WIN Semiconductors Corp.

Parent-company-only Financial Statements
December 31, 2014 and 2013
(With Independent Auditors' Report Thereon)

Address: No. 69, Technology 7th Rd., Hwaya Technology Park, Kueishan Hsiang, Taoyuan Shien, Taiwan

Telephone No.: 886-3-397-5999

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 www.kpmg.com.tw

Independent Auditors' Report

The Board of Directors
WIN Semiconductors Corp.

We have audited the accompanying balance sheets of WIN Semiconductors Corp. (the "Company") as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the parent-company-only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the parent-company-only financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent-company-only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

KPMG

Taipei, Taiwan (the Republic of China)
March 11, 2015

Note to Readers

The accompanying parent-company-only 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". The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying 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.

WIN Semiconductors Corp.

Balance Sheets

December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	2014.12.31	2013.12.31
Assets		
Current assets:		
Cash and cash equivalents (note 6(a))	$ 2,536,853	1,883,857
Current financial assets at fair value through profit or loss (note 6(b))	1,197,247	1,162,001
Current available-for-sale financial assets (note 6(b))	677,271	584,716
Notes and accounts receivable, net (note 6(c))	306,879	323,228
Accounts receivable due from related parties, net (note 7)	110,530	99,041
Inventories (note 6(d))	1,499,917	1,126,775
Other current assets (note 6(i))	258,757	197,751
Total current assets	6,587,454	5,377,369
Non-current assets:		
Non-current available-for-sale financial assets(note 6(b))	797,168	370,928
Non-current debt instrument investment without active market (note 6(b))	159,600	190,000
Investments accounted for using equity method (note 6(e))	1,159,029	804,304
Property, plant and equipment (notes 6(f) and 8)	11,652,290	12,636,187
Investment property (notes 6(g) and 8)	1,091,162	1,096,479
Intangible assets (note 6(h))	54,422	64,248
Deferred tax assets (note 6(n))	66,135	132,425
Prepayments for business facilities (note 8)	178,911	384,446
Other non-current assets (notes 6(i) and 8)	45,141	43,257
Total non-current assets	15,203,858	15,722,274
Total assets	**$ 21,791,312**	**21,099,643**

	2014.12.31	2013.12.31
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 929,773	635,119
Other payables	1,151,526	1,017,419
Long-term liabilities, current portion (notes 6(k) and 8)	545,444	545,444
Other current liabilities	97,267	117,605
Total current liabilities	2,724,010	2,315,587
Non-current liabilities:		
Long-term borrowings (notes 6(k) and 8)	2,938,331	3,721,466
Deferred tax liabilities (note (n))	30,362	20,642
Other non-current liabilities (note 6(m))	158,959	150,371
Total non-current liabilities	3,127,652	3,892,479
Total liabilities	5,851,662	6,208,066
Equity (notes 6(n), 6(o) and 6(p)):		
Ordinary share	7,422,377	7,392,754
Capital surplus	3,768,620	3,728,358
Retained earnings	4,527,782	3,671,483
Other equity interest	220,871	98,982
Total equity	15,939,650	14,891,577
Total liabilities and equity	**$ 21,791,312**	**21,099,643**

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

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

		2014	2013
Operating revenue (note 7)	$	9,776,226	10,340,949
Operating costs (notes 6(d)、6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12)		(6,391,337)	(7,249,118)
Gross profit from operations		3,384,889	3,091,831
Operating expenses (notes 6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12):			
Selling expenses		(84,529)	(74,671)
Administrative expenses		(461,044)	(475,323)
Research and development expenses		(561,783)	(495,281)
Total operating expenses		(1,107,356)	(1,045,275)
Net operating income		2,277,533	2,046,556
Non-operating income and expenses:			
Other income (notes 6(l)、6(r) and 7)		92,587	81,888
Other gains and losses (note 6(r))		87,505	276,928
Finance costs (note 6(r))		(48,304)	(80,678)
Share of income (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note 6(e))		19,573	(112,323)
Total non-operating income and expenses		151,361	165,815
Profit before tax		2,428,894	2,212,371
Total tax expense (note 6(n))		(465,425)	(400,861)
Profit		1,963,469	1,811,510
Other comprehensive income (loss):			
Other comprehensive income (loss), before tax, available -for-sale financial assets		(11,687)	196,273
Other comprehensive income, before tax, actuarial gains on defined benefit plans (note 6(m))		3,166	11,768
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		133,576	55,751
Income tax (expense) related to components of other comprehensive income (note 6(n))		(538)	(904)
Other comprehensive income, net		124,517	262,888
Comprehensive income	$	2,087,986	2,074,398
Earnings per common share (expressed in dollars) (note 6(q))			
Basic earnings per share	$	2.65	2.40
Diluted earnings per share	$	2.62	2.37

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary share	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealized gains (losses) on available-for-sale financial assets	Other equity interest: Total	Total equity
Balance on January 1, 2013	$ 7,541,877	3,763,045	258,703	221,662	2,722,399	3,202,764	(24,741)	(129,397)	(154,138)	14,353,548
Appropriation of 2012 earnings approved by stockholders during their meeting in 2013 (note 1)										
Legal reserve	-	-	164,753	-	(164,753)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,136,245)	(1,136,245)	-	-	-	(1,136,245)
Reversal of special reserve	-	-	-	(187,647)	187,647	-	-	-	-	-
	-	-	164,753	(187,647)	(1,113,351)	(1,136,245)	-	-	-	(1,136,245)
Net income for the year ended December 31, 2013	-	-	-	-	1,811,510	1,811,510	-	-	-	1,811,510
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	9,768	9,768	7,328	245,792	253,120	262,888
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	1,821,278	1,821,278	7,328	245,792	253,120	2,074,398
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	15,499	-	-	-	-	-	-	-	15,499
Exercise of employee stock options	50,877	45,040	-	-	-	-	-	-	-	95,917
Compensation cost arising from employee stock options	-	3,775	-	-	-	-	-	-	-	3,775
Retirement of treasury shares	(200,000)	(99,001)	-	-	(216,314)	(216,314)	-	-	-	(515,315)
Balance on December 31, 2013	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
Appropriation of 2013 earnings approved by stockholders during their meeting in 2014 (note 2)										
Legal reserve	-	-	181,151	-	(181,151)	-	-	-	-	-
Cash dividends	-	-	-	-	(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)
Net income for the year ended December 31, 2014	-	-	-	-	1,963,469	1,963,469	-	-	-	1,963,469
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	2,628	2,628	22,322	99,567	121,889	124,517
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,966,097	1,966,097	22,322	99,567	121,889	2,087,986
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	1,576	-	-	-	-	-	-	-	1,576
Exercise of employee stock options	29,623	34,383	-	-	-	-	-	-	-	64,006
Compensation cost arising from employee stock options	-	4,303	-	-	-	-	-	-	-	4,303
Balance on December 31, 2014	$ 7,422,377	3,768,620	604,607	-	3,923,175	4,527,782	4,909	215,962	220,871	15,939,650

Note 1: The appropriations for 2012 employee's bonus, directors' and supervisors' remuneration amounting to NT$167,000 and NT$50,100, respectively, were recognized and accrued in the 2012 earnings.

Note 2: The appropriations for 2013 employee's bonus, directors' and supervisors' remuneration amounting to NT$166,400 and NT$49,900, respectively, were recognized and accrued in the 2013 earnings.

