

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

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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 June 30, 2015 and 2014, and the related condensed consolidated statements of comprehensive income for the periods April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, changes in equity and cash flows for the six months ended June 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\$575,842 thousand and NT\$384,188 thousand as of June 30, 2015 and 2014, and the share of profit (loss) of associates and joint ventures accounted for using the equity method, net of NT\$(20,212) thousand, NT\$3,941 thousand, NT\$(34,588) thousand and NT\$(2,041) thousand for the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 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 Commissions 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)
August 12, 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 June 30, 2015 and 2014
WIN Semiconductors Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

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

	2015.6.30	2014.12.31	2014.6.30		2015.6.30	2014.12.31	2014.6.30
Assets				Liabilities and Equity			
Current assets:				Current liabilities:			
Cash and cash equivalents (note 6(a))	\$ 3,157,475	2,677,199	1,842,123	Accounts payable	\$ 1,117,470	929,773	1,180,000
Current financial assets at fair value through profit or loss (note 6(b))	1,328,101	1,321,271	2,141,584	Other payables	1,641,379	1,173,860	1,967,416
Current available-for-sale financial assets (note 6(c))	591,863	677,271	703,714	Long-term liabilities, current portion (notes 6(m) and 8)	644,131	545,444	545,444
Notes and accounts receivable, net (note 6(e))	994,406	690,051	856,133	Other current liabilities	<u>295,993</u>	<u>99,529</u>	<u>103,337</u>
Inventories (note 6(f))	2,084,797	1,499,917	1,562,698	Total current liabilities	<u>3,698,973</u>	<u>2,748,606</u>	<u>3,796,197</u>
Other current assets (note 6(k))	<u>235,925</u>	<u>259,035</u>	<u>370,442</u>	Non-current liabilities:			
Total current assets	<u>8,392,567</u>	<u>7,124,744</u>	<u>7,476,694</u>	Long-term borrowings (notes 6(m) and 8)	2,567,908	2,938,331	3,724,068
Non-current assets:				Deferred tax liabilities	30,491	30,362	23,482
Non-current available-for-sale financial assets (note 6(c))	1,177,511	1,061,717	593,287	Other non-current liabilities	<u>163,165</u>	<u>158,959</u>	<u>161,465</u>
Non-current investments in debt instrument without active market (note 6(d))	159,600	159,600	190,000	Total non-current liabilities	<u>2,761,564</u>	<u>3,127,652</u>	<u>3,909,015</u>
Investments accounted for using equity method (note 6(g))	575,842	381,566	384,188	Total liabilities	<u>6,460,537</u>	<u>5,876,258</u>	<u>7,705,212</u>
Property, plant and equipment (notes 6(h) and 8)	11,121,023	11,652,510	12,144,236	Equity (notes 6(p), 6(q) and 6(r)):			
Investment property (notes 6(i) and 8)	1,088,504	1,091,162	1,093,821	Ordinary share	7,441,357	7,422,377	7,406,379
Intangible assets (note 6(j))	50,980	54,422	61,176	Capital surplus	3,800,606	3,768,620	3,744,791
Deferred tax assets	81,891	66,135	63,341	Retained earnings	5,534,209	4,527,782	3,214,941
Prepayments for business facilities (note 8)	722,192	178,911	224,258	Other equity	<u>187,479</u>	<u>220,871</u>	<u>215,258</u>
Non-current prepayments for investments (note 6(c))	-	-	12,000	Total equity	16,963,651	15,939,650	14,581,369
Other non-current assets (notes 6(k) and 8)	<u>54,078</u>	<u>45,141</u>	<u>43,580</u>				
Total non-current assets	<u>15,031,621</u>	<u>14,691,164</u>	<u>14,809,887</u>	Total liabilities and equity	<u>\$ 23,424,188</u>	<u>21,815,908</u>	<u>22,286,581</u>
Total assets	<u>\$ 23,424,188</u>	<u>21,815,908</u>	<u>22,286,581</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 April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating revenue	\$ 3,098,992	2,461,166	5,905,824	4,128,192
Operating costs (notes 6(f) 、6(g) 、6(j) 、6(o) 、6(q) 、6(r) 、6(t) 、7 and 12)	<u>(1,897,687)</u>	<u>(1,599,426)</u>	<u>(3,641,622)</u>	<u>(2,766,289)</u>
Gross profit from operations	<u>1,201,305</u>	<u>861,740</u>	<u>2,264,202</u>	<u>1,361,903</u>
Operating expenses (notes 6(j) 、6(o) 、6(q) 、6(r) 、6(t) 、7 and 12):				
Selling expenses	(34,236)	(29,488)	(67,936)	(63,491)
Administrative expenses	(125,535)	(105,849)	(253,069)	(199,800)
Research and development expenses	<u>(140,022)</u>	<u>(157,373)</u>	<u>(267,216)</u>	<u>(326,046)</u>
Total operating expenses	<u>(299,793)</u>	<u>(292,710)</u>	<u>(588,221)</u>	<u>(589,337)</u>
Net operating income	<u>901,512</u>	<u>569,030</u>	<u>1,675,981</u>	<u>772,566</u>
Non-operating income and expenses:				
Other income (note 6(u))	19,047	12,705	34,693	24,655
Other gains and losses (note 6(u))	(53,669)	1,877	(81,145)	56,240
Finance costs (note 6(u))	(5,035)	(12,411)	(11,955)	(26,303)
Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(g))	<u>(19,189)</u>	<u>3,941</u>	<u>(32,796)</u>	<u>(2,041)</u>
Total non-operating income and expenses	<u>(58,846)</u>	<u>6,112</u>	<u>(91,203)</u>	<u>52,551</u>
Profit before tax	842,666	575,142	1,584,778	825,117
Total tax expense (note 6(p))	<u>(306,031)</u>	<u>(135,266)</u>	<u>(429,672)</u>	<u>(171,861)</u>
Profit	<u>536,635</u>	<u>439,876</u>	<u>1,155,106</u>	<u>653,256</u>
Other comprehensive income (loss):				
Components of other comprehensive income that will be reclassified to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	(5,471)	(6,782)	(9,790)	486
Other comprehensive income, before tax, available-for-sale financial assets	(107,289)	2,558	(24,585)	115,790
Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(g))	950	-	983	-
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>(111,810)</u>	<u>(4,224)</u>	<u>(33,392)</u>	<u>116,276</u>
Other comprehensive income(loss), net	<u>(111,810)</u>	<u>(4,224)</u>	<u>(33,392)</u>	<u>116,276</u>
Comprehensive income	<u>\$ 424,825</u>	<u>435,652</u>	<u>1,121,714</u>	<u>769,532</u>
Profit, attributable to:				
Profit, attributable to owners of parent	<u>\$ 536,635</u>	<u>439,876</u>	<u>1,155,106</u>	<u>653,256</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	<u>\$ 424,825</u>	<u>435,652</u>	<u>1,121,714</u>	<u>769,532</u>
Earnings per common share (expressed in dollars) (note 6(s))				
Basic earnings per share	<u>\$ 0.72</u>	<u>0.59</u>	<u>1.55</u>	<u>0.88</u>
Diluted earnings per share	<u>\$ 0.72</u>	<u>0.59</u>	<u>1.54</u>	<u>0.87</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 six months ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest			Total equity attributable to owners of parent	Non - controlling interests	Total equity
	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 six months ended June 30, 2014	-	-	-	-	653,256	653,256	-	-	-	653,256	-	653,256
Other comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	-	486	115,790	116,276	116,276	-	116,276
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	653,256	653,256	486	115,790	116,276	769,532	-	769,532
Exercise of employee stock options	13,625	15,339	-	-	-	-	-	-	-	28,964	-	28,964
Compensation cost arising from employee stock options	-	1,094	-	-	-	-	-	-	-	1,094	-	1,094
Balance on June 30, 2014	\$ 7,406,379	3,744,791	604,607	-	2,610,334	3,214,941	(16,927)	232,185	215,258	14,581,369	-	14,581,369
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 six months ended June 30, 2015	-	-	-	-	1,155,106	1,155,106	-	-	-	1,155,106	-	1,155,106
Other comprehensive income(loss) for the six months ended June 30, 2015	-	-	-	-	-	-	(8,807)	(24,585)	(33,392)	(33,392)	-	(33,392)
Total comprehensive income(loss) for the six months ended June 30, 2015	-	-	-	-	1,155,106	1,155,106	(8,807)	(24,585)	(33,392)	1,121,714	-	1,121,714
Changes in equity of associated and joint ventures accounted for using equity method	-	7,881	-	-	-	-	-	-	-	7,881	-	7,881
Exercise of employee stock options	18,980	24,105	-	-	-	-	-	-	-	43,085	-	43,085
Balance on June 30, 2015	\$ 7,441,357	3,800,606	800,954	-	4,733,255	5,534,209	(3,898)	191,377	187,479	16,963,651	-	16,963,651

