Stock Code:2408

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2018 and 2017

Address: No.98, Nanlin Rd., Dake Vil., Taishan Dist., New Taipei City, Taiwan (R.O.C.)
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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Nanya Technology Corporation：

Introduction

We have reviewed the accompanying consolidated balance sheets of the Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“ IASs”) 34, “ Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $3,840,102 thousand and $2,192,001 thousand, constituting 2.42% and 1.38% of the consolidated total assets; the total liabilities amounting to $103,166 thousand and $381,309 thousand, constituting 0.73% and 0.62% of the consolidated total liabilities, and the total comprehensive (loss) income amounting to $(73,176) thousand and $15,858 thousand, constituting (1.01)% and 0.14% of the consolidated total comprehensive (loss) income for the three months ended March 31, 2018 and 2017, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditors' review report are Hui-Chih Ko and Hsiu-Lan Chen.

KPMG

Taipei, Taiwan (Republic of China)
May 9, 2018

Notes to Readers

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

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2018 and 2017

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

March 31, 2018, December 31, 2017, and March 31, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	March 31, 2018 Amount	%	December 31, 2017 Amount	%	March 31, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (Note 6(a))	$ 50,196,810	32	33,768,677	21	20,299,894	13
1170	Notes and accounts receivable, net (Note 6(d))	11,044,995	7	8,525,608	6	5,782,714	3
1200	Other receivables (Notes 6(e)(i))	858,673	-	11,601,416	8	1,454,256	1
1310	Inventories (Note 6(f))	7,868,893	5	6,888,530	5	4,656,170	3
1470	Other current assets	1,996,194	1	1,622,096	1	1,430,620	1
	Total current assets	71,965,565	45	62,406,327	41	33,623,654	21
	Non-current assets:						
1523	Non-current available-for-sale financial assets (Note 6(c))	-	-	-	-	50,728,048	32
1600	Property, plant and equipment (Notes 6(h), 7 and 8))	84,607,717	53	86,241,880	57	71,886,199	45
1780	Intangible assets	102,331	-	136,550	-	238,424	-
1840	Deferred tax assets	859,732	1	922,559	1	846,975	1
1935	Long-term lease payments receivable (Note 6(i))	1,003,224	1	1,043,501	1	1,278,815	1
1990	Other non-current assets (Notes 8)	29,069	-	28,485	-	323,819	-
	Total non-current assets	86,602,073	55	88,372,975	59	125,302,280	79
	Total assets	$ 158,567,638	100	150,779,302	100	158,925,934	100

	Liabilities and Equity	March 31, 2018 Amount	%	December 31, 2017 Amount	%	March 31, 2017 Amount	%
	Current liabilities:						
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))	$ -	-	2,238,441	1	1,439,801	1
2170	Notes and accounts payable	3,195,934	2	3,072,987	2	5,328,595	3
2180	Accounts payable to related parties (Note 7)	327,777	-	299,746	-	192,637	-
2200	Other payables	7,167,115	5	6,297,730	4	4,039,590	3
2220	Other payables to related parties (Note 7)	995,508	1	1,065,854	1	10,900,041	7
2230	Current tax liabilities	1,713,782	1	1,726,392	1	2,088,872	1
2322	Long-term borrowings, current portion (Notes 6(j) and 8)	-	-	-	-	7,186,625	5
2399	Other current liabilities	1,617	-	1,954	-	1,033	-
	Total current liabilities	13,401,733	9	14,703,104	9	31,177,194	20
	Non-Current liabilities:						
2530	Bonds payable (Note 6(k))	-	-	3,286,711	3	14,002,436	9
2540	Long-term borrowings (Notes 6(j) and 8)	-	-	-	-	12,776,825	8
2570	Deferred tax liabilities	553	-	63,699	-	3,264,513	2
2640	Net defined benefit liability, non-current	525,020	-	525,797	-	449,279	-
2670	Other non-current liabilities	110,339	-	84,803	-	117,927	-
	Total non-current liabilities	635,912	-	3,961,010	3	30,610,980	19
	Total liabilities	14,037,645	9	18,664,114	12	61,788,174	39
	Equity (Notes 6(o)):						
3110	Ordinary share	30,028,820	19	29,639,382	20	27,485,658	17
3130	Certificate of entitlement to new shares from convertible bond	567,359	-	223,958	-	-	-
3200	Capital surplus	31,847,383	20	27,277,191	18	11,637,900	7
3310	Legal reserve	5,164,057	3	5,164,057	3	2,791,929	2
3320	Special reserve	-	-	-	-	4,570	-
3350	Unappropriated retained earnings	76,961,794	49	69,734,440	47	39,571,384	25
3400	Other equity interest	(39,420)	-	(39,163)	-	15,883,901	10
3500	Treasury shares	-	-	-	-	(347,533)	-
	Total equity attributable to owners of parent	144,529,993	91	131,999,865	88	97,027,809	61
36xx	Non-controlling interests	-	-	115,323	-	109,951	-
	Total equity	144,529,993	91	132,115,188	88	97,137,760	61
	Total liabilities and equity	$ 158,567,638	100	150,779,302	100	158,925,934	100

See accompanying notes to consolidated financial statements.

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REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		For the three months ended March 31			
		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(r)(s) and 7)**	$ 18,797,439	100	12,230,574	100
5000	**Operating costs (Notes 6(m)(p)(t) and 7)**	9,056,761	48	7,330,057	60
	Gross profit from operations	9,740,678	52	4,900,517	40
	Operating expenses (Notes 6(m)(p)(r) and 7):				
6100	Selling expenses	195,492	1	173,460	1
6200	Administrative expenses	350,091	2	347,654	3
6300	Research and development expenses	876,079	5	526,763	4
	Total operating expenses	1,421,662	8	1,047,877	8
	Net operating income	8,319,016	44	3,852,640	32
	Non-operating income and expenses (Notes 6(g)(k)(l)(u)):				
7010	Other income	235,627	1	88,313	-
7020	Other gains and losses, net	(1,322,009)	(7)	(532,488)	(4)
7050	Finance costs	(5,298)	-	(121,997)	(1)
	Total non-operating income and expenses	(1,091,680)	(6)	(566,172)	(5)
7900	**Profit before tax**	7,227,336	38	3,286,468	27
7950	**Tax expense (Note 6(n))**	1,181	-	3,778	-
	Profit	7,226,155	38	3,282,690	27
8300	**Other comprehensive income (Notes 6(n)(v)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	424	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	424	-	-	-
8360	**Other components of other comprehensive income that will not be reclassified to profit or loss**				
8361	Exchange differences on translation	(257)	-	(20,404)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	9,776,747	80
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	(1,661,543)	(14)
	Components of other comprehensive income that will be reclassified to profit or loss	(257)	-	8,094,800	66
8300	**Other comprehensive income, net**	167	-	8,094,800	66
8500	**Comprehensive income**	$ 7,226,322	38	11,377,490	93
	Profit, attributable to:				
8610	Profit (loss), attributable to owners of parent	$ 7,226,930	38	3,275,298	27
8620	Profit (loss), attributable to non-controlling interests	(775)	-	7,392	
		$ 7,226,155	38	3,282,690	27
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 7,227,097	38	11,370,098	93
8720	Comprehensive income, attributable to non-controlling interests	(775)	-	7,392	-
		$ 7,226,322	38	11,377,490	93
	Earnings per share (Note 6(q))				
9750	**Basic earnings per share**	$	2.39		1.19
9850	**Diluted earnings per share**	$	2.31		1.01

