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 Six Months Ended June 30, 2018 and 2017

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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.

Table of contents

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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 Nanya Technology Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 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 $4,142,262 thousand and $2,927,834 thousand, constituting 2.38% and 1.76% of the consolidated total assets; the total liabilities amounting to $36,588 thousand and $433,095 thousand, constituting 0.13% and 0.63% of the consolidated total liabilities as of June 30, 2018 and 2017, respectively; and the total comprehensive income amounting to the net income of $79,203 thousand, $29,150 thousand, $6,027 thousand, and $45,008 thousand, constituting 0.70%, 0.66%, 0.03% and 0.29% of the consolidated total comprehensive income for the three months and six months ended June 30, 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 of June 30, 2018 and 2017, the consolidated financial performance for the three months and six months ended June 30, 2018 and 2017, and of its consolidated cash flows for the six months ended June 30, 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 reviews resulting in this independent auditors' review report are Hui-Chih Ko and Hsiu-Lan Chen.

KPMG

Taipei, Taiwan (Republic of China)
August 10, 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 June 30, 2018 and 2017

Nanya Technology Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2018, December 31, 2017, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (Note 6(a))	$ 61,536,556	35	33,768,677	21	23,015,384	14
1111	Current financial assets at fair value through profit or loss(Note 6(b))	-	-	-	-	41,639	-
1170	Notes and accounts receivable, net (Notes 6(d)(r))	14,748,248	8	8,525,608	6	6,605,124	4
1200	Other receivables (Notes 6(e)(i))	967,246	1	11,601,416	8	2,121,937	1
1310	Inventories (Note 6(f))	8,376,818	5	6,888,530	5	5,215,293	3
1470	Other current assets	2,008,262	1	1,622,096	1	2,031,781	1
	Total current assets	87,637,130	50	62,406,327	41	39,031,158	23
	Non-current assets:						
1523	Non-current available-for-sale financial assets (Note 6(c))	-	-	-	-	41,664,109	25
1600	Property, plant and equipment (Notes 6(h), 7 and 8))	84,586,919	49	86,241,880	57	83,465,114	50
1780	Intangible assets	68,219	-	136,550	-	204,664	-
1840	Deferred tax assets	862,104	-	922,559	1	846,997	1
1935	Long-term lease payments receivable (Note 6(i))	961,884	1	1,043,501	1	1,202,412	1
1990	Other non-current assets (Note 8)	32,707	-	28,485	-	332,760	-
	Total non-current assets	86,511,833	50	88,372,975	59	127,716,056	77
	Total assets	$ 174,148,963	100	150,779,302	100	166,747,214	100

	Liabilities and Equity	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current liabilities:						
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b)(k))	$ -	-	2,238,441	1	2,346,616	2
2170	Accounts payable	2,917,421	2	3,072,987	2	6,859,578	4
2180	Accounts payable to related parties (Note 7)	303,138	-	299,746	-	255,200	-
2200	Other payables	19,784,226	11	6,297,730	4	8,902,696	5
2220	Other payables to related parties (Note 7)	1,028,500	1	1,065,854	1	11,657,043	7
2230	Current tax liabilities	2,498,036	1	1,726,392	1	1,731,823	1
2322	Long-term borrowings, current portion (Notes 6(j) and 8)	-	-	-	-	7,188,250	4
2399	Other current liabilities	1,446	-	1,954	-	1,739	-
	Total current liabilities	26,532,767	15	14,703,104	9	38,942,945	23
	Non-Current liabilities:						
2530	Bonds payable (Note 6(k))	-	-	3,286,711	3	14,106,793	9
2540	Long-term borrowings (Notes 6(j) and 8)	-	-	-	-	12,778,650	8
2570	Deferred tax liabilities	580	-	63,699	-	2,835,675	2
2640	Net defined benefit liability, non-current	522,418	-	525,797	-	448,303	-
2670	Other non-current liabilities	231,042	-	84,803	-	97,757	-
	Total non-current liabilities	754,040	-	3,961,010	3	30,267,178	19
	Total liabilities	27,286,807	15	18,664,114	12	69,210,123	42
	Equity (Note 6(o)):						
3110	Ordinary share	30,596,179	18	29,639,382	20	27,485,658	16
3130	Certificate of entitlement to new shares from convertible bond	-	-	223,958	-	-	-
3140	Advance receipts for share capital	1,406,917	1	-	-	-	-
3200	Capital surplus	32,327,474	19	27,277,191	18	11,752,794	7
3310	Legal reserve	9,192,249	5	5,164,057	3	5,164,057	3
3320	Special reserve	39,163	-	-	-	-	-
3350	Unappropriated retained earnings	73,327,129	42	69,734,440	47	39,570,645	24
3400	Other equity interest	(26,955)	-	(39,163)	-	13,794,616	8
3500	Treasury shares	-	-	-	-	(347,533)	-
	Total equity attributable to owners of parent	146,862,156	85	131,999,865	88	97,420,237	58
36xx	Non-controlling interests	-	-	115,323	-	116,854	-
	Total equity	146,862,156	85	132,115,188	88	97,537,091	58
	Total liabilities and equity	$ 174,148,963	100	150,779,302	100	166,747,214	100

See accompanying notes to consolidated financial statements.

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

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 and six months ended June 30, 2018 and 2017

