

WIN Semiconductors Corp. and Subsidiaries
Condensed Consolidated Financial Statements
September 30, 2015 and 2014
(With Independent Auditors' Review Thereon)

**Address: No. 69, Technology 7th Rd., Hwaya Technology Park, Kueishan Dist, Taoyuan City,
Taiwan**
Telephone No.: 886-3-397-5999

Independent Auditors' Review Report

The Board of Directors
WIN Semiconductors Corp.

We have reviewed the accompanying condensed consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and subsidiaries as of September 30, 2015 and 2014, and the related condensed consolidated statements of comprehensive income for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, changes in equity and cash flows for the nine months ended September 30, 2015 and 2014. These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

Except as discussed in the third paragraph, we conducted our reviews in accordance with the Republic of China Statement on Auditing Standards No. 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the condensed consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Company and its subsidiaries' investments accounted for using the equity method of NT\$563,483 thousand and NT\$370,483 thousand as of September 30, 2015 and 2014, and the share of loss of associates and joint ventures accounted for using the equity method of NT\$11,499 thousand, NT\$13,705 thousand, NT\$46,087 thousand and NT\$15,746 thousand for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, respectively, were accounted for in accordance with the equity method based on the unreviewed financial statements of the related investees.

Based on our reviews, except for the effects of possible adjustments, if any, that might have been determined to be necessary had the investee companies' financial statements been reviewed as discussed in the preceding paragraph, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34 "Interim Financial Reporting" which are accredited by the Financial Supervisory Commission, R.O.C.

In accordance with the generally accepted auditing standards and the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” in the Republic of China, we have previously audited the consolidated financial statements of the Company and its subsidiaries, which comprise consolidated financial statements as of and for the year ended December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information (not presented herein). In our auditors’ report dated March 11, 2015, we expressed an unqualified audit opinion on those consolidated financial statements. Based on the opinion dated March 11, 2015, the information set forth in the accompanying consolidated statement of financial position as at December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG

Taipei, Taiwan (the Republic of China)
November 10, 2015

Note to Readers

The accompanying condensed consolidated interim financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, R.O.C. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors’ review report and the accompanying condensed consolidated interim 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 auditors’ report and financial statements, the Chinese version shall prevail.

Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2015 and 2014
WIN Semiconductors Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

September 30, 2015, December 31 and September 30, 2014
(Expressed in Thousands of New Taiwan Dollars)

	2015.9.30	2014.12.31	2014.9.30		2015.9.30	2014.12.31	2014.9.30
Assets				Liabilities and Equity			
Current assets:				Current liabilities:			
Cash and cash equivalents (note 6(a))	\$ 1,674,782	2,677,199	1,965,197	Accounts payable	\$ 975,033	929,773	1,078,151
Current financial assets at fair value through profit or loss (note 6(b))	1,050,249	1,321,271	1,168,335	Other payables	1,414,898	1,173,860	965,459
Current available-for-sale financial assets (note 6(c))	606,651	677,271	703,797	Long-term liabilities, current portion (notes 6(m) and 8)	742,819	545,444	1,059,444
Notes and accounts receivable, net (note 6(e))	946,343	690,051	1,017,400	Other current liabilities	<u>429,092</u>	<u>99,529</u>	<u>121,660</u>
Inventories (note 6(f))	2,165,804	1,499,917	1,642,214	Total current liabilities	<u>3,561,842</u>	<u>2,748,606</u>	<u>3,224,714</u>
Other current assets (note 6(k))	<u>274,170</u>	<u>259,035</u>	<u>599,580</u>	Non-current liabilities:			
Total current assets	<u>6,717,999</u>	<u>7,124,744</u>	<u>7,096,523</u>	Long-term borrowings (notes 6(m) and 8)	2,196,991	2,938,331	2,937,839
Non-current assets:				Deferred tax liabilities	28,733	30,362	28,381
Non-current available-for-sale financial assets (note 6(c))	1,176,627	1,061,717	667,988	Other non-current liabilities	<u>163,624</u>	<u>158,959</u>	<u>162,021</u>
Non-current investments in debt instrument without active market (note 6(d))	159,600	159,600	159,600	Total non-current liabilities	<u>2,389,348</u>	<u>3,127,652</u>	<u>3,128,241</u>
Investments accounted for using equity method (note 6(g))	563,483	381,566	370,483	Total liabilities	<u>5,951,190</u>	<u>5,876,258</u>	<u>6,352,955</u>
Property, plant and equipment (notes 6(h) and 8)	10,832,204	11,652,510	11,906,537	Equity (notes 6(p), 6(q) and 6(r)):			
Investment property (notes 6(i) and 8)	1,087,175	1,091,162	1,092,491	Ordinary share	5,955,077	7,422,377	7,420,685
Intangible assets (note 6(j))	63,263	54,422	58,669	Capital surplus	3,801,463	3,768,620	3,766,215
Deferred tax assets	79,919	66,135	72,139	Retained earnings	6,339,307	4,527,782	3,968,010
Prepayments for business facilities	1,542,668	178,911	181,988	Other equity	<u>221,831</u>	<u>220,871</u>	<u>141,690</u>
Other non-current assets (notes 6(k) and 8)	<u>45,930</u>	<u>45,141</u>	<u>43,137</u>	Total equity	16,317,678	15,939,650	15,296,600
Total non-current assets	<u>15,550,869</u>	<u>14,691,164</u>	<u>14,553,032</u>				
Total assets	\$ <u>22,268,868</u>	<u>21,815,908</u>	<u>21,649,555</u>	Total liabilities and equity	\$ <u>22,268,868</u>	<u>21,815,908</u>	<u>21,649,555</u>

See accompanying notes to financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
WIN Semiconductors Corp. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

For the periods July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating revenue	\$ 2,912,939	3,068,956	8,818,763	7,197,148
Operating costs (notes 6(f) 、6(g) 、6(j) 、6(o) 、6(q) 、6(r) 、6(t) 、7 and 12)	<u>(1,735,358)</u>	<u>(1,932,004)</u>	<u>(5,376,980)</u>	<u>(4,698,293)</u>
Gross profit from operations	<u>1,177,581</u>	<u>1,136,952</u>	<u>3,441,783</u>	<u>2,498,855</u>
Operating expenses (notes 6(j) 、6(o) 、6(q) 、6(r) 、6(t) 、7 and 12):				
Selling expenses	(32,884)	(38,138)	(100,820)	(101,629)
Administrative expenses	(163,471)	(133,343)	(416,540)	(333,143)
Research and development expenses	<u>(153,936)</u>	<u>(99,997)</u>	<u>(421,152)</u>	<u>(426,043)</u>
Total operating expenses	<u>(350,291)</u>	<u>(271,478)</u>	<u>(938,512)</u>	<u>(860,815)</u>
Net operating income	<u>827,290</u>	<u>865,474</u>	<u>2,503,271</u>	<u>1,638,040</u>
Non-operating income and expenses:				
Other income (note 6(u))	50,621	57,173	85,314	81,828
Other gains and losses (note 6(u))	98,811	(7,647)	17,666	48,593
Finance costs (note 6(u))	(1,732)	(12,068)	(13,687)	(38,371)
Share of loss of associates and joint ventures accounted for using equity method (note 6(g))	<u>(10,789)</u>	<u>(13,705)</u>	<u>(43,585)</u>	<u>(15,746)</u>
Total non-operating income and expenses	<u>136,911</u>	<u>23,753</u>	<u>45,708</u>	<u>76,304</u>
Profit before tax	964,201	889,227	2,548,979	1,714,344
Total tax expense (note 6(p))	<u>(159,103)</u>	<u>(136,158)</u>	<u>(588,775)</u>	<u>(308,019)</u>
Profit	<u>805,098</u>	<u>753,069</u>	<u>1,960,204</u>	<u>1,406,325</u>
Other comprehensive income:				
Components of other comprehensive income that will be reclassified to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	25,498	6,632	15,708	7,118
Other comprehensive income, before tax, available-for-sale financial assets	9,633	(80,200)	(14,952)	35,590
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method (note 6(g))	(779)	-	204	-
Income tax expense relating to items that are or may be reclassified subsequently to profit or loss (note 6(p))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>34,352</u>	<u>(73,568)</u>	<u>960</u>	<u>42,708</u>
Other comprehensive income (loss), net	<u>34,352</u>	<u>(73,568)</u>	<u>960</u>	<u>42,708</u>
Comprehensive income	<u>\$ 839,450</u>	<u>679,501</u>	<u>1,961,164</u>	<u>1,449,033</u>
Profit, attributable to:				
Profit, attributable to owners of parent	<u>\$ 805,098</u>	<u>753,069</u>	<u>1,960,204</u>	<u>1,406,325</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	<u>\$ 839,450</u>	<u>679,501</u>	<u>1,961,164</u>	<u>1,449,033</u>
Earnings per common share (expressed in dollars) (note 6(s))				
Basic earnings per share	<u>\$ 1.32</u>	<u>1.02</u>	<u>2.81</u>	<u>1.90</u>
Diluted earnings per share	<u>\$ 1.31</u>	<u>1.01</u>	<u>2.78</u>	<u>1.88</u>

See accompanying notes to financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
WIN Semiconductors Corp. and Subsidiaries

Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent										Non - controlling interests	Total equity
	Retained earnings						Other equity interest			Total equity attributable to owners of parent		
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for- sale financial assets	Total			
Balance on January 1, 2014	\$ 7,392,754	3,728,358	423,456	34,015	3,214,012	3,671,483	(17,413)	116,395	98,982	14,891,577	-	14,891,577
Appropriation of 2013 earnings approved by stockholders during their meeting in 2014:												
Legal reserve	-	-	181,151	-	(181,151)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,109,798)	(1,109,798)	-	-	-	(1,109,798)	-	(1,109,798)
Reversal of special reserve	-	-	-	(34,015)	34,015	-	-	-	-	-	-	-
	-	-	181,151	(34,015)	(1,256,934)	(1,109,798)	-	-	-	(1,109,798)	-	(1,109,798)
Net income for the nine months ended September 30, 2014	-	-	-	-	1,406,325	1,406,325	-	-	-	1,406,325	-	1,406,325
Other comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	-	7,118	35,590	42,708	42,708	-	42,708
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	1,406,325	1,406,325	7,118	35,590	42,708	1,449,033	-	1,449,033
Exercise of employee stock options	27,931	32,234	-	-	-	-	-	-	-	60,165	-	60,165
Compensation cost arising from employee stock options	-	5,623	-	-	-	-	-	-	-	5,623	-	5,623
Balance on September 30, 2014	\$ 7,420,685	3,766,215	604,607	-	3,363,403	3,968,010	(10,295)	151,985	141,690	15,296,600	-	15,296,600
Balance on January 1, 2015	\$ 7,422,377	3,768,620	604,607	-	3,923,175	4,527,782	4,909	215,962	220,871	15,939,650	-	15,939,650
Appropriation of 2014 earnings approved by stockholders during their meeting in 2015:												
Legal reserve	-	-	196,347	-	(196,347)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(148,679)	(148,679)	-	-	-	(148,679)	-	(148,679)
	-	-	196,347	-	(345,026)	(148,679)	-	-	-	(148,679)	-	(148,679)
Net income for the nine months ended September 30, 2015	-	-	-	-	1,960,204	1,960,204	-	-	-	1,960,204	-	1,960,204
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	-	15,912	(14,952)	960	960	-	960
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	1,960,204	1,960,204	15,912	(14,952)	960	1,961,164	-	1,961,164
Capital reduction	(1,486,790)	-	-	-	-	-	-	-	-	(1,486,790)	-	(1,486,790)
Changes in equity of associated and joint ventures accounted for using equity method	-	7,800	-	-	-	-	-	-	-	7,800	-	7,800
Exercise of employee stock options	19,490	25,043	-	-	-	-	-	-	-	44,533	-	44,533
Balance on September 30, 2015	\$ 5,955,077	3,801,463	800,954	-	5,538,353	6,339,307	20,821	201,010	221,831	16,317,678	-	16,317,678

See accompanying notes to financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
WIN Semiconductors Corp. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the nine months ended September 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	January to September, 2015	January to September, 2014
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>2,548,979</u>	<u>1,714,344</u>
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	1,412,460	1,386,049
Amortization expense	17,383	23,050
Net loss (gain) on financial assets at fair value through profit or loss	21,484	(90,792)
Interest expense	13,687	38,371
Interest income	(17,232)	(12,190)
Dividend income	(36,819)	(46,020)
Share-based payments	-	5,623
Share of loss of associates and joint ventures accounted for using equity method	46,087	15,746
Loss (gain) on disposal of property, plant and equipment	(797)	17
Loss on disposal of investments	<u>30,566</u>	<u>44,306</u>
Total adjustments to reconcile profit	<u>1,486,819</u>	<u>1,364,160</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	10,073	(166,770)
Notes and accounts receivable, net	(256,292)	(366,962)
Inventories	(677,689)	(436,683)
Other current assets	<u>(84,959)</u>	<u>(137,174)</u>
Total changes in operating assets	<u>(1,008,867)</u>	<u>(1,107,589)</u>
Changes in operating liabilities:		
Accounts payable	45,260	443,032
Other payables	(6,822)	(3,672)
Other current liabilities	329,563	3,004
Other non-current liabilities	<u>1,362</u>	<u>1,650</u>
Total changes in operating liabilities	<u>369,363</u>	<u>444,014</u>
Total changes in operating assets and liabilities	<u>(639,504)</u>	<u>(663,575)</u>
Cash inflow generated from operations	3,396,294	2,414,929
Dividends received	1,030	375
Income taxes paid	<u>(514,515)</u>	<u>(288,988)</u>
Net cash flows provided from operating activities	<u>2,882,809</u>	<u>2,126,316</u>
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(4,131,048)	(2,962,756)
Proceeds from disposal of current financial assets at fair value through profit or loss	4,410,099	2,823,248
Acquisition of current available-for-sale financial assets	-	(265,935)
Proceeds from disposal of current available-for-sale financial assets	-	4,928
Acquisition of non-current available-for-sale financial assets	(55,620)	(12,000)
Proceeds from disposal of non-current available-for-sale financial assets	-	5,170
Proceeds from disposal of non-current investments in debt instrument without active market	-	30,400
Acquisition of investments accounted for using equity method	(220,000)	-
Acquisition of property, plant and equipment	(438,987)	(393,290)
Proceeds from disposal of property, plant and equipment	2,663	-
Acquisition of intangible assets	(23,103)	(11,852)
Decrease (increase) in other non-current assets	(789)	120
Increase in prepayments for business facilities	(1,347,648)	(61,867)
Interest received	16,981	11,533
Dividends received	<u>35,789</u>	<u>45,645</u>
Net cash flows used in investing activities	<u>(1,751,663)</u>	<u>(786,656)</u>
Cash flows from provide from (used in) financing activities:		
Proceeds from long-term borrowings	-	529,000
Repayments of long-term borrowings	(545,444)	(802,444)
Increase in other non-current liabilities	3,303	10,000
Cash dividends paid	(148,679)	(1,109,798)
Capital reduction payments to shareholders	(1,486,790)	-
Exercise of employee share options	44,533	60,165
Interest paid	<u>(12,572)</u>	<u>(34,699)</u>
Net cash flows used in financing activities	<u>(2,145,649)</u>	<u>(1,347,776)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>12,086</u>	<u>6,432</u>
Net decrease in cash and cash equivalents	<u>(1,002,417)</u>	<u>(1,684)</u>
Cash and cash equivalents at the beginning of period	<u>2,677,199</u>	<u>1,966,881</u>
Cash and cash equivalents at the end of period	\$ <u><u>1,674,782</u></u>	<u><u>1,965,197</u></u>

See accompanying notes to financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards
as of September 30, 2015 and 2014**

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

September 30, 2015 and 2014

**(Expressed in Thousands of New Taiwan Dollars
Except for Earnings Per Share Information
and Unless Otherwise Specified)**

(1) Organization and business scope

WIN Semiconductors Corp. (the ‘Company’) was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 69, Technology 7th Rd., Hwaya Technology Park, Kueishan Dist, Taoyuan City, Taiwan. The Company and its subsidiaries (together referred to as the ‘Group’) engage in the researching, developing, manufacturing, and selling of GaAs wafers. Please see note 14.

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

The condensed consolidated interim financial statements for the nine months ended September 30, 2015 and 2014 was authorized for issued by the Board of Directors as of November 10, 2015.

(3) New standards and interpretations not yet adopted

- (a) The impact of the new release, amendments to standards and interpretations has endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”).

According to Order the No. Financial-Supervisory-Securities-Auditing-1030010325 of the Financial Supervisory Commission on April 3, 2014, TWSE listed, TPEX listed and emerging companies will have to prepare the financial reports using the IFRSs 2013 endorsed by FSC (which does not include IFRS 9) with fully adoption on 2015. Relevant new releases, modifications and amendments to standards and interpretations are as following:

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosures—Transfers of Financial Assets”	July 1, 2011
Amendment to IFRS 7 “Disclosures—Derecognition of Financial Assets and Financial Liabilities”	January 1, 2013
IFRS 10 “Consolidated Financial Statements”	January 1, 2013 (effective date for investment entity will be January 1,2014)
IFRS 11 “Joint Arrangements”	January 1, 2013

WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2012
Amendment to IAS 19 “Employee Benefits”	January 1, 2013
Amendment to IAS 27 “Separate Financial Statement”	January 1, 2013
Amendment to IAS 32 “Financial Assets and Liabilities Offsetting”	January 1, 2014
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”	January 1, 2013

Except the following, applying the IFRSs 2013 endorsed by FSC does not cause any significant changes in the consolidated interim financial statements. The impacts of significant changes are described as follows:

1. IAS 1 “Presentation of Financial Statements”

The standard amended the presentation of other comprehensive income. To classify OCI items as “Components of other comprehensive income that will not be reclassified to profit or loss,” or “Components of other comprehensive income that will be reclassified to profit or loss.” The items should be presented before tax to be shown separately for each of the two groups of OCI items. The amendments also require tax associated with items of OCI which presented before tax to be shown separately. The Group has changed the presentation of OCI according to that standard and comparative period have been made a retrospective restatement.

2. IFRS 12 “Disclosure of Interests in Other Entities”

The Group discloses the information about associates as the standard requires, please refer to note 6(g).