See accompanying notes to consolidated financial statements.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital			Retained earnings			Total other equity interest					
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 27,485,658	-	11,523,007	2,791,929	4,570	36,296,086	(16,846)	7,805,947	(347,533)	85,542,818	102,329	85,645,147
Net income for the three months ended March 31, 2017	-	-	-	-	-	3,275,298	-	-	-	3,275,298	7,392	3,282,690
Other comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	-	(20,404)	8,115,204	-	8,094,800	-	8,094,800
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	-	3,275,298	(20,404)	8,115,204	-	11,370,098	7,392	11,377,490
Other changes in capital surplus:												
Recognized compensation costs on employee stock options	-	-	114,893	-	-	-	-	-	-	114,893	-	114,893
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	230	230
Balance at March 31, 2017	$ 27,485,658	-	11,637,900	2,791,929	4,570	39,571,384	(37,250)	15,921,151	(347,533)	97,027,809	109,951	97,137,760
Balance at January 1,2018	$ 29,639,382	223,958	27,277,191	5,164,057	-	69,734,440	(39,163)	-	-	131,999,865	115,323	132,115,188
Net income (loss) for the three months ended March 31, 2018	-	-	-	-	-	7,226,930	-	-	-	7,226,930	(775)	7,226,155
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	424	(257)	-	-	167	-	167
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	7,227,354	(257)	-	-	7,227,097	(775)	7,226,322
Other changes in capital surplus:												
Conversion of convertible bonds	165,480	567,359	4,504,323	-	-	-	-	-	-	5,237,162	-	5,237,162
Recognized compensation costs on employee stock options	-	-	65,869	-	-	-	-	-	-	65,869	-	65,869
Conversion of certificates of bonds-to-share	223,958	(223,958)	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(114,548)	(114,548)
Balance at March 31, 2018	$ 30,028,820	567,359	31,847,383	5,164,057	-	76,961,794	(39,420)	-	-	144,529,993	-	144,529,993

See accompanying notes to consolidated financial statements.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	$ 7,227,336	3,286,468
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	2,882,097	1,534,865
Amortization expense	35,647	70,406
Net loss on financial liabilities at fair value through profit or loss	281,107	262,158
Interest expense	5,298	121,997
Interest income	(235,627)	(88,313)
Share-based payments	65,869	114,893
Amortization costs of issuing bonds	-	(70,684)
Gain on disposal of property, plant and equipment	(46)	(24)
Gain on disposal of financial assets in available-for-sale	-	(770)
Gain on disposal of lease payable	-	(63,542)
Gain on disposal of subsidiary	(497)	-
(Reversal of impairment loss) impairment loss on non-financial assets	(105,403)	11,677
Unrealized foreign exchange loss (gain)	161,805	(206,229)
Total adjustments to reconcile profit	3,090,250	1,686,434
Changes in operating assets and liabilities:		
Notes and accounts receivable	(2,579,688)	(87,476)
Other receivable	158,843	519,652
Inventories	(1,117,269)	193,322
Other current assets	(377,265)	83,662
Financial liabilities held for trading	(523,136)	-
Notes and accounts payable (including related parties)	273,544	33,864
Other payable (including related parties)	1,667,694	120,650
Other current liabilities	(337)	(235,302)
Net defined benefit liability	(777)	(4,234)
Other non-current liabilities	916	(10,450)
Total changes in operating assets and liabilities	(2,497,475)	613,688
Cash inflow generated from operations	7,820,111	5,586,590
Interest received	145,039	26,698
Interest paid	(292)	(106,345)
Income taxes paid	(21,368)	(8,823)
Net cash flows from operating activities	7,943,490	5,498,120
Cash flows from (used in) investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	2,000,771
Proceeds from disposal of subsidiary	(85,937)	-
Acquisition of property, plant and equipment	(1,940,662)	(6,147,471)
Proceeds from disposal of property, plant and equipment	46	80
Increase in refundable deposits	(1,501)	(1,899)
Decrease in other receivables	10,616,574	-
Decrease in long-term lease and installment receivables	107,333	107,332
(Increase) decrease in other non-current assets	(1,278)	72,297
Net cash flows from (used in) investing activities	8,694,575	(3,968,890)
Cash flows from (used in) financing activities:		
Proceeds from issuing convertible bonds	-	15,681,000
Repayments of long-term debt	-	(3,000,000)
Increase in guarantee deposits received	25,316	30,494
Increase (decrease) in other payables to related parties	4,530	(2,696,964)
Decrease in lease payable	-	(4,138)
Change in non-controlling interests	-	230
Net cash flows from financing activities	29,846	10,010,622
Effect of exchange rate changes on cash and cash equivalents	(239,778)	(341,590)
Net increase in cash and cash equivalents	16,428,133	11,198,262
Cash and cash equivalents at beginning of period	33,768,677	9,101,632
Cash and cash equivalents at end of period	$ 50,196,810	20,299,894

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2018 and 2017

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

(1) Company history

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 No.98 Nanlin Road Dake Vil., Taishan District, New Taipei 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 of its machinery, equipment and raw materials.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 9, 2018.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

The following are the nature and impacts on changing of accounting policies:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, IAS 18 “Revenue”. The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.
The following are the nature and impacts on the changing of accounting policies:

1) Sales of goods

For the sale of semiconductor products, revenue is currently recognized based on individual terms of sales contract and the related risks and rewards of ownership transfers. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Impacts on financial statements

The adoption of IFRS 15 would not have any material impact on its consolidated financial statements.

(ii) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “ Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting.

The Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  —The determination of the business model within which a financial asset is held.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
Financial Assets	**Measurement categories**	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Cash and equivalents	Loans and receivables	33,768,677	Amortized cost	33,768,677
Trade and other receivables	Loans and receivables(Note)	21,170,525	Amortized cost	20,127,024
Other financial assets (Guarantee deposits paid)	Loans and receivables	5,266	Amortized cost	5,266

Note: Notes and accounts receivable, lease payment receivable and other receivables that were classified as loans and receivables under IAS 39 are now classified as at amortized cost upon initially adoption of IFRS 9.

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

(Continued)

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

The significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

			Shareholdings			
Investor	**The name of subsidiaries**	**Business activity**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**	**Note**
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100 %	100.00 %	Note 2
The Company	PEI JEN Co., Ltd.	Investment in enterprise	100.00 %	100 %	100.00 %	Note 2
The Company	PIECEMAKERS TECHNOLOGY CORP.	Design and sales of products	- %	53.56 %	53.57 %	Note 1 & Note 2
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Europe GmbH	Sales of semiconductor products	100.00 %	100 %	100.00 %	Note 2
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzen	Sales of semiconductor products	100.00 %	100 %	100.00 %	Note 2

Note 1: In September 2017, the board of directors of Piece Makers Technology Corp. (Piece Makers) issued new shares for its employee stock options, resulting in the Group to decrease its shareholdings from 53.57% to 53.56%. In February 2018, the Company fully disposed all of its shares in Piece Makers, resulting in its loss of control over Piece Makers. Therefore, Piece Makers is no longer a subsidiary of the Company.

Note 2: Company is an non-significant subsidiary, its financial statements have not been reviewed by independent auditors.

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

(c) Financial instruments (applicable from January 1, 2018)

(i) Financial assets

Financial assets are classified into financial assets measured at amortized cost.

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that there is an indication of credit risk on its financial asset if there are accounts receivable which are more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 60 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

(Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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The Group manufactures and sells semiconductor products on the market. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

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 be recognized directly in equity or other comprehensive income as tax expense.