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 six months ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	January to June, 2015	January to June, 2014
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>1,584,778</u>	<u>825,117</u>
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	937,825	920,649
Amortization expense	9,625	16,273
Net loss (gain) on financial assets at fair value through profit or loss	33,803	(133,333)
Interest expense	11,955	26,303
Interest income	(13,548)	(7,388)
Dividend income	(1,824)	(1,268)
Share-based payments	-	1,094
Share of loss of associates and joint ventures accounted for using equity method	34,588	2,041
Loss on disposal of property, plant and equipment	-	17
Loss (gain) on disposal of investments	(1,790)	53,299
Total adjustments to reconcile profit	<u>1,010,634</u>	<u>877,687</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	8,752	(159,000)
Notes and accounts receivable, net	(304,355)	(205,695)
Inventories	(584,906)	(435,923)
Other current assets	(46,658)	(173,132)
Total changes in operating assets	<u>(927,167)</u>	<u>(973,750)</u>
Changes in operating liabilities:		
Accounts payable	187,697	544,881
Other payables	125,873	31,208
Other current liabilities	196,464	(15,319)
Other non-current liabilities	903	1,094
Total changes in operating liabilities	<u>510,937</u>	<u>561,864</u>
Total changes in operating assets and liabilities	<u>(416,230)</u>	<u>(411,886)</u>
Cash inflow generated from operations	2,179,182	1,290,918
Income taxes paid	(321,204)	(205,363)
Net cash flows provided from operating activities	<u>1,857,978</u>	<u>1,085,555</u>
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(2,030,299)	(1,899,256)
Proceeds from disposal of current financial assets at fair value through profit or loss	2,052,856	1,159,217
Acquisition of current available-for-sale financial assets	-	(116,637)
Acquisition of non-current available-for-sale financial assets	(55,620)	-
Proceeds from disposal of non-current available-for-sale financial assets	-	2,648
Acquisition of investments accounted for using equity method	(220,000)	-
Increase in non-current prepayments for investments	-	(12,000)
Acquisition of property, plant and equipment	(378,238)	(316,511)
Acquisition of intangible assets	(4,527)	(4,465)
Increase in other non-current assets	(8,937)	(323)
Increase in prepayments for business facilities	(501,251)	(46,593)
Interest received	13,191	6,697
Dividends received	1,824	1,268
Net cash flows used in investing activities	<u>(1,131,001)</u>	<u>(1,225,955)</u>
Cash flows from provide from (used in) financing activities:		
Proceeds from long-term borrowings	-	529,000
Repayments of long-term borrowings	(272,722)	(529,722)
Increase in other non-current liabilities	3,303	10,000
Exercise of employee share options	43,085	28,964
Interest paid	(11,226)	(23,018)
Net cash flows provided from (used in) financing activities	<u>(237,560)</u>	<u>15,224</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9,141)</u>	<u>418</u>
Net increase (decrease) in cash and cash equivalents	480,276	(124,758)
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>\$ 3,157,475</u>	<u>1,842,123</u>

See accompanying notes to financial statements.