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

		For the three months ended June 30,				For the six months ended June 30,			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (Notes 6(r)(s) and 7)**	$ 24,592,217	100	12,625,502	100	43,389,656	100	24,856,076	100
5000	**Operating costs (Notes 6(m)(p)(t) and 7)**	11,054,815	45	7,081,576	56	20,111,576	46	14,411,633	58
	Gross profit from operations	13,537,402	55	5,543,926	44	23,278,080	54	10,444,443	42
	Operating expenses (Notes 6(m)(p)(t) and 7):								
6100	Selling expenses	253,534	1	178,600	1	449,026	1	352,060	1
6200	Administrative expenses	415,951	2	316,174	3	766,042	2	663,828	3
6300	Research and development expenses	1,357,673	5	882,360	7	2,233,752	5	1,409,123	6
	Total operating expenses	2,027,158	8	1,377,134	11	3,448,820	8	2,425,011	10
	Net operating income	11,510,244	47	4,166,792	33	19,829,260	46	8,019,432	32
	Non-operating income and expenses (Notes 6(g)(k)(l)(u)):								
7010	Other income	199,659	1	94,959	-	435,286	1	183,272	1
7020	Other gains and losses, net	1,790,154	7	3,887,167	31	468,145	1	3,354,679	13
7050	Finance costs	(165)	-	(147,398)	-	(5,463)	-	(269,395)	(1)
	Total non-operating income and expenses	1,989,648	8	3,834,728	31	897,968	2	3,268,556	13
7900	**Profit before tax**	13,499,892	55	8,001,520	64	20,727,228	48	11,287,988	45
7950	**Tax expense (Note 6(n))**	2,190,061	9	1,504,950	12	2,191,242	5	1,508,728	6
	Profit	11,309,831	46	6,496,570	52	18,535,986	43	9,779,260	39
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	2,147	-	-	-	2,571	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	2,147	-	-	-	2,571	-	-	-
8360	**Other components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	12,465	-	5,020	-	12,208	-	(15,384)	-
8362	Unrealized (losses) gains on valuation of available-for-sale financial assets	-	-	(2,523,145)	(20)	-	-	7,253,602	29
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	428,840	3	-	-	(1,232,703)	(5)
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	12,465	-	(2,089,285)	(17)	12,208	-	6,005,515	24
8300	**Other comprehensive income (loss), net**	14,612	-	(2,089,285)	(17)	14,779	-	6,005,515	24
8500	**Comprehensive income**	$ 11,324,443	46	4,407,285	35	18,550,765	43	15,784,775	63
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	$ 11,309,831	46	6,489,667	52	18,536,761	43	9,764,965	39
8620	Profit (loss), attributable to non-controlling interests	-	-	6,903	-	(775)	-	14,295	
		$ 11,309,831	46	6,496,570	52	18,535,986	43	9,779,260	39
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 11,324,443	46	4,400,382	35	18,551,540	43	15,770,480	63
8720	Comprehensive income (loss), attributable to non-controlling interests	-	-	6,903	-	(775)	-	14,295	-
		$ 11,324,443	46	4,407,285	35	18,550,765	43	15,784,775	63
	Earnings per share (Note 6(q))								
9750	**Basic earnings per share**	$	3.68		2.36		6.07		3.55
9850	**Diluted earnings per share**	$	3.56		2.32		5.86		3.40

See accompanying notes to consolidated financial statements.

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Nanya Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the six months ended June 30, 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	Advance receipts for share capital	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 profit for the six months ended June 30, 2017	-	-	-	-	-	-	9,764,965	-	-	-	9,764,965	14,295	9,779,260
Other comprehensive (loss) income for the six months ended June 30, 2017	-	-	-	-	-	-	-	(15,384)	6,020,899	-	6,005,515	-	6,005,515
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	-	-	9,764,965	(15,384)	6,020,899	-	15,770,480	14,295	15,784,775
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	2,372,128	-	(2,372,128)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(4,122,848)	-	-	-	(4,122,848)	-	(4,122,848)
Reversal of special reserve	-	-	-	-	-	(4,570)	4,570	-	-	-	-	-	-
Other changes in capital surplus:													
Recognized compensation costs on employee stock options	-	-	-	229,787	-	-	-	-	-	-	229,787	-	229,787
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	230	230
Balance at June 30, 2017	$ 27,485,658	-	-	11,752,794	5,164,057	-	39,570,645	(32,230)	13,826,846	(347,533)	97,420,237	116,854	97,537,091
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 profit (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	18,536,761	-	-	-	18,536,761	(775)	18,535,986
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	2,571	12,208	-	-	14,779	-	14,779
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	18,539,332	12,208	-	-	18,551,540	(775)	18,550,765
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	-	4,028,192	-	(4,028,192)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	39,163	(39,163)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(10,879,288)	-	-	-	(10,879,288)	-	(10,879,288)
Other changes in capital surplus:													
Conversion of convertible bonds	732,839	-	-	4,504,323	-	-	-	-	-	-	5,237,162	-	5,237,162
Recognized compensation costs on employee stock options	-	-	-	545,960	-	-	-	-	-	-	545,960	-	545,960
Conversion of certificates of bonds-to-share	223,958	(223,958)	-	-	-	-	-	-	-	-	-	-	-
Excercise of employee share options	-	-	1,406,917	-	-	-	-	-	-	-	1,406,917	-	1,406,917
Disposal of subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(114,548)	(114,548)
Balance at June 30, 2018	$ 30,596,179	-	1,406,917	32,327,474	9,192,249	39,163	73,327,129	(26,955)	-	-	146,862,156	-	146,862,156

See accompanying notes to consolidated financial statements.

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

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

Nanya Technology Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30, 2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	$ 20,727,228	11,287,988
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	5,831,585	3,456,115
Amortization expense	71,370	80,011
Net loss on financial liabilities at fair value through profit or loss	281,107	1,127,334
Interest expense	5,463	269,395
Interest income	(435,286)	(183,272)
Share-based payments	545,960	229,787
Amortization costs of issuing bonds	-	5,739
Gain on disposal of property, plant and equipment	(46)	(45)
Gain on disposal of financial assets in available-for-sale	-	(4,819,443)
Gain on disposal of lease payable	-	(63,542)
Gain on disposal of a subsidiary	(497)	-
(Reversal of impairment loss) impairment loss on non-financial assets	(100,861)	32,057
Unrealized foreign exchange gain	(754,739)	(604,710)
Total adjustments to reconcile profit (loss)	5,444,056	(470,574)
Changes in operating assets and liabilities:		
Notes and accounts receivable	(5,961,402)	(779,621)
Other receivable	(31,307)	(121,391)
Inventories	(1,625,194)	(365,801)
Other current assets	(389,326)	(517,435)
Financial liabilities held for trading	(523,136)	-
Notes and accounts payable (including related parties)	(71,849)	1,540,141
Other payable (including related parties)	3,239,988	222,439
Other current liabilities	(508)	(231,504)
Net defined benefit liability	(3,379)	(5,210)
Other non-current liabilities	(16,434)	(15,379)
Total changes in operating assets and liabilities	(5,382,547)	(273,761)
Cash inflow generated from operations	20,788,737	10,543,653
Interest received	349,778	92,810
Interest paid	(478)	(174,916)
Income taxes paid	(1,416,646)	(1,873,914)
Net cash flows from operating activities	19,721,391	8,587,633
Cash flows from (used in) investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	13,360,238
Proceeds from disposal of a subsidiary	(85,937)	-
Acquisition of property, plant and equipment	(4,720,239)	(18,311,088)
Proceeds from disposal of property, plant and equipment	46	100
Increase in refundable deposits	(2,670)	(1,683)
Decrease in other receivables	10,616,574	-
Decrease in long-term lease and installment receivables	214,665	214,665
(Increase) decrease in other non-current assets	(5,365)	61,990
Net cash flows from (used in) investing activities	6,017,074	(4,675,778)
Cash flows from (used in) financing activities:		
Proceeds from issuing convertible bonds	-	15,604,577
Repayments of long-term debt	-	(3,000,000)
Increase in guarantee deposits received	161,015	15,873
Increase (decrease) in other payables to related parties	4,052	(2,689,243)
Decrease in lease payable	-	(4,138)
Exercise of employee share options	1,406,917	-
Change in non-controlling interests	-	230
Net cash flows from financing activities	1,571,984	9,927,299
Effect of exchange rate changes on cash and cash equivalents	457,430	74,598
Net increase in cash and cash equivalents	27,767,879	13,913,752
Cash and cash equivalents at beginning of period	33,768,677	9,101,632
Cash and cash equivalents at end of period	$ 61,536,556	23,015,384

