NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016 AND 2015
(With Independent Accountants' Review Report Thereon)

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Independent Accountants' Review Report

The Board of Directors
Nanya Technology Corporation

We have reviewed the accompanying consolidated statements of financial position of Nanya Technology Corporation (the "Company") and its subsidiaries as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for three-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As discussed in Note 4(2), the financial statements of certain subsidiaries under the equity method as of and for the three-month periods ended March 31, 2016 and 2015 were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$2,220,904 thousand and NT$2,438,529 thousand, representing 1.89 % and 2.30 % of the related consolidated total assets as of March 31, 2016 and 2015, respectively; and the total liabilities amounted to NT$615,058 thousand and NT$620,781 thousand, representing 1.25 % and 1.07 % of the related consolidated total liabilities as of March 31, 2016 and 2015, respectively; and their comprehensive income amounted to a net loss of NT$71,574 thousand and a net income of NT$35,650 thousand, representing (3.87) % and 0.56 % of the consolidated total comprehensive income for the three-month periods ended March 31, 2016 and 2015, respectively.

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

KPMG

Taipei, Taiwan (the Republic of China)

May 10, 2016

Notes to Readers

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

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

Consolidated financial statements as of March 31, 2016 and 2015 are reviewed only, not audited in accordance with the generally accepted auditing standards

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2016, DECEMBER 31, 2015 AND MARCH 31, 2015
(Expressed in thousands of New Taiwan Dollars)

	Assets	March 31, 2016	%	December 31, 2015	%	March 31, 2015	%
	Current assets:						
1100	Cash and cash equivalents (Note 6(1))	$ 14,544,633	13	3,103,705	3	7,428,590	7
1125	Available-for-sale financial assets－current (Note 6(2))	3,803,599	4	-	-	-	-
1170	Notes and accounts receivable, net (Note 6(4))	5,088,798	4	5,442,511	5	6,056,484	6
1180	Accounts receivable due from related parties (Notes 6(4) and 7)	-	-	-	-	78	-
1200	Other receivables (Note 6(4))	1,350,050	1	1,486,388	1	1,645,488	1
1210	Other receivable－related parties (Notes 6(4)(8) and 7)	266,237	-	263,588	-	241,006	-
130x	Inventories (Note 6(5))	5,933,499	5	5,949,340	6	5,179,350	5
1470	Other current assets	1,446,683	1	1,577,089	2	820,490	1
	Total current assets	32,433,499	28	17,822,621	17	21,371,486	20
	Non-current assets:						
1523	Available-for-sale financial assets－non-current (Note 6(2))	94,038	-	92,930	-	142,095	-
1543	Financial assets carried at cost－non-current (Note 6(3))	9,340	-	9,340	-	-	-
1546	Debt investments without active market –non-current (Note 6(3))	181,280	-	181,280	-	-	-
1550	Investments accounted for using equity method, net (Note 6(6))	32,430,482	28	32,833,967	32	30,128,423	29
1600	Property, plant and equipment (Notes 6(7),7 and 8)	49,205,350	42	49,763,526	48	50,914,799	48
1780	Intangible assets	373,121	-	406,193	-	503,376	-
1840	Deferred income tax assets	869,066	1	876,064	1	846,582	1
1935	Lease receivable－long-term (Notes 6(8) and 7)	1,565,273	1	1,632,343	2	1,823,376	2
1990	Other non-current assets (Notes 6(1) and 8)	389,498	-	387,773	-	390,332	-
	Total non-current assets	85,117,448	72	86,183,416	83	84,748,983	80
	Total assets	$ 117,550,947	100	104,006,037	100	106,120,469	100

	Liabilities and Equity	March 31, 2016	%	December 31, 2015	%	March 31, 2015	%
	Current liabilities：						
2100	Short-term loans (Note 6(9))	$ 6,000	-	3,306,000	3	3,602,000	3
2170	Notes and accounts payable	1,170,124	1	1,384,780	2	1,290,011	1
2180	Accounts payable－related parties (Note 7)	181,402	-	175,430	-	196,385	-
2220	Other payables－related parties (Notes 6(11) and 7)	23,275,032	20	26,646,915	26	36,601,290	35
2322	Current portion of long-term loans (Note 6(10))	2,600,000	2	500,000	-	750,000	1
2399	Other current liabilities	3,203,430	3	3,216,474	3	2,136,862	2
	Total current liabilities	30,435,988	26	35,229,599	34	44,576,548	42
	Non-current liabilities:						
2540	Long-term loans (Note 6(10))	17,550,650	15	12,685,000	12	11,981,250	11
2570	Deferred income tax liabilities	703	-	7,558	-	274	-
2613	Lease payables－long-term (Notes 6(11) and 7)	271,764	-	273,923	-	280,214	-
2640	Accrued pension liabilities－non current	755,423	1	755,860	1	633,322	1
2670	Other non-current liabilities	179,778	-	199,722	-	277,208	-
	Total non-current liabilities	18,758,318	16	13,922,063	13	13,172,268	12
	Total liabilities	49,194,306	42	49,151,662	47	57,748,816	54
	Equity (Notes 6(6)(13)(14)):						
3110	Common stock	27,485,658	23	24,285,658	23	24,266,978	23
3140	Advance receipts for ordinary share	-	-	-	-	75,405	-
3200	Additional paid-in capital	16,263,491	14	7,812,701	8	7,164,303	7
3310	Legal reserve	1,077,812	1	1,077,812	1	-	-
3350	Accumulated profit	23,762,563	20	21,913,621	21	17,106,607	16
3400	Other equity	2,105	-	(4,570)	-	21,330	-
3500	Treasury stock	(347,533)	-	(347,533)	-	(347,533)	-
	Equity attributable to owners of the Company	68,244,096	58	54,737,689	53	48,287,090	46
36xx	Non-controlling interest	112,545	-	116,686	-	84,563	-
	Total equity	68,356,641	58	54,854,375	53	48,371,653	46
	Total Liabilities and Equity	$ 117,550,947	100	104,006,037	100	106,120,469	100

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan Dollars, except for earnings per share)

		For the three-month periods ended March 31, 2016		2015	
		Amount	%	Amount	%
4000	**Operating revenues (Note 7)**	$ 10,397,555	100	12,027,943	100
5000	**Cost of goods sold (Notes 6(5)(12)(15)(17) and 7)**	6,998,729	67	6,354,719	53
	Gross profit	3,398,826	33	5,673,224	47
	Operating expenses (Notes 6(11)(12)(15)(17) and 7):				
6100	Selling and distribution expenses	156,168	2	161,911	-
6200	Administrative and general expenses	231,716	2	315,053	3
6300	Research and development expenses	378,127	4	428,760	4
	Total operating expenses	766,011	8	905,724	7
	Operating income	2,632,815	25	4,767,500	40
	Non-operating income and expenses:				
7010	Other income (Notes 6(8)(18))	53,761	1	59,523	-
7020	Other gains and losses (Notes 6(18) and 7)	(288,367)	(3)	(52,681)	-
7050	Finance expenses (Notes 6(18))	(173,932)	(2)	(242,966)	(2)
7060	Share of profit of associates accounted for using equity method (Notes 6(6) and 7)	(379,260)	(3)	1,772,544	14
	Total non-operating income and expenses	(787,798)	(7)	1,536,420	12
	Profit before income tax	1,845,017	18	6,303,920	52
7950	**Income tax expense (Note 6(13))**	219	-	4,677	-
	Net income	1,844,798	18	6,299,243	52
8300	**Other comprehensive income (loss):**				
8360	**Items that could be reclassified subsequently to profit or loss** (Notes 6(14))				
8361	Foreign currency translation differences－foreign operations	2,600	-	(11,338)	-
8362	Other comprehensive income (loss), before tax, available-for-sale financial assets	4,075	-	26,729	-
8399	Income tax expense related to items that could be reclassified to profit or loss	-	-	-	-
	Total items that could be reclassified subsequently to profit or loss	6,675	-	15,391	-
8500	**Total comprehensive income**	**$ 1,851,473**	**18**	**6,314,634**	**52**
	Profit attributable to:				
8610	Profit attributable to owners of the Company	$ 1,848,942	18	6,290,339	52
8620	Income (loss) attributable to non-controlling interests	(4,144)	-	8,904	-
	Net income	**$ 1,844,798**	18	**6,299,243**	52
	Total comprehensive (loss) income attributable to:				
8710	Total comprehensive income attributable to owners of the Company	$ 1,855,617	18	6,305,730	52
8720	Total comprehensive income (loss) attributable to non-controlling interests	(4,144)	-	8,904	-
	Total comprehensive income (loss)	**$ 1,851,473**	**18**	**6,314,634**	**52**
	Earnings per share (Note 6(16))				
9710	**Basic earnings per share (Unit: TWD)**	**$ 0.68**		**2.61**	
9850	**Diluted earnings per share (Unit: TWD)**			**$ 2.57**	

See accompanying notes to consolidated financial statements.

