



Greener Buildings Start with Smarter Solutions

To build a better world for future generations, we aim to provide more efficient and energy-saving integrated solutions.

DELTA ELECTRONICS, INC. 2013 ANNUAL REPORT

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A Letter to Our Shareholders



Yancey Hai, Chairman

Dear Shareholders:

“To provide innovative, clean and energy-efficient solutions for a better tomorrow” has been the mission of Delta since its inception. Through solid R&D capabilities and continuous innovation, we aim to provide energy-efficient products and solutions to meet market demand and contribute to the society while consistently enhancing our operational excellence and profitability to earn public recognition and reward our shareholders for their support to Delta. Last year, Delta demonstrated outstanding performance with continued growth in revenues and profits. Delta reported 2013 consolidated revenues of NT\$177.1 billion, a 3% growth from the year before. The gross profits were NT\$45 billion with 25.4% gross margin, an increase of 7% over the previous year. The net operating profits were NT\$19.5 billion, 13% increase compared to 2012 and 11% of total revenues. The net income after tax was NT\$17.8 billion with a net profit margin of 10%, 20% growth from previous year. In 2013, Delta achieved record high EPS (earnings per share) of NT\$7.32 and 20.2% ROE (return on equity). The annual return to shareholders and P/E ratio exceeded 60% and 20 times respectively. Delta’s market capitalization reached above NT\$400 billion with 76% shareholding by foreign institutional investors at year end, indicating that Delta’s management philosophy and operational performance were highly regarded by the market. Below outlines the business results and future prospects of Delta’s three major business categories in brief.

Power Electronics

Power Electronics is the foundation of Delta and has been the major contributor to revenues and profits. Delta has been number one in global power supply and brushless DC fan markets, and we constantly apply our core technologies and R&D results from IT, communications, industrial, automotive and consumer electronics industries to new fields such as cloud computing, medical equipments, electric vehicles, smart homes, and handheld as well as wearable devices applications. Our relentless efforts to create value through increasing energy conversion efficiency and energy recycling, developing ultra slim fan featuring low energy consumption and pioneering miniaturized integrated hot pressed chokes to meet customer demands for cloud-based services enable Delta not only to earn customer confidence but also to secure growth momentum for the future.

Energy Management

Delta's fast-growing Energy Management business covers a broad spectrum of products, systems and solutions with primary focus on industrial automation, power systems and power quality management, and constitutes the core of Delta's presence in branded business to deliver our brand promise of "Smarter. Greener. Together." Our industrial automation business has been growing rapidly, thanks to our innovative products and total solutions such as robots, CNC solutions and industrial energy-efficient automation systems as well as the expedited development of sales channels in key markets, industry expert teams and key account service teams. We believe the ever-increasing demand for factory automation and smart, efficient energy in the global manufacturing industry will continue to provide abundant business opportunities to Delta.

Delta's telecom power conversion efficiency has been the best in class, and the business continues to grow with increase in global telecom infrastructure investments. Delta's Data Center Infrastructure Solutions not only offer tailor-made systems for large datacenters to reduce considerable energy consumption and operations costs, but also provide modularized systems that enable enterprise customers to easily put cabinets and servers together and commence private cloud buildup in a short time. Energy management is the area Delta will continue to pursue aggressively. Besides continued investment in in-house R&D and business development, M&A is also an option for Delta to accelerate growth and become a world-class player with strong industrial brand recognition.

Smart Green Life

Networking and display solutions are Delta's major businesses in Smart Green Life category. Our networking business has demonstrated steady growth over past years and has been servicing both external business customers as well as providing networking expertise to internal business teams for data collection and transmission capabilities required in solution business development. As cloud and smart applications develop rapidly, the need for network communications also increases and networking business naturally becomes one of the forces driving Delta's growth. Delta's display solutions business not only maintains its dominant position in high-end projection market but also successfully launches the integrated monitoring and management solutions through advanced systems software and technology integration of Delta's expertise in sensing/detection, network communications and power management fields. Our integrated monitoring and management solutions enable quick and accurate decision-making and have been applied to smart building, power grid, transportation network, communications industry as well as social security applications. We are confident about the future prospects of our Smart Green Life businesses.

Delta's technological competency and market sensitivity has enabled us to constantly transform and adapt to changes in industry structure and economic environment. By launching new products ahead of competition to seize business opportunities, Delta has accumulated leading-edge technologies across wide variety of disciplines to achieve steady growth and develop different business models over time. Delta has crossed over from ODM to integrated systems and solutions-oriented branded business, which illustrates our path of growth based upon our corporate mission and adaptivity to the changing environment. We believe the success of new businesses

depends on four major capabilities, namely the abilities to gauge market trend, identify customer needs, provide practical solutions to solve customers' problems, as well as the ability to earn customer recognition. Consequently, dedicated efforts to develop innovative and high added-value products and solutions will be as important as cross functional collaboration and integration for best synergy. This is the direction for Delta to go and we are fully committed to it.

In 2013, Delta was listed on the top 20 international brands in Taiwan for the third time, making us the only industrial brand in domestic electronics industry to be accredited with such honor for three consecutive years. Delta also received various customer awards from our long-term partners such as Dell, Cisco, Sharp, Asus and Rockwell Automation. In addition to customer recognitions, the general public also praised Delta for our commitment in corporate social responsibilities, corporate governance and professional services to investors. Last year, Delta was ranked in the first place by CommonWealth magazine's Most Admired Company in Taiwan in electronics industry sector for twelve consecutive years, and we received the top award honor of "Excellence in Corporate Social Responsibility" in large corporation category. Delta was also selected by Dow Jones Sustainability Indices (DJSI) World Index for three years in a row and last year's newly published DJSI-Emerging Markets Index. Furthermore, Delta was the only Taiwanese high-tech company to receive the "Outstanding Enterprise Award" from CSN, the Corporate Social Responsibility Ranking in China for two straight years. In terms of corporate governance, Delta received a grade above ranking from Securities & Futures Institute's TWSE/GTSM listed companies information transparency and disclosure ranking for eight years since 2006, and we received the highest ranking of A++ during 2012 and 2013. Moreover, after receiving the "Best Investor Relations Practices Award" and "Taiwan's Best CEO Award" from IR Magazine in 2012, Delta also won two major awards including "Best Sustainability Practice" and "Best Investor Relations by CEO" last year, demonstrating the full support to Delta from general public both in Taiwan and overseas.

With our sincere gratitude to colleagues for their contributions over the years, to our customers, suppliers, shareholders and the society for their continued support and recognition, we will strive towards our strategic goals with full dedication and commitment. Given the rapid transformation in technological development and market trends, we will execute our strategies with discipline to achieve our goals and put our corporate mission in daily practice to take Delta to the next level of success, making Delta a respectable world-class company in the future.

Yancey Hai, Chairman

A handwritten signature in black ink that reads "Yancey Hai". The signature is written in a cursive, flowing style.

Corporate Governance

Delta believes that high quality corporate governance is the best way to ensure that the company always delivers excellent performance and provides an optimum balance for all stakeholders' interests. Corporate governance is therefore our top priority.

At Delta, the board currently consists of thirteen directors, including three independent directors. The role of CEO and chairman has been split since 2004. To enhance the board's responsibility and trust, it convenes at least once quarterly to review the company's performance and discuss important strategic issues. In 2013, the board convened on eight occasions. The overall attendance rate was 94.2%.

Key resolutions passed by the board are published in a timely manner on the Market Observation Post System of the Taiwan Stock Exchange and in the corporate governance section of the Delta website. Other relevant documents are also provided online for reference.

The board has organized a Compensation Committee consisting of three independent directors, to evaluate the performance-linked compensation of the company's directors and executive officers. An Audit Committee is responsible for reviewing the financial reports, performance of accountants, implementation of internal control systems, compliance with regulations and risk management. The committee is also composed of three independent directors. Apart from the board meetings and committee meetings, all of the directors also take part in Delta's internal strategy meetings to ensure they are familiar with the company's current activities and can provide appropriate advice when necessary.

The core activities of the company are R&D, manufacturing and sales. We do not participate in high-risk and highly leveraged investments. Delta consistently monitors capital on the market and interest rates, and makes cautious funding decisions. Simultaneously, through our auditing, finance, legal and intellectual property departments, and others, we are able to assess and manage risks associated with all operations to maintain company sustainability.

Delta's efforts in corporate governance continued to win outside recognition in 2013. Since 2011, Delta has been selected as a member of the prestigious Dow Jones Sustainability™ World Index (DJSI World) for 3 consecutive years. In 2013 it was also included in the DJSI Emerging Markets Index and ranked first in six criteria among DJSI's World-leading Electronic Equipment, Instrument and Component Companies segment. We received an A++ Information Disclosure and Transparency Ranking for two consecutive years from the Securities and Futures Institute in Taiwan.

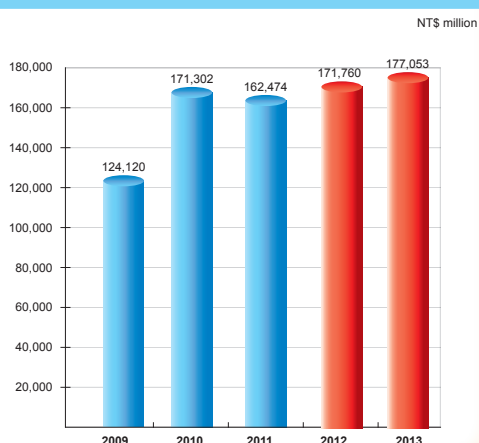
We received "Best Sustainability Practice" and the "Best Investor Relations by a CEO or President" from IR Magazine. In addition, we were named as "Most Promising Company on Corporate Governance" from Corporate Governance Asia and received "Excellence in Management and Corporate Governance Awards 2013 – Platinum" from The Asset Magazine. We continue to take actions such as strengthening the organizational functions of the board to better ensure sound corporate governance at Delta.

Consolidated Financial Highlights

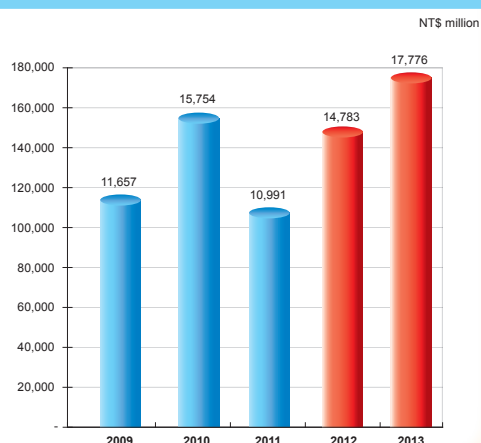
(in NT\$ million, except otherwise indicated)

	2013	2012
Sales	177,053	171,760
Gross profit	45,020	42,098
Gross margin	25.4%	24.5%
Operating profit	19,508	17,304
Operating Margin	11.0%	10.1%
Net Income After Tax	17,776	14,783
Net Margin	10.0%	8.6%
EPS (NT\$)	7.32	6.13
Total Assets	197,329	182,842
Total Shareholders' Equity	93,648	82,362
ROE (%)	20.2%	18.4%

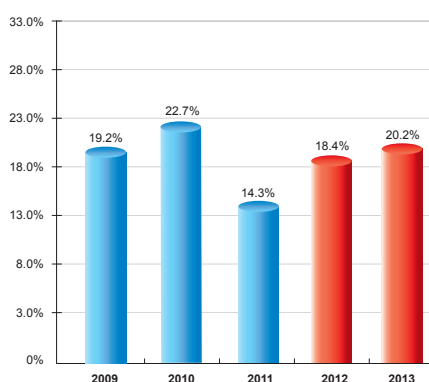
Revenues



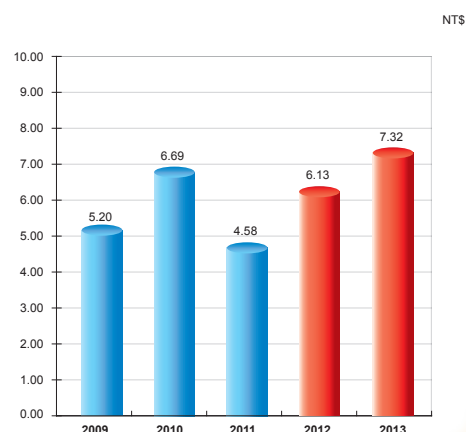
Net Profits



Return on Stockholders' Equity



Earnings Per Share



*2009~2011 financials are based on Taiwan GAAP :
2012~2013 financials are based on IFRS.

Financial Report

**DELTA ELECTRONICS, INC. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS**

DECEMBER 31, 2013 AND 2012

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR13002529

To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets (including investments accounted for under the equity method) of \$6,051,355 thousand, \$5,662,006 thousand and \$6,579,004 thousand, constituting 3.07%, 3.10% and 3.36% of the consolidated total assets as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for under the equity method and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of \$993,227 thousand and \$782,953 thousand, constituting 3.99% and 6.11% of the consolidated total comprehensive income for the years ended December 31, 2013 and 2012, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13, is based solely on the reports of the other independent accountants.

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics, Inc. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

We have also audited the parent company only financial statements of Delta Electronics, Inc. as of and for the years ended December 31, 2013 and 2012, on which we have expressed a modified unqualified opinion on such financial statements.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2013 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$29.805 to US\$1.00 at December 31, 2013. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

PricewaterhouseCoopers, Taiwan

March 11, 2014

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012
(Expressed in thousands of dollars)

	Assets	Notes	US Dollars		New Taiwan Dollars	
			December 31, 2013	December 31, 2013	December 31, 2012	January 1, 2012
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,980,335	\$ 59,023,870	\$ 51,096,128	\$ 67,695,906
1110	Financial assets at fair value	6(2)	2,776			
	through profit or loss - current			82,749	728,015	2,342
1125	Available-for-sale financial	6(3)	23,033			
	assets - current			686,511	600,373	627,944
1135	Derivative financial assets for	6(5)	448			
	hedging - current			13,340	39,901	115,111
1150	Notes receivable, net		51,520	1,535,567	1,319,593	1,330,220
1170	Accounts receivable, net	6(6)	1,379,696	41,121,837	34,978,476	34,708,687
1180	Accounts receivable - related	7	36,347			
	parties			1,083,328	1,231,877	816,456
1200	Other receivables		13,657	407,045	431,096	1,934,087
1210	Other receivables - related	7	5,287			
	parties			157,570	230,939	148,570
1220	Current income tax assets	6(29)	200	5,957	-	-
130X	Inventory	6(7)	605,329	18,041,829	15,461,032	19,126,113
1410	Prepayments		133,998	3,993,820	2,782,463	2,384,204
1460	Non-current assets held for sale	6(12)				
	- net		-	-	11,265,968	-
1470	Other current assets		11,732	349,678	319,041	537,779
11XX	Total current assets		<u>4,244,358</u>	<u>126,503,101</u>	<u>120,484,902</u>	<u>129,427,419</u>
Non-current assets						
1510	Financial assets at fair value	6(2)				
	through profit or loss -					
	non-current		3,684	109,810	247,513	2,803,667
1523	Available-for-sale financial	6(3)				
	assets - non-current		257,601	7,677,790	3,546,918	3,835,595
1543	Financial assets carried at cost -	6(4)				
	non-current		13,441	400,605	398,289	402,903
1550	Investments accounted for	6(8)				
	under the equity method		224,670	6,696,275	6,352,742	5,911,784
1600	Property, plant and equipment	6(9)	1,247,937	37,194,762	35,278,446	34,628,392
1760	Investment property - net	6(10)	65,776	1,960,453	1,232,135	-
1780	Intangible assets	6(11)	364,297	10,857,876	10,937,813	11,064,855
1840	Deferred income tax assets	6(29)	110,323	3,288,189	2,436,921	2,507,096
1900	Other non-current assets	6(13)	88,574	2,639,953	1,926,757	5,466,313
15XX	Total non-current assets		<u>2,376,303</u>	<u>70,825,713</u>	<u>62,357,534</u>	<u>66,620,605</u>
1XXX	Total assets		<u>\$ 6,620,661</u>	<u>\$ 197,328,814</u>	<u>\$ 182,842,436</u>	<u>\$ 196,048,024</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2013, DECEMBER 31, 2012 AND JANUARY 1, 2012
(Expressed in thousands of dollars)

	Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
			December 31, 2013	December 31, 2013	December 31, 2012	January 1, 2012
Current liabilities						
2100	Short-term borrowings	6(14)	\$ 153,052	\$ 4,561,722	\$ 5,037,267	\$ 17,599,492
2120	Financial liabilities at fair value through profit or loss - current	6(15)	566	16,883	26,286	4,257
2125	Derivative financial liabilities for hedging - current	6(5)	89	2,644	14,750	46,873
2150	Notes payable		27	808	-	-
2170	Accounts payable		1,094,733	32,628,527	26,864,029	30,271,738
2180	Accounts payable - related parties	7	6,277	187,088	182,467	118,374
2200	Other payables		588,271	17,533,426	14,587,340	14,590,427
2230	Current income tax liabilities	6(29)	46,637	1,390,013	2,156,441	2,010,601
2260	Liabilities directly related to non-current assets held for sale	6(12)	-	-	6,849,496	-
2300	Other current liabilities	6(16)	102,221	3,046,701	3,238,723	4,367,943
21XX	Total current liabilities		<u>1,991,874</u>	<u>59,367,812</u>	<u>58,956,799</u>	<u>69,009,705</u>
Non-current liabilities						
2540	Long-term borrowings	6(16)	631,695	18,827,664	16,491,517	24,862,247
2570	Deferred income tax liabilities	6(29)	249,348	7,431,813	5,391,475	5,280,177
2600	Other non-current liabilities	6(17)	128,029	3,815,895	3,674,667	3,798,067
25XX	Total non-current liabilities		<u>1,009,072</u>	<u>30,075,372</u>	<u>25,557,659</u>	<u>33,940,491</u>
2XXX	Total Liabilities		<u>3,000,946</u>	<u>89,443,184</u>	<u>84,514,458</u>	<u>102,950,196</u>
Equity						
Share capital						
3110	Share capital - common stock	6(19)	817,830	24,375,433	24,211,780	24,033,974
Capital surplus						
3200	Capital surplus	6(20)	865,322	25,790,922	24,774,551	23,824,784
Retained earnings						
3310	Legal reserve	6(21)	462,159	13,774,636	12,163,682	11,064,579
3320	Special reserve		136,705	4,074,505	2,156,092	5,323,562
3350	Unappropriated retained earnings		845,909	25,212,328	23,808,695	15,827,730
Other equity interest						
3400	Other equity interest		14,084	419,768	(4,753,178)	(1,891,077)
31XX	Equity attributable to owners of the parent		<u>3,142,009</u>	<u>93,647,592</u>	<u>82,361,622</u>	<u>78,183,552</u>
36XX	Non-controlling interest		<u>477,706</u>	<u>14,238,038</u>	<u>15,966,356</u>	<u>14,914,276</u>
3XXX	Total equity		<u>3,619,715</u>	<u>107,885,630</u>	<u>98,327,978</u>	<u>93,097,828</u>
Significant contingent liabilities and unrecorded contract commitments						
Significant events after the balance sheet date						
Total liabilities and equity			<u>\$ 6,620,661</u>	<u>\$ 197,328,814</u>	<u>\$ 182,842,436</u>	<u>\$ 196,048,024</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars, except earnings per share data)

Items	Notes	US Dollars		New Taiwan Dollars	
		2013	2012	2013	2012
4000	Sales revenue	6(22) and 7	\$ 5,940,383	\$ 177,053,122	\$ 171,759,924
5000	Operating costs	6(23) and 7	(4,429,901)	(132,033,192)	(129,661,688)
5950	Net operating margin		<u>1,510,482</u>	<u>45,019,930</u>	<u>42,098,236</u>
	Operating expenses	6(27)(28)			
6100	Selling expenses		(282,260)	(8,412,757)	(8,283,739)
6200	General and administrative expenses		(195,426)	(5,824,674)	(5,529,085)
6300	Research and development expenses		(378,263)	(11,274,117)	(10,981,460)
6000	Total operating expenses		(<u>855,949</u>)	(<u>25,511,548</u>)	(<u>24,794,284</u>)
6900	Operating profit		<u>654,533</u>	<u>19,508,382</u>	<u>17,303,952</u>
	Non-operating income and expenses				
7010	Other income	6(24)(31)	101,867	3,036,141	3,652,456
7020	Other gains and losses	6(2)(25)	(25,257)	(752,798)	356,580
7050	Finance costs	6(26)	(5,904)	(175,959)	(250,184)
7060	Share of profit/(loss) of associates and joint ventures accounted for under the equity method	6(8)	<u>29,552</u>	<u>880,788</u>	<u>724,814</u>
7000	Total non-operating income and expenses		<u>100,258</u>	<u>2,988,172</u>	<u>4,483,666</u>
7900	Profit before income tax		<u>754,791</u>	<u>22,496,554</u>	<u>21,787,618</u>
7950	Income tax expense	6(29)	(<u>120,174</u>)	(<u>3,581,786</u>)	(<u>3,158,399</u>)
8000	Profit for the year from continuing operations		<u>634,617</u>	<u>18,914,768</u>	<u>18,629,219</u>
8100	Profit (loss) for the year from discontinued operations	6(12)	<u>4,014</u>	<u>119,628</u>	(<u>2,744,333</u>)
8200	Profit for the year		<u>\$ 638,631</u>	<u>\$ 19,034,396</u>	<u>\$ 15,884,886</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars, except earnings per share data)

Items	Notes	US Dollars		New Taiwan Dollars	
		2013	2013	2012	2012
Other comprehensive income					
8310	Financial statements translation differences of foreign operations	\$ 118,253	\$ 3,524,544	(\$ 3,111,743)	
8325	Unrealized gain (loss) on valuation of available-for-sale financial assets	87,038	2,594,163	(258,708)	
8330	Cash flow hedges	(507)	(15,109)	(41,712)	
8370	Share of other comprehensive income of associates and joint ventures accounted for under the equity method	116	3,453	(36,200)	
8399	Income tax relating to the components of other comprehensive income	6(29)			
		(8,661)	(258,127)	376,651	
8500	Total comprehensive income for the year	<u>\$ 834,870</u>	<u>\$ 24,883,320</u>	<u>\$ 12,813,174</u>	
Profit (loss), attributable to:					
8610	Owners of the parent	<u>\$ 596,417</u>	<u>\$ 17,776,202</u>	<u>\$ 14,783,384</u>	
8620	Non-controlling interest	<u>\$ 42,214</u>	<u>\$ 1,258,194</u>	<u>\$ 1,101,502</u>	
Comprehensive income attributable to:					
8710	Owners of the parent	<u>\$ 771,826</u>	<u>\$ 23,004,286</u>	<u>\$ 11,900,665</u>	
8720	Non-controlling interest	<u>\$ 63,044</u>	<u>\$ 1,879,034</u>	<u>\$ 912,509</u>	
Basic earnings per share 6(30)					
9710	Basic earnings per share from continuing operations	\$ 0.24	\$ 7.10	\$ 6.90	
9720	Basic earnings (loss) per share from discontinued operations	0.01	0.22	(0.77)	
9750	Total basic earnings per share	<u>\$ 0.25</u>	<u>\$ 7.32</u>	<u>\$ 6.13</u>	
Diluted earnings per share					
9810	Diluted earnings per share from continuing operations	\$ 0.24	\$ 7.02	\$ 6.80	
9820	Diluted earnings (loss) per share from discontinued operations	0.01	0.22	(0.76)	
9850	Total diluted earnings per share	<u>\$ 0.25</u>	<u>\$ 7.24</u>	<u>\$ 6.04</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC. DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars)

	Equity attributable to owners of the parent											
	Retained Earnings			Other equity interest				Total	Non-controlling interest	Total equity		
	Share capital - common stock	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets				Hedging instrument gain (loss) on effective hedge of cash flow hedges	Equity directly related to non-current assets held for sale
2012 New Taiwan Dollars												
Balance at January 1, 2012	\$24,033,974	\$23,824,784	\$11,064,579	\$5,323,562	\$15,827,730	(\$1,687,326)	(\$268,272)	\$64,521	\$-	\$78,183,552	\$14,914,276	\$93,097,828
Share-based payments	177,806	1,009,205	-	-	-	-	-	-	-	1,187,011	-	1,187,011
Distribution of 2011 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,099,103	-	(1,099,103)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,167,470)	3,167,470	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,417,324)	-	-	-	-	(8,417,324)	-	(8,417,324)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(21,467)	-	-	(453,462)	-	-	-	-	(474,929)	-	(474,929)
Change in equity of associates and joint ventures accounted for under equity method	-	(17,353)	-	-	-	-	-	-	-	(17,353)	-	(17,353)
Equity directly associated with non-current assets classified as held for sale	-	(20,618)	-	-	-	47,593	-	-	(26,975)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	139,572	139,572
Other comprehensive loss for the year	-	-	-	-	-	(2,619,784)	(224,643)	(38,292)	-	(2,882,719)	(188,994)	(3,071,713)
Profit for the year	-	-	-	-	14,783,384	-	-	-	-	14,783,384	1,101,502	15,884,886
Balance at December 31, 2012	\$24,211,780	\$24,774,551	\$12,163,682	\$2,156,092	\$23,808,695	(\$4,259,517)	(\$492,915)	\$26,229	(\$26,975)	\$82,361,622	\$15,966,356	\$98,327,978
2013 New Taiwan Dollars												
Balance at January 1, 2013	\$24,211,780	\$24,774,551	\$12,163,682	\$2,156,092	\$23,808,695	(\$4,259,517)	(\$492,915)	\$26,229	(\$26,975)	\$82,361,622	\$15,966,356	\$98,327,978
Share-based payments	163,653	934,077	-	-	-	-	-	-	-	1,097,730	-	1,097,730
Distribution of 2012 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,610,954	-	(1,610,954)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,918,413	(1,918,413)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,843,202)	-	-	-	-	(12,843,202)	-	(12,843,202)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	34,344	-	-	-	-	-	-	(55,138)	(20,794)	-	(20,794)
Change in equity of associates and joint ventures accounted for under equity method	-	47,950	-	-	-	-	-	-	-	47,950	-	47,950
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,607,352)	(3,607,352)
Other comprehensive income for the year	-	-	-	-	-	2,556,027	2,597,295	(7,351)	82,113	5,228,084	620,840	5,848,924
Profit for the year	-	-	-	-	17,776,202	-	-	-	-	17,776,202	1,258,194	19,034,396
Balance at December 31, 2013	\$24,375,433	\$25,790,922	\$13,774,636	\$4,074,505	\$25,212,328	(\$1,703,490)	\$2,104,380	\$18,878	\$-	\$93,647,592	\$14,238,038	\$107,885,630

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars)