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

3. IFRS 13 “Fair Value Measurement”

The standard changes to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. The Group discloses fair value measurements as the guidance over the transition period of the standard, and postponed the adoption of fair value measurements, please refer to note 6(v). The Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change has no significant impact on the measurements of Group’s assets and liabilities.

- (b) The new released or amended standards and interpretations not yet endorsed by the FSC.

A summary of the new standards and amendments issued by the IASB that may have an impact on the consolidated financial statements not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Prescribed by IASB
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Account”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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

(4) Summary of significant accounting policies

(a) Statement of compliance

The condensed consolidated interim 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 condensed consolidated interim financial statements, the Chinese version shall prevail.

These condensed consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required for annual financial statements.

Except the following information disclosure, the significant accounting policies presented in the condensed consolidated interim financial statements is the same as the consolidated financial statement for the year ended December 31, 2014. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2014. The Group prepares the financial reports using the IFRSs 2013 endorsed by FSC with fully adoption. For the related changes, please refer to note 3(a).

(b) Basis of consolidation

1. Principles of preparation of the condensed consolidated interim financial statements are the same as the consolidated financial statements for the year ended December 31, 2014. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2014.

2. List of subsidiaries in the condensed consolidated interim financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			2015.9.30	2014.12.31	2014.9.30	
The Company	WIN SEMI. USA, INC.	Marketing	100%	100%	100%	-
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Selling of GaAs wafers	100%	100%	100%	-
The Company	WIN Venture Capital Corp.	Investment activities	100%	100%	100%	-

3. List of subsidiaries which are not included in the condensed consolidated interim financial statements: None.

(Continued)

WIN Semiconductors Corp. and Subsidiaries**Notes to Condensed Consolidated Financial Statements****(c) Income taxes**

Income tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting.”

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This should be recognised fully as tax expense for the current period.

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

(d) Defined benefit plans

The pension cost in the condensed consolidated interim financial statements 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) Major sources of accounting assumptions, judgments and estimation uncertain

The preparation of the condensed consolidated interim financial statements in conformity with IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and approved by 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 condensed 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, 2014. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2014.

The accounting policy and disclosure of the Group include that measuring the financial assets and financial liabilities at fair value. The accounting department of the Group uses external information to make the evaluation result agreed to market status and to confirm the data resource is independent reliable and consistent with other resource. The accounting department of the Group regularly revises the inputs and any essential adjustments on the fair value to confirm that evaluation results are reasonable. The accounting department of the Group regularly evaluates investment property using the evaluation methods announced by FSC and related parametric assumptions.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

When measuring the fair value of an asset or a liability, the Group usually uses market observable data. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

1. Note 6(i)-Investment property.
2. Note 6(v)-Financial instruments.

(6) Significant account disclosure

Except for the following disclosure, the significant account disclosure in the condensed consolidated interim financial statements for the nine months ended September 30, 2015, which compare with the consolidated financial statements for the year ended December 31, 2014, was not changed significantly. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2014.

(a) Cash and cash equivalents

	2015.9.30	2014.12.31	2014.9.30
Cash on hand	\$ 210	431	441
Cash in bank	1,615,572	143,216	593,989
Time deposits	<u>59,000</u>	<u>2,533,552</u>	<u>1,370,767</u>
	\$ <u>1,674,782</u>	<u>2,677,199</u>	<u>1,965,197</u>

Refer to note 6(v) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

(b) Current financial assets at fair value through profit or loss

	2015.9.30	2014.12.31	2014.9.30
Stocks listed on domestic markets	\$ 63,498	74,620	125,592
Money market funds, future funds, equity funds and bond funds	<u>986,751</u>	<u>1,246,651</u>	<u>1,042,743</u>
	<u>\$ 1,050,249</u>	<u>1,321,271</u>	<u>1,168,335</u>

Refer to note 6(u) for the amount of remeasurement at fair value through profit or loss.

The above-mentioned financial assets were not pledged.

(c) Current and non-current available-for-sale financial assets

1. Current available-for-sale financial assets

	2015.9.30	2014.12.31	2014.9.30
Stocks listed on domestic markets	<u>\$ 606,651</u>	<u>677,271</u>	<u>703,797</u>

The above-mentioned financial assets were not pledged.

2. Non-current available-for-sale financial assets

	2015.9.30	2014.12.31	2014.9.30
Stocks listed on domestic markets	\$ 14,006	17,825	18,863
Stocks listed on foreign markets	308,181	238,776	198,490
Non-public stocks	559,540	505,716	450,635
Private fund (Note)	<u>294,900</u>	<u>299,400</u>	<u>-</u>
	<u>\$ 1,176,627</u>	<u>1,061,717</u>	<u>667,988</u>

Note: As of September 30, 2015, the private fund is during the lock-up period.

Refer to note 6(u) for the gains or loss on disposal of investments.

3. The above-mentioned financial assets were not pledged.

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

(d) Non-current investments in debt instrument without active market

	Issue period	Nominal rate (%)	2015.9.30	2014.12.31	2014.9.30
Preferred stock B	2012.11.23~2019.11.22	-	\$ <u>159,600</u>	<u>159,600</u>	<u>159,600</u>

The above-mentioned financial assets were not pledged.

(e) Notes and accounts receivable, net

	2015.9.30	2014.12.31	2014.9.30
Notes receivable	\$ -	405	-
Accounts receivable	952,019	695,236	1,022,904
Less: allowance for doubtful accounts	<u>(5,676)</u>	<u>(5,590)</u>	<u>(5,504)</u>
	\$ <u>946,343</u>	<u>690,051</u>	<u>1,017,400</u>

At the reporting date, the Group's aging analysis of notes and accounts receivable, and other accounts receivable that were past due and not impairment, were as follows:

	2015.9.30	2014.12.31	2014.9.30
Past due 1~60 days	\$ 66,692	52,944	41,590
Past due 61~180 days	6,706	-	-
Past due more than 181 days	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>73,398</u>	<u>52,944</u>	<u>41,590</u>

The movement of allowance for notes and accounts receivable, and other accounts receivable for the nine months ended September 30, 2015 and 2014, were as follows:

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Beginning balance	\$ 5,590	5,461
Foreign currency differences	<u>86</u>	<u>43</u>
End balance	\$ <u>5,676</u>	<u>5,504</u>

The Group's policy of allowance for receivables is as follows:

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

Assessment method:

1. At the balance sheet date, the Group evaluates the probability of collection regarding the receivable in accordance with each customer.
2. The Group may recognise 100% allowance of doubtful accounts based on the expectancy of bad debt by assessing the financial and operating conditions of each customer.

Impairment loss recognised for individually assessed impairment was the difference between the carrying amount and the amount expected to be collected. The Group also considered the fluctuation of the economic circumstances and historical collection to determine the recognition of impairment.

The Group establishes a policy of allowance for doubtful accounts based on historical trends of the probability of default and the timing of recoveries and the amount of loss incurred. The policy is mainly based on the characteristic of industry and the conservative of business cove.

The Group believed that no impairment allowance was necessary with respect to the past due receivables that were collectable.

As of September 30, 2015, December 31 and September 30, 2014, the accounts receivable, net were not pledged.

(f) Inventories

	2015.9.30	2014.12.31	2014.9.30
Raw materials, supplies and spare parts	\$ 1,335,216	888,130	986,357
Work in process	757,491	333,856	423,578
Finished goods	<u>73,097</u>	<u>277,931</u>	<u>232,279</u>
	<u>\$ 2,165,804</u>	<u>1,499,917</u>	<u>1,642,214</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

Except cost of goods sold and inventories recognized as expense, the remaining gain or losses which were recognized as operating cost or deduction of operating cost for the three months ended September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014 were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	\$ <u>23,202</u>	<u>6,144</u>	<u>49,659</u>	<u>(17,616)</u>
Revenue from sale of scraps	\$ <u>(5,392)</u>	<u>(6,580)</u>	<u>(17,623)</u>	<u>(16,259)</u>

The inventories were not pledged.

(g) Investments accounted for using equity method

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

	2015.9.30	2014.12.31	2014.9.30
Associates	\$ <u>563,483</u>	<u>381,566</u>	<u>370,483</u>

1. Associates:

On January 28, 2015, the Group acquired 42.74% of the shares of Phalanx Biotech Group, Inc. for \$220,000 thousand in cash, and has significant influence on it. In April 2015, Phalanx Biotech Group, Inc. approved a cash subscription, the Group did not subscribe any new shares. Therefore, the percentage of the Group's ownership declined to 37.88%. The Group still has significant influence on Phalanx Biotech Group, Inc.

Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the condensed consolidated interim financial statements of the Group.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

	2015.9.30	2014.12.31	2014.9.30	
Total equity of the individually insignificant investments in associates	\$ <u>563,483</u>	<u>381,566</u>	<u>370,483</u>	
	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Attributable to the Group:				
Net loss	\$ (11,499)	(13,705)	(46,087)	(15,746)
Other comprehensive income	<u>(779)</u>	<u>-</u>	<u>204</u>	<u>-</u>
Total comprehensive income	\$ <u>(12,278)</u>	<u>(13,705)</u>	<u>(45,883)</u>	<u>(15,746)</u>

2. Pledge to secure

The investments accounted for using equity method were not pledged.