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NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	Attributable to owners of the Company										
				Retained earnings		Total other equity interest					
	Common stock	Advance receipts for share capital	Additional capital surplus	Legal reserve	Accumulated profit (deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses)on available -for-sale financial assets	Treasury stock	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance as of January 1, 2015	$ 24,095,278	653,565	6,377,936	-	10,816,268	(23,516)	29,455	(347,533)	41,601,453	75,605	41,677,058
Net profit for the three period ended March 31, 2015	-	-	-	-	6,290,339	-	-	-	6,290,339	8,904	6,299,243
Other comprehensive income (loss)	-	-	-	-	-	(11,338)	26,729	-	15,391	-	15,391
Total comprehensive income (loss)	-	-	-	-	6,290,339	(11,338)	26,729	-	6,305,730	8,904	6,314,634
Change in other capital surplus:											
Change in equity of associates accounted for using equity method	-	-	10,612	-	-	-	-	-	10,612	-	10,612
Recognized compensation costs on employee stock options	-	-	2,998	-	-	-	-	-	2,998	54	3,052
Advance receipts for share capital- employee stock options	-	75,405	-	-	-	-	-	-	75,405	-	75,405
Due to recognition of equity component of employee stock options issued	171,700	(653,565)	772,757	-	-	-	-	-	290,892	-	290,892
Balance as of March 31, 2015	**$ 24,266,978**	**75,405**	**7,164,303**	**-**	**17,106,607**	**(34,854)**	**56,184**	**(347,533)**	**48,287,090**	**84,563**	**48,371,653**
Balance as of January 1, 2016	$ 24,285,658	-	7,812,701	1,077,812	21,913,621	(11,588)	7,018	(347,533)	54,737,689	116,686	54,854,375
Net profit for the three-month period ended March 31, 2016	-	-	-	-	1,848,942	-	-	-	1,848,942	(4,144)	1,844,798
Other comprehensive income (loss)	-	-	-	-	-	2,600	4,075	-	6,675	-	6,675
Total comprehensive income (loss)	-	-	-	-	1,848,942	2,600	4,075	-	1,855,617	(4,144)	1,851,473
Capital increase by cash	3,200,000	-	8,475,000	-	-	-	-	-	11,675,000	-	11,675,000
Change in other capital surplus:											
Change in equity of associates accounted for using equity method	-	-	(24,251)	-	-	-	-	-	(24,251)	-	(24,251)
Recognized compensation costs on employee stock options	-	-	41	-	-	-	-	-	41	3	44
Balance as of March 31, 2016	**$ 27,485,658**	**-**	**16,263,491**	**1,077,812**	**23,762,563**	**(8,988)**	**11,093**	**(347,533)**	**68,244,096**	**112,545**	**68,356,641**

See accompanying notes to consolidated financial statements.

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

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2016 AND 2015
(Expressed in thousands of New Taiwan Dollars)

	For the three-month periods ended March 31, 2016	2015
Cash flows from operating activities:		
Profit before income tax	$ 1,845,017	6,303,920
Adjustments for:		
Income and expenses not affecting cash flow		
Depreciation expense	1,469,267	1,361,774
Amortization expense	36,331	36,196
Interest expenses	173,932	242,966
Interest income	(53,761)	(59,523)
Compensation costs arising from share-based payments	44	3,052
Share of profit of associate accounted for using equity method	379,260	(1,722,544)
Loss (gain) on disposal of property, plant and equipment	313	356
Impairment loss on non-financial assets	(708)	(708)
Unrealized foreign currency exchange gain, net	335,978	63,638
Income and expenses not affecting cash flow	2,340,656	(124,793)
Change in operating assets and liabilities:		
Change in operating assets, net：		
Decrease (increase) in accounts receivable and notes receivable	233,420	(28,563)
Decrease in other receivables	96,408	22,722
(Increase) decrease in inventories	15,841	(30,943)
Decrease in other current assets	130,331	66,536
Decrease (increase) in accounts payable and notes payable	(251,043)	145,146
Increase (decrease) in other current liabilities	164,708	(809,266)
Decrease in accrued pension liabilities	(437)	(1,241)
Increase in other non-current liabilities	6,335	4,337
Total changes in operating assets and liabilities	395,563	(631,272)
Cash generated from operations	4,581,236	5,547,855
Interest received	50,779	59,352
Interest paid	(181,928)	(249,661)
Income tax paid	(725)	(46,918)
Net cash provided by operating activities	4,449,362	5,310,628
Cash flows from investing activities:		
Purchase of available for sale financial assets	(6,300,000)	-
Proceeds from disposal of available for sale financial assets	2,449,368	-
Purchase of property, plant and equipment	(866,375)	(964,406)
Proceeds from disposal of property, plant and equipment	327	308
Purchase of intangible asset	(29,953)	(58,498)
Decrease in lease receivables	107,333	107,332
Increase in other non-current assets	(2,294)	(4,958)
Net cash used in investing activities	(4,591,594)	(920,222)
Cash flows from financing activities:		
Increase in short-term loans	6,000	3,602,000
Repayments of short-term loans	(3,306,000)	-
Increase in long-term debt	7,964,000	-
Repayments of long-term debt	(1,000,000)	(3,650,000)
Decrease in other payables－related parties	(3,509,220)	(4,493,467)
Decrease in lease payable	(2,036)	(1,920)
Issuance of common stock for cash	11,675,000	-
Exercise of employee stock options	-	366,297
Net cash provided by (used in) financing activities	11,827,744	(4,177,090)
Effect of foreign currency exchange translation	(244,584)	(52,581)
Increase in cash and cash equivalents	11,440,928	160,735
Cash and cash equivalents at beginning of period	3,103,705	7,267,855
Cash and cash equivalents at end of period	$ 14,544,633	7,428,590

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements as of March 31, 2016 and 2015 are reviewed only, not audited in accordance with the generally accepted auditing standards

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016 AND 2015
(All amounts are expressed in thousands of New Taiwan Dollars, except for per share information or unless otherwise specified)

1. Organization and business scope

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

2. Approval date and procedures of the financial statements

The consolidated financial statements were reported and issued by the Board of Directors on May 10, 2016.

3. New and revised standards and interpretations not yet adopted

(1) New standards and interpretations issued but not yet approved by the FSC

The following summarizes the new standards and amendments issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC until the reporting date that may have an impact on the Group:

Newly Issued/Revised Standards, Amendments, and Interpretations	Effective Date Announced by IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture"	Not yet announced by IASB
Amendments to IFRS 10, IFRS 12, and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendment to IFRS 14 "Regulatory Deferral Account"	January 1, 2016
Amendment to IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 16 "Leasehold"	January 1, 2019
Amendments to IFRS 15 "Clarification of IFRS 15"	January 1, 2018
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Newly Issued/Revised Standards, Amendments, and Interpretations	Effective Date Announced by IASB
Amendment to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendments to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36 “ Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendments to IAS 39 “ Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Annual Improvements Cycle 2010-2012 and 2011-2013	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
Amendments to IFRIC Interpretation 21 “Levies”	January 1, 2014

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

4. Summary of Significant accounting policies

(1) Statement of compliance

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

Except as described below, the significant accounting policies adopted in the accompanying consolidated financial statements are the same as those adopted in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2015 for related information.

(2) Basis of consolidation

The consolidated financial statements for principles used in preparing the consolidated financial statements are the same as those used for the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2015 for complete disclosures of significant accounting policies.

