Stock Code:3105

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

WIN SEMICONDUCTORS CORP.
and Its Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2018 and 2017

Address: No.69, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan

Telephone: 886-3-397-5999

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8～16
(4) Summary of significant accounting policies	16～23
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	23
(6) Explanation of significant accounts	23～55
(7) Related-party transactions	55～56
(8) Pledged assets	56
(9) Commitments and contingencies	57
(10) Losses due to major disasters	57
(11) Subsequent events	57
(12) Others	57
(13) Other disclosures	
(a) Information on significant transactions	58～61
(b) Information on investments	61
(c) Information on investment in Mainland China	62
(14) Segment information	62～63

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 City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of WIN Semiconductors Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and its subsidiaries (together referred to as the "Group") as of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards, and consequently, does not enable us to obtain assurance that we would become aware of any significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 6(g), the other equity accounted investments of the Group's investments accounted for using the equity method of $129,506 thousand and $301,712 thousand as of March 31, 2018 and 2017, respectively, and the shares of losses of associates and joint ventures accounted for using the equity method of $10,851 thousand and $18,523 thousand for the three months ended March 31, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As stated in Note 3(a), the Company and its subsidiaries initially adopt the IFRS 9, "Financial Instruments" at January 1, 2018, with no restatement of comparative period amounts. Our conclusion is not qualified in respect of this matter.

In accordance with the generally accepted auditing standards and the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China, we have previously audited the consolidated financial statements of the Group, which comprise the consolidated financial statements as of and for the year ended December 31, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information (not presented herein). In our auditors' report dated March 22, 2018, we expressed an unmodified audit opinion on those consolidated financial statements. Based on the opinion dated March 22, 2018, the information set forth in the accompanying consolidated statement of financial position as at December 31, 2017 is fairly stated, in all material respects, in conformity with the consolidated financial statements from which it has been derived. Our conclusion is not qualified in respect of this matter.

The engagement partners on the review resulting in this independent auditors' review report are Ya-Ling Chen and Mei-Yen Chen.

KPMG

Taipei, Taiwan (The Republic of China)
May 15, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2018 and 2017

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Balance Sheets

March 31, 2018, December 31, and March 31, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	March 31, 2018 Amount	%	December 31, 2017 Amount	%	March 31, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 5,851,533	17	7,849,123	21	3,277,960	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	710,349	2	1,301,307	3	233,974	1
1125	Current available-for-sale financial assets (note 6(b))	-	-	1,661,562	5	1,313,717	5
1170	Notes and accounts receivable, net (notes 3(a), 6(c) and 6(v))	1,348,250	4	1,551,390	4	1,001,958	3
1210	Other receivables due from related parties (notes 6(d) and 7)	-	-	182,249	1	-	-
1310	Inventories (note 6(e))	3,775,167	11	3,744,681	10	2,793,013	10
1400	Current biological assets (note 6(f))	109,247	-	96,738	-	125,472	-
1470	Other current assets (notes 6(d) and 6(n))	350,530	1	400,064	1	302,542	1
	Total current assets	12,145,076	35	16,787,114	45	9,048,636	32
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	552,563	2	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	3,056,045	9	-	-	-	-
1523	Non-current available-for-sale financial assets (note 6(b))	-	-	1,793,869	5	1,752,171	7
1535	Non-current financial assets at amortized cost (note 6(b))	62,200	-	-	-	-	-
1543	Non-current financial assets at cost (note 6(b))	-	-	22,915	-	23,354	-
1546	Non-current investments in debt instrument without active market (note 6(b))	-	-	62,200	-	92,600	-
1550	Investments accounted for using equity method (note 6(g))	665,028	2	327,269	1	301,712	1
1600	Property, plant and equipment (notes 6(k) and 8)	14,568,071	41	14,468,268	39	13,536,853	48
1760	Investment property (notes 6(l) and 8)	1,436,808	4	1,441,902	4	1,462,959	6
1780	Intangible assets (note 6(m))	262,223	1	257,844	1	220,026	1
1830	Non-current biological assets (note 6(f))	36,510	-	37,450	-	97,518	-
1840	Deferred tax assets	105,038	-	77,200	-	84,804	-
1915	Prepayments for business facilities	2,122,919	6	1,640,765	5	1,322,386	5
1990	Other non-current assets (notes 6(n) and 8)	114,013	-	110,656	-	128,440	-
	Total non-current assets	22,981,418	65	20,240,338	55	19,022,823	68
	Total assets	$ 35,126,494	100	37,027,452	100	28,071,459	100

	Liabilities and Equity	March 31, 2018 Amount	%	December 31, 2017 Amount	%	March 31, 2017 Amount	%
	Current liabilities:						
2170	Notes and accounts payable	1,264,069	4	1,698,485	4	1,035,196	4
2200	Other payables	2,308,701	6	2,802,419	8	1,804,563	6
2300	Other current liabilities (notes 3(a) and 6(v))	257,771	1	224,505	1	193,460	1
2320	Long-term liabilities, current portion (notes 6(p) and 8)	-	-	352,056	1	940,194	3
	Total current liabilities	3,830,541	11	5,077,465	14	3,973,413	14
	Non-Current liabilities:						
2540	Long-term borrowings (notes 6(p) and 8)	4,399,000	13	5,905,480	16	4,811,107	17
2570	Deferred tax liabilities	32,990	-	33,489	-	31,377	-
2600	Other non-current liabilities	210,739	-	206,273	-	194,457	1
	Total non-current liabilities	4,642,729	13	6,145,242	16	5,036,941	18
	Total liabilities	8,473,270	24	11,222,707	30	9,010,354	32
	Equity (notes 3(a), 6(b), 6(h) and 6(t)) :						
3110	Ordinary share	4,226,664	12	4,226,664	11	4,026,664	14
3200	Capital surplus	9,052,896	26	9,052,896	25	3,712,896	13
3300	Retained earnings	11,735,860	33	10,821,687	29	9,525,133	34
3400	Other equity interests	1,393,729	4	1,467,968	4	1,024,313	4
	Total equity attributable to owners of parent	26,409,149	75	25,569,215	69	18,289,006	65
36XX	Non-controlling interests (note 6(j))	244,075	1	235,530	1	772,099	3
	Total equity	26,653,224	76	25,804,745	70	19,061,105	68
	Total liabilities and equity	$ 35,126,494	100	37,027,452	100	28,071,459	100

See accompanying notes to financial statements.

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

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

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2018 and 2017

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

		For the three months ended March 31			
		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(v))**	$ 4,463,906	100	3,282,331	100
5000	**Operating costs (notes 6(e), 6(f), 6(g), 6(k), 6(r), 6(w), 7 and 12)**	(2,942,525)	(66)	(2,177,662)	(66)
	Gross profit from operating	1,521,381	34	1,104,669	34
	Operating expenses (notes 6(k), 6(r), 6(w), 7 and 12):				
6100	Selling expenses	(58,344)	(1)	(45,229)	(1)
6200	Administrative expenses	(227,597)	(5)	(180,723)	(6)
6300	Research and development expenses	(194,156)	(5)	(147,200)	(5)
	Total operating expenses	(480,097)	(11)	(373,152)	(12)
	Net operating income	1,041,284	23	731,517	22
	Non-operating income and expenses (notes 6(c), 6(g), 6(k), 6(x), and 7):				
7010	Other income	36,557	-	29,536	-
7020	Other gains and losses	(140,903)	(3)	(140,158)	(4)
7050	Finance costs	(8,638)	-	(13,122)	-
7770	Shares of losses of associates and joint ventures accounted for using equity method	(19,149)	-	(15,973)	-
	Total non-operating income and expenses	(132,133)	(3)	(139,717)	(4)
7900	**Profit before tax**	909,151	20	591,800	18
7950	**Total tax expense (note 6(s))**	(179,179)	(4)	(95,373)	(3)
	Profit	729,972	16	496,427	15
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss (notes 6(s) and 6(t)):**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	123,788	3	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	123,788	3	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss (notes 6(g), 6(s) and 6(t)):**				
8361	Exchange differences on translation of foreign financial statements	(20,334)	-	(83,487)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	353,025	11
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	14,703	-	781	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	(5,631)	-	270,319	8
8300	**Other comprehensive income, net**	118,157	3	270,319	8
8500	**Total comprehensive income**	$ 848,129	19	766,746	23
	Profit (loss), attributable to:				
8610	Profit attributable to owners of parent	$ 736,122	16	496,468	15
8620	Loss attributable to non-controlling interests	(6,150)	-	(41)	-
		$ 729,972	16	496,427	15
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 845,904	19	758,884	23
8720	Comprehensive income, attributable to non-controlling interests	2,225	-	7,862	-
		$ 848,129	19	766,746	23
	Earnings per common share (expressed in dollars)(note 6(u))				
9750	Basic earnings per share	$ 1.74		1.23	
9850	Diluted earnings per share	$ 1.74		1.23	

See accompanying notes to financial statements.