(f) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2017.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 6 of the 2017 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Petty cash	$ 158	156	186
Demand deposit and checking accounts	9,357,913	3,943,055	2,443,545
Cash equivalents:			
Time deposits	29,779,402	29,188,507	17,463,343
Commercial paper	9,108,982	302,838	-
Repurchase agreements collateralized by corporate bonds	1,950,355	334,121	392,820
	$ 50,196,810	33,768,677	20,299,894

(b) Financial liabilities at fair value through profit or loss

	March 31, 2018	December 31, 2017	March 31, 2017
Financial liabilities held-for-trading：			
Derivative instruments not used for hedging	$ -	382,295	106,534
Embedded derivative-convertible bonds	-	1,856,146	1,333,267
Total	$ -	2,238,441	1,439,801

Remeasurement at fair value recognized in profit or loss is disclosed in Notes 6(k)(u).

Derivatives financial instruments are used to hedge foreign currency and interest rate exposures. The Group holds the following derivative financial instruments, which were not applicable for hedge accounting and were accounted for as held-for-trading financial liabilities, were as follows:

	March 31, 2018			
	Contract Amount (in thousand)		Currency	Maturity dates
Forward exchange contract:				
Non-delivery forward purchased	USD	-	-	-

	December 31, 2017			
	Contract Amount (in thousand)		Currency	Maturity dates
Forward exchange purchased:				
Forward exchange sold	USD	500,000	USD to TWD	2018.3.20~2018.3.22

(Continued)

	March 31, 2017			
	Contract Amount (in thousand)		Currency	Maturity dates
Forward exchange purchased:				
Forward exchange sold	USD	500,000	USD to TWD	2018.3.20~2018.3.22

(c) Available-for-sale financial assets

		March 31, 2017
Foreign listed stock	$	50,656,448
Domestic listed stock		71,600
	$	50,728,048

For the information of market risk, please refer to note 6(w).

(d) Notes and accounts receivable and other receivables

		March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable-measured at amortized cost	$	2,390	3,577	11,978
Accounts receivable-measured at amortized cost		11,051,779	8,530,890	5,779,819
Less：Loss allowance		(9,174)	(8,859)	(9,083)
	$	11,044,995	8,525,608	5,782,714

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on March 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of March 31, 2018 was determined as follows:

		Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	$	10,296,877	0.01%	1,070
1 to 30 days past due		756,014	1.07%	8,089
31 to 60 days past due		1,278	1.20%	15
	$	11,054,169		9,174

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As of December 31 and March 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017	March 31, 2017
1 to 30 days past due	$ 49,884	69,423
31 to 60 days past due	-	7,298
	$ 49,884	76,721

The movement in the allowance for notes and accounts receivable was as follows:

		March 31, 2017	
	March 31, 2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2017 and 2016 per IAS 39	$ 8,859	-	9,284
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 per IFRS 9	8,859		
Foreign exchange gains (losses)	315	-	(201)
Balance on March 31, 2018 and 2017	$ 9,174	-	9,083

(e) Other receivables

	March 31, 2018	December 31, 2017	March 31, 2017
Receivable from stock settlement	$ -	10,616,574	-
Income tax refund receivable	416,942	565,827	1,079,228
Interest receivable	86,040	28,347	24,823
Lease payment receivable	275,591	309,752	286,459
Others	80,100	80,916	63,746
	$ 858,673	11,601,416	1,454,256

(f) Inventories

	March 31, 2018	December 31, 2017	March 31, 2017
Raw materials	$ 425,061	400,607	294,006
Work in progress	5,675,866	5,393,122	2,780,669
Finished goods	1,767,966	1,067,788	1,568,000
Merchandise	-	27,013	13,495
Total	$ 7,868,893	6,888,530	4,656,170

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The group did not recognize any loss from devaluation of inventories or gain from recovery in the value of inventories for the three-month periods ended March 31, 2018 and 2017.

(g) Loss control over subsidiaries

The Company had disposed 53.56% of its shares in Piece Makers, with a selling price of $132,584; therefore, it lost control over Piece Makers on February 26, 2018. The Group recognized a gain on disposal of $497 in profit or loss, which was included in other gains and losses.

The carrying amount of assets and liabilities of Piece Makers Technology Corp on February 26, 2018 were as follow:

	107.2.26
Cash and cash equivalents	$ 218,521
Accounts receivable and other receivables	54,228
Inventories	136,906
Other current assets	3,160
Property, plant, and equipment	3,892
Other non-current assets	666
Accounts payable and other payables	(170,752)
Other non-current liabilities	(6)
Carrying amount of net assets	$ **246,615**

(h) Property, plant and equipment

	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Cost:						
Balance as of January 1, 2018	$ 1,013,924	7,502,631	172,719,912	1,133,770	1,778,293	184,148,530
Additions	-	-	813,444	900	331,781	1,146,125
Disposals	-	-	(317)	(1,901)	-	(2,218)
Disposal of subsidiaries	-	-	(60)	(23,771)	-	(23,831)
Reclassification	-	237,913	799,518	21,675	(1,058,993)	113
Effect of exchange rate change	-	65	848	1,589	-	2,502
Balance as of March 31, 2018	$ **1,013,924**	**7,740,609**	**174,333,345**	**1,132,262**	**1,051,081**	**185,271,221**

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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	Land	Building	Machinery and equipment	Other equipment	Under construction	Total
Balance as of January 1, 2017	$ 1,013,924	4,197,562	125,215,286	1,431,504	25,574,275	157,432,551
Additions	-	-	89,029	6,171	5,630,291	5,725,491
Disposals	-	-	(41,574)	(13,484)	-	(55,058)
Derecognized lease assets	-	-	-	(345,637)	-	(345,637)
Reclassification	-	-	8,521,534	43,505	(8,565,039)	-
Effect of exchange rate change	-	(42)	(2,493)	(140)	-	(2,675)
Balance as of March 31, 2017	$ 1,013,924	4,197,520	133,781,782	1,121,919	22,639,527	162,754,672
Accumulated depreciation / impairment:						
Balance as of January 1, 2018	$ -	1,676,927	95,179,932	1,049,791	-	97,906,650
Depreciation for the period	-	74,731	2,801,936	5,430	-	2,882,097
Impairment loss	-	-	(105,403)	-	-	(105,403)
Disposals	-	-	(317)	(1,901)	-	(2,218)
Disposal of subsidiaries	-	-	(60)	(19,879)	-	(19,939)
Reclassification	-	-	(10,109)	10,114	-	5
Effect of exchange rate change	-	43	(9)	2,278	-	2,312
Balance as of March 31, 2018	$ -	1,751,701	97,865,970	1,045,833	-	100,663,504
Balance as of January 1, 2017	$ -	1,450,874	86,921,615	1,142,725	-	89,515,214
Depreciation for the period	-	40,025	1,483,335	11,505	-	1,534,865
Impairment loss	-	-	12,355	(678)	-	11,677
Disposals	-	-	(41,575)	(13,427)	-	(55,002)
Derecognized lease assets	-	-	-	(136,693)	-	(136,693)
Reclassification	-	-	(39,390)	39,390	-	-
Effect of exchange rate change	-	(24)	(1,394)	(170)	-	(1,588)
Balance as of March 31, 2017	$ -	1,490,875	88,334,946	1,042,652	-	90,868,473
Carrying amounts:						
Balance as of March 31, 2018	$ 1,013,924	5,988,908	76,467,375	86,429	1,051,081	84,607,717
Balance as of December 31, 2017	$ 1,013,924	5,825,704	77,539,980	83,979	1,778,293	86,241,880
Balance as of March 31, 2017	$ 1,013,924	2,706,645	45,446,836	79,267	22,639,527	71,886,199

(i) Leased assets

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

(ii) Property, plant and equipment under construction

	For the three-month periods ended March 31,	
	2018	**2017**
Capitalized interest amounts	$ -	64,405
Capitalized interest rates	-	1.97%~1.98%

(iii) Secured

Please refer to Note 8 for details of the long-term borrowings and the amount of the guarantee as of March 31, 2017.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Lease receivables

(i) On June 18, 2009, the Group 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 USD50,000 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 USD13,010 thousand and USD1,990 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 USD8,010 thousand and USD1,990 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 USD10 thousand and USD1,990 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.