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

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

June 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 six months ended June 30, 2015 and 2014 was authorized for issued by the Board of Directors as of August 12, 2015.

(3) New standards and interpretations not yet adopted

- (a) The impact of the new release, amendments to standards and interpretations has adopted by the Financial Supervisory Commissions 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 (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 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).

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 disclosure 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

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

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, 2017
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

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.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(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 approved 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 approved 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
			2015.6.30	2014.12.31	2014.6.30	
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%	Note

Note. The Company invested WIN Venture Capital Corp. which was incorporated in April, 2014.

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**

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 by the evaluation methods and parametric assumptions announced by FSC.

(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 six months ended June 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

	2015.6.30	2014.12.31	2014.6.30
Cash on hand	\$ 206	431	432
Cash in bank	1,178,081	143,216	535,426
Time deposits	<u>1,979,188</u>	<u>2,533,552</u>	<u>1,306,265</u>
	\$ <u>3,157,475</u>	<u>2,677,199</u>	<u>1,842,123</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

	2015.6.30	2014.12.31	2014.6.30
Stocks listed on domestic markets	\$ 82,486	74,620	70,003
Money market funds, future funds, equity funds and bond funds	<u>1,245,615</u>	<u>1,246,651</u>	<u>2,071,581</u>
	<u>\$ 1,328,101</u>	<u>1,321,271</u>	<u>2,141,584</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

	2015.6.30	2014.12.31	2014.6.30
Stocks listed on domestic markets	\$ <u>591,863</u>	<u>677,271</u>	<u>703,714</u>

The above-mentioned financial assets were not pledged.

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

	2015.6.30	2014.12.31	2014.6.30
Stocks listed on domestic markets	\$ 15,043	17,825	26,165
Stocks listed on foreign markets	307,666	238,776	161,455
Non-public stocks	558,402	505,716	405,667
Private fund (Note)	<u>296,400</u>	<u>299,400</u>	<u>-</u>
	<u>\$ 1,177,511</u>	<u>1,061,717</u>	<u>593,287</u>

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

(Continued)

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

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

3. Non-current prepayments for investments

The Group invested in Inventec Solar Energy Corporation with a prepaid amount of \$12,000 in June, 2014, which was recognized as non-current prepayment for investment.

There were no such transactions as of June 30, 2015 and December 31, 2014.

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

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

	Issue period	Nominal rate (%)	2015.6.30	2014.12.31	2014.6.30
Preferred stock B	2012.11.23~2019.11.22	-	\$ <u>159,600</u>	<u>159,600</u>	<u>190,000</u>

The above-mentioned financial assets were not pledged.

(e) Notes and accounts receivable, net

	2015.6.30	2014.12.31	2014.6.30
Notes receivable	\$ -	405	458
Accounts receivable	999,941	695,236	861,140
Less: allowance for doubtful accounts	<u>(5,535)</u>	<u>(5,590)</u>	<u>(5,465)</u>
	<u>\$ 994,406</u>	<u>690,051</u>	<u>856,133</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:

	2015.6.30	2014.12.31	2014.6.30
Past due 1~60 days	\$ 94,371	52,944	25,153
Past due 61~180 days	2,237	-	-
Past due more than 181 days	-	-	-
	<u>\$ 96,608</u>	<u>52,944</u>	<u>25,153</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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

	Six months ended June 30, 2015	Six months ended June 30, 2014
Beginning balance	\$ 5,590	5,461
Foreign currency differences	<u>(55)</u>	<u>4</u>
End balance	<u><u>\$ 5,535</u></u>	<u><u>5,465</u></u>

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

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 June 30, 2015, December 31 and June 30, 2014, the accounts receivable, net were not pledged.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(f) Inventories

	2015.6.30	2014.12.31	2014.6.30
Raw materials, supplies and spare parts	\$ 1,345,716	888,130	910,058
Work in process	571,865	333,856	391,943
Finished goods	<u>167,216</u>	<u>277,931</u>	<u>260,697</u>
	<u>\$ 2,084,797</u>	<u>1,499,917</u>	<u>1,562,698</u>

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 June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014 were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	\$ <u>7,221</u>	<u>13,607</u>	<u>26,457</u>	<u>(23,760)</u>
Revenue from sale of scraps	\$ <u>(6,325)</u>	<u>(5,937)</u>	<u>(12,231)</u>	<u>(9,679)</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:

	2015.6.30	2014.12.31	2014.6.30
Associates	\$ <u>575,842</u>	<u>381,566</u>	<u>384,188</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.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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.