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

		2014	2013
Cash flows from (used in) operating activities:			
Profit before tax	$	2,428,894	2,212,371
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,852,199	1,783,765
Amortization expense		29,498	38,142
Net gain on financial assets or liabilities at fair value through profit or loss		(130,285)	(409,837)
Interest expense		48,304	80,678
Interest income		(16,934)	(16,789)
Dividend income		(43,654)	(33,371)
Share-based payments		4,303	3,775
Share of loss (income) of subsidiaries, associates and joint ventures accounted for using equity method		(19,573)	112,323
Gain on disposal of property, plant and equipment		-	(306,531)
Donated property, plant and equipment		-	20,691
Loss on disposal of investments		64,501	398,190
Prepayments for business facilities transferred to other losses		7,936	-
Total adjustments to reconcile profit		1,796,295	1,671,036
Changes in operating assets and liabilities:			
Changes in operating assets:			
Notes and accounts receivable, net		16,349	143,268
Accounts receivable due from related parties, net		(11,489)	437,577
Inventories		(294,386)	953,617
Other current assets		(72,429)	155,757
Total changes in operating assets		(361,955)	1,690,219
Changes in operating liabilities:			
Accounts payable		294,654	(486,748)
Other payables		112,702	124,814
Other current liabilities		(20,338)	41,515
Other non-current liabilities		1,754	1,900
Total changes in operating liabilities		388,772	(318,519)
Total changes in operating assets and liabilities		26,817	1,371,700
Cash inflow generated from operations		4,252,006	5,255,107
Income taxes paid		(289,376)	(129,825)
Net cash flows from operating activities		3,962,630	5,125,282
Cash flows from (used in) investing activities:			
Acquisition of current financial assets at fair value through profit or loss		(4,329,787)	(2,033,000)
Proceeds from disposal of current financial assets at fair value through profit or loss		4,291,586	2,442,048
Acquisition of current available-for-sale financial assets		(282,148)	(190,705)
Proceeds from disposal of current available-for-sale financial assets		7,679	150,048
Acquisition of non-current available-for-sale financial assets		(312,000)	(25,000)
Proceeds from disposal of non-current available-for-sale financial assets		5,170	128,256
Proceeds from capital reduction of non-current available-for-sale financial assets		43,200	60,000
Proceeds from disposal of non-current debt instrument investments without active market		30,400	344,783
Acquisition of investments accounted for using equity method		(200,000)	(207,991)
Acquisition of property, plant and equipment		(610,999)	(2,611,303)
Proceeds from disposal of property, plant and equipment		-	511,286
Acquisition of intangible assets		(16,323)	(18,929)
Increase in other non-current assets		(1,884)	(390)
Increase in prepayments for business facilities		(126,386)	(204,078)
Interest received		15,645	15,488
Dividends received		43,654	33,371
Net cash flows used in investing activities		(1,442,193)	(1,606,116)
Cash flows from (used in) financing activities:			
Proceeds from long-term borrowings		529,000	1,050,000
Repayments of long-term borrowings		(1,316,444)	(3,995,840)
Increase in other non-current liabilities		10,000	110,000
Payment of cash dividends		(1,109,798)	(1,136,245)
Issue of shares (transaction cost)		-	(10,989)
Exercise of employee share options		64,006	95,917
Payments to acquire treasury shares		-	(515,315)
Interest paid		(44,205)	(78,554)
Net cash flows (used in) financing activities		(1,867,441)	(4,481,026)
Net increase (decrease) in cash and cash equivalents		652,996	(961,860)
Cash and cash equivalents at the beginning of period		1,883,857	2,845,717
Cash and cash equivalents at the end of period	$	2,536,853	1,883,857

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

December 31, 2014 and 2013

(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 Hsiang, Taoyuan Shien, Taiwan. The Company engages in the researching, developing, manufacturing, and selling of GaAs wafers. Please see note 14.

(2) Approval date and procedures of the parent-company-only financial statements

The parent-company-only financial statements for the years ended December 31, 2014 and 2013 was authorized for issued by the Board of Directors as of March 11, 2015.

(3) New standards and interpretations not yet adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") 2013 issued and endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

According to the No. Financial-Supervisory-Securities-Auditing-1030010325 of the Financial Supervisory Commission on April 3, 2014, listed, GTSM 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:

New standards and amendments	Effective date per IASB
Amended IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amended IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amended IFRS 1 "Government Loans"	January 1, 2013
Amended IFRS 7 "Disclosures—Transfers of Financial Assets"	July 1, 2011
Amend 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

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WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

New standards and amendments	Effective date per IASB
IFRS 12 “Disclosure of interests in other entities”	January 1, 2013
IFRS 13 “Fair value measurement”	January 1, 2013
Amended to IAS 1“Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amended 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
Amended 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

After the evaluation, the Company believes that applying the IFRSs 2013 will not cause any significant changes in the parent-company-only financial statements, except for the following:

1. IAS 1 “Presentation of Financial Statements”

   The standard amended the presentation of other comprehensive income. Stated below are the other comprehensive income (“OCI”) sections, classified by nature into two categories, that present the line items for the amounts of OCI:

   (a) Will not be reclassified subsequently to profit or loss; and

   (b) Will be reclassified subsequently to profit or loss when specific conditions are met.

   The amendments also require tax associated with items of OCI which presented before tax to be shown separately. The Company has to change the presentation of OCI according to that standard.

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

   It’s a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives. The Company will disclose the information of the consolidated entities and unconsolidated entities as the standard requires.

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3. IFRS 13 “Fair Value Measurement ”

   The standard applies 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. There is no significant impact on the Company’s financial position and results of operations after the evaluation. And the Company will disclose the fair value measurement as the standard requires.

(b) The new standards and amendments issued by the IASB that may have an impact to the parent-company-only financial statements not yet approved by the FSC.

A summary of the new standards and amendments to IFRSs 2013 issued by the IASB that has not yet approved by the FSC are as following:

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
Amendments 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 IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

The Company 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 Company completes its evaluation.

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WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

(4) Summary of significant accounting policies

The parent-company-only 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 parent-company-only financial statements, the Chinese version shall prevail.

The significant accountings policies have been applied consistently to all periods presented in these parent-company-only financial statements.

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows:

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1. Basis of measurement

The parent-company-only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(1) Financial instruments measured at fair value through profit or loss are measured at fair value;

(2) Available-for-sale financial assets are measured at fair value;

(3) The defined benefit liabilities are recognized as the present value of the defined benefit obligation, less plan assets and unrecognized past service cost.

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

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(c) Foreign currency

1. Foreign currency transaction

   Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

   Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

   Foreign currency differences arising from retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income that arises from the retranslation:

   - available-for-sale equity investment;
   - financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
   - qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

   The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the Company's parent-company-only financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the reporting currency of the Company's parent-company-only financial statements at average rate. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

1. It expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting period; or
4. If the asset is cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

An entity shall classify all other liabilities as non-current.

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(e) Cash and cash equivalents

Cash and cash equivalents comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(f) Financial instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. A regular way purchase or sale of financial assets shall be recognised and derecognised as applicable using trade date accounting.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. This type of financial asset is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, (which takes into account any dividend and interest income), are recognised in profit or loss, and it is included in other gains and losses, and other income, respectively.

b. Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and are presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss, and it is included in other gains and losses.

(Continued)

c. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and non-current debt instrument investment without active market. Such assets are recognised initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. Interest income is recognised in profit or loss, and it is included in other income.

d. Impairment of financial assets

A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset stand that loss event has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognised in profit or loss.

(Continued)

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost before the impairment was recognised at the reversal date.

Impairment losses recognised on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Impairment losses and recoveries are recognised in profit or loss, and it is included in other gains and losses.

e. Derecognition of financial assets

The Company derecognises financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognised in other comprehensive income and presented in other equity interest – unrealised gains (losses) on available-for-sale financial assets is recognised in profit or loss, and included in other gains and losses.

The Company allocates between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income shall be recognised in profit or loss, and is included in other gains and losses.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts.

(Continued)

2. Financial liabilities

a. Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognised in profit or loss, and are included in other gains and losses, and interest expense, respectively.

b. Other financial liabilities

Financial liabilities comprise of short and long borrowings, and trade and other payables, are not classified as held-for-trading, or designated as at fair value through profit or loss shall be measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortised cost calculated using the effective interest method.

c. Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss, and is included in other gains and losses.

d. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

3. Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss, and are included in other gains and losses.

(Continued)

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which arises from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company’s share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company’s share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(Continued)

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost consists of any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost are eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognised as other gains and losses.

(Continued)

2. Reclassification to investment property

   The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

3. Subsequent cost

   Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

4. Depreciation

   The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognised in profit or loss.