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

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

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings			Other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 4,076,664	3,758,737	1,068,117	8,308,684	9,376,801	1,719	-	760,178	761,897	(347,660)	17,626,439	691,445	18,317,884
Profit (loss) for the three months ended March 31, 2017	-	-	-	496,468	496,468	-	-	-	-	-	496,468	(41)	496,427
Other comprehensive income for the three months ended March 31, 2017	-	-	-	-	-	(90,609)	-	353,025	262,416	-	262,416	7,903	270,319
Total comprehensive income for the three months ended March 31, 2017	-	-	-	496,468	496,468	(90,609)	-	353,025	262,416	-	758,884	7,862	766,746
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(96,317)	(96,317)	-	(96,317)
Retirement of treasury share	(50,000)	(45,841)	-	(348,136)	(348,136)	-	-	-	-	443,977	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	72,792	72,792
Balance at March 31, 2017	$ 4,026,664	3,712,896	1,068,117	8,457,016	9,525,133	(88,890)	-	1,113,203	1,024,313	-	18,289,006	772,099	19,061,105
Balance at January 1,2018	$ 4,226,664	9,052,896	1,379,394	9,442,293	10,821,687	(100,208)	-	1,568,176	1,467,968	-	25,569,215	235,530	25,804,745
Effects of retrospective application and retrospective restatement	-	-	-	166,337	166,337	-	1,401,839	(1,568,176)	(166,337)	-	-	-	-
Equity at beginning of period after adjustments	4,226,664	9,052,896	1,379,394	9,608,630	10,988,024	(100,208)	1,401,839	-	1,301,631	-	25,569,215	235,530	25,804,745
Profit (loss) for the three months ended March 31, 2018	-	-	-	736,122	736,122	-	-	-	-	-	736,122	(6,150)	729,972
Other comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	(14,006)	123,788	-	109,782	-	109,782	8,375	118,157
Total comprehensive income for the three months ended March 31, 2018	-	-	-	736,122	736,122	(14,006)	123,788	-	109,782	-	845,904	2,225	848,129
Changes in ownership interests in subsidiaries	-	-	-	(5,970)	(5,970)	-	-	-	-	-	(5,970)	-	(5,970)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	6,320	6,320
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	17,684	17,684	-	(17,684)	-	(17,684)	-	-	-	-
Balance at March 31, 2018	$ 4,226,664	9,052,896	1,379,394	10,356,466	11,735,860	(114,214)	1,507,943	-	1,393,729	-	26,409,149	244,075	26,653,224

See accompanying notes to financial statements.

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

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

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2018	2017
Cash flows from (used in) operating activities:		
Profit before tax	$ 909,151	591,800
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	742,923	573,644
Amortization expense	15,150	11,037
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	76,799	(20,679)
Interest expense	8,638	13,122
Interest income	(10,327)	(3,819)
Dividend income	(3,833)	(2,346)
Shares of losses of associates and joint ventures accounted for using equity method	21,049	18,523
Gains on disposal of property, plant and equipment	(6)	-
Losses (gains) on disposal of investments	(410)	1,369
Impairment loss on financial assets	-	880
Changes in biological assets at fair value	(3,428)	(1,884)
Prepayments for business facilities transferred to expense	15	-
Total adjustments to reconcile profit	846,570	589,847
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss	25,101	962
Decrease in notes and accounts receivable, net	203,140	66,756
Increase in inventories	(30,486)	(65,581)
Increase in biological assets	(7,931)	(52,158)
Decrease in other current assets	67,259	9,004
Total changes in operating assets	257,083	(41,017)
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	(434,416)	59,718
Decrease in other payable	(258,464)	(151,985)
Increase (decrease) in other current liabilities	33,266	(28,766)
Increase in other non-current liabilities	559	531
Total changes in operating liabilities	(659,055)	(120,502)
Total changes in operating assets and liabilities	(401,972)	(161,519)
Cash inflow generated from operations	1,353,749	1,020,128
Income taxes paid	(731)	(308)
Net cash flows from operating activities	1,353,018	1,019,820
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(124,705)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	34,252	-
Acquisition of financial assets at fair value through profit or loss	(155,645)	(65,963)
Proceeds from disposal of financial assets at fair value through profit or loss	705,528	69,745
Acquisition of non-current available-for-sale financial assets	-	(120,000)
Proceeds from disposal of non-current available-for-sale financial assets	-	1,053
Acquisition of investments accounted for using equity method	(349,970)	(30,330)
Acquisition of property, plant and equipment	(722,490)	(544,569)
Proceeds from disposal of property, plant and equipment	6	-
Decrease in other receivables due from related parties	181,200	-
Acquisition of intangible assets	(8,153)	(11,136)
Increase in other non-current assets	(3,357)	(5,116)
Increase in prepayments for business facilities	(1,037,281)	(468,899)
Interest received	14,001	3,667
Net cash flows used in investing activities	(1,466,614)	(1,171,548)
Cash flows from (used in) financing activities:		
Proceeds from long-term debt	486,000	1,766,500
Repayments of long-term debt	(2,344,625)	(629,410)
Increase in other non-current liabilities	3,907	3,068
Payments to acquire treasury shares	-	(114,515)
Interest paid	(9,972)	(12,299)
Change in non-controlling interests	350	72,792
Net cash flows from (used in) financing activities	(1,864,340)	1,086,136
Effect of exchange rate changes on cash and cash equivalents	(19,654)	(44,591)
Net increase (decrease) in cash and cash equivalents	(1,997,590)	889,817
Cash and cash equivalents at beginning of period	7,849,123	2,388,143
Cash and cash equivalents at end of period	$ 5,851,533	3,277,960

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Its Subsidiaries

Notes to the Consolidated Financial Statements

March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

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, Keji 7th Rd., Hwaya Technology Park, Guishan Dist., Taoyuan City, Taiwan.

The main operation the Company and its subsidiaries (together referred to as "the Group") are as follows:

(a) Researching, developing, manufacturing, and selling of GaAs wafers.

(b) Developing hog farming technology and trading.

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

These consolidated financial statements for the three months ended March 31, 2018 and 2017 were reported to the Board of Directors and issued on May 15, 2018 .

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendment to IAS 40 "Transfers of Investment Property"	January 1, 2018

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Annual Improvement to IFRS Standards 2014–2016 Cycle:	
Amendment to IFRS 12	January 1, 2017
Amendment to IFRS 1 and Amendment to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, revenue is currently measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized 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. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. Based on the Group’s assessment, since the timing of the delivery of goods upon arrival to a customer and the related risks and rewards of ownership transfer are broadly similar, the Group expect no significant influences on its profit or loss and cash flows.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

2) Impacts on financial statements

The following table summarize the impacts of adopting IFRS15 on the Group' s consolidated financial statements:

	March 31, 2018			January 1, 2018		
Impacted items on the consolidated balance sheet	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Notes and accounts receivable, net	$ 1,282,427	65,823	1,348,250	1,551,390	41,966	1,593,356
Impact on assets		**65,823**			**41,966**	
Current refund liabilities (Note)	$ -	65,823	65,823	-	41,966	41,966
Deferred revenue	98,864	(98,864)	-	99,514	(99,514)	-
Current contract liabilities (Note)	-	98,864	98,864	-	99,514	99,514
Impact on liabilities		**65,823**			**41,966**	

(Note) Recognized under other current liabilities.

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting. Additionally, the Group adopted the consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please refer to note 4(c).

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

The adoption of IFRS 9 did not have any a significant impact on the Group's accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below.

- Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and cash equivalents	Loans and receivables (Note 5)	$ 7,849,123	Amortized cost	$ 7,849,123
Debt instruments	Fair value through profit or loss	1,164,777	Fair value through profit or loss	1,164,777
	Available-for-sale (Note 1)	612,978	Fair value through profit or loss	612,978
	Investments in debt instrument without active market (Note 2)	62,200	Amortized cost	62,200
Equity instruments	Fair value through profit or loss (Note 3)	136,530	Fair value through profit or loss	136,530
	Available-for-sale (Note 4)	2,842,453	Fair value through other comprehensive income	2,842,453
	Financial assets at cost (Note 4)	22,915	Fair value through other comprehensive income	22,915
Trade and other receivables	Loans and receivables (included related parities) (Note 5)	1,949,638	Amortized cost	1,949,638
Other financial assets (Refundable deposits)	Loans and receivables (Note 5)	51,748	Amortized cost	51,748

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Fair value through profit or loss	$ 1,301,307	-	-	1,301,307	-	-
Debt instruments-from available-for-sale (note 1)	-	612,978	-	612,978	19,854	(19,854)
Total	$ 1,301,307	612,978	-	1,914,285	19,854	(19,854)
Fair value through other comprehensive income						
Available-for-sale (including measured at cost)	$ 3,478,346	(3,478,346)	-	-	-	-
Available-for-sale (including measured at cost) to FVOCI (note 4)	-	2,865,368	-	2,865,368	146,483	(146,483)
Total	$ 3,478,346	(612,978)	-	2,865,368	146,483	(146,483)

Note 1: The debt instruments are categorized as available-for-sale under IAS 39 and should not be used for other purpose such as receiving the contract's cash flow. Therefore, these assets have been classified as financial assets at FVTPL under IFRS 9. When application of IFRS 9's classification requirements on January 1, 2018 resulting in an increase and decrease of $19,854 thousand in retained earnings and other equity interest, respectively.

Note 2: Debt instruments that were previously classified as investment in debt instrument without active market are now classified at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

Note 3: Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Note 4: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income. No impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. When application of IFRS 9's classification requirements on January 1, 2018 resulting in an increase and decrease of $146,483 thousand in retained earnings and other equity interest, respectively.

Note 5: Cash and cash equivalents, notes and accounts receivable, other receivables (including related parties) and other financial assets that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

(iii) Amendment to IAS 7 "Disclosure Initiative"

The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(ab).

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

As of the date of the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendment to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 12, 2017	Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures"	The amendment to IAS 28, which addresses equity-accounted loss absorption by long-term interests, will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ' LTI'). It also involves the dual application of IAS 28 and IFRS 9 Financial Instruments.
December 12, 2017	Annual Improvements to IFRS Standards 2015–2017 Cycle:	
	• IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements"	• Clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business. – If a party maintain joint control, then the previously held interest is not remeasured. – If a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest at fair value.
	• IAS 12 "Income Taxes"	• Clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits-i.e. in profit or loss, OCI or equity.
	• IAS 23 "Borrowing Costs"	• Clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non-qualifying assets – are included in that general pool. As the costs of retrospective application might outweigh the benefits, the changes are applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

Issuance / Release Dates	Standards or Interpretations	Content of amendment
February 7, 2018	Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"	The amendments clarify that: • on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the remainder of the reporting period after the change to the plan; and • the effect of the asset ceiling is disregarded when calculating past service cost and the gain or loss on settlement. Any change in that effect is recognized in other comprehensive income.