(Continued)

1) List of subsidiaries included in the consolidated financial statements:

Investor	The name of subsidiaries	Business activity	Shareholdings March 31, 2016	Shareholdings December 31, 2015	Shareholdings March 31, 2015
The Company	NANYA TECHNOLOGY CORP. U.S.A	Sales of semiconductor products	100.00%	100.00%	100.00%
The Company	NANYA TECHNOLOGY CORP. Delaware	Design of semiconductor products	100.00%	100.00%	100.00%
The Company	NANYA TECHNOLOGY CORP. H.K.	Sales of semiconductor products	100.00%	100.00%	100.00%
The Company	NANYA TECHNOLOGY CORP. Japan	Sales of semiconductor products	100.00%	100.00%	100.00%
The Company	PEI JEN Co., Ltd.	Investment in enterprise	100.00%	100.00%	100.00%
The Company	PIECEMAKERS TECHNOLOGY CORP.	Product design and sells	55.26%	55.26%	58.34%
The Company	SUMPRO ELECTRONICS CORP.	Manufacture and sale of electronic components	100.00%	100.00%	100.00%
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP., Germany	Sales of semiconductor products	100.00%	100.00%	100.00%
NANYA TECHNOLOGY CORP. H.K.	NANYA TECHNOLOGY CORP. Shenzen	Sales of semiconductor products	100.00%	100.00%	100.00%

Note: All of the subsidiaries' financial statements were not reviewed for the three-month periods ended March 31, 2016 and 2015.

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

(3) Income taxes

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

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

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

(Continued)

(4) Employee benefits

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

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainly

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

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by the management in the application of critical accounting policies are expected to be consistent with those in Note 5 of the financial statements for the year ended December 31, 2015.

6. Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2015 for more details.

(1) Cash and cash equivalents

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand－pretty cash	$ 218	171	239
Cash in bank－demand deposit account	6,517,839	2,952,040	2,729,305
Cash equivalents:			
Cash in bank－time deposits	6,393,497	-	4,559,423
Repurchase agreements collateralized by corporate bonds	1,633,079	151,494	139,623
	$ 14,544,633	**3,103,705**	**7,428,590**

The Group provided certificate of deposit and restricted bank deposit amounting to $377,621, $376,883 and $375,624 which were pledged for the Group's importation of cargo materials, research and development's plan being undertaken with the Ministry of Economic Affairs and loans payable, were reclassified to non-current assets as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

(Continued)

(2) Non-current assets held for sale

The non-current assets held for sale were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Available-for-sale financial assets– current			
Domestic funds	$ 3,803,599	-	-
Available-for-sale financial assets – non current			
Listed shares of stock	$ 94,038	92,930	142,095

(3) Investment in debt securities with no active market / Financial assets carried at cost－non-current

The Group purchased a two-year interest-free convertible bond of USD6,000 thousand issued by Memoright in August, 2015. The conversion rights embedded in the corporate bond are accounted for separately as the economic characteristics and risks are not specifically associated. The conversion rights of the corporate bond which are linked to unlisted preference shares of $9,340 and the corporate bonds of $181,280 were accounted for as financial assets carried at cost non-current and investment in debt securities with no active market－non-current, respectively, as of March 31, 2016 and December 31, 2015.

(4) Notes receivable, accounts receivable and other receivables

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable from operating activities	$ 2,124	-	-
Accounts receivable (including related parties)	5,096,264	5,451,688	6,065,296
Other receivables (including related parties)	1,616,287	1,749,976	1,886,494
Less : allowance for doubtful receivables	(9,590)	(9,177)	(8,734)
	$ 6,705,085	7,192,487	7,943,056

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

	Neither past due nor impaired	Past due but not impaired			total
		Within 30 days	31-60 days	over 61 days	
March 31, 2016	$ 6,640,861	64,224	-	-	6,705,085
December 31, 2015	7,154,949	37,538	-	-	7,192,487
March 31, 2015	7,920,373	22,683	-	-	7,943,056

(Continued)

Movements of the allowance for doubtful receivables were as follows:

	Collectively assessed impairment
Balance as of January 1, 2016	$ 9,177
Gain on foreign exchange	413
Balance as of March 31, 2016	**$ 9,590**
Balance as of January 1, 2015	$ 8,889
Loss on foreign exchange	(155)
Balance as of March 31, 2015	**$ 8,734**

(5) Inventories

	March 31, 2016	December 31, 2015	March 31, 2015
Raw materials	$ 251,833	214,271	274,138
Work in process	2,590,745	2,723,567	2,779,957
Finished goods	3,022,042	2,998,347	2,073,128
Supplies	68,879	13,155	52,127
	$ 5,933,499	**5,949,340**	**5,179,350**

The Group did not recognize any loss from the devaluation of inventories, or gain from the recovery in the value of inventories, for the three-month periods ended March 31, 2016.

As the net realizable value of inventories has increased due to the circumstance that caused the inventory devaluation in prior period to improve, the Group recognized a loss from the devaluation of inventories of $5 for the three-month period ended March 31, 2015, which were credited to cost of goods sold.

(6) Investments accounted for using equity method

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

	March 31, 2016	December 31, 2015	March 31, 2015
Associate	**$ 32,430,482**	**32,833,967**	**30,128,423**

The Group's capital surplus—equity of associates accounted for using equity method increased by $9,479 due to the recognition of the costs of employee stock options of Inotera Memories, Inc. for the three-month period ended March 31, 2016.

(Continued)

On February 23, 2016, the Inotera Memories, Inc.'s capital surplus—equity of associates accounted for using equity method increased by $16,071 due to the decrease in capital injection of 33,730 thousand shares, without purchasing in proportion to the original shareholding percentage.

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

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

The information of the major associate of the investments accounted for using equity method was as follows:

			Percentage of ownership		
Associates	**Relationship**	**Registration Country**	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Inotera Memories, Inc.	The main supplier for raw material of the Company. Its primary operating activity is producing and selling of semiconductor products.	Taiwan	24.14%	24.34%	24.38%

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

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Inotera Memories, Inc.	**$ 46,538,031**	**44,622,229**	**66,653,956**

The following is the aggregated financial information

The financial information in aggregate of Inotera Memories Inc.

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Current assets	$ 37,163,684	41,012,811	60,491,884
Non-current assets	119,290,137	116,871,496	82,063,680
Current liabilities	(12,290,771)	(12,325,004)	(16,750,685)
Non-current liabilities	(10,172,283)	(10,237,028)	(1,831,299)
Net asset	**$ 133,990,767**	**135,322,275**	**123,973,580**

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

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	For the three-month periods ended March 31, 2016	2015
Revenue	$ 10,813,067	18,453,812
Net (loss) income	$ (1,560,728)	7,268,929
Other comprehensive income	(168)	(64)
Total comprehensive income	$ 1,560,896	7,268,865

	For the three-month periods ended March 31, 2016	2015
Share of the equity of the associate at January 1	$ 32,833,967	28,345,213
Total comprehensive income allocated to the Group of investment in associate at March 31	(379,260)	1,772,544
Share of the equity of the associate at March 31	32,454,707	30,117,757
Add:		
Disposal of realized profit from fixed assets	68	67
Recognition of the costs of employee stock options	9,479	11,520
Capital surplus due to acquisition of shares not proportionate to original holding ratio	-	-
Less:		
Capital surplus due to acquisition of shares not proportionate to original holding ratio	(33,730)	(908)
Others	(42)	(13)
Carrying amount of equity of the major associate	$ 32,430,482	30,128,423

(7) Property, plant and equipment

The following is the cost and depreciation of property, plant and equipment of the Group:

	Land	Building	Machinery and equipment	Other facilities	Construction in progress	Total
Cost：						
Balance as of January 1, 2016	$ 1,013,924	4,197,540	124,544,160	1,428,002	1,275,203	132,458,829
Additions	-	-	61,299	4,466	845,658	911,423
Disposals	-	-	(2,577)	(10,811)	-	(13,388)
Reclassification	-	673	77,114	6,531	(84,318)	-
Effect of exchange rate change	-	120	(123)	216	-	213
Balance as of March 31, 2016	$ 1,013,924	4,198,333	124,679,873	1,428,404	2,036,543	133,357,077
Balance as of January 1, 2015	$ 1,013,924	4,197,965	117,669,279	1,548,558	4,079,353	128,509,079
Additions	-	-	1,093,955	4,427	2,767	1,101,149
Disposals	-	-	(36,207)	(8,323)	-	(44,530)
Reclassification	-	658	2,940,407	(2,756)	(2,938,309)	-
Effect of exchange rate change	-	(37)	(823)	(501)	-	(1,361)
Balance as of March 31, 2015	$ 1,013,924	4,198,586	121,666,611	1,541,405	1,143,811	129,564,337

(Continued)

NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		Land	Building	Machinery and equipment	Other facilities	Construction in progress	Total
Accumulated depreciation / impairment：							
Balance as of January 1, 2016	$	-	1,290,719	80,274,330	1,130,254	-	82,695,303
Depreciation for the period		-	40,038	1,416,148	13,081	-	1,469,267
Disposals		-	-	(2,577)	(10,103)	-	(12,680)
Reversal of impairment loss		-	-	-	(708)	-	(708)
Reclassification		-	673	(1,684)	1,011	-	-
Effect of exchange rate change		-	72	(453)	(926)	-	545
Balance as of March 31, 2016	$	-	1,331,502	81,685,764	1,134,461	-	84,151,727
Balance as of January 1, 2015	$	-	1,131,077	75,006,135	1,195,940	-	77,333,152
Depreciation for the period		-	40,042	1,301,612	20,210	-	1,361,774
Disposals		-	-	(36,207)	(7,592)	-	(43,799)
Impairment loss		-	-	-	(708)	-	(708)
Reclassification		-	658	4,921	(5,579)	-	-
Effect of exchange rate change		-	(16)	(668)	(197)	-	(881)
Balance as of March 31, 2015	$	-	1,171,761	76,275,793	1,201,984	-	78,649,538
Carrying amounts:							
Balance as of March 31, 2016	$	1,013,924	2,866,831	42,994,109	293,943	2,036,543	49,205,350
Balance as of December 31, 2015	$	1,013,924	2,906,821	44,269,830	297,748	1,275,203	49,763,526
Balance as of March 31, 2015	$	1,013,924	3,026,825	45,390,818	339,421	1,143,811	50,914,799

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

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

(8) Lease receivables

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

(Continued)

2) The total lease receivable from the capital lease of the building (including facilities) was $5,185,620; the implicit interest rate was 10.56%. The cost of the leased assets at the beginning of the lease period was $2,656,223. The difference was recognized as unrealized interest revenue of $2,529,397. For the three-month periods ended March 31, 2016 and 2015, the Company recognized the interest revenue of $46,902, $52,884 respectively.

The details of lease receivables were as follows:

	March 31, 2016			December 31, 2015			March 31, 2015		
	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
Less than one year	$ 429,330	171,228	258,102	429,330	177,867	251,463	429,330	196,777	232,553
Between one and five years	1,346,070	421,070	925,000	1,387,320	444,864	942,456	1,511,070	518,893	992,177
More than five years	726,908	86,635	640,273	792,990	103,103	689,887	991,238	160,039	831,199
Subtotal	$ 2,502,308	678,933	1,823,375	2,609,640	725,834	1,883,806	2,931,638	875,709	2,055,929
Current			$ 258,102			251,463			232,553
Non-current			1,565,273			1,632,343			1,823,376
Lease receivables－related parties			$ 1,823,375			1,883,806			2,055,929

(9) Short-term borrowings

1) Short-term borrowings consisted of the following:

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured short-term borrowings	$ 6,000	3,306,000	3,602,000
Interest rate	1.15%	1.15%~1.6%	1.15%~1.6%

2) Issuance and redemption of loans

	For the three-month periods ended March 31,	
	2016	2015
Balance as of January 1	$ 3,306,000	-
New issuance during the period	6,000	3,602,000
Repayments during the period	(3,306,000)	-
Balance as of MARCH 31	$ 6,000	3,602,000
Interest rate	1.15%	1.15%~1.8%
Due date	March 23, 2016 to April 22, 2016	April 7, 2016 to August 20, 2016

(Continued)

(10) Long-term loans

The details of long-term loans payable were as follows:

	March 31, 2016			
	Currency	**Interest rate range**	**Expiration**	**Amount**
Unsecured bank loans	TWD	1.882%~1.956%	2017	$ 200,000
Secured bank loans	TWD	1.7895%~2.2579%	2019~2021	19,950,650
Less: current portion				(2,600,000)
Total				$ 17,550,650
Unused long-term of credit				$ 16,280,000

	December 31, 2015			
	Currency	**Interest rate range**	**Expiration**	**Amount**
Unsecured bank loans	TWD	1.271%~2.014%	2016~2017	$ 1,200,000
Secured bank loans	TWD	2.327%	2019	11,985,000
Less: current portion				(500,000)
Total				$ 12,685,000
Unused long-term of credit				$ 8,106,000

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

1) Issuance and redemption of loans

a. The Company signed a syndicated loan agreement with Taiwan Cooperative Bank, the managing bank, and 15 (here in after referred to as ‘‘the group of banks”) other banks for a syndicated loan with a credit line of $12,000,000 on February 18, 2016, and applied for appropriation of loans of $8,000,000 on March 30, 2016. The company adjusts its interest rates depending on the company's profit-after-tax ratio and also takes into consideration the three-month or six-month TAIBOR rate 2 bank trading days before each of the accounts' drawdown dates or coupon reset dates released on the Bankers association of the R.O.C website. Additionally, the first repayment of the principal is due on 36 month after the first appropriation date, with the rest payable in 5 semiannual installments.

(Continued)

Also, the Company is required to maintain certain financial ratios which should be based on the semi-annual and annual consolidated financial statements of the Company and calculated by the managing bank every 6 months starting from the end of year 2016 or when the managing bank deems necessary. If the borrower fails to comply with the above-mentioned financial covenants by the inspection date, the borrower should be given a six-month grace period, commencing from the inspection date, to correct the situation by raising additional capital or other means necessary. Should the borrower successfully adhered to the stated financial covenants before the end of the grace period, it should be deemed as a non-violation of the written agreement. The required financial ratios are as follows:

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

(b) Tangible net equity, plus, other financing payables to related parties: not less than $50,000,000 for each year.

b. The Group signed a syndicated loan agreement with Bank of Taiwan, the managing bank, and 14 other banks (here in after referred to as ‘‘the Company of banks”) for a syndicated loan with a credit line of $12,000,000 on January 2, 2014, and applied for appropriation of loans of $6,400,000 on January 28, 2014, $3,650,000 on July 28, 2014, and $1,950,000 on October 27, 2014, respectively. This loan bears interest of 90 day commercial paper rate, plus, an annual interest rate of 1.1% in monthly payments. Additionally, the first installment payment of the principal is payable on due date, with the rest payable in 5 semiannual installments. According to the agreement, the borrower should maintain a balance of no less than 3% of the original credit limit in the specified bank account two months from the first credit approval date.

Also, the Group is required to maintain certain financial ratios which should be based on its semi-annual and annual consolidated financial statements and calculated by the managing bank every 6 months starting from the end of year 2013 or when the managing bank deems necessary. In the event that any of the financial covenants below is breached, the Group is required to submit a formal letter to the managing bank at least three months after submitting the semi-annual and annual consolidated financial statements to syndicated banks, so that the managing bank can convene a meeting of the Banks to discuss the aforesaid breach and to resolve whether a waiver of the breach will be granted. The required financial ratios are as follows:

I. Financing payables to related parties: not less than $35,000,000. In July 2015, the Company signed a supplementary contract with a group of banks, agreeing to delete this financial covenant.

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

(Continued)

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III. Tangible net equity, plus, other financing payables to related parties: not less than $45,000,000 in the semi-annual and annual financial statements of 2013, and $50,000,000 for each year beginning 2014.

The Group was in compliance with all of the aforementioned covenants as of and for the years ended December 31, 2014 and 2015.

2) Collaterals for bank loans

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

(11) Finance lease liabilities

	March 31, 2016			December 31, 2015			March 31, 2015		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
Less than one year	$ 24,698	16,249	8,449	24,698	16,371	8,327	24,698	16,729	7,969
Between one and five years	98,791	59,571	39,220	98,792	60,142	38,650	98,791	61,805	36,986
More than five years	339,595	107,051	232,544	345,770	110,497	235,273	364,294	121,066	243,228
	$ 463,084	182,871	280,213	469,260	187,010	282,250	487,783	199,600	288,183
Current			$ 8,449			8,327			7,969
Non-current			271,764			273,923			280,214
Lease payables－related parties			$ 280,213			282,250			288,183

1) The rental of land is an operating lease. The rental expenses of $930 recognized for the three-month periods ended March 31, 2016 and 2015 were fully paid.

2) The Group did not issue, repurchase, or repay any lease liabilities during the three-month periods ended March 31, 2016 and 2015. Please refer to Note 6(18) for the details of related interest expenses. For other relevant information, please refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2015.