	Equity attributable to owners of the parent										Total equity
	Retained Earnings		Other equity interest						Total		
Share capital - common stock	Total capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Equity directly related to non-current assets held for sale	Non-controlling interest	Total	
2013 US Dollars											
Balance at January 1, 2013	\$ 831,221	\$ 408,109	\$ 72,340	\$ 798,815	\$ (142,913)	\$ (16,538)	\$ 880	(\$ 905)	\$ 535,694	\$ 2,763,349	\$ 3,299,043
Share-based payments	31,340	-	-	-	-	-	-	-	-	36,831	36,831
Distribution of 2012 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	54,050	-	(54,050)	-	-	-	-	-	-	-
Special reserve	-	-	64,365	(64,365)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(430,908)	-	-	-	-	-	(430,908)	(430,908)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	(1,850)	-	(698)	(698)
Change in equity of associates and joint ventures accounted for under equity method	-	-	-	-	-	-	-	-	1,609	1,609	1,609
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(121,032)	(121,032)	(121,032)
Other comprehensive income for the year	-	-	-	-	85,758	87,143	(247)	(2,755)	20,830	175,409	196,239
Profit for the year	-	-	-	596,417	-	-	-	-	42,214	596,417	638,631
Balance at December 31, 2013	\$ 817,831	\$ 462,159	\$ 136,705	\$ 845,909	\$ (57,155)	\$ 70,605	\$ 633	\$ -	\$ 477,706	\$ 3,142,009	\$ 3,619,715

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars)

	US Dollars		New Taiwan Dollars	
	2013	2013	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations	\$ 754,791	\$ 22,496,554	\$ 21,787,618	
Profit (loss) before tax from discontinued operations	4,456	132,798	(2,758,813)	
Profit before tax	<u>759,247</u>	<u>22,629,352</u>	<u>19,028,805</u>	
Adjustments to reconcile net income to net cash provided by operating activities				
Income and expenses having no effect on cash flows				
Depreciation	242,478	7,227,049	6,545,246	
Amortization	37,395	1,114,557	829,506	
Provision for bad debts	5,955	177,496	111,172	
Interest expense	8,143	242,701	470,905	
Interest income	(24,305)	(724,410)	(946,306)	
Dividend income	(4,703)	(140,180)	(55,814)	
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,895)	(56,480)	13,065	
Share of profit of associates accounted for under the equity method	(29,552)	(880,788)	(724,814)	
Loss on disposal of property, plant and equipment	312	9,303	1,306	
Gain on disposal of non-current assets classified as held for sale (shown as profit (loss) from discontinued operations)	(872)	(25,989)	-	
Loss (gain) on disposal of investments	13,431	400,298	(775,815)	
Impairment loss on non-financial assets	1,078	32,141	-	
(Reversal of) impairment loss on non-financial assets (shown as profit (loss) from discontinued operations)	(27,150)	(809,194)	809,194	
Impairment loss on financial assets	1,410	42,012	-	
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets held for trading	(521)	(15,515)	4,557	
Notes receivable	(7,207)	(214,819)	9,472	
Accounts receivable	(219,907)	(6,554,316)	(498,856)	
Accounts receivable - related parties	15,125	450,800	(529,088)	
Other receivables	1,463	43,592	1,425,689	
Other receivables - related parties	2,531	75,440	(82,369)	
Inventories	(92,394)	(2,753,789)	3,344,114	
Prepayments	(49,766)	(1,483,288)	(2,001,826)	
Other current assets	(597)	(17,785)	118,318	
Other non-current assets	(2,671)	(79,596)	356,120	
Net changes in liabilities relating to operating activities				
Notes payable	27	808	-	
Accounts payable	211,146	6,293,187	(2,854,448)	
Accounts payable - related parties	(1,646)	(49,045)	64,093	
Other payables	102,747	3,062,366	426,967	
Other current liabilities	(6,191)	(184,513)	5,957	
Other non-current liabilities	837	24,936	51,093	
Cash generated from operations	<u>933,948</u>	<u>27,836,331</u>	<u>25,146,243</u>	
Interest received	24,305	724,410	930,370	
Dividend received	10,338	308,122	356,179	
Interest paid	(7,587)	(226,124)	(467,291)	
Income tax paid	(108,051)	(3,220,469)	(2,969,318)	
Net cash provided by operating activities	<u>852,953</u>	<u>25,422,270</u>	<u>22,996,183</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in thousands of dollars)

	US Dollars		New Taiwan Dollars	
	2013	2013	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition	(\$ 3,849)	(\$ 114,700)	\$	-
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition	32,545	970,000		-
Acquisition of available-for-sale financial assets	(12,168)	(362,670 )	(	462,324)
Proceeds from disposal of available-for-sale financial assets	26,890	801,448		698,581
Proceeds from capital reduction of available-for-sale financial assets	-	-		5,184
Proceeds from capital reduction of financial assets carried at cost	-	-		875
Proceeds from investments accounted for under the equity method	32	939		859
(Increase) decrease in other financial assets	(431)	(12,841)		100,869
Acquisition of property, plant and equipment (including investment property)	(296,043)	(8,823,567 )	(	14,046,957)
Proceeds from disposal of property, plant and equipment (including investment property)	14,886	443,672		522,982
Acquisition of intangible assets	(13,375)	(398,634 )	(	817,891)
(Increase) decrease in other non-current assets	(10,746)	(320,291)		2,404,866
Net cash flow from acquisition of subsidiaries and acquisition of assets of other companies	(20,327)	(605,843)		101,788
Disposal of subsidiaries	(21,634)	(644,799 )	(	1,946,553)
Net cash used in investing activities	(304,220)	(9,067,286 )	(	13,437,721)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in short-term borrowings	(19,334)	(576,247 )	(	10,708,580)
Proceeds from long-term debt	112,412	3,350,440		-
Repayment of long-term debt	(47,714)	(1,422,128 )	(	5,821,699)
Exercise of employee share options	36,830	1,097,730		1,187,011
Change in non-controlling interests	(26,970)	(803,844 )	(	156,385)
Cash dividends paid	(430,908)	(12,843,202 )	(	8,417,324)
Net cash used in financing activities	(375,684)	(11,197,251 )	(	23,916,977)
Effects due to changes in exchange rate	92,938	2,770,009	(	2,241,263)
Increase (decrease) in cash and cash equivalents	265,987	7,927,742	(	16,599,778)
Cash and cash equivalents at beginning of year	1,714,348	51,096,128		67,695,906
Cash and cash equivalents at end of year	\$ 1,980,335	\$ 59,023,870	\$	51,096,128

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2014.

DELTA ELECTRONICS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Delta Electronics, Inc. (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the Group) are the global leader in power and thermal management solutions and are primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application and energy technology services, etc. The Group's mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on the role in addressing key environmental issues such as global climate change. With the concern for the environment, the Group continues to develop innovative energy-efficient products and solutions. In recent years, the Group has transformed from a product provider towards a solution provider and the Group's business is segregated into power electronics business, energy management business, and smart green life business.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 11, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

IFRS 9, 'Financial Instruments: Classification and measurement of financial assets'

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early

application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

- B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.
- C. The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as ‘available-for-sale financial assets’ held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised gain on debt instruments and on equity instruments amounting to \$0 and \$2,594,163, respectively, in other comprehensive income for the year ended December 31, 2013.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the new standards and amendments issued by IASB that are effective but not yet endorsed by the FSC. The application of the new standards and amendments should follow the regulations of the FSC. Therefore, those new standards and amendments have not been adopted by the Group:

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, "Financial Instruments: Disclosures" and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 9, "Financial instruments: Classification and measurement of financial liabilities"	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters shall apply the derecognition requirements in IAS 39, Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, "Income taxes-recovery of revalued non-depreciable assets".	January 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRS 10, "Consolidated financial statements"	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, "Joint arrangements"	When deciding the types of joint arrangements-joint operations and joint ventures, the entity should assess the contract rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, "Disclosure of interests in other entities"	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, "Separate Financial Statements" (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, "Consolidated Financial Statements".	January 1, 2013
IAS 28, "Investments in Associates and Joint Ventures" (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , "Joint Arrangements", IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, "Fair value measurement"	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, "Stripping costs in the production phase of a surface mine"	Stripping costs that meet certain criteria should be recognised as the "stripping activity asset". To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with	January 1, 2013
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit or loss instead	January 1, 2014
IFRIC 21, "Levies"	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets".	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9, "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	<ol style="list-style-type: none"> IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. An entity can elect to early adopt the requirement to recognize the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in "other comprehensive income". 	November 19, 2013 (Not mandatory)

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Services related contributions from employees or third-party (amendments to IAS 19)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13, and IAS 40.	July 1, 2014

The Group is assessing the potential impact of the new standards and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).
- B. In the preparation of the balance sheet as of January 1, 2012, the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the IFRSs, on the Group’s financial position, financial performance and cash flows.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Available-for-sale financial assets measured at fair value.
 - c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

d) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the

same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Electronics, Inc.	Delta International Holding Ltd. (DIH)	Equity investments	94.00	94.00	94.00	
Delta Electronics, Inc.	Delta Networks Holding Ltd. (DNH)	Equity investments	100.00	100.00	100.00	
Delta Electronics, Inc.	Deltronics (Netherlands) B.V. (DEN)	Trading of equipment, components and materials of telecom and computer systems	100.00	100.00	100.00	
Delta Electronics, Inc.	DelSolar Co., Ltd. (DelSolar)	Manufacturing of solar batteries and related systems	-	42.40	59.04	Note A Note B
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	39.62	39.62	39.62	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuit and information software services	83.11	83.11	80.68	
Delta Electronics, Inc.	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Electronics, Inc.	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	100.00	100.00	100.00	
Delta Electronics, Inc.	Delta Electronics Capital Company (Delta Capital)	Equity investments	100.00	100.00	100.00	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	100.00	100.00	100.00	
Delta Electronics, Inc.	Delta Smart Green Life Co., Ltd. (DSGL)	Research and development, energy technology, meeting, exhibition, and leasing services, etc.	100.00	100.00	-	Note C
Delta Electronics, Inc.	Allied Material Technology Corp. (AMT)	Manufacturing and sales of color filter and lease services, etc.	99.97	99.97	99.97	Note D
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd. (Delta Robot)	Research, designing, development, manufacturing and sales of intelligent robot systems and automation engineering, etc.	100.00	100.00	-	Note C
Delta Electronics, Inc.	SYN-TEK Automation Co., Ltd. (STA)	Research, designing, development, manufacturing and sales of industrial automation equipment, etc.	70.00	-	-	Note E
Delta International Holding Ltd. (DIH)	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	100.00	100.00	100.00	
Delta International Holding Ltd. (DIH)	Delta Electronics International Ltd. (DEIL-Labuan)	Sales of electronic products	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta International Holding Ltd. (DIH)	Delta Power Sharp Ltd. (DPS)	Operations and engineering services	100.00	100.00	100.00	
Delta International Holding Ltd. (DIH)	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	100.00	100.00	100.00	
Delta International Holding Ltd. (DIH)	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	100.00	100.00	100.00	
Delta International Holding Ltd. (DIH)	DAC Holding (Cayman) Ltd. (DAC)	Equity investments	100.00	100.00	100.00	
Delta International Holding Ltd. (DIH)	Ace Pillar Holding Co., Ltd. (Ace)	Equity investments	100.00	100.00	100.00	Note F
Delta International Holding Ltd. (DIH)	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	60.38	60.38	60.38	
Delta International Holding Ltd. (DIH)	Drake Overseas Financial Investment Ltd. (Drake)	Equity investments	100.00	100.00	100.00	Note F
Delta International Holding Ltd. (DIH)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	10.38	10.38	10.38	Note F
Delta International Holding Ltd. (DIH)	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	100.00	-	-	Note G

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta International Holding Ltd. (DIH)	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	54.83	-	-	Note H
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and power supplies	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of transformer and power supplies	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design and management consulting service, etc.	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	55.00	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of transformers	55.00	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electro-Optics (Wujiang) Ltd. (DWO)	Manufacturing and sales of peripherals and electronic control equipment	55.00	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	55.00	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of power supplies and transformers	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of power supplies and transformers	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management of industrial automation product and telecommunications equipment	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	100.00	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers and bluetooth module	100.00	100.00	100.00	
PreOptix (Hong Kong) Co., Ltd. (PHK)	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	100.00	100.00	100.00	
Delta Electronics (Japan), Inc. (DEJ)	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	100.00	100.00	100.00	
Delta Electronics (Japan), Inc. (DEJ)	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	100.00	100.00	100.00	
DAC Holding (Cayman) Ltd. (DAC)	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	100.00	100.00	100.00	
DAC Holding (Cayman)	Delta Video Technology Ltd. (DVT)	Sales of electronic products	100.00	100.00	100.00	
Drake Overseas Financial Investment Ltd. (Drake)	Drake Investment (HK) Ltd. (Drake-HK)	Equity investments	100.00	100.00	100.00	Note F

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Ace Pillar Holding Co., Ltd. (Ace)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power	3.81	3.81	3.81	Note F
Drake Investment (HK) Ltd. (Drake-HK)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	48.51	48.51	48.51	Note F
Delta Greentech SGP Pte. Ltd. (DGSG)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of power supplies and transformers	8.21	-	-	Note H
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of power supplies and transformers	100.00	100.00	100.00	
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Delta Energy Technology (Wuhu) Co., Ltd. (DET-WH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	30.00	-	Note C
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Chenzhou Delta Technology Co., Ltd. (CDT)	Manufacturing and sales of power supplies and transformers	100.00	100.00	100.00	
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Delta Energy Technology (Chenzhou) Co., Ltd. (DET-CZ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	30.00	-	Note C

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Electronics (Dongguan) Co., Ltd. (DDG)	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	30.00	-	Note C
Delta Electro-Optics (Wujiang) Ltd. (DWO)	Delta Energy Technology (Wujiang) Co., Ltd. (DET-WJ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	30.00	-	Note C
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Wuhu) Co., Ltd. (DET-WH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	70.00	-	Note C
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Chenzhou) Co., Ltd. (DET-CZ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	70.00	-	Note C

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Wujiang) Co., Ltd. (DET-WJ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	70.00	-	Note C
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	70.00	-	Note C
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	10.00	10.00	-	Note C
Delta Greentech (China) Co., Ltd. (DGC)	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	90.00	90.00	-	Note C
Delta Networks Holding Ltd. (DNH)	Delta Networks, Inc. (DNI Cayman)	Equity investments	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Networks, Inc. (DNI Cayman)	Delta Networks, Inc. (Taiwan) (DNIT)	Manufacturing and sales of networking system and peripherals	99.98	99.98	99.98	
Delta Networks, Inc. (DNI Cayman)	DNI Logistics (USA) Corp. (ALN)	Trading of networking system and peripherals	100.00	100.00	100.00	
Delta Networks, Inc. (DNI Cayman)	Delta Networks International Ltd. (DNIL-Labuan)	Trading of networking system and peripherals	100.00	100.00	100.00	
Delta Networks, Inc. (DNI Cayman)	Delta Networks (H.K.) Ltd. (DNHK)	Equity investments	100.00	100.00	100.00	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio transmission apparatus, incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	100.00	100.00	100.00	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Xiamen) Ltd. (DNX)	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	100.00	100.00	100.00	
Delta Networks, Inc. (Taiwan) (DNIT)	Ayecom Technology Co., Ltd. (Ayecom)	Manufacturing and sales of wire and wireless telecommunications equipment, electronic parts and controlled telecommunications radio frequency devices	100.00	100.00	100.00	
DelSolar Co., Ltd. (DelSolar)	DelSolar Holding (Cayman) Ltd. (DSH)	Equity investments	-	100.00	100.00	Note B
DelSolar Co., Ltd. (DelSolar)	DelSolar Holding Singapore Pte. Ltd. (DSH-SG)	Equity investments	-	100.00	100.00	Note B
DelSolar Holding (Cayman) Ltd. (DSH)	DelSolar (H.K.) Ltd. (DSHK)	Equity investments	-	100.00	100.00	Note B
DelSolar Holding (Cayman) Ltd. (DSH)	DelSolar US Holdings (Delaware) Corporation (DSUS)	Equity investments	-	100.00	100.00	Note B

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
DelSolar Holding Singapore Pte. Ltd.	DelSolar India EPC Company Private Ltd. (DS India)	Contractor of solar systems project	-	100.00	100.00	Note B
DelSolar (H.K.) Ltd. (DSHK)	DelSolar (Wujiang) Ltd. (DSWJ)	Manufacturing and sales of solar batteries and related systems	-	100.00	100.00	Note B
DelSolar US Holdings (Delaware) Corporation (DSUS)	DelSolar Development (Delaware) LLC (DS Delaware)	Design and sale of solar system	-	100.00	100.00	Note B
DelSolar Development (Delaware) LLC (DS Delaware)	DSS-RAL LLC (DSS)	Contractor of solar system	-	100.00	100.00	Note B
DelSolar Development (Delaware) LLC (DS Delaware)	DSS-USF-PHX LLC (DSSU)	Contractor of solar system	-	100.00	100.00	Note B
Cyntec Co., Ltd. (Cyntec)	Fairview Assets Ltd. (Fairview)	Equity investments	100.00	100.00	100.00	
Fairview Assets Ltd. (Fairview)	Grandview Holding Ltd. (Grandview)	Equity investments	100.00	100.00	100.00	
Grandview Holding Ltd. (Grandview)	Cyntec Holding (H.K.) Ltd. (CHK)	Equity investments	100.00	100.00	100.00	
Grandview Holding Ltd. (Grandview)	Cyntec International Ltd. (CIL-Labuan)	Trading	100.00	100.00	100.00	
Cyntec Holding (H.K.) Ltd. (CHK)	Cyntec (Suzhou) Co., Ltd. (CSC)	Research, development, manufacturing and sales of new-type electronic components and wholesale, import and export of similar products	100.00	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			December 31, 2013	December 31, 2012	January 1, 2012	
Cyntec Holding (H.K.) Ltd. (CHK)	Cyntec Electronics (Suzhou) Co., Ltd. (CES)	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale, import and	100.00	100.00	100.00	
DelBio Inc. (DelBio)	DelBio Inc (Wujiang), Ltd. (DelBio-WJ)	Manufacturing, wholesale and retail of medical equipment	100.00	-	-	Note E

Note A: On November 19, 2012, the Board of Directors of the Company resolved to participate in the tender offer by Neo Solar Power Corporation (NSP) of DelSolar. This tender offer transaction was completed on December 24, 2012. DelSolar's stock ownership directly and indirectly held by the Company was reduced to 42.40%. As the Company has the ability to exercise significant influence on the appointment of the management, operational directions and financial planning of DelSolar, DelSolar was still included in the consolidated financial statements until it was merged with NSP and dissolved as of May 31, 2013.

Note B: On December 19, 2012, the Board of Directors of DelSolar and NSP resolved to merge through share exchange. Each common share of DelSolar will be converted into 0.735 share of NSP. DelSolar will be the dissolved company and NSP will be the surviving company after the consolidation. The effective date was May 31, 2013. The Company acquired 17% ownership of NSP after share exchange and does not have control over NSP. Therefore, the Company deconsolidated DelSolar from May 31, 2013. Gain or loss arising from loss of control is disclosed in Note 6(12)5.

Note C: An investee company newly incorporated in 2012.

Note D: The Company acquired 99.97% ownership of AMT with \$2,710,152 in 2011. According to the capital increase subscription contract and relevant regulations, the Company has no control or significant influence on AMT until the reorganization of AMT is completed and convenes shareholders' meeting to

re-elect directors. The Taiwan Taoyuan District Court issued 2007 Zheng-Zi Order No. 1 civil ruling confirmation certificate to AMT on April 5, 2012 and the special meeting of shareholders after the reorganization was convened by the joint committee of the reorganizers and the reorganization supervisor to re-elect directors on June 1, 2012. All board seats were elected and control was obtained by the Company. AMT was included in the consolidated financial statements effective on that date.

Note E: An investee company newly incorporated in 2013.

Note F: DIH acquired stock ownership in Ace, Drake and DGSG (please refer to Note I) which indirectly acquired 3.811%, 48.51% and 8.21% stock ownership, respectively in DGC. Including the original 10.38% stock ownership held by DIH, the Company's consolidated stock ownership in DCG was 70.911% and DGC was included in the consolidated financial statements.

Note G: DIH acquired 100% stock ownership of Vivitek on January 3, 2013, and Vivitek was included in the consolidated financial statements effective on that date.

Note H: DIH acquired 54.83% stock ownership of DGSG on April 1, 2013, and indirectly held 8.21% stock ownership of DGC through DGSG, and DGSG was included in the consolidated financial statements effective on that date.

The financial statements of certain consolidated subsidiaries for the year ended December 31, 2011 were reviewed by other independent accountants. As of January 1, 2012, the total assets and liabilities of these subsidiaries amounted to \$1,051,049 and \$77,668, constituting 0.54% and 0.08% of the consolidated total assets and total liabilities, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise, except when deferred in other comprehensive income as qualifying cash flow hedges.

- b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
 - c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.
- B. Translation of foreign operations
- a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
 - b) When a foreign operation of an associate or jointly controlled entity is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Group still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

- c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a) Liabilities that are expected to be paid off within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
- a) Hybrid (combined) contracts; or
 - b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting. Derivatives and financial assets designated as at fair value through profit or loss on initial recognition are recognised and derecognised using settlement date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(9) Notes and accounts receivable, other receivables

Notes receivable and accounts receivable are claims resulting from the sale of goods or services. Other receivables are those arising from transactions other than the sale of goods or services. Notes receivable, accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, for short-term accounts receivable without bearing interest, as the effect of discount is insignificant, they are measured subsequently at original invoice amount.

(10) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
- a) Significant financial difficulty of the issuer or debtor;
 - b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - e) The disappearance of an active market for that financial asset because of financial difficulties; or
 - f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred, and the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost and variances are allocated to inventories and cost of goods sold at the balance sheet date. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Non-current assets (or disposal group) held for sale

Non-current assets (or disposal group) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(14) Investments accounted for under the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred / legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss or transferred directly to retained earnings. If it retains significant influence over the associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Cash surrender value of life insurance

Premium paid for life insurance with saving nature belonging to cash surrender value is recognized as a deduction to insurance premium expense in current period and is added to the carrying amount of cash surrender value.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to

profit or loss during the financial period in which they are incurred.

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives (leasehold improvements are amortized over the term of the lease). If each component of property, plant and equipment is significant, it is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~8 years except for buildings, the estimated useful life of which is 5~55 years.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 7~50 years.

(18) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Trademarks

- a) Separately acquired trademarks with finite useful lives are stated at acquisition cost and are amortized on a straight-line basis over their estimated useful lives.
- b) Certain trademarks which are assessed to generate net cash inflows and have indefinite useful lives are recorded at actual cost. These are not amortized and instead are tested for impairment annually.

C. Intangible assets other than goodwill and trademarks, mainly computer software, patents, customer relationship and technology authorization fees, are amortized on a straight-line basis over their estimated useful lives of 2~12 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the

circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortized cost where no impairment loss was recognized.

- B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating unit that expects to benefit from business combination that will produce goodwill.

(20) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discount is insignificant, they are measured subsequently at original invoice amount.

(22) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Derivatives are classified in this category of held for trading unless they are designated as hedges. Derivatives are initially recognised at fair value, and related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Offsetting financial instruments

Financial assets and liabilities are offset and reported at net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Derivative financial instruments and hedging activities

- A. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.
- B. The Group designates certain derivatives as either:
- a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
 - b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);
- C. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.
- D. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.
- E. Fair value hedge
- a) Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
 - b) If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.
- F. Cash flow hedge
- a) The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of

comprehensive income within ‘other gains and losses’.

- b) When a hedging instrument expires, or is sold, cancelled or executed, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

a) Defined contribution plans

Under the defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

- i. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the corridor method.
- iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C. Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus and directors’ and supervisors’ remuneration are recognised as expenses and

liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

(27) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.
- C. Restricted stocks issued by the subsidiary-DelSolar (dissolved after merger by NSP on May 31, 2013) to employees:
 - a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised over the vesting period.
 - b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the subsidiary-DelSolar recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date the dividends are declared.
 - c) For restricted stocks where employees do not need to pay to acquire those stocks, if the employees resign during the vesting period, DelSolar will withdraw and cancel those

restricted stocks.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has

the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Part of unused investment tax credits arising from expenditures incurred on acquisitions of equipment or technology, research and development are recognised as deferred income tax assets to the extent that is probable that future taxable profit will be available against the investment tax credits.

(29) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Sales of goods

The Group manufactures and sells computer information system, power supply, components and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services

The Group provides the installation of partial software and solar cell module services. Revenue is recognized based on the percentage of completion of the transaction at the balance sheet date, if all of the following conditions are met:

- a. The amount of the revenue can be measured reliably;
- b. It is probable that the economic benefits related to the transaction will flow to the enterprise;
- c. The costs incurred and to be incurred associated with the transaction can be measured

reliably; and

d. The degree of completion of the transaction can be measured reliably at the balance sheet date.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(33) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.
- B. If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill; if it is less than the fair value of the Group's share of the identifiable net assets acquired (bargain purchase), the difference is recognised directly in profit or loss.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results, the judgements and estimates are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

A. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer an additional loss of \$8,764,906 in its 2013 financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately, the property is classified as investment property only if the own-use portion accounts for less than 20% of the property.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group

estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

C. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information on goodwill impairment.

D. Impairment assessment of investments accounted for under the equity method

The Group assesses the impairment of an investment accounted for under the equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Cash on hand	\$ 5,068	\$ 5,885	\$ 6,702
Checking and demand deposits	22,951,196	27,098,669	32,446,230
Time deposits	36,067,606	25,868,162	35,202,990
Cash equivalents - commercial paper	-	69,965	39,984
	<u>59,023,870</u>	<u>53,042,681</u>	<u>67,695,906</u>
Classified as non-current assets held for sale	-	(1,946,553)	-
Cash and cash equivalents as per consolidated balance sheet	<u>\$ 59,023,870</u>	<u>\$ 51,096,128</u>	<u>\$ 67,695,906</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Current items:			
Financial assets held for trading			
Listed stocks	\$ 22,979	\$ 7,464	\$ 12,021
Convertible bonds	<u>18,000</u>	<u>-</u>	<u>-</u>
	40,979	7,464	12,021
Valuation adjustment of financial assets held for trading	<u>41,770</u>	<u>5,821</u>	<u>(9,679)</u>
Subtotal	<u>82,749</u>	<u>13,285</u>	<u>2,342</u>
Financial assets designated as at fair value through profit or loss			
Convertible bonds	-	720,000	-
Valuation adjustment of financial assets designated as at fair value through profit or loss	<u>-</u>	<u>(5,270)</u>	<u>-</u>
Subtotal	<u>-</u>	<u>714,730</u>	<u>-</u>
Total	<u>\$ 82,749</u>	<u>\$ 728,015</u>	<u>\$ 2,342</u>
Non-current items:			
Financial assets designated as at fair value through profit or loss			
Convertible bonds	\$ 96,700	\$ 250,000	\$ 1,830,000
Valuation adjustment of financial assets designated as at fair value through profit or loss	<u>13,110</u>	<u>(2,487)</u>	<u>973,667</u>
Total	<u>\$ 109,810</u>	<u>\$ 247,513</u>	<u>\$ 2,803,667</u>

A. The Group recognized net gain on financial assets held for trading of \$49,975 and \$27,344 for the years ended December 31, 2013 and 2012, respectively. The Group recognized net gain on financial assets designated as at fair value through profit or loss of \$20,868 and \$737,717 for the years ended December 31, 2013 and 2012, respectively.