	2015.6.30	2014.12.31	2014.6.30	
Total equity of the individually insignificant investments in associates	\$ <u>575,842</u>	<u>381,566</u>	<u>384,188</u>	
	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Attributable to the Group:				
Net loss	\$ (20,212)	(3,941)	(34,588)	(2,041)
Other comprehensive income	950	-	983	-
Total comprehensive income	\$ <u>(19,262)</u>	<u>(3,941)</u>	<u>(33,605)</u>	<u>(2,041)</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 six months ended June 30, 2015 and 2014 were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress	Total
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	-	1,399	101,107	13,307	16,061	245,625	377,499
Reclassification (Note)	-	-	26,181	3,247	-	(3,247)	26,181
Disposals	-	-	(690)	-	(37,364)	-	(38,054)
Balance as of June 30, 2015	\$ <u>2,546,534</u>	<u>999,510</u>	<u>11,851,050</u>	<u>2,790,420</u>	<u>171,994</u>	<u>1,587,962</u>	<u>19,947,470</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	-	175	45,194	11,981	5,878	158,828	222,056
Reclassification (Note)	-	-	176,281	37,665	-	(10,062)	203,884
Disposals	-	-	-	-	(178,960)	-	(178,960)
Balance as of June 30, 2014	\$ <u>2,546,534</u>	<u>983,022</u>	<u>11,540,541</u>	<u>2,692,068</u>	<u>186,816</u>	<u>1,195,691</u>	<u>19,144,672</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>
Accumulated depreciation:							
Balance as of January 1, 2015	\$ -	370,746	5,934,630	1,449,642	174,316	-	7,929,334
Depreciation	-	29,593	782,143	116,151	7,280	-	935,167
Disposals	-	-	(690)	-	(37,364)	-	(38,054)
Balance as of June 30, 2015	<u>\$ -</u>	<u>400,339</u>	<u>6,716,083</u>	<u>1,565,793</u>	<u>144,232</u>	<u>-</u>	<u>8,826,447</u>
Balance as of January 1, 2014	\$ -	312,241	4,399,099	1,216,989	333,059	-	6,261,388
Depreciation	-	29,245	760,196	116,039	12,511	-	917,991
Disposals	-	-	-	-	(178,943)	-	(178,943)
Balance as of June 30, 2014	<u>\$ -</u>	<u>341,486</u>	<u>5,159,295</u>	<u>1,333,028</u>	<u>166,627</u>	<u>-</u>	<u>7,000,436</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 June 30, 2015	<u>\$ 2,546,534</u>	<u>599,171</u>	<u>5,134,967</u>	<u>1,224,627</u>	<u>27,762</u>	<u>1,587,962</u>	<u>11,121,023</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 June 30, 2014	<u>\$ 2,546,534</u>	<u>641,536</u>	<u>6,381,246</u>	<u>1,359,040</u>	<u>20,189</u>	<u>1,195,691</u>	<u>12,144,236</u>

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

1. Pledge to secure

As of June 30, 2015, December 31, and June 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 June 30, 2015, the cost of acquisition and construction of buildings and structure amounted to \$1,671,903 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 April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, capitalized interest expenses amounted to \$9,138 thousand, \$5,718 thousand, \$16,581 thousand and \$12,396 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.66%~1.75%, 1.66%~1.71%, 1.55%~1.79% and 1.58%~2.27%, respectively.

(Continued)

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 six months ended June 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 June 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 June 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	-	<u>2,658</u>	<u>2,658</u>
Balance as of June 30, 2015	\$ -	<u>12,848</u>	<u>12,848</u>
Balance as of January 1, 2014	\$ -	4,873	4,873
Depreciation	-	<u>2,658</u>	<u>2,658</u>
Balance as of June 30, 2014	\$ -	<u>7,531</u>	<u>7,531</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 June 30, 2015	\$ <u>963,127</u>	<u>125,377</u>	<u>1,088,504</u>
Balance as of January 1, 2014	\$ <u>963,127</u>	<u>133,352</u>	<u>1,096,479</u>
Balance as of June 30, 2014	\$ <u>963,127</u>	<u>130,694</u>	<u>1,093,821</u>
Fair value:			
Balance as of June 30, 2015			\$ <u>1,266,641</u>
Balance as of June 30, 2014			\$ <u>1,281,141</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 six months ended June 30, 2015</u>
Hsinchu	0.16%

As of June 30, 2015, December 31 and June 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 six months ended June 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	-	<u>5,178</u>	<u>1,005</u>	<u>6,183</u>
Balance as of June 30, 2015	<u>\$ 46,005</u>	<u>53,222</u>	<u>1,005</u>	<u>100,232</u>
Balance as of January 1, 2014	\$ 46,005	82,770	6,122	134,897
Additions	-	11,639	-	11,639
Other (Note)	-	<u>1,562</u>	-	<u>1,562</u>
Balance as of June 30, 2014	<u>\$ 46,005</u>	<u>95,971</u>	<u>6,122</u>	<u>148,098</u>
Amortization:				
Balance as of January 1, 2015	\$ 15,974	23,653	-	39,627
Amortization	<u>1,917</u>	<u>7,485</u>	<u>223</u>	<u>9,625</u>
Balance as of June 30, 2015	<u>\$ 17,891</u>	<u>31,138</u>	<u>223</u>	<u>49,252</u>
Balance as of January 1, 2014	\$ 12,140	56,128	2,381	70,649
Amortization	<u>1,917</u>	<u>12,315</u>	<u>2,041</u>	<u>16,273</u>
Balance as of June 30, 2014	<u>\$ 14,057</u>	<u>68,443</u>	<u>4,422</u>	<u>86,922</u>
Carrying value:				
Balance as of January 1, 2015	<u>\$ 30,031</u>	<u>24,391</u>	<u>-</u>	<u>54,422</u>
Balance as of June 30, 2015	<u>\$ 28,114</u>	<u>22,084</u>	<u>782</u>	<u>50,980</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 June 30, 2014	<u>\$ 31,948</u>	<u>27,528</u>	<u>1,700</u>	<u>61,176</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 April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, the amortization expenses of intangible assets were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating costs	\$ 1,746	2,363	3,806	5,057
Operating expenses	<u>2,792</u>	<u>5,524</u>	<u>5,819</u>	<u>11,216</u>
	<u>\$ 4,538</u>	<u>7,887</u>	<u>9,625</u>	<u>16,273</u>

3. Pledge to secure

The intangible assets were not pledged.