See accompanying notes to consolidated financial statements.

Nanya Technology Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 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 August 10, 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

(Continued)

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.

(Continued)

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

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	21,170,525
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 endorsed by FSC but not yet effective

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, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
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 19 "Plan Amendment, Curtailment or Settlement"	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

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 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

(Continued)

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on its financial statements in the period of initial application will depend on future economic conditions, including the Group' s discounting rate, the composition of the Group' s lease portfolio at that date, the Group' s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouses and factory facilities.

No significant impact is expected for the Group's finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose to apply either of the following:

·IFRS 16 definition of a lease to all its contracts; or

· a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

·retrospective approach; or

·modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

(Continued)

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

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

As of the date, the following IFRSs have been issued by the IASB, but have not yet to be 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 17 "Insurance Contracts"	January 1, 2021

The Group believes that the adoption of the above IFRSs would not have any relevant impact on its consolidated financial statements.

(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 a complete set of the 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.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

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

			Shareholding			
Investor	**The name of subsidiaries**	**Business activity**	**June 30, 2018**	**December 31, 2017**	**June 30, 2017**	**Note**
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00 %	100.00 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note 2
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00 %	100.00 %	100.00 %	Note 2
The Company	PEI JEN Co., Ltd.	General import and export business	100.00 %	100.00 %	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 %	100.00 %	100.00 %	Note 2
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzen	Sales of semiconductor products	100.00 %	100.00 %	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, other 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.

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 should immediately 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.

(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.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Cash and cash equivalents

	June 30, 2018	December 31, 2017	June 30, 2017
Petty cash	$ 144	156	208
Checking accounts and demand deposit	16,221,531	3,943,055	2,386,400
Cash equivalents:			
Time deposits	27,466,675	29,188,507	17,446,239
Commercial paper	10,316,300	302,838	2,613,137
Repurchase agreements collateralized by corporate bonds	7,531,906	334,121	569,400
	$ 61,536,556	33,768,677	23,015,384

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

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets held-for-trading：			
Derivative instruments not used for hedging	$ -	-	41,639

	June 30, 2018	December 31, 2017	June 30, 2017
Financial liabilities held-for-trading：			
Derivative instruments not used for hedging	$ -	382,295	-
Embedded derivative-convertible bonds	-	1,856,146	2,346,616
Total	$ -	2,238,441	2,346,616

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 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:

	June 30, 2018		
	Contract Amount (in thousand)	Currency	Maturity dates
Forward exchange contract:			
Non-delivery forward purchased	-	-	-

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	June 30, 2017			
	Contract Amount (in thousand)		Currency	Maturity dates
Forward exchange purchased:				
Non-delivery forward purchased	USD	500,000	USD to TWD	2018.3.20~2018.3.22

(c) Available-for-sale financial assets

	June 30, 2017
Foreign listed stock	$ 41,593,061
Domestic listed stock	71,048
	$ 41,664,109

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

(d) Notes and accounts receivable

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable-measured at amortized cost	$ 4,212	3,577	5,090
Accounts receivable-measured at amortized cost	14,753,310	8,530,890	6,609,117
Less：Loss allowance	(9,274)	(8,859)	(9,083)
	$ 14,748,248	8,525,608	6,605,124

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 June 30, 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 June 30, 2018 was determined as follows:

	Gross carrying amount	Weighted average loss rate	Loss allowance provision
Current	$ 14,637,853	0.05%	7,994
1 to 30 days past due	119,468	1.07%	1,278
31 to 60 days past due	201	1.20%	2
	$ 14,757,522		9,274

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31 and June 30, 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	June 30, 2017
1 to 30 days past due	$ 49,884	230,786
31 to 60 days past due	-	8,311
	$ 49,884	239,097

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

		June 30, 2017	
	June 30, 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)	415	-	(201)
Balance on June 30, 2018 and 2017	$ 9,274	-	9,083

(e) Other receivables

	June 30, 2018	December 31, 2017	June 30, 2017
Receivable from stock settlement	$ -	10,616,574	-
Tax refund receivable	624,763	565,827	1,313,753
Interest receivable	50,031	28,347	15,177
Lease payment receivable	240,528	309,752	294,022
Others	51,924	80,916	498,985
	$ 967,246	11,601,416	2,121,937

As of June 30, 2018, December 31, and June 30, 2017, no allowance for impairment was provided because all of the other receivables were still within the normal credit terms and were evaluated to be collectable.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Inventories

	June 30, 2018	December 31, 2017	June 30, 2017
Raw materials	$ 520,934	400,607	327,199
Work in progress	5,714,272	5,393,122	3,414,520
Finished goods	2,141,612	1,067,788	1,439,596
Merchandise	-	27,013	33,978
Total	$ 8,376,818	6,888,530	5,215,293

The group did not recognize any loss from devaluation of inventories or gain from recovery in the value of inventories for the three-month and six-month periods ended June 30, 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:

	February 26, 2018
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	-	-	1,628,009	8,460	2,442,668	4,079,137
Disposals	-	-	(7,703)	(2,589)	-	(10,292)
Disposal of a subsidiary	-	-	(60)	(23,771)	-	(23,831)
Reclassification	-	237,913	2,857,477	23,052	(3,118,328)	114
Effect of exchange rate change	-	86	1,766	1,560	-	3,412
Balance as of June 30, 2018	$ 1,013,924	7,740,630	177,199,401	1,140,482	1,102,633	188,197,070

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	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	-	-	204,073	17,132	19,024,537	19,245,742
Disposals	-	-	(234,444)	(21,134)	-	(255,578)
Derecognized lease assets	-	-	-	(345,636)	-	(345,636)
Reclassification	-	-	18,237,729	43,781	(18,281,510)	-
Effect of exchange rate change	-	(43)	(1,868)	605	-	(1,306)
Balance as of June 30, 2017	$ 1,013,924	4,197,519	143,420,776	1,126,252	26,317,302	176,075,773
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	-	150,274	5,670,497	10,814	-	5,831,585
Reversal of impairment loss	-	-	(100,861)	-	-	(100,861)
Disposals	-	-	(7,703)	(2,589)	-	(10,292)
Disposal of a subsidiary	-	-	(60)	(19,879)	-	(19,939)
Reclassification	-	-	(10,135)	10,141	-	6
Effect of exchange rate change	-	58	700	2,244	-	3,002
Balance as of June 30, 2018	$ -	1,827,259	100,732,370	1,050,522	-	103,610,151
Balance as of January 1, 2017	$ -	1,450,874	86,921,615	1,142,725	-	89,515,214
Depreciation for the period	-	80,049	3,355,089	20,977	-	3,456,115
Impairment loss	-	-	32,735	(678)	-	32,057
Disposals	-	-	(234,445)	(21,078)	-	(255,523)
Derecognized lease assets	-	-	-	(136,693)	-	(136,693)
Reclassification	-	-	(39,390)	39,390	-	-
Effect of exchange rate change	-	(24)	(971)	484	-	(511)
Balance as of June 30, 2017	$ -	1,530,899	90,034,633	1,045,127	-	92,610,659
Carrying amounts:						
Balance as of June 30, 2018	$ 1,013,924	5,913,371	76,467,031	89,960	1,102,633	84,586,919
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 June 30, 2017	$ 1,013,924	2,666,620	53,386,143	81,125	26,317,302	83,465,114

(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 months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Capitalized interest amounts	$ -	44,325	-	108,730
Capitalized interest rates	-	1.97%	-	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 June 30, 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. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") 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 MTTW 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, MTTW 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 and six-month periods ended June 30, 2018 and 2017, the Group recognized the interest revenue of \$30,929, \$38,493, \$63,824 and \$78,756, respectively, from the amortization of unrealized interest revenue.

The details of lease receivables were as follows:

	June 30, 2018			December 31, 2017			June 30, 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	$ 346,830	106,302	240,528	429,330	119,578	309,752	429,330	135,308	294,022
Between one and five years	1,057,320	225,902	831,418	1,057,320	268,124	789,196	1,139,820	309,263	830,557
More than five years	132,165	1,699	130,466	264,330	10,025	254,305	396,495	24,640	371,855
Sub-total	$ 1,536,315	333,903	1,202,412	1,750,980	397,727	1,353,253	1,965,645	469,211	1,496,434
Current			$ 240,528			309,752			294,022
Non-current			961,884			1,043,501			1,202,412
			$ 1,202,412			1,353,253			1,496,434

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Long-term borrowings

	June 30, 2017			
	Currency	**Interest rate range**	**Expiration**	**Amount**
Secured bank borrowings	TWD	1.7895%~2.1662%	108~110	$ 19,966,900
Less: Current portion of long-term borrowings				(7,188,250)
Total				$ 12,778,650
Unused long-term of credit				$ 1,600,000

(i) The Group had an unused long-term of credit with a carrying amount of $1,100,000 and $1,600,000 as of June 30, 2018 and December 31, 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

	June 30, 2018	**December 31, 2017**	**June 30, 2017**
Issuance of unsecured overseas convertible bonds	$ 14,267,000	14,924,000	15,218,000
Unamortized discount on bonds payable	-	(229,383)	(1,111,207)
Conversion of convertible bonds to ordinary shares	(14,267,000)	(11,407,906)	-
Balance at end of period	$ -	3,286,711	14,106,793

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2018	December 31, 2017	June 30, 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	2,346,616

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Embedded derivatives-call and put options and conversion rights re-measured at fair value through loss (included other gain and losses)	$ -	1,013,349	140,266	1,168,973

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.

(Continued)

Item	The first unsecured overseas convertible bond
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.

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. (its name was changed to Micron Technology Taiwan in March, 2017, referred to as "MTTW") 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 $0 and $620 for the three-month and six-month periods ended June 30, 2017. The expense was fully paid as of June 30, 2017.

(iv) The Company signed an agreement for termination on its lease with MTTW 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.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Operating cost	$ 1,995	1,901	3,951	3,844
Operating expenses	969	844	1,974	1,706
Total	$ 2,964	2,745	5,925	5,550

(ii) The Group's expenses under the pension plan cost to the Bureau of local government were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Operating cost	$ 21,408	19,604	42,301	38,699
Operating expenses	13,719	12,556	29,733	26,333
Total	$ 35,127	32,160	72,034	65,032

(n) Income tax

(i) The Group's tax expense were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Current tax expense				
Current period	$ 2,366	2,694	3,547	6,472
10% surtax on undistributed earnings	2,187,695	1,502,256	2,187,695	1,502,256
Deferred tax expense	-	-	-	-
Tax expense	$ 2,190,061	1,504,950	2,191,242	1,508,728

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's tax income (expense) recognized in other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2018	2018	2017
Items that could not be reclassified subsequently to profit or loss:				
Re-measurement of net defined benefit plan	$ 2,147	-	2,571	-
Items that may be reclassified subsequently to profit and loss:				
Unrealized (losses) gains on available-for-sale financial assets	$ -	(428,840)	-	1,232,703

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

(o) Capital and other equity

Except as described below, there was no material change in equity for the six months ended June 30, 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 six months ended June 30, 2018, the overseas convertible bondholders exercised some of their conversion rights and the Company issued 73,284 thousand ordinary shares at a par value which totaled $732,839. The process for the registration of 73,284 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.