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 2015 and 2014 were as follows:

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:							
Balance as of January 1, 2015	\$ 2,546,534	998,111	11,724,452	2,773,866	193,297	1,345,584	19,581,844
Additions	-	1,654	159,626	24,488	37,976	337,457	561,201
Reclassification (Note)	-	-	28,832	3,247	-	(3,247)	28,832
Disposals	-	-	(4,865)	-	(37,364)	-	(42,229)
Balance as of September 30, 2015	\$ <u>2,546,534</u>	<u>999,765</u>	<u>11,908,045</u>	<u>2,801,601</u>	<u>193,909</u>	<u>1,679,794</u>	<u>20,129,648</u>
Balance as of January 1, 2014	\$ 2,546,534	982,847	11,319,066	2,642,422	359,898	1,046,925	18,897,692
Additions	-	640	77,273	16,774	8,837	286,349	389,873
Reclassification (Note)	-	-	228,986	43,514	-	(10,062)	262,438
Disposals	-	-	-	-	(178,960)	-	(178,960)
Balance as of September 30, 2014	\$ <u>2,546,534</u>	<u>983,487</u>	<u>11,625,325</u>	<u>2,702,710</u>	<u>189,775</u>	<u>1,323,212</u>	<u>19,371,043</u>
Accumulated depreciation:							
Balance as of January 1, 2015	\$ -	370,746	5,934,630	1,449,642	174,316	-	7,929,334
Depreciation	-	44,222	1,177,573	174,174	12,504	-	1,408,473
Disposals	-	-	(2,999)	-	(37,364)	-	(40,363)
Balance as of September 30, 2015	\$ <u>-</u>	<u>414,968</u>	<u>7,109,204</u>	<u>1,623,816</u>	<u>149,456</u>	<u>-</u>	<u>9,297,444</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Factory and equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of January 1, 2014	\$ -	312,241	4,399,099	1,216,989	333,059	-	6,261,388
Depreciation	-	43,861	1,146,555	175,268	16,377	-	1,382,061
Disposals	-	-	-	-	(178,943)	-	(178,943)
Balance as of September 30, 2014	<u>\$ -</u>	<u>356,102</u>	<u>5,545,654</u>	<u>1,392,257</u>	<u>170,493</u>	<u>-</u>	<u>7,464,506</u>

Carrying value:

Balance as of January 1, 2015	<u>\$ 2,546,534</u>	<u>627,365</u>	<u>5,789,822</u>	<u>1,324,224</u>	<u>18,981</u>	<u>1,345,584</u>	<u>11,652,510</u>
Balance as of September 30, 2015	<u>\$ 2,546,534</u>	<u>584,797</u>	<u>4,798,841</u>	<u>1,177,785</u>	<u>44,453</u>	<u>1,679,794</u>	<u>10,832,204</u>
Balance as of January 1, 2014	<u>\$ 2,546,534</u>	<u>670,606</u>	<u>6,919,967</u>	<u>1,425,433</u>	<u>26,839</u>	<u>1,046,925</u>	<u>12,636,304</u>
Balance as of September 30, 2014	<u>\$ 2,546,534</u>	<u>627,385</u>	<u>6,079,671</u>	<u>1,310,453</u>	<u>19,282</u>	<u>1,323,212</u>	<u>11,906,537</u>

Note: Inventories and prepayments for business facilities were reclassified as property, plant and equipment.

1. Pledge to secure

As of September 30, 2015, December 31, and September 30, 2014, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

2. Property, plant and equipment under construction

In 2012, the Group acquired land, buildings and structures for the construction of a new factory on the site. As of September 30, 2015, the cost of acquisition and construction of buildings and structure amounted to \$1,808,503 thousand (which included the borrowing costs of the capitalized interest expenses), was recorded as construction in progress and prepayments for business facilities.

3. For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, capitalized interest expenses amounted to \$11,651 thousand, \$5,792 thousand, \$28,232 thousand and \$18,188 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.69%~1.75%, 1.66%~1.71%, 1.55%~1.79% and 1.58%~2.27%, respectively.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(i) Investment property

The cost and accumulated depreciation of the investment property of the Group for the nine months ended September 30, 2015 and 2014 were as follows:

	Land	Buildings and structures	Total
Cost:			
Balance as of January 1, 2015	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of September 30, 2015	\$ <u>963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Balance as of January 1, 2014	\$ 963,127	138,225	1,101,352
Additions	-	-	-
Balance as of September 30, 2014	\$ <u>963,127</u>	<u>138,225</u>	<u>1,101,352</u>
Accumulated depreciation:			
Balance as of January 1, 2015	\$ -	10,190	10,190
Depreciation	-	3,987	3,987
Balance as of September 30, 2015	\$ -	<u>14,177</u>	<u>14,177</u>
Balance as of January 1, 2014	\$ -	4,873	4,873
Depreciation	-	3,988	3,988
Balance as of September 30, 2014	\$ -	<u>8,861</u>	<u>8,861</u>
Carrying value:			
Balance as of January 1, 2015	\$ <u>963,127</u>	<u>128,035</u>	<u>1,091,162</u>
Balance as of September 30, 2015	\$ <u>963,127</u>	<u>124,048</u>	<u>1,087,175</u>
Balance as of January 1, 2014	\$ <u>963,127</u>	<u>133,352</u>	<u>1,096,479</u>
Balance as of September 30, 2014	\$ <u>963,127</u>	<u>129,364</u>	<u>1,092,491</u>
Fair value:			
Balance as of September 30, 2015			\$ <u>1,259,278</u>
Balance as of September 30, 2014			\$ <u>1,274,094</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

The yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

<u>Location</u>	<u>For the nine months ended September 30, 2015</u>
Hsinchu	0.16%

As of September 30, 2015, December 31 and September 30, 2014, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(j) Intangible assets

1. The movement in intangible assets for the nine months ended September 30, 2015 and 2014 were as follows:

	Technical know-how	Computer software and information systems	Others	Total
Costs:				
Balance as of January 1, 2015	\$ 46,005	48,044	-	94,049
Additions	-	25,219	1,005	26,224
Balance as of September 30, 2015	<u>\$ 46,005</u>	<u>73,263</u>	<u>1,005</u>	<u>120,273</u>
Balance as of January 1, 2014	\$ 46,005	82,770	6,122	134,897
Additions	-	15,909	-	15,909
Other (Note)	-	1,562	-	1,562
Balance as of September 30, 2014	<u>\$ 46,005</u>	<u>100,241</u>	<u>6,122</u>	<u>152,368</u>
Amortization:				
Balance as of January 1, 2015	\$ 15,974	23,653	-	39,627
Amortization	2,875	14,117	391	17,383
Balance as of September 30, 2015	<u>\$ 18,849</u>	<u>37,770</u>	<u>391</u>	<u>57,010</u>
Balance as of January 1, 2014	\$ 12,140	56,128	2,381	70,649
Amortization	2,875	17,114	3,061	23,050
Balance as of September 30, 2014	<u>\$ 15,015</u>	<u>73,242</u>	<u>5,442</u>	<u>93,699</u>
Carrying value:				
Balance as of January 1, 2015	<u>\$ 30,031</u>	<u>24,391</u>	-	<u>54,422</u>
Balance as of September 30, 2015	<u>\$ 27,156</u>	<u>35,493</u>	<u>614</u>	<u>63,263</u>
Balance as of January 1, 2014	<u>\$ 33,865</u>	<u>26,642</u>	<u>3,741</u>	<u>64,248</u>
Balance as of September 30, 2014	<u>\$ 30,990</u>	<u>26,999</u>	<u>680</u>	<u>58,669</u>

Note: Other current assets consisting of prepayments for computer software and information systems were reclassified as intangible assets.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2. Amortization expense recognized in profit or loss

For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the amortization expenses of intangible assets were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating costs	\$ 1,803	2,537	5,609	7,594
Operating expenses	<u>5,955</u>	<u>4,240</u>	<u>11,774</u>	<u>15,456</u>
	<u><u>\$ 7,758</u></u>	<u><u>6,777</u></u>	<u><u>17,383</u></u>	<u><u>23,050</u></u>

3. Pledge to secure

The intangible assets were not pledged.

(k) Other current assets and other non-current assets

	2015.9.30	2014.12.31	2014.9.30
Other receivable from metal reclaiming	\$ 153,698	112,622	187,090
Tax refund receivable	84,951	22,369	33,156
Refundable deposits	22,178	21,480	19,506
Restricted assets	23,752	23,661	23,631
Prepaid expenses	14,227	36,811	14,150
Other receivable from disposal of mutual funds	-	-	346,422
Others	<u>21,294</u>	<u>87,233</u>	<u>18,762</u>
	<u><u>\$ 320,100</u></u>	<u><u>304,176</u></u>	<u><u>642,717</u></u>

(l) Short-term borrowings

	2015.9.30	2014.12.31	2014.9.30
Unused bank credit lines for short-term borrowings	\$ <u>3,034,467</u>	<u>3,297,997</u>	<u>3,400,311</u>
Unused bank credit lines for short-term and long-term borrowing	<u>\$ 563,961</u>	<u>350,000</u>	<u>350,000</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(m) Long-term borrowings

	2015.9.30	2014.12.31	2014.9.30
Unsecured long-term borrowings	\$ -	-	514,000
Secured long-term borrowings	2,939,810	3,483,775	3,483,283
Less: long-term liabilities, current portion	<u>(742,819)</u>	<u>(545,444)</u>	<u>(1,059,444)</u>
Total	<u>\$ 2,196,991</u>	<u>2,938,331</u>	<u>2,937,839</u>
Unused bank credit lines for long-term borrowings	<u>\$ 1,558,000</u>	<u>908,000</u>	<u>908,000</u>
Annual interest rate	<u>1.61%~1.68%</u>	<u>1.63%~1.68%</u>	<u>1.61%~1.72%</u>

As of September 30, 2015, the remaining balances of the borrowing due were as follows:

Year due	Amount
October 1, 2015~ September 30, 2016	\$ 742,819
October 1, 2016~ September 30, 2017	940,194
October 1, 2017~ September 30, 2018	667,472
October 1, 2018~ September 30, 2019	394,750
After October 1, 2019	<u>194,575</u>
	<u>\$ 2,939,810</u>

The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in note 6(1).

