797	209,533
Between one and five years	1,511,070	518,893	992,177	1,552,320	544,414	1,007,906	1,676,070	623,365	1,052,705
More than five years	991,238	160,039	831,199	1,057,320	181,420	875,900	1,255,568	252,344	1,003,224
Subtotal	$ 2,931,638	875,709	2,055,929	3,038,970	928,593	2,110,377	3,360,968	1,095,506	2,265,462
Current			$ 232,553			226,571			209,533
Non-current			1,823,376			1,883,806			2,055,929
Lease receivables—related parties			$ 2,055,929			2,110,377			2,265,462

(Continued)

(9) Short-term borrowings

1) Short-term borrowings consisted of the following:

	March 31, 2015	December 31, 2014	March 31, 2014
Unsecured short-term borrowings	$ **3,602,000**	**-**	**90,000**
Interest rate	**1.15%~1.6%**	**-**	**1.45%**

2) Issuance and redemption of loans

	For the three-month periods ended March 31, 2015	2014
Balance as of January 1	$ -	90,000
New issuance during the period	3,602,000	90,000
Repayments during the period	-	(90,000)
Balance as of March 31	$ **3,602,000**	**90,000**
Interest rate	**1.15%~1.8%**	**1.45%**
Due date	**April 7, 2015 to August 20, 2015**	**April 25, 2014**

(10) Long-term loans

The details of long-term loans were as follows:

	March 31, 2015 Currency	Interest rate range	Expiration	Amount
Unsecured bank loans	TWD	1.987%~2.08%	2015~2016	$ 750,000
Secured bank loans	TWD	2.3966%	2015~2019	11,981,250
Less: current portion				(750,000)
Total				$ **11,981,250**
Unused long-term of credit				$ **7,241,000**

	December 31, 2014 Currency	Interest rate range	Expiration	Amount
Unsecured bank loans	TWD	1.987%~2.092%	2015~2016	$ 800,000
Secured bank loans	TWD	2.093%~2.439%	2015~2019	15,580,000
Less: current portion				(3,900,000)
Total				$ **12,480,000**
Unused credit facility				$ **10,435,000**

(Continued)

	March 31, 2014			
	Currency	**Interest rate range**	**Expiration**	**Amount**
Unsecured bank loans	TWD	2.495%~2.675%	2015~2016	$ 850,000
Secured bank loans	TWD	2.061%~2.5789%	2015~2019	13,569,500
Less: current portion				(7,293,250)
Total				**$ 7,126,250**
Unused credit facility				**$ 12,700,000**

1) Issuance and redemption of loans

a. The amount of long-term loans issued during the three-month period ended March 31, 2015 was $6,400,000. The details of this loan are as follows:

(a) The interest rate was from 2.45% to 2.58%

(b) The period of loan was 5 years.

(c) The first repayment of the principal is due on the due date, with the rest payable in 5 semi-annual installments.

The Company signed a syndicated loan agreement with Bank of Taiwan, the managing bank, and 13 other banks for a syndicated loan with a credit line of $12,000,000 on January 2, 2014, and applied for appropriation of loans of $6,400,000 on January 28, 2014, $3,650,000 on July 28, 2014, and $1,950,000 on October 27, 2014, respectively. The required interest was 90-day commercial paper rate, plus, an annual interest rate of 1.1% in monthly payments. Additionally, the first repayment of the principal is due on the due date, with the rest payable in 5 semi-annual installments. According to the agreement, the borrower should maintain a balance of no less than 3% of the original credit limit in the specified bank account two months from the first appropriation date.

The aforementioned financial ratios should be based on the annual consolidated financial reports of the borrower and calculated by the managing bank every 6 months starting from the end of 2013 or when the managing bank deems necessary. If there are any violations of the agreement, the borrower can apply to the banks for exemption. If the application is approved by all the banks in the syndicated agreement, then the violation will be exempted from penalty. The required financial ratios are as follows:

(a) Financing payables to related parties: not less than $35,000,000.

(b) Liability Ratio (total liabilities to total net equity and tangibles assets, plus, financing payables to related parties): not more than 200%.

(c) Tangible net equity, plus, other financing payables to related parties: not less than $45,000,000 in 2013, and $50,000,000 for each year beginning 2014.

The Company is in compliance with all requirements on the aforementioned financial ratios in the first 6 months of 2014 and for the year ended December 31, 2014.

b. According to the original long-term loan agreements, the Company was required to maintain certain financial ratios. If the Company fails to maintain these financial ratios, the syndicated banks may determine to declare the unpaid principal, interest, fees and other sums payable by the Company under the loan agreement to be immediately due and payable. These financial ratios are as follows:

(a) Current Ratio (total current assets to total current liabilities): not less than one (1) to one (1).

(b) Interest Coverage Ratio (EBITDA to interest expenses): shall not be less than three (3) to one (1).

(c) Leverage Ratio (total liabilities, plus, contingent liabilities to tangible net worth): not higher than one and a half (1.5) to one (1).

On June 11, 2014, the syndicated banks formally agreed to further waive the Company's obligation to comply with its financial loan covenants relating to the financial statements for the year ended December 31, 2013. Also, on November 28, 2014, the syndicated banks formally agreed to further waive the Company's obligation to comply with its financial loan covenants under the syndicate loan relating to the financial statements for the six-month periods ended June 30, 2014. The long-term loan was repaid on January 28, 2015.

2) Collaterals for bank loans

Please refer to Note 8 for information on assets pledged as loan collateral by the Group.