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

	2015.6.30	2014.12.31	2014.6.30
Other receivable from metal reclaiming	\$ 151,319	112,622	211,178
Tax refund receivable	51,127	22,369	45,590
Refundable deposits	30,357	21,480	19,979
Restricted assets	23,721	23,661	23,601
Prepaid expenses	13,714	36,811	16,051
Others	<u>19,765</u>	<u>87,233</u>	<u>97,623</u>
	<u>\$ 290,003</u>	<u>304,176</u>	<u>414,022</u>

(l) Short-term borrowings

	2015.6.30	2014.12.31	2014.6.30
Unused bank credit lines for short-term borrowings	\$ <u>2,886,670</u>	<u>3,297,997</u>	<u>3,433,006</u>
Unused bank credit lines for short-term and long-term borrowing	<u>\$ 939,202</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

	2015.6.30	2014.12.31	2014.6.30
Unsecured long-term borrowings	\$ -	-	514,000
Secured long-term borrowings	3,212,039	3,483,775	3,755,512
Less: long-term liabilities, current portion	<u>(644,131)</u>	<u>(545,444)</u>	<u>(545,444)</u>
Total	<u>\$ 2,567,908</u>	<u>2,938,331</u>	<u>3,724,068</u>
Unused bank credit lines for long-term borrowings	<u>\$ 1,258,000</u>	<u>908,000</u>	<u>1,538,000</u>
Annual interest rate	<u>1.62%~1.68%</u>	<u>1.63%~1.68%</u>	<u>1.61%~1.72%</u>

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

Year due	Amount
July 1, 2015~ June 30, 2016	\$ 644,131
July 1, 2016~ June 30, 2017	940,194
July 1, 2017~ June 30, 2018	940,194
July 1, 2018~ June 30, 2019	394,750
After July 1, 2019	<u>292,770</u>
	<u>\$ 3,212,039</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 six months ended June 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 six months ended June 30, 2015.

For the six months ended June 30, 2015 and 2014, the repayment amounted to \$272,722 thousand and \$529,722 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 June 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.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating expenses	\$ <u>517</u>	<u>610</u>	<u>1,034</u>	<u>1,219</u>

2. Defined contribution plans

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating cost	\$ 9,314	8,521	18,675	17,024
Operating expenses	<u>2,741</u>	<u>3,067</u>	<u>5,322</u>	<u>6,056</u>
	<u>\$ 12,055</u>	<u>11,588</u>	<u>23,997</u>	<u>23,080</u>

(p) Income tax

1. The amount of income tax expenses for the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014 were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Income tax expense	\$ <u>306,031</u>	<u>135,266</u>	<u>429,672</u>	<u>171,861</u>

2. There were no income tax expenses recognized in other comprehensive income for the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 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 has applied for recheck to tax authorities.

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

	2015.6.30	2014.12.31	2014.6.30
Unappropriated earnings after 1997	\$ <u>4,733,255</u>	<u>3,923,175</u>	<u>2,610,334</u>
Balance of imputation credit account (ICA)	\$ <u>645,276</u>	<u>325,425</u>	<u>362,105</u>
		2014 (Estimated)	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 R.O.C. was calculated by 50% of its original tax deduction ratio, starting from 2015. However, in case that the gross dividends or the gross earnings received by the shareholder residing outside the territory of R.O.C. contain any income subject to a 10% surcharge of profit-seeking income tax which was actually paid under the provisions of Article 66-9 hereof, half of the amount of the surcharged 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 June 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 six months ended June 30, 2015 and 2014, the Company had issued 1,898 thousand shares and 1,362 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 \$1,486,791 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, respectively. 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.

2. Capital surplus

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

	2015.6.30	2014.12.31	2014.6.30
Additional paid-in capital	\$ 3,768,090	3,727,909	3,694,107
Changes in equity of associates and joint ventures accounted for using equity method	21,579	13,698	13,442
Employee stock options	<u>10,937</u>	<u>27,013</u>	<u>37,242</u>
	<u>\$ 3,800,606</u>	<u>3,768,620</u>	<u>3,744,791</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:

- A. 5% to 10% as employees bonuses;
- B. 1% to 3% as directors' and supervisors' remuneration;

(Continued)

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

- C. the remaining balance, excluding (A) and (B), 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.

(1) 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.

(2) 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.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

(3) 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 April 1 to June 30, and for the six months ended June 30, 2014, the Company's accrued and recognised employee's bonus amounted to \$40,900 thousand and \$59,400 thousand, respectively, and directors' and supervisors' remuneration amounted to \$12,300 thousand and \$17,700 thousand, respectively. The employee's bonus and directors' remuneration were estimated based on the net income for the three months periods ended June 30, 2014, and for the six months periods ended June 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.

(Continued)

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

(4) 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)	(8,807)	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	(24,585)
Balance as of June 30, 2015	<u>\$ (3,898)</u>	<u>191,377</u>
Balance as of January 1, 2014	\$ (17,413)	116,395
Foreign currency differences (net of tax)	486	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	115,292
Other comprehensive income(losses) reclassified to profit or loss upon disposal of available-for- sale financial assets (net of tax)	-	498
Balance as of June 30, 2014	<u>\$ (16,927)</u>	<u>232,185</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 June 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.

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

	<u>Six months ended June 30, 2015</u>		<u>Six months ended June 30, 2014</u>	
	<u>Weighted- average exercise price (expressed in dollars)</u>	<u>Shares (in thousands)</u>	<u>Weighted- average exercise price (expressed in dollars)</u>	<u>Shares (in thousands)</u>
Outstanding at the beginning	\$ 22.70	3,147	22.94	6,154
Granted	-	-	-	-
Exercised	22.70	(1,898)	21.26	(1,362)
Expired	-	-	-	(14)
Outstanding at the end	22.70	<u>1,249</u>	23.41	<u>4,778</u>
Exercisable as of June 30		<u>1,249</u>		<u>4,778</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2. Compensation cost for employee stock options

For the six months ended June 30, 2015 and 2014, the compensation cost for employee stock options amounted to \$0 thousand and \$1,094 thousand, respectively, which had been recorded under operating costs and operating expenses.