B. The private placement of convertible bonds of Dynapack International Technology Corporation (Dynapack) held by the Company was converted into private placement common stocks in the first quarter of 2012. The Company reclassified the estimated fair value of \$2,602,437 to available-for-sale financial assets based on latest quoted fair prices of Dynapack's OTC stocks at the conversion date and considered the limited impact of the lockout period. The difference of \$730,391 between the above amount reclassified and the cost of those bonds originally

recognized under financial assets at fair value through profit or loss account plus related interest receivable totaling \$1,872,046 was recognized as gain on disposal of investments (shown as other gains and losses). The lockout period of Dynapack's private placement common stocks expired in the third quarter of 2013. Accordingly, such common stocks can already be traded freely, and the valuation method is the same as listed/OTC stocks.

C. The counterparties of the Group's private placement of convertible bonds are mostly listed companies in Taiwan. The Group expects that the counterparties of the private placement of convertible bonds that it invested in are not likely to default. The maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets designated as at fair value through profit or loss on initial recognition.

D. The non-hedging derivative instrument transactions and contract information are as follows:

December 31, 2013			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
– Sell USD / Buy RMB	USD	160,000	2013.07.18~2014.04.10
– Sell USD / Buy EUR	EUR	2,550	2013.11.01~2014.03.13
– Sell USD / Buy CZK	CZK	12,500	2013.12.04~2014.01.23
– Sell USD / Buy NTD	USD	2,000	2013.12.25~2014.02.10
– Sell JPY / Buy USD	JPY	2,000	2013.12.06~2014.01.24
December 31, 2012			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
– Sell USD / Buy RMB	USD	6,000	2012.11.21~2013.01.18
– Sell USD / Buy SGD	SGD	6,379	2012.03.01~2013.07.11
– Sell USD / Buy CZK	CZK	36,500	2012.10.08~2013.01.23
– Sell USD / Buy NTD	USD	12,325	2012.10.09~2013.03.28
– Buy USD / Sell JPY	USD	1,000	2012.12.19~2013.02.26
January 1, 2012			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
– Sell USD / Buy EUR	EUR	2,850	2011.10.14~2012.03.14
– Buy USD / Sell EUR	EUR	1,950	2011.10.05~2012.05.02
– Sell EUR / Buy NTD	EUR	130	2011.10.13~2012.01.31

The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

E. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Current items:			
Listed stocks	\$ 763,466	\$ 615,496	\$ 850,429
Emerging stocks	-	-	86,180
Valuation adjustment of available-for-sale financial assets	(76,955)	(15,123)	(308,665)
Total	<u>\$ 686,511</u>	<u>\$ 600,373</u>	<u>\$ 627,944</u>
Non-current items:			
Listed stocks	\$ 4,090,714	\$ 2,634,480	\$ 234,366
Emerging stocks	254,492	307,391	136,907
Unlisted stocks	<u>1,183,109</u>	<u>959,754</u>	<u>3,572,418</u>
Subtotal	5,528,315	3,901,625	3,943,691
Valuation adjustment of available-for-sale financial assets	2,191,487	(354,707)	(108,096)
Accumulated impairment-available-for-sale financial assets	(42,012)	-	-
Total	<u>\$ 7,677,790</u>	<u>\$ 3,546,918</u>	<u>\$ 3,835,595</u>

A. The Group recognized fair value change in other comprehensive income of \$2,188,356 and (\$296,550) for the years ended December 31, 2013 and 2012, respectively.

B. The convertible bonds of Dynapack converted into common stocks are described in Note 4 (2) B.

C. The net asset value of the Group's equity investment in HELIO Optoelectronics Corp. declined significantly to below its initial investment cost. Accordingly, the Group recognized impairment loss of \$42,012 for the year ended December 31, 2013.

D. The Group has no debt instruments available-for-sale financial assets.

E. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group has no available-for-sale financial assets pledged to others.

(4) Financial assets measured at cost

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Non-current items:			
Unlisted stocks	\$ 424,525	\$ 436,395	\$ 441,803
Accumulated impairment - financial assets measured at cost	(23,920)	(38,106)	(38,900)
Total	<u>\$ 400,605</u>	<u>\$ 398,289</u>	<u>\$ 402,903</u>

Based on the Group's intention, its stocks investment should be classified as available-for-sale financial assets. However, as those stocks are not traded in active market, and no sufficient industry information of companies similar to stocks investment companies and their financial information can be obtained, the fair value of the stocks investment cannot be measured reliably. The Group classified those stocks as financial assets measured at cost.

(5) Hedge accounting

<u>Items</u>	<u>December 31, 2013</u> <u>Assets (Liabilities)</u>	<u>December 31, 2012</u> <u>Assets (Liabilities)</u>	<u>January 1, 2012</u> <u>Assets (Liabilities)</u>
Current items:			
Forward foreign exchange contracts - fair value hedges	\$ -	(\$ 2,295)	(\$ 1,468)
		(Note)	
Forward foreign exchange contracts - cash flow hedge	<u>10,696</u>	<u>25,151</u>	<u>69,706</u>
Total	<u>\$ 10,696</u>	<u>\$ 22,856</u>	<u>\$ 68,238</u>

Note: Shown as liabilities directly associated with non-current assets classified as held for sale.

A. The Group entered into derivative financial instruments contracts with a variety of financial institutions with high credit quality and the Group deals with several banks to disperse the credit risk. The maximum exposure to credit risk at balance sheet date is the carrying amount of derivative financial instruments for hedging.

B. Fair value hedges

The foreign currency demand for the Group is exposed to the risk resulting from fair value changes due to foreign exchange rate changes. The Group entered into foreign currency forward contracts which meet all criteria for hedge accounting. The related information is as follows:

Hedged items	Derivative instruments designated as hedges	Designated for hedging instruments		
		Fair value		
		December 31, 2013	December 31, 2012	January 1, 2012
Receivables in foreign currencies	Forward exchange contracts	\$ -	(\$ 2,295)	(\$ 4,088)
Payables in foreign currencies	Forward exchange contracts	\$ -	\$ -	\$ 2,620

C. Cash flow hedges

In order to prevent the risk resulting from future cash flow fluctuation due to foreign exchange rate fluctuations, the Group entered into foreign currency forward contracts which meet all criteria for hedge accounting. The related information is as follows:

Hedged items	Derivative instruments designated as hedges	Designated for hedging instruments		Period of anticipated cash flow	Period of gain (loss) expected to be recognized in profit or loss
		December 31, 2013	December 31, 2012		
Receivables in foreign currencies	Forward exchange contracts	(\$ 2,644)	\$ 13,695	2014.03.18	2014.03.18
Payables in foreign currencies	Forward exchange contracts	13,340	11,456	2014.03.18 ~2014.08.12	2014.03.18 ~2014.08.12

Hedged items	Derivative instruments designated as hedges	Designated for hedging instruments		Period of anticipated cash flow	Period of gain (loss) expected to be recognized in profit or loss
		Fair value			
		January 1, 2012			
Receivables in foreign currencies	Forward exchange contracts	\$	46,524	2012.01.05 ~2012.12.06	2012.01.05 ~2012.12.06
Payables in foreign currencies	Forward exchange contracts		23,182	2012.01.05 ~2012.12.06	2012.01.05 ~2012.12.06

- a) The hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as of December 31, 2013 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.
- b) Information about gain or loss arising from cash flow hedges recognised in profit or loss and other comprehensive income:

Items	For the years ended December 31,	
	2013	2012
Amount of gain or loss adjusted in other comprehensive income	\$ 13,151	\$ 100,204
Amount of gain or loss transferred from other comprehensive income to profit or loss	28,260	141,916

(6) Accounts receivable and overdue receivables

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	\$ 41,694,257	\$ 35,504,973	\$ 35,062,312
Less: Allowance for doubtful accounts	(572,420)	(408,601)	(353,625)
	<u>41,121,837</u>	<u>35,096,372</u>	<u>34,708,687</u>
Overdue receivables (shown as other non-current assets)	75,700	70,383	78,441
Less: Allowance for doubtful accounts	(75,700)	(70,383)	(78,441)
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>41,121,837</u>	<u>35,096,372</u>	<u>34,708,687</u>
Classified as non-current assets held for sale	-	(117,896)	-
	<u>\$ 41,121,837</u>	<u>\$ 34,978,476</u>	<u>\$ 34,708,687</u>

- A. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 90% of the receivable amount can be covered when the receivables are uncollectible.
- B. The Group entered into an agreement with a financial institution to sell its accounts receivable. Under the agreement, the Group is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute.
- As of December 31, 2013, December 31, 2012 and January 1, 2012, the outstanding accounts receivable sold to the financial institution were as follows:

December 31, 2013

Accounts			
Purchaser of accounts receivable	receivable sold	Amount advanced	Collateral
Taishin International Bank	\$ 132,438	\$ -	None

December 31, 2012

Accounts			
Purchaser of accounts receivable	receivable sold	Amount advanced	Collateral
Taishin International Bank	\$ 140,036	\$ -	None

January 1, 2012

Accounts			
Purchaser of accounts receivable	receivable sold	Amount advanced	Collateral
Taishin International Bank	\$ 146,961	\$ -	None

C. The aging analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 90 days	\$ 2,170,070	\$ 2,760,688	\$ 3,053,925
91 to 180 days	254,398	341,866	390,710
181 to 365 days	535,647	386,236	229,463
Over 365 days	313,596	327,019	510,128
	<u>\$ 3,273,711</u>	<u>\$ 3,815,809</u>	<u>\$ 4,184,226</u>

D. Movements on the Group's provision for impairment of accounts receivable are as follows:

For the year ended December 31, 2013

	Individual provision	Group provision	Total
At January 1	\$ 70,383	\$ 408,601	\$ 478,984
Provision for impairment	5,795	171,701	177,496
Write-offs during the period	(2,296)	(1,271)	(3,567)
Effect of decrease in consolidated entities	-	(23,245)	(23,245)
Net exchange differences	1,818	16,634	18,452
At December 31	<u>\$ 75,700</u>	<u>\$ 572,420</u>	<u>\$ 648,120</u>

	For the year ended December 31, 2012		
	Individual provision	Group provision	Total
At January 1	\$ 78,441	\$ 353,625	\$ 432,066
Provision for impairment	1,013	110,159	111,172
Write-offs during the period	(5,913)	(39,425)	(45,338)
Net exchange differences	(3,158)	(15,758)	(18,916)
At December 31	<u>\$ 70,383</u>	<u>\$ 408,601</u>	<u>\$ 478,984</u>

E. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's credit quality control policy:

	December 31, 2013	December 31, 2012	January 1, 2012
Group 1	\$ 24,843,119	\$ 20,281,165	\$ 18,435,494
Group 2	13,005,007	11,027,621	12,109,857
	<u>\$ 37,848,126</u>	<u>\$ 31,308,786</u>	<u>\$ 30,545,351</u>

Group 1: Medium to low risk customers: These customers include large enterprise groups which are operating well, financial transparency is high and approved by the headquarters credit controller as well as government and educational institutions.

Group 2: Normal risk customers: Customers other than the medium to low risk customers.

F. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

(7) Inventories

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,450,697	(\$ 489,750)	\$ 4,960,947
Work in process	1,588,689	-	1,588,689
Finished goods	12,098,739	(778,125)	11,320,614
Inventory in transit	171,579	-	171,579
	<u>\$ 19,309,704</u>	<u>(\$ 1,267,875)</u>	<u>\$ 18,041,829</u>

December 31, 2012			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,893,517	(\$ 575,304)	\$ 4,318,213
Work in process	1,829,818	(792)	1,829,026
Finished goods	9,936,711	(618,360)	9,318,351
Inventory in transit	321,840	(5,431)	316,409
	<u>16,981,886</u>	<u>(1,199,887)</u>	<u>15,781,999</u>
Classified as non-current assets held for sale	(428,295)	107,328	(320,967)
	<u>\$ 16,553,591</u>	<u>(\$ 1,092,559)</u>	<u>\$ 15,461,032</u>

January 1, 2012			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,770,010	(\$ 888,155)	\$ 5,881,855
Work in process	2,012,243	(93,563)	1,918,680
Finished goods	11,299,470	(544,324)	10,755,146
Inventory in transit	570,432	-	570,432
	<u>\$ 20,652,155</u>	<u>(\$ 1,526,042)</u>	<u>\$ 19,126,113</u>

Expenses and losses incurred on inventories recognized for the period:

	For the years ended December 31,	
	2013	2012
Cost of goods sold	\$ 130,735,984	\$ 133,140,293
Loss on (Reversal of) long-term purchase contract	9,853	(146,653)
Provision for inventory obsolescence and market price decline	246,504	7,371
Others	443,536	311,744
	<u>131,435,877</u>	<u>133,312,755</u>
Less: Cost of goods sold from discontinued operations	(1,650,665)	(5,546,129)
	<u>\$ 129,785,212</u>	<u>\$ 127,766,626</u>

(8) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method are set forth below:

<u>Name of associates</u>	<u>December 31, 2013</u>		<u>December 31, 2012</u>		<u>January 1, 2012</u>	
	<u>%</u>	<u>Book value</u>	<u>%</u>	<u>Book value</u>	<u>%</u>	<u>Book value</u>
Delta Electronics (Thailand) Public Co., Ltd. (DET)	20.93	\$ 6,051,355	20.93	\$ 5,662,006	20.93	\$ 5,232,923
Amita Technologies, Inc. (Amita)	30.97	233,118	33.42	249,446	33.49	292,791
Digital Projection International Ltd. (DPI)	32.11	280,034	32.11	312,564	32.11	247,359
Trillion Science, Inc. (Trillion), etc.		<u>131,768</u>		<u>128,726</u>		<u>138,711</u>
		<u>\$ 6,696,275</u>		<u>\$ 6,352,742</u>		<u>\$ 5,911,784</u>

Note: The percentage of ownership in associates represent the percentage of common shares held by the Group.

B. Share of profit (loss) of associates accounted for under equity method are set forth below:

<u>Name of associates</u>	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
DET	\$ 992,012	\$ 817,618
Trillion, etc.	(111,224)	(92,804)
	<u>\$ 880,788</u>	<u>\$ 724,814</u>

C. The financial statements of the above associates were not reviewed by independent accountants. Investments accounted for under the equity method in these companies amounted to \$6,051,355, \$5,662,006 and \$5,527,955 as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, and share of profit (loss) and other comprehensive income of associates accounted for under equity method was \$993,227 and \$782,953 for the years ended December 31, 2013 and 2012, respectively.

D. The financial information of the Group's principal associates is summarized below:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>
<u>December 31, 2013</u>				
DET	\$ 33,675,899	\$ 10,540,890	\$ 40,809,811	\$ 5,217,471
Amita	364,385	154,855	212,373	(76,423)
DPI	623,417	519,378	1,181,897	(29,564)
Others	441,834	11,384	-	124,828
	<u>\$ 35,105,535</u>	<u>\$ 11,226,507</u>	<u>\$ 42,204,081</u>	<u>\$ 5,236,312</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit/(Loss)</u>
<u>December 31, 2012</u>				
DET	\$ 31,536,694	\$ 10,086,155	\$ 38,661,038	\$ 4,121,581
Amita	436,230	168,373	212,310	(113,883)
DPI	706,665	557,558	1,378,699	(119,144)
Others	404,376	4,948	1,600	(101,693)
	<u>\$ 33,083,965</u>	<u>\$ 10,817,034</u>	<u>\$ 40,253,647</u>	<u>\$ 3,786,861</u>
	<u>Assets</u>	<u>Liabilities</u>		
<u>January 1, 2012</u>				
DET	\$	28,843,388	\$	9,685,323
Amita		538,508		194,550
DPI		796,046		522,675
Others		424,975		4,928
	<u>\$</u>	<u>30,602,917</u>	<u>\$</u>	<u>10,407,476</u>

E. The Group's investment in DET has quoted market price. The fair value of DET as of December 31, 2013, December 31, 2012 and January 1, 2012 was \$12,761,160, \$7,967,067 and \$5,224,988, respectively.

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2013</u>							
Cost	\$ 4,580,052	\$ 27,289,755	\$ 28,388,711	\$ 9,439,403	\$ 7,296,759	\$ 4,771,034	\$ 81,765,714
Accumulated depreciation and impairment	(14,528)	(7,205,436)	(18,986,732)	(7,924,944)	(5,725,707)	-	(39,857,347)
	4,565,524	20,084,319	9,401,979	1,514,459	1,571,052	4,771,034	41,908,367
Less: Classified as non-current assets held for sale	-	(1,915,993)	(2,609,463)	(60,633)	(207,319)	(1,836,513)	(6,629,921)
	4,565,524	18,168,326	6,792,516	1,453,826	1,363,733	2,934,521	35,278,446
<u>2013</u>							
Opening net book amount	\$ 4,565,524	\$ 20,084,319	\$ 9,401,979	\$ 1,514,459	\$ 1,571,052	\$ 4,771,034	\$ 41,908,367
Additions	586,507	2,472,266	2,894,933	863,111	969,101	1,024,867	8,810,785
Acquired through business combinations	-	-	-	3,756	4,405	-	8,161
Effect of decrease in consolidated entities	-	(1,655,949)	(3,299,181)	(67,236)	(485,281)	(659,813)	(6,167,460)
Disposals	-	(3,181)	(324,006)	(66,812)	(58,751)	-	(452,750)
Transfer	(155,971)	1,634,799	1,271,134	46,603	637,274	(4,253,365)	(819,526)
Depreciation charge	-	(1,699,945)	(3,244,341)	(1,088,767)	(1,090,231)	-	(7,123,284)
Impairment loss	-	-	(32,080)	(61)	-	-	(32,141)
Net exchange differences	(47,768)	662,006	435,778	58,973	78,424	(124,803)	1,062,610
Closing net book amount	\$ 4,948,292	\$ 21,494,315	\$ 7,104,216	\$ 1,264,026	\$ 1,625,993	\$ 757,920	\$ 37,194,762
<u>At December 31, 2013</u>							
Cost	\$ 4,960,552	\$ 29,285,538	\$ 26,236,404	\$ 9,928,498	\$ 7,942,014	\$ 757,920	\$ 79,110,926
Accumulated depreciation and impairment	(12,260)	(7,791,223)	(19,132,188)	(8,664,472)	(6,316,021)	-	(41,916,164)
	\$ 4,948,292	\$ 21,494,315	\$ 7,104,216	\$ 1,264,026	\$ 1,625,993	\$ 757,920	\$ 37,194,762

	Land	Buildings	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2012</u>							
Cost	\$ 2,410,130	\$ 20,955,924	\$ 25,952,992	\$ 9,007,425	\$ 6,320,516	\$ 3,479,143	\$ 68,126,130
Accumulated depreciation and impairment	(16,868)	(5,205,997)	(16,461,397)	(7,238,735)	(4,574,741)	-	(33,497,738)
	\$ 2,393,262	\$ 15,749,927	\$ 9,491,595	\$ 1,768,690	\$ 1,745,775	\$ 3,479,143	\$ 34,628,392
<u>2012</u>							
Opening net book amount	\$ 2,393,262	\$ 15,749,927	\$ 9,491,595	\$ 1,768,690	\$ 1,745,775	\$ 3,479,143	\$ 34,628,392
Additions	-	4,911,999	3,871,283	818,003	1,022,437	3,423,235	14,046,957
Acquired through business combinations	236,193	1,083,521	-	6	4,894	-	1,324,614
Disposals	-	63,488	(207,899)	(53,483)	(326,394)	-	(524,288)
Transfer	1,985,152	-	-	-	-	(1,985,223)	(71)
Depreciation charge	-	(1,234,218)	(3,477,285)	(966,563)	(822,721)	-	(6,500,787)
Net exchange differences	(49,083)	(490,398)	(275,715)	(52,194)	(52,939)	(146,121)	(1,066,450)
Closing net book amount	\$ 4,565,524	\$ 20,084,319	\$ 9,401,979	\$ 1,514,459	\$ 1,571,052	\$ 4,771,034	\$ 41,908,367
<u>At December 31, 2012</u>							
Cost	\$ 4,580,052	\$ 27,289,755	\$ 28,388,711	\$ 9,439,403	\$ 7,296,759	\$ 4,771,034	\$ 81,765,714
Accumulated depreciation and impairment	(14,528)	(7,205,436)	(18,986,732)	(7,924,944)	(5,725,707)	-	(39,857,347)
	4,565,524	20,084,319	9,401,979	1,514,459	1,571,052	4,771,034	41,908,367
Less: Classified as non-current assets held for sale	-	(1,915,993)	(2,609,463)	(60,633)	(207,319)	(1,836,513)	(6,629,921)
	\$ 4,565,524	\$ 18,168,326	\$ 6,792,516	\$ 1,453,826	\$ 1,363,733	\$ 2,934,521	\$ 35,278,446

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2013</u>			
Cost	\$ 229,602	\$ 2,109,236	\$ 2,338,838
Accumulated depreciation and impairment	-	(1,106,703)	(1,106,703)
	<u>\$ 229,602</u>	<u>\$ 1,002,533</u>	<u>\$ 1,232,135</u>
<u>2013</u>			
Opening net book amount	\$ 229,602	\$ 1,002,533	\$ 1,232,135
Addition (from acquisitions)	-	12,782	12,782
Disposals	-	(225)	(225)
Reclassifications	155,971	663,555	819,526
Depreciation charge	-	(103,765)	(103,765)
Closing net book amount	<u>\$ 385,573</u>	<u>\$ 1,574,880</u>	<u>\$ 1,960,453</u>
<u>At December 31, 2013</u>			
Cost	\$ 385,573	\$ 3,573,416	\$ 3,958,989
Accumulated depreciation and impairment	-	(1,998,536)	(1,998,536)
	<u>\$ 385,573</u>	<u>\$ 1,574,880</u>	<u>\$ 1,960,453</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2012</u>			
Cost	\$ -	\$ -	\$ -
Accumulated depreciation and impairment	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2012</u>			
Opening net book amount	\$ -	\$ -	\$ -
Acquired through business combinations	229,531	1,046,992	1,276,523
Reclassifications	71	-	71
Depreciation charge	-	(44,459)	(44,459)
Closing net book amount	<u>\$ 229,602</u>	<u>\$ 1,002,533</u>	<u>\$ 1,232,135</u>
<u>At December 31, 2012</u>			
Cost	\$ 229,602	\$ 2,109,237	\$ 2,338,839
Accumulated depreciation and impairment	-	(1,106,704)	(1,106,704)
	<u>\$ 229,602</u>	<u>\$ 1,002,533</u>	<u>\$ 1,232,135</u>

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:




	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Rental revenue from the lease of the investment property	\$ <u>109,997</u>	\$ <u>16,968</u>
Direct operating expenses arising from the investment property that generated rental income for the period	\$ <u>-</u>	\$ <u>-</u>
Direct operating expenses arising from the investment property that did not generate rental income for the period	\$ <u>12,755</u>	\$ <u>9,051</u>

B. The fair value of the investment property held by the Group as at December 31, 2013, December 31, 2012 and January 1, 2012 was \$2,031,366, \$1,233,215 and \$1,276,523, respectively, which was revalued by independent appraisers. Valuations were made using the market approach.

(11) Intangible assets

	Customer						
	Trademarks	Patents	Goodwill	Relationship	Others	Total	
At January 1, 2013							
Cost	\$ 413,164	\$ 1,040,791	\$ 6,856,128	\$ 3,684,059	\$ 795,921	\$ 12,790,063	
Accumulated depreciation and impairment	(274)	(639,825)	-	(820,654)	(386,488)	(1,847,241)	
	412,890	400,966	6,856,128	2,863,405	409,433	10,942,822	
Less: Classified as non-current assets held for sale	-	-	-	-	(5,009)	(5,009)	
	<u>\$ 412,890</u>	<u>\$ 400,966</u>	<u>\$ 6,856,128</u>	<u>\$ 2,863,405</u>	<u>\$ 404,424</u>	<u>\$ 10,937,813</u>	
2013							
Opening net book amount	\$ 412,890	\$ 400,966	\$ 6,856,128	\$ 2,863,405	\$ 409,433	\$ 10,942,822	
Additions - acquired separately	-	-	-	4,451	394,183	398,634	
Additions - acquired through business combinations	-	-	6,287	20,411	524,691	551,389	
Effect of decrease in consolidated entities	-	-	-	-	(10,425)	(10,425)	
Amortization	(3,292)	(198,283)	-	(419,234)	(493,748)	(1,114,557)	
Net exchange differences	-	1,347	44,357	34,979	9,330	90,013	
Closing net book amount	<u>\$ 409,598</u>	<u>\$ 204,030</u>	<u>\$ 6,906,772</u>	<u>\$ 2,504,012</u>	<u>\$ 833,464</u>	<u>\$ 10,857,876</u>	
At December 31, 2013							
Cost	\$ 413,165	\$ 1,045,014	\$ 6,906,772	\$ 3,784,422	\$ 1,381,174	\$ 13,530,547	
Accumulated depreciation and impairment	(3,567)	(840,984)	-	(1,280,410)	(547,710)	(2,672,671)	
	<u>\$ 409,598</u>	<u>\$ 204,030</u>	<u>\$ 6,906,772</u>	<u>\$ 2,504,012</u>	<u>\$ 833,464</u>	<u>\$ 10,857,876</u>	

	Customer					
	Trademarks	Patents	Goodwill	Relationship	Others	Total
<u>At January 1, 2012</u>						
Cost	\$ -	\$ 1,135,015	\$ 6,898,970	\$ 3,747,373	\$ 455,610	\$ 12,236,968
Accumulated depreciation and impairment	-	(505,912)	-	(436,032)	(230,169)	(1,172,113)
	\$ -	\$ 629,103	\$ 6,898,970	\$ 3,311,341	\$ 225,441	\$ 11,064,855
<u>2012</u>						
Opening net book amount	\$ -	\$ 629,103	\$ 6,898,970	\$ 3,311,341	\$ 225,441	\$ 11,064,855
Additions - acquired separately	413,164	1,313	-	-	403,414	817,891
Additions - acquired through business combinations	-	-	13,793	-	-	13,793
Amortization	(274)	(198,645)	-	(391,105)	(239,482)	(829,506)
Net exchange differences	-	(30,805)	(56,635)	(56,831)	20,060	(124,211)
Closing net book amount	\$ 412,890	\$ 400,966	\$ 6,856,128	\$ 2,863,405	\$ 409,433	\$ 10,942,822
<u>At December 31, 2012</u>						
Cost	\$ 413,164	\$ 1,040,791	\$ 6,856,128	\$ 3,684,059	\$ 795,921	\$ 12,790,063
Accumulated depreciation and impairment	(274)	(639,825)	-	(820,654)	(386,488)	(1,847,241)
	412,890	400,966	6,856,128	2,863,405	409,433	10,942,822
Less: Classified as non-current assets held for sale	-	-	-	-	(5,009)	(5,009)
	\$ 412,890	\$ 400,966	\$ 6,856,128	\$ 2,863,405	\$ 404,424	\$ 10,937,813

C. The Group bought registered or under-application trademarks rights such as 、、VIVITEK、麗訊 and  totaling \$413,164 from Luxeon International Holding Ltd. in the fourth quarter of 2012. Trademarks registered in certain countries are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortized but are tested for impairment annually.