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

(4) Summary of significant accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding March 31, 2018	Shareholding December 31, 2017	Shareholding March 31, 2017
The Company	WIN SEMI. USA, INC.	Marketing	100.00 %	100.00 %	100.00 %
The Company	Win Semiconductors Cayman Islands Co., Ltd. (abbrev. Win Cayman)	Selling of GaAs wafers	100.00 %	100.00 %	100.00 %
The Company	WIN Venture Capital Corp.	Investment activities	100.00 %	100.00 %	100.00 %
Win Cayman	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. (abbrev. Chainwin Cayman)	Investment activities	89.76 % (Note 3)	88.14 % (Note 2)	43.75 % (Note 1)
Chainwin Cayman	Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %
Chainwin Cayman	Jiangsu CM / Merit Agriculture Development Co., Ltd.	Developing hog farming technology and trading	49.00 % (Note 4)	49.00 % (Note 4)	60.00 %
Chainwin Cayman	Jiangsu Merit / CM Agriculture Development Co., Ltd.	Developing hog farming technology and trading	60.00 %	60.00 %	60.00 %
Chainwin Cayman	Jiangsu Merit / Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	60.00 %	60.00 %	60.00 %
Chainwin Cayman	Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.	Developing hog farming technology and trading	100.00 %	100.00 %	100.00 %
Chainwin Cayman	Formosa Fortune Group Co., Ltd. (abbrev. Fortune BVI)	Investment activities	100.00 %	100.00 %	100.00 %
Chainwin Cayman	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	50.44 %	50.44 %	50.44 %
Fortune BVI	Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	49.56 %	49.56 %	49.56 %

Note 1: Win Cayman does not hold more than half of the equity shares of Chainwin Cayman, directly or indirectly. However, Win Cayman has acquired the right to manage the operating policies of Chainwin Cayman and has control over its Board of Directors since August 19, 2016. Therefore, Chainwin Cayman is deemed to be a subsidiary of Win Cayman.

Note 2: On July 1 and October 6, 2017, Win Cayman subscribed the new shares contributed by Chainwin Cayman for USD 5,067 thousand (NTD 154,149 thousand) and USD 20,000 thousand (NTD 603,400 thousand), respectively. Also, Win Cayman acquired issued shares of Chainwin Cayman amounting to USD 19,153 thousand (NTD 569,983 thousand) on December 18, 2017. Please refer to note 6(h) for further information.

Note 3: Win Cayman subscribed the new shares contributed by Chainwin Cayman for USD 11,888 thousand (NTD 346,297 thousand) on January 19, 2018. Please refer to note 6(h) for further information.

Note 4: Since June 2017, Jiangsu CM/Merit Agriculture Development Co., Ltd is no longer included in the consolidated financial statements. Please refer to note 6(i) for further information.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Financial instruments

(i) Financial assets

The Group classifies its financial assets into the following categories: measured at amortized cost, financial asset at fair value through other comprehensive income (FVOCI) and financial asset at fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if both of the following conditions are met and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income of equity investments are reclassified to profit or loss. However, gains and losses accumulated in other comprehensive income of debt investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized costs, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets) and contract assets.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

An impairment loss in respect of financial assets measured at amortized cost are deducted from its carrying amount. Change in the amount of loss allowance is recognized in profit or loss.

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

6) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument 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 recognized in other comprehensive income and presented in “other equity – unrealized gains or losses on fair value through other comprehensive income (loss)” in profit or loss is included in other gains or losses.

The Group separates the part of debt instrument that continues to be recognized and the part that is derecognized 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 derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss and is included in other gains or losses.

(d) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales of electronic components over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic components are made with a credit term of 30 to 60 days, which is consistent with the market practice.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(e) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(f) Defined benefit plans

The pension cost in the consolidated financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and approved by FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2017.

(6) Explanation of significant accounts:

Except for the following disclosure, the significant account disclosure in the consolidated financial statements for the three months ended March 31, 2018, which compare with the consolidated financial statements for the year ended December 31, 2017, was not changed significantly. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2017.

(a) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	$ 371	286	264
Cash in bank	4,526,197	3,738,352	3,263,289
Time deposits	1,324,965	4,110,485	14,407
	$ 5,851,533	7,849,123	3,277,960

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

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

(b) Financial instruments

(i) Financial assets at fair value through profit or loss (FVTPL):

	March 31, 2018	December 31, 2017	March 31, 2017
Mandatorily at FVTPL:			
Stocks listed on domestic markets	$ 125,405	-	-
Private fund (Note)	552,563	-	-
Money market funds, equity funds and bond funds	584,944	-	-
Financial assets held-for-trading:			
Stocks listed on domestic markets	-	136,530	159,542
Money market funds, equity funds and bond funds	-	1,164,777	74,432
Total	**$ 1,262,912**	**1,301,307**	**233,974**
Current	$ 710,349	1,301,307	233,974
Non-current	552,563	-	-
	$ 1,262,912	**1,301,307**	**233,974**

Note: As of March 31, 2018, part of the private fund is during the lock-up period.

Refer to note 6(x) for the gains or losses on disposals of investment and the amount of re-measurement at fair value recognized in profit or loss.

(ii) Non-current financial assets at fair value through other comprehensive income (FVOCI):

	March 31, 2018
Stocks listed on domestic markets	$ 1,892,667
Stocks listed on foreign markets	514,483
Non-public stocks	648,895
	$ 3,056,045

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes. These investments were recognized at available-for-sale financial assets and financial assets at cost on December 31 and March 31, 2017.

In the first quarter of 2018, the Group reached its investment goals, and therefore, disposed the equity investments designated at fair value through other comprehensive income. The fair value of disposal amounting to $55,934 thousand; upon derecognition, the gain of disposal, accumulated in other equity, amounting to $17,684 thousand was transferred to retained earnings.

(iii) Current available-for-sale financial assets:

	December 31, 2017	March 31, 2017
Stocks listed on domestic markets	$ 1,661,562	1,313,717

These investments were measured at fair value through other comprehensive income on March 31, 2018. Please refer to note 6(b)ii.

(iv) Non-current available-for-sale financial assets:

	December 31, 2017	March 31, 2017
Stocks listed on domestic markets	$ -	12,748
Stocks listed on foreign markets	573,401	498,079
Non-public stocks	607,490	655,896
Private fund (Note)	612,978	585,448
	$ 1,793,869	1,752,171

Note: As of December 31 and March 31, 2017, part of the private fund is during the lock-up period.

Refer to note 6(x) for the gain or losses on disposals of investments.

Except for the private fund that was measured at fair value through profit or loss, other investments were measured at fair value through other comprehensive income on March 31, 2018. Please refer to note 6(b)ii.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(v) Non-current financial assets at cost:

	December 31, 2017	March 31, 2017
Foreign unlisted stocks	$ 22,915	23,354
Less: accumulated impairment	-	-
Total	$ 22,915	23,354

The aforementioned investments held by the Group were measured at cost less any impairment loss as of December 31 and March 31, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group's management had determined that the fair value cannot be measured reliably. These investments were classified as fair value through other comprehensive income as of March 31, 2018. Please refer to note 6(b) ii.

(vi) Non-current financial assets at amortized cost:

	Issue period	Nominal rate (%)	March 31, 2018
Preferred stock B	2012.11.23~2019.11.22	-	$ 62,200

The Group has assessed that its financial asset is held to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. The Group has designated these investments at the date of initial application as measured at amortized cost. As of December 31 and March 31, 2017, these investments were classified as non-current investments in debt instrument without an active market. Please refer to note 6(b) vii.

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

	Issue period	Nominal rate (%)	December 31, 2017	March 31, 2017
Preferred stock B	2012.11.23~2019.11.22	-	$ 62,200	92,600

(viii) Sensitivity analysis in the equity price risk:

If the equity price changes, the impact to comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both period, will be as follows:

	For the three months ended March 31, 2018		For the three months ended March 31, 2017	
Prices of securities at the reporting date	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Increasing 3%	$ 91,681	37,887	91,977	7,019
Decreasing 3%	$ (91,681)	(37,887)	(91,977)	(7,019)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(ix) As of March 31, 2018, December 31 and March 31, 2017, the financial assets were not pledged. For information on the Group's currency risk and credit risk was disclosed in note 6(y).

(c) Notes and accounts receivable, net

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	$ 1,125	-	-
Accounts receivable	1,349,165	1,553,476	1,004,084
Less：allowance for doubtful accounts	(2,040)	(2,086)	(2,126)
	$ 1,348,250	1,551,390	1,001,958

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on March 31, 2018. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision as of March 31, 2018 was determined as follows:

	Gross carrying amount	Weighted-average expected loss rate	Lifetime expected credit loss allowance
Not past due	$ 1,232,552	0%	-
Past due 1~60 days	117,596	0%	-
Past due 61~120 days	56	0%~11.53%	-
Past due 121~180 days	-	0%~44.21%	-
Past due more than 181 days	86	100%	86
	$ 1,350,290		86

As of December 31 and March 31, 2017, the Group applies incurred loss model to consider the loss allowance provision of accounts receivable. As of December 31 and March 31, 2017, the aging analysis of accounts receivable, which were past due but not impaired, were as follows:

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

		December 31, 2017	March 31, 2017
Past due 1~60 days	$	75,864	22,021
Past due 61~180 days		5,385	-
Past due more than 181 days		-	-
	$	**81,249**	**22,021**

The movement of allowance for doubtful accounts were as follows:

		For the three months ended March 31, 2018	For the three months ended March 31, 2017	
			Individually assessed impairment	Collectively assessed impairment
Beginning balance	$	2,086	3,223	-
Impairment loss reversed		-	(962)	-
Effect of changes in foreign exchange rates		(46)	(135)	-
Ending balance	$	**2,040**	**2,126**	**-**

On December 31 and March 31, 2017, the Group's policy of allowance for receivables is as follows:

Assessment method:

(i) At the balance sheet date, the Group evaluates the probability of collection regarding the receivable in accordance with each customer.

(ii) The Group may recognize 100% allowance of doubtful accounts based on the expectancy of bad debt 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 Group also considered the fluctuation of the economic circumstances and historical collection to determine the recognition of impairment.

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

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

As of March 31, 2018 and December 31 and March 31, 2017, the notes and accounts receivable, net were not pledged.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(d) Other receivables

	March 31, 2018	December 31, 2017	March 31, 2017
Other receivables — loans to associates	$ -	182,249	-
Others (recognized as other current assets)	187,367	174,033	196,139
Less: allowance for doubtful accounts	-	-	-
	$ 187,367	356,282	196,139

As of March 31, 2018, December 31 and March 31, 2017, other receivables were not past due nor impaired.