   The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

   (1) Buildings and structures: 3 to 25 years
   (2) Machinery and equipment: 2 to 10 years
   (3) Factory and equipment: 2 to 10 years
   (4) Other equipment: 2 to 5 years

   Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

1. Lesser

   Lease income from operating lease is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

   Contingent rents are recognised as income in the period when the lease adjustments are confirmed.

(Continued)

2. Lessee

Leases in terms of which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value with the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

Payments made under operating lease, excluding insurance and maintenance expenses, are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognised as expense in the periods in which they are incurred.

(m) Intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, plus, the revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual values. Intangible assets with indefinite useful life, from the date that they are available for use, the estimated useful lives for the current and comparative periods are as follows:

(1) Technical know-how: 12 years
(2) Computer software and information systems: 2 to 5 years
(3) Others: 1 to 3 years

(n) Impairment of non financial assets

To ensure the following assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined, they applied to the following assets:

i) Inventories
ii) Deferred tax assets
iii) Assets arising from employee benefits

If it is not possible to determine the recoverable amount, fair value less cost to sell and value in use for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

(Continued)

The recoverable amount for the individual asset or the cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in profit or loss.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognised if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(o) Treasury stock

Repurchased shares are recognised under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognised under capital reserve – treasury share transactions. Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

(Continued)

During the cancellation of treasury shares, capital reserve – share premiums and share capital should be debited proportionately. Gains on cancellation of treasury shares should be recognised under existing capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognized.

2. Rent income

Lease income from investment property is recognized in income on a straight-line basis over the lease term. An incentive granted to the lessee is to be recognized as part of the lease income and it is spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Income from sublease is recognized in profit or loss, and is included in other gains and losses.

(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

   A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

   The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and also the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

   When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

   The Company recognizes all actuarial gains and losses arising subsequently from the defined benefit plans in other comprehensive income.

   The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognised.

3. Short-term employee benefits

   Short-term employee benefits obligations are measured on an undiscounted basis and are expensed when the related service is provided.

(Continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognised as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

(Continued)

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock options and employee bonus.

(u) Operating segment

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(Continued)

(v) Reason for and effect of accounting changes

Effective January 1, 2013, the Company changed its estimated useful lives of the partial equipment to 5 years to reflect the consumption patterns of the future economic benefits. The effect on the estimated changes resulted in operating costs and operating expenses, the effect of depreciation expense on current and future period were as follows:

	2014	2015	2016	2017	After 2017
Depreciation expense increase (decrease)	$ 461,452	461,452	372,714	(293,341)	(1,463,729)

(5) Major sources of accounting assumptions, judgments and estimation uncertain

The preparation of the parent-company-only financial statements based on “Regulations Governing the Preparation of Financial Reports” by Securities Issuers” 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.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about critical judgments in applying the accounting policies that do not have the most significant effect on the amounts is recognized in the parent-company-only financial statements.

Information about assumptions and estimation uncertainties does not have a significant risk of resulting in a material adjustment within the next financial year.

(6) Significant account disclosure

(a) Cash and cash equivalents

	2014.12.31	2013.12.31
Cash on hand	$ 431	495
Cash in bank	34,917	289,182
Time deposits	2,501,505	1,594,180
	$ 2,536,853	1,883,857

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

(b) Financial instruments

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

1. Current financial assets at fair value through profit or loss:

	2014.12.31	2013.12.31
Stocks listed on domestic markets	$ -	227,131
Money market funds, future funds, equity funds and bond funds	1,197,247	934,870
	$ 1,197,247	**1,162,001**

2. Current available-for-sale financial assets:

	2014.12.31	2013.12.31
Stocks listed on domestic markets	**$ 677,271**	**584,716**

3. Non-current available-for-sale financial assets:

	2014.12.31	2013.12.31
Stocks listed on domestic markets	$ 17,825	31,832
Non-public stocks	479,943	339,096
Private fund (Note)	299,400	-
	$ 797,168	**370,928**

Note: As of December 31, 2014, the private fund is during the restriction period.

4. Non-current debt instrument investment without active market:

	Issue period	Nominal rate (%)	2014.12.31	2013.12.31
Preferred stock B	2012.11.23~2019.11.22	-	**$ 159,600**	**190,000**

(Continued)

5. Sensitivity analysis in the equity price risk:

   For the years ended 2014 and 2013, two sensitivity analyses for the changes in the equity price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

		2014		2013	
Prices of securities at the reporting date		**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 3%	$	44,233	35,917	28,669	34,860
Decreasing 3%	$	(44,233)	(35,917)	(28,669)	(34,860)

6. As of December 31, 2014 and 2013, the financial assets were not pledged. For information on the Company's currency risk and credit risk was disclosed in note 6(s).

(c) Notes and accounts receivable, net

		2014.12.31	**2013.12.31**
Notes receivable	$	405	-
Accounts receivable		309,845	326,599
Less: allowance for doubtful accounts		(3,371)	(3,371)
	$	306,879	323,228

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

		2014.12.31	**2013.12.31**
Past due 1~60 days	$	12,801	15,533
Past due 61~180 days		-	33,564
Past due more than 181days		-	-
	$	12,801	49,097

The movement of allowance for notes and accounts receivable, and other accounts receivable for the years ended December 31, 2014 and 2013, were as follows:

	2014	2013
Beginning balance	$ 3,371	3,371
Impairment loss recognized	-	-
End balance	$ 3,371	3,371

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

Assessment method:

1. At the balance sheet date, the Company evaluates the probability of collection regarding the receivable in accordance with each customer.

2. The Company may recognise 100% allowance of doubtful accounts by assessing the financial and operating conditions of each customer.

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

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

As of December 31, 2014 and 2013, the notes and accounts receivable, net were not pledged.

(d) Inventories

	2014.12.31	2013.12.31
Raw materials, supplies and spare parts	$ 888,130	713,325
Work in process	333,856	196,179
Finished goods	277,931	217,271
	$ 1,499,917	1,126,775

(Continued)

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognised as operating cost or deduction of operating cost were as follows:

	2014	2013
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	$ (29,918)	159,135
Revenue from sale of scraps	$ (21,071)	(25,843)

As of December 31, 2014 and 2013, the inventories were not pledged.

(e) Investments accounted for using equity method

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

	2014.12.31	2013.12.31
Subsidiaries	$ 777,463	418,075
Associates	381,566	386,229
	$ 1,159,029	804,304

1. Subsidiaries:

For the related information, please refer to consolidated financial statements for the year ended December 31, 2014.

2. Associates:

For the years ended December 31, 2014 and 2013, the Company recognised a share of loss of associates accounted for using the equity method were as follows:

	2014	2013
Inventec Energy Corporation	$ (4,919)	(160,065)

Summary of financial information for the investments in associates were as follows (before adjusted to the Company proportionate share):

	2014.12.31	2013.12.31
Total assets	$ 1,607,308	2,032,267
Total liabilities	$ 502,110	913,563

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

		2014	2013
Operating revenue	$	2,330,653	1,097,092
Net loss	$	(13,835)	(363,709)

