



2009 ANNUAL REPORT

DELTA ELECTRONICS, INC.



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Delta Constructs a 1.5 MW Solar Energy System for the World's Largest Thermal Power Plant

Delta designed and constructed a 1.5 MW solar energy system for the world's largest thermal power plant, the Taichung Thermal Power Plant.



Delta Builds the World's Largest Solar Energy System for an Outdoor Sports Stadium

Delta constructed the solar energy system for the Kaohsiung World Games Stadium with a total capacity of 1 MW. Nine months after completion, the system had already generated more than 1.1M kilowatt hours of electricity, its contracted annual output, which reduced the equivalent of 660 tons of CO₂.



Delta's Large-Screen Outdoor LED Wall is a Hit at the Taipei Tianmu Baseball Stadium

A high-brightness, large-screen outdoor LED wall developed by Delta was installed at the Taipei Tianmu Baseball Stadium. Delta's LED wall amazed both players and the audience during the MLB Los Angeles Dodgers' visiting games at the stadium.



Delta HD Projectors Shine on the "Night of the Spring Equinox"

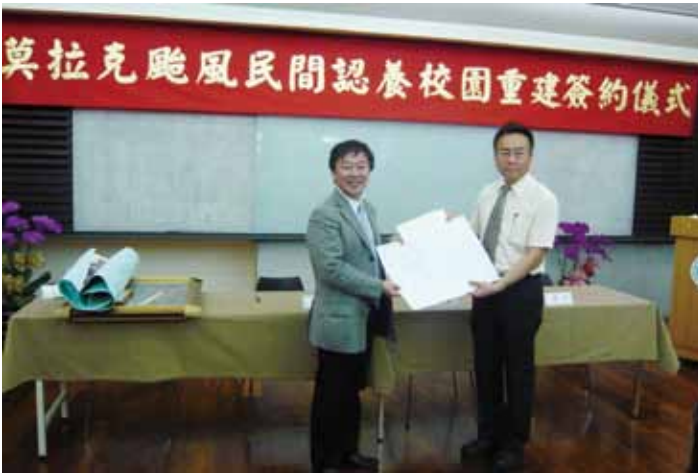
At the "Night of the Spring Equinox" event for the 2009 International Year of Astronomy, Delta's high-brightness, high-quality full HD projectors displayed towering images of the universe onto the outer wall of the National Chiang Kai-shek Memorial Hall, presenting a marvelous visual experience to the audience.





Delta's Tainan Plant Promoted to "Diamond Rated Green Building"

Through the continuous efforts of Tainan colleagues, Delta's Tainan plant, the first gold rated green factory in Taiwan, was recognized once again and promoted to a "Diamond Rated Green Building" after passing nine ratings criteria for the green building standard.



Delta and NCKU Rebuild Schools Devastated by Typhoon Morakot as Green Schools

In cooperation with NCKU, Delta helped reconstruct the Typhoon Morakot disaster area by building green schools in Kaohsiung that are energy efficient, eco-friendly and reinforced against natural calamities. The schools are expected to become models for safety and eco-friendliness.



Delta Develops Electric Vehicle Propulsion System

Delta Electronics has successfully developed its own petrol-electric hybrid propulsion system—the first of its kind developed by a Taiwanese company. The design includes batteries, power inverter, power control unit, traction motor and vehicle control unit. Delta has installed the system in a test vehicle, which is undergoing road tests.



Delta Completes the First LED Streetlight Demo in Taoyuan County

Delta Electronics completed the installation of LED streetlights for a landscape enhancement project on Ta Hsin West Road in Taoyuan County. This is the first road in Taoyuan to demo LED streetlights and LED lighting's highly stable power supply, energy efficiency, high brightness, and high color rendering.

Delta Provides Projection Technology for "Van Gogh - The Flaming Soul" Exhibition

Delta Electronics sponsored "Van Gogh - The Flaming Soul" exhibition at the National Museum of History in Taipei by contributing advanced high brightness HD digital signs, short-throw projectors, and a 3D display system to present the beauty of Van Gogh's art.



Delta Sponsors Documentary Production to Raise Concern for Global Warming

Calling for the participation of Taiwanese enterprises to fight against global warming, Delta Electronics sponsored the production of $\pm 2^{\circ}\text{C}$, the first documentary on climate change produced in Taiwan. The production of the film was initiated by renowned Taiwan TV commentator Ms. Sisy Chen.



Delta Founder and Chairman Mr. Bruce Cheng Publishes Autobiography

The Power of Integrity: Bruce Cheng and the Business Wisdom that Guides Delta Electronics, was published by Commonwealth Publishing Co. The autobiography describes Mr. Cheng's years growing up, his life as a student, and his insights on leading Delta's success for nearly 40 years. Mr. Cheng generously donated thousands of copies of the new book to middle and elementary schools in Taiwan, which were formally received by Minister of Education Mr. Wu Ching-Ji.



Mr. Thomas L. Friedman, the Author of *Hot, Flat, and Crowded*, Visits Delta Electronics

Mr. Thomas L. Friedman, the only three-time Pulitzer Prize winner in the U.S. and the author of *The World is Flat* and *Hot, Flat and Crowded*, visited Delta Electronics to share his views on green energy and environmental protection. Delta Electronics was the only company Mr. Friedman visited during his trip to Taiwan.



A Letter to Our Shareholders

Dear Shareholders:

As the financial tsunami brought turmoil to the global economy in 2009, Delta Electronics adhered to the principles of integrity, quality, agility, teamwork and innovation, and safely weathered the turbulent year. Delta's consolidated sales revenues totaled NT\$125.5 billion, a decrease of 12% compared to 2008. Delta's gross profit totaled NT\$26.4 billion (21% of total sales revenues), an increase of 3%; net profit totaled NT\$11.8 billion (9.4% of total sales revenues), an increase of 6%; and net income after tax totaled NT\$11.7 billion (9.3% of total sales revenues), an increase of 14% from last year. Earnings per Share (EPS) for 2009 was NT\$5.2.

With our solid foundation in technology and dedication to innovation, Delta is widely recognized as the leading company in switching power supplies for the global electronics industry. We continue to be the world's number one in market share for power supplies used in servers, workstations and notebook PCs. In addition, Delta power supplies have made substantial market gains in consumer electronics markets. Last year Delta launched two telecom base station power systems with the world's highest efficiency, which we have improved from 92% to 96%, as well as the world's highest power density. Delta holds the number one telecom power market share in China and India. Delta designed and built the world's largest stadium solar energy system for the Kaohsiung World Games Stadium in 2008, followed by a 1.5 Mega Watt solar power system capacity for the Taichung Thermal Power Plant, which is now ready for trial runs. In 2009, Delta entered US solar energy market with a new business model that builds solar systems on rooftop and sells electricity to the residents. Delta also launched a full range of advanced LED lighting products with high efficiency and the world's first dimmable feature, for which we already received orders from international customers. Following our corporate mission to provide innovative, clean and efficient energy solutions such as solar power systems and LED lighting, Delta not only helps to reduce greenhouse gas emission but can also seize business opportunities for further growth.

For the Display Solution business, Delta is in an advantageous position with our self-developed key components. Delta has demonstrated strong capabilities in home theaters, professional projectors for commercial theaters and large venue convention centers. We also entered the outdoor LED Display market and developed advanced glasses-free 3D displays as well as extremely short throw projectors using an LED source. Delta's Full HD LED Home Theater DLP® projector was awarded the 2009 Computex Design and Innovation Award organized by iF – International Forum Design. During the Beijing 2008 Olympic Games, Delta broadcasted the programs live on 300-inch screens through our high definition DLP projectors. Delta's high end projectors also revealed the wonders of the universe for the 2009 International Year of Astronomy in the outdoor Spring Equinox Night at National Chiang Kai-shek Memorial Hall in Taipei and the 400 Years of Heaven Gazing Exhibit in Kaohsiung.

Last year, despite the global economic recession, Delta's Industrial Automation business continued to grow as we significantly improved our competitiveness in the China market. Also in 2009 Delta developed and successfully tested a hybrid propulsion system for electric vehicles. All of these developments are the important pillars for Delta's future growth.

With Delta's insight into environmental protection, energy-saving and miniaturization, we continue to develop in-house expertise as well as seek complementary resources from external. Last year Delta merged Cyntec to integrate its know-how, processing technologies, and patents in miniaturized passive components as well as high density packaging technologies. Such move will benefit both sides through increased operation

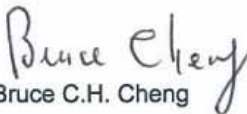


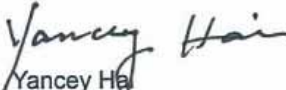
efficiencies and shortened product development cycle to provide customers with a wide variety of integrated, high efficiency, low power consumption power modules as well as manufacturing process services, technical support and a total solution.