For the six months ended June 30, 2018, the Company's ordinary shares were derived from the exercise of employee share options. Accordingly, the Company had issued 41,018 thousand ordinary shares, at an issuing price of $34.3 per share, which totaled $1,406,917. As of June 30, 2018, all issued shares were paid up upon issuance and settled by Taiwan Depository & Clearing Corporation within five business days after the Company received the payment of stock settlement, which was recognized as advance receipts for share capital.

(ii) Capital surplus

	June 30, 2018	December 31, 2017	June 30, 2017
Employee stock option plans	$ 2,672,994	2,127,034	1,897,248
Premium from the issuance of stock	29,654,480	25,150,157	9,852,246
Other	-	-	3,300
	$ 32,327,474	27,277,191	11,752,794

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 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 May 24, 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	$ 3.51	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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Treasury shares

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

	June 30, 2018	December 31, 2017	June 30, 2017
Numbers of shares as of June 30,	-	-	687
Ending balance as of June 30,	$ -	-	347,533
Book value per share	$ -	-	505.46
Price per share (dollars)	$ -	-	54.80

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.

(v) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains 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	12,208	-
Balance as of June 30, 2018	$ (26,955)	-
Balance as of January 1, 2017	$ (16,846)	7,805,947
Exchange differences on translation of foreign financial statements, net of tax:		
The Company	(15,384)	-
Unrealized gains Company on available for sale financial assets:		
The Company	-	6,018,129
The Subsidiaries	-	2,770
Balance as of June 30, 2017	$ (32,230)	13,826,846

(p) Share-based payment

Except as described below, there was no material change on the share-based payment transactions for the six months ended June 30, 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.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Relevant information of employee stock option plans

The Company:

	For the six months ended June 30,			
	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	35.23	(1,807)	36.24	(3,400)
Options exercised	34.30	(41,018)	-	-
Outstanding at June 30,	35.72	112,549	36.37	158,630
Options exercisable at June 30,	36.72	65,112	38.00	61,799

(ii) Compensation cost

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Compensation cost arising from share options granted to employees	$ 480,091	114,894	545,960	229,787

(q) Earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Basic earnings per share:				
Net profit attributable to the Company	$ 11,309,831	6,489,667	18,536,761	9,764,965
Weighted-average number of ordinary shares outstanding (basic)	3,075,379	2,747,878	3,051,949	2,747,878
Basic earnings per share (dollars)	$ 3.68	2.36	6.07	3.55

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Diluted earnings per share:				
Net profit attributable to the Company (basic)	$ 11,309,831	6,489,667	18,536,761	9,764,965
Effect of potentially dilutive ordinary shares				
Effect of interest expense of convertible bonds and other gain or losses after taxes	-	-	-	705,506
Net profit attributable to the Company (diluted)	$ 11,309,831	6,489,667	18,536,761	10,470,471
Weighted-average number of ordinary shares (basic)	3,075,379	2,747,878	3,051,949	2,747,878
Effect of employee share option	86,157	45,085	88,249	41,013
Effect of employee remuneration	18,281	6,751	23,562	15,394
Effect of conversion of convertible bonds	-	-	-	271,526
Weighted-average number of ordinary shares (diluted)	3,179,817	2,799,714	3,163,760	3,075,811
Diluted earnings per share (dollars)	$ 3.56	2.32	5.86	3.40

Because of the convertible bonds issued by the Company for the three months ended June 30, 2017 were anti-dilutive, no diluted earnings per share were calculated.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2018			
	Japanese department	Manufacturing department	Other department	Total
Primary geographic markets:				
Taiwan	$ 1,770	10,960,238	98,910	11,060,918
Turkey	-	-	116,572	116,572
Japan	433,992	-	-	433,992
Malaysia	-	149,524	145,094	294,618
Korea	62,177	87,090	294	149,561
China	431,060	8,096,176	3,094,503	11,621,739
Other countries	86,987	352,834	474,996	914,817
	$ 1,015,986	19,645,862	3,930,369	24,592,217

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30, 2018			
	Japanese department	Manufacturing department	Other department	Total
Major products/services line:				
Dynamic Random Access Memory (DRAM)	$ 1,015,986	19,613,346	3,925,249	24,554,581
Other	-	37,636	-	37,636
	$ 1,015,986	19,650,982	3,925,249	24,592,217

	For the six months ended June 30, 2018			
	Japanese department	Manufacturing department	Other department	Total
Primary geographic markets:				
Taiwan	$ 4,556	18,741,595	173,947	18,920,098
Turkey	-	-	424,151	424,151
Japan	1,102,647	-	1,609	1,104,256
Malaysia	-	283,395	434,850	718,245
Korea	124,351	334,581	2,009	460,941
China	771,982	14,652,357	4,704,164	20,128,503
Other countries	141,571	604,740	887,151	1,633,462
	$ 2,145,107	34,616,668	6,627,881	43,389,656
Major products/services line:				
Dynamic Random Access Memory (DRAM)	$ 2,145,107	34,547,739	6,627,881	43,320,727
Other	-	68,929	-	68,929
	$ 2,145,107	34,616,668	6,627,881	43,389,656

For details on revenue for the three months and six months ended June 30, 2017, please refer to note 6(s).

(i) Contract balances

	June 30, 2018	January 1, 2018
Notes receivable	$ 4,212	3,577
Accounts receivable	14,753,310	8,530,890
Less: allowance for impairment	(9,274)	(8,859)
Total	$ 14,748,248	8,525,608

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Revenue

The Group's revenue for the three months and six months ended June 30, 2017 were as follows：

	For the three months ended June 30, 2017	For the six months ended June 30, 2017
Sales of goods	$ 12,588,174	24,785,028
Others	37,328	71,048
	$ 12,625,502	24,856,076

For details of revenue for the three months and six months ended June 30, 2018, please refer to note 6(r).

(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 $941,104, $369,961, $1,520,949, and $643,175 for the three months and six months ended June 30, 2018 and 2017, 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.