3. As of December 31, 2014 and 2013, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2014 and 2013 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, 2014	$	2,546,534	982,847	11,319,066	2,642,422	359,307	1,046,925	18,897,101
Additions		-	3,617	165,229	36,611	12,232	322,346	540,035
Reclassification (Note)		-	11,647	240,157	94,833	-	(23,687)	322,950
Disposals		-	-	-	-	(178,887)	-	(178,887)
Balance as of December 31, 2014	$	2,546,534	998,111	11,724,452	2,773,866	192,652	1,345,584	19,581,199
Balance as of January 1, 2013	$	1,765,464	970,208	10,381,768	2,506,214	344,259	136,615	16,104,528
Additions		1,439,534	13,218	327,363	43,334	15,048	851,369	2,689,866
Reclassification to investment property		(963,127)	(138,225)	-	-	-	-	(1,101,352)
Reclassification (Note)		509,371	137,646	635,539	92,874	-	58,941	1,434,371
Disposals		(204,708)	-	(25,604)	-	-	-	(230,312)
Balance as of December 31, 2013	$	2,546,534	982,847	11,319,066	2,642,422	359,307	1,046,925	18,897,101
Accumulated depreciation:								
Balance as of January 1, 2014	$	-	312,241	4,399,099	1,216,989	332,585	-	6,260,914
Depreciation		-	58,505	1,535,531	232,653	20,193	-	1,846,882
Disposals		-	-	-	-	(178,887)	-	(178,887)
Balance as of December 31, 2014	$	-	370,746	5,934,630	1,449,642	173,891	-	7,928,909
Balance as of January 1, 2013	$	-	257,540	2,993,277	978,274	257,797	-	4,486,888
Depreciation		-	56,452	1,410,688	237,850	74,788	-	1,779,778
Reclassification to investment property		-	(886)	-	-	-	-	(886)
Reclassification		-	(865)	-	865	-	-	-
Disposals		-	-	(4,866)	-	-	-	(4,866)
Balance as of December 31, 2013	$	-	312,241	4,399,099	1,216,989	332,585	-	6,260,914
Carrying value:								
Balance as of December 31, 2014	$	2,546,534	627,365	5,789,822	1,324,224	18,761	1,345,584	11,652,290
Balance as of December 31, 2013	$	2,546,534	670,606	6,919,967	1,425,433	26,722	1,046,925	12,636,187

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

(Continued)

1. Pledge to secure:

   As of December 31, 2014 and 2013, 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 Company acquired land, buildings and structures for the construction a new factory on the site. As of December 31, 2014, the Company recognized related construction in progress and prepayments for business facilities amounted to $1,359,075 (which included the borrowing costs of the capitalized interest expense).

3. For the years ended December 31, 2014 and 2013, capitalized interest expenses amounted to $23,833 and $21,791, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.58%~2.27% and 1.61%~1.86%, respectively.

(g) Investment property

		Land	Buildings and structures		Total
Cost:					
Balance as of January 1, 2014	$	963,127	138,225		1,101,352
Additions		-	-		-
Balance as of December 31, 2014	**$**	**963,127**	**138,225**		**1,101,352**
Balance as of January 1, 2013	$	-	-		-
Reclassification from property, plant and equipment		963,127	138,225		1,101,352
Balance as of December 31, 2013	**$**	**963,127**	**138,225**		**1,101,352**
Accumulated depreciation:					
Balance as of January 1, 2014	$	-	4,873		4,873
Depreciation		-	5,317		5,317
Balance as of December 31, 2014	**$**	**-**	**10,190**		**10,190**
Balance as of January 1, 2013	$	-	-		-
Depreciation		-	3,987		3,987
Reclassification from property, plant and equipment		-	886		886
Balance as of December 31, 2013	**$**	**-**	**4,873**		**4,873**
Carrying value:					
Balance as of December 31, 2014	**$**	**963,127**	**128,035**		**1,091,162**
Balance as of December 31, 2013	**$**	**963,127**	**133,352**		**1,096,479**
Fair value:					
Balance as of December 31, 2014				**$**	**1,321,067**
Balance as of December 31, 2013				**$**	**1,309,505**

(Continued)

Land, buildings and structures have been reclassified from property, plant and equipment to investment property, since the land, buildings and structures were leased to a third party.

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:

Location	For the year ended December 31, 2014
Hsinchu	0.16%

As of December 31, 2014 and 2013, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(h) Intangible assets

1. The movement in intangible assets for the years ended December 31, 2014 and 2013 were as follows:

		Technical know-how	Computer software and information systems	Others	Total
Costs:					
Balance as of January 1, 2014	$	46,005	82,770	6,122	134,897
Additions		-	18,109	-	18,109
Disposals		-	(54,398)	(6,122)	(60,520)
Other (Note)		-	1,563	-	1,563
Balance as of December 31, 2014	**$**	**46,005**	**48,044**	**-**	**94,049**
Balance as of January 1, 2013	$	46,005	122,614	1,920	170,539
Additions		-	12,460	6,122	18,582
Disposals		-	(53,404)	(1,920)	(55,324)
Other (Note)		-	1,100	-	1,100
Balance as of December 31, 2013	**$**	**46,005**	**82,770**	**6,122**	**134,897**
Amortisation:					
Balance as of January 1, 2014	$	12,140	56,128	2,381	70,649
Amortisation		3,834	21,923	3,741	29,498
Disposals		-	(54,398)	(6,122)	(60,520)
Balance as of December 31, 2014	**$**	**15,974**	**23,653**	**-**	**39,627**
Balance as of January 1, 2013	$	8,307	78,212	1,312	87,831
Amortisation		3,833	31,320	2,989	38,142
Disposals		-	(53,404)	(1,920)	(55,324)
Balance as of December 31, 2013	**$**	**12,140**	**56,128**	**2,381**	**70,649**
Carrying value:					
Balance as of December 31, 2014	**$**	**30,031**	**24,391**	**-**	**54,422**
Balance as of December 31, 2013	**$**	**33,865**	**26,642**	**3,741**	**64,248**

(Continued)

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

2. Amortization expense recognized in profit or loss

   For the years ended December 31, 2014 and 2013, the amortization expenses of intangible assets were as follows:

		2014	2013
Operating costs	$	9,731	14,134
Operating expenses		19,767	24,008
	$	**29,498**	**38,142**

3. As of December 31, 2014 and 2013, the intangible assets were not pledged.

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

		2014.12.31	2013.12.31
Other receivable from metal recycling	$	112,622	41,410
Tax refund receivable		22,369	19,402
Prepaid expenses		36,552	40,313
Refundable deposits		21,480	19,716
Restricted assets		23,661	23,541
Others		87,214	96,626
	$	**303,898**	**241,008**

(Continued)

(j) Short-term borrowings

	2014.12.31	2013.12.31
Unused bank credit lines for short-term borrowings	$ 3,297,997	3,157,153
Unused bank credit lines for short-term and long-term borrowings	$ 350,000	-

(k) Long-term borrowings

	2014.12.31	2013.12.31
Unsecured long-term borrowings	$ -	771,000
Secured long-term borrowings	3,483,775	3,495,910
Less: long-term liabilities, current portion	(545,444)	(545,444)
Total	$ 2,938,331	3,721,466
Unused bank credit lines for long-term borrowings	$ 908,000	2,594,000
Annual interest rate	1.63%~1.68%	1.62%~1.73%

As of December 31, 2014, the remaining balances of the borrowing due were as follows:

Year due	Amount
January 1, 2015~December 31, 2015	$ 545,444
January 1, 2016~December 31, 2016	841,506
January 1, 2017~December 31, 2017	940,194
January 1, 2018~December 31, 2018	667,472
And after	489,159
	$ 3,483,775

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

For information on the Company market risk and currency risk was disclosed in note 6(s).

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

2. 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 and is due in February 2018.

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.

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

(l) Operating lease

1. Lease-lessor

The Company leased its investment property under operating lease, which was disclosed in note 6(g). According to the lease contract, if the lessee wants to terminate the contract in an earlier time, the lessee should inform the lessor in written form two months before the expiry of the lease period. Within the two-month period of notification, the lessee shall continue to pay the rents, whether the lessee has moved out or not. The lessor can also terminate the lease contract by notifying the lessee in written form at any time before two months.

For the year ended December 31, 2014 and 2013, the rental income recognised in other income amounted to $27,625 and $27,581, respectively.

2. Leases-lessee

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

For the years ended December 31, 2014 and 2013, the rent expense amounted to $23,754 and $22,684, respectively, which were recorded as operating costs and operating expenses.

(m) Employee benefits

1. Defined benefit plans

The movement in the present value of the defined benefit obligations and fair value of plan assets was as follows:

		2014.12.31	2013.12.31
Total present value of obligations	$	75,211	75,118
Fair value of plan assets		(36,252)	(34,747)
Recognised liabilities for defined benefit obligations (Note)	**$**	**38,959**	**40,371**

(Note) Recognised liabilities for defined benefit obligations were recognised as other non-current liabilities.