Delta is dedicated to provide innovative, clean and efficient energy solutions, and has earned strong recognition from its customers consistently through innovation, quality and agility. Last year we received vendor awards from HP, Sony, Fujitsu, Black & Decker, and Pegatron Corporation. Delta is committed to corporate governance, provides key information in a timely and transparent manner, and carries out our social responsibility. As a result, last year Delta was named The Most Admired Company in the Electronics Industry for the eighth consecutive year and received the Corporate Citizenship Award for the 3rd consecutive year from CommonWealth Magazine. Delta was also ranked Grade A+ in Information Disclosure and Transparency by the authority, and received the first Asia Pacific 2009 Frost and Sullivan Green Excellence Award. Delta also published its 2008 Corporate Social Responsibility Report and its Tainan Plant was awarded by Taiwan's Ministry of Interior Affairs the "Diamond Rating" certificate for Green Buildings, an upgrade from its previous gold rating. With all these achievements, we will continue to devote our efforts to make Delta a globally respected enterprise.

The effects of the financial tsunami continue to have adverse impact on global economy. While many companies are laying off employees and closing factories, Delta insists on pursuing our long term goals, developing talents and investing in R&D. Construction of Delta's Shanghai R&D center is almost completed and will commence operation this August. Delta is about to begin construction for its third Taoyuan Plant which will serve as the global R&D center for industrial automation business. Environmentally related industries and infrastructure projects such as alternative energy, energy-saving products, telecommunication are not only the focus for government spending in most countries but also a must for the mankind. Delta rides on the frontier of this global wave and considers it our mission to develop advanced products such as solar energy, LED lighting, electric vehicles and components, E-paper and super capacitors to meet market demand, both now and future.

I wish to take this opportunity to thank our people for their contributions to the company and the efforts to achieve our goals. I also appreciate the recognition and support from Delta's shareholders. With these in mind, we will do our utmost to ensure Delta's continued growth and success.


Bruce C.H. Cheng
Founder and Chairman


Yancey Hsu
Vice Chairman and CEO


Roger Chu
Corporate CFO

Corporate Governance

“Maintain sound corporate governance and strictly abide by commercial and ethical standards” is a core commitment at Delta. We believe 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.

At Delta, the Board of Directors currently consists of nine directors and two supervisors, including one independent director and one independent supervisor. To enhance the Board’s responsibility and trust, a board meeting is convened at least once a quarter to review the company’s performance and to discuss important strategic issues (seven meetings were held in 2009).

In addition to participating in board meetings, the independent director and independent supervisor attend Delta’s annual strategy meeting to better learn about the company’s operations and to make recommendations. The independent director also chairs the Compensation Committee, which is approved by the Board to review the compensation of directors and officers.

Information disclosure is an important aspect of Delta’s corporate governance. Not only are all announcements on the Taiwan Stock Exchange issued in a timely manner, but our Chairman’s report to the shareholders, financial statements, corporate governance regulations, as well as share price and dividend information are all available for download from Delta’s website. Most of these documents are in both Chinese and English for the benefit of local and foreign investors.

Delta also hosts analyst meetings on a regular basis where we announce and explain each quarter’s consolidated financial data, business performance, and future plans. These meetings are webcast live over the Internet. Apart from providing investors with updates on the company’s operations, we also welcome constructive feedback on our operations, finance and governance.

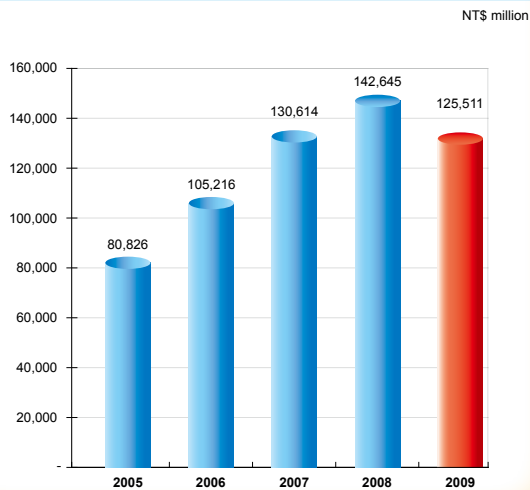
Delta’s efforts towards high quality corporate governance are widely recognized. In 2009, Delta won the Corporate Citizenship Award from Commonwealth Magazine for the 3rd straight year, and we were also honored as the Most Admired Company in the electronics industry by the magazine for the 8th time. In addition, we received the 2009 Internal Audit Leading Practices Award presented by The Institute of Internal Auditors, which not only recognizes Delta’s outstanding auditing practices but also shows the company’s excellent levels of good governance. We do not intend to rest on our laurels however and will continue to improve the quality of our corporate governance to fulfill our commitment to all stakeholders.



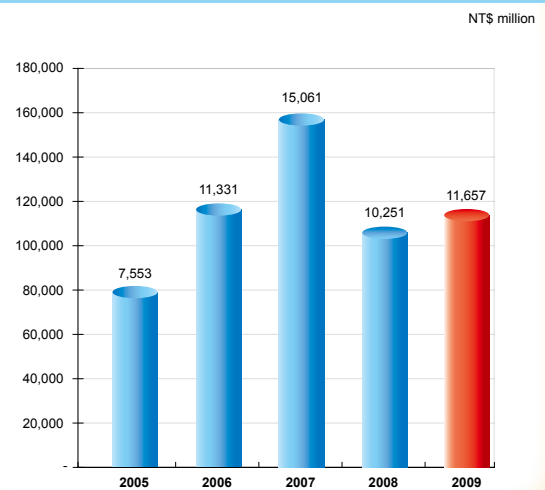
Consolidated Financial Highlights

	2009	2008
Sales	125,511	142,645
Gross profit	26,367	25,495
Gross margin	21.0%	17.9%
Operating profit	11,762	10,910
Operating Margin	9.4%	7.6%
Net Income After Tax	11,657	10,251
Net Margin	9.3%	7.2%
EPS (NT\$)	5.20	4.69
Total Assets	133,913	117,557
Total Shareholders' Equity	63,301	58,343
ROE (%)	19.2%	17.4%

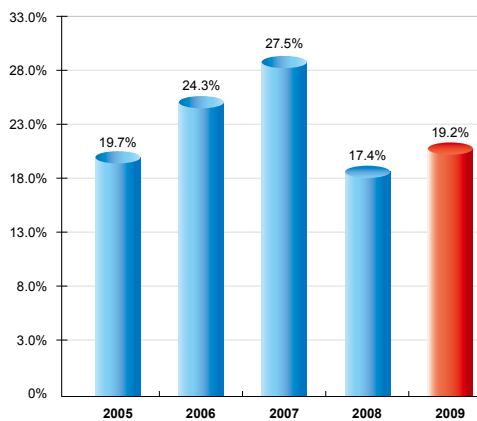
Revenues



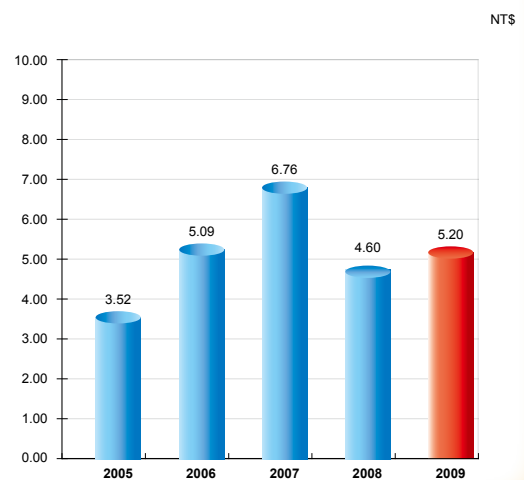
Net Profits



Return on Stockholders' Equity



Earnings Per Share



DELTA ELECTRONICS, INC.

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2008 AND 2009

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

PWCR09000321


To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2008 and 2009, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. 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. As explained in Note 1(2), we did not audit the financial statements of certain consolidated subsidiaries for the years ended December 31, 2008 and 2009, which statements reflect total assets of \$596,215,000 and \$624,861,000, constituting 0.51% and 0.47% of the consolidated total assets as of December 31, 2008 and 2009, respectively, and total operating revenues of \$1,896,736,000 and \$1,636,521,000, constituting 1.33% and 1.30% of the consolidated operating revenues for the years then ended, respectively. In addition, we did not audit the financial statements of certain long-term equity investments, accounted for under the equity method. Long-term equity investments in these companies amounted to \$5,926,150,000 and \$5,782,830,000, constituting 5.04% and 4.32% of the consolidated total assets as of December 31, 2008 and 2009, respectively, and total investment income was \$466,104,000 and \$316,569,000, constituting 3.15% and 2.34% of the consolidated income before income tax and minority interest for the years then ended, respectively. Those statements were audited by other auditors 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 11. 2) included for such subsidiaries and investee companies, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the “Rules Governing Examination of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Those standards and rules 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 auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, 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, 2008 and 2009, and the results of their operations and their cash flows for the years then ended in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and generally accepted accounting principles in the Republic of China.