D. Goodwill and trademarks with indefinite useful lives are allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Goodwill:			
Cyntec and its subsidiaries	\$ 5,124,137	\$ 5,124,137	\$ 5,124,137
DGC	1,728,016	1,683,663	1,740,298
Others	54,619	48,328	34,535
	<u>\$ 6,906,772</u>	<u>\$ 6,856,128</u>	<u>\$ 6,898,970</u>
Trademarks:			
Smart green life business	<u>\$ 386,823</u>	<u>\$ 386,823</u>	<u>\$ -</u>

E. Goodwill and trademarks with indefinite useful lives are allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill and indefinite useful lives trademarks were not impaired. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(12) Non-current assets held for sale and discontinued operations

A. On December 19, 2012, the Board of Directors of DelSolar and Neo Solar Power Corporation (NSP) resolved to merge both companies through share exchange. Each common share of DelSolar will be converted into 0.735 share of NSP. DelSolar will be the dissolved company

and NSP will be the surviving company after the consolidation. The effective date was May 31, 2013. DelSolar meets the criteria of the subsidiary classified as held for sale due to the merger through share exchange. The assets, liabilities and equity relating to DelSolar classified as disposal group as held for sale meets the definition of discontinued operations to be presented in discontinued operations. The disposal group classified as held for sale originally belonged to energy management business.

B. Assets of disposal group classified as held for sale:

	<u>December 31, 2012</u>
Cash and cash equivalents	\$ 1,946,553
Other current assets	2,213,998
Property, plant and equipment	6,629,921
Other non-current assets	<u>1,284,690</u>
Subtotal	12,075,162
Accumulated impairment	(809,194)
	<u><u>\$ 11,265,968</u></u>

C. Liabilities of disposal group classified as held for sale:

	<u>December 31, 2012</u>
Short-term borrowings	\$ 1,853,645
Long-term liabilities - current portion	1,480,597
Other current liabilities	1,482,628
Long-term borrowings	1,853,333
Other non-current liabilities	<u>179,293</u>
	<u><u>\$ 6,849,496</u></u>

D. Details of amounts recognized directly in equity relating to non-current assets held for sale are set forth below:

	<u>December 31, 2012</u>
Capital surplus	\$ 20,618
Exchange differences on translation of foreign financial statements	(47,593)
	<u><u>(\$ 26,975)</u></u>

E. Analysis of the result and cash flows of discontinued operations, and the result recognized on the remeasurement of assets or disposal group, is as follows:

	For the five-month period ended <u>May 31, 2013</u>	For the year ended <u>December 31, 2012</u>
Operating revenue	\$ 1,219,537	\$ 4,321,730
Operating costs and expenses	(1,930,290)	(6,282,615)
Total non-operating income and expenses	<u>8,368</u>	<u>11,266</u>
Loss before tax of discontinued operations	(702,385)	(1,949,619)
Income tax (expense) benefit	<u>(13,170)</u>	<u>14,480</u>
Loss from discontinued operations, net	<u>(715,555)</u>	<u>(1,935,139)</u>
Pre-tax gain (loss) recognized on the remeasurement of assets of disposal group	809,194	(809,194)
Pre-tax gain recognized on the disposal of disposal group	25,989	-
Income tax	<u>-</u>	<u>-</u>
Gain recognized on the remeasurement of assets of disposal group, net of tax and on the disposal of disposal group	<u>835,183</u>	<u>(809,194)</u>
Total profit (loss) from discontinued operations	<u>\$ 119,628</u>	<u>(\$ 2,744,333)</u>

Cash flows from discontinued operations:

	For the five-month period ended <u>May 31, 2013</u>	For the year ended <u>December 31, 2012</u>
Cash flows from operating activities	\$ 153,587	(\$ 156,868)
Cash flows from investing activities	(365,185)	(946,859)
Cash flows from financing activities	(515,024)	1,361,547
Effect on exchange rate changes	<u>85,091</u>	<u>7,297</u>
Total cash flows	<u>(\$ 641,531)</u>	<u>\$ 265,117</u>

F. Loss from continuing and discontinued operations attributable to owners of the parent: see Note 6(30).

G. Details of major assets and liabilities of disposal group as held for sale are as follows:

a. Cash and cash equivalents

	<u>December 31, 2012</u>
Cash on hand	\$ 69
Checking and demand deposit	490,093
Time deposits	1,386,426
Cash equivalents-commercial paper	69,965
	<u>\$ 1,946,553</u>

b. Property, plant and equipment

	<u>December 31, 2012</u>		
Item	Original cost	Accumulated depreciation	Net book value
Buildings	\$ 2,360,867	(\$ 444,874)	\$ 1,915,993
Machinery and equipment	5,064,338	(2,454,875)	2,609,463
Others	521,788	(253,836)	267,952
Unfinished construction and equipment under acceptance	1,836,513	-	1,836,513
	<u>\$ 9,783,506</u>	<u>(\$ 3,153,585)</u>	<u>\$ 6,629,921</u>

c. Short-term borrowings

	<u>December 31, 2012</u>
Unsecured bank loans	\$ 1,853,645
Credit lines	\$ 4,524,662
Interest rate per annum	<u>1.40%~2.26%</u>

d. Long-term borrowings

	<u>December 31, 2012</u>
Secured bank loans	\$ 1,706,666
Credit loans	1,627,264
Less: Current portion	(1,480,597)
	<u>\$ 1,853,333</u>
Credit lines	\$ 4,871,200
Interest rate per annum	<u>2.04%~2.37%</u>

(a) Please refer to Note 6(16)B for more details. DelSolar had received the written consent for the unconditional exemption from maintaining liabilities not exceeding 100% of tangible net equity and interest coverage of at least 300% in 2012 by banks on September 26, 2012.

(b) Please refer to Note 8 for collaterals of secured banks loans.

(13) Other non-current assets

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Long-term prepaid rents	\$ 1,281,917	\$ 1,170,478	\$ 1,228,031
Prepayments for business facilities	925,750	622,767	3,120,148
Prepayments for material purchases			
- over one year	-	524,220	800,791
Guarantee deposits paid	174,999	163,089	103,306
Cash surrender value of life insurance	112,832	115,434	112,700
Prepayments for investments	38,000	30,000	-
Others	106,455	79,345	101,337
	<u>2,639,953</u>	<u>2,705,333</u>	<u>5,466,313</u>
Classified as non-current assets held for sale	-	(778,576)	-
	<u>\$ 2,639,953</u>	<u>\$ 1,926,757</u>	<u>\$ 5,466,313</u>

(14) Short-term borrowings

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Unsecured bank loans	\$ 4,561,722	\$ 6,890,912	\$ 17,599,492
Classified as liabilities directly associated with non-current assets held for sale	-	(1,853,645)	-
	<u>\$ 4,561,722</u>	<u>\$ 5,037,267</u>	<u>\$ 17,599,492</u>
Credit lines	<u>\$ 83,452,252</u>	<u>\$ 73,821,776</u>	<u>\$ 76,472,572</u>
Interest rate per annum	<u>0.45%~2.21%</u>	<u>0.48%~5%</u>	<u>0.616%~6.888%</u>

(15) Financial liabilities at fair value through profit or loss

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Current item:			
Valuation adjustment of non-hedging derivatives	<u>\$ 16,883</u>	<u>\$ 26,286</u>	<u>\$ 4,257</u>

A. The Group recognized net gain (loss) of \$4,576 and (\$28,042) for the years ended December 31, 2013 and 2012, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

December 31, 2013			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy SGD	SGD	11,736	2013.01.31~2014.10.14
- Sell USD / Buy NTD	USD	7,200	2013.11.22~2014.01.10
- Sell EUR / Buy NTD	EUR	50	2013.09.26~2014.01.27
- Sell USD / Buy JPY	USD	11,800	2013.10.30~2014.03.13
- Buy USD / Sell EUR	EUR	5,600	2013.09.25~2014.04.29
- Buy USD / Sell KRW	USD	900	2013.11.18~2014.02.07
December 31, 2012			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Sell USD / Buy JPY	USD	15,200	2012.10.05~2013.03.14
- Sell USD / Buy EUR	EUR	1,400	2012.11.02~2013.03.14
- Buy USD / Sell EUR	EUR	3,537	2012.10.05~2013.04.29
- Sell EUR / Buy NTD	EUR	80	2012.11.16~2013.01.15
- Buy NTD / Sell EUR	EUR	16	2012.12.27~2013.02.27
January 1, 2012			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
- Buy USD / Sell JPY	USD	11,800	2011.10.05~2012.03.14
- Sell USD / Buy CZK	CZK	33,000	2011.10.04~2012.01.19
- Sell USD / Buy NTD	USD	8,000	2011.11.07~2012.02.15

The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, these transactions did not meet all the criteria for hedge accounting. Therefore, the Group did not apply the hedge accounting.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Credit loans	\$ 18,908,043	\$ 18,191,714	\$ 23,821,055
Secured bank loans	-	1,706,666	1,899,024
Less: Current portion (shown as other current liabilities)	(80,379)	(1,553,530)	(857,832)
	18,827,664	18,344,850	24,862,247
Classified as liabilities directly associated with non-current assets held for sale	-	(1,853,333)	-
	<u>\$ 18,827,664</u>	<u>\$ 16,491,517</u>	<u>\$ 24,862,247</u>
Credit lines	<u>\$ 26,863,542</u>	<u>\$ 30,738,649</u>	<u>\$ 36,614,574</u>
Interest rate per annum	<u>0.43%~1.5%</u>	<u>0.46%~2.37%</u>	<u>0.46%~2.06%</u>

A. As of December 31, 2013, the revolving loans of \$18,716,500 can be drawn down during the period from April 17, 2013 to September 30, 2015 and are payable before the due date under the agreement.

B. On February 16, 2009, DelSolar (dissolved after merger by NSP on May 31, 2013) entered into a five-year syndicated credit facility agreement with 9 financial institutions – Chinatrust Commercial Bank and First Commercial Bank as the lead banks and obtained a credit line in the amount of \$4 billion. Under the loan agreement, DelSolar should maintain the following financial ratios during the loan period (based on the audited semiannual/annual consolidated financial statements):

- a. Current assets to current liabilities ratio of at least 1:1;
- b. Liabilities not exceeding 100% of tangible net equity;
- c. Interest coverage of at least 300%; and
- d. Net book value of tangible assets of at least \$4,000,000.

Under the agreement, the above revolving loans can be drawn down within five years after August 14, 2009 and are payable before the due date. DelSolar had received the written consent for the unconditional exemption from maintaining liabilities not exceeding 100% of tangible net equity in 2012 and interest coverage of at least 300% in 2012 and 2011 from the banks on September 26, 2012 and September 16, 2011, respectively.

C. Please refer to Note 8 for collaterals of secured bank loans.

(17) Pensions

A. a) The Group has a defined benefit pension plan as follows:

- i. The Company and its domestic subsidiaries have a defined benefit pension plan in

accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

- ii. Certain subsidiaries located in Mainland China maintain defined benefit retirement (resignation) plans with relative contribution scheme. The employees and the subsidiaries contribute an amount relatively based on a certain percentage of the monthly basic salary depending on the employee's position. When an employee retires or resigns, the total contribution from the employee is reimbursed based on the accumulated contribution (without interest) less withdrawals made by the employee in advance during the service period. The employee is also entitled to receive benefits calculated based on the accumulated contribution (without interest) from the related subsidiary multiplied by the approved benefit percentage for the employee's service years less withdrawals made by the employee in advance during the service period.

b) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Present value of funded obligations	(\$ 4,079,520)	(\$ 4,198,165)	(\$ 3,911,510)
Fair value of plan assets	<u>687,276</u>	<u>696,559</u>	<u>676,506</u>
	(3,392,244)	(3,501,606)	(3,235,004)
Present value of unfunded obligations	-	-	-
Unrecognised actuarial losses/(gains)	7,398	157,076	-
Unrecognised past service cost	<u>-</u>	<u>-</u>	<u>-</u>
Net liability in the balance sheet	<u>(\$ 3,384,846)</u>	<u>(\$ 3,344,530)</u>	<u>(\$ 3,235,004)</u>

c) Changes in present value of funded obligations are as follows:

	<u>2013</u>	<u>2012</u>
Present value of funded obligations		
At January 1	\$ 3,344,530	\$ 3,235,004
Current pension costs	182,217	191,365
Employee contribution	(49,168)	(49,661)
Actuarial gain and loss	(15,856)	31,097
Foreign exchange difference	11,456	(12,311)
Benefits paid	(77,137)	(50,636)
Past service cost	(6,106)	-
Settlement	(846)	(211,195)
Others	(4,244)	210,867
	<u>3,384,846</u>	<u>3,344,530</u>
Classified as non-current assets held for sale	-	1,434
	<u>\$ 3,384,846</u>	<u>\$ 3,345,964</u>

d) Changes in fair value of plan assets are as follows:

	<u>2013</u>	<u>2012</u>
Fair value of plan assets		
At January 1	\$ 696,559	\$ 676,506
Expected return on plan assets	10,725	13,667
Actuarial gain and loss	(1,882)	(665)
Employer contributions	49,166	40,394
Benefits paid	(63,642)	(33,343)
Decrease due to consolidated subsidiaries	(3,650)	-
	<u>687,276</u>	<u>696,559</u>
Classified as non-current assets held for sale	-	(3,650)
	<u>\$ 687,276</u>	<u>\$ 692,909</u>

e) Amounts of expenses recognised in statements of comprehensive income are as follows:

	<u>2013</u>	<u>2012</u>
Current service cost	\$ 129,359	\$ 120,090
Interest cost	63,583	74,439
Expected return on plan assets	(10,725)	(13,667)
Actuarial gain and loss	-	(132,306)
Curtailement or settlement	-	142,809
Current pension cost	<u>\$ 182,217</u>	<u>\$ 191,365</u>

Details of costs and expenses recognized in statement of comprehensive income are as follows:

	2013	2012
Cost of sales	\$ 67,980	\$ 84,436
Selling expenses	11,506	10,222
General and administrative expenses	50,481	41,855
Research and development expenses	52,250	54,852
	<u>\$ 182,217</u>	<u>\$ 191,365</u>

f) i. The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The actual return on plan assets of the Company and domestic subsidiaries for the years ended December 31, 2013 and 2012 were \$8,843 and \$6,697, respectively.

ii. The defined contribution pension plans maintained by the subsidiaries located in Mainland China do not have plan assets.

g) The principal actuarial assumptions used were as follows:

	2013	2012	2011
Discount rate	<u>1.75%~4.5%</u>	<u>1.5%~4%</u>	<u>1.75%~4%</u>
Future salary increases	<u>3%~3.5%</u>	<u>2%~3.5%</u>	<u>0%~3.5%</u>
Expected return on plan asset	<u>1.75%</u>	<u>0%~1.75%</u>	<u>0%~2%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

h) Historical information of experience adjustments was as follows:

	<u>2013</u>	<u>2012</u>
Present value of defined benefit obligation	(\$ 4,079,520)	(\$ 4,198,165)
Fair value of plan assets	<u>687,276</u>	<u>696,559</u>
Surplus/(deficit) in the plan	<u>(\$ 3,392,244)</u>	<u>(\$ 3,501,606)</u>
Experience adjustments on plan liabilities	<u>\$ 12,492</u>	<u>(\$ 24,360)</u>
Experience adjustments on plan assets	<u>(\$ 3,001)</u>	<u>(\$ 6,970)</u>

i) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2013 are \$70,621.

B. a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2013 and 2012 were \$253,168 and \$270,201, respectively.

b) Other overseas companies have defined contribution plans in accordance with the local regulations.

(18) Share-based payment

A. As of December 31, 2013 and 2012, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
First employee stock options compensation plan of the Company	2007.12.18	60,000,000	6 years	(Note A)
Second employee stock options compensation plan of Cyntec assumed by the Company	2007.12.03	5,355,070 (Note B)	6 years	"
"	2007.12.27	254,195 (Note B)	6 years	"

Note A: Two years' service vested 40%; three years' service vested 70%; four years' service vested 100%.

Note B: Quantity granted is calculated based on the share conversion ratio between the Company and Cyttec.

B. Details of the above share-based payment arrangements are as follows:

a) First employee stock options compensation plan of the Company

	For the years ended December 31,			
	2013		2012	
	No. of shares	Weighted-average exercise price (in dollars) (Note)	No. of shares	Weighted-average exercise price (in dollars) (Note)
Options outstanding at beginning of the year	15,910,798	\$ 70.1	31,866,534	\$ 73.0
Options granted	-	-	-	-
Options exercised	(15,701,418)	68.4	(15,625,936)	70.8
Options forfeited	(209,380)	68.1	(329,800)	72.8
Options outstanding at end of the year (Note)	<u>-</u>	<u>\$ -</u>	<u>15,910,798</u>	<u>\$ 70.1</u>
Options exercisable at end of the year	<u>-</u>		<u>15,910,798</u>	

Note: Weighted-average exercise price of options outstanding at beginning of year was adjusted due to the change in common stock after taking into account stock dividends and employees' bonus distributed.

b) Second employee stock options compensation plan of Cyntec assumed by the Company

	For the years ended December 31,			
	2013		2012	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars) (Note)
Options outstanding at beginning of the year	642,079	\$ 36.59	2,810,326	\$ 38.09
Options granted	-	-	-	-
Options exercised	(641,922)	35.76	(2,168,247)	37.57
Options forfeited	157	35.19	-	-
Options outstanding at end of the year (Note)	<u>-</u>	<u>\$ -</u>	<u>642,079</u>	<u>\$ 36.59</u>
Options exercisable at end of the year (Note)	<u>-</u>		<u>642,079</u>	

Note: Weighted-average exercise price of options outstanding at beginning of year was adjusted due to the change in common stock after taking into account stock dividends and employees' bonus distributed.

- C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2013 and 2012 was \$135.3 and \$92.01 (in dollars), respectively.
- D. As of December 31, 2013, the share-based payment arrangements were all expired. The expiry dates of outstanding stock options and exercise prices as of December 31, 2012 and January 1, 2012 are as follows:

Issue date approved	Expiry date	December 31, 2012		January 1, 2012	
		No. of shares	Exercise price (in dollars)	No. of shares	Exercise price (in dollars)
2007.12.18	2013.12.17	15,910,798	\$ 70.1	31,866,534	\$ 73.0
2007.12.03	2013.12.02	617,772	36.6	2,675,276	38.1
2007.12.27	2013.12.26	24,307	36.3	135,050	37.8

E. Information on estimation of fair value of employee stock options of Cyntec assumed by the Company using the Black-Scholes option-pricing model on the grant date are as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Weighted-average fair value (in dollars)
Second employee stock options compensation plan of Cyntec assumed by the Company	2007.12.03	\$ 100.5	\$ 41.8	40.23%	2.33 years	0.00%	0.853%	\$ 60.7591
"	2007.12.27	100.5	41.4	40.23%	2.48 years	0.00%	0.877%	61.3189

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

F. DelSolar's (dissolved after merger by NSP on May 31, 2013) share-based payment transactions:

a) DelSolar's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted (Shares)	Contract period	Vesting conditions
Second employee stock options compensation plan	2007.09.14	1,500,000	6 years	Two years' service vested 25%; three years' service vested 50%; four years' service vested 75%; five years' service vested 100%
Third employee stock options compensation plan	2007.11.20	4,000,000	7 years	"
Fourth employee stock options compensation plan	2009.08.13	2,000,000	7 years	"
Fifth employee stock options compensation plan	2009.10.26	1,470,000	7 years	"

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (Shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Sixth employee stock options compensation plan	2010.04.22	730,000	7 years	Two years' service vested 25%; three years' service vested 50%; four years' service vested 75%; five years' service vested 100%
Seventh employee stock options compensation plan	2010.10.18	2,100,000	7 years	"
Capital increase in cash reserved for employees	2012.05.01	1,247,000	-	Vested immediately
Issuance of new restricted employee shares (Note A)	2012.10.24	2,700,000	2 years	Note B

Note A :The new restricted employee shares issued by DelSolar shall not be transferable during the vesting period but the right to vote and participate in the dividend distribution is not restricted. Employees who leave the company during the vesting period shall return the stock, but the dividends received need not be returned.

Note B : One year's service and performance appraisal of excellent vested 50%; Two years' service and performance appraisal of excellent vested 100%.

b) Details of the employee stock options are set forth below:

	<u>For the year ended December 31, 2012</u>	
	<u>No. of shares</u>	<u>Weighted- average exercise price (in dollars)</u>
Options outstanding at beginning of the year	8,191,000	\$ 60.77
Options granted	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-
Options exercised	(1,711,000)	59.71
Options forfeited	-	-
Options expired	-	-
Options outstanding at end of the year	<u>6,480,000</u>	57.50
Options exercisable at end of the year	<u>4,264,750</u>	61.08

c) As of December 31, 2012 and January 1, 2012, the range of exercise price of stock options outstanding was \$28.3~\$61.7 (in dollars) and \$29.6~\$85 (in dollars), respectively, and the weighted-average remaining vesting periods were as follows:

<u>Type of arrangement</u>	<u>December 31, 2012</u>
Second employee stock options compensation plan	<u>0.70 years</u>
Third employee stock options compensation plan	<u>1.89 years</u>
Fourth employee stock options compensation plan	<u>3.62 years</u>
Fifth employee stock options compensation plan	<u>3.82 years</u>
Sixth employee stock options compensation plan	<u>4.31 years</u>
Seventh employee stock options compensation plan	<u>4.80 years</u>
<u>Type of arrangement</u>	<u>January 1, 2012</u>
Second employee stock options compensation plan	<u>1.70 years</u>
Third employee stock options compensation plan	<u>2.89 years</u>
Fourth employee stock options compensation plan	<u>4.62 years</u>
Fifth employee stock options compensation plan	<u>4.82 years</u>
Sixth employee stock options compensation plan	<u>5.31 years</u>
Seventh employee stock options compensation plan	<u>5.80 years</u>

d) The fair value of employee stock options of DelSolar granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected			Risk-free interest rate	Fair value per unit (in dollars)
				price volatility (Note)	Exercise option life	Exercise dividends		
Second	2007.09.14	\$ 42.46	\$ 40	60.26%	4.75 years	0%	2.39%	\$ 22.62
Third	2007.11.20	43.25	160	59.57%	5.25 years	0%	2.57%	9.98
Fourth	2009.08.13	42.85	42	56.39%	5.25 years	0%	1.27%	21.60
Fifth	2009.10.26	40.70	48.4	54.60%	5.25 years	0%	1.16%	17.85
Sixth	2010.04.22	53.64	53.3	37.18%	5.25 years	0%	1.01%	18.77
Seventh	2010.10.18	58.88	65.6	32.82%	5.25 years	0%	0.90%	16.01
Cash capital increase reserved for employee preemption	2012.05.01	18.99	14.7	53.61%	0.01 years	0%	0.71%	4.29
Restricted stock to employees	2012.10.24	11.65	-	-	2.00 years	-	-	11.65

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

G. NEM's share-based payment transactions

a) For the years ended December 31, 2013 and 2012, NEM's share-based payment transactions are set forth below:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
First employee stock options compensation plan	2009.11.25	572,600	8 years	Two years' service vested 50%; three years' service vested 75%; four years' service vested 100%
Second employee stock options compensation plan	2010.04.30	590,000	8 years	"
Third employee stock options compensation plan	2010.12.21	388,000	8 years	"
Fourth employee stock options compensation plan	2011.12.21	1,299,400	8 years	"
Fifth employee stock options compensation plan	2012.12.10	847,000	8 years	"
Sixth employee stock options compensation plan	2013.03.11	155,000	8 years	"
Seventh employee stock options compensation plan	2013.07.29	40,000	8 years	"
Eighth employee stock options compensation plan	2013.10.28	65,000	8 years	"

b) Details of the employee stock options compensation plan of NEM are set forth below:

	For the years ended December 31,			
	2013		2012	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	2,605,400	\$ 10	2,372,400	\$ 10
Options granted	260,000	10	847,000	10
Options exercised	-	-	-	-
Options forfeited	(242,000)	10	(614,000)	10
Options outstanding at end of the year	<u>2,623,400</u>	<u>\$ 10</u>	<u>2,605,400</u>	<u>\$ 10</u>
Options exercisable at end of the year	<u>1,062,950</u>		<u>422,000</u>	

c) The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2013		December 31, 2012		January 1, 2012	
		No. of shares	Exercise price (in dollars)	No. of shares	Exercise price (in dollars)	No. of shares	Exercise price (in dollars)
2009.11.25	2017.11.24	317,000	\$ 10	319,000	\$ 10	418,000	\$ 10
2010.04.30	2018.04.29	157,000	10	197,000	10	487,000	10
2010.12.21	2018.12.20	328,000	10	328,000	10	328,000	10
2011.12.21	2019.12.20	764,400	10	914,400	10	1,139,400	10
2012.12.10	2020.12.09	797,000	10	847,000	10	-	-
2013.03.11	2021.03.10	155,000	10	-	-	-	-
2013.07.29	2021.07.28	40,000	10	-	-	-	-
2013.10.28	2021.10.27	65,000	10	-	-	-	-

d) The fair value of employee stock options of NEM granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected		Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
				price volatility (Note)	Exercise option life			
First	2009.11.25	\$ 3.49	\$ 10	55.50%	5.375 years	0%	1.25%	\$ 0.8315
Second	2010.04.30	5.27	10	51.68%	5.38 years	0%	1.30%	1.5746
Third	2010.12.21	6.87	10	48.62%	5.38 years	0%	1.13%	2.3217
Fourth	2011.12.21	4.81	10	50.18%	5.38 years	0%	1.09%	1.2495
Fifth	2012.12.10	2.85	10	47.48%	5.38 years	0%	1.00%	0.3624
Sixth	2013.03.11	2.79	10	49.57%	5.38 years	0%	1.19%	0.3984
Seventh	2013.07.29	1.44	10	47.81%	5.38 years	0%	1.23%	0.0707
Eighth	2013.10.28	1.46	10	46.28%	5.38 years	0%	1.31%	0.0632

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

H. Expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31,	
	2013	2012
Equity-settled	\$ 1,278	\$ 4,725
Cash-settled	-	-
Total	\$ 1,278	\$ 4,725

(19) Share capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 2,700,000,000 shares (including 100,000,000 shares for stock warrants conversion). As of December 31, 2013, the total issued and outstanding common stock was 2,437,543,000 shares with par value of \$10 (in dollars) per share.

Reconciliation for number of common shares outstanding from the beginning to the end of year:

	2013 (Note)	2012 (Note)
At January 1	\$ 2,421,178	\$ 2,403,397
Employee stock options exercised	16,365	17,781
At December 31	\$ 2,437,543	\$ 2,421,178

Note: In thousand shares.