1. The proceeds and repayment of the borrowings

For the nine months ended September 30, 2014, The Group proceeded from long-term borrowings amounting to \$529,000 thousand with an interest rate of 1.68%. The long-term borrowings are due in March 1, 2020. There was no such transaction for the nine months ended September 30, 2015.

For the nine months ended September 30, 2015 and 2014, the repayment amounted to \$545,444 thousand and \$802,444 thousand, respectively.

2. The collateral for these long-term borrowings was disclosed in note 8.

3. In January 2011, the Company entered into a seven-year syndicated loan agreement with Mega International Commercial Bank and other sixteen banks. The total credit facility under this loan agreement is \$4,800,000 thousand and is due in February 2018.

(Continued)

WIN Semiconductors Corp. and Subsidiaries**Notes to Condensed Consolidated Financial Statements**

The related financial covenants and restrictions for the syndicated loan mentioned above were as follows:

At the ended of the annual reporting period, current ratio shall not be lower than 100%, liability ratio (Liabilities/Net asset value) shall not be higher than 120%, interest coverage ratio shall not be less than 300%, and net equity shall not be less than \$6,000,000 thousand.

As of December 31, 2014 and 2013, the Company was in compliance with the above financial covenants and restrictions.

(n) Operating lease

1. Lease-lessor

The Group leased its investment property under operating lease, which was disclosed in note 6(i).

2. Leases-lessee

The Group leases a number of parking lots etc. under operating leases. The leases typically run for a period of 1 to 4 years.

There were no significant addition to lease contracts for the period from January 1 to September 30, 2015.

For the related information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2014.

(o) Employee benefits

1. Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2014 and 2013.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

The Group's expenses recognized in profit or loss for the periods from July 1 to September 30, 2015 and 2014 and for the nine months ended September 30, 2015 and 2014 were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating expenses	\$ <u>517</u>	<u>610</u>	<u>1,551</u>	<u>1,829</u>

2. Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014 were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Operating cost	\$ 9,593	9,754	28,268	26,778
Operating expenses	<u>2,938</u>	<u>1,919</u>	<u>8,260</u>	<u>7,975</u>
	\$ <u>12,531</u>	<u>11,673</u>	<u>36,528</u>	<u>34,753</u>

(p) Income tax

- The amount of income tax expenses for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014 were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Income tax expense	\$ <u>159,103</u>	<u>136,158</u>	<u>588,775</u>	<u>308,019</u>

- There were no income tax expenses recognized in other comprehensive income for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

3. Examination and approval

The Company's corporate income tax returns for the years through 2012 have been examined by the tax authorities National Taxation Bureau of the Northern Area, Ministry of Finance. There was controversy over the expiration of the loss carryforwards. Therefore, the Company had applied for an administrative appeal to the tax authorities.

4. The Company's integrated income tax information at the reporting date were as follows:

	2015.9.30	2014.12.31	2014.9.30
Unappropriated earnings after 1997	\$ <u>5,538,353</u>	<u>3,923,175</u>	<u>3,363,403</u>
Balance of imputation credit account (ICA)	\$ <u>784,323</u>	<u>325,493</u>	<u>324,088</u>
		2014 (Actual)	2013 (Actual)
Creditable ratio for distributed to domestic shareholders of earnings		<u>16.45%</u>	<u>12.08%</u>

According to the amendment by the Ministry of Finance on October, 17, 2013 under the Rule No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above. According to the amended Income Tax Act which was announced in June 2014, the amount of the deductible tax of an individual shareholder residing in the territory of the ROC is calculated at 50% of the original tax deduction ratio starting from 2015. However, if the gross dividends or the gross earnings received by a shareholder residing outside the territory of the ROC contain any income subject to a 10% surcharge on profit-seeking income tax which was actually paid under the provisions of Article 66-9, half of the amount of the surcharge on profit-seeking income tax may offset the amount of income tax which should be withheld from the payment of the net amount of such dividends or earnings.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2015 and 2014. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2014.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

1. Ordinary share

For the nine months ended September 30, 2015 and 2014, the Company had issued 1,949 thousand shares and 2,793 thousand shares resulting from the exercise of employee stock options, respectively. The aforementioned stock issuance was authorized by and registered with the government authorities.

The Company resolved a capital reduction of \$1,486,790 thousand, representing 148,679 thousand shares of outstanding shares as proposed in the Board of Directors' meeting held on April 22, 2015 and approved in the shareholders' meeting on June 3, 2015. On July 2, 2015, the authority had already approved the application and the Company's Board of Directors resolved the record date as July 9, 2015. The related registration process had been completed on July 24, 2015.

2. Capital surplus

Balance of capital surplus at the reporting date was as follows:

	2015.9.30	2014.12.31	2014.9.30
Additional paid-in capital	\$ 3,769,456	3,727,909	3,724,326
Changes in equity of associates and joint ventures accounted for using equity method	21,499	13,698	13,442
Employee stock options	<u>10,508</u>	<u>27,013</u>	<u>28,447</u>
	<u>\$ 3,801,463</u>	<u>3,768,620</u>	<u>3,766,215</u>

In accordance with amended Company Act in 2012, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

3. Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the remaining balance of the earnings is further appropriated as follows:

- (i) 5% to 10% as employees bonuses;

(Continued)

WIN Semiconductors Corp. and Subsidiaries**Notes to Condensed Consolidated Financial Statements**

- (ii) 1% to 3% as directors' and supervisors' remuneration;
- (iii) the remaining balance, excluding (i) and (ii), will be distributed to stockholders as dividends of which cash dividends should not be lower than 10% of the total stockholders' dividends.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

According to the amended Company Act, which was announced in May 2015, employee bonuses and the directors' and supervisors' remuneration were not part of the appropriations of earnings. The Company will amend the Articles of Incorporation before the deadline specified by the authorities.

A. Legal reserve

According to the amended Company Act which was announced in January 2012, 10% of net income should be set aside as statutory earnings reserve, until it equals the share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25% of the actual share capital.

B. Special reserve

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

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

C. Appropriations of earnings

The appropriations of earning for 2014 and 2013 had been approved in a shareholders' meeting held on June 3, 2015 and June 20, 2014, respectively. The appropriations and dividends were as follows:

	2014	2013
Cash dividends	\$ 148,679	1,109,798
Bonuses to employees	176,700	166,400
Remuneration to directors and supervisors	53,000	49,900

There was no difference between the appropriation of 2014 and 2013 earnings for employees' bonus and directors' emoluments as been approved in the shareholders' meeting, respectively, and those accrued in the financial statements for the years ended December 31, 2014 and 2013. The related information can be found on websites such as the Market Observation Post System.

For the periods from July 1 to September 30, and for the nine months ended September 30, 2014, the Company's accrued and recognised employee's bonus amounted to \$66,500 thousand and \$125,900 thousand, respectively, and directors' and supervisors' remuneration amounted to \$20,000 thousand and \$37,700 thousand, respectively. The employee's bonus and directors' remuneration were estimated based on the net income for the three months periods ended September 30, 2014, and for the nine months periods ended September 30, 2014. The difference between the actual appropriation of earnings for employees' bonus and directors' emoluments as been approved in the meeting of the Board of Directors, and those recognised in the financial statements, if any, is accounted for as a change in accounting estimates and recognised in profit or loss of the following year when the shareholders approved the appropriations of those earnings. In addition, the number of shares distributed to employees as employees' bonus is calculated based on the closing price of the Company's shares of stock being traded in the listed market on the day before the approval of shareholders' meeting.

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WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

D. Other equity interest

Changes in other equity interest were as follows:

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available -for-sale financial assets
Balance as of January 1, 2015	\$ 4,909	215,962
Foreign currency differences (net of tax)	15,912	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	(14,952)
Balance as of September 30, 2015	<u>\$ 20,821</u>	<u>201,010</u>
Balance as of January 1, 2014	\$ (17,413)	116,395
Foreign currency differences (net of tax)	7,118	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	35,642
Other comprehensive income (losses) reclassified to profit or loss upon disposal of available-for- sale financial assets (net of tax)	-	(52)
Balance as of September 30, 2014	<u>\$ (10,295)</u>	<u>151,985</u>

(r) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to September 30, 2015 and 2014. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2014.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

1. For the nine months ended September 30, 2015 and 2014, the related outstanding units and weighted-average exercise price of employee stock options were as follows:

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
	Weighted- average exercise price (expressed in dollars)	Shares (in thousands)	Weighted- average exercise price (expressed in dollars)	Shares (in thousands)
Outstanding at the beginning	\$ 22.70	3,147	22.94	6,154
Granted	-	-	-	-
Exercised	22.85	(1,949)	21.54	(2,793)
Expired	-	-	-	(45)
Outstanding at the end	28.40	<u>1,198</u>	22.70	<u>3,316</u>
Exercisable as of September 30		<u>1,198</u>		<u>3,316</u>

2. Compensation cost for employee stock options

For the nine months ended September 30, 2015 and 2014, the compensation cost for employee stock options amounted to \$0 thousand and \$5,623 thousand, respectively, which had been recorded under operating costs and operating expenses.