As described in Note 3, effective January 1, 2008, Delta Electronics, Inc. and its subsidiaries adopted the R.O.C. Statement of Financial Accounting Standards (SFAS) No. 39, “Accounting for Share-based Payment” and EITF 96-052, “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration” prescribed by the Accounting Research and Development Foundation, R.O.C., whereby the costs of employees’ bonuses and directors’ and supervisors’ remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. Further, effective January 1, 2009, Delta Electronics, Inc. and its subsidiaries adopted the amendments to R.O.C. Statement of Financial Accounting Standards No. 10, “Accounting for Inventories”.



The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2009, 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 NT\$31.985 to US\$1.00 at December 31, 2009. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers

February 24, 2010

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 consolidated 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,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	New Taiwan Dollars		U.S. Dollars	
	2008	%	2009	(Unaudited - Note 2)
ASSETS				
Current Assets				
Cash and cash equivalents (Note 4(1))	\$ 43,093,738	37	\$ 57,499,350	43
Financial assets at fair value through profit or loss - current (Note 4(2))	43,491	-	49,593	-
Available-for-sale financial assets - current (Note 4(5))	420,456	-	629,628	-
Derivative financial assets for hedging - current (Note 10(9))	1,051,215	1	274,648	1
Notes receivable, net	582,309	-	708,618	1
Accounts receivable, net (Note 4(3))	22,810,469	19	25,104,218	19
Accounts receivable - related parties (Note 5)	1,449,652	1	2,454,403	2
Other receivables (Note 4(20))	1,793,032	2	1,313,299	1
Other financial assets - current (Note 6)	1,709,292	1	38,573	1
Inventories, net (Note 4(4))	9,244,953	8	9,748,280	7
Prepayments	1,168,419	1	1,159,724	1
Other current assets	71,405	-	222,919	-
Total current assets	82,438,431	70	99,203,253	74
Funds and Investments				
Financial assets at fair value through profit or loss - non-current (Note 4(2))	-	-	860,000	1
Available-for-sale financial assets - non-current (Note 4(5))	79,156	-	628,199	-
Financial assets carried at cost - non-current (Notes 4(6)(11))	1,240,510	1	1,324,258	1
Investments in bonds without active markets - non-current (Note 4(7))	1,148,700	1	1,119,475	1
Long-term equity investments accounted for under the equity method (Note 4(8))	7,227,174	6	7,730,006	6
Cash surrender value of life insurance	91,862	-	91,852	-
Total funds and investments	9,787,402	8	11,753,790	9
Property, Plant and Equipment, Net (Notes 4(9)(11))				
Cost				
Land	1,654,542	2	1,643,868	1
Buildings	9,719,960	8	11,079,871	8
Machinery and equipment	12,856,518	11	12,895,532	10
Molding equipment	1,448,980	1	1,581,738	1
Computer and communication equipment	1,006,484	1	1,111,669	1
Testing equipment	6,622,990	6	6,781,633	5
Transportation equipment	175,705	-	149,436	-
Office equipment	1,639,476	1	1,638,283	1
Leasehold improvements	251,918	-	284,920	-
Other equipment	13,229	-	-	-
Revaluation increments	407,007	-	471,818	-
Cost and revaluation increments	35,796,809	30	37,638,768	28
Less: Accumulated depreciation	(16,636,294)	(14)	(19,875,894)	(15)
Accumulated impairment loss	(5,748)	-	(1,164,773)	(1)
Construction in progress and prepayments for equipment	3,186,542	3	3,669,880	3
Total property, plant and equipment, net	22,341,309	19	20,207,981	15
Intangible Assets				
Patents (Note 5)	56,665	-	211,287	-
Deferred pension cost (Note 4(15))	20,579	-	16,463	-
Other intangible assets	839,196	1	856,536	1
Total intangible assets	916,440	1	1,084,286	1
Other Assets				
Assets leased to others (Notes 4(10)(11))	49,597	-	46,626	-
Refundable deposits	55,410	-	61,691	-
Deferred expenses	339,970	-	206,017	-
Other assets	1,628,812	2	1,289,423	1
Total other assets	2,073,789	2	1,603,757	1
TOTAL ASSETS	\$ 117,557,371	100	\$ 133,913,067	100

(Continued on next page)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	New Taiwan Dollars		US Dollars	
	2008	%	2009	(Unaudited - Note 2)
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Short-term loans (Note 4(12))	\$ 7,093,047	6	\$ 11,773,271	9
Financial liabilities at fair value through profit or loss - current (Note 4(13))	83,750	-	3,924	123
Derivative financial liabilities for hedging - current (Note 10(9))	476,441	-	39,769	1,243
Accounts payable	19,858,456	17	25,106,360	784,942
Accounts payable - related parties (Note 5)	292,853	-	273,407	8,548
Income tax payable (Note 4(20))	517,009	-	654,896	20,475
Accrued expenses	6,352,437	5	7,464,755	233,383
Other payables	1,720,836	2	1,477,960	46,208
Receipts in advance	524,342	1	785,183	24,548
Deferred income tax liabilities - current (Note 4(20))	40,282	-	146,184	4,570
Other current liabilities	523,160	1	573,572	17,933
Total current liabilities	37,482,613	32	48,299,281	1,510,060
Long-term Liability				
Long-term loans (Note 4(14))	65,640	-	2,973,971	92,980
Reserve	74,312	-	91,569	2,863
Land value incremental reserve (Note 4(9))				
Other Liabilities				
Accrued pension liabilities (Note 4(15))	1,575,619	1	1,943,650	60,768
Guarantee deposits received	103,370	-	54,421	1,701
Deferred income tax liabilities - non-current (Note 4(20))	5,242,335	5	4,430,972	138,533
Other liabilities	423,106	-	274,251	8,573
Total other liabilities	7,346,430	6	6,703,294	209,575
Total liabilities	44,968,995	38	58,068,115	1,815,478
Stockholders' Equity				
Common stock (Note 4(16))	21,850,456	19	22,573,091	705,740
Capital reserves (Note 4(17))	10,471,921	9	10,253,416	320,570
Capital reserve from conversion of convertible bonds	2,810,283	2	4,818,949	150,663
Capital reserve - others				
Retained earnings	7,298,319	6	8,323,411	260,229
Legal reserve (Note 4(18))	13,563,786	12	16,330,025	510,553
Undistributed earnings (Note 4(19))				
Other adjustments to stockholders' equity				
Asset revaluations (Note 4(9))	359,616	-	407,170	12,730
Unrealized gain or loss on financial instruments	135,764	-	626,148	19,576
Cumulative translation adjustments	1,884,323	2	108,570	3,394
Unrecognized pension cost (Note 4(15))	(31,004)	-	(139,691)	(4,367)
Stockholders' equity	58,343,464	50	63,301,089	1,979,088
Minority interest	14,244,912	12	12,543,863	392,180
Total stockholders' equity	72,588,376	62	75,844,952	2,371,268
Commitments and contingent liabilities (Notes 5 and 7)				
Subsequent events (Note 9)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 117,557,371	100	\$ 133,913,067	\$ 4,186,746