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.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Non-operating income and expenses

(i) Other incomes

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Interest income				
Bank deposits and short-term notes	$ 168,730	56,466	371,462	104,516
Financial lease	30,929	38,493	63,824	78,756
	$ 199,659	94,959	435,286	183,272

(ii) Other gains and losses

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Foreign exchange gains (losses)	$ 1,767,705	(85,575)	589,672	(660,389)
Net loss on financial liabilities at fair value through profit or loss	-	(865,176)	(281,107)	(1,127,334)
Gain on disposal of a subsidiary	-	-	497	-
Gain on disposal of available-for-sale financial assets	-	4,818,673	-	4,819,443
Gain on disposal of lease payable	-	-	-	63,542
Reversal of impairment loss (Impairment loss) on non-financial assets	(4,542)	(20,380)	100,861	(32,057)
Gain on disposals of property, plant and equipment	-	21	46	45
Others	26,991	39,604	58,176	291,429
	$ 1,790,154	3,887,167	468,145	3,354,679

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Finance costs

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Bank loans	$ -	98,238	26	201,581
Financing from entities with significant influence over the Group	-	28,088	-	55,886
Amortization interest of overseas convertible bond	-	58,072	5,105	101,045
Financing from other related parties	116	7,171	235	16,752
Lease payments	-	-	-	2,700
Others	49	154	97	161
Less: Capitalized of interest	-	(44,325)	-	(108,730)
	$ 165	147,398	5,463	269,395

(v) Reclassification adjustment of other comprehensive income

	For the three months ended June 30, 2017	For the six months ended June 30, 2017
Available- for-sale financial assets		
Net change in fair value	$ (6,912,978)	1,201,456
Net change in fair value reclassified to profit or loss	4,818,673	4,819,443
Net change in fair value recognized in other comprehensive (loss) income	$ (2,094,305)	6,020,899

(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
June 30, 2018							
Non-derivative financial liabilities							
Financing from other related parties	$ 12,556	12,990	261	12,729	-	-	-
Accounts payable (including related parties)	3,220,559	3,220,559	3,220,559	-	-	-	-
Other payable (including related parties)	20,800,170	20,800,170	2,800,170	-	-	-	-
	$ 24,033,285	24,033,719	6,020,990	12,729	-	-	-

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Carrying amount	Contractual cash flow	Within 6 months	6-12months	1-2years	2-5years	Over 5 years
December 31, 2017								
Derivative financial liabilities								
Derivative instruments not used for hedging	$	382,295	382,295	382,295	-	-	-	-
Embedded derivative-convertible bonds		1,856,146	-	-	-	-	-	-
Non-derivative financial liabilities		-	-	-	-	-	-	-
Financing from other related parties		8,416	8,914	249	8,665	-	-	-
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	14,878,206	11,110,445	8,665	-	3,759,096	-
June 30, 2017								
Derivative financial liabilities								
Embedded derivative-convertible bonds	$	2,346,616	-	-	-	-	-	-
Non-derivative financial liabilities		-	-	-	-	-	-	-
Secured bank borrowings		19,966,900	20,569,809	4,962,377	2,526,149	9,853,043	3,228,240	-
Accounts payable (including related parties)		7,114,778	7,114,778	7,114,778	-	-	-	-
Financing from entities with significant influence over the Group		8,000,000	8,121,944	60,972	8,060,972	-	-	-
Finances from other related parties		2,053,029	2,084,413	15,692	2,068,721	-	-	-
Other payable (including related parties)		10,506,710	10,506,710	10,506,710	-	-	-	-
Bonds payable		14,106,793	15,955,418	-	-	-	15,955,418	-
	$	64,094,826	64,353,072	22,660,529	12,655,842	9,853,043	19,183,658	-

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

(ii) Currency risk

1) Exposure to currency risk

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

		June 30, 2018			December 31, 2017			June 30, 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	$	1,228,449	30.500	37,467,695	1,323,649	29.848	39,508,275	825,787	30.436	25,133,653
JPY		1,765,393	0.2765	488,131	1,542,231	0.2641	407,303	2,577,690	0.2708	698,038
EUR		21	35.344	742	25	35.608	890	17	34.754	591
Financial liabilities:										
Monetary items										
USD		126,181	30.500	3,848,521	587,405	29.848	17,532,864	566,317	30.436	17,236,424
JPY		1,120,416	0.2765	309,795	1,156,636	0.2641	305,468	8,538,426	0.2708	2,312,206
EUR		789	35.344	27,886	1,567	35.608	55,798	15,513	34.754	539,133

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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, JPY, EUR, as of June 30, 2018 and 2017 would have increased the net income before tax by $337,704 and $57,445 for the six months ended June 30, 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 six months ended June 30, 2018 and 2017, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $589,672 and $(660,389), 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 non-derivative 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.

If the interest rate had increased by 1 basis points, the Group's net income would have decreased by $125 and $300,199 for the six months ended June 30, 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) 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 six months ended June 30,	
	2018	**2017**
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Other comprehensive income after tax**
Increase 1%	$ -	345,933
Decrease 1%	-	(345,933)

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 :

	June 30, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 61,536,556	-	-	-	-
Notes and accounts receivable, net	14,748,248	-	-	-	-
Other receivables	726,718	-	-	-	-
Lease payments receivable (including current portion)	1,202,412	-	-	-	-
Total	$ 78,213,934	-	-	-	-
Financial liabilities measured at amortized cost：					
Accounts payable (including related parties)	$ 3,220,559	-	-	-	-
Other payables (including related parties)	20,812,726	-	-	-	-
Total	$ 24,033,285	-	-	-	-

	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 accounts receivable, net	8,525,608	-	-	-	-
Other receivables	11,291,664	-	-	-	-
Lease payments receivable (including current position)	1,353,253	-	-	-	-
Total	$ 54,939,202	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivate financial liabilities	$ 2,238,441	-	-	-	-
Financial liabilities measured at amortized cost					
Accounts payable (including related parties)	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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 41,639	-	41,639	-	41,639
Available-for-sale financial assets:					
Foreign listed stock	41,593,061	41,593,061	-	-	41,593,061
Domestic listed stock	71,048	71,048	-	-	71,048
Total	$ 41,664,109	41,664,109	-	-	41,664,109
Loans and receivables：					
Cash and cash equivalents	23,015,384	-	-	-	-
Notes and accounts receivable, net	6,605,124	-	-	-	-
Other receivables	1,827,915	-	-	-	-
Lease payments receivable (including current portion)	1,496,434	-	-	-	-
Subtotal	32,944,857	-	-	-	-
Total	$ 74,650,605	41,664,109	41,639	-	41,705,748
Financial liabilities measured at amortized cost:					
Derivative financial liabilities	$ 2,346,616	-	2,346,616	-	2,346,616
Accounts payable (including related parties)	7,114,778	-	-	-	-
Other payables (including related parties)	20,559,739	-	-	-	-
Long-term loans (including current portion)	19,966,900	-	-	-	-
Bonds payable	14,106,793	-	15,087,125	-	15,087,125
Total	$ 64,094,826	-	17,433,741	-	17,433,741

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.