(s) Earnings per share (“EPS”)

For the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, the Company’s earnings per share were calculated as follows:

	Three months ended June 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	\$ 536,635	743,642	\$ <u><u>0.72</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees’ bonuses	-	5,156	
Employee stock options	<u>-</u>	<u>821</u>	
Common shareholders’ profit plus the effect of potentially dilutive common stock	<u>\$ 536,635</u>	<u>749,619</u>	\$ <u><u>0.72</u></u>
	Three months ended June 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	\$ 439,876	740,638	\$ <u><u>0.59</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees’ bonus	-	7,042	
Employee stock options	<u>-</u>	<u>829</u>	
Common shareholders’ profit plus the effect of potentially dilutive common stock	<u>\$ 439,876</u>	<u>748,509</u>	\$ <u><u>0.59</u></u>

(Continued)

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

	Six months ended June 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	\$ 1,155,106	743,224	\$ <u><u>1.55</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	5,720	
Employee stock options	-	<u>809</u>	
Common shareholders' profit plus the effect of potentially dilutive common stock	<u>\$ 1,155,106</u>	<u>749,753</u>	\$ <u><u>1.54</u></u>
	Six months ended June 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	\$ 653,256	740,199	\$ <u><u>0.88</u></u>
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	7,390	
Employee stock options	-	<u>1,054</u>	
Common shareholders' profit plus the effect of potentially dilutive common stock	<u>\$ 653,256</u>	<u>748,643</u>	\$ <u><u>0.87</u></u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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

For the periods from April 1 to June 30 and for the six months ended June 30, 2015, the Company's accrued and recognised employee's bonus amounted to \$56,400 thousand and \$112,000 thousand, respectively, and directors' and supervisors' remuneration amounted to \$9,300 thousand and \$26,000 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 June 30 and six months ended June 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 April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, the details of other income were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest income	\$ 6,802	4,058	13,548	7,388
Dividend income	927	652	1,824	1,268
Rent income	<u>11,318</u>	<u>7,995</u>	<u>19,321</u>	<u>15,999</u>
	<u>\$ 19,047</u>	<u>12,705</u>	<u>34,693</u>	<u>24,655</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2. Other gains and losses

For the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, the details of other gains and losses were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Foreign exchange gains (losses) \$	(30,078)	(4,465)	(52,284)	1,291
Gains (losses) on disposals of investments	352	1,454	1,597	(53,299)
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(4,197)	12,095	(1,755)	133,203
Losses on disposals of property, plant and equipment	-	(17)	-	(17)
Other	(19,746)	(7,190)	(28,703)	(24,938)
	<u>\$ (53,669)</u>	<u>1,877</u>	<u>(81,145)</u>	<u>56,240</u>

3. Finance cost

For the periods from April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014, the details of finance cost were as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest expense on bank borrowings	\$ 13,628	17,976	27,837	38,406
Other interest expense	545	153	699	293
Less: capitalized interest expense	(9,138)	(5,718)	(16,581)	(12,396)
	<u>\$ 5,035</u>	<u>12,411</u>	<u>11,955</u>	<u>26,303</u>

(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.

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WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

1. Market risk

(1) Currency risk

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

	2015.6.30			2014.12.31			2014.6.30		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
Financial assets									
Monetary items									
USD	\$ 116,879	30.86	3,606,883	56,243	31.65	1,780,088	32,987	29.87	985,318
EUR	-	-	-	1	38.47	20	2	40.78	95
JPY	176,978	0.2524	44,671	52,965	0.2646	14,019	3,727	0.2946	1,100
GBP	5	48.48	264	5	49.27	248	1	50.87	71
HKD	63	3.98	251	64	4.08	259	64	3.85	245
RMB	15,052	4.97	74,810	-	-	-	-	-	-
			<u>\$ 3,726,879</u>			<u>1,794,634</u>			<u>986,829</u>
Non-monetary items									
USD	90	30.86	2,762	87	31.65	2,744	100	29.87	3,004
RMB	-	-	-	29,779	5.09	151,577	-	-	-
			<u>\$ 2,762</u>			<u>154,321</u>			<u>3,004</u>
Financial liabilities									
Monetary items									
USD	17,238	30.86	531,950	13,253	31.65	419,451	21,443	29.87	640,498
EUR	213	34.46	7,332	191	38.47	7,341	147	40.78	5,988
JPY	649,550	0.2524	163,947	454,888	0.2646	120,369	561,651	0.2946	165,464
GBP	10	48.48	495	9	49.27	464	11	50.87	568
			<u>\$ 703,724</u>			<u>547,625</u>			<u>812,518</u>

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 NTD against the USD, EUR, RMB, GBP and the JPY etc for the six months ended June 30, 2015 and 2014 would have increased (decreased) the net profit after tax by \$125,598 thousand and \$7,384 thousand, respectively, and other comprehensive income would not be affected. The analysis assumes that all other variables remain constant.

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

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:

		Six months ended June 30, 2015		Six months ended June 30, 2014	
		Exchange gain or loss	Average exchange rate	Exchange gain or loss	Average exchange rate
TWD	\$	<u>(52,384)</u>	<u>-</u>	<u>3,207</u>	<u>-</u>
USD	USD\$	<u>3</u>	<u>31.18</u>	<u>(64)</u>	<u>30.19</u>

(2) 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 \$6,672 thousand and \$8,549 thousand for the six months ended June 30, 2015 and 2014, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(3) Other price risk

For the six months ended June 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	Six months ended June 30, 2015		Six months ended June 30, 2014	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	\$ <u>53,081</u>	<u>39,843</u>	<u>38,910</u>	<u>64,248</u>
Decreasing 3%	\$ <u>(53,081)</u>	<u>(39,843)</u>	<u>(38,910)</u>	<u>(64,248)</u>

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

2. Fair value

(1) 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.