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 24, 2010.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	New Taiwan Dollars		US Dollars	
	2008	%	2009	2010
Operating Revenues (Note 5)	\$ 143,084,821	100	\$ 125,712,755	(Unaudited - Note 2)
Sales	(1,223,062)	(1)	(599,044)	3,930,366
Sales returns	(288,766)	(0.2)	(429,579)	18,729
Sales discounts	(141,572,983)	(99)	(124,684,132)	(3,898,206)
Net Sales	1,071,861	0.7	826,683	25,846
Services income	142,644,854	100	125,510,815	3,924,052
Net Operating Revenues	(116,099,039)	(81)	(98,657,967)	(3,084,507)
Operating costs (Notes 4(22) and 5)	(827,661)	(0.6)	(485,360)	15,175
Cost of goods sold	(116,926,700)	(82)	(99,143,327)	(3,093,682)
Services costs	25,718,154	18	25,367,488	824,370
Net operating costs	(91,208,546)	(64)	(73,775,839)	(2,269,312)
Gross profit	16,876,315	12	11,762,415	367,748
Operating Expenses (Note 4(22))	(4,453,121)	(3)	(4,178,403)	130,636
Sales and marketing expenses	(3,683,370)	(3)	(3,683,934)	115,177
General and administrative expenses	(6,446,583)	(4)	(6,742,736)	210,809
Research and development expenses	(14,585,084)	(10)	(14,605,073)	456,622
Total Operating Expenses	(11,133,070)	(8)	(11,762,415)	(367,748)
Operating income	1,144,013	1	524,658	16,403
Non-operating Income and Gains	61,537	0.04	38,330	1,198
Interest income	695,116	0.5	728,112	22,764
Gain on valuation of financial assets (Note 4(2))	110,886	0.08	37,905	1,185
Investment income accounted for under the equity method (Note 4(8))	-	-	14,208	444
Dividend income	-	-	10,290	322
Gain on disposal of property, plant and equipment	1,069,357	0.7	741,882	23,195
Gain on disposal of investments	13,682	0.01	11,381	356
Foreign exchange gain, net	1,525,985	1.1	1,683,006	52,619
Rental income	4,620,576	3.2	3,783,772	118,486
Other non-operating income	(218,160)	(0.2)	(113,171)	(3,538)
Total Non-operating Income and Gains	83,750	0.06	3,924	123
Non-operating Expenses and Losses	(10,587)	(0.01)	(3,924)	(123)
Interest expense	(50,165)	(0.04)	(3,924)	(123)
Loss on valuation of financial liabilities (Note 4(12))	(7,907)	(0.01)	(1,172,774)	(36,666)
Loss on disposal of property, plant and equipment	(966,817)	(0.7)	(2,013,821)	(62,634)
Loss on sale of investment	(14,785,829)	(10)	(13,538,366)	(423,273)
Impairment loss (Note 4(11))	(2,524,109)	(1.8)	(470,331)	(14,705)
Total Non-operating Expenses and Losses	(12,262,720)	(8.6)	(13,068,035)	(408,568)
Income before income tax	\$ 10,250,915	7	\$ 11,657,475	364,467
Income tax expense (Note 4(20))	(2,011,805)	(1.4)	(1,410,560)	44,101
Consolidated net income	\$ 12,262,720	9	\$ 13,068,035	408,568
Attributable to:				
Equity holders of the Company	\$ 6.63	5.50	\$ 6.04	\$ 0.1888
Minority interest	(0.90)	(0.70)	(0.63)	(0.0197)
Earnings Per Share (In Dollars) (Note 4(21))	\$ 5.73	4.80	\$ 5.41	\$ 0.1691
Basic Earnings Per Share				
Net income from continuing operations	\$ 6.54	5.42	\$ 5.97	\$ 0.1867
Minority interest income	(0.89)	(0.69)	(0.62)	(0.0194)
Net income	\$ 5.65	4.73	\$ 5.35	\$ 0.1673
Diluted earnings per share				
Net income from continuing operations	\$ 6.54	5.42	\$ 5.97	\$ 0.1867
Minority interest income	(0.89)	(0.69)	(0.62)	(0.0194)
Net income	\$ 5.65	4.73	\$ 5.35	\$ 0.1673

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 24, 2010.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2008 New Taiwan Dollars						Total			
	Common stock	Capital reserves	Legal reserve	Retained earnings		Asset revaluations		Unrealized gain or loss on financial instruments	Cumulative translation adjustments	Unrecognized pension cost
Balance at January 1, 2008	\$ 21,064,173	\$ 13,487,256	\$ 5,792,189	\$ 17,361,138	\$ 260,918	\$ 1,326,699	\$ 488,480	\$ -	\$ 12,584,207	\$ 72,365,060
Capitalization of capital reserve	210,641	(210,641)	-	-	-	-	-	-	-	-
Distribution of 2007 earnings:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,506,130	(1,506,130)	-	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	(16,200)	-	-	-	-	-	(16,200)
Employees' stock bonus	365,000	-	-	(365,000)	-	-	-	-	-	-
Employees' cash bonus	-	-	-	(365,000)	-	-	-	-	-	(365,000)
Stock dividends	210,642	-	-	(210,642)	-	-	-	-	-	-
Cash dividends	-	-	-	(11,585,295)	-	-	-	-	-	(11,585,295)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	5,589	-	-	-	-	-	-	-	5,589
Change in asset revaluation	-	-	-	-	98,698	-	-	-	-	98,698
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	(1,265,408)	-	-	-	(1,265,408)
Unrecognized pension cost	-	-	-	-	-	-	-	(31,004)	-	(31,004)
Changes in cumulative translation adjustment	-	-	-	-	-	-	409,340	-	-	409,340
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	74,473	986,503	-	-	1,060,976
Changes in minority interest	-	-	-	-	-	-	-	-	(351,100)	(351,100)
Consolidated net income for the year (Note a)	-	-	-	10,250,915	-	-	-	-	2,011,805	12,262,720
Balance at December 31, 2008	<u>\$ 21,850,456</u>	<u>\$ 13,282,204</u>	<u>\$ 7,298,319</u>	<u>\$ 13,563,786</u>	<u>\$ 359,616</u>	<u>\$ 135,764</u>	<u>\$ 1,884,323</u>	<u>\$ (31,004)</u>	<u>\$ 14,244,912</u>	<u>\$ 72,588,376</u>
2009 New Taiwan Dollars										
Balance at January 1, 2009	\$ 21,850,456	\$ 13,282,204	\$ 7,298,319	\$ 13,563,786	\$ 359,616	\$ 135,764	\$ 1,884,323	\$ (31,004)	\$ 14,244,912	\$ 72,588,376
Capitalization of capital reserve	218,505	(218,505)	-	-	-	-	-	-	-	-
Employees' stock bonus	247,775	1,374,900	-	-	-	-	-	-	-	1,622,675
Employees' stock option	37,850	276,311	-	-	-	-	-	-	-	314,161
Distribution of 2008 earnings:	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,025,092	(1,025,092)	-	-	-	-	-	-
Stock dividends	218,505	-	-	(218,505)	-	-	-	-	-	-
Cash dividends	-	-	-	(7,647,639)	-	-	-	-	-	(7,647,639)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	357,455	-	-	-	-	-	-	-	357,455
Change in asset revaluation	-	-	-	-	47,554	-	-	-	-	47,554
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	712,591	-	-	-	712,591
Unrecognized pension cost	-	-	-	-	-	-	-	(108,687)	-	(108,687)
Changes in cumulative translation adjustment	-	-	-	-	-	-	(2,774,605)	-	-	(2,774,605)
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	(222,207)	988,852	-	-	776,645
Changes in minority interest	-	-	-	-	-	-	-	-	(3,111,609)	(3,111,609)
Consolidated net income for the year (Note b)	-	-	-	11,657,475	-	-	-	-	1,410,560	13,068,035
Balance at December 31, 2009	<u>\$ 22,573,091</u>	<u>\$ 15,072,365</u>	<u>\$ 8,323,411</u>	<u>\$ 16,330,025</u>	<u>\$ 407,170</u>	<u>\$ 626,148</u>	<u>\$ 108,570</u>	<u>\$ (139,691)</u>	<u>\$ 12,543,862</u>	<u>\$ 75,844,952</u>

Note a: Directors' and supervisors' remuneration amounting to \$28,957 and employees' bonus amounting to \$2,196,262 had been deducted from the Consolidated Statement of Income in 2008.

Note b: Directors' and supervisors' remuneration amounting to \$31,220 and employees' bonus amounting to \$2,492,808 had been deducted from the Consolidated Statement of Income in 2009.

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
(EXPRESSED IN THOUSANDS OF US DOLLARS)

	Retained earnings							Total		
	Common stock	Capital reserves	Legal reserve	Undistributed earnings	Assets revaluations	Unrealized gain or loss on financial instruments	Cumulative translation adjustments		Unrecognized pension cost	Minority interest
2009 US Dollars (Unaudited; Note 2)										
Balance at January 1, 2009	\$ 683,147	\$ 415,264	\$ 228,179	\$ 424,067	\$ 11,243	\$ 4,245	\$ 58,913	\$ 969	\$ 445,362	\$ 2,269,451
Capitalization of capital reserve	6,831	(6,831)	-	-	-	-	-	-	-	-
Employees' stock bonus	7,748	42,985	-	-	-	-	-	-	-	50,733
Employees' stock option	1,183	8,639	-	-	-	-	-	-	-	9,822
Distribution of 2008 earnings:										
Legal reserve	-	-	32,050	(32,050)	-	-	-	-	-	-
Stock dividends	6,831	-	(6,831)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(239,100)	-	-	-	-	-	(239,100)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	11,176	-	-	-	-	-	-	-	11,176
Change in asset revaluation	-	-	-	-	1,487	-	-	-	-	1,487
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	22,278	-	-	-	22,278
Unrecognized pension cost	-	-	-	-	-	-	-	(3,398)	-	(3,398)
Changes in cumulative translation adjustment	-	-	-	-	-	-	(86,747)	-	-	(86,747)
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	(6,947)	31,228	-	(97,283)	24,281
Changes in minority interest	-	-	-	-	-	-	-	-	44,101	44,101
Consolidated net income for the year	-	-	-	364,467	-	-	-	-	-	364,467
Balance at December 31, 2009	\$ 705,740	\$ 471,233	\$ 260,229	\$ 510,553	\$ 12,730	\$ 19,576	\$ 3,394	\$ (4,367)	\$ 392,180	\$ 2,371,268