B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16,000,000 units of global depository receipts (GDRs), represented by 80,000,000 shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg, with total proceeds of US\$134,666,000. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:

a. Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

b. Redemption of GDRs

Sales and redemption of the underlying common shares represented by the GDRs when the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

c. Distribution of dividends, preemptive rights and other rights

Distribution of dividends, preemptive rights and other rights and interests of GDR units bear the same rights as common shares.

d. After considering the stock dividend distribution year by year, as of December 31, 2013, there were 1,200,000 units outstanding, representing 6,000,000 common shares of the Company's common stock.

(20) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless

the legal reserve is insufficient.

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:
- a. Payment of all taxes and dues.
 - b. Offset against prior years' operating losses, if any.
 - c. Set aside 10% of the remaining amount as legal reserve, unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company.
 - d. Setting aside or reversing a special reserve according to relevant regulations when necessary.
 - e. The amount of distributable earnings after deducting items a, b, c and d, plus beginning undistributed earnings (the earnings), shall be distributed in the following percentage according to the resolution approved at the stockholders' meeting:
 - (a) Directors' remuneration: up to 1% of the earnings.
 - (b) Employees' bonus: at least 3% of the earnings. The Company can issue the employee stock bonus to qualified employees of subsidiaries. The related regulations should be authorized by the Company's Board of Directors or authorized person.
 - (c) Stockholders' bonus: balance of the earnings after deducting (a) and (b).
- B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 5% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. a) The appropriations of 2012 and 2011 earnings had been approved by the shareholders during their meeting on June 7, 2013 and June 19, 2012, respectively. Details are summarized below:

	2012		2011	
	Amount	Dividends per share	Amount	Dividends per share
	(Note A)	(in dollars)	(Note B)	(in dollars)
Appropriation for legal reserve	\$ 1,610,954		\$ 1,099,103	
Appropriation for (Reversal of) special reserve	1,918,413		(3,167,470)	
Cash dividends	12,843,222	\$ 5.29101501	8,417,359	\$3.49448218

Note A: The Board of Directors proposed to distribute employees' cash bonuses of \$2,047,925 and directors' and supervisors' remuneration of \$30,400.

Note B: The shareholders during their meeting approved to distribute employees' cash bonuses of \$1,536,340 and directors' and supervisors' remuneration of \$16,700.

The appropriations of 2012 earnings had been resolved during the shareholders' meeting. Therefore, the consolidated financial statements had reflected the dividends payable. There was no difference in the amounts of the earnings appropriation as approved by the stockholders with that proposed by the Board of Directors. The information is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

b) The appropriations of 2013 earnings had been proposed by the Board of Directors on March 11, 2014. Details are summarized below :

	<u>2013</u>	
	<u>Amount</u> <u>(Note)</u>	<u>Dividends</u> <u>per share</u> <u>(in dollars)</u>
Appropriation for legal reserve	<u>\$ 1,777,620</u>	
Reversal of special reserve	<u>(\$ 3,546,949)</u>	
Cash dividends	<u>\$ 14,137,751</u>	<u>\$ 5.80</u>

Note: The Board of Directors proposed to distribute employees' cash bonuses of \$2,492,438 and directors' and supervisors' remuneration of \$30,400.

As of March 11, 2014 the abovementioned 2013 earnings appropriation had not been approved by the stockholders.

F. For the years ended December 31, 2013 and 2012, employees' bonus were accrued at \$3,333,446 and \$2,784,538, respectively, and directors' and supervisors' remuneration were accrued at \$32,182 and \$26,878, respectively. The basis of estimates is based on a certain percentage of net income prescribed by the Company's Articles of Incorporation and resolved by the Board of Directors, after taking into account the legal reserve and other factors. The calculation of shares of stock bonus distributed is based on the closing price of the Company's common stock at the previous day of the next stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. While, if the estimated amounts are different from the amounts approved during the stockholders' meeting subsequently, the difference is recognized as gain or loss in the following year. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are significantly different from the distributed amounts resolved by the Board of Directors, then the differences shall be adjusted retroactively in the statement of comprehensive income for the current year. The difference between the directors' and supervisors' remuneration as resolved by the stockholders and the amount recognised in the 2012 financial statements of \$8,600 had been adjusted in the 2013 statement of comprehensive income.

(22) Operating revenue

	For the years ended December 31,	
	2013	2012
Sales revenue	\$ 174,784,759	\$ 172,871,380
Service revenue	3,487,900	3,210,274
	<u>178,272,659</u>	<u>176,081,654</u>
Less: Operating revenue from discontinued operations	(1,219,537)	(4,321,730)
	<u>\$ 177,053,122</u>	<u>\$ 171,759,924</u>

(23) Operating cost

	For the years ended December 31,	
	2013	2012
Cost of sales	\$ 131,435,877	\$ 133,312,755
Cost of services	2,247,980	1,895,062
	<u>133,683,857</u>	<u>135,207,817</u>
Less: Operating costs from discontinued operations	(1,650,665)	(5,546,129)
	<u>\$ 132,033,192</u>	<u>\$ 129,661,688</u>

(24) Other income

	For the years ended December 31,	
	2013	2012
Interest income	\$ 724,410	\$ 946,306
Dividend income	140,180	55,814
Rental income	188,506	166,234
Others	2,031,330	2,600,167
	<u>3,084,426</u>	<u>3,768,521</u>
Less: Other income from discontinued operations	(48,285)	(116,065)
	<u>\$ 3,036,141</u>	<u>\$ 3,652,456</u>

(25) Other gains and losses

	For the years ended December 31,	
	2013	2012
(Loss) gain on disposal of investments	(\$ 400,298)	\$ 775,815
Net currency exchange gains	210,444	69,286
Loss on disposal of property, plant and equipment	(9,303)	(1,306)
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	56,480	(13,065)
Miscellaneous disbursements	(611,556)	(500,144)
	<u>(754,233)</u>	<u>330,586</u>
Less: Other gain and loss from discontinued operations	1,435	25,994
	<u>(\$ 752,798)</u>	<u>\$ 356,580</u>

(26) Finance costs

	For the years ended December 31,	
	2013	2012
Interest expense	\$ 242,701	\$ 470,905
Gain on effective cash flow hedges reclassified from equity to profit or loss	(28,260)	(141,916)
	214,441	328,989
Less: Finance costs from discontinued operations	(38,482)	(78,805)
	<u>\$ 175,959</u>	<u>\$ 250,184</u>

(27) Expenses by nature

	For the years ended December 31,	
	2013	2012
Changes in inventories of finished goods and work in process, raw materials and consumables used	\$ 97,875,265	\$ 99,307,608
Employee benefit expense	29,397,783	26,154,420
Depreciation charges on property, plant and equipment	7,123,284	6,500,787
Amortisation charges on intangible assets	1,114,557	829,506
Transportation expenses	1,705,979	1,613,376
Advertising costs	966,585	1,120,694
Operating lease payments	318,336	519,966
Other expenses	<u>20,973,241</u>	<u>24,692,230</u>
Total cost of sales and operating expenses	159,475,030	160,738,587
Less: Cost of sales and operating expenses from discontinued operations	(1,930,290)	(6,282,615)
	<u>\$ 157,544,740</u>	<u>\$ 154,455,972</u>

(28) Employee benefit expense

	For the years ended December 31,	
	2013	2012
Wages and salaries	\$ 22,536,768	\$ 20,120,363
Employees' bonuses and directors' and supervisors' remuneration	3,376,186	2,811,416
Labor and health insurance fees	2,099,103	1,834,248
Pensions costs	468,550	484,892
Other personnel expenses	<u>917,176</u>	<u>903,501</u>
	<u>\$ 29,397,783</u>	<u>\$ 26,154,420</u>

(29) Income tax

A. Income tax expense

a) Components of income tax expense:

	For the years ended December 31,	
	2013	2012
Current tax:		
Current tax on profits for the period	\$ 2,927,085	\$ 2,825,711
Adjustments in respect of prior years	(263,072)	(266,916)
Total current tax	<u>\$ 2,664,013</u>	<u>\$ 2,558,795</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 933,500	\$ 377,584
Origination and reversal of loss carryforward	(2,557)	207,540
Total deferred tax	<u>930,943</u>	<u>585,124</u>
Income tax expense	3,594,956	3,143,919
Less: Income tax (expense) benefit on discontinued operations	(13,170)	14,480
	<u>\$ 3,581,786</u>	<u>\$ 3,158,399</u>

b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2013	2012
Fair value gain (loss) on available-for-sale financial assets	(\$ 3,142)	(\$ 22,965)
Currency translation differences	268,720	(352,502)
Cash flow hedges	(7,451)	(1,184)
	<u>\$ 258,127</u>	<u>(\$ 376,651)</u>

B. Relationship between income tax expense and accounting profit:

	For the years ended December 31,	
	2013	2012
Tax calculated based on profit before tax and statutory tax rate	\$ 6,435,610	\$ 5,914,285
Effect from items disallowed by tax regulation	(2,289,852)	(1,409,987)
Effect from investment tax credits	(307,942)	(1,085,776)
Effect from net operating loss carryforwards	20,212	(7,687)
Over provision of prior year's income tax	(263,072)	(266,916)
Income tax expense	3,594,956	3,143,919
Less: Income tax (expense) benefit on discontinued operations	(13,170)	14,480
	<u>\$ 3,581,786</u>	<u>\$ 3,158,399</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, loss carryforwards and investment tax credits are as follows:

	For the year ended December 31, 2013				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
— Deferred tax assets:					
Allowance for inventory obsolescence	\$ 150,646	\$ 5,543	\$ -	\$ -	\$ 156,189
Investment tax credits	44,810	(21,313)	-	-	23,497
Pension liability	768,109	(37,000)	-	-	731,109
Assets impairment	224,176	(178,293)	-	-	45,883
Net operating loss carryforward	1,429	2,557	-	-	3,986
Depreciation difference between tax and financial basis	740,196	443,110	-	-	1,183,306
Others	507,555	636,664	-	-	1,144,219
Subtotal	<u>\$ 2,436,921</u>	<u>\$ 851,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,288,189</u>
— Deferred tax liabilities:					
Long-term equity	(\$ 4,708,630)	(\$ 1,005,302)	(\$ 258,127)	\$ -	(\$ 5,972,059)
Land revaluation increment tax	(119,862)	-	-	-	(119,862)
Others	(562,983)	(776,909)	-	-	(1,339,892)
Subtotal	<u>(\$ 5,391,475)</u>	<u>(\$ 1,782,211)</u>	<u>(\$ 258,127)</u>	<u>\$ -</u>	<u>(\$ 7,431,813)</u>
Total	<u>(\$ 2,954,554)</u>	<u>(\$ 930,943)</u>	<u>(\$ 258,127)</u>	<u>\$ -</u>	<u>(\$ 4,143,624)</u>

For the year ended December 31, 2012

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
—Deferred tax assets:					
Allowance for inventory obsolescence	\$ 231,252	(\$ 80,606)	\$ -	-	\$ 150,646
Investment tax credits	183,498	(138,688)	-	-	44,810
Pension liability	361,675	406,434	-	-	768,109
Assets impairment	258,217	(34,041)	-	-	224,176
Net operating loss carryforwards	208,969	(207,540)	-	-	1,429
Depreciation difference between tax and financial basis					
Others	805,154	(64,958)	-	-	740,196
Subtotal	<u>\$ 2,507,096</u>	<u>(\$ 70,175)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 2,436,921</u>
—Deferred tax liabilities:					
Long-term equity	(\$ 5,014,856)	(\$ 70,425)	\$ 376,651	-	(\$ 4,708,630)
Land revaluation increment tax	(119,862)	-	-	-	(119,862)
Others	(118,459)	(444,524)	-	-	(562,983)
Subtotal	<u>(\$ 5,253,177)</u>	<u>(\$ 514,949)</u>	<u>\$ 376,651</u>	<u>-</u>	<u>(\$ 5,391,475)</u>
Total	<u>(\$ 2,746,081)</u>	<u>(\$ 585,124)</u>	<u>\$ 376,651</u>	<u>-</u>	<u>(\$ 2,954,554)</u>

D. According to Act for Industrial Innovation and Statute for Upgrading Industries (before its abolishment), details of the Company's investments tax credits and unrecognized deferred tax assets are as follows:

<u>December 31, 2013</u>			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Machinery and equipment	\$ 1,141	\$ 281	2014
Employees' training	109	109	2013
Investments in emerging important strategic industries	408,072	385,435	2016
	<u>\$ 409,322</u>	<u>\$ 385,825</u>	
<u>December 31, 2012</u>			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Research and development	\$ 827,152	\$ 782,863	2013
Machinery and equipment	676	233	2014
Employees' training	3,308	3,230	2013
	<u>\$ 831,136</u>	<u>\$ 786,326</u>	
<u>January 1, 2012</u>			
<u>Qualifying items</u>	<u>Unused tax credits</u>	<u>Unrecognised deferred tax assets</u>	<u>Final year tax credits are due</u>
Research and development	\$ 1,440,259	\$ 1,262,575	2013
Machinery and equipment	14,585	9,820	2014
Employees' training	6,507	5,458	2013
	<u>\$ 1,461,351</u>	<u>\$ 1,277,853</u>	

E. Expiration dates of unused net operating loss carryforward and amounts of unrecognized deferred tax assets are as follows:

<u>December 31, 2013</u>				
<u>Year incurred</u>	<u>Amount filed /assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2007-2013	\$ 8,028,877	\$ 7,998,841	\$ 7,981,567	2023
<u>December 31, 2012</u>				
<u>Year incurred</u>	<u>Amount filed /assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2007-2012	\$ 7,775,307	\$ 7,747,179	\$ 7,738,772	2022

<u>Year incurred</u>	<u>Amount filed /assessed</u>	<u>January 1, 2012</u>		
		<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2006-2011	\$ 3,265,317	\$ 3,265,317	\$ 1,686,991	2021

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Deductible temporary differences	\$ 1,998,799	\$ 2,529,468	\$ 1,690,239

G. The Company did not recognise taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2013, December 31, 2012 and January 1, 2012, the amounts of temporary differences unrecognised as deferred tax liabilities were \$143,317,539, \$125,433,932 and \$108,597,192, respectively.

H. The status of the Company and its domestic subsidiaries' assessed and approved income tax returns are as follows:

	<u>Latest year assessed by Tax Authority</u>
The Company	2011
DelSolar	2010
AMT, Delta Capital, Cyntec, DNIT, NEM, DelBio and Ayecom	2011
Delta Robot and DSGL	Not assessed yet
SYN-TKE	Not assessed yet

I. Unappropriated retained earnings:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Earnings generated in and before 1997	\$ 685,952	\$ 685,952	\$ 685,952
Earnings generated in and after 1998	24,526,376	23,122,743	15,141,778
	<u>\$ 25,212,328</u>	<u>\$ 23,808,695</u>	<u>\$ 15,827,730</u>

J. The balance of the imputation tax credit account and the creditable tax rate are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Imputation tax credit account balance	\$ 1,074,283	\$ 489,796	\$ 131,759
		<u>2013 (Estimated)</u>	<u>2012 (Actual)</u>
Creditable tax ratio		<u>4.38%</u>	<u>5.12%</u>

(30) Earnings per share

	For the year ended December 31, 2013		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	after tax		
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 17,244,431	2,427,935	\$ 7.10
Profit from discontinued operations attributable to ordinary shareholders of the parent	<u>531,771</u>	<u>2,427,935</u>	<u>0.22</u>
Profit attributable to ordinary shareholders of the parent	<u>\$ 17,776,202</u>	<u>2,427,935</u>	<u>\$ 7.32</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 17,244,431	2,427,935	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' stock option	-	4,612	
Employees' bonus	<u>-</u>	<u>23,763</u>	
Profit from continuing operations attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	17,244,431	2,456,310	\$ 7.02
Profit from discontinued operations attributable to ordinary shareholders of the parent	<u>531,771</u>	<u>2,456,310</u>	<u>0.22</u>
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 17,776,202</u>	<u>2,456,310</u>	<u>\$ 7.24</u>

For the year ended December 31, 2012

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 16,648,901	2,410,764	\$ 6.90
Loss from discontinued operations attributable to ordinary shareholders of the parent	(1,865,517)	2,410,764	(0.77)
Profit attributable to ordinary shareholders of the parent	<u>\$ 14,783,384</u>	<u>2,410,764</u>	<u>\$ 6.13</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders of the parent	\$ 16,648,901	2,410,764	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' stock option	-	6,573	
Employees' bonus	-	31,024	
Profit from continuing operations attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	16,648,901	2,448,361	\$ 6.80
Loss from discontinued operations attributable to ordinary shareholders of the parent	(1,865,517)	2,448,361	(0.76)
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 14,783,384</u>	<u>2,448,361</u>	<u>\$ 6.04</u>

(31) Business combinations

A. Business combination events of the Group for the years ended December 31, 2013 and 2012 are as follows:

- a) The Company acquired 99.97% ownership of AMT with \$2,710,152 in 2011. According to the capital increase subscription contract and relevant regulations, the Company has no control or significant influence over AMT until the reorganization of AMT is completed and AMT convenes its shareholders' meeting to re-elect directors. The Taiwan Taoyuan District Court issued 2007 Zheng-Zi Order No. 1 civil ruling confirmation certificate to AMT on April 5, 2012 and the special meeting of shareholders after the reorganization was convened by the joint committee of the reorganizers and the reorganization supervisor to re-elect directors on June 1, 2012. All board seats were elected and control was obtained by the Company. AMT was included in the consolidated financial statements effective on that date.
- b) On January 3, 2013, the Group acquired 100% stock ownership of Vivitek by cash totaling \$43,560 through DIH and obtained control over Vivitek, an overhead projector and related products and materials retailer operating in the US. As a result of the acquisition, the Group expected to increase its presence in these markets. It also expects to reduce costs through economies of scale.
- c) The Group acquired 54.83% ownership of DGSG from DET through DIH with \$447,375 on April 1, 2013 and gained control over DGSG. The Group expects to increase more profit from China market after this acquisition.
- d) The Group established its subsidiary STA in 2013 and has signed assets transaction agreement with SYN-TEK Technologies Inc. (hereinafter referred to as SYN-TEK) to purchase inventory, equipment, software, and ownership and obligations of other existing clients. Thereafter, the Group expects to improve its competitiveness on related products of industrial automation.

B. Consideration paid for acquisitions of AMT, Vivitek, DGSG and STA and fair value information of assets acquired and liabilities assumed from the acquisitions on the acquisition date are as follows:

	For the years ended December 31,	
	2013	2012
Purchase consideration		
Cash paid	\$ 640,935	\$ -
Fair value of interest in AMT on the acquisition date that had been owned prior to the acquisition (Shown as available-for-sale financial assets-non-current)	-	2,710,152
Fair value of the non-controlling interest	363,282	820
	<u>1,004,217</u>	<u>2,710,972</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	35,092	101,788
Accounts receivable	85,466	-
Other current assets	2,404	2,918
Inventories	75,851	-
Investments accounted for under equity method	399,930	-
Property, plant and equipment	8,161	1,324,614
Goodwill	6,287	13,793
Other non-current assets	548,495	1,275,575
Bank borrowings	(49,441)	-
Accounts payable	(57,130)	-
Other current liabilities	(24,362)	(2,916)
Other non-current liabilities	(18,865)	(4,800)
Total identifiable net assets	<u>1,011,888</u>	<u>2,710,972</u>
Gain recognized in bargain purchase transaction (shown as other income)	<u>(\$ 7,671)</u>	<u>\$ -</u>

C. The operating revenue included in the consolidated statement of comprehensive income contributed by Vivitek, DGSG and STA was \$691,727. The Vivitek, DGSG and STA also contributed profit before income tax of \$58,606 for the same period. Had Vivitek, DGSG and STA been consolidated from January 1, 2012, the consolidated statement of comprehensive income would show operating revenue and profit before income tax as follows:

	For the years ended December 31,	
	2013	2012
Operating revenue	\$ 177,096,000	\$ 172,295,516
Profit before income tax	22,498,245	21,855,385

(32) Non-cash transactions

Non-cash flows from financing activities:

	For the years ended December 31,	
	2013	2012
Cash dividends declared but not yet paid to non-controlling interests	\$ -	\$ 50,541

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	For the years ended December 31,	
	2013	2012
Sales of goods:		
Associates	\$ 3,793,085	\$ 4,217,205
Others	1,220,921	809,087
Less: Sales of discontinued operations	-	(454,298)
Total	\$ 5,014,006	\$ 4,571,994

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors.

B. Purchases of goods:

	For the years ended December 31,	
	2013	2012
Purchases of goods:		
Associates	\$ 830,559	\$ 592,380
Others	49,784	30,761
Less: Purchases of discontinued operations	-	-
Total	\$ 880,343	\$ 623,141

The purchase terms, including prices and payments, were negotiated based on cost, market, competitors and other factors.

C. Period-end balances arising from sales of goods:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Receivables from related parties:			
Associates	\$ 898,335	\$ 1,068,676	\$ 683,412
Others	184,993	276,868	133,044
Classified as non-current assets held for sale	-	(113,667)	-
Total	\$ 1,083,328	\$ 1,231,877	\$ 816,456

The receivables from related parties arise mainly from sales transactions. The receivables are due 70~105 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

D. Period-end balances arising from purchases of goods:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Payables to related parties:			
Associates	\$ 178,224	\$ 173,534	\$ 113,137
Others	<u>8,864</u>	<u>8,933</u>	<u>5,237</u>
Total	<u>\$ 187,088</u>	<u>\$ 182,467</u>	<u>\$ 118,374</u>

The payables to related parties arise mainly from purchase transactions and are due 70 days after the date of purchase. The payables bear no interest.

E. Period-end balances arising from others:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Other receivables-related parties			
Associates	\$ 153,190	\$ 227,852	\$ 145,770
Others	<u>4,380</u>	<u>3,087</u>	<u>2,800</u>
Total	<u>\$ 157,570</u>	<u>\$ 230,939</u>	<u>\$ 148,570</u>

The above pertain mainly to advance payments.

F. Property transactions:

The Group acquired 54.83% ownership of Delta Greentech SGP Pte. Ltd. by \$450,000 from associate in 2013, and related costs have been paid up as of December 31, 2013.

(2) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Salaries and other short-term employee benefits	<u>\$ 432,759</u>	<u>\$ 353,829</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value			Pledge purpose
	December 31, 2013	December 31, 2012	January 1, 2012	
Property, plant and equipment	\$ -	\$ 3,095,745	\$ 2,794,609	Long-term borrowings
Other non-current asset - prepayments for business facilities	-	101,709	-	Long-term borrowings
Demand deposits and time deposit (shown as other assets - current and non-current)	4,021	3,862	100,446	Collateral for customs duties
Demand deposits (shown as other current assets)	-	225	20,000	Collateral for disposition and seizure
Time deposits (shown as other current assets)	52,754	39,849	24,163	Performance bonds
	<u>\$ 56,775</u>	<u>\$ 3,241,390</u>	<u>\$ 2,939,218</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Property, plant and equipment	\$ 466,857	\$ 1,910,736	\$ 3,816,412

B. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Not later than one year	\$ 80,035	\$ 144,973	\$ 174,261
Later than one year but not later than five years	156,240	120,812	170,265
Later than five years	22,672	27,206	31,741
Total	<u>\$ 258,947</u>	<u>\$ 292,991</u>	<u>\$ 376,267</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The significant events had been proposed by the Board of Directors on March 11, 2014. Details are summarized below :

- A. Pursuant to Article 19 of Mergers and Acquisitions Act, Delta Robot, a wholly-owned subsidiary of the Company, will merge with the Company, with the Company as the surviving entity. The date of the merger is tentatively set on April 1, 2014.
- B. For operational requirements, the Company had approved the construction of Taoyuan Plant 5, with an estimated total cost of \$1.1 billion. The Board had previously approved the acquisition of the related land on July 29, 2013.
- C. The subsidiary – DIH plans to acquire 45.17% stake in DGSG to indirectly own the 3.71% equity holding in DGC. DIH also plans to acquire 100% stake in Boom Treasure Ltd. from LOMBARD Int'l PCC Ltd. which will result to a 25% indirect equity interest in DGC.

12. OTHERS

(1) Capital risk management

The Group's objectives (including non-current assets or disposal groups held for sale) when managing capital are to maintain an integrity credit rating and good capital structure to support operating and maximum stockholders' equity.

(2) Financial instruments

A. Fair value information of financial instruments

The fair value of financial instruments measured at amortized cost (including notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties) and other payables are based on their book value as book value is approximate to fair value. The fair value of long-term loans (including current portion) is based on book value as their interest rate is approximate to market interest rate. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2), 6(5) and 6(15)).

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury.
- The Group adopts the derivative financial instruments like forward exchange contracts / forward exchange transactions, etc. to hedge the fair value risk and cash flow risk due to foreign exchange rate fluctuations. The Group monitors at any time and pre-sets a “stop loss” amount to limit its foreign exchange risk.
- The Group’s businesses involve some non-functional currency operations (the Company’s and certain subsidiaries’ functional currency: NTD; other certain subsidiaries’ functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2013

(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 361,992	29.8050	\$ 10,789,174
USD : RMB (Note)	507,266	6.0520	15,119,066
RMB : USD (Note)	1,318,179	0.1652	6,491,769
<u>Non-monetary items</u>			
RMB : USD (Note)	\$ 6,935,119	0.1652	\$ 34,154,074
NTD : USD (Note)	1,811,490	0.0336	1,811,490
USD : NTD	2,850,254	29.8050	84,951,812
THB : NTD	5,848,147	0.9135	5,342,282
THB : USD (Note)	776,215	0.0306	709,073
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 339,002	29.8050	\$ 10,103,950
USD : JPY (Note)	23,776	104.9800	708,645
USD : RMB (Note)	553,164	6.0520	16,487,063
RMB : USD (Note)	1,133,961	0.1652	5,584,532

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information. When a subsidiary's functional currency is RMB, it shall also consider its USD foreign currency position.

December 31, 2012

(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 356,025	29.0400	\$ 10,338,973
USD : RMB (Note)	439,321	6.2855	12,757,875
RMB : USD (Note)	784,824	0.1591	3,626,044
<u>Non-monetary items</u>			
RMB : USD (Note)	\$ 6,827,957	0.1591	\$ 31,546,529
NTD : USD (Note)	1,537,846	0.0344	1,537,846
USD : NTD	2,629,688	29.0400	76,366,142
THB : NTD	4,737,280	0.9535	4,516,997
THB : USD (Note)	1,200,849	0.0328	1,145,009
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 256,910	29.0400	\$ 7,460,668
USD : JPY (Note)	32,709	86.3300	949,869
USD : RMB (Note)	466,651	6.2855	13,551,534
RMB : USD (Note)	852,900	0.1591	3,940,566

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information. When a subsidiary's functional currency is RMB, it shall also consider its USD foreign currency position.