(ii) 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, 2018 and 2017, the Group recognized the interest revenue of \$32,895 and \$40,263, respectively, from the amortization of unrealized interest revenue.

The details of lease receivables were as follows:

	March 31, 2018			December 31, 2017			March 31, 2017		
	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	$ 388,080	112,489	275,591	429,330	119,578	309,752	429,330	142,871	286,459
Between one and five years	1,057,320	247,288	810,032	1,057,320	268,124	789,196	1,181,070	330,628	850,442
More than five years	198,248	5,056	193,192	264,330	10,025	254,305	462,578	34,205	428,373
Sub-total	$ 1,643,648	364,833	1,278,815	1,750,980	397,727	1,353,253	2,072,978	507,704	1,565,274
Current			$ 275,591			309,752			286,459
Non-current			1,003,224			1,043,501			1,278,815
			$ 1,278,815			1,353,253			1,565,274

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Notes to the Consolidated Financial Statements

(j) Long-term borrowings

	March 31, 2017			
	Currency	**Interest rate range**	**Expiration**	**Amount**
Secured bank borrowings	TWD	1.7895%~2.1676%	108~110	$ 19,963,450
Less: Current portion of long-term borrowings				(7,186,625)
Total				$ 12,776,825
Unused long-term of credit				$ 1,300,000

(i) The Group had an unused long-term of credit with a carrying amount of $1,100,000 and $1,600,000 as of 31 March, 2018 and 31 December, 2017.

(ii) Issuance and redemption of loans

1) The Group signed a syndicated loan agreement with Taiwan Cooperative Bank, the lead bank, and 15 other banks (hereinafter referred to as "the syndicate banks") for a syndicated loan with a credit line of $12,000,000 on February 18, 2016 and applied for appropriation of loans of $11,000,000 as of December 31, 2017. The Group has fully repaid the syndicated loan before December, 2017.

2) The Group signed a syndicated loan agreement with Bank of Taiwan, the lead bank, and 14 other banks (hereinafter referred to as "the syndicate banks") for a syndicated loan with a credit line of $12,000,000 as of November 30, 2017. The Group has fully repaid the syndicated loan in November, 2017.

(iii) Collaterals for bank loans

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

(k) Bonds Payable

	March 31, 2018	**March 31, 2017**	**March 31, 2017**
Issuance of unsecured overseas convertible bonds	$ 14,267,000	14,924,000	15,168,000
Unamortized discount on bonds payable	-	(229,383)	(1,165,564)
Conversion of convertible bonds to ordinary shares	(14,267,000)	(11,407,906)	-
Balance at end of period	$ -	3,286,711	14,002,436

	March 31, 2018	**December 31, 2017**	**March 31, 2017**
Embedded derivatives-call and put options and conversion rights re-measured at fair value through loss (included financial liabilities at fair value through profit or loss)	$ -	1,856,146	1,333,267

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
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		For the year ended,	
		March 31, 2018	**March 31, 2018**
Embedded derivatives-call and put options and conversion rights re-measured at fair value through loss (included other gain and losses)	$	140,266	(155,624)

Item	The first unsecured overseas convertible bond
1. Issue amount	USD 500,000 thousand
2. Issue par value	USD 200 thousand
3. Issue period	2017.1.24～2022.1.24
4. Bond expiration	5 years
5. Coupon rate	0%
6. Conversion price	TWD 52.47 dollars
7. Conversion period	The bondholder has the right to convert any bonds into shares that are subject to the terms set forth in the contract. The bonds are convertible anytime after 40 day from the issuance date (excluding the issuance date itself).
8.Put option of bond holders	(A)Each bondholder may require the Company to redeem, in whole or in part, the convertible bonds at an amount, hereinafter referred to as "Early Redemption Amount"(ERA), calculated at par value, plus, interest compensation, which is calculated semi-annually at the rate of 1.75% per annum, after 3 years from the issuance date (excluding the issuance date itself).
	(B)Each bondholder may redeem in advance, in whole or in part, the convertible bond if the Company is delisted from the Taiwan stock exchange.
	(C)Each bondholder may redeem in advance, in whole or in part, the convertible bonds if the Company meets all the conditions on the changes in its rights of control in the contract.
9.Call option of issuer	(A)The issuer may redeem, in whole or in part, the convertible bonds at the ERA if the closing price of the Company's shares which translated into US dollars at the prevailing rate for a period of 20 trading days in any period of 30 consecutive trading days is above 130 percent of the ERA multiplied the conversion ratio and divided by par value.
	(B)The issuer may redeem its outstanding convertible bonds at their Early Redemption Amount if more than 90 per cent, in principal, of the amount of the bonds have already been converted, redeemed, repurchased or cancelled.
	(C)The issuer may redeem, in whole or in part, or the convertible bonds at their Early Redemption Amount if the Company has become obliged to pay the additional interests and costs as a result of any changes in, or amendment to, the laws or regulations of the ROC.

(Continued)

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The host contract debt instruments and derivative conversion rights instruments were included in convertible bond, the host contract are measured at an effective annual rate equal to 1.6593%; the derivative conversion rights instruments are measured at fair value recognized in profit or loss. The Company approved to distribute its cash dividends for 2016 in the general meeting of stockholders held on May 26, 2017. As a result, the conversion price decreased to $50.94 dollars since June 26, 2017 (ex-dividend date).

(l) Finance lease liabilities

(i) The Group signed a long-term lease agreement with Inotera Memories, Inc. to lease out a portion of the building and land (including supplemental equipment) located at No. 667, Fuhsing 3rd Road, Hwa-Ya Technology Park, Kueishan Dist., Taoyuan City. The lease term covers a total lease period of 354 months commencing from July 1, 2005, and will expire on December 31, 2034 (including the period when the lease is automatically extended). The monthly rentals for the lease of building and land (including supplemental equipment) were $2,058 and $310, respectively. The lease of the building is treated as a lease because 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. However, the lease of the land is treated as an operating lease.

(ii) The lease of the building is treated as a finance lease with implicit interest rate of 5.88%. The net carrying value of leased assets and the initial total amount of lease payable for the finance lease of the building was $345,637.

(iii) The rental expense from the lease of land which was treated as an operating lease amounted to $620 for the three-month period ended March 31, 2017. The expense was fully paid as of March 31, 2017.

(iv) The Company signed an agreement for termination on its lease with Inotera Memories Inc. in March 2017. The Company derecognized the lease obligation payables on the termination date and recognized a gain on disposal of lease payable amounting to $63,542 for the difference between carrying amount and fair value of leased property.

(m) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2017 and 2016.

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The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31	
	2018	**2017**
Operating cost	$ 1,956	1,943
Operating expenses	1,005	862
Total	$ **2,961**	**2,805**

(ii) The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31	
	2018	**2017**
Operating cost	$ 20,893	19,095
Operating expenses	16,014	13,777
Total	$ **36,907**	**32,872**

(n) Income tax

(i) The Group's income tax expense recognized for the years ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31,	
	2018	**2017**
Current tax expense		
Current period	$ 1,181	3,778
Adjustment for prior periods	-	-
Tax expense	$ **1,181**	**3,778**

The Group's tax (expense) income recognized in other comprehensive income for the three-month period ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31,	
	2018	**2017**
Items that could not be reclassified subsequently to profit or loss:		
Re-measurement of net defined benefit plan	$ **424**	**-**
Items that may be reclassified subsequently to profit and loss:		
Unrealized (losses) gains on available-for-sale financial assets	$ **-**	**1,661,543**

(ii) The Group's income tax returns have been examined by the ROC tax authority through 2015.