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 24, 2010.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	New Taiwan Dollars		US Dollars
	2008	2009	2009
<u>Cash flows from operating activities</u>			(Unaudited - Note 2)
Consolidated net income	\$ 12,262,720	\$ 13,068,035	\$ 408,568
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Changes in unrealized valuation of financial assets	24,969	(6,102)	(191)
Changes in unrealized valuation of financial liabilities	81,450	(79,826)	(2,496)
Provision for doubtful accounts	63,063	68,834	2,152
Provision for inventory obsolescence and market price decline	470,987	-	-
Reversal of allowance for inventory obsolescence and market price decline	-	(57,864)	(1,809)
Loss (gain) on disposal of investments	50,165	(10,290)	(322)
Impairment loss on financial assets	7,053	4,048	127
Change in foreign exchange on investments in bonds without active markets	(285,795)	29,225	914
Investment income accounted for under equity method	(695,116)	(728,112)	(22,764)
Cash dividends received from investee companies accounted for under the equity method	557,228	445,769	13,937
Depreciation (including assets leased to others)	4,145,779	4,422,518	138,269
Amortization	306,263	377,097	11,790
Loss (gain) on disposal of property, plant and equipment, net	10,587	(14,208)	(444)
Impairment loss on non-financial assets	854	1,168,726	36,540
Amortization of long-term deferred income	(17,499)	(18,734)	(586)
Changes in assets and liabilities:			
Notes and accounts receivable	4,482,975	(2,488,892)	(77,814)
Accounts receivable, net - related parties	22,118	(1,004,751)	(31,413)
Other receivables	(555,603)	482,222	15,076
Inventories	207,985	(445,463)	(13,927)
Prepayments	(814,025)	9,919	310
Deferred tax assets	170,104	-	-
Other current assets	117,002	(151,514)	(4,738)
Other assets	(830,418)	345,845	10,812
Accounts payable	(5,849,724)	5,247,904	164,074
Accounts payable - related parties	(81,438)	(19,446)	(608)
Income tax payable	(48,980)	137,887	4,311
Accrued expenses	2,347,046	1,109,814	34,698
Other payables	(1,572,240)	(242,876)	(7,593)
Receipts in advance	31,401	260,841	8,155
Other current liabilities	43,931	50,171	1,569
Accrued pension liabilities	282,561	263,455	8,237
Deferred tax liabilities	937,062	(705,461)	(22,056)
Other liabilities	205,980	(130,121)	(4,069)
Net cash provided by operating activities	16,078,445	21,388,650	668,709

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	<u>New Taiwan Dollars</u>		<u>US Dollars</u>
	<u>2008</u>	<u>2009</u>	<u>2009</u>
<u>Cash flows from investing activities</u>			(Unaudited - Note 2)
Acquisition of financial assets at fair value through profit or loss	\$ -	(\$ 860,000)	(\$ 26,888)
Decrease in financial assets at fair value through profit or loss	169	-	-
Decrease in financial liabilities at fair value through profit or loss	(170)	-	-
(Increase) decrease in other financial assets - current	(688,134)	670,719	20,970
Increase in available-for-sale financial assets	(102,109)	(165,699)	(5,181)
Proceeds from disposal of available-for-sale financial assets	177,404	165,699	5,181
Increase in financial assets carried at cost	(600,745)	(111,164)	(3,476)
Proceeds from disposal of financial assets carried at cost	24,135	17,910	560
Proceeds from liquidation of investee company	38,780	5,345	167
Proceeds from disposal of investments in bonds without active markets	6,272,795	-	-
Increase in long-term equity investments accounted for under the equity method	(472,000)	(418,268)	(13,077)
Acquisition price of subsidiary	-	(37,500)	(1,172)
(Increase) decrease in cash surrender value of life insurance	(4,347)	10	1
Acquisition of property, plant and equipment	(7,478,089)	(3,969,859)	(124,116)
Proceeds from disposal of property, plant and equipment	299,965	232,504	7,269
Increase in intangible assets	(116,909)	(235,522)	(7,364)
Decrease (increase) in refundable deposits	19,064	(5,789)	(181)
Increase in deferred expenses	(440,491)	(189,029)	(5,910)
Increase in other assets	(3,266)	(6,451)	(202)
Purchase of minority interests	(249,132)	(4,599,470)	(143,801)
Net cash used in investing activities	<u>(3,323,080)</u>	<u>(9,506,564)</u>	<u>(297,220)</u>
<u>Cash flows from financing activities</u>			
Increase in short-term loans	3,049,985	4,680,224	146,326
Increase in long-term loans	65,640	2,908,331	90,928
Increase (decrease) in guarantee deposits received	7,889	(50,949)	(1,593)
Employees' stock options	-	314,161	9,822
Payment of directors' and supervisors' remuneration	(16,200)	-	-
Payment of cash dividends and employees' cash bonus	(11,950,295)	(7,647,639)	(239,101)
Cash dividends declared to minority interests	(735,452)	(266,961)	(8,346)
Increase in subsidiaries' capital from minority shareholders	167,578	1,490,000	46,584
Net cash (used in) provided by financing activities	<u>(9,410,855)</u>	<u>1,427,167</u>	<u>44,620</u>
Effect due to changes in exchange rate	1,163,856	1,021,544	31,938
Effect due to changes in consolidated subsidiaries	(18,141)	74,815	2,339
Net increase in cash and cash equivalents	4,490,225	14,405,612	450,386
Cash and cash equivalents at beginning of the year	38,603,513	43,093,738	1,347,311
Cash and cash equivalents at end of the year	<u>\$ 43,093,738</u>	<u>\$ 57,499,350</u>	<u>\$ 1,797,697</u>
<u>Supplemental disclosures of cash flow information</u>			
Cash paid during the year for interest	<u>\$ 258,287</u>	<u>\$ 316,149</u>	<u>\$ 9,884</u>
Cash paid during the year for income tax	<u>\$ 1,667,723</u>	<u>\$ 1,086,986</u>	<u>\$ 33,984</u>
<u>Non-cash flows from financing activity:</u>			
Employees' stock bonus	<u>\$ 365,000</u>	<u>\$ 1,622,675</u>	<u>\$ 50,732</u>

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS)

	New Taiwan Dollars		US Dollars
	2008	2009	2009
<u>Fair value of assets and liabilities of the acquired subsidiary</u>			(Unaudited - Note 2)
<u>were as follows:</u>			
Cash and cash equivalents	\$ -	\$ 74,815	\$ 2,339
Other receivables	-	78	2
Prepayments	-	1,224	38
Property, plant and equipment	-	3,467	108
Other intangible assets	-	7,287	228
Refundable deposits	-	493	15
Deferred expenses	-	3,237	101
Accrued expenses	-	(2,504)	(78)
Other current liabilities	-	(242)	(8)
Minority interests	-	(16,114)	(503)
Less: Long-term investment in the subsidiary before acquisition	-	(34,241)	(1,070)
Total	\$ -	\$ 37,500	\$ 1,172
Cash acquired from subsidiary	\$ -	\$ 74,815	\$ 2,339
Less: Acquisition price of subsidiary	-	(37,500)	(1,172)
Net cash received from the acquisition of the subsidiary	\$ -	\$ 37,315	\$ 1,167

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 24, 2010.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2009
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

1) Delta Electronics, Inc.

The Company was incorporated in April 1971 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares and was listed on Taiwan Stock Exchange Corporation (TSEC) since December 1988. The main activities of the Company are installation of electronic control systems and manufacturing of communication products and components, computer information system and power supply. As of December 31, 2009, the Company had approximately 4,900 employees and all consolidated entities had approximately 58,000 employees.