January 1, 2012			
(Foreign currency: Functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 297,117	30.2750	\$ 8,955,217
USD : RMB (Note)	280,444	6.3009	11,517,927
RMB : USD (Note)	1,186,512	0.1587	5,701,034
<u>Non-monetary items</u>			
RMB : USD (Note)	\$ 5,630,311	0.1590	\$ 27,052,906
NTD : USD (Note)	1,442,845	0.0330	1,442,845
USD : NTD	2,512,675	30.2750	76,071,247
THB : NTD	3,952,955	0.9647	3,813,416
THB : USD (Note)	1,471,449	0.0319	1,419,507
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 313,468	30.2750	\$ 9,490,257
USD : JPY (Note)	10,238	76.6800	309,961
USD : RMB (Note)	659,015	6.3009	19,951,666
RMB : USD (Note)	781,970	0.1587	3,757,263

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information. When a subsidiary's functional currency is RMB, it shall also consider its USD foreign currency position.

		<u>For the year ended December 31, 2013</u>		
		<u>Sensitivity analysis</u>		
(Foreign currency: Functional currency)	<u>Extent of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on comprehensive income</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 107,892	\$	-
USD : RMB (Note)	1%	151,191		-
RMB : USD (Note)	1%	64,918		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 101,040	\$	-
USD : RMB (Note)	1%	164,871		-
RMB : USD (Note)	1%	55,845		-
USD : JPY (Note)	1%	7,086		-
		<u>For the year ended December 31, 2012</u>		
		<u>Sensitivity analysis</u>		
(Foreign currency: Functional currency)	<u>Extent of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on comprehensive income</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 103,390	\$	-
USD : RMB (Note)	1%	127,579		-
RMB : USD (Note)	1%	36,260		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 74,607	\$	-
USD : RMB (Note)	1%	135,515		-
RMB : USD (Note)	1%	39,406		-
USD : JPY (Note)	1%	9,499		-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information. When a subsidiary's functional currency is RMB, it shall also consider its USD foreign currency position.

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio to control this risk.

The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2013 and 2012 would have increased/decreased by \$218 and \$75, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$83,643 and \$41,472 as of December 31, 2013 and 2012, respectively, as a result of gain/loss on equity securities classified as available-for-sale.

Interest rate risk

- The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings mainly bear variable interest rate. During the years ended December 31, 2013 and 2012, the Group's borrowings at variable rate were denominated in NTD and USD.
- If the interest rate increases by 0.25%, and all other conditions are the same, the impact on post-tax profit would decrease by \$49,333 and \$57,265 for the years ended December 31, 2013 and 2012, respectively, resulting from the variable rate borrowings.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations as described below:

- According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

- Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
 - For banks and financial institutions, only well rated parties are accepted.
 - Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.
- ii. The management does not expect any significant losses from non-performance by these counterparties.
 - iii. The credit quality information of significant financial assets that are neither past due nor impaired is described in Note 6(6).

c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's (including non-current disposal group classified as held for sale) non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities:

Non-derivative financial liabilities:

<u>December 31, 2013</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 4,561,722	\$ -	\$ -	\$ -
Accounts payable (including related parties)	32,816,423	-	-	-
Other payables (including related parties)	17,533,426	-	-	-
Long-term borrowings (including current portion)	80,379	18,749,638	78,025	-

<u>December 31, 2012</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,890,912	\$ -	\$ -	\$ -
Accounts payable (including related parties)	27,599,757	-	-	-
Other payables (including related parties)	15,248,938	-	-	-
Long-term borrowings (including current portion)	1,553,530	16,814,064	1,530,787	-
<u>January 1, 2012</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 17,599,492	\$ -	\$ -	\$ -
Accounts payable (including related parties)	30,390,112	-	-	-
Other payables (including related parties)	14,590,427	-	-	-
Long-term borrowings (including current portion)	857,832	21,583,957	3,278,290	-

Derivative financial liabilities:

As of December 31, 2013, December 31, 2012 and January 1, 2012, the derivative financial liabilities which were operated by the Group are due within 1 year.

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities (including non-current disposal group classified as held for sale) that are measured at fair value at December 31, 2013, December 31, 2012 and January 1, 2012.

<u>December 31, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 21,782	\$ -	\$ -	\$ 21,782
Forward exchange contracts	-	40,987	-	40,987
Convertible bonds	19,980	109,810	-	129,790
Derivative financial assets for hedging				
	-	13,340	-	13,340
Available-for-sale financial assets				
Equity securities	7,255,613	-	1,108,688	8,364,301
	<u>\$ 7,297,375</u>	<u>\$ 164,137</u>	<u>\$ 1,108,688</u>	<u>\$ 8,570,200</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 16,883	\$ -	\$ 16,883
Derivative financial liabilities for hedging				
	-	2,644	-	2,644
Total	<u>\$ -</u>	<u>\$ 19,527</u>	<u>\$ -</u>	<u>\$ 19,527</u>
<u>December 31, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,538	\$ -	\$ -	\$ 7,538
Forward exchange contracts	-	5,747	-	5,747
Convertible bonds	-	962,243	-	962,243
Derivative financial assets for hedging				
	-	39,901	-	39,901
Available-for-sale financial assets				
Equity securities	3,200,993	-	946,298	4,147,291
	<u>\$ 3,208,531</u>	<u>\$ 1,007,891</u>	<u>\$ 946,298</u>	<u>\$ 5,162,720</u>

<u>December 31, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 26,286	\$ -	\$ 26,286
Derivative financial liabilities for hedging	-	17,045	-	17,045
Total	\$ -	\$ 43,331	\$ -	\$ 43,331
<u>January 1, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,181	\$ -	\$ -	\$ 1,181
Forward exchange contracts	-	1,161	-	1,161
Convertible bonds	-	2,803,667	-	2,803,667
Derivative financial assets for hedging	-	115,111	-	115,111
Available-for-sale financial assets				
Equity securities	936,062	-	3,527,477	4,463,539
	<u>\$ 937,243</u>	<u>\$ 2,919,939</u>	<u>\$ 3,527,477</u>	<u>\$ 7,384,659</u>
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 4,257	\$ -	\$ 4,257
Derivative financial liabilities for hedging	-	46,873	-	46,873
Total	\$ -	\$ 51,130	\$ -	\$ 51,130

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as

financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

- C. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- E. Specific valuation techniques used to value financial instruments include:
- a) Quoted market prices or dealer quotes for similar instruments.
 - b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
 - c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2013 and 2012:

	Convertible bonds		Equity securities	
	For the years ended December 31,			
	2013	2013	2012	
Beginning balance	\$ -	\$ 946,298	\$ 3,527,477	
Gain and loss recognised in profit or loss	-	(42,012)	-	
Gain and loss recognised in other comprehensive income	-	18,247	(6,372)	
Entities included in the consolidated financial statements	-	-	(2,710,152)	
Transfers out from level 3	-	(122,150)	-	
Acquired in the period	88,992	209,528	307,817	
Transfer from convertible bonds to equity securities	(88,992)	88,992	-	
Disposal in the period	-	-	(155,184)	
Net exchange differences	-	9,785	(17,288)	
Ending balance	\$ -	\$ 1,108,688	\$ 946,298	

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2013 (Note b)	Balance at December 31, 2013	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
													Item	Value			
1	Delta International Holding Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables-related parties	Yes	\$ 1,490,250	\$ 1,490,250	\$ 1,490,250	0.74685%	Short-term financing	-	Additional operating capital	\$ -	None	\$ -	\$ 6,014,518	\$ 12,029,036	(Note c)
1	Delta International Holding Ltd.	Delta Electro-Optics (Wujiang)	Other receivables-related parties	Yes	596,100	596,100	596,100	0.74685%	Short-term financing	-	Additional operating capital	-	None	-	6,014,518	12,029,036	(Note c)
1	Delta International Holding Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Other receivables-related parties	Yes	596,100	596,100	596,100	0.74685%	Short-term financing	-	Additional operating capital	-	None	-	6,014,518	12,029,036	(Note c)
2	Grandview Holding Ltd.	Cyntec (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	596,100	-	-	1%	Short-term financing	-	Additional operating capital	-	None	-	5,837,602	5,837,602	(Note d)
2	Grandview Holding Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	223,538	-	-	1%	Short-term financing	-	Additional operating capital	-	None	-	5,837,602	5,837,602	(Note d)
3	Cyntec International Ltd.	Cyntec (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	655,710	-	-	1%	Short-term financing	-	Additional operating capital	-	None	-	3,551,931	3,551,931	(Note d)
3	Cyntec International Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables-related parties	Yes	1,192,200	1,043,175	1,013,370	1%~1.18483%	Short-term financing	-	Additional operating capital	-	None	-	3,551,931	3,551,931	(Note d)

Note a: Number 0 represents the Company, the investee companies are in order from number 1.

Note b: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2013, which the Company reported to the Securities and Futures Bureau.

Note c: In accordance with the Delta International Holding Ltd. Operating Procedures of Fund Lending, the limits for each recipient according to reasons of lending are as follows:

When lending funds to other companies or enterprises with which the company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the company in the most recent year and shall not exceed 10 percent of the company's net worth as stated in the company's latest financial statements.

When providing short-term financing to other companies or enterprises, the short-term financing amount to a single recipient shall not exceed 10 percent of the company's net worth as stated in the company's latest financial statements.

2. In accordance with the Delta International Holding Ltd. Operating Procedures of Fund Lending, the limits for total amount of fund lending according to its reasons are as follows:

When lending funds to other companies or enterprises with which the company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the company in the most recent year and the total amount lent shall not exceed 20 percent of the company's net worth as stated in the company's latest financial statements.

When providing short-term financing to other companies or enterprises, the total short-term financing amount shall not exceed 20 percent of the company's net worth as stated in the company's latest financial statements.

The aggregate amount of total funds lent to other companies or enterprises with which the company has business relations and total short-term financing provided to other companies or enterprises shall not exceed 20 percent of the company's net worth as stated in the company's latest financial statements.

Note d: 1. In accordance with the Grandview Holding Ltd. and Cyntec International Ltd. Operating Procedures of Fund Lending, when providing short-term financing to other companies or other enterprises, the amount lent to a single recipient shall not exceed 40 percent of the company's net worth as stated in the company's latest financial statements.

2. In accordance with the Grandview Holding Ltd. and Cyntec International Ltd. Operating Procedures of Fund Lending, the limits for total amount of fund lending shall not exceed 40 percent of the company's net worth as stated in the company's latest financial statements.

B. Provision of endorsements and guarantees to others:

Number (Note a)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note c)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2013 (Note d)	Outstanding endorsement/ guarantee amount at December 31, 2013 (Note d)	Actual amount drawn down (Note d)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note c)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/ guarantor (Note b)											
1	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	1	\$ 249,528	\$ 5,171	\$ 5,171	\$ 5,171	\$ -	0.10	\$ 499,056	-	-	Y	

Note a: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note b: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note c: In accordance with the Delta Greentech (China) Co., Ltd. Operating Procedures of endorsements and guarantees, when providing endorsements and guarantees to other companies or other enterprise shall not exceed 10 percent of the company's net worth, the amount lent to a single recipient shall not exceed 5 percent of the company's net worth as stated in the company's latest financial statements.

Note d: Using the exchange rate at December 31, 2013, which the Company reported to the Securities and Futures Bureau.

C. Holding of marketable securities at the end of the period: (not including subsidiaries, associates and joint ventures. Combined amounts less than \$100,000 as of December 31, 2013)

Securities held by	Marketable Securities	Relationship with the securities issuer	General ledger account	As of December 31, 2013				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics, Inc.	Dynapack International Technology Corporation common	None	Available-for-sale financial assets	9,292,459	\$ 771,274	6.11	\$ 771,274	-
Delta Electronics, Inc.	Tong Hsing Electronic Industries, Ltd. common stock	None	Available-for-sale financial assets	1,771,000	244,398	1.09	244,398	-
Delta Electronics, Inc.	Neo Solar Power Corp. common stock	None	Available-for-sale financial assets	121,524,872	5,353,171	15.95	5,353,171	-
Delta Electronics, Inc.	Delta America Ltd. Preferred shares	None	Financial assets carried at cost - non-current	2,100,000	103,064	Perferred shares	103,064	-
Delta Electronics, Inc.	Others	None			443,768		443,768	-

Securities held by	Marketable Securities	Relationship with the securities issuer	General ledger account	As of December 31, 2013				Note
				Number of shares	Book value	Ownership (%)	Fair value	
Delta International Holding Ltd.	Solarflare Communications, Inc. Preferred shares	None	Available-for-sale financial assets	9,547,235	\$ 284,555	4.72	\$ 284,555	-
Delta International Holding Ltd.	MagneMotion Inc., etc.	None			180,051		180,051	-
Cytec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets carried at cost - non-current	200,000	104,081	11.53	104,081	-
Delta Electronics Capital Company	Binhai Investment Company Limited convertible bonds	None	Financial assets at fair value through profit or loss - non-		109,810		109,810	-
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Available-for-sale financial assets	1,769,000	244,122	1.09	244,122	-
Delta Electronics Capital Company	Candmark Electropics Co., Ltd. common stock	None	Available-for-sale financial assets	5,608,404	104,316	7.82	104,316	-
Delta Electronics Capital Company	Ledlink Optics, Inc. common stock, etc.	None			978,555		978,555	-

D. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20% of paid-in capital:

Investor	Marketable security	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2013		Disposal				Balance as at December 31, 2013		
					Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
Delta Electronics, Inc.	Delta Electronics Capital Company common stock	Investments accounted for under the equity method	Delta Electronics Capital Company	Subsidiary	125,000,000	\$ 1,185,018	125,000,000	\$ -	\$ -	\$ -	-	250,000,000	\$ 2,572,449
Delta Electronics, Inc.	DelSolar Co., Ltd.	Investments accounted for under the equity method	Neo Solar Power Corp.	None	114,473,278	1,561,357	-	2,153,929	2,127,940	25,989	-	-	-
Delta Electronics, Inc.	Dynapack International Technology Corporation	Available-for-sale financial assets	Stock exchange market	None	17,250,459	1,975,178	-	713,626	1,141,469	(427,843)	7,958,000	9,292,459	771,274

Investor	Marketable security	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2013		Disposal				Balance as at December 31, 2013		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Delta Electronics, Inc.	Neo Solar Power Corp.	Available-for-sale financial assets	Neo Solar Power Corp.	None	22,783,527	\$ 434,026	98,741,345 (Note e)	\$ -	\$ -	-	\$ -	121,524,872	\$ 5,553,171
Delta Electronics, Inc.	Bright LED Electronics Corp. convertible bonds	Financial assets at fair value through profit or loss - current	Bright LED Electronics Corp.	None	-	720,000	-	-	720,000 (Note g)	-	-	-	-
Delta International Holding Ltd.	Delta Greentech SGP Pte Ltd.	Investments accounted for under the equity method	Delta Greentech International Holding Ltd.	Associate	-	-	6,676,368	-	-	-	464,758 (Note h)	6,676,368	464,758
Fairview Assets Ltd.	Grandview Holding Ltd.	Investments accounted for under the equity method	Grandview Holding Ltd.	Subsidiary	127,140,000	10,773,829	45,000,000	-	-	-	3,820,177 (Note i)	172,140,000	14,594,006
Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd.	Investments accounted for under the equity method	Cyntec Holding (H.K.) Ltd.	Subsidiary	122,140,000	4,241,575	45,000,000	-	-	-	1,419,248 (Note j)	167,140,000	5,660,823
Cyntec Holding (H.K.) Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Investments accounted for under the equity method	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	-	1,198,046	-	-	-	-	2,464,748 (Note k)	-	3,662,794

Note a: The Company invested \$1,250,000 in Delta Electronics Capital Company and recognized share of profit (loss) and other comprehensive income of associates accounted for under equity method.

Note b: It pertains to the recognition by the Company of share of profit (loss) of DelSolar Co., Ltd. (DelSolar) and of adjustment to the change in net asset value for the five-month period ended May 31, 2013.

Note c: On May 31, 2013, the Company sold 114,473,278 shares of DelSolar to Neo Solar Power Corporation (NSP) in exchange for 84,137,859 shares of NSP with the conversion ratio of 1 share of DelSolar to 0.735 share of NSP at the conversion price of \$25.6 per share.

Note d: It represents the carrying amount of financial assets measured at fair value.

Note e: Except for Note c, the Company increased its investment by 14,603,486 shares in NSP in October, 2013.

Note f: Except for Note c, the amount added includes the amount of \$349,023 the Company increased in investment in NSP in October, 2013 and the book value of the increased financial assets measured at fair value.

Note g: It pertains to the redemption of private placement unsecured convertible bonds on maturity.

Note h: Delta International Holding Ltd. invested \$450,000 in Delta Greentech SGP Pte Ltd. and recognized share of profit (loss) accounted for under equity method.

Note i: Fairview Assets Ltd. invested \$1,341,225 in Grandview Holding Ltd. and recognized share of profit (loss) accounted for under equity method and adjustment of change in net asset value.

Note j: Grandview Holding Ltd. invested \$1,341,225 in Cyntec Holding (H.K.) Ltd. and recognized share of profit (loss) accounted for under equity method and adjustment of change in net asset value.

Note k: Cyntec Holding (H.K.) invested \$1,341,225 in Cyntec Electronics (Suzhou) Co., Ltd. and recognized share of profit (loss) accounted for under equity method and adjustment of change in net asset value.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital:

Real estate acquired by	Real estate acquired	Date of transaction	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of properties and status of the properties	Other commitments
							Original owner who sold the property to counterparty	Relationship of the owner with the Company	Date of the original transfer	Amount			
Delta Electronics, Inc.	Buildings in Tainan	2013.03.11	\$ 598,204	Cash	Li Jin Engineering Co., Ltd, etc.	-	-	-	-	Obtained quotations to compare and negotiate price	Plant	None	
Delta Electronics, Inc.	Land in Taoyuan	2013.11.1	586,507	Cash	-	-	-	-	-	Appraisal report	Plant	None	
Delta Electronics (Jiangsu) Ltd.	Buildings	2013.02.06	337,675	Cash	DelSolar (Wujiang) Ltd.	(Note)	N/A	N/A	N/A	Appraisal report	Office building	None	
Delta Electronics (Jiangsu) Ltd.	Buildings	2013.12.1	354,586	Cash	Wuzhong construction Ltd, etc.	-	-	-	-	Obtained quotations to compare and negotiate price	Plant	None	
Delta Electronics (Chenzhou) Co., Ltd.	Dormitory, other buildings and plants	2013.01.25 and 2013.09.25	1,512,203	Outstanding amount is approximately \$187,618	Installation Engineering Co., Ltd. of First Bureau Group of CSCEC,	-	-	-	-	Obtained quotations to compare and negotiate price	Plant and dormitory	None	

Real estate acquired by	Real estate acquired	Date of transaction	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below				Basis or reference used in setting the price	Reason for acquisition of properties and status of the properties	Other commitments
							Original owner who sold the property to counterparty	Relationship of the owner with the Company	Date of the original transfer	Amount			
Delta Electronics (Shanghai) Co., Ltd.	Buildings in Nanjing	2013.7.24	\$ 365,265	Cash	Nanjing Yunjing Cultural Development and Communication Ltd., etc.	-	-	-	-	Obtained quotations to compare and negotiate price	Research and development building	None	
Cyntec Electronics (Suzhou) Co., Ltd.	Plants and dormitory	2013.5.31	877,367	Cash	Jiangsu Nantong Lujian Construction Group, etc.	-	-	-	-	Obtained quotations to compare and negotiate price	Plant and dormitory	None	

Note: DeSolar (Wujiang) Ltd. and Delta Electronics (Jiangsu) Ltd. were affiliated enterprise before merger by NSP on May 31, 2013.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more:

Real estate disposal by	Real estate	Date of disposal	Date of acquired	Book value	Disposal amount (Note a)	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
DeSolar (Wujiang) Ltd.	Buildings	2013.01	2013.01	\$ 274,667	\$ 337,675	All	\$ 63,008	Delta Electronics (Jiangsu) Ltd.	(Note b)	Adjust the operating plan	Appraisal report	None

Note a: Net of taxes and other expenses, including foreign exchange gain (loss).

Note b: DeSolar (Wujiang) Ltd. and Delta Electronics (Jiangsu) Ltd. were affiliated enterprise before merger by NSP on May 31, 2013.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions		Notes / accounts receivable (payable)		Note
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance		Percentage of total notes/accounts receivable (payable)
Delta Electronics, Inc.	Delta Electronics International Ltd.	Subsidiary	Sales	\$ 1,929,671	5.18	75 days	-	\$ 289,783	3.14	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales	5,464,087	14.67	75~105 days	-	544,050	5.90	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	700,936	1.88	75 days	-	76,538	0.83	
Delta Electronics, Inc.	Cyntec (Suzhou) Co., Ltd.	Subsidiary	Sales	205,696	0.55	75 days	-	2,105	0.02	
Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales	414,022	1.11	75 days	-	70,275	0.76	
Delta Electronics, Inc.	Delta Greentech (China) Co., Ltd.	Subsidiary	Sales	145,537	0.39	90 days	-	16,386	0.18	
Delta Electronics, Inc.	Delta Electro-Optics (Wujiang) Ltd.	Subsidiary	Sales	182,061	0.49	75 days	-	89,582	0.97	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd.	Associate	Sales	151,043	0.41	75 days	-	313	-	
Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	1,043,091	4.02	75 days	-	284,486	4.18	
Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	14,686,391	56.59	75~105 days	-	4,237,604	62.23	
Delta Electronics International Ltd.	Vivitek Corporation	Affiliated enterprise	Sales	527,778	2.03	75 days	-	162,490	2.39	
Delta Electronics International Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales	166,766	0.64	75 days	-	87,381	1.28	
Delta Electronics International Ltd.	Delta India Electronics Pvt. Ltd.	Associate	Sales	120,557	0.46	75 days	-	34,586	0.51	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)	
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)	Note
Delta Electronics International Ltd.	Digital Projection Ltd.	Associate	Sales	\$ 459,940	1.77	75 days	-	-	\$ 131,280	1.93	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	1,634,007	1.17	75 days	-	-	246,455	0.75	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	8,492,573	6.09	75 days	-	-	1,880,378	5.71	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	19,499,668	13.98	75 days	-	-	4,965,367	15.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	13,826,998	9.91	75 days	-	-	2,001,715	6.08	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	3,169,348	2.27	75 days	-	-	362,078	1.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	Affiliated enterprise	Sales	4,634,765	3.32	75 days	-	-	674,579	2.05	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	4,806,280	3.45	75 days	-	-	907,388	2.76	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	1,391,698	1.00	75 days	-	-	311,913	0.95	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	266,720	0.19	75 days	-	-	55,827	0.17	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	3,131,409	2.24	75 days	-	-	572,559	1.74	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	Affiliated enterprise	Sales	233,683	0.17	75 days	-	-	48,302	0.15	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	1,192,513	0.85	75 days	-	-	278,185	0.85	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	142,308	0.10	75 days	-	-	22,030	0.07	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)		Note
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Pre-Optix (Jiangsu) Co., Ltd.	Affiliated enterprise	Sales	\$ 170,417	0.12	75 days	-	-	\$ 39,639	0.12		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	Affiliated enterprise	Sales	193,527	0.14	75 days	-	-	32,490	0.10		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks International Ltd.	Affiliated enterprise	Sales	623,395	0.45	75 days	-	-	219,998	0.67		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales	21,496,026	15.41	75~105 days	-	-	8,582,164	26.07		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B. V.	Affiliated enterprise	Sales	316,988	0.23	75 days	-	-	58,686	0.18		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Switzerland) AG	Associate	Sales	685,323	0.49	75 days	-	-	74,599	0.23		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S. A.	Associate	Sales	367,091	0.26	75 days	-	-	164,240	0.50		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	Sales	223,080	0.16	75 days	-	-	88,283	0.27		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	Sales	506,989	0.36	75 days	-	-	180,377	0.55		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta India Electronics Pvt. Ltd.	Associate	Sales	476,333	0.34	75 days	-	-	111,641	0.34		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	534,655	0.38	75 days	-	-	42,955	0.13		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Related party in substance	Sales	1,129,305	0.81	75 days	-	-	178,279	0.54		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Co., Ltd.	Associate	Purchases	141,209	0.11	75 days	-	-	(18,192)	0.07		
Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	15,905,175	44.27	75 days	-	-	4,234,948	44.87		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)		Note
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Networks International Ltd.	DNI Logistic (USA) Corp.	Affiliated enterprise	Sales	\$ 9,981,479	27.78	75 days	-	-	\$ 3,008,434	31.88		
Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	Affiliated enterprise	Sales	297,089	0.83	75 days	-	-	56,068	0.59		
Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	486,899	1.36	75 days	-	-	112,080	1.19		
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	Affiliated enterprise	Sales	16,410,878	88.20	75 days	-	-	3,149,588	89.45		
Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	Affiliated enterprise	Sales	1,226,401	28.44	75 days	-	-	258,620	33.55		
Delta Networks, Inc. (Taiwan)	DNI Logistic (USA) Corp.	Affiliated enterprise	Sales	1,256,734	29.15	75 days	-	-	208,618	27.06		
Ayecom Technology Co., Ltd.	Delta Networks International Ltd.	Affiliated enterprise	Sales	180,221	30.44	75 days	-	-	18,573	15.18		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	584,179	5.18	75 days	-	-	105,494	3.75		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	8,545,632	75.75	75 days	-	-	2,099,876	74.71		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	221,770	1.97	75 days	-	-	122,722	4.37		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	6,908,785	27.32	75 days	-	-	1,634,054	27.89		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	394,182	1.56	75 days	-	-	38,280	0.65		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	17,062,347	67.46	75 days	-	-	3,858,490	65.86		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)		Note
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	\$ 413,656	1.64	75 days	-	-	\$ 205,475	3.51		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	4,234,296	12.57	75 days	-	-	428,214	9.89		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	136,670	0.41	75 days	-	-	145,880	3.37		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	180,125	0.53	75 days	-	-	33,024	0.76		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	Sales	1,144,288	3.40	75 days	-	-	591,208	13.65		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	27,374,863	81.28	75 days	-	-	2,957,518	68.30		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	143,652	2.27	75 days	-	-	9,515	1.37		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	152,423	2.41	75 days	-	-	64,603	9.31		
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	5,562,227	87.94	75 days	-	-	492,946	71.02		
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	1,578,674	15.59	75 days	-	-	204,949	9.29		
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	6,053,083	59.77	75 days	-	-	1,808,589	82.00		
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	2,453,304	24.23	75 days	-	-	182,981	8.30		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)		Note
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	\$ 4,905,109	68.86	75 days	-	-	\$ 426,201	34.87		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	Sales	1,358,755	19.07	75 days	-	-	531,721	43.50		
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	522,716	7.34	75 days	-	-	189,357	15.49		
Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	1,891,227	66.03	90 days	-	-	876,864	76.76		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	5,090,715	75.70	75 days	-	-	801,448	69.95		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	1,633,961	24.30	75 days	-	-	344,004	30.02		
Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	406,407	61.86	75 days	-	-	79,510	43.44		
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	5,285,037	98.04	75 days	-	-	902,774	97.97		
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	105,454	1.96	75 days	-	-	18,751	2.03		
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	2,527,017	94.40	75 days	-	-	509,668	97.18		
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	6,763,736	66.38	90 days	-	-	2,200,313	71.22		
Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	379,577	55.72	75 days	-	-	23,728	29.62		
PreOptix (Jiangsu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	502,224	99.80	75 days	-	-	96,122	99.95		

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions			Notes / accounts receivable (payable)	
			Purchases (sales) (Note a)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit terms	Balance	Percentage of total notes/accounts receivable (payable)	Note
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 621,202	8.84	75 days	-	-	\$ 139,300	17.68	
Delta Electronics (Japan), Inc.	Delta Electronics (Thailand) Public Co., Ltd.	Associate	Purchases	114,868	1.76	75 days	-	-	32,686	3.39	
DelSolar Co., Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	1,175,281	50.40	75 days	-	(Note b)	-	-	(Note c)
DelSolar Co., Ltd.	DelSolar Co., Ltd.	Affiliated enterprise	Sales	1,466,899	96.61	70 days	-	(Note b)	-	-	(Note c)
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	1,797,757	45.77	(Note d)	(Note d)	(Note d)	249,046	41.12	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	194,414	5.88	75 days	-	-	51,215	8.46	
Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	3,065,735	100.00	(Note d)	(Note d)	(Note d)	137,282	100.00	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	4,932,650	100.00	(Note d)	(Note d)	(Note d)	251,218	100.00	
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	725,750	5.37	(Note d)	(Note d)	(Note d)	282,430	4.96	
Cyntec International Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	249,137	1.66	75 days	-	-	72,646	1.28	

Note a: Including the service income in excess of \$100,000.