For information on the Group's credit risk was disclosed in note 6(y).

(e) Inventories

	March 31, 2018	December 31, 2017	March 31, 2017
Raw materials, supplies and spare parts	$ 2,421,396	2,321,414	1,773,268
Work in process	1,015,786	1,222,193	673,666
Finished goods	337,985	201,074	346,079
	$ 3,775,167	3,744,681	2,793,013

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

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Reversal of inventories write-downs	$ -	3,874
Revenues from sale of scraps	$ 3,649	2,541

As of March 31, 2018, December 31 and March 31, 2017, the inventories were not pledged.

(f) Biological assets

(i) List of biological assets:

	March 31, 2018	December 31, 2017	March 31, 2017
Consumable biological assets	$ 109,247	96,738	125,472
Bearer biological assets	$ 36,510	37,450	97,518

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(ii) Change in biological assets:

	For the three months ended	
	March 31, 2018	**March 31, 2017**
Beginning balance	$ 134,188	181,319
Increase due to purchase	-	26,875
Input costs	88,325	127,795
Depreciation expenses	(2,454)	(3,171)
Decrease due to sales	(80,394)	(102,512)
Changes in fair value less costs to sell due to price changes	3,428	1,884
Effect of changes in foreign exchange rates	2,664	(9,200)
Ending balance	$ **145,757**	**222,990**
Current	$ 109,247	125,472
Non-current	36,510	97,518
	$ **145,757**	**222,990**

For the three months ended March 31, 2018 and 2017, the gains of $3,428 thousand and $1,884 thousand was recognized as operating costs of the consolidated statement of comprehensive income as a result of the remeasurement of biological assets at the higher of its carrying amount or fair value less costs to sell.

(iii) As of March 31, 2018, December 31 and March 31, 2017, number of the biological assets as follows:

	March 31, 2018	**December 31, 2017**	**March 31, 2017**
Farrows, hogs and breeders	**40,763**	**31,455**	**33,509**

(iv) Fair value

There were no significant addition regarding the fair value of the Group's biological assets. For the related information, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2017.

(v) As of March 31, 2018, December 31 and March 31, 2017, the biological assets were not pledged.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(g) Investments accounted for using equity method

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

	March 31, 2018	December 31, 2017	March 31, 2017
Associates	$ 665,028	327,269	301,712

(i) Associates

On March 31, 2017, the Group subscribed the new shares contributed by Rainbow Star Group Limited for $30,330 thousand, and the percentage of the Group's ownership increased from 40% to 49.3%. However, the Group do not have the current ability to direct the relevant activities of Rainbow Star Group Limited. The Group did not control it.

In the first quarter of 2018, the Group subscribed the new shares contributed by Jiangsu CM / Merit Agriculture Development Co., Ltd. for $349,970 thousand in cash, and therefore, has significant influence on it. The equity shares held by the Group were not changed by the abovementioned transaction.

Affiliates which are material to the Group consisted of the followings:

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights March 31, 2018	December 31, 2017	March 31, 2017
Jiangsu CM / Merit Agriculture Development Co., Ltd. (Note)	Developing hog farming technology and trading	China	49 %	49 %	60 %

(Note) Since June 2017, Jiangsu CM/Merit Agriculture Development Co., Ltd. is no longer included in the consolidated financial statements. Please refer to note 6(i) of the consolidated financial statements for other related information.

The following consolidated financial information of significant affiliates has been adjusted according to individually prepared IFRS financial statements of these affiliates:

The financial information of Jiangsu CM/Merit Agriculture Development Co., Ltd.

	March 31, 2018
Current assets	$ 321,141
Non-current assets	898,687
Current liabilities	(123,919)
Non-current liabilities	-
Net assets	$ 1,095,909
Net assets attributable to non-controlling interests	$ 535,522

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

		For the three months ended March 31, 2018
Operating revenue	$	22,101
Loss from continuing operations	$	(20,813)
Other comprehensive income		-
Total comprehensive income	$	(20,813)

		For the three months ended March 31, 2018
Share of net assets of affiliates as of January 1, 2018	$	185,537
Comprehensive income attributable to the Group		(10,198)
Exchange differences on translation of foreign financial statements attributable to the Group		14,838
Share of net assets of affiliates as of March 31, 2018		190,177
Add: issuance of shares		349,970
Effect of changes in foreign exchange rates		(4,625)
Carrying amount of equity of affiliate attributable to the Group	$	535,522

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

		March 31, 2018	December 31, 2017	March 31, 2017
Total equity of the individually insignificant investments in associates	$	129,506	327,269	301,712

		For the three months ended March 31, 2018	For the three months ended March 31, 2017
Attributable to the Group:			
Net loss	$	(10,851)	(18,523)
Other comprehensive income (loss)		(22)	781
Total comprehensive income (loss)	$	(10,873)	(17,742)

(ii) As of March 31, 2018, December 31 and March 31, 2017, the investments accounted for using equity method were not pledged.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(iii) The unreviewed financial statements of investments accounted for using equity method

Except for Jiangsu CM / Merit Agriculture Development Co., Ltd., all other associates were accounted for by using the equity method, and the shares of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(h) Acquisition of non-controlling interests

On January 19, 2018, the Group subscribed the new shares contributed by Chainwin Cayman for $346,297 thousand in cash, increasing its ownership from 88.14% to 89.66%. On January 22, 2018, Chainwin Cayman repurchased its own shares amounting to $100 thousand and cancelled afterwards, therefore, the Group increased its ownership from 89.66% to 89.76%. For the three months ended March 31, 2017, there was no such transaction.

For the three months ended March 31, 2018, the effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	340,327
Consideration paid to non-controlling interests		(346,297)
Retained earnings changes in ownership interests in subsidiaries	$	(5,970)

(i) Losing control of subsidiary

The Group did not take part in the issuance of common stock for cash of Jiangsu CM / Merit Agriculture Development Co., Ltd. at the second quarter of 2017. Therefore, the percentage of the Group's ownership was reduced to 49%, and the Group lost its control over Jiangsu CM / Merit Agriculture Development Co., Ltd.

The related disposal loss which was $1,991 thousand was recognized as other gains and losses in consolidated statements of comprehensive income.

The carrying amount of assets and liabilities of Jiangsu CM / Merit Agriculture Development Co., Ltd. on May 31, 2017 was as follows:

Cash and cash equivalents	$	36,959
Inventories		9,176
Other current assets		14,539
Property, plant and equipment		358,353
Biological assets		104,745
Other non-current assets		21,452
Notes and accounts payable		(189,337)
Other payables		(8,540)
Other current liabilities		(118)
Carrying amount of net assets	$	347,229

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place /registration	Percentage of non-controlling interests		
		March 31, 2018	December 31, 2017	March 31, 2017
Chainwin Cayman	Cayman Islands	10.24 %	11.86 %	56.25 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 1,206,682	1,253,467	816,536
Non-current assets	1,015,227	661,687	594,378
Current liabilities	(56,090)	(63,077)	(145,308)
Non-current liabilities	(27,973)	(24,066)	(2,878)
Net assets	$ 2,137,846	1,828,011	1,262,728
Non-controlling interests	$ 244,075	235,530	772,099

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Operating revenue	$ 73,685	115,769
Profit (loss)	$ (44,633)	2,014
Other comprehensive income (loss)	47,701	11,880
Total comprehensive income (loss)	$ 3,068	13,894
Loss, attributable to non-controlling interests	$ (6,150)	(41)
Comprehensive income (loss), attributable to non-controlling interests	$ 2,225	7,862

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Net cash flows from (used in) operating activities	$ (40,865)	281
Net cash flows used in investing activities	(178,815)	(223,233)
Net cash flows from financing activities	350,841	75,670
Effect of changes in foreign exchange rate	14,211	2,829
Increase (decrease) on cash and cash equivalents	$ 145,372	(144,453)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(k) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the three months ended March 31, 2018 and 2017 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, 2018	$ 2,546,534	2,153,117	17,777,113	4,255,435	363,944	649,245	27,745,388
Additions	-	741	82,042	12,110	33,491	402,243	530,627
Reclassification (Note)	-	1,694	300,235	-	-	(1,694)	300,235
Disposals	-	-	(281,466)	(2,032)	(49,722)	-	(333,220)
Effect of changes in foreign exchange rates	-	770	-	677	700	2,637	4,784
Balance as of March 31, 2018	$ 2,546,534	2,156,322	17,877,924	4,266,190	348,413	1,052,431	28,247,814
Balance as of January 1, 2017	$ 2,546,534	2,130,540	15,179,485	4,050,349	285,457	359,902	24,552,267
Additions	-	4,744	88,828	13,709	12,149	270,156	389,586
Reclassification (Note)	-	189	376,520	13,763	136	(13,952)	376,656
Disposals	-	-	(77,238)	(2,479)	(13,660)	-	(93,377)
Effect of changes in foreign exchange rates	-	(524)	-	(1,478)	(1,461)	(10,407)	(13,870)
Balance as of March 31, 2017	$ 2,546,534	2,134,949	15,567,595	4,073,864	282,621	605,699	25,211,262
Accumulated depreciation :							
Balance as of January 1, 2018	$ -	584,763	10,563,890	1,956,057	172,410	-	13,277,120
Depreciation	-	25,776	577,174	104,258	28,167	-	735,375
Disposals	-	-	(281,466)	(2,032)	(49,722)	-	(333,220)
Effect of changes in foreign exchange rates	-	70	-	209	189	-	468
Balance as of March 31, 2018	$ -	610,609	10,859,598	2,058,492	151,044	-	13,679,743
Balance as of January 1, 2017	$ -	485,288	9,058,857	1,560,930	98,214	-	11,203,289
Depreciation	-	24,990	417,899	100,068	22,362	-	565,319
Disposals	-	-	(77,238)	(2,479)	(13,660)	-	(93,377)
Effect of changes in foreign exchange rates	-	(126)	-	(388)	(308)	-	(822)
Balance as of March 31, 2017	$ -	510,152	9,399,518	1,658,131	106,608	-	11,674,409
Carrying value :							
Balance as of January 1, 2018	$ 2,546,534	1,568,354	7,213,223	2,299,378	191,534	649,245	14,468,268
Balance as of March 31, 2018	$ 2,546,534	1,545,713	7,018,326	2,207,698	197,369	1,052,431	14,568,071
Balance as of January 1, 2017	$ 2,546,534	1,645,252	6,120,628	2,489,419	187,243	359,902	13,348,978
Balance as of March 31, 2017	$ 2,546,534	1,624,797	6,168,077	2,415,733	176,013	605,699	13,536,853

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

(i) Pledge to secure:

As of March 31, 2018, December 31 and March 31, 2017, 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.