2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2009</u>
1. Delta International Holding Ltd. (DIH)	Note A	Equity investments	94.00%	94.00%
(1) Delta Electronics (H.K.) Ltd. (DHK)	Note B	Equity investments, operations management and engineering services	94.00%	94.00%
A. Delta Electronics (Dongguan) Co., Ltd. (DDG)	Note C	Manufacturing of power supplies	94.00%	94.00%
B. Delta Electronics Components (Dongguan) Co., Ltd. (DEC)	"	Manufacturing of transformers	94.00%	94.00%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2009</u>
C. Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Note C	Manufacturing of power supplies	94.00%	94.00%
D. Delta Electronics (Shanghai) Co., Ltd. (DPEC)	"	Product design	94.00%	94.00%
E. Delta Electronics (Jiangsu) Ltd. (DWJ)	"	Manufacturing of power supplies	51.70%	51.70%
F. Delta Electronics Components (Wujiang) Ltd. (DWC)	"	Manufacturing of transformers	51.70%	51.70%
G. Delta Electro-Optics (Wujiang) Ltd. (DWO)	"	Manufacturing of peripherals and electronic control equipments	51.70%	51.70%
H. Delta Video Display System (Wujiang) Ltd. (DWV)	"	Manufacturing and sales of various projectors	51.70%	51.70%
I. Delta Electronics (Wuhu) Co., Ltd. (DWH)	"	Manufacturing of power supplies and transformers	94.00%	94.00%
J. Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	"	Manufacturing of power supplies and transformers	94.00%	94.00%
(2) Delta Electronics Agent Ltd. (DAL)	Note B	Operations management and engineering services	94.00%	-
(3) Delta Electronics International Ltd. (DEIL-Labuan)	"	Sales of electronic products	94.00%	94.00%
(4) Delta Power Sharp Ltd. (DPS)	"	Operations management and engineering services	94.00%	94.00%
(5) DEI Logistics (USA) Corp. (ALI)	"	Warehousing and logistics services	94.00%	94.00%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2009</u>
(6) Delta Electronics (Japan), Inc. (DEJ)	Note B	Sales of electronic products	94.00%	94.00%
A. Addtron Technology (Japan) Co., Ltd. (AT Japan)	Note D	Trading of networking system and peripherals	94.00%	94.00%
B. Delta Electronics (Korea), Inc. (Delta Korea)	"	Sales of electronic products	94.00%	94.00%
(7) DAC Holding (Cayman) Ltd. (DAC)	Note B	Equity investments	94.00%	94.00%
A. Delta Electronics Mexico S.A. DE C.V. (DEM)	Note E	Manufacturing of electronic products	94.00%	94.00%
B. Delta Video Technology Ltd. (DVT)	"	Sales of electronic products	94.00%	94.00%
(8) Newton Power Ltd. (NPL)	Note B	R&D, sales and marketing services of power conversion products	94.00%	94.00%
2. Delta Networks Holding Ltd. (DNH)	Note A	Equity investments	100.00%	100.00%
(1) Delta Networks, Inc. (Cayman) (DNI Cayman)	Note F	Equity investments	60.20%	100.00%
A. Delta Networks, Inc. (Taiwan) (DNIT)	Note G	Manufacturing of networking system and peripherals	59.72%	99.20%
B. DNI Logistics (USA) Co., (ALN)	"	Trading of networking system and peripherals	60.20%	100.00%
C. Delta Networks International Ltd. (DNIL- Labuan)	"	Trading of networking system and peripherals	60.20%	100.00%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2009</u>
D. Delta Networks (H.K.) Ltd. (DNHK)	Note G	Equity investments	60.20%	100.00%
(A) Delta Networks (Dongguan) Ltd. (DII)	Note H	Manufacturing and sales of other radio transmission apparatus, incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	60.20%	100.00%
(B) Delta Networks (Wujiang) Ltd. (DNW)	"	Manufacturing and sales of other radio transmission apparatus, incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	60.20%	100.00%
(C) Delta Networks (Shanghai) Ltd. (DNS)	"	Design of computer software	60.20%	100.00%
3. Deltronics (Netherlands) B.V. (DEN)	Note A	Trading of equipment, components and materials of telecom and computer systems	100.00%	100.00%
4. DelSolar Co., Ltd. (DelSolar)	"	Manufacturing of solar batteries and related systems	53.22%	59.18%
(1) DelSolar Holding (Cayman) Ltd. (DSH)	Note I	Equity investments	–	59.18%
A. DelSolar (H.K.) Ltd. (DSHK)	Note J	Equity investments	–	59.18%

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>	
			<u>2008</u>	<u>2009</u>
(A) DelSolar (Wujiang) Ltd. (DSWJ)	Note K	Manufacturing and sale of solar batteries and related systems	-	59.18%
5. PreOptix Co., Ltd. (PreOptix)	Note A	Manufacturing and sales of lenses and optical engines for projectors	75.00%	94.89%
(1) PreOptix (Hong Kong) Co., Ltd. (PHK)	Note L	Equity investments	75.00%	94.89%
(A)PreOptix (Jiang Su) Co., Ltd.	Note M	Manufacturing and sales of lenses and optical engines for projectors	75.00%	94.89%
6. NeoEnergy Microelectronics, Inc.	Note A	Designing and experimenting on integrated circuit and information software service	42.50%	80.00%

Note A: Majority-owned subsidiary.

Note B: A subsidiary of Delta International Holding Ltd. (DIH).

Note C: A subsidiary of Delta Electronics (H.K.) Ltd. (DHK).

Note D: A subsidiary of Delta Electronics (Japan), Inc. (DEJ).

Note E: A subsidiary of DAC Holding (Cayman) Ltd. (DAC).

Note F: A subsidiary of Delta Networks Holding Ltd. (DNH).

Note G: A subsidiary of Delta Networks, Inc. (Cayman) (DNI Cayman).

Note H: A subsidiary of Delta Networks (H.K.) Ltd. (DNHK).

Note I: A subsidiary of DelSolar Co., Ltd. (DelSolar).

Note J: A subsidiary of DelSolar Holding (Cayman) Ltd. (DSH).

Note K: A subsidiary of DelSolar (H.K.) Ltd. (DSHK)

Note L: A subsidiary of PreOptix Co., Ltd. (PreOptix).

Note M: A subsidiary of PreOptix (Hong Kong) Co., Ltd. (PHK)

The financial statements of DEN, NPL, and ALN for the year ended December 31, 2008, and the financial statements of DEN, NPL, Delta Korea and ALN for the year ended December 31, 2009 were audited by other independent accountants. The total assets of these subsidiaries as of December 31, 2008 and 2009 were \$596,215 and \$624,861, constituting 0.51% and 0.47% of the consolidated total assets, respectively, and the related total operating revenues were \$1,896,736, and \$1,636,521, constituting 1.33% and 1.30% of the consolidated operating revenues for the years ended December 31, 2008 and 2009, respectively.

3) Changes in the consolidated subsidiaries

A. The following subsidiaries were newly included in the consolidated financial statements:

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>		<u>Note</u>
			<u>2008</u>	<u>2009</u>	
NeoEnergy Microelectronics, Inc. (NEM)	Note A	Please refer to Note 1.2)	42.50%	80.00%	Note B
DelSolar Holding (Cayman) Ltd. (DSH)	Note C	"	-	59.18%	
DelSolar (H.K.) Ltd. (DSHK)	Note D	"	-	59.18%	
DelSolar (Wujiang) Ltd. (DSWJ)	Note E	"	-	59.18%	

Note A: Majority-owned subsidiary.

Note B: The Company originally held 42.5% of NEM's shares and accounted for under the equity method. Since September 1, 2009, the Company increased its percentage of shares held to 80% and was included in the consolidated financial statements.

Note C: A subsidiary of DelSolar Co., Ltd. (DelSolar).

Note D: A subsidiary of DelSolar Holding (Cayman) Ltd. (DSH).

Note E: A subsidiary of DelSolar (H.K.) Ltd. (DSHK).

B. The following subsidiaries were excluded from the consolidated financial statements:

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of</u>		<u>Note</u>
			<u>2008</u>	<u>2009</u>	
Delta Electronics Agent Ltd. (DAL)	Note A	Please refer to Note 1.2)	94.00%	-	B

Note A: A subsidiary of DIH.

Note B: Dissolved and excluded from the consolidated financial statements.


- 4) Subsidiaries not included in the consolidated financial statements: None.
- 5) Adjustments for subsidiaries with different balance sheet dates: None.
- 6) Difference in the accounting policies adopted between the Company and the subsidiaries: No significant differences.
- 7) Special operating risk of foreign subsidiaries: No significant special operating risks which would have impact on the Company.
- 8) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- 9) Details of the parent's stock that is held by the subsidiary: None.
- 10) The related information regarding a subsidiary's issuance of convertible bonds and new common stock: The issuance of convertible bonds and new common stock by subsidiaries had no significant effects on stockholders' equity of the parent company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China. The Group's significant accounting policies are summarized as follows:

1) Basis for preparation of consolidated financial statements

All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements, and the Company prepares consolidated financial statements on a quarterly basis. The income (loss) of the subsidiaries is included in the consolidated statement of income effective the date on which the Company gains control over the subsidiaries. The income (loss) of the subsidiaries is



excluded from the consolidated statement of income effective the date on which the Company loses control over the subsidiaries.

Significant inter-company transactions and assets and liabilities arising from inter-company transactions are eliminated.

2) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which are carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. Exchange differences are recorded as cumulative translation adjustments and are included as a component of the stockholders' equity.

3) Foreign currency transactions

(1) The Company and its consolidated subsidiaries maintain their accounts in New Taiwan dollars and functional currencies, respectively. Transactions denominated in foreign currencies are translated into New Taiwan dollars and their functional currencies at the spot exchange rates prevailing at the transaction dates.

(2) Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.

(3) When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. Conversely, when a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

4) 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 realized or consumed, or are intended to be sold within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realized 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 arising from operating activities 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.

5) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value resulting from fluctuations in interest rate.

The Group's statement of cash flows is prepared on the basis of cash and cash equivalents.

6) Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets carried at cost or amortized cost. For financial asset or financial liability classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial asset, the change in fair value is recognized directly in equity.