Note b: The collection terms to third parties are receipt in advance or 30-90 days after acceptance.

Note c: DelSolar Co., Ltd. and DelSolar (Wujiang) Ltd. were not related parties of the Group after merger by NSP on May 31, 2013. The period covered for related party transaction information was from January 1 to May 31, 2013.

Note d: Selling price is based on materials cost plus administration fees and related costs. The collection term to related parties is 60-90 days after delivery and to third parties is receipt in advance or 30-120 days after delivery.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Delta Electronics International Ltd.	Subsidiary	\$ 289,783	6.17	-	-	\$ 289,783	\$ -
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	784,000	5.30	-	-	784,000	-
Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	4,237,604	3.55	-	-	2,290,595	-
Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	284,486	4.30	-	-	188,176	-
Delta Electronics International Ltd.	Digital Projection Ltd.	Associate	131,280	3.44	-	-	13,382	-
Delta Electronics International Ltd.	Vivitek Corporation	Affiliated enterprise	162,490	3.45	-	-	132,725	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	246,455	7.85	-	-	126,769	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,880,378	6.26	-	-	1,534,136	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	4,965,367	5.14	-	-	3,724,149	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	2,001,715	9.50	-	-	2,001,715	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	362,078	7.99	-	-	362,078	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	Affiliated enterprise	674,579	8.76	-	-	674,579	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	907,388	6.51	2,667	-	748,347	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	311,913	4.25	-	-	311,913	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	572,559	6.99	-	-	572,559	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	278,185	4.75	-	-	191,284	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks International Ltd.	Affiliated enterprise	219,998	3.80	-	-	\$ 148,206	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	8,582,164	2.81	-	-	974,838	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Associate	164,240	2.77	67,641	-	137,602	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	180,377	2.05	-	-	122,216	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta India Electronics Pvt. Ltd.	Associate	111,641	5.74	-	-	79,618	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Related party in substance	178,279	5.09	-	-	50,091	-
Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	4,234,948	4.39	-	-	3,422,840	-
Delta Networks International Ltd.	DNI Logistic(USA) Corp.	Affiliated enterprise	3,008,434	5.37	-	-	1,698,830	-
Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	112,080	4.54	-	-	88,462	-
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	Affiliated enterprise	3,149,588	5.65	-	-	3,010,305	-
Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	Affiliated enterprise	258,620	0.98	-	-	243,558	-
Delta Networks, Inc. (Taiwan)	DNI Logistic(USA) Corp.	Affiliated enterprise	208,618	6.02	-	-	151,430	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	105,494	4.35	-	-	59,610	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,099,876	5.32	-	-	1,534,958	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	\$ 122,722	3.61	\$ -	-	\$ 82,155	\$ -
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	1,634,054	5.50	-	-	1,102,785	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,858,490	5.50	-	-	2,444,010	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	205,475	4.04	-	-	124,996	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	428,214	10.54	-	-	428,214	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	591,208	2.52	-	-	335,373	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	145,880	2.53	-	-	32,642	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,957,518	7.63	-	-	2,957,518	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	492,946	8.16	-	-	492,946	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	204,949	9.74	-	-	25,018	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,808,589	3.76	-	-	1,089,714	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	182,981	9.87	-	-	182,981	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	426,201	12.11	-	-	426,201	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	531,721	2.49	-	-	321,942	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	189,357	5.63	-	-	129,825	-
Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	876,864	2.66	-	-	624,920	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 801,448	4.55	\$ -	-	\$ 134,156	\$ -
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	344,004	7.25	-	-	208,719	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	902,774	7.23	-	-	774,930	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	509,668	5.67	-	-	327,855	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	2,200,313	5.32	-	-	1,472,543	-
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	139,300	4.70	-	-	82,334	-
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	249,046	7.23	-	-	249,046	-
Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	137,282	17.47	-	-	137,282	-
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	251,218	20.59	-	-	250,148	-
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	282,430	3.72	-	-	152,536	-

Note a: Including other receivable in excess of \$100,000.

Note b: The amount represents collections subsequent to December 31, 2013 up to March 11, 2014.

I. Derivative financial instruments undertaken during the year ended December 31, 2013: see Notes 6(2), 6(5), 6(15) and 12(2).

J. Significant inter-company transactions during the year ended December 31, 2013:

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction			Percentage of consolidated total operating revenue or total assets (Note c)
				General ledger account	Amount (Note j)	Transaction terms	
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Sales	\$ 1,929,671	(Note d)	1.09
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales	5,464,087	(Note e)	3.09
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	1	Sales	700,936	(Note d)	0.40
0	Delta Electronics, Inc.	Cyntec (Suzhou) Co., Ltd.	1	Sales	205,696	(Note d)	0.12
0	Delta Electronics, Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	1	Sales	414,022	(Note d)	0.23
0	Delta Electronics, Inc.	Delta Greentech (China) Co., Ltd.	1	Sales	145,537	(Note d)	0.08
0	Delta Electronics, Inc.	Delta Electro-Optics (Wujiang) Ltd.	1	Sales	182,061	(Note d)	0.10
1	Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	3	Sales	1,043,091	(Note d)	0.59
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	3	Sales	14,686,391	(Note e)	8.29
1	Delta Electronics International Ltd.	Vivitek Corporation	3	Sales	527,778	(Note d)	0.30
1	Delta Electronics International Ltd.	Delta Electronics, Inc.	2	Sales	166,766	(Note d)	0.09
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Sales	1,634,007	(Note d)	0.92
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	8,492,573	(Note d)	4.80
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	19,499,668	(Note d)	11.01
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	13,826,998	(Note d)	7.81
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	3,169,348	(Note d)	1.79
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Sales	4,634,765	(Note d)	2.62
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	4,806,280	(Note d)	2.71
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	1,391,698	(Note d)	0.79
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	3	Sales	266,720	(Note d)	0.15
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	3,131,409	(Note d)	1.77
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	3	Sales	233,683	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	1,192,513	(Note d)	0.67
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	3	Sales	142,308	(Note d)	0.08
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	PreOptix (Jiangsu) Co., Ltd.	3	Sales	170,417	(Note d)	0.10
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	3	Sales	193,527	(Note d)	0.11
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks International Ltd.	3	Sales	623,395	(Note d)	0.35
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	21,496,026	(Note e)	12.14
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B.V.	3	Sales	316,988	(Note d)	0.18
3	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	15,905,175	(Note d)	8.98
3	Delta Networks International Ltd.	DNI Logistic(USA) Corp.	3	Sales	9,981,479	(Note d)	5.64
3	Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	3	Sales	297,089	(Note d)	0.17

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction			
				General ledger account	Amount (Note j)	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note c)
3	Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	3	Sales	\$ 486,899	(Note d)	0.28
4	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Sales	16,410,878	(Note d)	9.27
5	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Sales	1,226,401	(Note d)	0.69
5	Delta Networks, Inc. (Taiwan)	DNI Logistic(USA) Corp.	3	Sales	1,256,734	(Note d)	0.71
6	Ayecom Technology Co., Ltd.	Delta Networks International Ltd.	3	Sales	180,221	(Note d)	0.10
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	584,179	(Note d)	0.33
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	8,545,632	(Note d)	4.83
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	221,770	(Note d)	0.13
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	6,908,785	(Note d)	3.90
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	394,182	(Note d)	0.22
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	17,062,347	(Note d)	9.64
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	413,656	(Note d)	0.23
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Sales	4,234,296	(Note d)	2.39
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	136,670	(Note d)	0.08
9	Delta Electronics (Jiangsu) Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	180,125	(Note d)	0.10
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	1,144,288	(Note d)	0.65
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	27,374,863	(Note d)	15.46
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	143,652	(Note d)	0.08
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	152,423	(Note d)	0.09
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,562,227	(Note d)	3.14
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	1,578,674	(Note d)	0.89
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	6,053,083	(Note d)	3.42
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	2,453,304	(Note d)	1.39
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	4,905,109	(Note d)	2.77
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	1,358,755	(Note d)	0.77
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	522,716	(Note d)	0.30
13	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	1,891,227	(Note f)	1.07
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,090,715	(Note d)	2.88
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	1,633,961	(Note d)	0.92
15	Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	406,407	(Note d)	0.23
16	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,285,037	(Note d)	2.99
16	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	105,454	(Note d)	0.06
17	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,527,017	(Note d)	1.43
18	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	6,763,736	(Note f)	3.82

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction			Percentage of consolidated total operating revenue or total assets (Note c)
				General ledger account	Amount (Note j)	Transaction terms	
19	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	\$ 379,577	(Note d)	0.21
20	PreOptix (Jiangsu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	502,224	(Note d)	0.28
21	Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	621,202	(Note d)	0.35
22	DeSolar Co., Ltd.	Delta Electronics (Japan), Inc.	3	Sales	1,175,281	(Note d.i)	0.66
23	DeSolar (Wujiang) Ltd.	DeSolar Co., Ltd.	3	Sales	1,466,899	(Note g.i)	0.83
24	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Sales	1,797,757	(Note h)	1.02
24	Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	3	Sales	194,414	(Note d)	0.11
25	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	3,062,396	(Note h)	1.73
26	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	4,932,650	(Note h)	2.79
27	Cyntec International Ltd.	Cyntec Co., Ltd.	3	Sales	725,750	(Note h)	0.41
27	Cyntec International Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	249,137	(Note d)	0.14
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Accounts receivable	289,783	(Note d)	0.15
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Accounts receivable	784,000	(Note e)	0.40
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	4,237,604	(Note e)	2.15
1	Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	284,486	(Note d)	0.14
1	Delta Electronics International Ltd.	Vivitek Corporation	3	Accounts receivable	162,490	(Note d)	0.08
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	246,455	(Note d)	0.12
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Accounts receivable	1,880,378	(Note d)	0.95
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	4,965,367	(Note d)	2.52
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Accounts receivable	2,001,715	(Note d)	1.01
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Accounts receivable	362,078	(Note d)	0.18
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Accounts receivable	674,579	(Note d)	0.34
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Accounts receivable	907,388	(Note d)	0.46
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	311,913	(Note d)	0.16
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Accounts receivable	572,559	(Note d)	0.29
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	278,185	(Note d)	0.14
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Accounts receivable	572,559	(Note d)	0.29
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	278,185	(Note d)	0.14
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks International Ltd.	3	Accounts receivable	219,998	(Note d)	0.11
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	8,582,164	(Note e)	4.35
3	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	4,234,948	(Note d)	2.15
3	Delta Networks International Ltd.	DNI Logistics (USA) Corp.	3	Accounts receivable	3,008,434	(Note d)	1.52
3	Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	3	Accounts receivable	112,080	(Note d)	0.06
4	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Accounts receivable	3,149,588	(Note d)	1.60
5	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Accounts receivable	258,620	(Note d)	0.13
5	Delta Networks, Inc. (Taiwan)	DNI Logistic(USA) Corp.	3	Accounts receivable	208,618	(Note d)	0.11
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	105,494	(Note d)	0.05
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,099,876	(Note d)	1.06

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction			Percentage of consolidated total operating revenue or total assets (Note c)
				General ledger account	Amount (Note j)	Transaction terms	
7	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	\$ 122,722	(Note d)	0.06
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	1,634,054	(Note d)	0.83
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,858,490	(Note d)	1.96
8	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	205,475	(Note d)	0.10
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	428,214	(Note d)	0.22
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	591,208	(Note d)	0.30
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	145,880	(Note d)	0.07
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,957,518	(Note d)	0.09
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	492,946	(Note d)	0.25
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	204,949	(Note d)	0.10
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	1,808,589	(Note d)	0.92
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	182,981	(Note d)	0.09
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	426,201	(Note d)	0.22
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	531,721	(Note d)	0.27
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	189,357	(Note d)	0.10
13	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	876,864	(Note f)	0.44
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	801,448	(Note d)	0.41
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	344,004	(Note d)	0.17
16	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	902,774	(Note d)	0.46
17	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	509,668	(Note d)	0.26
18	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	2,200,313	(Note f)	1.12
21	Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	139,300	(Note d)	0.07
24	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	249,046	(Note h)	0.13
25	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	137,282	(Note h)	0.07
26	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	251,218	(Note h)	0.13
27	Cyntec International Ltd.	Cyntec Co., Ltd.	3	Accounts receivable	282,430	(Note h)	0.14

Note a: The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Parent company is '0'
2. The subsidiaries are numbered in order starting from '1'.

Note b: Relationship between transaction company and counterparty is classified into the following three categories:

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

Note c: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note d: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 75 days.

Note e: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 75 ~105 days.

Note f: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 90 days.

Note g: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note h: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 60~90 days.

Note i: DeSolar Co., Ltd. and DeSolar (Wujiang) Ltd. were no longer subsidiaries of the Group after the merger by NSP on May 31, 2013. The period for parent-subsubsidiary transaction information was from January 1 to May 31, 2013.

Note j: Only related party transactions in excess of \$100,000 are disclosed.

(2) Information on investees

Information related to investee companies' profit or loss was translated at the average rate for the year ended December 31, 2013, others are translated at the rate of exchange prevailing at the balance sheet date.

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Note
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Ltd.	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	94.00	\$ 54,807,896	\$ 4,979,577	\$ 4,609,450 (Note j)	
Delta Electronics, Inc.	Delta Networks Holding Ltd.	Cayman Islands	Equity investments	1,377,206	1,377,206	39,800,000	100.00	9,032,591	2,646,172	2,646,172	
Delta Electronics, Inc.	DeSolar Co., Ltd.	Taiwan	Manufacturing and sales of solar batteries and related	-	2,925,401	-	-	-	(658,686)	(303,412)	
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	159,935	159,935	5,250,000	39.62	194,270	19,357	7,670	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of	12,067,931	12,067,931	822,736,302	100.00	22,187,323	3,869,085	3,466,104	
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	2,500,000	1,250,000	250,000,000	100.00	2,572,449	(34,695)	(34,695)	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronics products	7,270	7,270	300,000	100.00	5,161,966	5,277,311	5,291,502 (Note j)	
Delta Electronics, Inc.	DeIBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical	540,000	390,000	54,000,000	100.00	99,754	(168,598)	(168,598)	
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Manufacturing and sales of color filter and lease	2,710,152	2,710,152	271,017,597	99.97	2,668,354	(13,125)	(13,121)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Note
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd.	Taiwan	Main business activities: Research, designing, development, manufacturing and sales of intelligent robot systems and automation and automation engineering, etc.	\$ 250,000	\$ 250,000	\$ 25,000,000	100.00	\$ 161,887	(\$ 69,001)	69,001	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuit and information software services	332,442	332,438	33,244,768	83.11	21,385	(100,263)	83,330	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	114,615	114,615	69,128,140	5.54	5,342,282	5,212,105	992,012 (Note k)	
Delta Electronics, Inc.	Amita Technologies, Inc.	Taiwan	Manufacturing of lithium polymer batteries and related systems	426,848	428,355	14,162,000	30.97	233,118	(58,945)	25,345	
Delta Electronics, Inc.	Deltronics (Netherlands) B. V.	Netherlands	Sales of electronic products	36,723	36,723	765,000	100.00	134,579	24,921	24,921	
Delta Electronics, Inc.	Delta Smart Green Life Co., Ltd.	Taiwan	Research, development, energy, technology, meeting, exhibition, and leasing services	10,000	10,000	1,000,000	100.00	9,345	(92)	(92)	
Delta Electronics, Inc.	SYN-TEK Automation Co., Ltd.	Taiwan	Manufacturing of electronic parts, etc.	110,250	-	11,025,000	70.00	103,762	(9,269)	7,943	
Delta International Holding Ltd.	Delta Electronics International Ltd.	Malaysia	Sales of electronic products	59,610	59,610	2,000,000	100.00	7,131,496	1,035,546	1,037,144 (Note a and j)	
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments	9,787,875	9,787,875	2,549,297,600	100.00	35,103,772	3,560,009	3,560,009 (Note a)	
Delta International Holding Ltd.	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	481,061	481,061	22,200,000	100.00	301,147	58,745	58,745 (Note a)	
Delta International Holding Ltd.	Trillion Science, Inc.	U.S.A	Research on special chemical materials used in precision coating process	536,490	536,490	9,000,000	32.66	43,747	(129,833)	43,446 (Note a)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Investment income (loss) recognized by the Company for the year ended December 31, 2013	Note
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value		
Delta International Holding Ltd.	Delta Electronics (Japan), Inc.	Japan	Main business activities Sales of power products, display solution products, electronic components, industrial automation products and their materials	\$ 85,211	\$ 85,211	5,600	100.00	\$ 182,254	\$ 28,873	(Note a)
Delta International Holding Ltd.	Digital Projection International Ltd.	Britain	Equity investments	236,662	236,662	7,583,000	32.11	280,034	(42,611)	(Note a)
Delta International Holding Ltd.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	238,440	238,440	8,000,000	60.38	279,515	11,743	(Note a)
Delta International Holding Ltd.	Delta Power Sharp Ltd.	Hong Kong	Operations management and engineering services	38,545	38,545	10,000,000	100.00	58,529	(152)	(Note a)
Delta International Holding Ltd.	DEI Logistics (USA) Corp.	U.S.A	Warehousing and logistics services	14,903	14,903	500,000	100.00	103,092	10,626	(Note a)
Delta International Holding Ltd.	Ace Pillar Holding Ltd.	Samoa	Equity investments	407,002	407,002	2,858,718	100.00	459,620	29,058	(Note a)
Delta International Holding Ltd.	Drake Overseas Financial Investment Ltd.	British Virgin Islands	Equity investments	5,129,928	5,129,928	1	100.00	5,734,970	364,390	(Note a)
Delta International Holding Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	-	-	1	-	-	(9,670)	(Note a)
Delta International Holding Ltd.	Vivitek Corporation	U.S.A	Sales of projector products	44,708	-	9,000,000	100.00	77,505	14,732	(Note a)
Delta International Holding Ltd.	Delta Greentech SGP Pte Ltd.	Singapore	Equity investments	447,075	-	6,676,368	54.83	464,758	48,387	(Note a)
Delta Electronics (H.K.) Ltd.	Crystalrich (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	89,415	89,415	3,000,000	30.00	88,020	(6,223)	(Note b)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013 (\$)	Investment income (loss) recognized by the Company for the year ended December 31, 2013 (\$)	Note
				Balance as at December 31, 2013	Balance as at December 31, 2012	Number of shares	Ownership (%)	Book value			
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Main business activities Sales of power management system of industrial automation product and telecommunications equipment	\$ 31,295	\$ 31,295	252,002	100.00	\$ 7,166	9,670	(Note b)	
Drake Overseas Financial Investment Ltd.	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	1,163,558	1,163,558	304,504,306	100.00	2,959,700	364,408	(Note c)	
Delta Networks Holding Ltd.	Delta Networks Inc.	Cayman Islands	Equity investments	5,301,087	5,301,087	1,196,886,000	100.00	9,005,172	2,645,928	(Note d)	
Delta Networks, Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,043,175	1,043,175	35,000,000	100.00	3,019,658	415,096	(Note e)	
Delta Networks, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Manufacturing and sales of networking system and peripherals	466,816	466,816	50,040,838	99.98	1,758,130	339,707	(Note e)	
Delta Networks, Inc.	Delta Networks International Ltd.	Malaysia	Trading of networking system and peripherals	29,805	29,805	1,000,000	100.00	4,167,676	2,004,485	(Note e)	
Delta Networks, Inc.	DNI Logistic(USA) Corp.	U.S.A	Trading of networking system and peripherals	16,573	16,573	500,000	100.00	42,080	3,334	(Note e)	
Delta Networks, Inc. (Taiwan)	Ayecom Technology Co., Ltd.	Taiwan	Manufacturing and sales of wire and wireless telecommunications equipment, electronic parts and controlled telecommunications radio frequency devices	185,000	185,000	30,000,000	100.00	116,555	11,797	(Note f)	
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,111,403	1,111,403	32,580,062	100.00	15,652,025	3,879,379	(Note g)	
Fairview Assets Ltd.	Grandview Holding Ltd.	Cayman Islands	Equity investments	5,130,633	3,789,408	172,140,000	100.00	14,594,006	3,890,095	(Note h)	
Grandview Holding Ltd.	Cyntec International Ltd.	Malaysia	Trading	149,025	149,025	5,000,000	100.00	8,928,935	4,032,261	(Note i and j)	
Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd.	Hong Kong	Equity investments	4,981,608	3,640,383	167,140,000	100.00	5,660,823	214,986	(Note i)	

Note a: Investment income / loss recognized by Delta International Holding Ltd.

Note b: Investment income / loss recognized by Delta Electronics (H.K.) Ltd.

Note c: Investment income / loss recognized by Drake Overseas Financial Investment Ltd.

Note d: Investment income / loss recognized by Delta Networks Holding Ltd.

Note e: Investment income / loss recognized by Delta Networks, Inc.

Note f: Investment income / loss recognized by Delta Networks, Inc. (Taiwan)

Note g: Investment income / loss recognized by Cyntec Co., Ltd.

Note h: Investment income / loss recognized by Fairview Assets Ltd.

Note i: Investment income / loss recognized by Grandview Holding Ltd.

Note j: The investment income / loss is net of the elimination of intercompany transactions.
 Note k: The weighted average combined ownership percentage of 20.01%, the investment income / loss is net of the elimination of intercompany transactions.

(3) Information on investments in Mainland China (Units: In thousands)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013		Net income of investee as of December 31, 2013	Ownership held by Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Note
					Remitted to Mainland China	Remitted back to Taiwan						
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformers and power supplies	\$ 2,915,227	Invested by DHK	\$ 2,003,820	-	\$ -	\$ 380,827	94.00	\$ 350,530	\$ 4,902,257	\$ 287,917	(Note c and v)
Delta Greentech (China) Co., Ltd.	Manufacturing and sales of uninterruptible power supply	2,797,286	Invested by DHK	5,477,428	420,251	-	853,816	63.92	548,845	2,345,958	-	(Note d and u)
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,254,791	Invested by DHK	504,301	-	-	758,081	94.00	633,078	4,721,588	400,459	(Note f and v)
Delta Electronics (Shanghai) Co., Ltd.	Product design and management consulting service, etc.	3,906,204	Invested by DHK	-	-	-	816,638	94.00	770,190	4,706,395	-	(Note j and v)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of power supplies and transformers	3,993,870	Invested by DHK	168,100	-	-	205,735	94.00	207,626	4,059,906	-	(Note k and v)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of power supplies and transformers	1,877,715	Invested by DHK	-	-	-	116,559	94.00	153,849	2,493,966	-	(Note m and v)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies	1,192,200	Invested by DHK	616,367	-	-	850,642	51.70	441,675	3,537,128	-	(Note v)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of power supplies	2,646,982	Invested by DHK	616,367	-	-	448,919	51.70	236,620	2,863,208	-	(Note g and v)
Delta Electro-Optics (Wujiang) Ltd.	Manufacturing and sales of peripherals and electronic control equipments	864,345	Invested by DHK	385,230	-	-	1,042,607	51.70	497,719	2,629,106	52,583	(Note h and v)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	\$ 864,345	Invested by DHK	\$ 200,319	\$ -	\$ 200,319	\$ 257,665	51.70	\$ 130,195	\$ 1,172,915	\$ -	(Note i and v)	
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	59,610	Invested by DHK	11,207	-	11,207	267,401	94.00	251,070	471,422	-	(Note q and v)	
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers and bluetooth module	675,083	Invested by DHK	925,457	-	925,457	100,313	94.00	(66,393)	889,002	-	(Note p and v)	
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio transmission apparatus incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	1,043,175	Invested by DNHK	1,332,473	-	1,332,473	411,803	100.00	411,803	2,560,038	655,710	(Note e and w)	
Delta Networks (Shanghai) Ltd.	Design of computer software	59,610	Invested by DNHK	84,480	-	84,480	2,329	100.00	2,329	78,862	-	(Note l and w)	
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	20,864	Invested by DNHK	20,864	-	20,864	(3,144)	100.00	(3,144)	303	-	(Note w)	
Cyntec (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components and wholesale, import and export of similar products	1,937,325	Invested by CHK	1,831,886	-	1,831,886	(212,575)	100.00	(212,575)	1,997,944	-	(Note n and x)	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2013	Net income of investee as of December 31, 2013	Ownership held by Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Cytec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale, import and export of similar products	\$ 3,040,110	Invested by CHK	\$ 1,698,885	\$ 1,341,225	\$ -	\$ 3,040,110	(\$ 1,388)	100.00	(\$ 1,388)	\$ 3,662,794	\$ -	(Note x)
PreOptix (Jiangsu) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	394,916	Invested by PHK	380,610	-	-	380,610	20,435	96.38	19,785	447,382	-	(Note o and y)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers and power supplies	145,282	Invested by DWH	-	-	-	-	44,321	94.00	41,662	192,588	-	(Note r)
Delta Energy Technology (Wuhu) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	9,850	Invested by DPEC and DWH	-	-	-	-	(981)	94.00	(922)	8,742	-	(Note r)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers and power supplies	125,582	Invested by DCZ	-	-	-	-	41,332	94.00	41,164	263,551	-	(Note r)
Delta Energy (Chenzhou) Technology Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	9,850	Invested by DPEC and DCZ	-	-	-	-	(295)	94.00	(277)	8,943	-	(Note r)
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	147,744	Invested by DPEC and DDG	-	-	-	-	1,584	94.00	1,489	140,917	-	(Note r)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2013	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2013		Net income of investee as of December 31, 2013	Ownership held by Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Book value of investments in Mainland China as of December 31, 2013	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2013	Note
					Remitted to Mainland China	Remitted back to Taiwan						
Delta Energy Technology (Wujiang) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	\$ 19,699	Invested by DPEEC and DWO	\$ -	\$ -	\$ -	\$ 140	94.00	\$ 132	\$ 18,586	\$ -	(Note f)
Delta Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	49,248	Invested by DPEEC and DGC	-	-	-	(2,278)	66.93	(1,524)	31,077	-	(Note f)
DelBio Inc (Wujiang), Ltd.	Manufacturing, wholesale and retail of medical equipment	45,304	Invested by Delbio	-	45,304	-	(9,086)	100.00	(9,086)	37,083	-	-

Note a: The capital was translated based on the currencies of capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.0520 to US\$1 and RMB 4.9248 to NT\$1.