	2015.6.30				
	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	\$ 82,486	82,486	-	-	82,486
Funds and investment	<u>1,245,615</u>	<u>1,245,615</u>	-	-	<u>1,245,615</u>
Subtotal	<u>1,328,101</u>	<u>1,328,101</u>	-	-	<u>1,328,101</u>
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	914,572	914,572	-	-	914,572
Non-public stocks	558,402	-	558,402	-	558,402
Private fund	<u>296,400</u>	-	<u>296,400</u>	-	<u>296,400</u>
Subtotal	<u>1,769,374</u>	<u>914,572</u>	<u>854,802</u>	-	<u>1,769,374</u>
Loans and receivables					
Cash and cash equivalents (Note)	3,157,475	-	-	-	-
Investment in debt instrument without active market (Note)	159,600	-	-	-	-
Notes and accounts receivable (Note)	<u>994,406</u>	-	-	-	-
Subtotal	<u>4,311,481</u>	-	-	-	-
Amortized cost of financial liability					
Bank loan (Note)	3,212,039	-	-	-	-
Accounts payable (Note)	1,117,470	-	-	-	-
Other payables (Note)	<u>1,641,379</u>	-	-	-	-
Subtotal	<u>5,970,888</u>	-	-	-	-

(Continued)

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)	<u>690,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>3,526,850</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>
2014.6.30					
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	\$ 70,003	70,003	-	-	70,003
Funds and investment	<u>2,071,581</u>	<u>2,071,581</u>	-	-	<u>2,071,581</u>
Subtotal	<u>2,141,584</u>	<u>2,141,584</u>	-	-	<u>2,141,584</u>
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	891,334	891,334	-	-	891,334
Non-public stocks	<u>405,667</u>	<u>-</u>	<u>370,667</u>	<u>35,000</u>	<u>405,667</u>
Subtotal	<u>1,297,001</u>	<u>891,334</u>	<u>370,667</u>	<u>35,000</u>	<u>1,297,001</u>
Loans and receivables					
Cash and cash equivalents (Note)	1,842,123	-	-	-	-
Investment in debt instrument without active market(Note)	190,000	-	-	-	-
Notes and accounts receivable (Note)	<u>856,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,888,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost of financial liability					
Bank loan (Note)	4,269,512	-	-	-	-
Accounts payable (Note)	1,180,000	-	-	-	-
Other payables (Note)	<u>1,967,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>7,416,928</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**

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

(2.1) 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 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.

(2.2) 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.

(3) Transfer between level 2 to level 1

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

(4) Movement of level 3

There were no changes in financial assets with fair value hierarchy level 3 transfers for the six months ended June 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 six months ended June 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.

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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 six months ended June 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 date 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 April 1 to June 30, and for the six months ended June 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 collected.

There was no such transaction for the periods from April 1 to June 30, and for the six months ended June 30, 2015.

(c) Transactions with key management personnel

For the periods from April 1 to June 30, and for the six months ended June 30, 2015 and 2014, key management personnel compensation were comprised as below:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Short-term employee benefits	\$ 77,405	39,235	125,927	64,006
Post-employment benefits	177	177	354	354
Share-based payments	-	54	-	101
	<u>\$ 77,582</u>	<u>39,466</u>	<u>126,281</u>	<u>64,461</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	2015.6.30	2014.12.31	2014.6.30
Other non-current assets	Gas deposits	\$ 3,000	3,000	3,000
Other non-current assets	Customs guarantee	20,721	20,661	20,601
Property, plant and equipment	Long-term borrowings	4,319,524	4,628,927	4,907,411
Investment property	Long-term borrowings	1,088,504	1,091,162	1,093,821
Prepayments for business facilities	Long-term borrowings	-	-	765
		<u>\$ 5,431,749</u>	<u>5,743,750</u>	<u>6,025,598</u>

(9) Commitments and contingencies

(a) Contingencies: None.

(b) Commitment:

	2015.6.30	2014.12.31	2014.6.30
The unrecognized commitment of acquisition of raw material, plant expansion and machinery equipment	<u>\$ 2,835,313</u>	<u>849,166</u>	<u>717,933</u>
The unused letters of credit	<u>\$ 199,621</u>	<u>203,684</u>	<u>36,855</u>

In 2015, the Company signed shareholder's agreement with CSDC Private Limited Company, 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 Company, and the Company acquired 250 shares of CSDC Private Limited Company 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 April 1 to June 30, 2015 and 2014, and for the six months ended June 30, 2015 and 2014:

	Three months ended June 30, 2015			Three months ended June 30, 2014		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	\$ 282,489	140,079	422,568	232,049	108,197	340,246
Labor and health insurance	19,388	7,140	26,528	16,995	6,943	23,938
Pension	9,314	3,258	12,572	8,521	3,677	12,198
Others	10,562	2,059	12,621	9,612	2,517	12,129
Depreciation	437,085	32,975	470,060	428,099	33,688	461,787
Amortization	1,746	2,792	4,538	2,363	5,524	7,887

	Six months ended June 30, 2015			Six months ended June 30, 2014		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	\$ 606,662	273,875	880,537	432,975	207,704	640,679
Labor and health insurance	40,447	14,259	54,706	36,837	15,629	52,466
Pension	18,675	6,356	25,031	17,024	7,275	24,299
Others	20,351	3,851	24,202	19,355	4,864	24,219
Depreciation	874,748	63,077	937,825	854,792	65,857	920,649
Amortization	3,806	5,819	9,625	5,057	11,216	16,273