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 six months ended June 30, 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.

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group's investing and financing activities on non-cash transactions for the six months ended June 30, 2018 and 2017were as follows:

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

	For the six months ended June 30,	
	2018	2017
Conversion of convertible bonds to ordinary shares	$ 3,240,750	-

(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 financial statements.

Name of related party	Relationship with the Group
Nan Ya Photonics Incorporation	The Group's other related parties
Formosa Technologies (Nanjing) Corporation	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
Nan Ya Plastics Corporation	The entity with significant influence over the Group

(b) Significant transactions with related parties

(i) Sales to related parties

	Sales			
	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	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.

(ii) Purchase from related parties

	Purchases				Accounts payable to related parties		
	For the three months ended June 30,		For the six months ended June 30,				
	2018	2017	2018	2017	June 30, 2018	December 31, 2017	June 30, 2017
Entities with significant influence over the Group	$ 14,646	12,239	29,750	24,553	5,413	4,750	3,871
Other related parties:							
Formosa Sumco Technology Corporation	429,063	354,040	848,590	623,602	290,788	290,134	250,956
Other related parties	32,144	3,931	54,614	12,181	6,937	4,862	373
Total	$ 475,853	370,210	932,954	660,336	303,138	299,746	255,200

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				Other payables to related parties		
	For the three months ended June 30,		For the six months ended June 30,				
	2018	2017	2018	2017	June 30, 2018	December 31, 2017	June 30, 2017
Other related parties:							
Formosa Advanced Technologies Co., Ltd	$ 1,512,861	1,368,551	2,854,141	2,757,270	1,010,690	889,629	706,049

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financing from related parties

	Other payables to related parties		
	June 30, 2018	December 31, 2017	June 30, 2017
Entities with significant influence over the Group	$ -	-	8,000,000
Other related parties:			
Nan Ya Printed Circuit Board Corp.	-	-	1,800,000
Formosa Heavy Industries Corp. (GZ) Ltd.	-	2,282	-
Formosa Transportation (Ningbo) Corp.	-	5,934	-
Formosa Technologies (Nanjing) Corp.	12,468	-	-
Other related parties	-	200	253,029
Total	$ 12,468	8,416	10,053,029

Interest payables under other payables to related parties as of June 30, 2018, December 31 and June 30, 2017 amounted to $88, $208, and $11,677, respectively. Please refer to Note 6(u) for details on related interest expenses.

(v) Property transactions

	Acquisition price For the six months ended June 30,		Other payables to related parties		
	2018	2017	June 30, 2018	December 31, 2017	June 30, 2017
Entities with significant influence over the Group	$ 391	727,713	178	84,472	724,068
Other related parties	3,697	99,878	5,076	83,129	162,220
Total	$ 4,088	827,591	5,254	167,601	886,288

(vi) Lease contracts

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

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Entities with significant influence over the Group	$ 56,270	49,982	112,374	99,964

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.

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Short-term employee benefits	$ 9,970	10,449	22,232	22,367
Share-based payment	12,739	3,001	14,433	6,002
	$ 22,709	13,450	36,665	28,369

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

(8) Pledged assets:

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

Pledged assets	Object	June 30, 2018	December 31, 2017	June 30, 2017
Property, plant and equipment	Bank loans	$ -	-	32,255,455
Other non-current assets	Bank loans, importation of materials and research and development's plan	$ -	10	314,289

(9) Commitments and contingencies:

(a) Significant commitments

	June 30, 2018	December 31, 2017	June 30, 2017
Guarantees for importation goods provided by bank	$ 1,035,000	595,000	585,000
Guarantees for project plan being undertaken with the Ministry of Economic Affairs provided by bank	-	33,440	28,430
Unused letters of credit	536,988	113,261	2,574,296
Total	$ 1,571,988	741,701	3,187,726

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(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 Micron Technology Taiwan. 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 June 30, 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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(11) Subsequent Events:

(a) On July 12, 2018, the board of directors of Pei Jen Co. (the Company's subsidiary) approved to execute a dissolution due to the discontinuance of the business under legal regulations.

(b) On July 23, 2018, for improving the Company's operating performance and strengthening the cooperation with Formosa Advanced Technologies Cp., Ltd., the Company' s board of directors approved to acquire a maximum of 84,022 thousand shares, with an estimated price of $36.3 per share, which totaled less than $3,049,999, wherein the shareholding ratio is estimated to be 19%. The process for the stock settlement had been completed on July 25, 2018.

(12) Other:

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

	For the three months ended June 30, 2018			For the three months ended June 30, 2017		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	1,560,807	807,918	2,368,725	887,606	475,966	1,363,572
Labor and health insurance	43,136	31,158	74,294	38,685	28,533	67,218
Pension expenses	23,403	14,688	38,091	21,505	13,400	34,905
Remuneration of directors	-	14,471	14,471	-	6,928	6,928
Other personnel expenses	16,884	5,600	22,484	14,899	4,940	19,839
Depreciation expenses	2,910,907	38,581	2,949,488	1,909,862	11,388	1,921,250
Amortization expenses	35,723	-	35,723	13,055	-	13,055

	For the six months ended June 30, 2018			For the six months ended June 30, 2017		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	2,578,988	1,394,288	3,973,276	1,680,213	919,020	2,599,233
Labor and health insurance	86,366	62,701	149,067	76,587	58,123	134,710
Pension expenses	46,252	31,707	77,959	42,543	28,039	70,582
Remuneration of directors	-	21,564	21,564	-	14,679	14,679
Other personnel expenses	33,683	11,093	44,776	29,532	9,876	39,408
Depreciation expenses	5,753,811	77,774	5,831,585	3,430,991	25,124	3,456,115
Amortization expenses	71,370	-	71,370	80,011	-	80,011