- (s) Earnings per share ("EPS")

For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the Company's earnings per share were calculated as follows:

	Three months ended September 30, 2015		
	Profit	Weighted- average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS—retroactively adjusted:			
Profit belonging to common shareholders	\$ 805,098	608,402	\$ <u>1.32</u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	4,945	
Employee stock options	-	351	
Common shareholders' profit plus the effect of potentially dilutive common stock	\$ <u>805,098</u>	<u>613,698</u>	\$ <u>1.31</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

	Three months ended September 30, 2014		
	Profit	Weighted- average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS — retroactively adjusted:			
Profit belonging to common shareholders	\$ 753,069	741,798	\$ <u><u>1.02</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonus	-	4,319	
Employee stock options	-	884	
Common shareholders' profit plus the effect of potentially dilutive common stock	<u>\$ 753,069</u>	<u>747,001</u>	<u>\$ 1.01</u>
	Nine months ended September 30, 2015		
	Profit	Weighted- average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS — retroactively adjusted:			
Profit belonging to common shareholders	\$ 1,960,204	697,786	\$ <u><u>2.81</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	7,010	
Employee stock options	-	363	
Common shareholders' profit plus the effect of potentially dilutive common stock	<u>\$ 1,960,204</u>	<u>705,159</u>	<u>\$ 2.78</u>
	Nine months ended September 30, 2014		
	Profit	Weighted- average number of outstanding shares of common stock (in thousands)	EPS (in dollars)
Basic EPS — retroactively adjusted:			
Profit belonging to common shareholders	\$ 1,406,325	740,732	\$ <u><u>1.90</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	7,923	
Employee stock options	-	999	
Common shareholders' profit plus the effect of potentially dilutive common stock	<u>\$ 1,406,325</u>	<u>749,654</u>	<u>\$ 1.88</u>

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(t) Employee's bonus, directors' and supervisors' remuneration

For the periods from July 1 to September 30, and for the nine months ended September 30, 2015, the Company's accrued and recognised employee's bonus amounted to \$68,000 thousand and \$180,000 thousand, respectively, and directors' and supervisors' remuneration amounted to \$15,500 thousand and \$41,500 thousand, respectively. The employee's bonus, directors' and supervisors' remuneration were estimated based on income before tax minus amount of the employee's bonus, directors' and supervisors' remuneration, and multiplied by rule of Company's Article of incorporation, and it is included in operating costs or operating expenses of the periods from three months ended September 30 and nine months ended September 30, 2015. The difference between the actual appropriation of earnings for employees' bonus and directors' emoluments as been approved in the meeting of the Board of Directors, and those recognised in the financial statements, if any, is accounted for as a change in accounting estimates and recognised in profit or loss of the following year when the shareholders approved the appropriations of those earnings.

(u) Non-operating income and expenses

1. Other income

For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the details of other income were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Interest income	\$ 3,684	4,802	17,232	12,190
Dividend income	33,965	44,377	35,789	45,645
Rent income	<u>12,972</u>	<u>7,994</u>	<u>32,293</u>	<u>23,993</u>
	<u>\$ 50,621</u>	<u>57,173</u>	<u>85,314</u>	<u>81,828</u>

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2. Other gains and losses

For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the details of other gains and losses were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Foreign exchange gains	\$ 112,039	21,135	59,755	22,426
Gains (losses) on disposals of investments	1,639	8,906	3,236	(44,393)
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(3,192)	(30,483)	(4,947)	102,720
Gains (losses) on disposals of property, plant and equipment	797	-	797	(17)
Other	<u>(12,472)</u>	<u>(7,205)</u>	<u>(41,175)</u>	<u>(32,143)</u>
	\$ <u>98,811</u>	<u>(7,647)</u>	<u>17,666</u>	<u>48,593</u>

3. Finance cost

For the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the details of finance cost were as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Interest expense on bank borrowings	\$ 13,217	17,706	41,054	56,112
Other interest expense	166	154	865	447
Less: capitalized interest expense	<u>(11,651)</u>	<u>(5,792)</u>	<u>(28,232)</u>	<u>(18,188)</u>
	\$ <u>1,732</u>	<u>12,068</u>	<u>13,687</u>	<u>38,371</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(v) 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(s) of the consolidated financial statements for the year ended December 31, 2014.

1. Market risk

(i) Currency risk

The Group's significant exposures to foreign currency risk were as follows:

	2015.9.30			2014.12.31			2014.9.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
Financial assets									
Monetary items									
USD	\$ 66,380	32.87	2,181,905	56,243	31.65	1,780,088	44,772	30.42	1,361,959
EUR	-	-	-	1	38.47	20	5	38.59	199
JPY	13,792	0.2739	3,772	52,965	0.2646	14,019	52,334	0.2780	14,545
GBP	15	49.83	750	5	49.27	248	17	49.50	848
HKD	63	4.24	268	64	4.08	259	64	3.92	249
			<u>\$ 2,186,695</u>			<u>1,794,634</u>			<u>1,377,800</u>
Non-monetary items									
USD	81	32.87	2,665	87	31.65	2,744	91	30.42	2,774
RMB	-	-	-	29,779	5.09	151,577	-	-	-
			<u>\$ 2,665</u>			<u>154,321</u>			<u>2,774</u>
Financial liabilities									
Monetary items									
USD	14,570	32.87	478,913	13,253	31.65	419,451	17,462	30.42	531,203
EUR	112	36.92	4,138	191	38.47	7,341	131	38.59	5,068
JPY	342,883	0.2739	93,911	454,888	0.2646	120,369	471,682	0.2780	131,123
GBP	12	49.83	586	9	49.27	464	11	49.50	556
			<u>\$ 577,548</u>			<u>547,625</u>			<u>667,950</u>

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, net, other receivables, financial asset at fair value through profit or loss, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5% of appreciation (depreciation) of the TWD against the USD, EUR, GBP and the JPY etc for the nine months ended September 30, 2015 and 2014 would have increased (decreased) the net profit after tax by \$66,914 thousand and \$29,597 thousand, respectively, and other comprehensive income would not be affected. The analysis assumes that all other variables remain constant.

The Group's exchange gain or loss, including realized and unrealized of monetary items convert to amount of functional currency, and the Company's functional currency of the Group, information about exchange rate is as below:

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
	Exchange gain or loss	Average exchange rate	Exchange gain or loss	Average exchange rate
TWD	\$ <u>68,429</u>	<u>-</u>	<u>28,903</u>	<u>-</u>
USD	US\$ <u>(276)</u>	<u>31.44</u>	<u>(215)</u>	<u>30.13</u>

(ii) Interest rate risk

There was no significant change in the risk exposure to interest rates on the financial liabilities of the Group. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2014.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have (decreased) increased by \$9,159 thousand and \$12,153 thousand for the nine months ended September 30, 2015 and 2014, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(iii) Other price risk

For the nine months ended September 30, 2015 and 2014, 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:

Prices of securities at the reporting date	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ <u>53,498</u>	<u>31,507</u>	<u>41,154</u>	<u>35,050</u>
Decreasing 3%	\$ <u>(53,498)</u>	<u>(31,507)</u>	<u>(41,154)</u>	<u>(35,050)</u>

2. Fair value

(i) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have quotation in active market and which fair value cannot be reasonably measured.