(11) Finance lease liabilities

	March 31, 2015			December 31, 2014			March 31, 2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 24,698	16,729	7,969	24,698	16,845	7,853	24,698	17,183	7,515
Between one and five years	98,791	61,805	36,986	98,792	62,343	36,449	98,791	63,911	34,880
More than five years	364,294	121,066	243,228	370,468	124,667	245,801	388,991	135,689	253,302
	$ 487,783	199,600	288,183	493,958	203,855	290,103	512,480	216,783	295,697
Current			$ 7,969			7,853			7,515
Non-current			280,214			282,250			288,182
Lease payables－related parties			$ 288,183			290,103			295,697

(Continued)

1) The rental of land is an operating lease. The rental expenses of $930 recognized for the three-month periods ended March 31, 2015 and 2014 were fully paid.

2) The Group did not issue, repurchase, or repay any lease liabilities during the three-month periods ended March 31, 2015 and 2014. Please refer to Note 6(17) for the details of related interest expenses. For other relevant information, please refer to Note 6(12) of the consolidated financial statements for the year ended December 31, 2014.

(12) Employee benefits

1) Defined benefit plan

Subsequent to December 31, 2014, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, the pension cost in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2014 and 2013.

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

	For the three-month periods ended March 31,	
	2015	**2014**
Cost of goods sold	$ 3,191	3,702
Operating expenses	1,343	1,625
Total	**$ 4,534**	**5,327**

2) Defined contribution plan

The Group's pension costs that were contributed to the Bureau of Labor Insurance were as follows:

	For the three-month periods ended March 31,	
	2015	**2014**
Cost of goods sold	$ 16,803	22,464
Operating expenses	13,192	10,301
Total	**$ 29,995**	**32,765**

(Continued)

(13) Income tax

1) The details of income tax expense were as follows:

	For the three-month periods ended March 31, 2015	2014
Current income tax expense	$ 4,613	633
Deferred income tax expense	64	1,296
Income tax expense	$ **4,677**	**1,929**

2) As of March 31, 2015, under the ROC Income Tax Act, the amount of unused loss carry forward available to the Company were as follows:

Year	Unused loss carry forward	Expiry year
2008 (declared)	$ 15,820,355	2018
2009 (declared)	19,525,230	2019
2010 (declared)	12,439,512	2020
2011 (declared)	30,344,487	2021
2012 (declared)	29,717,148	2022
2013 (filed)	3,713,450	2023
Total	$ **111,560,182**	

3) The Company's income tax returns have been examined by the ROC tax authority through 2012.

4) Information related to the undistributed earnings and imputation credit account (ICA) and creditable ratio were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Undistributed earnings (accumulated deficit)			
after 1998	$ **17,106,607**	**10,816,268**	**(226,998,111)**
Imputation credit account	$ **73,483**	**73,483**	**67,515**

	2014(estimated)	2013(actual)
Tax deduction ratio for earnings distribution to ROC residents	**0.68** %	- %

Under the information for integrated income tax, the above imputation credit account and creditable ratio were calculated according to the formal interpretation No.10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C. on October 17, 2013.

(Continued)

(14) Capital and other equity

Except as described below, there was no material change in equity for the three-month periods ended March 31, 2015 and 2014. Please refer to Note 6(15) of the consolidated financial statements as of and for the year ended December 31, 2014 for the related detail disclosures on equity.

1) Common stock

As of three-month period ended March 31, 2015, the board of directors approved to increase the Company's common shares arising from the exercise of stock options under the Employee Stock Option Plan (ESOP). Accordingly, the Company issued 4 thousand and 17,166 thousand common shares of stock, at an issuance premium price of $81.9 and $55 per share, respectively, with the total values amounting to $327 and $944,130, respectively. All issued shares were paid up upon issuance. Also, the process for the registration thereof was completed.

As of three-month period ended March 31, 2014, the board of directors approved to increase the Company's common shares arising from the exercise of stock options under the Employee Stock Option Plan (ESOP). Accordingly, the Company issued 157 thousand common shares of stock, at an issuance discount price of $5.5 per share, respectively, with a total value amounting to $863. All issued shares were paid up upon issuance. Also, the process for the registration thereof was completed.

2) Capital surplus

The components of capital surplus were as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Equity in capital surplus of investee companies	$ 4,988,240	4,977,555	2,827,971
Employee stock option plans	857,128	879,953	890,226
Premium from exercise of employee stock options	1,318,935	520,428	-
	$ 7,164,303	6,377,936	3,718,197

3) Retained Earning

Pursuant to the Company's articles of incorporation, the Company's annual net profit is used to pay income tax, offset prior-year deficits, set aside 10% of the remainder as legal reserve and provide a special reserve when necessary. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which is initially proposed by the Board of Directors and adopted by the shareholders in the Annual Stockholders' Meeting.

1% to 15% of the remaining profit, if any, after providing for any special reserves pursuant to relevant laws and regulations, if necessary, is appropriated as bonus to employees, and such bonus to employees is estimated and recognized as the Company's expenses in the year earnings are incurred. The Company may also appropriate bonus to employees of an affiliated company meet the conditions set by he Board of Directors.

(Continued)

As it belongs to a highly capital-intensive industry with strong growth potential, the Company adopts a dividend distribution policy which is in line with its plans for product line expansion and the demand of fund. This policy requires that the distribution of cash dividends shall be equal to at least fifty percent (50%) of the Company's total dividend distribution every year.

For the three-month period ended March 31, 2015, the estimated employee bonues amounted to $56,613. The employee bonues were calculated based on the Company's net profit after tax, distributed according to the earning allocation method stated under the Company's articles of incorporation, and were expensed as operating costs or expenses in the current year. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amounts, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If profit sharing approved for distribution to employees is in the form of common shares, the number of shares is determined by dividing the amount of profit sharing by the closing price (after considering the effect of dividends) of the shares on the day preceding the shareholders' meeting.