(12) Employee benefits

1) Defined benefit plan

Subsequent to December 31, 2015, there is apparently no evidence of any material market volatility, material curtailment, reimbursement and settlement or other material one-time events. Therefore, the pension cost in the interim consolidated financial statements is measured and disclosed according to the respective actuarial report for the years ended December 31, 2015 and 2014.

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

	For the three-month periods ended March 31, 2016	2015
Cost of goods sold	$ 2,908	3,191
Operating expenses	1,356	1,343
Total	$ 4,264	4,534

2) Defined contribution plan

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

	For the three-month periods ended March 31, 2016	2015
Cost of goods sold	$ 16,880	16,803
Operating expenses	13,436	13,192
Total	$ 30,316	29,995

(13) Income tax

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

	For the three-month periods ended March 31, 2016	2015
Current income tax expense	$ (274)	4,613
Deferred income tax expense	493	64
Income tax expense	$ 219	4,677

2) The Company's income tax returns have been examined by the ROC tax authority through 2013.

(Continued)

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

	March 31, 2016	December 31, 2015	March 31, 2015
Undistributed earnings (accumulated deficit) after 1998	$ 23,762,563	21,913,621	17,106,607
Imputation credit account	$ 37,556	37,556	73,483

	2015(estimated)	2014(actual)
Tax deduction ratio for earnings distribution to ROC residents	0.17%	0.68%

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

(14) Capital and other equity

Except as described below, there was no material change in equity for the three-month periods ended March 31, 2016 and 2015. Please refer to Note 6(16) of the consolidated financial statements as of and for the year ended December 31, 2015 for the related detail disclosures on equity.

1) Common stock

On January 14, 2016 the board of directors approved to carry out a private placement of common shares through the issuance of 320,000 thousand common shares of stock, the price of $36.5 per share, respectively, with the total values amounting to $11,675,000 thousand respectively. All issued shares were paid up upon issuance. Also, the process for the registration thereof was completed.

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

On June 12, 2012 and December 24, 2012, the board of directors approved to carry out a private placement of common shares through the issuance of 3,800,000 thousand common shares and 5,294,118 thousand common shares after reducing the Company’s capital to 380,319 thousand common shares and 529,856 thousand common shares, respectively, at a discounted issuance price of $1.7 per share. The process for the registration thereof was completed. According to the Securities and Exchange Act, the transfer of such privately placed common shares within three years from the delivery date is forbidden, except when the transferees conform to Article 43-8 of the Securities and Exchange Act.

(Continued)

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The movements of shares outstanding for the three-month periods ended March 31, 2015 and 2016 were as follows:

	Common Shares For the three month periods ended March 31, 2016	2015
Balance as of January 1,	$ 2,428,566	2,409,528
Exercise of employees stock options	-	17,170
Capital increase	320,000	-
Balance as of March 31,	**$ 2,748,566**	**2,426,698**

2) Capital surplus

The components of capital surplus were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Premium from exercise of employee stock options	$ 9,852,246	1,377,246	1,318,935
The equity method of accounting for long-term Investments	5,037,395	5,061,605	4,988,240
Employee stock option plans	1,372,476	1,372,476	857,128
Other	1,374	1,374	-
	$ 16,263,491	**7,812,701**	**7,164,303**

3) Retained Earning

Pursuant to the Company's articles of incorporation, current-period earnings should first be used to offset any deficit in the previous years and set aside as legal reserve. After the recognition or reversal of special reserve, 1% to 15% of the earnings are to be set aside as employee bonuses and recognized as expense in the current period. After the above appropriations, current- and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of the shareholders will be held to decide on this matter.

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.

In accordance with the amended Company Act in May 2015, employee compensation is no longer subject to earnings distribution. The Company will make all the necessary amendments to its articles of incorporation before the deadline specified by authority.

The employee compensation amounted to $56,613 for the three month periods ended March 31, 2015. This employee compensation was estimated based on the Company's net income before tax (excluding employee compensation), according to the earnings allocation method as stated under the Company's articles of association. These benefits are expensed under operating costs or operating expenses during 2016.

The estimated employee bonuses amounted to $97,004 in 2014, which was consistent with the actual amount distributed. There was no difference between the actual amount distributed and the estimated amount of employee bonus in the consolidated financial statements in 2014.

The appropriations of earnings of 2015 were approved in the stockholders' meeting on March 15, 2016 and the appropriations of earnings of 2014 were approved in the stockholders' meeting on April 10, 2015 The amounts of appropriation of dividends per share were as follows:

	2014		2014	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends attributable to ordinary shareholders:				
Cash dividends	$ 2.80	7,695,984	2.00	4,853,396

4) Treasury stock

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

Unit: thousand shares of common stock

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Ending number of shares as of December 31	687	687	687
Ending balance as of December 31	$ 347,533	347,533	347,533
Carrying amount per share	$ 505.46	505.46	505.87
Market price per share	$ 39.95	45.7	79

As of March 31, 2016, none of the Company's common stock held by its subsidiary, Pei Jen Co., Ltd., has been sold.

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

(Continued)

5) Other Equity

		Exchange differences on translation of foreign operations	Unrealized gains on available-for-sale financial assets
Balance at January 1, 2016	$	(11,588)	7,018
Exchange differences on translation of foreign operations, net of tax:			
-the Group		2,600	-
Unrealized gains (losses) on available-for-sale financial assets:			
-the Group		-	4,075
Balance at March 31,2016	$	(8,988)	11,093
Balance at January 1, 2015	$	(23,516)	29,455
Exchange differences on translation of foreign operations, net of tax			
-the Group		(11,338)	-
Unrealized gains (losses) on available-for-sale financial assets:			
-the Group		-	26,729
Balance at March 31, 2015	$	(34,854)	56,184

(15) Share-based payment transactions

Except as described below, there was no material change on the share-based payment transactions for the three-month periods ended March 31, 2016 and 2015. Please refer to Note 6(17) of the consolidated financial statements as of and for the year ended December 31, 2015 for related detail disclosures on share-based payment transactions.

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

Unit: in thousands

	For the three-month periods ended March 31,				
	2016			2015	
		Weighted-average exercise price (TWD)	Number of options (Units)	Weighted-average exercise price (TWD)	Number of options (Units)
Outstanding at January 1	$	42.79	71,846	46.98	83,965
Options exercised		-	-	55.02	(6,658)
Options forfeited		43.77	(97)	45.32	(235)
Outstanding at March 31		42.04	71,749	46.29	77,072
Options exercisable, end of period		42.04	71,749	46.29	77,072

For the three-month periods ended March 31, 2016 and 2015, expenses arising from share options granted to employees amounted to $44 and $3,052 respectively.

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(16) Earnings per share

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

	For the three-month periods ended March 31,	
	2016	2015
Basic earnings per share:		
Net income attributable to the Group	$ **1,848,942**	**6,290,339**
Weighted-average number of ordinary shares outstanding (basic)	2,702,164	2,412,656
Basic earnings per share (dollars)	$ **0.68**	**2.61**
Diluted earnings per share:		
Net income attributable to the Group		$ **6,290,339**
Effect of dilutive potential common shares:		
Weighted-average number of ordinary shares (basic)		2,412,656
Effect of employee stock option		32,733
Weighted-average number of ordinary shares (diluted)		2,445,389
Diluted earnings per share (dollars)		**2.57**

Because the average market price of the employee stock options during the three month periods ended March 31, 2016 is lower than the exercise price of the employee stock options issued by the Company, Therefore, the diluted earnings per share need not be disclosed.

(17) Compensation of employees, directors and supervisors

The Company’s articles of incorporation were approved by the board of directors and has yet to be approved at shareholders’ meeting. Under this articles of incorporation, if the Company makes a profit, it should appropriate for employee compensation which is calculated based on 1% to 12% of the Company’s net profit before tax before deduction of employee compensation. If the Company incurs accumulated deficit, the Company should first cover the said accumulated deficit.

The estimated employee compensation which was charged to profit or loss under operating costs or expense amounted to $65,862 for the three month period ended March 31, 2016. This employee compensation was estimated based on the Company's net income before tax before deducting employee compensation, according to the earnings allocation method as stated under the Company's articles of association. If there is any difference between the actual amount and the estimated amount of employee compensation after the financial reports are issued, management is expecting that the difference will be treated as a change in accounting estimate and recognized through profit or loss in the period of the change.

The estimated employee compensation which was charged to profit or loss under operating costs or expense amounted to $634,408 for the year ended December 31, 2015. The related information can be obtained from the Market Observation Post System website. If there is any difference between the actual amount and the estimated amount of employee compensation after the financial reports are issued, management is expecting that the difference will be treated as a change in accounting estimate and recognized through profit or loss in the period of the change.