Note b: The accumulated remittance as of January 1, 2013, remitted or collected this period, accumulated remittance as of December 31, 2013 and investment income remitted back as of December 31, 2013 was translated into New Taiwan Dollars at the average exchange rate of NTD 29.805 to US\$1 at the balance sheet date.

Note c: Except for the facility of US\$67,231 permitted by Investment Commission, the capitalization of earnings of US\$27,081 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note d: Except for the facility of US\$197,875 permitted by Investment Commission, the capitalization of earnings of US\$980 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note e: Except for the facility of US\$44,706 permitted by Investment Commission, the capitalization of earnings of US\$11,312 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note f: Except for the facility of US\$16,920 permitted by Investment Commission, the capitalization of earnings of US\$22,654 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note g: Except for the facility of US\$20,680 permitted by Investment Commission, the capitalization of earnings of US\$25,235 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note h: Except for the facility of US\$12,925 permitted by Investment Commission, the capitalization of earnings of US\$2,068 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

- Note i: Except for the facility of US\$6,721 permitted by Investment Commission, the capitalization of earnings of US\$8,272 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note j: The capitalization of earnings of US\$ 110,401 is excluded from the Company's amount of investment in Mainland China.
- Note k: Except for the facility of US\$5,640 permitted by Investment Commission, the capitalization of earnings of US\$120,320 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note l: Except for the facility of US\$2,834 permitted by Investment Commission, the capitalization of earnings of US\$298 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note m: The capitalization of earnings of US\$59,220 is excluded from the Company's amount of investment in Mainland China.
- Note n: Except for the facility of US\$198,462 permitted by Investment Commission, the capitalization of earnings of US\$4,000 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note o: Except for the facility of US\$7,520 permitted by Investment Commission, the investment of US\$5,250 by PreOptix Co., Ltd. was permitted by Investment Commission.
- Note p: Except for the facility of US\$31,050 permitted by Investment Commission, the capitalization of earnings of US\$265 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note q: Except for the facility of US\$376 permitted by Investment Commission, the capitalization of earnings of US\$1,504 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note r: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.
- Note s: Delta Networks (Wujiang) Ltd., an indirect investment of the Company, was liquidated on June 30, 2011. Return of capital due to liquidation of US\$18,000 remitted back had been granted for future reference by Investment Commission on August 28, 2012. The Company's indirect investment and earnings turned into investment in Delta Networks (Wujiang) Ltd., originally approved by the Investment Commission of MOEA, were US\$17,389 and US\$10,802, respectively.
- Note t: The Company recognized investment income/loss based on the reviewed financial statements.
- Note u: Jointly invested through Delta International Holding Ltd., Ace Pillar Holding Co., Ltd., Drake Investment (H.K.) Ltd. and Delta Greentech SGP Pte Ltd.
- Note v: Invest through Delta Electronics (H.K.) Ltd.
- Note w: Invest through Delta Networks (H.K.) Ltd.
- Note x: Invest through Cyntec Holding (H.K.) Ltd.
- Note y: Invest through PreOptix (Hong Kong) Co., Ltd.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2013	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics, Inc. (Notes b and c)	\$ 11,802,076	\$ 12,201,314	\$ -
Cyntec Co., Ltd.	4,871,996	5,915,171	9,101,686
DelBio Inc.	45,304	119,220	59,852

Note a: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 29,805 to US\$1 at the balance sheet date.

Note b: The investment income of US\$22,000, US\$18,000, US\$10,509 and US\$14,351 were remitted back on January 12, 2012, June 26, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

Note c: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company and Cyntec Co., Ltd. obtained the approval of operation head quarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

The significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics International Ltd. (DEIL-Labuan), Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG), Delta Networks International Ltd. (DNIL-Labuan) and Cyntec International Ltd. (CIL-Labuan) for the year ended December 31, 2013 are shown in Notes 13.(1) G and H.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group considers the business from a product perspective. The Group's business is segregated into power electronics business, energy management business and smart green life business. Breakdown of the revenue from all sources is as follows:

A. Power electronics business:

Design, manufacture, and sales of power supplies applied to computers, network, communication, office automation equipment, consumer electronic products, electrical equipment and auto electronic products. The main products are Server power supply, Netcom power supply, Workstation power supply, Desktop power supply, Notebook power supply, High Efficiency Electronic Lighting Ballast, LED power, Display power supply, Gaming power supply, Industrial power supply, Medical power supplies, Power supply of electrical equipment, controller, charger of cell phone, LCD power supply, medical power supply, Magnetic component, EMI filters, Precision Motors, Solenoid valve, Fans and Fans Module, Cooling Module, Blower, Mini Wind Energy Shell Parts, Heat Exchanger, RF/wireless component, Bluetooth Module, Optical Transceiver Module, Networking Component, etc.

B. Energy management business:

Design, manufacture, and sales of power supplies/converters and solution of the system applied to communication, information, network and renewable energy. The main products are Telecom and Industrial Power System, Uninterruptible Power Supplies (UPS), precision cooling, Photovoltaic Inverter (PIV), converter for wind energy, Medium Voltage Drive, electric vehicle charging station, Programmable Logic Controllers, AC Motor Drives, AC Servo Motors and Drives, Brushless DC Motors and Drives, Human Machine Interfaces, Temperature Controllers, Encoders, machine vision system, computed numerically controllers, etc.

C. Smart green life business:

Design, manufacture, and sales of projectors, LED lighting products, Integrated solutions and Services, interactive speech recognition system. The main products are professional high end digital projectors, digital electronic cinema, home cinema projectors, video conference projection systems, digital signage display, educational use and portable digital projectors, game use projectors, digital display wall, video system integrated solution, rent service for high projection, professional LED lamps, LED indoor light, LED component and module, New light engine, LED driver module and optical component, LED control system, Design and construction of lighting application, green energy integration design and architecture, design and construction of civil electrical, development automatic speech outbound, Interactive voice

response, voice keyword spotting solution, Speech Analysis Automation, voice biometrics with language technology, etc.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2013			
	Power electronics business	Energy management business	Smart green life business	Total
Revenue from external customers	\$ 102,933,744	\$ 32,767,240	\$ 34,807,259	\$ 170,508,243
Segment income	<u>\$ 14,659,036</u>	<u>\$ 4,817,450</u>	<u>\$ 3,490,779</u>	<u>\$ 22,967,265</u>
	For the year ended December 31, 2012			
	Power electronics business	Energy management business	Smart green life business	Total
Revenue from external customers	\$ 106,762,572	\$ 29,683,260	\$ 30,083,733	\$ 166,529,565
Segment income	<u>\$ 13,744,947</u>	<u>\$ 3,754,704</u>	<u>\$ 2,011,846</u>	<u>\$ 19,511,497</u>

(4) Reconciliation information for segment profit (loss)

- A. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. A reconciliation of reportable segments profit (loss) to profit (loss) before tax and discontinued operations is provided as follows:

	For the years ended December 31,	
	2013	2012
Reportable segments' profit	\$ 22,967,265	\$ 19,511,497
Other segments' loss	(3,458,883)	(2,207,545)
Non-operating income and expenses	2,988,172	4,483,666
Profit before tax and discontinued operations	<u>\$ 22,496,554</u>	<u>\$ 21,787,618</u>

(5) Information on products and services

As the Group considered the business from a product perspective, the reportable segments were based on different products and services. Revenues from external customers are the same as in Note 14(3).

(6) Geographical information

Information about geographic areas for the years ended December 31, 2013 and 2012 were as follows:

	For the years ended December 31,			
	2013		2012	
	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China	\$ 98,752,432	\$ 30,434,455	\$ 99,426,994	\$ 27,891,276
USA	26,227,965	1,470	24,033,673	-
Taiwan	1,311,636	21,362,860	1,683,574	20,538,250
Others	<u>50,761,089</u>	<u>854,259</u>	<u>46,615,683</u>	<u>945,625</u>
Total	<u>\$ 177,053,122</u>	<u>\$ 52,653,044</u>	<u>\$ 171,759,924</u>	<u>\$ 49,375,151</u>

(7) Major customer information

There are no customers accounting for more than 10% of the Group's operating revenues for the years ended December 31, 2013 and 2012.

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Group

A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date"). This exemption also applies to the Group's previous acquisitions of investments in associates.

B. Share-based payment transactions

The Group has elected not to apply the requirements in IFRS 2, 'Share-based Payment', retrospectively to equity instruments and liabilities that were vested and settled arising from

share-based payment transactions prior to the transition date.

C. Deemed cost

For property, plant and equipment that were revalued under R.O.C. GAAP before the transition date, the Group has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the 'deemed cost' of these assets under IFRSs.

D. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

E. Compound financial instruments

The Group has elected not to segregate between liability components and equity components of compound financial instruments whose liability components were no longer outstanding at the transition date.

F. Designation of previously recognised financial instruments

The Group has elected to designate investments amounting to \$3,840,505, which were originally measured at cost, as 'available-for-sale financial assets' at the transition date. The fair value of investments was \$3,813,667 at the transition date.

(2) Except for non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Hedge accounting

Hedge accounting can only be applied prospectively to transactions that qualify for hedge accounting in accordance with IAS 39 from the date of transition to IFRSs. Hedging relationship should not be designated retrospectively, and written documentation relating to

hedge accounting should not be made retrospectively, either. Therefore, under IFRS 1, only a hedging relationship that satisfied the hedge accounting criteria on January 1, 2012 can be reflected as hedge in the Group's opening IFRS financial statements.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	\$ 67,695,906	\$ -	\$ 67,695,906	
Financial assets at fair value through profit or loss - current	2,342	-	2,342	
Available-for-sale financial assets - current	524,013	103,931	627,944	b.
Derivative financial assets for hedging - current	115,111	-	115,111	
Financial assets measured at cost - current	86,180	(86,180)	-	b.
Notes receivable	1,330,220	-	1,330,220	
Accounts receivable (including related parties)	35,525,143	-	35,525,143	
Other receivables (including related parties)	2,082,657	-	2,082,657	
Inventories	19,126,113	-	19,126,113	
Prepayments	2,384,204	-	2,384,204	
Other current assets	1,135,693	(597,914)	537,779	c.
Total current assets	130,007,582	(580,163)	129,427,419	
Non-current assets				
Financial assets at fair value through profit or loss - non-current	1,820,525	983,142	2,803,667	a.
Available-for-sale financial assets - non-current	125,859	3,709,736	3,835,595	b.
Financial assets measured at cost - non-current	4,157,228	(3,754,325)	402,903	b.
Investments accounted for under equity method	5,911,784	-	5,911,784	
Property, plant and equipment	36,917,785	(2,289,393)	34,628,392	d.e.h.
Investment property	12,096,932	(1,032,077)	11,064,855	f.g.h.
Deferred income tax assets	-	2,507,096	2,507,096	c.
Other non-current assets	2,156,284	3,310,029	5,466,313	e.f.g.h.
Total non-current assets	63,186,397	3,434,208	66,620,605	
Total assets	\$ 193,193,979	\$ 2,854,045	\$ 196,048,024	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	\$ 17,599,492	\$ -	\$ 17,599,492	
Financial liabilities at fair value through profit or loss - current	4,257	-	4,257	
Derivative financial liabilities for hedging - current	46,873	-	46,873	
Accounts payable (including related parties)	30,390,112	-	30,390,112	
Other payables	14,251,886	338,541	14,590,427	i.
Current income tax liabilities	2,092,919	(82,318)	2,010,601	c.
Other current liabilities	4,367,270	673	4,367,943	
Total current liabilities	68,752,809	256,896	69,009,705	
Non-current liabilities				
Long-term borrowings	24,862,247	-	24,862,247	
Deferred income tax liabilities	3,867,305	1,412,872	5,280,177	c.d.
Other non-current liabilities	3,225,949	572,118	3,798,067	c.d.f.
Total non-current liabilities	31,955,501	1,984,990	33,940,491	
Total Liabilities	100,708,310	2,241,886	102,950,196	
Equity attributable to owners of the parent				
Share capital				
Common share	24,033,974	-	24,033,974	
Capital surplus	26,509,455	(2,684,671)	23,824,784	j.k.
Retained earnings				
Legal reserve	11,064,579	-	11,064,579	
Special reserve	4,796,006	527,556	5,323,562	d.
Unappropriated retained earnings	13,045,300	2,782,430	15,827,730	a.c.d.f.i.j.k.
Other equity	(1,628,536)	(262,541)	(1,891,077)	b.d.f.
Non-controlling interest	14,664,891	249,385	14,914,276	
Total equity	92,485,669	612,159	93,097,828	
Total liabilities and equity	\$ 193,193,979	\$ 2,854,045	\$ 196,048,024	

B. Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	\$ 51,096,128	\$ -	\$ 51,096,128	
Financial assets at fair value through profit or loss - current	733,285	(5,270)	728,015	a.
Available-for-sale financial assets - current	600,373	-	600,373	
Derivative financial assets for hedging - current	39,901	-	39,901	
Notes receivable	1,319,593	-	1,319,593	
Accounts receivable (including related parties)	36,210,353	-	36,210,353	
Other receivables (including related parties)	662,035	-	662,035	
Inventories	15,461,032	-	15,461,032	
Prepayments	2,782,463	-	2,782,463	
Non-current assets held for sale	12,075,952	(809,984)	11,265,968	o.
Other current assets	908,633	(589,592)	319,041	c.
Total current assets	121,889,748	(1,404,846)	120,484,902	
Non-current assets				
Financial assets at fair value through profit or loss - non-current	247,513	-	247,513	
Available-for-sale financial assets - non-current	2,352,916	1,194,002	3,546,918	b.m.
Financial assets measured at cost - non-current	1,665,433	(1,267,144)	398,289	b.
Investments accounted for under equity method	6,352,742	-	6,352,742	
Property, plant and equipment	34,908,430	370,016	35,278,446	d.e.h.l.
Investment property	-	1,232,135	1,232,135	l.
Intangible assets	11,733,212	(795,399)	10,937,813	f.g.h.
Deferred income tax assets	-	2,436,921	2,436,921	c.
Other non-current assets	2,738,603	(811,846)	1,926,757	e.f.g.h.l.
Total non-current assets	59,998,849	2,358,685	62,357,534	
Total assets	\$ 181,888,597	\$ 953,839	\$ 182,842,436	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	\$ 5,037,267	\$ -	\$ 5,037,267	
Financial liabilities at fair value through profit or loss - current	26,286	-	26,286	
Derivative financial liabilities for hedging - current	14,750	-	14,750	
Accounts payable (including related parties)	27,046,496	-	27,046,496	
Other payables	14,197,597	389,743	14,587,340	i.
Current income tax liabilities	2,296,864	(140,423)	2,156,441	c.
Liabilities directly related to non-current assets held for sale	6,837,219	12,277	6,849,496	i.
Other current liabilities	3,238,723	-	3,238,723	
Total current liabilities	58,695,202	261,597	58,956,799	
Non-current liabilities				
Long-term borrowings	16,491,517	-	16,491,517	
Deferred income tax liabilities	4,148,016	1,243,459	5,391,475	c.d.
Other non-current liabilities	3,150,036	524,631	3,674,667	c.d.f.
Total non-current liabilities	23,789,569	1,768,090	25,557,659	
Total Liabilities	82,484,771	2,029,687	84,514,458	
Equity attributable to owners of the parent				
Share capital				
Common stock	24,211,780	-	24,211,780	
Capital surplus	26,403,107	(1,628,556)	24,774,551	j.k.
Retained earnings				
Legal reserve	12,163,682	-	12,163,682	
Special reserve	1,628,536	527,556	2,156,092	d.
Unappropriated retained earnings	22,805,885	1,002,810	23,808,695	a.c.d.f.i.j. k.m.n.o.
Other equity	(3,546,949)	(1,206,229)	(4,753,178)	b.d.f.n.
Non-controlling interest	15,737,785	228,571	15,966,356	
Total equity	99,403,826	(1,075,848)	98,327,978	m.
Total liabilities and equity	\$ 181,888,597	\$ 953,839	\$ 182,842,436	

C. Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	\$ 171,759,924	\$ -	\$ 171,759,924	
Operating costs	(129,599,771)	(61,917)	(129,661,688)	f.i.
Gross profit	42,160,153	(61,917)	42,098,236	
Operating expenses				
Selling expenses	(8,284,073)	334	(8,283,739)	f.i.
General & administrative expenses	(5,540,757)	11,672	(5,529,085)	f.i.k.
Research and development expenses	(10,983,334)	1,874	(10,981,460)	f.i.
Total operating expenses	(24,808,164)	13,880	(24,794,284)	
Operating profit	17,351,989	(48,037)	17,303,952	
Non-operating income and expenses				
Other income	3,534,584	117,872	3,652,456	m.
Other gains and losses	1,287,050	(930,470)	356,580	a.h.n.
Finance costs	(392,100)	141,916	(250,184)	h.
Share of profit of associates and joint ventures accounted for under equity method	724,814	-	724,814	
Profit before income tax	22,506,337	(718,719)	21,787,618	
Income tax expense	(3,349,038)	190,639	(3,158,399)	c.
Profit for the period from continuing operations	19,157,299	(528,080)	18,629,219	
Loss for the period from discontinued operations	(1,939,811)	(804,522)	(2,744,333)	f.i.k.o.
Profit for the period	17,217,488	(1,332,602)	15,884,886	
Other comprehensive income				
Currency translation differences	(3,110,252)	(1,491)	(3,111,743)	
Unrealized gain (loss) on valuation of available-for-sale financial assets	(100,332)	(158,376)	(258,708)	b.m.
Cash flow hedges	(41,712)	-	(41,712)	
Share of other comprehensive income of associates and joint ventures accounted for under equity method	(36,200)	-	(36,200)	
Income tax relating to the components of other comprehensive income	376,438	213	376,651	c.
Other comprehensive income for the period, net of tax	(2,912,058)	(159,654)	(3,071,712)	
Total comprehensive income for the period	\$ 14,305,430	(\$ 1,492,256)	\$ 12,813,174	

Reasons for reconciliation are outlined below:

- a. The private placement of convertible bonds held by the Group were invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", and are designated as financial assets at fair value through profit or loss and are subsequently remeasured and stated at cost. Since these are hybrid instruments, the fair value of derivatives embedded in the bonds cannot be measured reliably. If there is any objective evidence that the bonds are impaired, the impairment loss is recognized. However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in financial instruments without an active market but with reliable fair value measurement should be measured at fair value using a valuation technique. The fair value of private placement of convertible bonds is measured based on Binomial Stock Options Pricing Model. Therefore, an increase in financial assets at fair value through profit or loss - non-current and undistributed earnings is recognized at the date of transition to IFRSs. But as mentioned in Note 6(2)2, the private placement convertible bonds of Dynapack were converted into private placement common stocks in the first quarter of 2012 and gain on disposal of investments was recognized. Therefore, the Company decreased gain on disposal of investments (shown as other gains and losses) for the year ended December 31, 2012.
- b. Before the amendment of "Rules Governing the Preparation of Financial Statements by Securities Issuers", dated July 7, 2011, unlisted stocks and emerging stocks held by the Group should be measured at cost and recognized in "Financial assets carried at cost". However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, the Group reclassified "Financial assets carried at cost" to "Available-for-sale financial assets" and decreased other equity for the difference between fair value and book value at the date of transition to IFRSs. The subsequent changes in fair value are recognized as other comprehensive income.
- c. a) In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an

asset or liability for financial reporting, should be classified as current or noncurrent according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current.

- b) The Group increased deferred income tax assets when computing the tax effects of differences between IFRSs and the current accounting standards in R.O.C.
- c) Deferred income tax assets and deferred income tax liabilities do not meet the criteria for offset under IAS 12, “Income Taxes”. Therefore, the Group reclassified deferred income tax assets and deferred income tax liabilities at the date of transition to IFRSs.
- d) Regarding tax rates that shall apply to the deferred tax assets or liabilities associated with unrealized gains or losses arising from transactions between parent company and subsidiaries by buyer tax rate or seller tax rate, the current accounting standards in R.O.C. do not specify the rules for the issue; while, the Company adopts seller tax rate for computation. However, under IAS 12, “Income Taxes”, temporary differences in the consolidated financial statements are determined by comparing the carrying amounts of assets and liabilities in those statements and applicable taxation basis. The Company’s taxation basis is determined by reference to the Group entities’ income tax returns. Accordingly, buyer tax rate shall apply to the deferred tax assets or liabilities in the consolidated financial statements.
- e) The current accounting standards in R.O.C. regulate that reserve for land revaluation increment tax should be presented under ‘Reserves - reserve for land revaluation increment tax’. However, in accordance with IAS 12, ‘Income Taxes’, land revaluation increment tax is within the scope of income taxes. Therefore, it should be presented under ‘Deferred income tax liabilities’.
- d. In accordance with current accounting standards in R.O.C., property, plant and equipment are stated at cost except for land which is carried at appraised value. However, when cost model is adopted, revaluation is not applied under IAS 16, “Property, Plant and Equipment”. The Company reclassified land revaluation increments to cost of land according to IFRS 1, “First-time Adoption of International Financial Reporting Standards” and reclassified asset revaluations, and revaluation increments to undistributed earnings and deferred income tax liabilities; and subsequently appropriated under the requirements of Jin-Guan-Zheng-Fa Order No. 1010012865 of FSC, the asset revaluation recognized as undistributed earnings in accordance with the exemption applied under IFRS 1 to special reserve.

- e. The Group's prepayments for the acquisition of property, plant and equipment are classified as "property, plant and equipment" in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers". However, under IFRSs, it should be classified other non-current assets.
- f. a) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.
- b) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, in accordance with IAS 19, "Employee Benefits", the unrecognized transitional net benefit obligation should not be recognized because it is the Group's first-time adoption of IFRSs.
- c) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet ("minimum pension liability"). However, IAS 19, "Employee Benefits", has no regulation regarding the minimum pension liability.
- d) The current accounting standards in R.O.C. do not specify the rules on the recognition of other long-term employee benefits other than pensions. However, IAS 19, "Employee Benefits", requires that the costs of other long-term employee benefits other than pensions should be recognized as expenses as the employees render service. Certain subsidiaries located in Mainland China maintain a separate fund that meet the above criteria. The Company decreased accrued pension liabilities, increased undistributed earnings, and the remaining balance was recognized as net income based on the results of the actuarial valuation at the date of transition to IFRSs.
- g. In accordance with current accounting standards in R.O.C., the subsidiaries' payments for the acquisition of land use rights are classified as "Other intangible assets". However, transactions that meet the criteria of long-term operating leases shall be classified as "Long-term prepaid rent" under IAS 17, "Leases".

- h. The Group reclassified the related accounts of deferred expenses, assets leased to others, idle assets and cash flow hedge in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by FSC and “Rules Governing the Preparation of Financial Statements by Securities Issuers”.
- i. The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of other long-term employee benefits other than pensions should be recognized as expenses as the employees render service. Certain subsidiaries located in Mainland China maintain a separate fund that meet the above criteria. The Company decreased accrued pension liabilities, increased undistributed earnings and the remaining balance was recognized as net income based on the results of the actuarial valuation at the date of transition to IFRSs.
- j. In accordance with current accounting standards in R.O.C., if an investee company issues new shares and original shareholders do not purchase or acquire new shares proportionately, but the investor company does not lose its significant influence over the investee company, the investment percentage, and therefore the equity in net assets for the investment that an investor company has invested, will be changed. Such difference shall be used to adjust the “Additional paid-in capital” and the “Long-term equity investments” accounts. However, in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, accounting treatment for changes in the parent’s ownership interest in a subsidiary that do not result in a loss of control shall apply prospectively from the date of transition to IFRSs.
- k. Compensation cost of employee stock options, whose grant date was after (on) January 1, 2008 and before January 1, 2010, is recognized as an expense using the intrinsic value method according to the Jin-Guan-six-Zi Order No. 0960065898 of the former Financial Supervisory Commission, dated December 12, 2007. However, according to IFRS 2, “Share-based Payment”, the cost of the share-based payment arrangements stated above should be expensed at the fair value of the equity instruments over the vesting period.
- l. In accordance with current accounting standards in R.O.C., the subsidiaries’ property that is leased to others is presented in the “Assets leased to others”. However, property that meets the definition of investment property is classified and accounted for as “Investment property” under IAS 40, “Investment Property”.

- m. In accordance with current accounting standards in R.O.C., for equity investment except for those measured at fair value through profit and loss, the cash dividends received during the year of investment or conversion should be treated as the recovery of the investment cost. IFRSs do not specify the rules for this issue. Therefore, the Group increased dividend income (shown as other income), increased available-for-sale financial assets acquisition costs and increased unrealized gain (loss) on valuation of available-for-sale financial assets due to subsequent revaluation.
 - n. In accordance with current accounting standards in R.O.C., in case the parent company changes its share ownership of the subsidiary but does not lose control over the subsidiary after control was obtained, the purchase method of accounting is used to account for the increase in ownership interest, while the decrease in ownership interest is regarded as disposal of shares and the related disposal gain or loss is recognized in profit or loss. In accordance with IAS 27, “Consolidated and Separate Financial Statements”, changes in a parent company’s ownership interest that do not result in the parent company losing control of the subsidiary are equity transactions, which would not affect profit or loss and goodwill would not be remeasured. In addition, the balance of “capital reserve - difference between the proceeds from disposal of subsidiary and the book value” is \$0 because the Company reclassified all capital reserve - long-term investments to undistributed earnings at the date of transition to IFRSs. Therefore, the Company decreased undistributed earnings and decreased loss on disposal of investments (shown as other gains and losses) and increased amounts recognised directly in equity relating to non-current assets held for sale.
 - o. As mentioned in Note 6(12), DelSolar meets the criteria of the subsidiary classified as held for sale due to the merger through share exchange by DelSolar and NSP. The subsidiaries classified as held for sale shall be measured at the lower of carrying amount and fair value less costs to sell on the date which the subsidiaries meet the criteria to be classified as held for sale. The balance of “capital reserve - difference between the proceeds from disposal of subsidiary and the book value” is \$0 because the Company reclassified all capital reserve - long-term investments to undistributed earnings at the date of transition to IFRSs. It resulted in the difference of carrying amount and the fair value less costs to sell to be lower than the carrying amount under IFRS. Therefore, the Company increased impairment loss (shown as loss from discontinued operations) and decreased non-current assets classified as held for sale.
- D. Major adjustments for the consolidated statements of cash flows for the year ended December 31, 2012:

- a. The transition from R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.
- b. The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.