The Company makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

(1) Composition of plan assets

The Company set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $36,252 as of December 31, 2014. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

(Continued)

(2) The movement in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2014	2013
Defined benefit obligation as of January 1	$	75,118	83,893
Current service costs and interest		3,135	3,150
Actuarial gains		(3,042)	(11,925)
Defined benefit obligation as of December 31	**$**	**75,211**	**75,118**

(3) The movement in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets for the Company were as follows:

		2014	2013
Fair value of plan assets as of January 1	$	34,747	33,654
Benefits paid from plan assets		684	659
Expected return on plan assets		697	591
Actuarial gains (losses)		124	(157)
Fair value of plan assets as of December 31	**$**	**36,252**	**34,747**

(4) The expenses recognised in profit or losses

For the years ended December 31, 2014 and 2013, the expenses recognised in profit or losses for the Company were as follows:

		2014	2013
Service cost	$	1,731	1,809
Interest cost		1,404	1,341
Expected return on plan assets		(697)	(591)
Cost of defined benefit obligation	**$**	**2,438**	**2,559**
Operating expenses	**$**	**2,438**	**2,559**
Actual return on plan assets	**$**	**821**	**434**

(Continued)

(5) Actuarial gains and losses are recognised in other comprehensive income

For the years ended December 31, 2014 and 2013, the Company's cumulative actuarial gains recognised in other comprehensive income (after income tax) were $2,628 and $9,768, respectively.

(6) Actuarial assumptions

The following were the Company's principal actuarial assumptions:

	2014	2013
Discount rate	2.00%	2.00%
Expected rate return on plan assets	2.00%	2.00%
Future salary rate increases	3.00%	3.00%

The expected ratio was based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return ratio was based exclusively on historical returns, without adjustments.

(7) Experience adjustments based on historical information

	2014.12.31	2013.12.31
Present value of the defined benefit obligation	$ 75,211	75,118
Fair value of plan assets	(36,252)	(34,747)
Deficit in the plan	**$ 38,959**	**40,371**
Experience adjustment arising on plan liabilities	**$ (3,042)**	**(11,925)**
Experience adjustments arising on plan assets	**$ (124)**	**157**

The expected payments made by the Company to the defined benefit plans during the annual period after December 31, 2014 are $237.

(8) When calculating the present value of the defined benefit obligation, the Company must uses judgment and estimates to determine the actuarial assumptions at the reporting date, including staff turnover and future salary changes. Any changes in actuarial assumptions could materially affect the Company to determine the amount of the benefit obligations.

As of December 31, 2014, the Company's book value of accrued pension liabilities was

(Continued)

$38,959. When there is an increased (decreased) of 0.25% of the discount rate at the reporting date, it would have decreased the accrued pension liabilities by $2,482 or increased the accrued pension liabilities by $2,599 respectively. When there is an increased (decreased) of 0.25% in the future salary rate, it would have increased the accrued pension liabilities by $2,537 or decreased the accrued pension liabilities by $2,441, respectively.

2. Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $46,554 and $44,440 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2014 and 2013.

(n) Income tax

1. Income tax expense

The amount of income tax expenses for the years ended December 31, 2014 and 2013 were as follows:

		2014	2013
Current tax expense	$	362,314	207,718
Current period		27,639	483
Adjustment for prior periods		389,953	208,201
Deferred tax expense			
Origination and reversal of temporary differences		75,472	192,660
Income tax expense	**$**	**465,425**	**400,861**

The amount of income tax expenses (benefit) recognised in other comprehensive income for the years ended December 31, 2014 and 2013 were as follows.

		2014	2013
Unrealized valuation losses on available-for-sale financial assets	$	-	(1,096)
Defined benefit plan actuarial gains		538	2,000
	$	**538**	**904**

(Continued)

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

	2014	2013
Profit before tax	$ 2,428,894	2,212,371
Tax rate according to the Company's location	$ 412,912	376,103
Non-taxable income	3,834	2,007
10% surtax on unappropriated earnings	56,434	53,418
Others	(7,755)	(30,667)
	$ 465,425	400,861

2. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Investment tax credit	Others	Total
Deferred tax assets:					
Balance as of January 1, 2014	$ 38,143	8,714	62,352	23,216	132,425
Recognised in profit or loss	(10,127)	1,967	(62,352)	4,760	(65,752)
Recognised in other comprehensive income	-	-	-	(538)	(538)
Balance as of December 31, 2014	$ 28,016	10,681	-	27,438	66,135
Balance as of January 1, 2013	$ 17,007	3,895	182,880	114,380	318,162
Recognised in profit or loss	21,136	4,819	(120,528)	(89,164)	(183,737)
Recognised in other comprehensive income	-	-	-	(2,000)	(2,000)
Balance as of December 31, 2013	$ 38,143	8,714	62,352	23,216	132,425

	Unrealized investment income recognized under equity method	Unrealized exchange rate	Others	Total
Deferred tax liabilities:				
Balance as of January 1, 2014	$ 19,907	735	-	20,642
Recognised in profit or loss	6,086	3,634	-	9,720
Balance as of December 31, 2014	$ 25,993	4,369	-	30,362
Balance as of January 1, 2013	$ 11,097	622	1,096	12,815
Recognised in profit or loss	8,810	113	-	8,923
Recognised in other comprehensive income	-	-	(1,096)	(1,096)
Balance as of December 31, 2013	$ 19,907	735	-	20,642

(Continued)

3. Examination and approval

The Company's tax returns for the years through 2011 were assessed and approved by the Taipei National Tax Administration.

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

		2014.12.31	2013.12.31
Unappropriated earnings after 1997	$	3,923,175	3,214,012
Balance of imputation credit account (ICA)	$	325,425	152,641

	2014 (Estimated)	2013 (Actual)
Creditable ratio for distributed to domestic shareholders of earnings	15.37%	12.08%

According to the amendment by the Ministry of Finance on October, 17, 2013 under Decree 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.

(o) Capital and other equity

1. Ordinary share

As of December 31, 2014 and 2013, the Company's authorised share capital consisted of 1,000,000 thousand shares of ordinary share, with $10 dollars par value per share, of which 742,238 thousand shares, and 739,276 thousand shares, respectively, were issued and outstanding. The Company has reserved $1,000,000 for employee stock options.

Reconciliations of shares outstanding for the years ended December 31, 2014 and 2013:

	Ordinary share (in thousands)	
	2014	2013
Balance as of January 1	739,276	754,188
Exercise of employee stock options	2,962	5,088
Retirement of treasury shares	-	(20,000)
Balance as of December 31	742,238	739,276

(Continued)

For the years ended December 31, 2014 and 2013, the Company had issued 2,962 thousand shares and 5,088 thousand shares resulting from the exercise of employee stock options, respectively. The aforementioned stock issuance was authorized by and registered with the government authorities.

In 2013, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 20,000 thousand shares as treasury shares, which was proposed and arranged for the cancellation of shares for the interest of shareholders and Company's credit. A total of 20,000 thousand shares from the treasury shares was cancelled.

As of December 31, 2014, the Company issued 20 million units of Global Depositary Receipts (GDRs), representing 100 million ordinary shares of stock of the Company. These GDRs were offered for trading on the MTF Market of the Luxembourg Stock Exchange.

2. Capital surplus

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

	2014.12.31	**2013.12.31**
Additional paid-in capital	$ 3,727,909	3,666,256
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	13,698	13,442
Employee stock options	27,013	48,660
	$ 3,768,620	**3,728,358**

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 amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

3. Retained earnings and restrictions on appropriations of 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)

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.

(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 statutory earnings reserve either by new shares or by cash of up to 25% of the actual share capital.

(2) Special reverse

In accordance with Permit No. 1010012865 issued by the Financial Supervisory Commission on 6 April 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 resulting from the IFRS first-time adoption. 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 due to the IFRS first-time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Appropriations of earnings

The appropriations of earning for 2013 and 2012 had been approved in a shareholders' meeting held on June 20, 2014 and June 10, 2013, respectively. The appropriations and dividends were as follows:

		2013	**2012**
Cash dividends	$	1,109,798	1,136,245
Bonuses to employees		166,400	167,000
Remuneration to directors and supervisors		49,900	50,100

(Continued)

The above-mentioned appropriations of earning for 2013 and 2012 were consistent with the resolutions of the meeting of the Board of Directors. The related information can be found on websites such as the Market Observation Post System.