	2015.9.30				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 63,498	63,498	-	-	63,498
Funds and investment	<u>986,751</u>	<u>986,751</u>	-	-	<u>986,751</u>
Subtotal	<u>1,050,249</u>	<u>1,050,249</u>	-	-	<u>1,050,249</u>
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	928,838	928,838	-	-	928,838
Non-public stocks	559,540	-	559,540	-	559,540
Private fund	<u>294,900</u>	-	<u>294,900</u>	-	<u>294,900</u>
Subtotal	<u>1,783,278</u>	<u>928,838</u>	<u>854,440</u>	-	<u>1,783,278</u>
Loans and receivables					
Cash and cash equivalents (Note)	1,674,782	-	-	-	-
Investment in debt instrument without active market (Note)	159,600	-	-	-	-
Accounts receivable (Note)	946,343	-	-	-	-
Other receivables (Note)	<u>255,757</u>	-	-	-	-
Subtotal	<u>3,036,482</u>	-	-	-	-
Amortized cost of financial liability					
Bank loan (Note)	2,939,810	-	-	-	-
Accounts payable (Note)	975,033	-	-	-	-
Other payables (Note)	<u>1,414,898</u>	-	-	-	-
Subtotal	<u>5,329,741</u>	-	-	-	-

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2014.12.31					
Carrying value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 74,620	74,620	-	-	74,620
Funds and investment	<u>1,246,651</u>	<u>1,246,651</u>	-	-	<u>1,246,651</u>
Subtotal	<u>1,321,271</u>	<u>1,321,271</u>	-	-	<u>1,321,271</u>
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	933,872	933,872	-	-	933,872
Non-public stocks	505,716	-	505,716	-	505,716
Private fund	<u>299,400</u>	<u>-</u>	<u>299,400</u>	<u>-</u>	<u>299,400</u>
Subtotal	<u>1,738,988</u>	<u>933,872</u>	<u>805,116</u>	<u>-</u>	<u>1,738,988</u>
Loans and receivables					
Cash and cash equivalents (Note)	2,677,199	-	-	-	-
Investment in debt instrument without active market (Note)	159,600	-	-	-	-
Notes and accounts receivable (Note)	690,051	-	-	-	-
Other receivables (Note)	<u>222,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,749,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost of financial liability					
Bank loan (Note)	3,483,775	-	-	-	-
Accounts payable (Note)	929,773	-	-	-	-
Other payables (Note)	<u>1,173,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>5,587,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2014.9.30					
Carrying value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	\$ 125,592	125,592	-	-	125,592
Funds and investment	<u>1,042,743</u>	<u>1,042,743</u>	-	-	<u>1,042,743</u>
Subtotal	<u>1,168,335</u>	<u>1,168,335</u>	-	-	<u>1,168,335</u>
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	921,150	921,150	-	-	921,150
Non-public stocks	<u>450,635</u>	<u>-</u>	<u>415,635</u>	<u>35,000</u>	<u>450,635</u>
Subtotal	<u>1,371,785</u>	<u>921,150</u>	<u>415,635</u>	<u>35,000</u>	<u>1,371,785</u>
Loans and receivables					
Cash and cash equivalents (Note)	1,965,197	-	-	-	-
Investment in debt instrument without active market (Note)	159,600	-	-	-	-
Accounts receivable (Note)	1,017,400	-	-	-	-
Other receivables (Note)	<u>585,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,727,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost of financial liability					
Bank loan (Note)	3,997,283	-	-	-	-
Accounts payable (Note)	1,078,151	-	-	-	-
Other payables (Note)	<u>965,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>6,040,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: The information on fair value is not disclosed since the carrying amount is a reasonable approximation of fair value.

(Continued)

WIN Semiconductors Corp. and Subsidiaries**Notes to Condensed Consolidated Financial Statements**

(ii) Valuation techniques of financial instruments valued at fair value

A. Non-derivative instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive when:

- the bid-ask spread is increasing; or
- the bid-ask spread varies significantly; or
- there has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies: The fair value is based on the market quoted price.
- Close-end funds with standard terms and conditions, such as Money market funds, and bond funds; Investors can require the investment trust company to redeem the fund at any time. The fair value is based on the net value of the fund.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

(Continued)

WIN Semiconductors Corp. and Subsidiaries**Notes to Condensed Consolidated Financial Statements**

When the financial instrument of the Group is not traded in an active market, its fair value is illustrated by the category and nature as follows:

- Equity instruments do not have any quoted market price: the fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

B. Derivative instruments

The fair value is determined by using the models that are acceptable to the market participants, for example, discounted cash flow analyses or option pricing models. Forward exchange contracts are measured using quoted forward exchange rates. The fair value of structured interest derivative financial instruments is determined by using the proper option pricing models, such as Black-Scholes model, or other valuation technique, such as Monte Carlo simulation.

(iii) Transfer between level 2 and level 1

For the nine months ended September 30, 2015 and 2014, there was no significant change on the fair value hierarchy of level 2 and level 1 financial asset.

(iv) Movement of level 3

There were no changes in financial assets with fair value hierarchy level 3 transfers for the nine months ended September 30, 2015 and 2014.

(w) Concentration of financial risk

There was no significant change in the Group's objective and policies for the concentration of financial risk of the condensed consolidated interim financial statements for the nine months ended September 30, 2015 and 2014 which compared with the consolidated financial statements for the year ended December 31, 2014. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2014.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(x) Capital management

The Group's objective, policies and process of capital management of the condensed consolidated interim financial statements for the nine months ended September 30, 2015 and 2014 was the same as the consolidated financial statements for the years ended December 31, 2014 and 2013. There was no significant change on summary of quantitative data of capital management compared with the consolidated financial statements for the years ended December 31, 2014 and 2013. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2014.

(7) Related-parties transactions

(a) Parent Company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Significant transactions with related parties

Leases

For the periods from July 1 to September 30, and for the nine months ended September 30, 2014, the Group rented the staff dormitory from the related parties. A lease contract was signed in which the rental fee is determined based on the nearby dormitory rental rates, which were billed monthly. The amount of rental expenses \$0 thousand and \$28 thousand, respectively, was paid.

There was no such transaction for the periods from July 1 to September 30, and for the nine months ended September 30, 2015.

(c) Transactions with key management personnel

For the periods from July 1 to September 30, and for the nine months ended September 30, 2015 and 2014, key management personnel compensation were comprised as below:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Short-term employee benefits	\$ 124,616	88,842	250,543	152,848
Post-employment benefits	177	177	531	531
Share-based payments	-	403	-	504
	<u>\$ 124,793</u>	<u>89,422</u>	<u>251,074</u>	<u>153,883</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	2015.9.30	2014.12.31	2014.9.30
Other non-current assets	Gas deposits	\$ 3,000	3,000	3,000
Other non-current assets	Customs guarantee	20,752	20,661	20,631
Property, plant and equipment	Long-term borrowings	4,145,206	4,628,927	4,805,384
Investment property	Long-term borrowings	<u>1,087,175</u>	<u>1,091,162</u>	<u>1,092,491</u>
		<u>\$ 5,256,133</u>	<u>5,743,750</u>	<u>5,921,506</u>

(9) Commitments and contingencies

(a) Contingencies: None.

(b) Commitment:

	2015.9.30	2014.12.31	2014.9.30
The unrecognized commitment of acquisition of raw material, plant expansion and machinery equipment	<u>\$ 2,475,968</u>	<u>849,166</u>	<u>591,570</u>
The unused letters of credit	<u>\$ 621,572</u>	<u>203,684</u>	<u>69,689</u>

In 2015, the Company signed shareholder's agreement with CSDC Private Limited, a Singapore company. According to the agreement, the Company should purchase a certain amount of raw material from the main shareholders of CSDC Private Limited, and the Company acquired 250 shares of CSDC Private Limited without consideration.

(10) Important damage losses: None.

(11) Important subsequent events: None.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(12) Others

- (a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014:

	Three months ended September 30, 2015			Three months ended September 30, 2014		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	\$ 289,941	167,599	457,540	292,882	123,244	416,126
Labor and health insurance	22,712	11,444	34,156	19,879	6,757	26,636
Pension	9,593	3,455	13,048	9,754	2,529	12,283
Others	11,133	2,245	13,378	11,236	4,688	15,924
Depreciation	440,423	34,212	474,635	449,564	15,836	465,400
Amortization	1,803	5,955	7,758	2,537	4,240	6,777

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	\$ 896,603	441,474	1,338,077	725,857	330,948	1,056,805
Labor and health insurance	63,159	25,703	88,862	56,716	22,386	79,102
Pension	28,268	9,811	38,079	26,778	9,804	36,582
Others	31,484	6,096	37,580	30,591	9,552	40,143
Depreciation	1,315,171	97,289	1,412,460	1,304,356	81,693	1,386,049
Amortization	5,609	11,774	17,383	7,594	15,456	23,050

- (b) Seasonality or cyclicity of interim operations

The business segment of the Group is neither seasonal nor cyclical.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(13) Other disclosure items

(a) Information on significant transaction:

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 nine months ended September 30, 2015:

1. Lending to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(Amounts in Thousands of New Taiwan Dollars)

Company holding securities	Security type and name	Relationship with the Company	Account	September 30, 2015				Remark
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)	
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	4,366	69,480	-	69,480	
"	Polaris De-Bao Money Market Fund	"	"	11,057	131,130	-	131,130	
"	Allianz Global Investors Taiwan Money Market Fund	"	"	30,382	375,360	-	375,360	
"	Allianz Global Investors All Seasons Return Fund of Bond Funds	"	"	10,480	149,449	-	149,449	
"	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	"	"	13,060	149,576	-	149,576	
"	Franklin Mutual European Fund-A-USD	"	"	3	2,665	-	2,665	
"	Mega Diamond Money Market Fund	"	"	8,816	108,978	-	108,978	
WIN Venture Capital Corp.	Green Seal Holding Limited/Stock	"	"	557	63,498	0.38	63,498	
"	Mega Diamond Money Market Fund	"	"	9	113	-	113	
					<u>1,050,249</u>		<u>1,050,249</u>	
The Company	ITEQ CORPORATION/Stock	"	Current available-for-sale financial assets	25,032	530,672	8.00	530,672	
"	MAG. LAYERS Scientific-Technics Co., Ltd./Stock	"	"	2,125	73,730	2.49	73,730	
"	Solar Applied Materials Technology Corp./Stock	"	"	119	2,249	0.03	2,249	
					<u>606,651</u>		<u>606,651</u>	
"	Inventec Solar Energy Corporation /Stock	"	Non-current available-for-sale financial assets	34,000	326,375	10.51	326,375	
"	Shin Sheng III Venture Capital Investment Corp. /Stock	"	"	4,680	37,942	11.03	37,942	
"	Tainery Tech Co., Ltd./Stock	"	"	943	14,006	0.30	14,006	
"	CDIB CME Fund Ltd. /Stock	"	"	5,000	94,472	3.33	94,472	
"	Fuh Hwa Tung-ta Fund	"	"	30,000	294,900	-	294,900	
"	MagiCap Venture Capital Co., Ltd. /Preferred Stock A	"	"	1,000	50,920	1.08	50,920	
Win Semiconductors Cayman Islands Co., Ltd.	Avago Technologies Ltd. /Stock	Subsidiary's main client	"	75	308,181	0.03	308,181	
"	Anokiwave Inc./ Series B Preferred Stock	Subsidiary's client	"	1,264	34,222	15.48	34,222	