(Continued)

(18) Non-operating income and expenses

1) Other income

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

	For the three-month periods ended March 31, 2016	2015
Bank deposits and short-term notes	$ 6,859	6,639
Finance leases	46,902	52,884
	$ **53,761**	**59,523**

2) Other gains and losses

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

	For the three-month periods ended March 31, 2016	2015
Foreign exchange losses, net	$ (335,111)	(89,125)
Provision for or reversal of allowance for impairment	708	708
Losses on disposal of property, plant and equipment	(313)	(356)
Others	46,349	36,092
	$ **288,367**	**52,681**

3) Finance expenses

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

	For the three-month periods ended March 31, 2016	2015
Bank borrowings	$ 83,915	90,450
Financing interest of entities with significant influence over the Group	30,541	48,322
Financing interest from other related parties	55,299	100,257
Lease payments	4,138	4,254
Others	39	(317)
	$ **173,932**	**242,966**

(19) Financial instruments

Except as described below, there was no material change with regard to the fair value and exposure risks of credit risk, liquidity risk and market risk on financial instruments. Please refer to Note 6(22) of the consolidated financial statements as of and for the year ended December 31, 2015 for the related detail disclosures on financial instruments.

1) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2016							
Non-derivative financial liabilities							
short-term loans	$ 6,000	6,006	6,006	-	-	-	-
Secured bank loans	19,950,650	20,921,459	204,218	2,595,013	6,709,855	11,412,373	-
Unsecured bank loans	200,000	203,733	201,856	1,856	21	-	-
Entities with significant influence over the Group	8,000,000	8,118,859	-	8,118,859	-	-	-
Financing from other related parties	14,018,721	14,227,243	-	14,227,243	-	-	-
Finance lease liabilities	280,213	463,084	12,349	12,349	24,698	74,093	339,595
Notes and accounts payable (including to related parties)	1,351,526	1,351,526	1,351,526	-	-	-	-
	$ 43,807,110	45,291,910	1,775,955	24,955,320	6,734,574	11,486,466	339,595
December 31, 2015							
Non-derivative financial liabilities							
Secured bank loans	$ 11,985,000	12,572,251	137,707	137,707	5,001,359	7,295,478	-
Unsecured bank loans	4,506,000	4,559,195	3,829,486	9,178	712,156	8,375	-
Entities with significant influence over the Group	8,800,000	8,939,150	-	8,939,150	-	-	-
Financing from other related parties	16,727,941	16,992,737	-	16,992,737	-	-	-
Finance lease liabilities	282,250	469,260	12,349	12,349	24,698	74,094	345,770
Notes and accounts payable (including to related parties)	1,560,210	1,560,210	1,560,210	-	-	-	-
	$ 43,861,401	45,092,803	5,539,752	26,091,121	5,738,213	7,377,947	345,770
March 31, 2015							
Non-derivative financial liabilities							
short-term loans	$ 3,602,000	3,616,916	3,616,916	-	-	-	-
Secured bank loans	11,981,250	12,802,105	141,826	141,826	2,673,882	9,844,571	-
Unsecured bank loans	750,000	782,630	255,391	55,032	108,525	313,266	50,416
Entities with significant influence over the Group	11,000,000	11,179,043	-	11,179,043	-	-	-
Financing from other related parties	24,522,100	24,921,465	-	24,921,465	-	-	-
Finance lease liabilities	288,183	487,784	12,349	12,349	24,698	74,094	364,294
Notes and accounts payable (including to related parties)	1,486,396	1,486,396	1,486,396	-	-	-	-
	$ 53,629,929	55,276,339	5,512,878	36,309,715	2,807,105	10,231,931	414,710

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

(Continued)

2) Market risk

a. Exposure to currency

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

	March 31, 2016			December 31, 2015			March 31, 2015		
	Foreign currency (in thousands)	Exchange rate	New Taiwan Dollars	Foreign currency (in thousands)	Foreign rate	New Taiwan Dollars	Foreign currency (in thousands)	Exchange rate	New Taiwan Dollars
Financial assets:									
Monetary items									
USD	$ 242,224	32.282	7,819,475	214,956	33.066	7,107,735	260,847	31.401	8,190,857
JPY	2,190,239	0.2859	626,189	2,575,126	0.2736	704,554	2,242,047	0.2604	583,829
EUR	322	36.432	11,731	451	36.038	16,253	189	33.901	6,407
Financial liabilities									
Monetary items									
USD	68,835	32.282	2,222,131	92,178	33.066	3,047,958	94,588	31.401	2,970,158
JPY	234,923	0.2859	67,164	156,072	0.2736	42,701	215,480	0.2604	56,111
EUR	372	36.432	13,553	1,098	36.038	39,570	-	-	-

The Group's exposure to foreign currency risk arises from the foreign currency exchange fluctuations on cash and cash equivalents, accounts receivable, and accounts payable which are denominated in different foreign currencies. A 1% depreciation of the TWD against the USD, EUR, and JPY as of the three-month periods ended March 31, 2016 and 2015 would have decreased the net income after tax by $61,545 and $57,548 for the three-month periods ended March 31, 2016 and 2015, respectively. This analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The management believes that the analysis is performed on the same basis.

b. Interest rate risk

The Group’s exposure to interest rate risk arising from financial assets and liabilities is described in Note 6(19).

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

If the interest rates increase by 1% (with all the other factors remain constant) for the three-month periods ended March 31, 2016 and 2015, the Group’s profit would have increased by $421,754 and $518,554, respectively, which were mainly caused by the floating rate loans.

3) Fair value

(i) Types and fair value of financial instruments

The Group's financial assets and liabilities are listed as follows: (including (1) the information on the levels in fair value hierarchy, wherein, disclosures are not required for financial instruments not measured at fair value with a carrying value approximating its fair value; and (2) those equity investments in which the fair value cannot be reliably measured and is without any quoted price in the open market)

	March 31, 2016				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Listed stocks	$ 94,038	94,038	-	-	94,038
Domestic funds	3,803,599	-	3,803,599	-	3,803,599
Financial assets carried at cost	9,340	-	-	9,340	9,340
Total	$ 3,906,977	94,038	3,803,599	9,340	3,906,977
Loans and receivables：					
Cash and cash equivalents	$ 14,544,633	-	-	-	-
Investment in debt securities with no active market	181,280	-	-	181,280	181,280
Net amount of account receivables (including related parties)	5,088,798	-	-	-	-
Other account receivables (including related parties)	1,616,287	-	-	-	-
Lease receivable	1,565,273	-	-	-	-
Total	$ 22,996,271	-	-	181,280	181,280
Financial liabilities measured at amortized cost					
Short-term loans	$ 6,000	-	-	-	-
Accounts payable (including current portion)	1,351,526	-	-	-	-
Other account payables (including current portion)	23,275,032	-	-	-	-
Long-term loans (including current portion)	20,150,650	-	-	-	-
Lease payables	271,764	-	-	-	-
Total	$ 45,054,972	-	-	-	-

(Continued)

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	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Listed stocks	$ 92,930	92,930	-	-	92,930
Financial assets carried at cost	9,340	-	-	12,320	12,320
Total	$ 102,270	92,930	-	12,320	105,250
Loans and receivables：					
Cash and cash equivalents	$ 3,103,705	-	-	-	-
Investment in debt securities with no active market	181,280	-	-	190,123	190,123
Net amount of account receivables (including related parties)	5,442,511	-	-	-	-
Other account receivables (including related parties)	1,749,976	-	-	-	-
Lease receivable	1,632,343	-	-	-	-
Total	$ 12,109,815	-	-	190,123	190,123
Financial liabilities measured at amortized cost					
Short-term loans	$ 3,306,000	-	-	-	-
Accounts payable (including current portion)	1,560,210	-	-	-	-
Other account payables (including current portion)	26,646,915	-	-	-	-
Long-term loans (including current portion)	11,985,000	-	-	-	-
Lease payables	273,923	-	-	-	-
Total	$ 43,772,048	-	-	-	-

	March 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Listed stocks	$ 142,095	142,095	-	-	142,095
Loans and receivables：					
Cash and cash equivalents	$ 7,428,590	-	-	-	-
Net amount of account receivables (including related parties)	6,056,562	-	-	-	-
Other account receivables (including related parties)	1,886,494	-	-	-	-
Lease receivable	1,823,376	-	-	-	-
Total	$ 17,195,022	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term loans	$ 3,602,000	-	-	-	-
Accounts payable (including current portion)	1,486,396	-	-	-	-
Other account payables (including current portion)	36,601,290	-	-	-	-
Long-term loans (including current portion)	12,731,250	-	-	-	-
Lease payables	280,214	-	-	-	-
Total	$ 54,701,150	-	-	-	-

(Continued)

(ii) Valuation techniques not used in fair value determination of financial instruments

Investment in debt securities with no active market and financial liabilities measured at amortized cost:

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.