(ii) For the three months ended March 31, 2018 and 2017, capitalized interest expenses amounted to $8,743 thousand and $5,432 thousand, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.14%~1.34% and 1.21%~1.45%, respectively.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(l) Investment property

		Land	Buildings and structures	Total
Carrying amount:				
Balance at January 1, 2018	$	963,127	478,775	1,441,902
Balance at March 31, 2018	$	963,127	473,681	1,436,808
Balance at January 1, 2017	$	963,127	504,986	1,468,113
Balance at March 31, 2017	$	963,127	499,832	1,462,959
Fair value:				
Balance as of March 31, 2018			$	1,565,655
Balance as of March 31, 2017			$	1,628,944

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2018 and 2017. Information on depreciation for the period is discussed in Note 12(a). Please refer to Note 6(k) of the 2017 consolidated financial statements for other related information.

When measuring the fair value of its investment property, the Group considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect its specified inherit risk on the net cash flows. The inputs to the valuation technique used for measuring fair value were categorized as a Level 2 fair value.

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 three months ended March 31, 2018
Hsinchu	0.22 %
Taoyuan	1.73 %

As of March 31, 2018, December 31 and March 31, 2017, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(m) Intangible assets

		Technical know-how	Computer software and information systems	Goodwill	Land use rights	Others	Total
Carrying value:							
Balance as of January 1, 2018	$	18,557	67,208	123,327	31,395	17,357	257,844
Balance as of March 31, 2018	$	17,571	75,467	120,633	31,811	16,741	262,223
Balance as of January 1, 2017	$	22,395	49,806	133,645	-	23,693	229,539
Balance as of March 31, 2017	$	21,434	52,397	125,689	-	20,506	220,026

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2018 and 2017. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(l) of the 2017 consolidated financial statements for other related information.

As of March 31, 2018, December 31 and March 31, 2017, the intangible assets were not pledged.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Other receivables from metal recycling	$ 146,090	159,618	177,890
Tax refund receivable	92,756	123,967	41,983
Long-term prepaid rent	29,978	31,153	51,997
Prepayment for purchases and prepaid expenses	57,212	89,079	64,354
Restricted assets	25,655	25,655	25,593
Refundable deposits	56,280	51,748	49,590
Other receivables	41,277	14,415	18,249
Others	15,295	15,085	1,326
	$ 464,543	510,720	430,982

Long-term prepaid rent, which the Group signed agreements with agriculture developing committees and other institutions in China to acquire lands for lease and for hog farming purpose. The durations of the agreements are 5~30 years. The payments for rental were made in accordance with the signed agreements. The Group entered into land lease agreements amounting to RMB 183,420 thousand.

(o) Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured short-term borrowings	$ -	-	-
Unused bank credit lines for short-term borrowings	$ 1,604,960	2,361,382	2,178,352
Unused bank credit lines for short-term and long-term borrowings	$ 472,492	510,778	975,609
Annual interest rate	-	1.997%~2.00%	-

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(p) Long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured long-term borrowings (settled in NTD)	$ 4,399,000	5,578,000	4,022,500
Secured long-term borrowings (settled in NTD)	-	679,536	1,728,801
Less: long-term liabilities, current portion	-	(352,056)	(940,194)
Total	$ 4,399,000	5,905,480	4,811,107
Unused bank credit lines for long-term borrowings	$ 2,264,000	2,093,000	1,183,500
Annual interest rate	1.23%~1.40%	1.23%~1.60%	1.23%~1.50%
Expiry date	2019/5/24~2021/1/29	2019/2/1~2020/8/31	2018/2/18~2020/3/31

As of March 31, 2018, the remaining balances of the borrowing due were as follows:

Year due	Amount
April 1, 2018~March 31, 2019	$ -
April 1, 2019~March 31, 2020	1,580,000
April 1, 2020~March 31, 2021	2,819,000
	$ 4,399,000

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

(ii) The collateral for these long-term borrowings was disclosed in note 8.

(iii) In January 2011, the Group entered into a seven-year syndicated loan agreement with Mega International Commercial Bank and other sixteen banks. The total credit facility under this loan agreement is $4,800,000 thousand and has been redeemed on December 2017.

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

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

For the year ended December 31, 2016, the Group was in compliance with the above financial covenants and restrictions.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(q) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2018 and 2017. Please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2017 for other related information.

(r) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2017 and 2016.

The Group's expenses recognized in profit or loss for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Operating costs	$ -	-
Operating expenses	640	612
	$ 640	**612**

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Operating costs	$ 17,953	13,759
Operating expenses	3,981	3,346
	$ 21,934	**17,105**

(iii) The Group' s Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. For the three months ended March 31, 2018 and 2017, the Group recognized the pension costs in accordance with the pension regulations and amounted to $504 thousand and $120 thousand, respectively.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(s) Income tax

(i) According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The Group spread the effect of the change amounting to $7,713 thousand in the tax rate by an adjustment to the estimated annual effective income tax rate.

(ii) Income tax expense

The amount of income tax expense for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Income tax expense	$ 179,179	95,373

(iii) There were no income tax expense recognized in other comprehensive income for the three months ended March 31, 2018 and 2017.

(iv) Examination and approval

The Company's corporate income tax returns for the years through 2015 were assessed and approved by the tax authorities National Taxation Bureau of the Northern Area, Ministry of Finance.

(t) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2018 and 2017. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2017.

(i) Capital surplus

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

	March 31, 2018	December 31, 2017	March 31, 2017
Additional paid-in capital	$ 9,031,035	9,031,035	3,691,035
Changes in equity of associates and joint ventures accounted for using equity method	21,163	21,163	21,163
Employee stock options	698	698	698
	$ 9,052,896	9,052,896	3,712,896

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the distribution of remaining balance of the earnings should be further proposed by the Board of Directors and resolved by the shareholders' meeting. And the cash dividends should not 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.

The appropriations of earning for 2017 had been proposed in the meeting of Board of Directors held on March 22, 2018, and the appropriations of earning for 2016 had been approved in shareholders' meetings held on June 16, 2017. The appropriations and dividends were as follows:

	2017	2016
Cash dividends	$ 2,958,665	1,811,999

The above-mentioned appropriations of earning for 2016 were consistent with the resolutions of the meeting of the Board of Directors. The appropriations of 2017 is waiting for the resolutions of the meeting of the shareholders.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(iii) Treasury shares

For the three months ended March 31, 2017, in accordance with the requirements under article 28-2 of the Securities and Exchange Act, the Company repurchased 1,080 thousand shares as treasury shares in order to protect the Company's integrity and shareholders' equity. As of March 31, 2017, all the shares repurchased by the Company have been cancelled.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of the number of common shares issued. Also, the total amount of the repurchased shares should not exceed the sum of retained earnings, paid-in capital in excess of par value and other realized capital surplus. The shares and dollar amount that may be repurchased do not exceed the upper limit, which were calculated based on the audited or reviewed financial reports by a certified accountant, for the latest accounting period prior to a resolution of a meeting of the Board of Directors.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(iv) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets
Balance as of January 1, 2018	$ (100,208)	-	1,568,176
Effects of retrospective application and retrospective restatement	-	1,401,839	(1,568,176)
Balances at the beginning after adjusted	(100,208)	1,401,839	-
Foreign currency differences (net of tax):			
The Group	(27,191)	-	-
Associates	13,185	-	-
Unrealized gain (losses) on equity instruments at fair value through other comprehensive income (net of tax)	-	123,788	-
Disposal of investments in equity instruments at fair value through other comprehensive income (net of tax)	-	(17,684)	-
Balance as of March 31, 2018	$ (114,214)	1,507,943	-

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets
Balance as of January 1, 2017	$ 1,719	760,178
Foreign currency differences (net of tax):		
The Group	(91,390)	-
Associates	781	-
Changes in fair value of available-for-sale financial assets (net of tax)	-	359,775
Adjustments in reclassification of the impairment of available-for-sale financial assets (net of tax)	-	(7,908)
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)	-	1,158
Balance as of March 31, 2017	$ (88,890)	1,113,203

As the adoption of IFRS 9 on January 1, 2018, other equity interests had been reclassified to retained earings amounting to $166,337 thousand. For related information, please refer to note 3(a).

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(u) Earnings per share ("EPS")

For the three months ended March 31, 2018 and 2017, the Company's earnings per share were calculated as follows:

		For the three months ended March 31, 2018	For the three months ended March 31, 2017
Basic earnings per share：			
Profit belonging to common shareholders	$	736,122	496,468
Weighted average number of outstanding shares of common stock (in thousands)		422,666	402,666
Basic earnings per share (in dollars)	$	1.74	1.23
Diluted earnings per share：			
Profit belonging to common shareholders	$	736,122	496,468
Weighted average number of outstanding shares of common stock (in thousands)		422,666	402,666
Effect of potentially dilutive common stock			
Employee remuneration (in thousands)		1,066	1,989
Weighted average number of common stock (diluted) (in thousands)		423,732	404,655
Diluted earnings per share (in dollars)	$	1.74	1.23

(v) Revenue from contracts with customers

(i) Segmentation of revenue

		For the three months ended March 31, 2018		
		Foundry	Other	Total
Primary geographical markets:				
Asia	$	2,630,784	73,685	2,704,469
America		1,081,301	-	1,081,301
Taiwan		569,125	103	569,228
Europe		108,908	-	108,908
	$	4,390,118	73,788	4,463,906
Main Product / services lines:				
Foundry	$	4,389,960	-	4,389,960
Other		158	73,788	73,946
	$	4,390,118	73,788	4,463,906

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(ii) Balance of contracts

	March 31, 2018	January 1, 2018
Notes receivable	$ 1,125	-
Accounts receivable	1,349,165	1,595,442
Less: allowance doubtful for accounts	(2,040)	(2,086)
	$ 1,348,250	1,593,356
Contract liabilities (Note)	$ 98,864	99,514

(Note) Contract liabilities are included in other current liabilities.