(Continued)

(o) Capital and other equity

Except as described below, there was no material change in equity for the three-month periods ended March 31, 2018 and 2017. Please refer to Note 6(o) of the consolidated financial statements as of and for the year ended December 31, 2017 for the related detail disclosures on equity.

(i) Ordinary Share

For the three-month period ended March 31, 2018, the overseas convertible bondholders exercised some of their conversion rights and the Company issued 16,548 thousand ordinary shares and 56,736 thousand shares of certificates of entitlement at a par value which totaled $732,839. The process for the registration of 16,548 thousand ordinary shares had been completed. In addition, 22,396 thousand shares of certificates of entitlement had been issued as of December 31, 2017; all certificates of entitlement had been transferred to ordinary shares, and the related process for the registration had been completed in the first quarter of 2018.

(ii) Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
Employee stock option plans	$ 2,192,903	2,127,034	1,782,354
Premium from the issuance of stock	29,654,480	25,150,157	9,852,246
Other	-	-	3,300
	$ **31,847,383**	**27,277,191**	**11,637,900**

(iii) Retain earning

According to the Company's Articles of Incorporation, the Company's annual net profit, after providing for income tax and covering the losses of previous years, is first set aside for legal reserve at the rate of 10% thereof until the accumulated balance of legal reserve equals the total issued capital and any special reserves pursuant to relevant laws and regulations. The remainder, plus the undistributed earnings of the previous years, are distributed or left undistributed for business purposes according to the resolution of the stockholders' dividend distribution plan, which are initially proposed by the board of directors and adopted by the shareholders in the annual stockholders' meeting.

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.

1) Special Reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as

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special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

2) Earrings distribution

Earnings distribution for 2017 and 2016 was approved in the general meeting of shareholders held on February 26, 2018 and May 26, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	For the year ended December 31, 2017	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 3.62	10,879,288

	For the year ended December 31, 2016	
	Dividends per share	Amount
Dividends attributable to ordinary shareholders:		
Cash dividends	$ 1.50	4,122,848

(iv) Treasury shares

The Group's shares of stock held by subsidiaries were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Numbers of shares as of December 31,	-	-	687
Ending balance as of March 31,	$ -	-	347,533
Book value per share	$ -	-	505.46
Price per share (dollars)	$ -	-	48.30

As of December 31, 2017, the Company's subsidiary, Pei Jen Co., Ltd., had already sold all of shares of the Company, at the Company's average market price per share.

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(v) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets
Balance as of January 1, 2018	$	(39,163)	-
Exchange differences on translation of foreign financial statements, net of tax			
The Company		(257)	-
Balance as of March 31, 2018	$	(39,420)	-
Balance as of January 1, 2017	$	(16,846)	7,805,947
Exchange differences on translation of foreign financial statements, net of tax:			
The Company		(20,404)	-
Unrealized gains Company on available for sale financial assets:			
The Company		-	8,111,880
The Subsidiaries		-	3,324
Balance as of March 31, 2017	$	(37,250)	15,921,151

(p) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the three-month periods ended March 31, 2018 and 2017. Please refer to Note 6(p) of the consolidated financial statements as of and for the year ended December 31, 2017 for related disclosures on share-based payment transactions.

(i) Relevant information of employee stock option plans

The Company:

	For the three months ended March 31,			
	2018		2017	
	Weighted-average exercise (price TWD)	Number of options (Units)	Weighted-average exercise (price TWD)	Number of options (Units)
Outstanding at January 1,	35.34	155,374	36.37	162,030
Options forfeited	35.16	(1,493)	36.35	(1,482)
Outstanding at March 31,	35.34	153,881	36.37	160,548
Options exercisable at March 31,	36.90	60,616	38.00	62,383

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(ii) Compensation cost

	For the three months ended March 31	
	2018	**2017**
Compensation cost arising from share options granted to employees	$ 65,869	114,893

(q) Earnings per share

	For the three months ended March 31	
	2018	**2017**
Basic earnings per share:		
Net income attributable to the Company	$ 7,226,930	3,275,298
Weighted-average number of ordinary shares outstanding (basic)	3,028,258	2,747,878
Basic earnings per share (dollars)	$ 2.39	1.19
Diluted earnings per share:		
Net income attributable to the Company (basic)	$ 7,226,930	3,275,298
Effect of potentially dilutive ordinary shares		
Effect of interest expense of convertible bonds and other gain or losses after taxes	-	(222,189)
Net income attributable to the Company (diluted)	$ 7,226,930	3,053,109
Weighted-average number of ordinary shares (basic)	3,028,258	2,747,878
Effect of employee stock option	89,414	36,225
Effect of employee remuneration	16,925	12,330
Effect of conversion of convertible bonds	-	222,482
Weighted-average number of ordinary shares (diluted)	3,134,597	3,018,915
Diluted earnings per share (dollars)	$ 2.31	1.01

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(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		For the three-month period ended March 31, 2018		
	Japanese department	Manufacturing department	Other department	Total
Primary geographic markets:				
Taiwan	$ 2,786	7,781,357	75,037	7,859,180
Turkey	-	-	307,579	307,579
Japan	668,655	-	1,609	670,264
Malaysia	-	133,871	289,756	423,627
Korea	62,174	247,491	1,715	311,380
China	340,922	6,556,181	1,609,661	8,506,764
Other countries	54,584	251,906	412,155	718,645
	$ 1,129,121	14,970,806	2,697,512	18,797,439
Major products/services line:				
Dynamic Random Access Memory (DRAM)	$ 1,129,121	14,934,393	2,702,632	18,766,146
Other	-	31,293	-	31,293
	$ 1,129,121	14,965,686	2,702,632	18,797,439

For details on revenue for the three months ended March 31, 2017, please refer to note 6(s).

(i) Contract balances

	March 31, 2018	January 1, 2018
Notes receivable	$ 2,390	3,577
Accounts receivable	11,051,779	8,530,890
Less: allowance for impairment	(9,174)	(8,859)
Total	$ 11,044,995	8,525,608

For details on notes receivable, accounts receivable, and loss allowance for impairment, please refer to note 6(d).

(s) Revenue

The Group's revenue for the three-month period ended March 31, 2017 was as follows：

	2017
Sales of goods	$ 12,196,854
Others	33,720
	$ 12,230,574

For details of revenue for the three-month period ended March 31, 2018, please refer to note 6(r).

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(t) Remuneration to employees

According to the Company' s articles of incorporation, if the Company makes a profit, it should appropriate for employee remuneration to employees which is calculated based on 1% to 12% of the Company' s net income before tax before deduction of employee remuneration to employees and after offsetting accumulated deficits, if any, should be distributed as employee remuneration to employees. Employees who are entitled to receive the above mentioned employee remuneration to employees, in shares or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.

The estimated employee remuneration to employees which was charged to profit or loss under operating costs or expense amounted to $579,845 and $273,214 for the three-month periods ended March 31, 2017 and 2016, respectively. This employee remuneration to employees was estimated based on the Company's net income before tax before deducting any employee remuneration to employees according to the earnings allocation method as stated under the Company's articles of association, If there is any difference between the actual amounts and the estimated amounts of employee remuneration to employees after the financial reports are issued, the management of the Company is expecting that the differences will be treated as a changes in accounting estimates and recognized through profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company' s shares on the day before the approval by the Board of Directors.

The estimated employee remuneration to employees which was charged to profit or loss under operating costs or expense amounted to $1,364,013 for the year ended 2017, which is same as the amount approved by the Company's board of directors.