(iii) Valuation techniques used in fair value determination of financial instruments

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.

(20) Financial risk management

The policies and the objectives of the financial risk management are consistent with those disclosed in Note 6(23) of the consolidated financial statements for the year ended December 31, 2015.

(21) Capital management

The objectives, policies, and procedures are the same as those stated in the consolidated financial statement for the year ended December 31, 2015. There was no material change on quantitative data of the capital management. There were no material changes in quantitative information adopted for capital management in the consolidated financial statement for the year ended December 31, 2015.

7. Related-party transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(Continued)

(2) Significant related-party transactions

1) Sales to related parties

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

	Sales For the three-month periods ended March 31,		Accounts receivable－related parties		
	2016	2015	March 31, 2016	December 31, 2015	March 31, 2015
Associate	$ 841	-	-	-	-
Other related parties (Note)	-	(3,177)	-	-	78
	841	(3,177)	-	-	78

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

The selling prices and collection terms for the sales to related parties and other related parties are not significantly different from those third-party customers, and the normal credit term with the related parties above is the account is due for collection on the 15th day of the month following the month of delivery of goods sold. There is no collateral obtained for related party accounts receivable. However, no bad debt provision thereon is necessary based on the result of management's evaluation.

2) Purchase from related parties

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

	Purchases For the three-month periods ended March 31,		Accounts receivable－related parties		
	2016	2015	March 31, 2016	December 31, 2015	March 31, 2015
Associate (Note)	$ -	(592)	-	-	235
Entities with significant influence over the Group	41,465	26,420	26,197	9,314	9,541
Other related parties	255,984	203,430	155,205	166,116	186,609
	297,449	229,258	181,402	175,430	196,385

Note: The purchase discounts and allowances were recognized as a result of the transfer price change with purchase price of the Group.

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

3) Consigned out for processing and accounts payable

	Amount For the three-month periods ended March 31,		Other payables－related parties		
	2016	**2015**	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Associate	$ 7	-	-	21	-
Other related parties	1,489,217	1,524,185	942,232	1,012,250	990,312
Total	1,489,224	1,524,185	942,232	1,012,271	990,312

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

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

	Other receivables－related parties		
	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Associate	$ 8,135	12,125	8,453

5) Financing from related parties

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

	Other payables－related parties		
	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Entities with significant influence over the group	$ 8,000,000	8,800,000	11,000,000
Other related parties	14,018,721	16,727,941	24,522,100
Total	$ 22,018,721	25,527,941	35,522,100

Interest payables on borrowings from related parties for March 31, 2016, December 31, 2015, and March 31, 2015 amounted to $27,625, $34,347 and $49,771, respectively. Please refer to Note 6(18) for details on related interest expenses.

(Continued)

6) Property transactions

a. The Group sold land and machinery equipment to its affiliates. The downstream unrealized sales profit is realized through the useful life of machinery equipment. The realized profit on disposal of assets amounted to$68 and $67 as of the three-month periods ended March 31, 2016 and 2015, respectively; and the unrealized profit on disposal of assets, which is a deduction of investment under equity method, amounted to $101,070 and $101,340 as of March 31, 2016 and March 31, 2015, respectively.

b. The Group purchased machinery equipment from other related parties of $270,916 for the three-month period ended March 31, 2016, and the unpaid payables of $278,005 were accounted for under other payables－related parties as of March 31, 2016.

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

7) Lease contracts

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

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

	Rental expenses For the three-month periods ended March 31,		Other payables－related parties		
	2016	2015	March 31, 2016	December 31, 2015	March 31, 2015
Entities with significant influence over the Group	$ 49,830	25,388	-	-	-
Other related parties	-	39,674	-	-	26,450
Total	$ 49,830	65,062	-	-	26,450

8) Contracts with related parties

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

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

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

(3) Key Management Personnel Compensation

	For the three-month periods ended March 31, 2016	2015
Short-term employee benefits	$ 12,506	20,913

8. Pledged Properties

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

Pledged assets	Object	March 31, 2016	December 31, 2015	March 31, 2015
Property, plant and equipment	Guarantee for bank loans	$ 29,923,595	17,092,977	18,825,071
Other non-current assets	Guarantee for bank loans and import	$ 377,621	376,883	375,624

9. Significant commitments and contingencies

(1) Significant Commitments

1) The Group's foreign workers and shipping guarantees amounted to $585,000 as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

2) As of March 31, 2016, December 31, 2015 and March 31, 2015, the Group's unused established letter of credit amounted to $103,139, $22,829 and $141,696, respectively.

(Continued)

(2) Contingencies Liabilities

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

2) In 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 Nanya's rights.

3) In November 2015, North Star Innovations Inc. accused Nanya Technology Corporation and its subsidiary in U.S District Court of Delaware. The Company has engaged counsels to properly handle it to ensure Nanya's rights.

10. Significant disaster loss: None.

11. Subsequent events: None.

12. Others

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

	For the three-month period ended March 31, 2016			For the three-month period ended March 31, 2015		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salaries	504,806	335,761	840,567	626,626	384,420	1,011,046
Labor and health insurance	32,955	26,005	58,960	34,650	21,840	56,490
Pension expenses	19,788	14,792	34,580	19,994	14,535	34,529
Other personnel expenses	13,689	4,738	18,427	10,484	3,180	13,664
Depreciation expenses	1,455,263	14,004	1,469,267	1,338,664	23,110	1,361,774
Amortization expenses	36,331	-	36,331	36,196	-	36,196

(2) Seasonality of operations

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

(Continued)

13. Other Disclosure Items

(1) Information on investees

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

1) Financing provided: None.

2) Guarantees and endorsements for other parties: None.

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

Security holder	Category and name of security	Relationship between issuer of security and the company which holds securities	Account name	March 31, 2016				Note
				Shares / Units (in thousands)	Carrying value	Percentage of ownership	Market value or net asset value	
The Company	Mega Diamond Money Market	-	Available-for-sale financial assets －current	145,397	1,801,396	-%	1,801,396	
The Company	Taishin 1699 Money Market	-	Available-for-sale financial assets －current	74,869	1,000,981	-%	1,000,981	
The Company	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets －current	66,836	1,001,222	-%	1,001,222	
Pei Jen Co., Ltd.	Nan Ya Printed Circuit Board Corp.	Other related party	Available-for-sale financial assets	2,770	94,038	0.43%	94,038	-
The Company	Memoright (Cayman) Co., LTD	-	Investment in debt securities with no active market and Financial assets carried at cost	-	190,620	-%	190,620	-

4) Information regarding purchase or sales of securities for the period exceeding $300 million or 20% of the Company’s paid-in capital :

Name of company	Category and name of security	Account name	Name of counter -party	Relationship with the Company	Beginning balance		Purchases		Sales			Ending balances		
					Shares /Units	Amount	Shares /Units	Amount	Shares /Units	Selling price	Cost	Disposal gain or loss	Shares/ Units	Amount
The Company	Mega Diamond Money Market	Available-for-sale financial assets－current	-	-	-	-	145,397	1,801,396	-	-	-	-	145,397	1,801,396
The Company	Taishin 1699 Money Market	Available-for-sale financial assets－current	-	-	-	-	112,284	1,500,000	37,415	500,011	499,019	183	74,869	1,000,981
The Company	Yuanta Wan Tai Money Market	Available-for-sale financial assets－current	-	-	-	-	133,611	2,000,000	66,775	1,000,027	998,778	487	66,836	1,001,222
The Company	Paradigm Pion Money Market	Available-for-sale financial assets－current	-	-	-	-	87,562	1,000,000	87,562	1,000,359	1,000,000	359	-	-

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

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

(Continued)