The employee bonues amounted to $97,004 for 2014. The information about the appropriations of bonuses to employees is available at the Market Observation Post System website. The differences between the amounts approved in the shareholders' meeting and those recognized in the consolidated financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in 2015.

The appropriations of earnings of 2014 were approved in the board of directors' meeting on March 12, 2015. The amounts of appropriation of dividends per share were as follows:

	2014	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 2.00	4,853,396

On June 6, 2014, the Company decided at its stockholders' meeting that there were no earnings to be distributed due to the accumulated deficit as of December 31, 2013.

4) Treasury stock

The Company's stocks held by subsidiaries were as follows:

Unit: Thousand shares of common stock

	March 31, 2015	December 31, 2014	March 31, 2014
Beginning number of shares as of January 1	687	6,870	6,870
Increase	-	-	-
Decrease (Note)	-	6,183	-
Ending number of shares as of December 31	**687**	**687**	**6,870**
Ending balance as of December 31	$ **347,533**	**347,533**	**347,533**
Carrying amount per share	$ **505.87**	**505.87**	**50.59**
Market price per share	$ **79**	**81**	**4.05**

Note : The decrease was a result of capital reduction.

As of March 31, 2015, none of the Company's common stock held by its subsidiary, Pei Jen Co., Ltd., has been sold.

According to the Securities and Exchange Act, the treasury stocks are not allowed to be pledged and the shareholders' right are limited until the treasury stocks are transferred.

5) Other Equity

	Exchange differences on translation of foreign operations	Unrealized gains on available-for-sale financial assets
Balance at January 1, 2015	$ (23,516)	29,455
Exchange differences on translation of foreign operations, net of tax:		
-the Group	(11,338)	-
Unrealized gains (losses) on available-for-sale financial assets:		
-the Group	-	26,729
Balance at March 31, 2015	$ **(34,854)**	**56,184**
Balance at January 1, 2014	$ (19,739)	17,405
Exchange differences on translation of foreign operations, net of tax		
-the Group	7,350	-
Unrealized gains (losses) on available-for-sale financial assets:		
-the Group	-	(2,354)
Balance at March 31, 2014	$ **(12,389)**	**15,051**

(Continued)

(15) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the three-month periods ended March 31, 2015 and 2014. Please refer to Note 6(16) of the consolidated financial statements as of and for the year ended December 31, 2014 for related detail disclosures on share-based payment transactions.

The details of these employee stock option plans were as follows:

Unit: in thousands

	For the three-month periods ended March 31,			
	2015		2014	
	Weighted-average exercise price (TWD)	Number of options (Units)	Weighted-average exercise price (TWD)	Number of options (Units)
Outstanding at January 1	$ 46.98	83,965	4.95	114,321
Options exercised	55.02	(6,658)	5.50	(157)
Options forfeited	45.32	(235)	5.51	(298)
Outstanding at March 31	46.29	**77,072**	4.94	**113,866**
Options exercisable, end of period	46.29	**77,072**	5.05	**99,926**

For the three-month periods ended March 31, 2015 and 2014, expenses arising from share options granted to employees amounted to $3,052 and $8,032, respectively.

(16) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

	For the three-month periods ended March 31,	
	2015	2014
Basic earnings per share:		
Net income from continuing operations attributable to the Group	$ 6,290,339	6,811,851
Net loss from discontinuing operations attributable to the Group	-	(683,948)
Net income attributable to the Group	**$ 6,290,339**	**6,127,903**
Weighted-average number of ordinary shares outstanding (basic)	2,412,656	2,395,401
Basic earnings per share from continuing operations (dollars)	$ 2.61	2.84
Basic earnings per share from discontinuing operations (dollars)	-	(0.28)
Basic earnings per share (dollars)	**$ 2.61**	**2.56**

(Continued)

	For the three-month periods ended March 31,	
	2015	2014
Diluted earnings per share:		
Net income from continuing operations attributable to the Group	$ 6,290,339	6,811,851
Net loss from discontinuing operations attributable to the Group	-	(683,948)
Net income attributable to the Group	$ 6,290,339	6,127,903
Effect of dilutive potential common shares:		
Weighted-average number of ordinary shares (basic)	2,412,656	2,395,401
Effect of employee stock option	32,733	5,540
Weighted-average number of ordinary shares (diluted)	2,445,389	2,400,941
Diluted earnings per share from continuing operations (dollars)	$ 2.57	2.83
Diluted earnings per share from discontinuing operations (dollars)	-	(0.28)
Diluted earnings per share (dollars)	$ 2.57	2.55

(17) Non-operating income and expenses

1) Other income

The Group's details of other income were as follows:

	For the three-month periods ended March 31,	
	2015	2014
Bank deposits and short-term notes	$ 6,639	7,450
Finance leases	52,884	58,274
	$ 59,523	65,724

2) Other gains and losses

The Group's details of other gains and losses were as follows:

	For the three-month periods ended March 31,	
	2015	2014
Foreign exchange (losses) gains, net	$ (89,125)	173,572
Reversal of impairment gains (impaired losses) on non-financial assets	708	(6,463)
(Losses) gains on disposal of property, plant and equipment	(356)	863
Others	36,092	(23,691)
	$ (52,681)	144,281

(Continued)

3) Finance expenses

The Group's details of finance expenses were as follows:

	For the three-month periods ended March 31, 2015	2014
Bank borrowings	$ 90,450	76,545
Financing interest of entities with significant influence over the Group	48,322	106,596
Financing interest from other related parties	100,257	134,912
Lease payments	4,254	4,391
Others	(317)	(72)
	$ 242,966	322,372

(18) Financial instruments

Except as described below, there was no material change with regard to the fair value and exposure risks of credit risk, liquidity risk and market risk on financial instruments. Please refer to Note 6(20) of the consolidated financial statements as of and for the year ended December 31, 2014 for the related detail disclosures on financial instruments.

1) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2015							
Non-derivative financial liabilities							
Short-term borrowing	$ 3,602,000	3,616,916	3,616,916	-	-	-	-
Secured bank loans	11,981,250	12,802,105	141,826	141,826	2,673,882	9,844,571	-
Unsecured bank loans	750,000	782,630	255,391	55,032	108,525	313,266	50,416
Entities with significant influence over the Group	11,000,000	11,179,043	-	11,179,043	-	-	-
Financing from other related parties	24,522,100	24,921,465	-	24,921,465	-	-	-
Finance lease liabilities	288,183	487,784	12,349	12,349	24,698	74,094	364,294
Notes and accounts payable (including to related parties)	1,486,396	1,486,396	1,486,396	-	-	-	-
	$ 53,629,929	55,276,339	5,512,878	36,309,715	2,807,105	10,231,931	414,710
December 31, 2014							
Non-derivative financial liabilities							
Secured bank loans	$ 15,580,000	16,494,206	3,750,108	144,329	288,659	12,311,110	-
Unsecured bank loans	800,000	836,636	251,342	50,676	102,900	321,080	110,638
Entities with significant influence over the Group	13,400,000	13,615,271	-	13,615,271	-	-	-
Financing from other related parties	26,615,567	27,043,146	-	27,043,146	-	-	-
Finance lease liabilities	290,103	494,138	12,349	12,349	24,698	74,094	370,648
Notes and accounts payable (including to related parties)	1,208,940	1,208,940	1,208,940	-	-	-	-
	$ 57,894,610	59,692,337	5,222,739	40,865,771	416,257	12,706,284	481,286

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2014							
Non-derivative financial liabilities							
Short-term borrowing	$ 90,000	109,053	109,053	-	-	-	-
Secured bank loans	13,569,500	15,761,960	3,758,659	3,722,068	195,346	4,165,035	3,920,852
Unsecured bank loans	850,000	913,628	60,945	60,285	313,838	219,289	259,271
Entities with significant influence over the Group	26,300,000	26,724,642	-	26,724,642	-	-	-
Financing from other related parties	32,298,530	32,820,050	-	32,820,050	-	-	-
Finance lease liabilities	295,697	512,480	12,349	12,349	24,698	74,093	388,991
Notes and accounts payable (including to related parties)	1,333,796	1,333,796	1,333,796	-	-	-	-
	$ 74,737,523	78,175,609	5,274,802	63,339,394	533,882	4,458,417	4,569,114

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

2) Market risk

a. Exposure to currency

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

	March 31, 2015			December 31, 2014			March 31, 2014		
	Foreign currency (in thousands)	Exchange rate	New Taiwan Dollars	Foreign currency (in thousands)	Foreign rate	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate	New Taiwan Dollars
Financial assets:									
Monetary items									
USD	$ 260,847	31.401	8,190,857	267,934	31.718	8,498,331	208,278	30.510	6,354,562
JPY	2,242,047	0.2604	583,829	1,629,358	0.2650	431,780	3,424,259	0.2959	1,013,238
EUR	189	33.901	6,407	628	38.531	24,197	3,207	41.930	134,470
Financial liabilities									
Monetary items									
USD	94,588	31.401	2,970,158	94,532	31.718	2,998,366	77,964	30.510	2,378,682
JPY	215,480	0.2604	56,111	725,529	0.2650	192,265	354,808	0.2959	104,988

The Group's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, and accounts payable which are denominated in different foreign currencies. A 1% depreciation of the TWD against the USD, EUR, and JPY as of March 31, 2015 and 2014, would have decreased the net income after tax by $57,548 and $50,186 for the three-month periods ended March 31, 2015 and 2014, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The management believes that the analysis is performed on the same basis.

b. Interest rate risk

The Group's exposure to interest rate risk arising from financial assets and liabilities is described in Note 6(18).

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase or decrease in interest rate is assessed by the management to be a reasonably possible change in the interest rate.

If the interest rates increase by 1% (with all the other factors remain constant) for the years ended December 31, 2015 and 2014, the Group's profit would have decreased by $518,554 and $731,080 respectively, which were mainly caused by the floating rate loans.

3) Fair value

a. Fair value and carrying amount

The Group's management considers the carrying amounts of loans and receivables, as well as its financial assets and financial liabilities measured at amortized cost, as a reasonable approximation of fair value.

b. Valuation techniques and assumptions used in fair value determination

If the quoted price is available on an active market, market price is used as the fair value; the primary stock exchange and the market price of securities determined as popular securities published by the security exchange center of the central government qualify as the basis of fair value evaluation used for listed equity instruments and debt instruments with an active market.

Fair value of the Group's financial instruments that have an active market is displayed by category and attributed as follows:

Listed stocks are financial assets with standard transaction terms and conditions, and are traded on an active market. The fair value of such items is determined in reference to the quoted market price.

	Carrying	Fair value			
	Value	Level 1	Level 2	Level 3	Total
March 31, 2015					
Available-for-sale financial assets					
Listed stocks	$ 142,095	142,095	-	-	142,095

	Carrying	Fair value			
	Value	Level 1	Level 2	Level 3	Total
December 31, 2014					
Available-for-sale financial assets					
Listed stocks	$ 115,366	115,366	-	-	115,366

	Carrying	Fair value			
	Value	Level 1	Level 2	Level 3	Total
March 31, 2014					
Available-for-sale financial assets					
Listed stocks	$ 100,962	100,962	-	-	100,962

(Continued)

(19) Financial risk management

The policies and the objectives of the financial risk management are consistent with those disclosed in Note 6(21) of the consolidated financial statements for the year ended December 31, 2014.