The Company's board of directors approved to increase its employee remuneration for 2016. The difference between the estimated amount in the financial statements for the year ended December 31, 2016 and the amount approved by the Company's shareholders was $41,866, resulting in the actual distributions to decrease to $422,281. As a result, the difference of $3,800 was charged to profit or loss in 2017. The related information can be obtained from the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Other incomes

	For the three months ended March 31, 2018	2017
Bank deposits and short-term notes	$ 202,732	48,050
Financial lease	32,895	40,263
	$ 235,627	88,313

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(ii) Other gains and losses

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Foreign exchange losses	$ (1,178,033)	(574,814)
Net loss on financial liabilities at fair value through profit or loss	(281,107)	(262,158)
Gain on disposal of a subsidiary	497	-
Gain on disposal of available-for-sale financial assets	-	770
Gain on disposal of lease payable	-	63,542
Impairment loss on non-financial assets	105,403	(11,677)
Losses on disposals of property, plant and equipment	46	24
Others	31,185	251,825
	$ (1,322,009)	(532,488)

(iii) Finance costs

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Bank loans	$ 26	103,343
Financing from entities with significant influence over the Group	-	27,798
Amortization interest of overseas convertible bond	5,105	42,973
Financing from other related parties	119	9,581
Lease payments	-	2,700
Others	48	7
Less: Capitalized of interest	-	(64,405)
	$ 5,298	121,997

(v) Reclassification adjustment of other comprehensive income

	For the three months ended March 31, — March 31, 2018	For the three months ended March 31, — March 31, 2017
Available- for-sale financial assets		
Net change in fair value	$ -	8,115,974
Net change in fair value reclassified to profit or loss	-	(770)
Net change in fair value recognized in other comprehensive income	$ -	8,115,204

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(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group' s financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2017.

(i) Liquidity risk

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	Within 6 months	6 12months	1 2years	2 5years	Over 5 years
March 31, 2018							
Non-derivative financial liabilities							
Financing from other related parties	$ 13,034	13,484	269	13,215	-	-	-
Accounts payable (including related parties)	3,523,711	3,523,711	3,523,711	-	-	-	-
Other payable (including related parties)	8,149,589	8,149,589	8,149,589	-	-	-	-
	$ 11,686,334	11,686,784	11,673,569	13,215	-	-	-
December 31, 2017							
Derivative financial liabilities							
Derivatire instruments not used for hedging	$ 382,295	382,295	382,295	-	-	-	-
Embedded derivatire-convertible bonds	1,856,146	-	-	-	-	-	-
Non-derivative financial liabilities	-	-	-	-	-	-	-
Financing from other related parties	8,416	8,913	249	8,665	-	-	-
Notes and accounts payable (including related parties)	3,372,733	3,372,733	3,372,733	-	-	-	-
Other payable (including related parties)	7,355,168	7,355,168	7,355,168				
Bonds payable	3,286,711	3,759,096	-	-	-	3,759,096	-
	$ 16,261,469	14,878,205	11,110,445	8,665	-	3,759,096	-
March 31, 2017							
Derivative financial liabilities							
Derivative instruments not used for hedging	$ 106,534	106,534	106,534	-	-	-	-
Embedded derivative-convertible bonds	1,333,267	-	-	-	-	-	-
Non-derivative financial liabilities	-	-	-	-	-	-	-
Finance lease liabilities	19,963,450	20,649,469	4,968,197	2,539,012	9,899,900	3,242,360	-
Notes and accounts payable (including related parties)	5,521,232	5,521,232	5,521,232	-	-	-	-
Financing from entities with significant influence over the Group	8,000,000	8,122,309	61,154	8,061,155	-	-	-
Finances from other related parties	2,045,308	2,076,713	15,702	2,061,011	-	-	-
Other payable (including related parties)	4,894,323	4,894,323	4,894,323	-	-	-	-
Bonds payable	14,002,436	15,955,418	-	-	-	15,955,418	-
	$ 55,866,550	57,325,998	15,567,142	12,661,178	9,899,900	19,197,778	-

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

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(ii) Currency risk

1) Exposure to currency risk

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

	March 31, 2018			December 31, 2017			March 31, 2017		
	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate (dollars)	New Taiwan Dollars
Financial assets:									
Monetary items									
USD	$ 1,445,301	29.120	42,087,165	1,323,649	29.848	39,508,275	806,695	30.336	24,471,900
JPY	1,888,721	0.2735	516,565	1,542,231	0.2641	407,303	2,354,185	0.2708	637,513
EUR	23	35.8233	824	25	35.608	890	-	-	-
Financial liabilities:									
Monetary items									
USD	117,012	29.120	3,407,389	587,405	29.848	17,532,864	115,312	30.336	3,498,105
JPY	1,475,395	0.2735	403,521	1,156,636	0.2641	305,468	5,604,540	0.2708	1,517,709
EUR	14,492	35.8233	519,151	1,567	35.608	55,798	8,277	32.3477	267,742

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, accounts payable and other payable which are denominated in different foreign currencies. A 1% depreciation of the TWD against the USD, EUR, JPY, as of March 31, 2018 and 2017 would have increased the net income before tax by $382,745 thousand and $198,258 thousand or the three-month periods ended March 31, 2018 and 2017, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis as prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the three months ended March 31, 2018 and 2017, foreign exchange gain loss (including realized and unrealized portions) amounted to 1,178,033 thousand and 574,814 thousand, respectively.

2) interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and nonderivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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If the interest rate had increased by 1 basis points, the Group's net income would have decreased by 130 thousand and 300,087 thousand for the three months ended March 31, 2018 and 2017 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

3) For the three months ended March 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three-month period ended March 31,	
	2018	2017
Prices of securities at the reporting date	Other comprehensive income after tax	Other comprehensive income after tax
Increase 1%	$ -	421,164
Decrease 1%	-	(421,164)

(iii) Fair value of financial instruments

1) Types and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	March 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 50,196,810	-	-	-	-
Notes and accounts receivable, net	11,044,995	-	-	-	-
Other receivables	583,082	-	-	-	-
Lease payments receivable (including current portion)	1,278,815	-	-	-	-
Total	$ 63,103,702	-	-	-	-
Financial liabilities measured at amortized cost：					
Accounts payable (including related parties)	$ 3,523,711	-	-	-	-
Other payables (including related parties)	8,162,623	-	-	-	-
Total	$ 11,686,334	-	-	-	-

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	December 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 33,768,677	-	-	-	-
Notes and acconts receirable, net	8,525,608	-	-	-	-
Other receivable	11,291,664	-	-	-	-
Lease payments receivable (including current position)	1,353,253	-	-	-	-
Total	$ 54,939,202	-	-	-	-
Financial liabilities measured of amortized cost					
Derivate financial liabilities	$ 2,238,441	-	-	-	-
Financial liabilities measured at amortized cost					
Notes and accounts payable (including related porties)	3,372,733	-	-	-	-
Other payables (including related parties)	7,363,584	-	-	-	-
Bonds payable	3,286,711	-	3,405,337	-	3,405,337
Subtotal	14,023,028	-	3,405,337	-	3,405,337
Total	$ 16,261,469	-	3,405,337	-	3,405,337

	March 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:					
Foriegn listed tock	$ 50,656,448	50,656,448	-	-	50,656,448
Domestic listed stock	71,600	71,600	-	-	71,600
Total	$ 50,728,048	50,728,048	-	-	50,728,048
Loans and receivables：					
Cash and cash equivalents	$ 20,299,894	-	-	-	-
Notes and accounts receivable, net	5,782,714	-	-	-	-
Other receivables	1,167,797	-	-	-	-
Lease payments receivable (including current portion)	1,565,274	-	-	-	-
Subtotal	28,815,679	-	-	-	-
Total	$ 79,543,727	50,728,048	-	-	50,728,048

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	March 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 1,439,801	-	1,439,801	-	1,439,801
Financial liabilities measured at amortized cost:					
Accounts payable (including related parties)	5,521,232	-	-	-	-
Other payables (including related parties)	14,939,631	-	-	-	-
Long-term loans (including current portion)	19,963,450	-	-	-	-
Bonds payable	14,002,436	-	14,854,022	-	14,854,022
Subtotal	54,426,749	-	14,854,022	-	14,854,022
Total	**$ 55,866,550**	-	**16,293,823**	-	**16,293,823**

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Debt Investment that has no active markets and financial liabilities measured at Amortized Cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement.