7) Financial assets and financial liabilities at fair value through profit or loss

- A. Derivative financial instruments are recognized and derecognized using settlement date accounting and are recognized initially at fair value.
- B. Financial assets and financial liabilities at fair value through profit or loss are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks and OTC stocks is based on latest quoted fair prices at the balance sheet date.
- C. Financial assets and financial liabilities are designated as financial assets and liabilities at fair value through profit or loss when either of the following conditions is met:
 - a) The financial asset or financial liability designated is a hybrid contract.
 - b) It eliminates or significantly reduces a measurement or recognition inconsistency.
 - c) It is designated and its performance is evaluated on a fair value basis.

8) Available-for-sale financial assets

- A. Equity investments are recognized and derecognized using trade date accounting and are recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. Available-for-sale financial assets are remeasured and stated at fair value and the gain or loss is recognized in equity. When the financial assets are derecognized, the cumulative gain or loss shall be removed from equity and recognized in profit or loss. The fair value of listed stocks and OTC stocks is based on latest quoted fair prices at the balance sheet date.
- C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss. Impairment losses recognized previously in profit or loss for an investment in an equity instrument shall not be reversed through profit or loss, and if, subsequently, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

9) Financial assets carried at cost

- A. Investment in unquoted equity instruments is recognized or derecognized using trade date accounting and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss cannot be reversed.

10) Investments in bonds without active markets

- A. Investment in bonds without active markets is recognized and derecognized using settlement date accounting and is recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. This financial asset is carried at amortized cost.
- C. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. If, subsequently, the fair value of the asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss shall be reversed to the extent of the amount of the amortized cost that would have been recognized at the date the impairment is reversed.

11) Derivative financial instruments for hedging

Derivatives are initially recognized at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item.

- A. Fair value hedges: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss. Changes in the fair value of the hedged asset or liability that are attributable to the hedged item are recognized in profit or loss as an adjustment to the carrying amount of the hedged item.

B. Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity.

a) If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized directly in equity are transferred to profit or loss in the same period or periods when the hedged item affects profit or loss.

b) If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized directly in equity, are reversed and included in the initial cost or other carrying amount of the asset or liability.

12) Allowance for doubtful accounts

A. Allowance for doubtful accounts is provided based on an evaluation of the collectibility and the aging analysis of ending balances of notes, accounts and other receivables, taking into account the bad debts incurred in prior years.

B. The amount of allowance for doubtful accounts is calculated monthly using a percentage range for overdue accounts receivable based on the aging analysis. The related percentages of provision recognized were as follows:

<u>Overdue days</u>	<u>1~15 days</u>	<u>16~30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~180 days</u>	<u>181~365 days</u>	<u>Over 365 days (Note)</u>
Percentage provided	None	0.5%	2.5%	15%	25%	50%	100%

(Note) Effective April 1, 2008, the Group adjusted the percentage of provision for accounts over 365 days from 80% to 100%

C. Accounts receivable due from related parties which exceed regular credit terms are reclassified to other receivables and the related allowance for doubtful accounts is calculated individually based on the evaluation of the collectibility.

13) Inventories

Effective January 1, 2009, the Group adopted the amendments of R.O.C. SFAS No. 10, "Accounting for Inventory". The Group uses the perpetual inventory system. Inventories are recorded at standard cost and variances are allocated to inventories and cost of goods sold at the balance sheet date. At the end of year, inventories are


evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses. Allowance for slow moving items and decline in the market value is provided when necessary.

Before December 31, 2008, inventories were stated at the lower of aggregate cost or market value. Cost was determined based on the weighted-average method using perpetual inventory system. The market value was based on the replacement cost for raw materials and supplies and net realizable value for work in process, finished goods and merchandise. Allowance for slow moving items and decline in the market value was provided when necessary.

14) Funds and investments

A. Long-term equity investments accounted for under the equity method

- a) Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized effective January 1, 2006. Retrospective adjustment of the amount of goodwill amortized in previous years is not required. The excess of acquired net asset value of investee over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to Extraordinary gains. However, negative goodwill prior to December 31, 2005 is continuously amortized.
- b) Pursuant to EITF 92-047 of the Accounting Research and Development Foundation of the Republic of China, for shares transfer among parent company and subsidiaries, the carrying value of long-term investments transferred is the book value of the investment. The difference between payment for the equity and acquisition cost is recorded as capital reserve or retained earnings.

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- c) Exchange differences arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as “cumulative translation adjustments” under stockholders’ equity.
 - d) The Company credits long-term equity investments accounted for under the equity method when cash dividends are declared by investee companies on ex-dividend date.

B. Cash surrender value of life insurance

The cash surrender value of life insurance is recorded as an asset and classified as long-term investment. The increase in cash surrender value during the period is accounted for as an adjustment to insurance premiums paid.

15) Property, plant and equipment

- A. Property, plant and equipment are stated at cost except for land which is carried at appraised value.
- B. Depreciation is provided on a straight-line method over the estimated lives of the assets. Leasehold improvements are amortized over the life of the leases. Salvage value of the fully depreciated assets that are still in use is depreciated based on the re-estimated economic service lives.

The Group uses \$1 (depending on their respective reporting currency) as salvage value after 2001.

The estimated useful lives of fixed assets are 2 to 8 years, except for buildings which are 5 to 55 years.

- C. Major renewals and improvements are capitalized and depreciated accordingly. Maintenance and repairs are charged to expense as incurred. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating results.
- D. “Assets leased to others” were reclassified to “other assets” at their carrying value. Depreciation expense incurred in current period is accounted for as non-operating expense.

16) Intangible assets

Intangible assets, mainly patents, technology authorization fee and land use right, acquired in Mainland China are amortized on a straight-line basis over the period of contractual or other legal rights.

17) Deferred charges

Deferred charges are recorded at actual cost and amortized over the estimated useful lives based on the straight-line method.

18) Impairment of non-financial assets

- A. The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life.
- B. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered. However, impairment loss of goodwill is not recoverable.

19) Retirement plan

- A. Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over the employees' remaining service period. The minimum pension liability is remeasured by the net pension cost and the fund contribution when preparing the interim financial statements.
- B. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

20) Income tax

- A. The Company and subsidiaries registered in Taiwan adopt the inter-period and intra-period allocation of income tax. Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.
- B. Investment tax credits arising from expenditures incurred on acquisitions of equipment or technology, research and development, employees' training, and equity investments are recognized in the year the related expenditures are incurred.
- C. 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.
- D. The Company and subsidiaries registered in Taiwan adopt the "Income Basic Tax Act". If the amount of regular income tax is equal or more than the amount of basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas, if the amount of regular income tax is less than the amount of basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.
- E. When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is recognized as an adjustment to current income tax expense (benefit).
- F. Some of the Company's overseas subsidiaries adopt the liability method.

21) Share-based payment — employee compensation plan

- A. The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 of the Accounting Research and Development Foundation, R.O.C., dated March 17, 2003. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share is prepared under the fair value method.


B. For the grant date of the share-based payment agreements set on or after January 1, 2008, the Company shall measure the services received during the vesting period by reference to the fair value of the equity instruments granted and account for those amounts as payroll expenses during that period.

22) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

23) Earnings per share

- A. The Company's capital structure is a complex capital structure. Pursuant to the R.O.C. SFAS No. 24, "Accounting for Earnings Per Share", an enterprise with complex capital structure shall present both basic EPS and diluted EPS. The calculations of basic EPS and diluted EPS are as follows:
- a) Basic EPS: The amount of earnings (or loss) per share is computed by dividing the amount of net income (or loss) attributable to common stock outstanding for the reporting period by the weighted average number of common shares outstanding during that period.
 - b) Diluted EPS: The calculation of diluted EPS is consistent with the calculation of basic EPS assuming that all dilutive potential common shares



have been converted into common shares at the beginning of the reporting period and the amount of net income (or loss) attributable to common stock outstanding for the reporting period has been adjusted by the after-tax effect of any other changes in income or expense that would result from the conversion of the dilutive potential common shares.

- B. The Company's potential common shares are the employee stock options issued by the Company and employees' bonus that could be distributed in the form of stock. The treasury stock method will be used to test whether or not potential common shares have dilutive effect in calculating diluted EPS.

24) Revenue, cost and expense recognition

Revenue is recognized when the earning process is substantially completed and is realized or realizable. Costs and expenses are recognized as incurred.

25) Accounting estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Republic of China requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

26) Acquisition and consolidation

The Company uses purchase method to account for acquisition and business combination.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Inventory

Effective January 1, 2009, the Group adopted the amendments of R.O.C. SFAS No. 10, "Accounting for Inventories". As a result of this change in accounting principle, operating costs decreased by \$411,358, net non-operating gains decreased by \$451,882, minority interest income decreased by \$12,045, and investment loss accounted for under the equity method increased by \$4,500 for the year ended December 31, 2009. Further, consolidated net income decreased by \$32,979 and basic earnings per share decreased by \$0.01 (in dollars) for the year ended December 31, 2009.