For the years ended December 31, 2014 and 2013, the Company's accrued and recognised employee's bonus amounted to $176,700 and $166,400 respectively, and directors' and supervisors' remuneration amounted to $53,000 and $49,900, respectively. The difference between the actual appropriation of 2014 and 2013 earnings for employees' bonus and directors' emoluments as been approved in the shareholders' meeting, 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.

(4) Other equity interest

Changes in others 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, 2014	$	(17,413)	116,395
Foreign currency differences (net of tax)-Subsidiary		22,322	-
Changes in fair value of available-for-sale financial assets (net of tax):			
The Company		-	(13,042)
Subsidiary		-	111,254
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	1,355
Balance as of December 31, 2014	**$**	**4,909**	**215,962**
Balance as of January 1, 2013	$	(24,741)	(129,397)
Foreign currency differences (net of tax)-Subsidiary		7,328	-
Changes in fair value of available-for-sale financial assets (net of tax):			
The Company		-	139,743
Subsidiary		-	48,423
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	57,626
Balance as of December 31, 2013	**$**	**(17,413)**	**116,395**

(Continued)

(p) Employee stock options

The details of employee stock options were as follows:

Item	Date of approval by Board of Directors	Date of approval by authority	Issue date	Duration	Estimated issued shares	Actual issue shares	Price of each share (expressed in dollars)
2009	2009.08.21	2009.09.22	2009.09.30	5 years	20,000,000	20,000,000	$ 9.0
2010	2010.07.05	2010.09.28	2011.01.26	〃	10,000,000	10,000,000	22.7

The details of exercisable percentage of employee stock options were as follows:

	Issued in 2009	Issued in 2010
Over one year	-	-
Over two years	60%	60%
Over three years	100%	100%
Over four years	100%	100%
Over five years	100%	100%

1. Fair value of those options at the measurement date and information on how that fair value was measured.

   Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions at the various grant dates would have been as follows:

	2010 employee stock options exercise in the 2nd year	2010 employee stock options exercise in the 3rd year
Fair value at grant date (dollars)	$ 4.30	5.30
Share price at grant date (dollars)	$ 27.02	27.02
Exercise price (dollars)	$ 27.10	27.10
Expected volatility	31.25%	31.25%
Expected life	2 years	3 years
Risk-free interest rate	0.73%	0.86%

(Continued)

Expected volatility is based on the weighted-average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. The Company determined the risk-free rate during the life of the option. These rates are determined based on the government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2. For the years ended December 31, 2014 and 2013, the related outstanding units and weighted-average exercise price of employee stock options were as follows:

	2014		2013	
	Weighted-average exercise price (expressed in dollars)	**Shares (in thousands)**	**Weighted-average exercise price (expressed in dollars)**	**Shares (in thousands)**
Outstanding at the beginning	$ 22.94	6,154	21.76	11,385
Granted	-	-	-	-
Exercised	21.61	(2,962)	18.85	(5,088)
Expired	-	(45)	-	(143)
Outstanding at the end	22.70	3,147	22.94	6,154
Exercisable as of December 31		3,147		2,702

As of December 31, 2014 and 2013, the Company's compensatory outstanding employee stock options were as follows:

	2014.12.31				
	Outstanding			Exercisable	
Issue date	**Range of exercise price (expressed in dollars)**	**Shares (in thousands)**	**Weighted-average of remaining duration (years)**	**Shares (in thousands)**	**Weighted-average exercise price (expressed in dollars)**
2011.01.26	$ 22.7	3,147	1.07	3,147	$ 22.7

(Continued)

	2013.12.31				
	Outstanding			Exercisable	
Issue date	**Range of exercise price (expressed in dollars)**	**Shares (in thousands)**	**Weighted-average of remaining duration (years)**	**Shares (in thousands)**	**Weighted-average exercise price (expressed in dollars)**
2009.09.30	$ 9.5	412	0.75	412	$ 9.5
2011.01.26	23.9	5,742	2.07	2,290	23.9

3. Compensation cost for employee stock options

For the years ended December 31, 2014 and 2013, the compensation cost for employee stock options amounted to $4,303 and $3,775, respectively, which had been recorded under operating costs and operating expenses.

(q) Earnings per share ("EPS")

For the years ended December 31, 2014 and 2013, the Company's earnings per share were calculated as follows:

	2014		
	Profit	**Weighted- average average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS－retroactively adjusted:			
Profit belonging to common shareholders	$ 1,963,469	741,095	$ 2.65
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	8,665	
Employee stock options	-	938	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,963,469**	**750,698**	**$ 2.62**

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

	2013		
	Profit	**Weighted- average average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS－retroactively adjusted:			
Profit belonging to common shareholders	$ 1,811,510	754,141	$ 2.40
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	8,162	
Employee stock options	-	2,282	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,811,510**	**764,585**	**$ 2.37**

(r) Non-operating income and expenses

1. Other income

For the years ended December 31, 2014 and 2013, the details of other income were as follows:

	2014	**2013**
Interest income	$ 16,934	16,789
Dividend income	43,654	33,371
Rent income	31,999	31,728
	$ 92,587	**81,888**

2. Other gains and losses

For the years ended December 31, 2014 and 2013, the details of other gains and losses were as follows:

	2014	**2013**
Foreign exchange gains	$ 83,718	126,699
Losses on disposals of investments	(64,501)	(398,190)
Gains on disposal of property, plant and equipment	-	306,531
Gains on financial assets or liabilities at fair value through profit or loss	130,285	409,837
Other	(61,997)	(167,949)
	$ 87,505	**276,928**

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

3. Finance costs

For the years ended December 31, 2014 and 2013, the details of finance costs were as follows:

		2014	2013
Interest expense on bank borrowings	$	72,137	102,469
Less: capitalized interest expense		(23,833)	(21,791)
	$	**48,304**	**80,678**

(s) Financial instruments

1. Categories of financial instruments

(1) Financial assets

		2014.12.31	2013.12.31
Current financial assets at fair value through profit or loss	$	1,197,247	1,162,001
Current available-for-sale financial assets		677,271	584,716
Non-current available-for-sale financial assets		797,168	370,928
Loan and receivables:			
Cash and cash equivalents		2,536,853	1,883,857
Non-current debt instrument investment without active market		159,600	190,000
Notes and accounts receivable, net (included the related parties)		417,409	422,269
Other current assets		199,836	57,043
Other non-current assets		45,141	43,257
Subtotal		3,358,839	2,596,426
Total	**$**	**6,030,525**	**4,714,071**

(2) Financial liabilities

		2014.12.31	2013.12.31
Financial liabilities measured at amortized cost:			
Payable	$	1,774,740	1,446,556
Long-term borrowings		3,483,775	4,266,910
Total	**$**	**5,258,515**	**5,713,466**

(Continued)

2. Credit risk

(1) Exposure of credit risk

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2014 and 2013, the maximum exposure to credit risk amounted to $6,030,525 and $$4,714,071, respectively.

Cash and cash equivalents is deposited in different financial institutions to control the credit risk exposed to single financial institution. The Company owns securities by purchasing traded stocks and money market fund issued by high-credit-quality financial institutions. The Company owns debt instrument investments etc issued by high-credit-quality company. However, the credit risk involving securities is not expected to be significant.

(2) Disclosures about concentrations of risk

As of December 31, 2014 and 2013, the Company's notes and account receivables (included the related parties) were concentrated on 6 customers, whose accounts represented 73% and 80% of the total notes and account receivables, respectively. In order to reduce the credit risk on these account receivables, the Company continues to evaluate the financial status of these customers and request for collaterals when necessary. The Company evaluates the collectibility of account receivables periodically and accrues allowance for doubtful accounts, if necessary. Therefore, bad debt expense has always been under management's expectation.

3. Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2014						
Non-derivative financial liabilities						
Secured bank loans	$ 3,483,775	3,616,213	596,897	880,952	2,039,575	98,789
Accounts payable	929,773	929,773	929,773	-	-	-
Other payables	844,967	844,967	844,967	-	-	-
	$ 5,258,515	5,390,953	2,371,637	880,952	2,039,575	98,789
As of December 31, 2013						
Non-derivative financial liabilities						
Secured bank loans	$ 3,495,910	3,650,855	596,767	585,589	2,137,605	330,894
Unsecured bank loans	771,000	792,073	13,309	521,394	257,370	-
Accounts payable	635,119	635,119	635,119	-	-	-
Other payables	811,437	811,437	811,437	-	-	-
	$ 5,713,466	5,889,484	2,056,632	1,106,983	2,394,975	330,894

(Continued)

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

4. Currency risk

(1) Exposure to currency risk

The Company's significant exposure to foreign currency risk were as follows:

	2014.12.31			**2013.12.31**		
	Foreign currency	**Exchange rate**	**NT$**	**Foreign currency**	**Exchange rate**	**NT$**
Financial assets						
Monetary items						
USD	$ 55,918	31.65	1,769,801	28,543	29.81	850,874
EUR	1	38.47	20	73	41.09	3,003
JPY	49,487	0.2646	13,094	166,312	0.2839	47,216
GBP	1	49.27	29	1	49.28	45
			$ 1,782,944			901,138
Non-monetary items						
USD	18,684	31.65	591,359	13,821	29.81	412,013
RMB	29,779	5.09	151,577	-	-	-
			$ 742,936			412,013
Financial liabilities						
Monetary items						
USD	13,125	31.65	415,407	9,558	29.81	284,911
EUR	191	38.47	7,341	118	41.09	4,842
JPY	450,741	0.2646	119,266	277,148	0.2839	78,682
AUD	-	-	-	37	26.59	979
			$ 542,014			369,414

(2) Sensitivity analysis

The Company'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 (included the related parties), other receivables, current financial assets 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 and the JPY etc for the years ended December 31, 2014 and 2013 would have increased (decreased) the net profit after tax by $59,215 and $22,067, respectively, and other comprehensive income by $29,431 and $20,601, respectively. The analysis assumes that all other variables remain constant.

(Continued)

5. Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

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 Company's net profit after tax would have (decreased) increased by $14,164 and $17,363 for the years ended December 31, 2014 and 2013, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

6. Fair value

(1) Fair value and carrying amount

The Company's management believes the carrying amounts of its financial assets and financial liabilities amortised cost are agreed to its fair value approximately.

(2) Valuation techniques and assumptions used in fair value determination

The Company uses the following methods in determining the fair value of its financial assets and liabilities:

i) The fair value of financial assets and liabilities traded in active markets is based on quoted market prices. These include stocks listed on domestic markets.

ii) Investors can require the investment trust company to redeem the monetary fund and others with standard terms and conditions of the close-end funds at any time. The fair value is base on the net value of the fund.

iii) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value of non-option derivative instruments is determined using a discounted cash flow analysis calculated based on the applicable yield curve through the expected life of the derivative instruments. The fair value of option derivatives is determined using option pricing models.

iv) For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(Continued)

(3) Discount rate to determine the fair value

To derive interest cash flow from variable interest rate for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Short-term and long-term borrowings	1.63%~1.68%	1.62%~1.73%

(4) Fair value hierarchy

The table below analyses the financial instruments measured at fair value classified by measurement method. The definitions of fair value hierarchy were as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within 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 assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
As of December 31, 2014				
Financial assets at fair value through profit or loss	$ 1,197,247	-	-	1,197,247
Available-for-sale financial assets	695,096	779,343	-	1,474,439
	$ 1,892,343	779,343	-	2,671,686
As of December 31, 2013				
Financial assets at fair value through profit or loss	$ 1,162,001	-	-	1,162,001
Available-for-sale financial assets	616,548	304,096	35,000	955,644
	$ 1,778,549	304,096	35,000	2,117,645

For the year ended December 31, 2013, available-for-sale financial assets with a carrying amount of $2,102 were transferred from Level 2 to Level 1 because the shares of stocks were listed on the market in July, 2013, and the fair value were acquired from the active market periodically.

For the year ended December 31, 2014, available-for-sale financial assets with a carrying amount of $35,000 were transferred from Level 3 to Level 2 because the Company can acquired evaluation report of the assets periodically in which all significant inputs were based on observable market data.

(Continued)

(5) Sensitivity analysis and the movement in fair value measurements of financial assets in Level 3

The movement in fair value measurements of financial assets in Level 3 for the years ended December 31, 2014 and 2013 were as follows:

	Available-for-sale financial assets
	Unquoted equity instruments
Balance as of January 1, 2014	$ 35,000
Transfers out of Level 3	(35,000)
Balance as of December 31, 2014	**$ -**
Balance as of January 1, 2013	$ 10,000
Purchased	25,000
Balance as of December 31, 2013	**$ 35,000**

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions by 3% would have the following effects:

	Other comprehensive income	
	Favourable	**Unfavourable**
Balance as of December 31, 2014		
Available-for-sale financial assets	**$ -**	**-**
Balance as of December 31, 2013		
Available-for-sale financial assets	**$ 1,050**	**(1,050)**

The favourable and unfavourable effects represent the changes in fair value and fair value are based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(t) Management of financial risk

1. The Company is exposed to the extent of the risks arising from financial instruments as below:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Company's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

2. Risk management framework

The Board of Directors is responsible for overseeing the Company's risk management framework. The Company's internal auditor is responsible to identify and analyse the risks faced by the Company. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Supervisor oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Supervisor is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Supervisors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Company's accounts receivable, investments in securities and investments in bond.

(1) Notes and accounts receivable

According to the credit policy, the Company analyse each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Company's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

The Company oversees the customer's credit risk based on the aging, due date and financial information.

The allowance for doubtful accounts of the Company is estimated to reflect the loss in notes and accounts receivable for those customers graded as "high risk". The major component of the allowance account contains individually significant exposure related to the specific loss.

(Continued)

(2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation , there are no incompliance issues and therefore no significant credit risk.

(3) Guarantees

As of December 31, 2014 and 2013, the Company did not provide guarantee.

4. Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department monitors cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2014, the Company has unused bank credit lines for short-term borrowings, long-term bank borrowings, and the unused bank credit lines for short-term borrowings and long-term borrowings amounted to $3,297,997、$908,000 and $350,000, respectively..

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (NTD) and US Dollars (USD).

(Continued)

The policy of response to currency risk:

i) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

ii) The Company uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

iii) The Company manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also reports to the foreign currency department to control the foreign currency trend and market information.

(u) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Company monitors the expansion plan as well as the level of dividends to ordinary shareholders.

For the years ended December 31, 2014 and 2013, the Company's return on common equity was 12.74% and 12.39%, respectively. The Company's debt ratio at the reporting date was as follows:

	2014.12.31	2013.12.31
Debt ratio	26.85%	29.42%

As of December 31, 2014, there were no any changes in the Company's approach to capital management.

(7) Related-parties transactions

(a) Relationship with the parent company and its subsidiaries:

		Owners (Shareholding %)	
	Area	2014.12.31	2013.12.31
WIN SEMI. USA, INC.	California, U.S.A.	100.00%	100.00%
Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	100.00%	100.00%
WIN Venture Capital Corp.	Taiwan	100.00%	-

(b) Parent company and ultimate controlling party

The Company is the ultimate subsidiaries of the Company and its subsidiaries.

(c) Significant transactions with related parties

1. Operating revenue

The amounts of significant transaction with related - parties for the years ended December 31, 2014 and 2013 were as follow:

	2014	2013
Subsidiary	$ 4,561,837	4,606,242

The prices for sales from related parties are not materially different from those of third-party customers. Receivables from related parties were not secured with collateral and did not require provisions for bad debt expenses.

2. Receivable from related parties

At the reporting date, the balance of accounts receivable resulting from the sales were as follow:

Account	Categories	2014.12.31	2013.12.31
Accounts receivable	Subsidiary	$ 110,530	99,041

3. Borrowings to related parties

As of December 31, 2013, the borrowing to related parties of the Company was collected.