For details of accounts receivable and allowance for impairment, please refer to note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. The amount of revenue recognized for the three months ended March 31, 2018 that was included in the contract liabilities balance at the beginning of the period was $67,987 thousand.

(w) Employees', directors' and supervisors' remuneration

According to the Company's Article of Incorporation, if there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

(i) Employee remuneration: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Company. In addition, employee's profit sharing remuneration shall be distributed in the form of shares or cash. Stock-type employee remuneration may be distributed to qualified employees of affiliates of the Company.

(ii) Remuneration of Directors and Supervisors: no more than 3%.

However, if there are any accumulated losses of the Company, the Company shall pre-reserve the amount to offset the loss. The distribution of employees' profit sharing bonus and remuneration of Directors and Supervisors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

For the three months ended March 31, 2018 and 2017, the Company estimated its employees' and directors'and supervisors' remuneration as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Employee remuneration	$ 61,500	38,600
Directors' remuneration	17,800	11,200
	$ 79,300	49,800

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

The amount of employee remuneration, and directors' and supervisors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Incorporation. The above remuneration were included in the operating costs and operating expenses of the three months ended March 31, 2018 and 2017. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the years ended December 31, 2017 and 2016 the Company accrued and recognized its employee remuneration amounting to $308,400 thousand and $263,000 thousand, and directors' and supervisors' remuneration amounting to $89,500 thousand and $76,300 thousand, respectively. There was no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements.

The related information mentioned above can be found on websites such as the Market Observation Post System.

(x) Non-operating income and expenses

(i) Other income

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Interest income	$ 10,327	3,819
Dividend income	3,833	2,346
Rent income	22,397	23,371
	$ 36,557	29,536

(ii) Other gains and losses

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Foreign exchange losses	$ (72,505)	(141,784)
Gains (losses) on disposals of investments	307	(2,375)
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(73,507)	10,025
Others	4,802	(6,024)
	$ (140,903)	(140,158)

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(iii) Finance costs

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Interest expenses on bank borrowings	$ 17,316	18,489
Other interest expenses	65	65
Less: capitalized interest expenses	(8,743)	(5,432)
	$ 8,638	13,122

(y) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2017.

(i) Credit risk

For information on credit risk regarding notes and accounts receivable, please refers to note 6(c). Other financial assets measured at amortized cost include other receivables and the financial assets at amortized cost (which were classified as investments in debt instrument without active market as of March 31, 2017.) For related information of investment and impairment, please refers to notes 6(b) and 6(d).

The above-mentioned of financial assets are considered to be of low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. For the Group's assessment on whether credit risk is to be of low risk, please refer to note 4(c).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	1 year	1-2 years	2-5 years	Over 5 years
As of March 31, 2018						
Non-derivative financial liabilities						
Unsecured bank loans	$ 4,399,000	4,510,181	54,847	1,623,745	2,831,589	-
Accounts payable	1,264,069	1,264,069	1,264,069	-	-	-
Other payables	777,154	777,154	777,154	-	-	-
Guarantee deposits received	147,592	147,592	3,326	24,835	9,431	110,000
	$ 6,587,815	6,698,996	2,099,396	1,648,580	2,841,020	110,000

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

		Carrying amount	Contractual cash flows	1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2017							
Non-derivative financial liabilities							
Secured bank loans	$	679,536	689,099	308,797	304,758	75,544	-
Unsecured bank loans		5,578,000	5,725,263	119,553	1,921,648	3,684,062	-
Accounts payable		1,698,485	1,698,485	1,698,485	-	-	-
Other payables		1,254,346	1,254,346	1,254,346	-	-	-
Guarantee deposits received		143,685	143,685	4,867	19,387	9,431	110,000
	$	9,354,052	9,510,878	3,386,048	2,245,793	3,769,037	110,000
As of March 31, 2017							
Non-derivative financial liabilities							
Secured bank loans	$	1,728,801	1,757,864	958,192	402,549	397,123	-
Unsecured bank loans		4,022,500	4,138,015	51,921	874,332	3,211,762	-
Accounts payable		1,035,196	1,035,196	1,035,196	-	-	-
Other payables		617,031	617,031	617,031	-	-	-
Guarantee deposits received		132,497	132,497	12,878	188	9,431	110,000
	$	7,536,025	7,680,603	2,675,218	1,277,069	3,618,316	110,000

(iii) Currency risk

1) Exposure to currency risk

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

	March 31, 2018			December 31, 2017			March 31, 2017		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets									
Monetary items									
USD	$ 155,969	29.11	4,540,252	140,645	29.76	4,185,590	123,520	30.33	3,746,353
EUR	481	35.87	17,266	531	35.57	18,902	32	32.43	1,023
JPY	415,702	0.2739	113,860	394,637	0.2642	104,265	53,336	0.2713	14,196
GBP	12	40.79	489	12	40.11	481	12	37.82	442
HKD	62	3.71	228	62	3.81	237	62	3.90	242
			$ 4,672,095			4,309,475			3,762,256
Non-monetary items									
USD	$ 4,392	29.11	$ 102,081	3,941	29.76	102,944	44,524	30.33	1,307,937
RMB	115,511	4.65	535,522	40,972	4.57	185,537	-	-	-
			$ 637,603			288,481			1,307,937
Financial liabilities									
Monetary items									
USD	$ 17,657	29.11	513,996	36,711	29.76	1,092,511	16,557	30.33	502,173
EUR	948	35.87	33,996	680	35.57	24,170	303	32.43	9,819
JPY	272,343	0.2739	74,594	606,057	0.2642	160,121	258,411	0.2713	70,105
			$ 622,586			1,276,802			582,097

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, financial assets at fair value through profit or loss (which were classified as available-for-sale financial assets on December 31 and March 31, 2017), loans and borrowings, notes and 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, GBP, JPY and the RMB etc. for the three months ended March 31, 2018 and 2017 would have increased (decreased) the net profit after tax by $187,706 thousand and $131,977 thousand, respectively, and other comprehensive income would have increased (decreased) by $0 thousand and $8,504 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Exchange gains or losses

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2018 and 2017, foreign exchange losses (including realized and unrealized portions) amounted to loss $72,505 thousand and $141,784 thousand, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group'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 Group's net profit after tax would have (decreased) increased by $4,237 thousand and $5,048 thousand for the three months ended March 31, 2018 and 2017, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(v) Fair value

1) Accounting classifications and fair values

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available-for-sale financial assets) are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required.

	March 31, 2018				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 125,405	125,405	-	-	125,405
Funds and investment	584,944	584,944	-	-	584,944
Private fund	552,563	-	-	552,563	552,563
Subtotal	$ 1,262,912	710,349	-	552,563	1,262,912
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and foreign markets	$ 2,407,150	2,407,150	-	-	2,407,150
Non-public stocks	648,895	-	-	648,895	648,895
Subtotal	$ 3,056,045	2,407,150	-	648,895	3,056,045
Financial assets measured at amortized cost					
Cash and cash equivalents (Note)	$ 5,851,533	-	-	-	-
Financial assets at amortized cost (Note)	62,200	-	-	-	-
Notes and accounts receivable (Note)	1,348,250	-	-	-	-
Other receivables (Note)	187,367	-	-	-	-
Subtotal	$ 7,449,350	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 4,399,000	-	-	-	-
Accounts payable (Note)	1,264,069	-	-	-	-
Other payables (Note)	777,154	-	-	-	-
Guarantee deposits received (Note)	147,592	-	-	-	-
Subtotal	$ 6,587,815	-	-	-	-

	December 31, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 136,530	136,530	-	-	136,530
Funds and investment	1,164,777	1,164,777	-	-	1,164,777
Subtotal	$ 1,301,307	1,301,307	-	-	1,301,307
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 2,234,963	2,234,963	-	-	2,234,963
Non-public stocks	607,490	-	607,490	-	607,490
Private fund	612,978	-	612,978	-	612,978
Subtotal	$ 3,455,431	2,234,963	1,220,468	-	3,455,431

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents (Note)	$ 7,849,123	-	-	-	-
Financial assets at cost (Note)	22,915	-	-	-	-
Investments in debt instrument without active market (Note)	62,200	-	-	-	-
Accounts receivable (Note)	1,551,390	-	-	-	-
Other receivables (including related parties) (Note)	356,282	-	-	-	-
Subtotal	$ 9,841,910	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans (Note)	$ 6,257,536	-	-	-	-
Accounts payable (Note)	1,698,485	-	-	-	-
Other payables (Note)	1,254,346	-	-	-	-
Guarantee deposits received (Note)	143,685	-	-	-	-
Subtotal	$ 9,354,052	-	-	-	-

	March 31, 2017				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic markets	$ 159,542	159,542	-	-	159,542
Funds and investment	74,432	74,432	-	-	74,432
Subtotal	$ 233,974	233,974	-	-	233,974
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 1,824,544	1,824,544	-	-	1,824,544
Non-public stocks	655,896	-	655,896	-	655,896
Private fund	585,448	-	585,448	-	585,448
Subtotal	$ 3,065,888	1,824,544	1,241,344	-	3,065,888
Loans and receivables					
Cash and cash equivalents (Note)	$ 3,277,960	-	-	-	-
Financial assets at cost (Note)	23,354	-	-	-	-
Investments in debt instrument without active market (Note)	92,600	-	-	-	-
Accounts receivable (Note)	1,001,958	-	-	-	-
Other receivables (Note)	196,139	-	-	-	-
Subtotal	$ 4,592,011	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loan (Note)	$ 5,751,301	-	-	-	-
Accounts payable (Note)	1,035,196	-	-	-	-
Other payables (Note)	617,031	-	-	-	-
Guarantee deposits received (Note)	132,497	-	-	-	-
Subtotal	$ 7,536,025	-	-	-	-

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

2) Valuation techniques of financial instrument not valued at fair value

The valuation techniques of the Group's financial instruments not valued at fair value by using the methods and assumptions are as follows:

- Financial assets measured at amortized cost (investments in debt instrument without active market and financial asset at amortized cost) and financial liabilities measured at amortized cost

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Valuation techniques of financial instruments valued at fair value

a) Non-derivative instruments

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

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

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

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

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

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

(Continued)

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.
- The fair value is determined by using the asset based approach, whose assumptions are based on the market approach, income approach, cost approach or other valuation methods according to the nature of the assets or liabilities of the subject companies.

b) Derivative instruments

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

4) Transfer between level 2 and level 1

For the three months ended March 31, 2018 and 2017, there was no change on the fair value hierarchy of level 2 and level 1 financial asset.