(20) Capital management

There were no material changes in capital management target adopted for capital management in comparison to Note 6(22) of the consolidated financial statements as of and for the year ended December 31, 2014.

(21) Investing and financing activities of noncash transactions

Cash flow of noncash investing and financing transactions for the three-month periods ended March 31, 2015 and 2014 were as follows:

1) Investing and financing activities without having an impact on cash flow

	For the three-month periods ended March 31,	
	2015	**2014**
Current portion of long-term liabilities	$ **750,000**	**7,293,250**

2) Cash paid to purchase property, plant and equipment

	For the three-month periods ended March 31,	
	2015	**2014**
Increase in property, plant and equipment	$ 1,101,149	69,167
(Decrease) increase in other payables–equipment	(136,743)	58,467
Cash paid to purchase property, plant and equipment	$ **964,406**	**127,634**

3) Cash paid to purchase intangible assets

	For the three-month periods ended March 31,	
	2015	**2014**
Increase in intangible assets	$ 351	450,016
Increase (decrease) in other payables—intangible assets	58,147	(259,507)
Cash paid to purchase intangible assets	$ **58,498**	**190,509**

(Continued)

7. Related-party transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Significant related-party transactions

1) Sales to related parties

The Group's significant sales to related parties and the balance of accounts receivable were as follows:

	Sales For the three-month periods ended March 31,		Accounts receivable－related parties		
	2015	2014	March 31, 2015	December 31, 2014	March 31, 2014
Other related parties (Note)	$ (3,177)	31,638	78	19,825	33,393

Note: A sales discount of $3,177 to other related parties was recognized for the three-month periods ended March 31, 2015.

The selling prices and collection terms for the sales to related parties are not significantly different from those third-party customers, and the normal credit term with the related parties above is 15 days after the second of each delivery month. There is no collateral received among related parties accounts receivable and there is no need to estimate bad debt expense.

2) Purchase from related parties

The Group's significant purchases from related parties and the balance of accounts payable were as follows:

	Purchases For the three-month periods ended March 31,		Accounts payable－related parties		
	2015	2014	March 31, 2015	December 31, 2014	March 31, 2014
Associate (Note)	$ (592)	91,795	235	-	62,076
Entities with significant influence over the Group	26,420	27,250	9,541	10,411	9,708
Other related parties	203,430	225,523	186,609	123,184	203,372
	$ 229,258	344,568	196,385	133,595	275,156

Note: The purchase discounts and allowances of $592 to associate were recognized as a result of the transfer price change with purchase price for the three-month period ended March 31, 2015 of the Group.

The purchase price and payment terms for the purchase from related parties are not significantly different from those with third-party vendors, and the average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to two months, which was similar to that of other normal vendors. Purchase price with associates is calculated using the transfer pricing formula in accordance with the agreement.

3) Consigned out for processing and accounts payable

	Amount — For the three-month periods ended March 31,		Other payables — related parties		
	2015	2014	March 31, 2015	December 31, 2014	March 31, 2014
Associate	$ -	-	-	38	-
Other related parties	1,524,185	1,184,818	990,312	1,006,493	762,656
Total	$ 1,524,185	1,184,818	990,312	1,006,531	762,656

The term of transactions with the related parties above is 60 days after the end of each month.

4) The Group's income received from related parties, such as utility income and receivables from payment on behalf of related parties were as follows:

	Other receivables — related parties		
	March 31, 2015	December 31, 2014	March 31, 2014
Associate	$ 8,453	14,091	13,936

5) The Group's expenses paid to related parties, such as utility and steam expenses were as follows:

	Other payables — related parties		
	March 31, 2015	December 31, 2014	March 31, 2014
Entities with significant influence over the Group	$ -	-	40,044

6) Financing from related parties

The Group's details of lending from related parties were as follows:

	Other payables — related parties		
	March 31, 2015	December 31, 2014	March 31, 2014
Entities with significant influence over the group	$ 11,000,000	13,400,000	26,300,000
Other related parties	24,522,100	26,615,567	32,298,530
Total	$ 35,522,100	40,015,567	58,598,530

Interest payables on borrowings from related parties for March 31, 2015, December 31, 2014, and March 31, 2014 amounted to $49,771, $57,333 and $82,387, respectively. Please refer to Note 6(17) for details on related interest expenses.

7) Property transactions

a. The Group sold land and machinery equipment to its affiliates. The downstream unrealized sales profit is realized through the useful life of machinery equipment. The realized profit on disposal of assets amounted to $67 and $203 as of the three-month periods ended March 31, 2015 and 2014, respectively; and the unrealized profit on disposal of assets, which is a deduction of investment under equity method, amounted to $101,340 and $101,746 as of the three-month period ended March 31, 2015 and 2014, respectively.

b. The Group purchased machinery equipment from other related parties of $659 for the three-month period ended March 31, 2015, and the unpaid payables of $4,688 were accounted for under other payables－related parties as of March 31, 2015 .