	2013
Interest income	$ 526

There were no such transactions for the year ended December 31 2014.

(Continued)

4. Leases

For the years ended December 31, 2014 and 2013, the Company 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 amounts of rental expense and outstanding balance between the Company and related parties were as follows:

	Rental expense		Other payable	
	2014	**2013**	**2014.12.31**	**2013.12.31**
Key management of the Company	$ 28	144	-	-

5. Services expenses

For the year ended December 31, 2013, the related-parties provided medical service to the Company. The amounts of services expenses $150 was collected.

There were no such transactions for the year ended December 31, 2014.

(d) Transactions with key management personnel

For the years ended December 31, 2014 and 2013, key management personnel compensation were comprised as below:

	2014	2013
Short-term employee benefits	$ 187,361	186,135
Post-employment benefits	709	717
Share-based payments	504	1,155
	$ 188,574	188,007

(8) Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	2014.12.31	2013.12.31
Other non-current assets	Gas deposits	$ 3,000	3,000
Other non-current assets	Customs guarantee	20,661	20,541
Property, plant and equipment	Long-term borrowings	4,628,927	5,113,371
Investment property	Long-term borrowings	1,091,162	1,096,479
Prepayments for business facilities	Long-term borrowings	-	765
		$ 5,743,750	6,234,156

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

(9) Commitments and contingencies

(a) Contingencies: None.

(b) Commitment:

	2014.12.31	2013.12.31
The unrecognized commitment of acquisition of property, plant and equipment	$ 849,166	851,593
The unused letters of credit	$ 203,684	52,847

(10) Important damage losses: None.

(11) Important subsequent events: None.

(12) Others

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2014 and 2013:

	2014			2013		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	$ 959,353	434,397	1,393,750	903,458	413,409	1,316,867
Labor and health insurance	76,253	22,929	99,182	69,021	23,234	92,255
Pension	36,099	12,893	48,992	32,849	14,150	46,999
Others	40,262	9,785	50,047	40,728	11,632	52,360
Depreciation	1,740,315	111,884	1,852,199	1,690,754	93,011	1,783,765
Amortization	9,731	19,767	29,498	14,134	24,008	38,142

As of December 31, 2014 and 2013, the Company had 1,521 and 1,577 employees, respectively.

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only 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 Company:

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):

Company holding securities	Security type and name	Relationship with the Company	Account	Period-end				Note
				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	8,021	127,129	-	127,129	
〃	Polaris De-Bao Money Market Fund	〃	〃	12,965	153,127	-	153,127	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	28,972	356,363	-	356,363	
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	〃	10,480	151,041	-	151,041	
〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	13,060	151,472	-	151,472	
〃	Mega Diamond Money Market Fund	〃	〃	6,002	73,863	-	73,863	
〃	Concord Dream Futures Trust Fund	〃	〃	2,978	29,931	-	29,931	
〃	Franklin Mutual European Fund-A-USD	〃	〃	3	2,744	-	2,744	
〃	Fuh Hwa RMB Money Market Fund	〃	〃	2,861	151,577	-	151,577	
					1,197,247		1,197,247	
WIN Venture Capital Corp.	Green Seal Holding Limited/Stock	〃	〃	165	24,420	0.11	24,420	
〃	Inotera Memories, Inc./Stock	〃	〃	1,000	50,200	0.02	50,200	
〃	Mega Diamond Money Market Fund	〃	〃	4,015	49,404	-	49,404	
					124,024		124,024	
The Company	ITEQ CORPORATION/Stock	None	Current available-for-sale financial assets	25,032	600,761	7.87	600,761	
〃	MAG. LAYERS Scienific-Technics Co., Ltd./Stock	〃	〃	2,125	73,517	2.55	73,517	
〃	Solar Applied Materials Technology Corp./Stock	〃	〃	119	2,993	0.03	2,993	
					677,271		677,271	

(Continued)

WIN Semiconductors Corp.

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Company holding securities	Security type and name	Relationship with the Company	Account	Period-end				Note
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)	
The Company	Inventec Solar Energy Corporation /Stock	None	Non-current available-for-sale financial assets	34,000	340,816	10.51	340,816	
〃	Shin Sheng Ⅲ Venture Capital Investment Corp. /Stock	〃	〃	4,680	44,442	11.03	44,442	
〃	Tainergy Tech Co., Ltd./Stock	〃	〃	943	17,825	0.34	17,825	
〃	CDIB CME Fund Ltd. /Stock	〃	〃	2,500	49,495	3.33	49,495	
〃	Fuh Hwa Tung-ta Fund	〃	〃	30,000	299,400	-	299,400	
〃	MagiCap Venture Capital Co., Ltd. /Preferred Stock A	〃	〃	1,000	45,190	0.91	45,190	
					797,168		797,168	
Win Semiconductors Cayman Islands Co., Ltd.	Avago Technologies Ltd. /Stock	Subsidiary's main client	〃	75	238,776	0.03	238,776	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	〃	3,300	25,773	9.17	25,773	
The Company	MagiCap Venture Capital Co., Ltd./ Preferred Stock B	None	Non-current debt instrument investment without active market	15,960	159,600	17.37	Note	

Note: The redeemable preferred stock was the nature of bond, which was recognised as non-current debt instrument investment 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:

Company holding securities	Security type and name	Account	Counter-party	Relation-ship	Beginning		Purchase		Sale				End (Note)	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	EPISTAR Corporation/ Stock	Current financial assets at fair value through profit or loss	-	-	3,957	337,455	-	-	3,957	271,311	337,455	(66,144)	-	-
〃	Mega Diamond Money Market Fund	〃	-	-	5,138	62,800	149,486	1,835,500	148,622	1,825,707	1,824,448	1,259	6,002	73,863
〃	Capital Money Market Fund	〃	-	-	5,587	88,000	27,575	436,000	25,141	397,528	397,071	457	8,021	127,129
〃	Polaris De-Bao Money Market Fund	〃	-	-	-	-	26,680	314,274	13,715	161,706	161,279	427	12,965	153,127
〃	Allianz Global Investors Taiwan Money Market Fund	〃	-	-	9,818	120,000	61,539	755,523	42,385	520,776	519,670	1,106	28,972	356,363
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	-	-	17,970	250,000	17,527	250,000	25,017	358,753	350,000	8,753	10,480	151,041

(Continued)

WIN Semiconductors Corp.

Notes to Parent-company-only Financial Statements

Company holding securities	Security type and name	Account	Counter-party	Relation-ship	Beginning		Purchase		Sale				End (Note)	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	Current financial assets at fair value through profit or loss	-	-	8,861	100,000	32,875	378,000	28,676	330,696	328,000	2,696	13,060	151,472
〃	Union Money Market Fund	〃	-	-	10,080	130,000	20,350	263,500	30,430	394,286	393,500	786	-	-
〃	Fuh Hwa Tung-ta Fund	〃	-	-	-	-	30,000	300,000	-	-	-	-	30,000	299,400

Note: End 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.

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

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			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	(4,561,837)	(47) %	1-2 Month	-	-	110,530	26%	
Win Semiconductors Cayman Islands Co., Ltd.	WIN Semiconductors Corp.	Parent company	Purchase	4,561,837	100 %	1-2 Month	-	-	(110,530)	(100)%	

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

Company name	Related party	Nature of relationships	Balance as December 31, 2014	Turnover	Overdue		Amounts received in subsequent	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	110,530	43.54	-	-	110,530	-	

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

(Continued)

(b) Information on investments:

The followings are the information on investees:

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2014			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Note
				December 31, 2014	December 31, 2013	Shares (in thousands)	Percentage	Carrying value			
The Company	WIN SEMI. USA, INC.	California, U.S.A.	Marketing	8,203	8,203	1,000	100.00%	6,463	(919)	(919)	
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	227,636	227,636	7,000	100.00%	588,615	35,799	35,799	
〃	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	789,455	789,455	43,770	34.52%	381,566	(13,835)	(4,919)	
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	200,000	-	20,000	100.00%	182,385	(10,388)	(10,388)	

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

(14) Segment financial information

Please refer to the consolidated financial statements for the year ended December 31, 2014.