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

Purchasing (selling) company	Related party	Nature of relationship	Transaction details				Abnormal transaction		Accounts/notes receivable (payable)		Note
			Purchase (sale)	Amount	% to total	Payment terms	Amount	Payment terms	Ending balance	Notes/ accounts receivable (payable)	
The Company	Nanya Technology Corp., U.S.A.	Parent company	(Sale)	298,715	2.90%	O/A 60~90 days	-		158,364	2.89%	(Note)
The Company	Nanya Technology Corp., Japan	Parent company	(Sale)	725,975	7.05%	O/A 180 days	-		625,040	11.39%	(Note)
The Company	Nanya Technology Corp., Germany	Parent company	(Sale)	365,634	3.55%	O/A 60~90 days	-		232,621	4.24%	(Note)
The Company	Piece Makers Technology, Inc.	Parent company	(Sale)	185,701	1.80%	O/A 60~100 days	-		199,825	3.64%	(Note)
The Company	Formosa Sumco Technology Corp.	Other related party	Purchase	255,341	13.45%	O/A 60days	-		(155,205)	(11.62)%	-

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

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

Accounts receivable company	Related party	Nature of relationship	Amount	Turnover	Due date accounts receivable		Amounts received in subsequent periods	Allowance for bad debt
					Amount	Method		
The Company	Nanya Technology Corp., U.S.A.	Parent company	Account receivable 158,364	8.78%	-	-	113,482	-
The Company	Nanya Technology Corp., Japan	Parent company	Account receivable 625,040	4.60%	-	-	339,398	-
The Company	Nanya Technology Corp., Germany	Parent company	Account receivable 232,621	5.50%	-	-	105,421	-
The Company	Piece Makers Technology, Inc.	Parent company	Account receivable 199,825	4.69%	-	-	37,861	-

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

10) Intercompany relationships and significant intercompany transactions：

No.	Company name	Counter party	Relationship	Intercompany transactions			
				Financial Statement Item	Amount	Terms	Percentage of consolidated total gross sales or total assets
0	The Company	Nanya Technology Corp., U.S.A.	1	Sales	298,715	General conditions	2.87%
0	〃	Nanya Technology Corp., Germany	1	Sales	365,634	General conditions	3.52%
0	〃	Nanya Technology Corp., Japan	1	Sales	725,975	General conditions	6.98%
0	〃	Piece Makers Technology, Inc.	1	Sales	185,701	General conditions	1.79%
0	〃	Nanya Technology Corp., U.S.A.	1	Accounts receivable	158,364	General conditions	0.13%
0	〃	Nanya Technology Corp., Germany	1	Accounts receivable	232,621	General conditions	0.2%

(Continued)

No.	Company name	Counter party	Relationship	Intercompany transactions			
				Financial Statement Item	Amount	Terms	Percentage of consolidated total gross sales or total assets
0	The Company	Piece Makers Technology, Inc.	1	Accounts receivable	199,825	General conditions	0.17%
0	〃	Nanya Technology Corp., Japan	1	Accounts receivable	625,040	General conditions	0.53%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company
2. Subsidiary is numbered in sequence that starts with 1.

Note 2: Transactions are categorized as follows:

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

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

(2) Information on investment:

The information on investment of the Group for the three-month periods ended March 31, 2016 was as follows:

Investor company	Investee company	Location	Major operations	Original investment Amount		Balance as of MARCH 31, 2015			Net income of investee	Investment income (loss) recognized by the investor company	Note
				March 31, 2016	December 31, 2015	Shares (thousands)	%	Carrying value			
The Company	Nanya Technology Corp., U.S.A.	U.S.A	Sales of semiconductor products	20,392	20,392	2	100.00%	122,535	1,070	1,070	(Note)
The Company	Nanya Technology Corp., Delaware	U.S.A	Design of semiconductor products	36,005	36,005	-	100.00%	123,880	3,315	3,315	(Note)
The Company	Pei Jen Co., Ltd.	Taipei	Import/export business	175,348	175,348	480	100.00%	-	(3,828)	(3,828)	(Note)
The Company	Nanya Technology Corp., HK	HK	Sales of semiconductor products	66,271	66,271	20	100.00%	26,196	(5,783)	(5,783)	(Note)
The Company	Nanya Technology Corp., Japan	Japan	Sales of semiconductor products	20,161	20,161	1	100.00%	128,148	(56,989)	(56,989)	(Note)
The Company	Inotera Memories, Inc.	Taoyuan	Business of electronic products	24,631,379	24,631,379	1,587,484	24.14%	32,246,572	(1,560,728)	(377,285)	
The Company	Piece Makers Technology, Inc.	Hsinchu	Design of semiconductor products	21,246	21,246	7,918	55.26%	51,888	(9,280)	(5,285)	(Note)
The Company	Sumpro Electronics Corporation	Taoyuan	Business of electronic products	2,591,000	2,591,000	259,100	100.00%	35,793	(79)	(79)	(Note)
Nanya Technology Corp., HK	Nanya Technology Corp., Germany	Germany	Import/export business	30,056	30,056	-	100.00%	50,091	(2,545)	(2,545)	(Note)
Pei Jen Co., Ltd.	Inotera Memories, Inc.	Taoyuan	Business of electronic products	143,966	143,966	9,018	0.14%	183,910	(1,560,728)	(1,975)	

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

(3) Information regarding investments in Mainland China：

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

Name of the PRC investee company	Primary business scope	Amount of paid-in capital	Method of investment	Investment transferred from Taiwan, beginning of period	Nine-month periods ended MARCH 31, 2015		Investment transferred from Taiwan, end of period	Equity in the earnings (losses)	Direct and indirect shareholding percentage by the company	Recognized gain or loss from investment for the current period	Carrying value of investment, end of period	Remitted gain on investment, end of period
					Remittance	Remittance						
Nanya Technology Corp., Shenzhen	Sales of semiconductor products	31,798	(Note 1)	31,798 (USD 985)	-	-	31,798 (US 985)	(3,169)	100.00%	(3,169)	11,993	-

2) Quota for investment in Mainland China：

Accumulative remittance from Taiwan to Mainland China, end of the period	Amount of investment approved by Investment Commission, Ministry of Economic Affairs	Limit on the amount of investment in Mainland China (Note 4)
31,798 (USD 985)	31,798 (USD 985)	40,946,458

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

Note 2：The exchange rate of New Taiwan dollars to US dollars on March 31, 2016 was USD1：TWD 32.282

Note 3：Amount was recognized based on the self-prepared financial statements.

Note 4：60% of net equity.

3) Information on significant transactions：

Please refer to "Related information on material transaction items" and "Intercompany relationships and significant intercompany transactions" for direct or indirect significant transactions between the Company and its investees in Mainland China for the three-month period ended March 31, 2016.

14. Segment Information

Operating segments are combined and reconciled as follows:

	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
For the three-month period ended March 31, 2016					
Revenue:					
From external customers	$ 755,056	8,719,712	922,787	-	10,397,555
From sales among intersegments	-	1,576,025	71,238	(1,647,263)	-
Total revenue	$ 755,056	10,295,737	994,025	(1,647,263)	10,397,555
Reportable segment profit or loss	$ (56,989)	1,848,942	(14,366)	67,430	1,845,017

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	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
For the three-month period ended March 31, 2015					
Revenue:					
From external customers	$ 822,691	9,884,024	1,321,228	-	12,027,943
From sales among intersegments	-	2,000,254	87,561	(2,087,815)	-
Total revenue	**$ 822,691**	**11,884,278**	**1,408,789**	**(2,087,815)**	**12,027,943**
Reportable segment profit or loss	**$ (13)**	**6,288,094**	**42,585**	**(26,746)**	**6,303,920**

	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Reportable segment assets					
March 31, 2016	**$ 766,872**	**117,109,596**	**1,568,217**	**(1,893,738)**	**117,550,947**
December 31, 2015	**$ 882,900**	**103,550,296**	**1,620,261**	**(2,647,420)**	**103,406,037**
March 31, 2015	**$ 740,899**	**105,698,657**	**1,868,261**	**(2,187,348)**	**106,120,469**

	Japanese division	Manufacturing division	Others divisions	Adjustments and eliminated	Total
Reportable segment assets					
March 31, 2016	**$ 634,249**	**48,829,707**	**1,232,361**	**(1,502,011)**	**49,194,306**
December 31, 2015	**$ 701,548**	**48,776,856**	**1,261,340**	**(1,588,082)**	**49,151,662**
March 31, 2015	**$ 590,382**	**57,371,177**	**1,536,376**	**(1,749,119)**	**57,748,816**