5) Movement of level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Private fund	**Unquoted equity instruments**
January 1, 2018	$ 612,978	630,405
Total gains or losses:		
Recognized in profit and loss	(66,060)	-
Recognized in other comprehensive income	-	(4,523)
Purchased	5,645	40,000
Derecognized	-	(15,837)
Disposals	-	(1,150)
March 31, 2018	$ 552,563	648,895

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

The preceding gains and losses were recognized as other gains and losses and unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income. As of March 31, 2018, the related information of the assets which were still held by the Group were as follows:

		For the three months ended March 31, 2018
Total gains or losses		
Profit or loss (recognized as other gains and losses)	$	(66,060)
Other comprehensive income (recognized as unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income)		(4,523)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through profit or loss – private funds" and "financial assets at fair value through other comprehensive income – equity investments".

Most of the fair value measurements categorized within Level 3 use the single and significant unobservable input. Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of the equity investments are independent from each other, as a result, there is no relevance between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through comprehensive income – equity investments without an active market	• Comparable listed companies approach	• Price-book ratio (as of March 31, 2018 was 1.34~3.98) • Market liquidity discount rate (as of March 31, 2018 was 70%~80%)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
	• Net asset value method	• Net asset value	Not applicable

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss – private fund	Net asset value method	Net asset value	Not applicable

7) Sensitivity analysis for fair value measurements categorized within Level 3 of the fair value hierarchy

The fair value measurements of the Group' s financial instruments are reasonable; However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, a fluctuation in the valuation variable by 5% would have the following effect:

	Inputs	Increase or decrease	Effects of changes in fair value on profit or loss		Effects of changes in fair value on other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
March 31, 2018						
Financial assets at fair value through profit or loss						
Private fund	Net asset value	5%	$ 27,628	(27,628)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Price-book ratio	5%	-	-	24,935	(24,935)
〃	Market liquidity discount rate	5%	-	-	24,935	(24,935)
〃	Net asset value	5%	-	-	7,510	(7,510)

The favorable and unfavorable effects represent the changes in fair value, and fair value is 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.

There were no financial assets with fair value hierarchy level 3 for the three months ended March 31, 2017.

(z) Management of financial risk

There was no significant change in the Group' s objective and policies for the management of financial risk of the consolidated financial statements for the three months ended March 31, 2018 and 2017 which compared with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2017.

(aa) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the three months ended March 31, 2018 was the same as the consolidated financial statements for the year ended December 31, 2017. There was no significant change on summary of quantitative date of capital management compared with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2017.

(ab) Financing activity

Reconciliation of liabilities arising from financing activities were as follows:

		Cash flows			Non-cash changes	
	January 1, 2018	**Proceeds from long-term debt**	**Repayments of long-term debt**	**Others**	**Amortization of arranger fee of syndicated loan**	**March 31, 2018**
Long-term borrowings	$ 6,257,536	486,000	(2,344,625)	-	89	4,399,000
Guarantee deposit received	143,685	-	-	3,907	-	147,592
Total liabilities from financing activity	$ 6,401,221	486,000	(2,344,625)	3,907	89	4,546,592

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Jiangsu CM / Merit Agriculture Development Co., Ltd.	Associates

(b) Significant transactions with related parties

(i) Loans to related parties were as follows:

Chainwin Cayman provided an unsecured loan, with an interest rate of 4.35% to its associates, Jiangsu CM / Merit Agriculture Development Co., Ltd. In 2017, the outstanding balance of the loan amounted to USD 6,000 thousand. Jiangsu CM/Merit Agriculture Development Co., Ltd. had repaid the loan on February 2018. The amount of interest revenue arising from the aforementioned loan were USD 30 thousand (NTD 892 thousand) for the three months ended March 31, 2018. There was no such transaction for the three months ended March 31, 2017.

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(ii) Receivables from related parties

Account	Relationship	March 31, 2018	December 31, 2017	March 31, 2017
Other receivables	Associates-Jiangsu CM / Merit Agriculture Development Co., Ltd.	$ -	182,249	-

(iii) Guarantee

In the first quarter of 2018, Chainwin Cayman had provided a guarantee for loans amounting to USD 7,350 thousand (NTD 213,959 thousand) to its associate, Jiangsu CM/Merit Agriculture Development Co., Ltd. There was no such transaction for the three months ended March 31, 2017.

(c) Transactions with key management personnel

Key management personnel compensation were comprised as below:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Short-term employee benefits	$ 96,909	51,598
Post-employment benefits	192	191
	$ 97,101	51,789

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	March 31, 2018	December 31, 2017	March 31, 2017
Other non-current assets	Gas deposits	$ 4,700	4,700	4,700
Other non-current assets	Customs guarantee	20,955	20,955	20,893
Property, plant and equipment	Long-term borrowings	2,558,321	2,858,234	3,098,348
Investment property	Long-term borrowings	362,924	1,441,902	1,462,959
		$ 2,946,900	4,325,791	4,586,900

Win Semiconductors Corp. and Its Subsidiaries
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

(a) Contingencies: None.

(b) Commitment:

(i) In 2015, the Company signed a shareholder' s agreement with CSDC Private Limited, a Singapore company. According to the agreement, the Company should purchase a certain amount of raw material from the main shareholders of CSDC Private Limited from 2014 to 2017. Moreover, the Company acquired 250 shares of CSDC Private Limited without consideration.

(ii) The unrecognized commitment of acquisition of plant expansion and machinery equipment and purchase of raw materials by the aforementioned shareholder's agreement were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
The unrecognized amount	$ 5,232,989	6,114,772	2,427,083

	March 31, 2018	December 31, 2017	March 31, 2017
(iii) The unused letters of credit	$ 638,368	54,918	60,768

(10) Losses due to major disasters: None.

(11) Subsequent events:

The restricted stock awards plan for employees, with 1,700 thousand shares, at $10 dollars par value per share, amounting to $17,000 thousand, have been proposed in the meeting of Board of Directors held on May 4, 2018.

(12) Others:

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the three months ended March 31, 2018 and 2017:

	For the three months ended March 31, 2018			For the three months ended March 31, 2017		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	482,055	198,075	680,130	368,653	166,166	534,819
Labor and health insurance	43,862	10,698	54,560	31,538	10,025	41,563
Pension	18,262	4,816	23,078	13,759	4,078	17,837
Others	14,971	21,878	36,849	12,093	14,959	27,052
Depreciation	691,563	51,360	742,923	532,718	40,926	573,644
Amortization	4,482	10,668	15,150	3,607	7,430	11,037

(b) Seasonality or cyclicality of interim operations

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

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In thousands of dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Amount of used loan facilities	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 4)
													Item	Value		
0	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Jiangsu CM / Merit Agriculture Development Co., Ltd.	Other receivables	Yes	174,660 (USD 6,000)	174,660 (USD 6,000)	-	4.35%	2	-	Working Capital	-	None	-	Net equity 20%= 405,694	Net equity 40%= 811,389

Note 1: Company numbering as follow:

Subsidiaries to subsidiaries − 0

Note 2: The credit amount to lending.

Note 3: Purposes of lending were as follows:

1.Business relationship

2.Short-term financing

Note 4: The loan limit provided by Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. to a particular single party and to other parties should not exceed 20% and 40%, respectively, of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

(ii) Guarantees and endorsements for other parties:

(In thousands of dollars)

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
1	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Jiangsu CM / Merit Agriculture Development Co., Ltd.	6	608,541 (USD 20,905)	213,959 (USD 7,350)	213,959 (USD 7,350)	-	-	10.55 %	Net equity 50% −1,014,236	-	-	Y

Note 1: Company numbering as follows:

Issuer − 0

Investee starts from 1

Note 2: Relationship with the Company

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 50% by the guarantor and its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.

Note 3: The guarantees and endorsements limit provided by Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. to a particular single party and to other parties should not exceed 30% and 50%, respectively, of its equity based on the most recent audited or reviewed financial statement by a certified accountant.