8) Lease contracts

a. The Group's long-term lease contract signed with associates, please refer to Note 6(8) and 6(11) for explanation.

b. The Group's rental expenses and the balance of lease payable from related parties were as follows:

	Amount For the three-month periods ended March 31,		Other payables－related parties		
	2015	2014	March 31, 2015	December 31, 2014	March 31, 2014
Entities with significant influence over the Group	$ 25,388	22,044	-	-	-
Other related parties	39,674	-	26,450	-	-
Total	$ 65,062	22,044	26,450	-	-

9) Contracts with related parties

a. The Supply Agreement among Inotera Memories, Inc. (IMI), Micron Technology, Inc. (Micron) and the Company has been terminated; however, the Company has signed a new Supply Agreement with IMI. The Company is obligated by the new Supply Agreement to purchase IMI's wafers at certain ratio in accordance with the transfer price calculated by the formula stated in the new Supply Agreement. This new Supply Agreement took effect on January 1, 2013, and will remain effective until the specific conditions to terminate the new Supply Agreement have been achieved or it has been mutually agreed to be terminated by both parties.

b. The Company signed a Service Agreement with IMI; its services include the management of facility, human resources, finance, purchasing, engineering, and so on. The service fee will be calculated based on the actual service provided. This Service Agreement took effect on July 15, 2003, and will remain effective until it has been mutually agreed to be terminated by both parties.

(Continued)

c. The Company signed a Probe Tester Consignment and Service Agreement with IMI on August 6, 2013. Under this Agreement, IMI provides the services of probe test and related maintenance of testing equipments. This Prober Tester Consignment and Service Agreement took effect from the signing date to December 31, 2014, or whenever a party has notified the other party to terminate this Prober Tester Consignment and Service Agreement in accordance with the conditions stipulated in the aforementioned Agreement.

d. On November 6, 2014, Nanya Technology Corporation, U.S.A., the Company's subsidiary, signed a Consulting Agreement with Inotera Memories, Inc., U.S.A., the subsidiary of IMI. Under this Agreement, Nanya Technology Corporation, U.S.A. provides human resource and bookkeeping services to Inotera Memories, Inc., U.S.A. This Consulting Agreement took effect on November 6, 2014, and will remain effective until a party has notified the other party to terminate the Consulting Agreement in accordance with the conditions stipulated in the aforementioned Agreement.

(3) Key Management Personnel Compensation

	For the three-month periods ended March 31,	
	2015	**2014**
Short-term employee benefits	$ 20,913	19,489

Please refer to Note 6(15) for explanation related to share-based payment.

8. Pledged Properties

The Group's assets pledged to secure loan are as follows:

Pledged assets	Object	March 31, 2015	December 31, 2014	March 31, 2014
Property, plant and equipment	Guarantee for bank loans	$ 18,825,071	30,628,371	33,619,079
Other non-current assets	Guarantee for bank loans and import	$ 375,624	375,900	17,754

9. Significant commitments and contingencies

(1) Significant Commitments

1) The Group's foreign workers and shipping guarantees amounted to $585,000, $585,000 and $628,010 as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

2) As of March 31, 2015, December 31, 2014 and March 31, 2014, the Group's unused established letter of credit amounted to $141,696, $518,610 and $518,035, respectively.

(2) Contingencies Liabilities

1) In 2002, Nanya Technology Corporation and its subsidiary, Nanya Technology Corporation, U.S.A. (collectively "Nanya"), and other major Dynamic Random Access Memory ("DRAM") manufacturers, were alleged to collusively manipulate DRAM's market prices in the U.S.A. which violates the Antitrust Law. Currently, the aforementioned Antitrust litigation is still pending in the U.S.A. Federal Court and State Court, and Nanya has engaged counsels to properly handle it to ensure Nanya's rights.

2) In January 2005, Rambus Inc. filed a complaint to the U.S. District Court in California district ("Court") against Nanya Technology Corporation, and its subsidiary, Nanya Technology Corporation, U.S.A. (collectively "Nanya"), and other memory manufacturers for the infringements of its patents. In 2009, the Court ordered to retain Nanya's case until the verdict of other defendant (Micron Technology Corp) was issued. In March 2014, this case has been settled and the conditions of settlement have no significant impact on Nanya's business operations.

3) In December 2007, Tessera Technologies, Inc. ("Tessera") accused Nanya Technology Corporation and its subsidiary, Nanya Technology Corporation, U.S.A. (collectively "Nanya"), and other corporations for infringement of patents in the U.S. District Court in the Eastern District of Texas ("EDTX"). On this matter Tessera also asked the International Trade Commission ("ITC") to investigate.

   However, ITC ruled in favor of Nanya, claiming that no violation was found during the investigation. The United States Court of Appeals affirmed the ruling of ITC. In June 2012, the United States Supreme Court denied the appeal made by Tessera and made a decision to close the ITC case. On the other hand, the EDTX case has been transferred to the US District Court in the Northern District of California for ruling. However, in April 2015, Tessera withdrew the case. Therefore, this case is already considered closed.

4) In Novermber 2014, QimondaAG accused Nanya Technology GmbH of patent infringement in Landgericht Dusseldorf Court. In June 2012, Nanya Technology Corporation and Nanya Technology GmbH (collectively "Nanya") filed a request to the Landgericht Munich Court for a declaratory relief, and the said request had been approved in August 2014. However, QimondaAG was not satisfied by the decision made by the court, and therefore, has decided to file an appeal to the Landgericht Munich Court in September 2012. Nanya has engaged counsels to properly handle the case to ensure Nanya's right.

10. Significant disaster loss : None.

11. Subsequent events : None.

(Continued)

12. Others

(1) The nature of the Group's personnel, depreciation, and amortization expense, categorized by function, were as follows:

	For the three-month period ended March 31, 2015			For the three-month period ended March 31, 2014		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	626,626	384,420	1,011,046	581,598	265,288	846,886
Labor and health insurance	34,650	21,840	56,490	44,606	17,861	62,467
Pension expenses	19,994	14,535	34,529	26,166	11,926	38,092
Other personnel expenses	10,484	3,180	13,664	10,712	3,335	14,047
Depreciation expenses	1,338,664	23,110	1,361,774	1,381,954	36,206	1,418,160
Amortization expenses	36,196	-	36,196	84,563	-	84,563

(2) Approaching finance plans of the Group

1) Financing plan: As of March 31, 2015, the Group has an unused credit facility of $7,241,000 for long and short-term loans.