However, if no quoted prices are available, the fair value is determined by discounted cash flows, using estimation and assumptions under existing market conditions which are obtainable by the Company.

The fair value of financial liabilities traded in active markets or market maker is based on quoted market prices. When quoted prices are unavailable, the fair value is determined by discounted cash flows, using estimation and assumptions under existing market conditions which are obtainable by the Group.

3) Valuation techniques used in fair value determination of financial instruments

a) If the quoted price is available on an active market, the market price is used as the fair value.

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Fair value of the Group's financial instruments with no active market is determined as follows:

The fair value of investment in debt securities with no active market and financial assets carried at cost was estimated by Cox-Ross-Rubinstein of convertible bond and Binomial model of European call option. The key assumption for stock volatility was estimated by evaluating the stock volatility of same industry.

b) Derivative financial instruments

Is based on the evaluation model accepted by the market users, such as the revised constitution and the option model. Forward foreign exchange contracts are usually based on the current forward exchange rate evaluation.

4) There were no transfers from financial assets for the three-month period ended March 31, 2017.

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(v) of the consolidated financial statements for the year ended December 31, 2017.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2017. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2017. Please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2017 for further details.

(z) The investing and financing activities on non-cash transactions

The Group's investing and financing activities on non-cash transactions for the three-month periods ended March 31, 2018 and 2017 were as follows:

Investing and financing activities which did not have any impact on the current cash flows:

	For the three months ended March 31,	
	2018	**2017**
Conversion of convertible bonds to ordinary shares	$ 3,240,750	-

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(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related party during the periods covered in the consolidated interim financial statements.

Name of related party	Relationship with the Group
Nan Ya Photonics Incorporation	The Group's other related parties
Nan Ya Printed Circuit Board Corp.	The Group's other related parties
Mai Laio Harbor Administration Corp.	The Group's other related parties
Formosa Heavy Industries Corporation	The Group's other related parties
Formosa Sumco Technology Corporation	The Group's other related parties
Formosa Advanced Technologies Co., Ltd.	The Group's other related parties
Formosa Technologies Corporation	The Group's other related parties
Formosa Biomedical Technology Corp.	The Group's other related parties
Formosa Petrochemical Corporation	The Group's other related parties
Formosa Chemicals & Fibre Corporation	The Group's other related parties
Formosa Plastics Corporation	The Group's other related parties
Formosa FCFC Carpet Corporation	The Group's other related parties
Formosa Heavy Industries Corp. (GZ) Ltd.	The Group's other related parties
Formosa Transportation (Ningbo) Corp.	The Group's other related parties
Formosa Technologies (Nanjing) Corporation	The Group's other related parties
Nan Ya Plastics Corporation	The entity with significant influence over the Group

(b) Significant with transactions related-party

(i) Sales to related parties

	Sales	
	For the three months ended March 31,	
	2018	2017
Other related parties	$ -	6,023

The selling prices and collection terms for the sales to related parties above are not significantly different from those third party customers, and the normal credit term with the related parties above is due for collection on the 15th day of the month following the month of delivery of goods sold.

(Continued)

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(ii) Purchase from related parties

	Purchases For the years ended March 31,		Accounts payable to related parties		
	2018	**2017**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
Entities with significant influence over the Group	$ 15,104	12,314	5,597	4,750	3,936
Other related parties:					
Formosa Sumco Technology Corporation	419,527	269,562	315,826	290,134	186,508
Other related parties	22,470	8,250	6,354	4,862	2,193
Total	$ 457,101	290,126	327,777	299,746	192,637

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(iii) Consigned out for processing

	Amount For the years ended December 31,		Other payables to related parties		
	2018	**2017**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
Other related parties:					
Formosa Advanced Technologies Co., Ltd	$ 1,341,280	1,388,719	891,118	889,629	703,498

The term of transactions with the related parties above is 60 days after the end of each month when processed consigned goods are received.

(iv) Financing from related parties

	Other payables to related parties		
	March 31, 2018	**December 31, 2017**	**March 31, 2017**
Entities with significant influence over the Group	$ -	-	8,000,000
Other related parties:			
Formosa Heavy Industries Corp. (GZ) Ltd.	8,322	2,282	-
Formosa Transportation (Ningbo) Corp.	-	5,934	-
Formosa Technologies (Nanjing) Corp.	4,624	-	-
Other related parties	-	200	2,045,308
Total	$ 12,946	8,416	10,045,308

(Continued)

Interest payables under other payables to related parties as of March 31, 2018 December 31, 2017 and March 31, 2017 amounted to $88, $208, and $12,027, respectively. Please refer to Note 6(u) for details on related interest expenses.

(v) Property transactions

	Acquisition price For the three months periods ended March 31,		Other payables to related parties		
	2018	2017	March 31, 2018	December 31, 2017	March 31, 2017
Entities with significant influence over the Group	$ 391	2,489	72,826	84,472	5,402
Other related parties	2,111	41,176	18,530	83,129	133,806
Total	$ 2,502	43,665	91,356	167,601	139,208

(vi) Lease contracts

1) The Group's rental expenses paid to related parties were as follows:

	2018	2017
Entities with significant influence over the Group	$ 56,104	49,982

The rentals charged to the entities with significant influence over the Company are determined based on the local market prices, and rents are paid monthly.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2018	2017
Short-term employee benefits	$ 12,192	11,918
Share-based payment	1,694	3,001
	$ 13,886	14,919

Please refer to Note 6(p) for the details of share-based payment.

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(8) Pledged assets:

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

Pledged assets	Object	March 31, 2018	December 31, 2017	March 31, 2017
Property, plant and equipment	Bank loans	$ -	-	33,318,291
Other non-current assets	Bank loans, importation of materials and research and development's plan	$ -	10	304,270

(9) Commitments and contingencies:

(a) Significant commitments

		March 31, 2018	December 31, 2017	March 31, 2017
Guarantees for importation goods provided by bank	$	595,000	595,000	585,000
Guarantees for project plan being undertaken with the Ministry of Economic Affairs provided by bank		-	33,440	6,814
Unused letters of credit		594,953	113,261	213,437
Total	$	1,189,953	741,701	805,251

(b) Contingent liabilities

(i) 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 the Group has engaged counsels to properly handle it to ensure the Group's rights.

(ii) In 2000, the Company was charged by Brazil's Ministry of Justice as being involved in the International Monopolies, which influences Brazil's DRAM market. Consequently, the Company, other large international companies and individuals are investigated at the same time. The Company has engaged counsels to properly handle it to ensure the Company's rights.

(iii) In October 2016, Lone Star Silicon Innovations LLC. accused Nanya Technology Corporation and its 2 subsidiaries, Nanya Technology Corporation, U.S.A and Nanya Technology Corporation, Delaware, in U.S District Court of East Texas for patent infringement, the lawsuit has been handed over to the U.S District Court of Northern California. The Company has engaged counsels to properly handle it to ensure the Group's rights.