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

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 six months ended June 30, 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)	$ (4,186,310)	(9.71)%	O/A,60~90Days	-		$ 2,088,581	13.32%	(Note)
The Company	Nanya Technology Corp., H.K.	Parent company	(Sale)	$ (117,782)	(0.27)%	O/A,60~90Days	-		$ 53,618	0.34%	(Note)
The Company	Nanya Technology Corp., Japan	Parent company	(Sale)	$ (2,082,012)	(4.83)%	O/A,180ays	-		$ 683,840	4.36%	(Note)
The Company	Nanya Technology Europe GmbH	Parent company	(Sale)	$ (2,049,960)	(4.76)%	O/A,60~90Days	-		$ 800,946	5.11%	(Note)
The Company	Formosa Sumco Technology Corp.	Other related parties	Purchase	$ 848,590	11.97 %	O/A60Days	-		$ (290,788)	(9.02)%	-

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 of accounts receivable from related parties	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Nanya Technology Corp., U.S.A.	Parent company	$ 2,088,581	6.37	-	-	$ 1,152,794	-
The Company	Nanya Technology Corp., Japan	Parent company	$ 683,840	5.42	-	-	$ 290,760	-
The Company	Nanya Technology Europe GmbH	Parent company	$ 800,946	4.87	-	-	-	-

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

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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	$ 4,186,310	On the basis of general conditions	9.65%
0	〃	Nanya Technology Corp., Germany	1	Sales	$ 2,049,960	On the basis of general conditions	4.72%
0	〃	Nanya Technology Corp., Japan	1	Sales	$ 2,082,012	On the basis of general conditions	4.80%
0	〃	Nanya Technology Corp., U.S.A	1	Accounts receivable	$ 2,088,581	On the basis of general conditions	1.20%
0	〃	Nanya Technology Europe GmbH	1	Accounts receivable	$ 800,946	On the basis of general conditions	0.46%
0	〃	Nanya Technology Corp., Japan	1	Accounts receivable	$ 683,840	On the basis of general conditions	0.39%

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 (excluding information on investees in Mainland China):

The following is the information on investees for the six months ended June 30, 2018:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: June 30, 2018	Original investment amount: December 31, 2017	Balance as of June 30, 2018: Shares (thousands)	Balance as of June 30, 2018: Percentage of ownership	Balance as of June 30, 2018: 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 %	$ 121,458	$ 4,652	$ 4,652	(Note)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	$ 36,005	$ 36,005	-	100.00 %	$ 140,152	$ 7,124	$ 7,124	(Note)
The Company	Pei Jen Co., Ltd.	Taipei	Import/export business	$ 325,348	$ 325,348	2,935	100.00 %	$ 43,736	$ 46	$ 46	(Note)
The Company	Nanya Technology Corp., HK	Hong Kong	Sales of semiconductor products	$ 66,271	$ 66,271	20	100.00 %	$ 59,704	$ 19,079	$ 19,079	(Note)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	$ 20,161	$ 20,161	1	100.00 %	$ 150,978	$ (23,205)	$ (23,205)	(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	Sales of semiconductor products	$ 30,056	$ 30,056	-	100.00 %	$ 78,427	$ 19,535	$ 19,535	(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 June 30, 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	$ 30,043 (USD985 thousand)	(Note 1)	$ 30,043 (USD985 thousand)	-	-	$ 30,043 (USD985 thousand)	$ (1,461)	100.00%	$ (1,461)	$ 5,972	-

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 30,043 (USD985 thousand)	$ 30,043 (USD985 thousand)	$ 88,117,294

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 June 30, 2018 was USD1 : TWD 30.5

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 June 30, 2018				
	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Revenue:					
From external customers	1,015,986	19,663,798	3,912,433	-	24,592,217
From sales among intersegments	-	4,857,004	91,089	(4,948,093)	-
Total revenue	$ 1,015,986	24,520,802	4,003,522	(4,948,093)	24,592,217
Reportable segment profit or loss	$ 65,407	13,499,193	14,495	(79,203)	13,499,892

	For the three months ended June 30, 2017				
	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Revenue:					
From external customers	996,944	9,538,961	2,089,597	-	12,625,502
From sales among intersegments	661	2,839,371	85,821	(2,925,853)	-
Total revenue	$ 997,605	12,378,332	2,175,418	(2,925,853)	12,625,502
Reportable segment profit or loss	$ 7,968	7,991,924	23,876	(22,248)	8,001,520

	For the six months ended June 30, 2018				
	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Revenue:					
From external customers	$ 2,145,107	34,634,603	6,609,946	-	43,389,656
From sales among intersegments	-	8,458,320	160,620	(8,618,940)	-
Total revenue	$ 2,145,107	43,092,923	6,770,566	(8,618,940)	43,389,656
Reportable segment profit or loss	$ (23,205)	20,726,665	30,570	(6,802)	20,727,228

	For the six months ended June 30, 2017				
	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Revenue:					
From external customers	$ 1,773,006	19,351,464	3,731,606	-	24,856,076
From sales among intersegments	661	5,014,471	159,229	(5,174,361)	-
Total revenue	$ 1,773,667	24,365,935	3,890,835	(5,174,361)	24,856,076
Reportable segment profit or loss	$ 3,538	11,267,222	47,941	(30,713)	11,287,988

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

		Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Reportable segment assets						
Balance at June 30, 2018	$	845,845	174,149,714	3,335,361	(4,181,957)	174,148,963
Balance at December 31, 2017	$	1,034,197	150,516,379	2,316,869	(3,088,143)	150,779,302
Balance at June 30, 2017	$	807,493	166,391,252	2,243,968	(2,695,499)	166,747,214

		Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Reportable segment liabilities						
Balance at June 30, 2018	$	689,462	27,287,557	2,964,471	(3,654,683)	27,286,807
Balance at December 31, 2017	$	862,239	18,516,514	1,733,154	(2,447,793)	18,664,114
Balance at June 30, 2017	$	661,332	68,971,015	1,826,594	(2,248,818)	69,210,123