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

(iii) Securities held as of March 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Green Seal Holding Limited/Stock	None	Current financial assets at fair value through profit or loss	490	23,765	0.30	23,765	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	24,086	300,337	-	300,337	
〃	Capital Money Market Fund	〃	〃	9,342	150,007	-	150,007	
〃	Yuanta De Li Money Market Fund	〃	〃	6,156	99,882	-	99,882	
WIN Venture Capital Corp.	Sercomm Corporation / Stock	〃	〃	1,238	101,640	0.50	101,640	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	375	4,675	-	4,675	
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	CTBC Hwa Win Money Market Fund	〃	〃	2,739	30,043	-	30,043	
					710,349		710,349	
The Company	Fuh Hwa Tung-ta Fund	〃	Non-current financial assets at fair value through profit or loss	15,725	216,607	-	216,607	
〃	MagiCapital Fund II L.P.	〃	〃	-	102,081	5.81	102,081	
〃	Fuh Hwa Oriental Fund	〃	〃	15,000	92,250	-	92,250	
〃	Fuh Hwa Smart Energy Fund	〃	〃	12,000	112,800	-	112,800	
〃	CDIB Capital Growth Partners L. P.	〃	〃	-	28,825	3.30	28,825	
					552,563		552,563	
〃	ITEQ CORPORATION / Stock	〃	Non-current financial assets at fair value through other comprehensive income	24,152	1,736,507	7.97	1,736,507	
〃	MAG. LAYERS Scientific Technics Co., Ltd. / Stock	〃	〃	786	58,790	0.84	58,790	
〃	Inventec Solar Energy Cororation / Stock	〃	〃	34,000	204,109	10.51	204,109	
〃	CDIB Capital Creative Industries Limited / Stock	〃	〃	5,000	85,226	3.33	85,226	
〃	MagiCap Venture Capital Co., Ltd/Preferred Stock A	〃	〃	1,000	100,050	2.53	100,050	
〃	New Future Capital Co., Ltd. / Stock	〃	〃	10,000	91,680	15.87	91,680	
〃	Grand Fortune Venture Corp. / Stock	〃	〃	5,000	50,150	6.87	50,150	
〃	Globalwafers Co., Ltd. / Stock	〃	〃	214	97,370	0.05	97,370	
Win Semiconductors Cayman Islands Co., Ltd.	Broadcom Ltd. / Stock	Subsidiary's main client	〃	75	514,483	0.02	514,483	
〃	Anokiwave Inc. / Series B Preferred Stock	Subsidiary's client	〃	1,264	51,484	10.05	51,484	
WIN Venture Capital Corp.	Nisho Image Technology Inc. / Stock	The Company's client	〃	3,300	5,733	7.33	5,733	
〃	MOAI Electronics Corporation/Stock	None	〃	300	754	0.92	754	
〃	Winresp INC. / Stock	〃	〃	2,500	37,294	19.38	37,294	
〃	Merit Biotech INC./Stock	〃	〃	1,320	-	2.93	-	(Note 1)
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Formosa Fortune Group Cayman Islands Co., Ltd.	〃	〃	12	22,415	4.78	22,415	
					3,056,045		3,056,045	
The Company	MagiCap Venture Capital Co., Ltd. / Preferred Stock B	〃	Non-current financial assets at amortized cost	6,220	62,200	15.75	(Note 2)	

(Continued)

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

Note 1: The Board of Directors of Merit Biotech INC. had resolved to dissolve and liquidate the company. As of March 31, 2018, the company is still within the period of liquidation.

Note 2: The Group intends to hold its asset to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Therefore, the investment was classified as non-current financial asset at amortized cost.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	Win Semiconductors Cayman Islands Co., Ltd./ Stock	Investments accounted for using equity method	-	Subsidiary	62,000	1,922,136	12,000	357,120	-	-	-	-	74,000	2,667,437 (Note)
Win Semiconductors Cayman Islands Co., Ltd.	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd./ Stock	Investments accounted for using equity method	-	Investment through subsidiary	32,610	2,009,792	5,944	346,297	-	-	-	-	38,554	2,065,369 (Note)

Note: The amount of ending balance was calculated using equity method. The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	Sales	(2,040,424)	47 %	1~2 Month	-	-	786,183	56%	(Note)
Win Semiconductors Cayman Islands Co., Ltd.	The Company	Parent Company	Purchase	2,040,424	100 %	1~2 Month	-	-	(784,073)	100%	(Note)

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

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Remark
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	786,183	7.88	-	-	564,237	-	(Note)

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

(ix) Trading in derivative instruments: None.

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

(x) Business relationships and significant intercompany transactions:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Operating revenue	2,040,424	Note 3	45.71%
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Accounts receivable－related parties	786,183	〃	2.24%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Accounts payable－related parties	784,073	〃	2.23%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Operating costs	2,040,424	〃	45.71%
1	Win Semiconductors Cayman Islands Co., Ltd.	WIN SEMI. USA, INC.	3	Operating expenses	19,336	〃	0.43%
2	WIN SEMI. USA, INC.	Win Semiconductors Cayman Islands Co., Ltd.	3	Operating revenue	19,336	〃	0.43%

Note 1: Company numbering as follows:

Parent company－0

Subsidiary starts from 1

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

Parent company to subsidiary－1

Subsidiary to parent company－2

Subsidiary to subsidiary－3

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

(b) Information on investments:

The following is the information on investees for the three months ended March 31, 2018 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2018			Net income (losses) of investee	Share of profits (losses) of investee	Remark
				March 31, 2018	December 31, 2017	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	WIN SEMI USA, INC	California USA	Marketing	8,203	8,203	1,000	100.00 %	6,874	33	33	(Note)
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	2,279,256	1,922,136	74,000	100.00 %	2,667,437	(32,040)	(32,040)	(Note)
〃	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	640,197	640,197	11,768	34.52 %	23,767	-	-	
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	250,000	250,000	25,000	100.00 %	158,164	(6,050)	(6,050)	(Note)
〃	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	180,400	180,400	16,400	31.06 %	37,151	(26,663)	(8,658)	
〃	CSDC Private Limited	Singapore	Development and manufacturing of compound semiconductors technologies	-	-	0.25	25.00 %	-	(53,193)	-	
WIN Venture Capital Corp.	Phalanx Biotech Group Corp.	Taiwan	Microarray products manufacturing	39,600	39,600	3,600	6.82 %	8,155	(26,663)	(1,900)	
Win Semiconductors Cayman Islands Co., Ltd.	Rainbow Star Group Limited	British Virgin Islands	Investment activities	62,920	62,920	38	49.30 %	60,433	(605)	(293)	
〃	Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Cayman Islands	Investment activities	2,356,089	2,009,792	38,554	89.76 %	2,065,369	(42,179)	(38,483)	(Note)
Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd.	Formosa Fortune Group Co., Ltd.	British Virgin Islands	Investment activities	38,573	38,573	1,283	100.00 %	29,519	204	204	(Note)

Note: The amount of the transaction had been offset in the consolidated financial statements.

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

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Carrying value as of March 31, 2018 (Note 3)	Accumulated remittance of earnings in current period	Remark
					Outflow	Inflow							
Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd.	Developing hog farming technology and trading	325,689 (RMB 70,041)	(Note 1)	-	-	-	-	(11,548) (USD (394))	89.76 %	(11,548) (USD (394))	408,783 (USD 14,043)	-	(note 6)
Jiangsu Chainwin Agriculture Development Co., Ltd	Developing hog farming technology and trading	52,107 (USD 1,790)	(Note 1)	-	-	-	-	(5,359) (USD (183))	89.76 %	(5,359) (USD (183))	44,219 (USD 1,519)	-	(note 6)
Jiangsu CM / Merit Agriculture Development Co., Ltd.	Developing hog farming technology and trading	1,140,637 (USD 39,184)	(Note 1)	174,660 (USD 6,000)	349,320 (USD 12,000)	-	523,980 (USD 18,000)	(20,813) (USD (710))	43.98 %	(10,198) (USD (348))	535,522 (USD 18,396)	-	-
Jiansu Merit/ CM Agriculture Development Co., Ltd.	Developing hog farming technology and trading	101,885 (USD 3,500)	(Note 1)	61,131 (USD 2,100)	-	-	61,131 (USD 2,100)	(271) (USD (9))	53.86 %	(163) (USD (6))	62,420 (USD 2,144)	-	(note 6)
Jiansu Merit/ Cofcojoycome Agriculture Development Co., Ltd.	Developing hog farming technology and trading	139,728 (USD 4,800)	(Note 1)	83,837 (USD 2,880)	-	-	83,837 (USD 2,880)	(4,135) (USD (141))	53.86 %	(2,481) (USD (85))	84,138 (USD 2,890)	-	(note 6)
Jiangsu Merit Runfu Agriculture Development Co., Ltd.	Developing hog farming technology and trading	75,223 (RMB 16,177)	(Note 1)	-	-	-	-	413 (USD 14)	89.76 %	413 (USD 14)	59,473 (USD 2,043)	-	(note 6)

(ii) Limitation on investment in Mainland China:

(In thousands of dollars)

Accumulated Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
668,948 (USD 22,980)	2,003,616 (USD 68,829)	15,991,934

Note 1: The Group invested in Mainland China companies through Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., which is established in a third region.

Note 2: The amount of net income (losses) was recognized based on the audited financial statements of the investee companies.

Note 3: Carrying value as of March 31, 2018 was with reference to the amount recognized by the investment through subsidiaries to subsidiaries established in a third region.

Note 4: Investment income (loss) recognized was translated into New Taiwan Dollars at the average exchange rate for the year ended March 31, 2018. The other amounts related to foreign currency were translated into New Taiwan Dollars at the exchange rate at the balance sheet date.

Note 5: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

Note 6: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(iii) Significant transactions: None.

(14) Segment information:

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

Other operating segments are mainly engaged in investment activities and agriculture technology, which do not exceed the quantitative thresholds to be reported.

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

(b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the three months ended March 31, 2018 and 2017, the reportable amount is similar to that in the report used by the operating decision maker and the operating segment accounting policies are similar to the ones described in note 4 "significant accounting policies" were as follows:

For the three months ended March 31, 2018	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 4,390,118	73,788	-	4,463,906
Interest expenses	$ 8,638	-	-	8,638
Depreciation and amortization	$ 748,374	9,006	693	758,073
Shares of loss of associates and joint ventures accounted for using equity method	$ (8,950)	(12,099)	-	(21,049)
Reportable segment profit or loss	$ 1,083,519	(41,542)	(693)	1,041,284
Assets:				
Capital expenditures in noncurrent assets	$ 1,756,410	11,514	-	1,767,924

For the three months ended March 31, 2017	Foundry	Other	Reconciliation and elimination	Total
Revenue：				
Revenue from external customers	$ 3,154,903	127,428	-	3,282,331
Interest expenses	$ 13,122	-	-	13,122
Depreciation and amortization	$ 576,242	7,704	735	584,681
Shares of loss of associates and joint ventures accounted for using equity method	$ (15,973)	(2,550)	-	(18,523)
Reportable segment profit or loss	$ 734,379	14,133	(16,995)	731,517
Assets:				
Capital expenditures in noncurrent assets	$ 797,454	227,150	-	1,024,604

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