- (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 six months ended June 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	June 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	14,314	227,511	-	227,511	
"	Polaris De-Bao Money Market Fund	"	"	18,433	218,328	-	218,328	
"	Allianz Global Investors Taiwan Money Market Fund	"	"	22,264	274,679	-	274,679	
"	Allianz Global Investors All Seasons Return Fund of Bond Funds	"	"	10,480	150,609	-	150,609	
"	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	"	"	13,060	151,400	-	151,400	
"	Franklin Mutual European Fund-A-USD	"	"	3	2,762	-	2,762	
"	Mega Diamond Money Market Fund	"	"	3,875	47,833	-	47,833	
"	Paradigm Pion Money Market Fund	"	"	13,042	148,563	-	148,563	
"	Allianz Global Investors RMB Money Market Fund-TWD	"	"	1,000	9,997	-	9,997	
"	CTBC Hua Win Money Market Fund	"	"	1,198	13,001	-	13,001	
WIN Venture Capital Corp.	Green Seal Holding Limited/Stock	"	"	412	57,886	0.28	57,886	
"	Inotera Memories, Inc./Stock	"	"	1,000	24,600	0.02	24,600	
"	Mega Diamond Money Market Fund	"	"	76	932	-	932	
					<u>1,328,101</u>		<u>1,328,101</u>	
The Company	ITEQ CORPORATION/Stock	"	Current available-for-sale financial assets	25,032	524,414	7.87	524,414	
"	MAG. LAYERS Scientific-Technics Co., Ltd./Stock	"	"	2,125	64,700	2.49	64,700	
"	Solar Applied Materials Technology Corp./Stock	"	"	119	2,749	0.03	2,749	
"	Inventec Solar Energy Corporation /Stock	"	Non-current available-for-sale financial assets	34,000	329,041	10.51	329,041	
"	Shin Sheng III Venture Capital Investment Corp./Stock	"	"	4,680	36,686	11.03	36,686	
"	Tainery Tech Co., Ltd./Stock	"	"	943	15,043	0.30	15,043	
"	CDIB CME Fund Ltd./Stock	"	"	5,000	98,621	3.33	98,621	
"	Fuh Hwa Tung-ta Fund	"	"	30,000	296,400	-	296,400	

(Continued)

WIN Semiconductors Corp. and Subsidiaries

Notes to Condensed Consolidated Financial Statements

Company holding securities	Security type and name	Relationship with the Company	Account	June 30, 2015				Remark
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)	
The Company	MagiCap Venture Capital Co., Ltd./Preferred Stock A	None	Non-current available-for-sale financial assets	1,000	44,380	1.08	44,380	
Win Semiconductors Cayman Islands Co., Ltd.	Avago Technologies Ltd. /Stock	Subsidiary's main client	"	75	307,666	0.03	307,666	
"	Anokiwave Inc./ Series B Preferred Stock	Subsidiary's client	"	1,264	30,860	15.48	30,860	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	"	3,300	18,814	9.17	18,814	
					<u>1,177,511</u>		<u>1,177,511</u>	
The Company	MagiCap Venture Capital Co., Ltd./Preferred Stock B	None	Non-current debt instrument investment without active market	15,960	<u>159,600</u>	17.20	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	74,596	882,280	69,128	817,379	817,064	315	18,433	218,328
"	Allianz Global Investors Taiwan Money Market Fund	"	-	-	28,972	355,853	30,570	376,800	37,278	459,088	458,279	809	22,264	274,679
"	Capital Money Market Fund	"	-	-	8,021	126,929	34,752	551,899	28,459	451,746	451,382	364	14,314	227,511

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	(2,607,375)	(45)%	1-2 Month	-	-	280,608	40%	(Note)
Win Semiconductors Cayman Islands Co., Ltd.	The Company	Parent Company	Purchase	2,607,375	100%	1-2 Month	-	-	(280,608)	(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 June 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	280,608	26.66	-	-	280,608	-	(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 six months ended June 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	2,607,375	Note 3	44.15%
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Accounts receivable—related parties	280,608	"	1.20%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Accounts payable—related parties	280,608	"	1.20%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Operating cost	2,607,375	"	44.15%
1	Win Semiconductors Cayman Islands Co., Ltd.	WIN SEMI. USA, INC.	3	Operating expense	24,320	"	0.41%
2	WIN SEMI. USA, INC.	Win Semiconductors Cayman Islands Co., Ltd.	3	Operating revenue	24,320	"	0.41%

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 six months ended June 30, 2015:

(Amounts in Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of June 30, 2015			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Remark
				June 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%	5,678	(786)	(786)	(Note)
"	Win semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	227,636	227,636	7,000	100.00%	665,380	16,776	16,776	(Note)
"	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	789,455	789,455	43,770	34.52%	356,934	(60,931)	(24,633)	
"	Win Venture Capital Corp.	Taiwan	Investment activities	200,000	200,000	20,000	100.00%	141,402	(35,620)	(35,620)	(Note)
"	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	180,400	-	16,400	31.06%	179,505	(24,308)	(8,163)	
"	CSDC Private Limited	Singapore	Development and manufacturing of compound semiconductors technologies	-	-	0.25	25.00%	-	(70,347)	-	
WIN Venture Capital Corp.	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	39,600	-	3,600	6.82%	39,403	(24,308)	(1,792)	

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 April 1 to June 30, 2015 and 2014, and for the six months ended June 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>Foundry</u>	<u>Other</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Three months ended June 30, 2015				
Revenue from external customers	\$ <u>3,098,987</u>	<u>5</u>	<u>-</u>	<u>3,098,992</u>
Reportable segment profit or loss	\$ <u>921,464</u>	<u>(19,952)</u>	<u>-</u>	<u>901,512</u>
Three months ended June 30, 2014				
Revenue from external customers	\$ <u>2,461,036</u>	<u>130</u>	<u>-</u>	<u>2,461,166</u>
Reportable segment profit or loss	\$ <u>568,988</u>	<u>42</u>	<u>-</u>	<u>569,030</u>
Six months ended June 30, 2015				
Revenue from external customers	\$ <u>5,905,630</u>	<u>194</u>	<u>-</u>	<u>5,905,824</u>
Reportable segment profit or loss	\$ <u>1,711,543</u>	<u>(35,562)</u>	<u>-</u>	<u>1,675,981</u>
Six months ended June 30, 2014				
Revenue from external customers	\$ <u>4,128,062</u>	<u>130</u>	<u>-</u>	<u>4,128,192</u>
Reportable segment profit or loss	\$ <u>772,524</u>	<u>42</u>	<u>-</u>	<u>772,566</u>
	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Interest expense	\$ (5,035)	(12,411)	(11,955)	(26,303)
Depreciation and amortization	(474,598)	(469,674)	(947,450)	(936,922)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(19,189)	3,941	(32,796)	(2,041)
Assets				
Capital expenditures in noncurrent assets	382,270	134,693	884,016	367,569

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.