2) To increase the ratio of design shrink product production：Nanya Technology still keeps its effort in converting the capacities to 30nm design shrink product and the output will be over 50% of the total capacities in second half of 2015 by forecast. The expected bit growth rate of design shrink product will be 15% in 2015. With more design shrink product output, die cost will be lower, hence, the company will become more cost-efficient.

3) To raise the sales of value-added product： Nanya Technology will remain concentrated on the business of Low-Power and Consumer DRAM products. The two genres contain over 75% of its revenues for now and expected to be over 80% at the end of 2015. It will focus on niche market and related application in order to raise the selling price of its products. In the future, its will be eager to create more value to its products to enhance the profit of the Company.

4) The Group's profitability and the operations had improved since the year 2013. The repayment of debt and decrease in current liabilities are expected due to continuous cash inflow in the future.

(3) Discontinued operations:

The subsidiary of the Company, Sumpro Electronics Corporation, sold all of its machinery equipment, spare parts and main inventories due to lack of original equipment manufacturing techniques, product lines and equipments on July 1, 2014. Accordingly, the discontinued operations were expressed separately from its continuing operations for the three-month period ended March 31, 2014.

Disclosure of income and cash flow of discontinued operations are as follows:

		For the three-month period ended March 31, 2015
Profit (loss) from discontinued operations:		
Operating revenues	$	521,180
Cost of goods sold		(708,525)
Gross loss		(187,345)
Operating expenses		(161,174)
Non-operating income and expenses		(395,439)
Loss from discontinued operations before tax		(743,958)
Income tax expense		-
Loss from discontinued operations	$	**(743,958)**
Cash flows from discontinued operations:		
Cash flows from operating activities	$	(160,475)
Cash flows from investing activities		327,490
Cash flows from financing activities		(167,296)
Net cash used	$	**(281)**

(4) Seasonality of operations

The operation of the Group is not influenced by seasonality and periodicity.

13. Other Disclosure Items

(1) Information on investees

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

1) Financing provided : None.

2) Guarantees and endorsements for other parties : None.

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

Security holder	Category and name of security	Relationship between issuer of security and the company which holds securities	Account name	March 31, 2015				Note
				Shares / Units (in thousands)	Carrying value	Percentage of ownership	Market value or net asset value	
Pei Jen Co., Ltd.	Nan Ya Printed Circuit Board Corp.	Other related party	Available-for-sale securities	2,770	142,095	0.43 %	142,095	-

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

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

(Continued)

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

7) Information regarding related-party purchases and/or sales for which the amount exceeded $100 million or 20% of the Company's paid-in capital：

Purchasing (selling) company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Accounts/notes receivable (payable)		Note
			Purchase (sale)	Amount	% to total	Payment terms	Amount	Payment terms	Ending balance	Notes/ accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Parent company	(Sale)	395,726	3.33 %	O/A 60~90 days	-		257,604	3.90 %	(Note)
The Company	Nanya Technology Corp., Japan	Parent company	(Sale)	808,659	6.80 %	O/A 180 days	-		583,187	8.82 %	(Note)
The Company	Nanya Technology Corp., HK	Parent company	(Sale)	611,213	5.16 %	O/A 60~90 days	-		342,274	5.18 %	(Note)
The Company	Piece Makers Technology, Inc.	Parent company	(Sale)	119,323	1.01 %	O/A 60~90 days	-		261,099	3.95 %	(Note)
The Company	Formosa Sumco Technology Corp.	Other related party	Purchase	202,915	11.75 %	O/A 60days	-		(186,609)	12.71 %	-

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

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

Accounts receivable company	Related party	Nature of relationship	Amount	Turnover	Due date accounts receivable		Amounts received in subsequent periods	Allowance for bad debt
					Amount	Method		
The Company	Nanya Technology Corp., U.S.A.	Parent company	Account receivable 257,604	6.36 %	-	-	164,855	-
The Company	Nanya Technology Corp., Japan	Parent company	Account receivable 583,187	6.39 %	-	-	207,842	-
The Company	Nanya Technology Corp., Germany	Parent company	Account receivable 342,274	5.67 %	-	-	147,301	-
The Company	Piece Makers Technology, Inc.	Parent company	Account receivable 261,099	1.75 %	-	-	85,938	-

9) Information regarding trading in derivative financial instruments : None.

10) Intercompany relationships and significant intercompany transactions：

No.	Company name	Counter party	Relationship	Intercompany transactions			
				Financial Statement Item	Amount	Terms	Percentage of consolidated total gross sales or total assets
0	The Company	Nanya Technology Corp., U.S.A.	1	Sales	395,726	General conditions	3.29 %
0	〃	Nanya Technology Corp., Germany	1	Sales	611,213	General conditions	5.08 %
0	〃	Nanya Technology Corp., Japan	1	Sales	808,659	General conditions	6.72 %
0	〃	Piece Makers Technology, Inc.	1	Sales	119,323	General conditions	0.99 %

(Continued)

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No.	Company name	Counter party	Relationship	Intercompany transactions			
				Financial Statement Item	Amount	Terms	Percentage of consolidated total gross sales or total assets
0	The Company	Nanya Technology Corp., U.S.A.	1	Accounts receivable	257,604	General conditions	0.24 %
0	〃	Nanya Technology Corp., Germany	1	Accounts receivable	342,274	General conditions	0.32 %
0	〃	Piece Makers Technology, Inc.	1	Accounts receivable	261,099	General conditions	0.25 %
0	〃	Nanya Technology Corp., Japan	1	Accounts receivable	583,187	General conditions	0.55 %

Note 1: Assigned numbers represent the following:
1. 0 represents the parent company
2. Subsidiary is numbered in sequence that starts with 1.