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

Company holding securities	Security type and name	Relationship with the Company	Account	September 30, 2015				Remark
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	Non-current available-for-sale financial assets	3,300	15,609	7.33	15,609	
The Company	MagiCap Venture Capital Co., Ltd./ Preferred Stock B	None	Non-current investments in debt instrument without active market	15,960	<u>1,176,627</u> <u>159,600</u>	17.20	<u>1,176,627</u> Note	

Note: The redeemable preferred stock was the nature of bond, which was recognised as non-current investment in debt instrument without active market.

4. Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:

(Amounts in Thousands of New Taiwan Dollars)

Company holding securities	Security type and name	Account	Counter-party	Relation-ship	Beginning		Purchase		Sale				Ending (Note)	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Polaris De-Bao Money Market Fund	Current financial assets at fair value through profit or loss	-	-	12,965	152,995	116,818	1,382,690	118,726	1,405,217	1,404,565	652	11,057	131,130
"	Allianz Global Investors Taiwan Money Market Fund	"	-	-	28,972	355,853	87,407	1,078,517	85,997	1,060,688	1,059,263	1,425	30,382	375,360
"	Capital Money Market Fund	"	-	-	8,021	126,929	60,227	956,989	63,882	1,015,146	1,014,467	679	4,366	69,480

Note: Ending amount including unrealized gain (loss) on financial instruments.

5. Information on acquisition of real estate with purchase amount exceeding 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)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

7. Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(Amounts in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Remark
			Item	Amount	Percentage of the purchases (sales) (%)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of notes/accounts receivable (payable)	
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	Sales	(3,641,250)	(42)%	1-2 Month	-	-	107,578	17%	(Note)
Win Semiconductors Cayman Islands Co., Ltd.	The Company	Parent Company	Purchase	3,641,250	100%	1-2 Month	-	-	(107,578)	(100)%	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the condensed consolidated interim financial statements.

8. Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(Amounts in Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationships	Balance as September 30, 2015	Turnover	Overdue		Amounts received in subsequent	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	107,578	44.52	-	-	107,578	-	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the condensed consolidated interim financial statements.

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

(Continued)

WIN Semiconductors Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

10. Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2015:

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of total consolidated net sales or assets
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Operating revenue	3,641,250	Note 3	41.29%
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Accounts receivable—related parties	107,578	"	0.48%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Accounts payable—related parties	107,578	"	0.48%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Operating cost	3,641,250	"	41.29%
1	Win Semiconductors Cayman Islands Co., Ltd.	WIN SEMI. USA, INC.	3	Operating expense	38,708	"	0.44%
2	WIN SEMI. USA, INC.	Win Semiconductors Cayman Islands Co., Ltd.	3	Operating revenue	38,708	"	0.44%

Note 1: Company numbering as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: There is no significant difference from transaction terms with non-related parties.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(b) Information on investments:

The followings are the information on investees for the nine months ended September 30, 2015:

(Amounts in Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of September 30, 2015			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Remark
				September 30, 2015	December 31, 2014	Shares (in thousands)	Percentage	Carrying value			
The Company	WIN SEMI USA, INC.	California USA	Marketing	8,203	8,203	1,000	100.00%	5,515	(949)	(949)	(Note)
"	Win semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	227,636	227,636	7,000	100.00%	689,826	16,118	16,118	(Note)
"	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	789,455	789,455	43,770	34.52%	349,379	(93,135)	(32,187)	
"	Win Venture Capital Corp.	Taiwan	Investment activities	200,000	200,000	20,000	100.00%	118,920	(54,742)	(54,742)	(Note)
"	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	180,400	-	16,400	31.06%	175,565	(38,558)	(11,398)	
"	CSDC Private Limited	Singapore	Development and manufacturing of compound semiconductors technologies	-	-	0.25	25.00%	-	(104,161)	-	
WIN Venture Capital Corp.	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	39,600	-	3,600	6.82%	38,539	(38,558)	(2,502)	

Note: The amount had been offset in the condensed consolidated interim financial statements.

(c) Information on investment in Mainland China: None.

(14) Segment financial information

- (a) The Group's only reportable segment is the foundry segment. The foundry segment engages mainly in researching, developing, manufacturing, and selling of GaAs wafers etc.

Other operating segment which was incorporated in April, 2014 is mainly engaged in investment activities and does not exceed the quantitative thresholds to be reported.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

- (b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the periods from July 1 to September 30, 2015 and 2014, and for the nine months ended September 30, 2015 and 2014, the reportable amount is similar to that in the report used by the operating decision maker and the operating segment accounting policies are similar to the ones described in note 4 “significant accounting policies” were as follows:

<u>Three months ended September 30, 2015</u>	<u>Foundry</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ <u>2,912,103</u>	<u>836</u>	<u>-</u>	<u>2,912,939</u>
Interest expense	\$ <u>(1,732)</u>	<u>-</u>	<u>-</u>	<u>(1,732)</u>
Depreciation and amortization	\$ <u>(482,393)</u>	<u>-</u>	<u>-</u>	<u>(482,393)</u>
Share of loss of associates and joint ventures accounted for using equity method	\$ <u>(10,789)</u>	<u>(710)</u>	<u>-</u>	<u>(11,499)</u>
Reportable segment profit or loss	\$ <u>846,413</u>	<u>(19,123)</u>	<u>-</u>	<u>827,290</u>
Assets:				
Capital expenditures in noncurrent assets	\$ <u>925,722</u>	<u>-</u>	<u>-</u>	<u>925,722</u>
<u>Three months ended September 30, 2014</u>	<u>Foundry</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ <u>3,068,624</u>	<u>332</u>	<u>-</u>	<u>3,068,956</u>
Interest expense	\$ <u>(12,068)</u>	<u>-</u>	<u>-</u>	<u>(12,068)</u>
Depreciation and amortization	\$ <u>(472,177)</u>	<u>-</u>	<u>-</u>	<u>(472,177)</u>
Share of loss of associates and joint ventures accounted for using equity method	\$ <u>(13,705)</u>	<u>-</u>	<u>-</u>	<u>(13,705)</u>
Reportable segment profit or loss	\$ <u>878,047</u>	<u>(12,573)</u>	<u>-</u>	<u>865,474</u>
Assets:				
Capital expenditures in noncurrent assets	\$ <u>99,440</u>	<u>-</u>	<u>-</u>	<u>99,440</u>
<u>Nine months ended September 30, 2015</u>	<u>Foundry</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ <u>8,817,733</u>	<u>1,030</u>	<u>-</u>	<u>8,818,763</u>
Interest expense	\$ <u>(13,687)</u>	<u>-</u>	<u>-</u>	<u>(13,687)</u>
Depreciation and amortization	\$ <u>(1,429,843)</u>	<u>-</u>	<u>-</u>	<u>(1,429,843)</u>
Share of loss of associates and joint ventures accounted for using equity method	\$ <u>(43,585)</u>	<u>(2,502)</u>	<u>-</u>	<u>(46,087)</u>
Reportable segment profit or loss	\$ <u>2,557,956</u>	<u>(54,685)</u>	<u>-</u>	<u>2,503,271</u>
Assets:				
Capital expenditures in noncurrent assets	\$ <u>1,809,738</u>	<u>-</u>	<u>-</u>	<u>1,809,738</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

<u>Nine months ended September 30, 2014</u>	<u>Foundry</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue:				
Revenue from external customers	\$ <u>7,196,686</u>	<u>462</u>	<u>-</u>	<u>7,197,148</u>
Interest expense	\$ <u>(38,371)</u>	<u>-</u>	<u>-</u>	<u>(38,371)</u>
Depreciation and amortization	\$ <u>(1,409,099)</u>	<u>-</u>	<u>-</u>	<u>(1,409,099)</u>
Share of loss of associates and joint ventures accounted for using equity method	\$ <u>(15,746)</u>	<u>-</u>	<u>-</u>	<u>(15,746)</u>
Reportable segment profit or loss	\$ <u>1,650,571</u>	<u>(12,531)</u>	<u>-</u>	<u>1,638,040</u>
Assets:				
Capital expenditures in noncurrent assets	\$ <u>467,009</u>	<u>-</u>	<u>-</u>	<u>467,009</u>

The segment profit or loss, assets and liabilities of the operating segment above were consistent with the related accounts shown in the condensed consolidated balance sheets and condensed consolidated statements of comprehensive income of the Group.