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(iv) The original Joint Venture agreement signed by the Company, Micron Technology, Inc. and its related parties was terminated after Micron Semiconductor Co. completed its share-swap with Inotera Memories, Inc. (IMI). Both parties had mutually agreed to sign a cooperation agreement, the details of the agreement were as follows:

1) The estimated cost for improving specific environmental safety and factory facilities in mutually operating period of joint venture agreement amounted to US$5,403 ten thousands; the Company agreed to share the 50% portion of the total costs and accrued it as expense of $850,000 thousand (US$27,015 thousands) to other payable. The Company will share the cost based on the actual amounts at the appointed time. As of March 31, 2018, the payment amounting to $27,000 (USD900 thousand) had been recognized by the Company.

2) The Company agreed to share the 50% portion of the total losses for penalty, improving costs and suspending operation before the date of share-swap in the following two to five years due to an existing event of environmental safety and factory facilities which violated the laws.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2018			2017		
	Cost of goods sold	**Operating expenses**	**Total**	**Cost of goods sold**	**Operating expenses**	**Total**
Employee benefits						
Salaries	1,018,181	592,030	1,610,211	792,607	448,357	1,240,964
Labor and health insurance	43,230	31,543	74,773	37,902	29,590	67,492
Pension expenses	22,849	17,019	39,868	21,038	14,639	35,677
Other personnel expenses	16,799	5,493	22,292	14,633	4,936	19,569
Depreciation expenses	2,842,904	39,193	2,882,097	1,521,129	13,736	1,534,865
Amortization expenses	35,647	-	35,647	70,406	-	70,406

(b) The Group's operations were not affected by seasonality or cyclicality factors.

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(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2018:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures):None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 thousand or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of $300 thousand or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 thousand or 20% of the capital stock: None

(vii) Related-party transaction for purchases and sales for which amounts exceeding the lower of $100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Nanya Technology Corp., U.S.A.	Parent company	(Sale)	(1,354,923)	(7.30)%	O/A,60~90Days	-		1,075,876	8.95%	(Note)
The Company	Nanya Technology Corp., Japan	Parent company	(Sale)	(1,103,852)	(5.94)%	O/A,180ays	-		1,313,134	10.93%	(Note)
The Company	Nanya Technology Europe GmbH	Parent company	(Sale)	(1,060,546)	(5.71)%	O/A,60~90Days	-		950,444	7.91%	(Note)
The Company	Formosa Sumco Technology Corp.	Other related parties	Purchase	419,527	12.34 %	O/A60Days	-		(315,826)	(8.96)%	-

Note: the transactions were written off in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of $100 thousand or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue Amount	Overdue Action taken	Amounts received in subsequent period	Allowance for bad debts
The Company	Nanya Technology Corp., U.S.A.	Parent company	Account receivable 1,075,876	6.70	-	-	510,871	-
The Company	Nanya Technology Corp., Japan	Parent company	Account receivable 1,313,134	4.08	-	-	734,308	-
The Company	Nanya Technology Europe GmbH	Parent company	Account receivable 950,444	4.63	-	-	332,186	-

Note: the transactions were written off in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to notes Note 6(b)

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(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Nanya Technology Corp	Nanya Technology Corp., U.S.A	1	Sales	1,354,923	On the basis of general conditions	7.21%
0	〃	Nanya Technology Corp., Germany	1	Sales	1,060,546	On the basis of general conditions	5.64%
0	〃	Nanya Technology Corp., Japan	1	Sales	1,103,852	On the basis of general conditions	5.87%
0	〃	Nanya Technology Corp., U.S.A	1	Accounts receivable	1,075,876	On the basis of general conditions	0.68%
0	〃	Nanya Technology Europe GmbH	1	Accounts receivable	950,444	On the basis of general conditions	0.60%
0	〃	Nanya Technology Corp., Japan	1	Accounts receivable	1,313,134	On the basis of general conditions	0.83%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.
2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

Note 3: The business relationship and significant transactions between the parent company and the subsidiary only disclose the importations of sales and account receivable, didn't repeat about the purchase and account payable.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2018 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: March 31, 2018	Original investment amount: December 31, 2017	Balance as of March 31, 2018: Shares (thousands)	Percentage of ownership	Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Nanya Technology Corp , U.S.A	U.S.A	Sales of semiconductor products	20,392	20,392	2	100.00 %	107,754	1,067	1,067	(Note)
The Company	Nanya Technology Corp , Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00 %	130,032	3,262	3,262	(Note)
The Company	Pei Jen Co., Ltd	Taipei	Import/export business	325,348	325,348	2,935	100.00 %	43,734	43	43	(Note)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	66,271	66,271	20	100.00 %	55,483	12,733	12,733	(Note)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00 %	84,358	(88,612)	(88,612)	(Note)
The Company	Piece Makers Technology, Inc.	Hsinchu	Design of semiconductor products	-	21,246	-	- %	-	(1,669)	(894)	(Note)
Nanya Technology Corp., HK	Nanya Technology Europe GmbH	Germany	Import/export business	30,056	30,056	-	100.00 %	76,947	17,125	17,125	(Note)

Note: the transactions were written off in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of March 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	28,683 (USD985 thousand)	(1)	28,683 (USD985 thousand)	-	-	28,683 (USD985 thousand)	(4,830)	100.00%	(4,830)	2,587	-

Note: the transactions were written off in the consolidated financial statements.

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(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
28,683 (USD985 thousand)	28,683 (USD985 thousand)	86,717,996

Note 1：Indirect investment in Nanya Technology Corp., Shenzhen through Nanya Technology Corp., HK.

Note 2：The exchange rate of New Taiwan dollars to US dollars on March 31, 2018 was USD1：TWD 29.12

Note 3：60% of net equity.

(iii) Significant transactions: None

(14) Segment information:

Operating segments are combined and reconciled as follows:

	For the three months ended March 31, 2018				
	Japanese division	**Manufacturing division**	**Others divisions**	**Adjustments and eliminated**	**Total**
Revenue:					
From external customers	$ 1,129,121	14,970,805	2,697,513	-	18,797,439
From sales among intersegments	-	3,601,316	69,531	(3,670,847)	-
Total revenue	$ 1,129,121	18,572,121	2,767,044	(3,670,847)	18,797,439
Reportable segment profit or loss	$ (88,612)	7,227,472	16,075	72,401	7,227,336

	For the three months ended March 31, 2017				
	Japanese division	**Manufacturing division**	**Others divisions**	**Adjustments and eliminated**	**Total**
Revenue:					
From external customers	$ 776,062	9,812,503	1,642,009	-	12,230,574
From sales among intersegments	-	2,175,100	73,408	(2,248,508)	-
Total revenue	$ 776,062	11,987,603	1,715,417	(2,248,508)	12,230,574
Reportable segment profit or loss	$ (4,430)	3,275,298	24,065	(8,465)	3,286,468

	Japanese division	**Manufacturing division**	**Others divisions**	**Adjustments and eliminated**	**Total**
Reportable segment liabilities					
Balance at March 31, 2018	$ 1,405,952	158,537,802	2,470,652	(3,846,768)	158,567,638
Balance at December 31, 2017	$ 1,034,197	150,516,379	2,316,869	(3,088,143)	150,779,302
Balance at March 31, 2017	$ 611,613	158,632,911	1,691,755	(2,010,345)	158,925,934

	Japanese division	**Manufacturing division**	**Others divisions**	**Adjustments and eliminated**	**Total**
Reportable segment liabilities					
Balance at March 31, 2018	$ 1,317,610	14,007,808	2,123,386	(3,411,159)	14,037,645
Balance at December 31, 2017	$ 862,239	18,516,514	1,733,154	(2,447,793)	18,664,114
Balance at March 31, 2017	$ 473,358	61,605,101	1,304,423	(1,594,708)	61,788,174