Note 2: Transactions are categorized as follows:
1.The parent company to subsidiary.
2.Subsidiary to parent.
3.Subsidiary to subsidiary.

Note 3: For significant intercompany transactions, only information regarding funding and finances, sales, and accounts receivable were disclosed; the opposing items of the transactions were not disclosed.

(2) Information on investment:

The information on investment of the Group for the three-month periods ended March 31, 2015 was as follows:

Investor company	Investee company	Location	Major operations	Original investment Amount		Balance as of March 31, 2015			Net income of investee	Investment income (loss) recognized by the investor company	Note
				March 31, 2015	March 31, 2014	Shares (thousands)	%	Carrying value			
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2	100.00 %	121,473	1,710	1,710	(Note)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	111,872	3,743	3,743	(Note)
The Company	Pei Jen Co., Ltd.	Taipei	Import/export business	175,348	175,348	480	100.00 %	-	7,594	7,594	(Note)
The Company	Nanya Technology Corp., HK	HK	Sales of semiconductor products	66,271	66,271	20	100.00 %	26,114	3,466	3,466	(Note)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	138,435	(13)	(13)	(Note)
The Company	Inotera Memories, Inc.	Taoyuan	Business of electronic products	24,631,379	24,631,379	1,587,484	24.24 %	29,958,117	7,268,929	1,762,956	
The Company	Piece Makers Technology, Inc.	Hsinchu	Design of semiconductor products	21,246	21,246	5,725	58.34 %	27,386	21,395	12,948	(Note)
The Company	Sumpro Electronics Corporation	Taoyuan	Business of electronic products	2,591,000	2,591,000	259,100	100.00 %	40,389	(2,245)	(2,245)	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp., Germany	Germany	Import/export business	30,056	30,056	-	100.00 %	48,590	4,298	4,298	(Note)
Pei Jen Co., Ltd.	Inotera Memories, Inc.	Taoyuan	Business of electronic products	143,966	143,966	9,018	0.14 %	170,306	7,268,929	9,588	

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

(Continued)

(3) Information regarding investments in Mainland China：

1) Information on indirect investment in companies in Mainland China：

Name of the PRC investee company	Primary business scope	Amount of paid-in capital	Method of investment	Investment transferred from Taiwan, beginning of period	Three-month period ended March 31, 2015 Remittance	Three-month period ended March 31, 2015 Remittance	Investment transferred from Taiwan, end of period	Equity in the earnings (losses)	Direct and indirect shareholding percentage by the company	Recognized gain or loss from investment for the current period	Carrying value of investment, end of period	Remitted gain on investment, end of period
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	30,930	(Note 1)	30,930 (USD 985)	-	-	30,930 (USD 985)	(1,354)	100.00 %	(1,354)	8,469	-

2) Quota for investment in Mainland China：

Accumulative remittance from Taiwan to Mainland China, end of the period	Amount of investment approved by Investment Commission, Ministry of Economic Affairs	Limit on the amount of investment in Mainland China (Note 4)
30,930 (USD 985)	30,930 (USD 985)	28,972,254

Note 1：Indirect investment in Nanya Technology Corp., Shenzhen was derived through Nanya Technology Corp., HK.
Note 2：The exchange rate of New Taiwan dollars to US dollars on March 31, 2015 was USD1：TWD 31.401.
Note 3：Amount was recognized based on the self-prepared financial statements.
Note 4：60% of net equity.

3) Information on significant transactions：

Please refer to "Related information on material transaction items" and "Intercompany relationships and significant intercompany transactions" for direct or indirect significant transactions between the Company and its investees in Mainland China for the three-month period ended March 31, 2015.

14. Segment Information

Operating segments are combined and reconciled as follows:

	American division	Manufacturing division	Discontinued operations	Others divisions	Adjustments and eliminated	Total
For the three-month period ended March 31, 2015						
Revenue:						
From external customers	$ 427,927	9,884,024	-	1,715,992	-	12,027,943
From sales among intersegments	474	2,000,254	-	87,087	(2,087,815)	-
Total revenue	$ 428,401	11,884,278	-	1,803,079	(2,087,815)	12,027,943
Reportable segment profit or loss	$ 1,710	6,288,094	-	40,862	(26,746)	6,303,920

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	American division	Manufacturing division	Discontinued operations	Others divisions	Adjustments and eliminated	Total
For the three-month period ended March 31, 2014						
Revenue:						
From external customers	$ 1,044,126	8,876,845	521,180	1,770,541	(521,180)	11,691,512
From sales among intersegments	455	2,676,202	-	68,228	(2,744,885)	-
Total revenue	$ 1,044,581	11,553,047	521,180	1,838,769	(3,266,065)	11,691,512
Reportable segment profit or loss	$ 1,613	6,127,903	(743,958)	17,455	1,413,002	6,816,015
Reportable segment assets						
March 31, 2015	$ 383,947	105,698,657	-	2,225,213	(2,187,348)	106,120,469
December 31, 2014	$ 369,699	104,021,970	82,212	2,277,529	(2,199,085)	104,552,325
March 31, 2014	$ 587,657	93,689,064	1,808,466	1,975,094	(2,580,283)	95,479,998
Reportable segment assets						
March 31, 2015	$ 260,548	57,371,177	-	1,866,210	(1,749,119)	57,748,816
December 31, 2014	$ 246,770	62,420,517	39,577	1,969,728	(1,801,325)	62,875,267
March 31, 2014	$ 469,832	77,703,768	1,788,362	1,818,617	(2,349,711)	79,430,868