2) Share-based payment — employee compensation plan

Effective January 1, 2008, the Group adopted R.O.C. SFAS No. 39, “Accounting for Share-based Payment”. The adoption of SFAS No. 39 had no significant impact on the consolidated financial statements as of and for the year ended December 31, 2008.

3) Employees’ bonuses and directors’ and supervisors’ remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration”, the costs of employees’ bonuses and directors’ and supervisors’ remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. As a result of the adoption of EITF 96-052, consolidated net income decreased by \$2,091,649 and basic earnings per share decreased by \$0.96 (in dollars) for the year ended December 31, 2008.

4. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Cash on hand	\$ 6,381	\$ 5,944
Checking and demand deposits	16,122,205	27,208,600
Time deposits	26,717,812	30,238,821
Cash equivalents-commercial paper and government bonds	<u>247,340</u>	<u>45,985</u>
	<u>\$43,093,738</u>	<u>\$57,499,350</u>

As of December 31, 2008 and 2009, the Group’s overseas checking and demand deposits were \$11,727,785 (USD \$350,866 thousand, HKD \$23,510 thousand, JPY \$304,050 thousand, THB\$14 thousand, PLN \$3 thousand and EUR \$38 thousand) and \$22,418,058 (USD \$685,692 thousand, HKD \$82,683 thousand, JPY \$305,858 thousand, THB\$14 thousand, PLN \$14 thousand, EUR \$847 thousand, GBP 429 thousand and NOK 1,042 thousand), respectively. The overseas time deposits were \$12,591,535 (USD \$382,878 thousand and HKD \$6,013 thousand) and \$5,751,857 (USD \$179,830 thousand), respectively.

2) Financial assets at fair value through profit or loss

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Current items:		
Financial assets held for trading		
Listed stocks	\$ 11,746	\$ 11,746
Adjustment of financial assets held for trading	<u>31,745</u>	<u>37,847</u>
	<u>\$ 43,491</u>	<u>\$ 49,593</u>
Non-current items:		
Designated as at fair value through profit or loss		
Convertible bonds	<u>\$ -</u>	<u>\$ 860,000</u>

- A. The Group recognized a net gain of \$364,990 and \$1,137,247 for the years ended December 31, 2008 and 2009, respectively.
- B. The private placement of convertible bonds listed above are designated as financial assets at fair value through profit or loss and are subsequently remeasured and stated at cost. Since they 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 in profit or loss.
- C. The nature of derivative transactions and related information are summarized as follows:

	<u>December 31, 2008</u>	
<u>Financial instruments</u>	<u>Contract amount (Nominal principal) (in thousands)</u>	<u>Contract period</u>
Multiple-stage inflating forward	USD 4,500	2008.10.20~2009.01.22
Forward exchange contracts:		
Buy USD/Sell RMB	USD 80,000	2008.10.06~2009.12.01
Sell USD/Buy JPY	USD 500	2008.12.31~2009.02.13

<u>Financial instruments</u>	<u>December 31, 2009</u>	
	<u>Contract amount (Nominal principal) (in thousands)</u>	<u>Contract period</u>
Forward exchange contracts:		
Buy USD/Sell RMB	USD 123,000	2009.01.08~2010.12.06
Sell USD/Buy RMB	USD 140,000	2009.01.08~2010.12.06
Sell USD/Buy HKD	USD 2,000	2009.12.14~2010.01.14

Note A: Will be exercised if the spot rate is below or above the strike price or knock in price.

Note B: If the exchange rate is above the predetermined exchange rate, the nominal principal will be multiplied by 2 and the maximum exercise principal will become USD 9 million.

- (1) The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.
- (2) The subsidiaries entered into multiple-stage inflating forward to manage exposures to foreign exchange rate fluctuations of export sales. However, the multiple-stage inflating forward did not meet the criteria for hedge accounting. Therefore, the subsidiaries did not apply hedge accounting.
- (3) Certain forward exchange contracts of the Company and certain subsidiaries met all the criteria for hedge accounting. The related information is described in Note 10.9).

3) Accounts receivable and overdue receivables

	December 31,	
	2008	2009
Accounts receivable	\$ 22,922,480	\$ 25,156,464
Less: Allowance for doubtful accounts	(112,011)	(52,246)
	<u>22,810,469</u>	<u>25,104,218</u>
Overdue receivables (shown as other assets)	62,105	56,684
Less: Allowance for doubtful accounts	(62,105)	(56,684)
	-	-
	<u>\$ 22,810,469</u>	<u>\$ 25,104,218</u>

The Group entered into an agreement with a financial institution to sell its accounts receivable. Under the agreement, the Company 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, 2009, the outstanding accounts receivable sold to the financial institution were as follows:

December 31, 2009						
Purchaser of accounts receivable	Limit	Accounts receivable sold	Amount advanced	Contract date	Interest rate	Collateral
Taishin International Bank	\$705,880	\$173,294	\$ -	2009.03.20~ 2010.03.31	-	None

4) Inventories

	December 31,	
	2008	2009
Raw materials	\$ 2,898,633	\$ 3,538,636
Work in process	948,598	1,137,148
Finished goods	5,448,437	5,281,938
Inventory in transit	<u>608,067</u>	<u>246,318</u>
	9,903,735	10,204,040
Less: Allowance for inventory obsolescence and market price decline	(658,782)	(455,760)
	<u>\$ 9,244,953</u>	<u>\$ 9,748,280</u>

Related costs and losses recognized for the year:

	For the years ended	
	December 31,	
	2008	2009
Cost of goods sold	\$116,321,947	\$ 98,034,632
Inventory obsolescence and market price decline	470,987	-
Gain from price recovery	-	(57,864)
Others	(693,895)	681,199
	<u>\$116,099,039</u>	<u>\$ 98,657,967</u>

5) Available-for-sale financial assets

	December 31,	
	2008	2009
Current items:		
Listed (TSE and OTC) stocks	\$ 397,808	\$ 303,577
Adjustment of available-for-sale financial assets	22,648	326,051
	<u>\$ 420,456</u>	<u>\$ 629,628</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 453,769	\$ 588,269
Adjustment of available-for-sale financial assets	(374,613)	39,930
	<u>\$ 79,156</u>	<u>\$ 628,199</u>

6) Financial assets carried at cost

	December 31,	
	2008	2009
Non-current items:		
Unlisted stocks	\$ 1,273,631	\$ 1,282,118
Private placement OTC stocks	-	45,000
Unlisted stock warrants	-	33,857
	1,273,631	1,360,975
Less: Accumulated impairment	(33,121)	(36,717)
	<u>\$ 1,240,510</u>	<u>\$ 1,324,258</u>

(1) The investments held by the Group were measured at cost since the fair value cannot be measured reliably.

(2) The private placement OTC stocks held by the Company were carried at cost, in accordance with EITF 95-243, "Accounting for financial assets with transfer restrictions", prescribed by the R.O.C. Accounting Research and Development Foundation, dated October 5, 2006, for they had no quoted prices in an active market.

(3) For impairment status, please refer to Note 4(11).

7) Investments in bonds without active markets

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Non-current item:		
Structured time deposits	<u>\$ 1,148,700</u>	<u>\$ 1,119,475</u>

The interest rates of structured time deposits were based on the contracts.

8) Long-term equity investments accounted for under the equity method

(1) Details of long-term equity investments accounted for under the equity method are set forth below:

<u>Investee company</u>	<u>December 31,</u>			
	<u>2008</u>		<u>2009</u>	
	%	Book value	%	Book value
Delta Electronics (Thailand) Public Co., Ltd. (DET) (Note B)	20.93	\$ 4,957,003	20.93	\$ 4,962,650
Cyntec Co., Ltd. (Cyntec)	33.28	1,296,484	35.29	1,700,939
Trillion Science, Inc. (Trillion)	40.93	530,770	40.93	462,801
Amita Technologies, Inc. (Amita)	37.47	398,707	37.47	357,379
Digital Projection International Ltd. (DPI)	-	-	38.72	246,237
NeoEnergy Microelectronics, Inc. (NEM), etc.		<u>44,210</u>		-
		<u>\$ 7,227,174</u>		<u>\$ 7,730,006</u>

(Note A): The percentage of long-term equity investments include the percentage of common shares held by the Group.

(Note B): The combined ownership percentage of DET's common shares held by DEI and DIH was more than 20%. Accordingly, the investment was accounted for under the equity method.

- (2) Investment income accounted for under the equity method are set forth below:

<u>Name of investee company</u>	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2009</u>
DET	\$ 549,335	\$ 413,912
Cyntec	229,012	425,709
Trillion, etc.	(83,231)	(111,509)
	<u>\$ 695,116</u>	<u>\$ 728,112</u>

- (3) The financial statements of other investee companies for the years ended December 31, 2008 and 2009 were audited by other independent accountants. Long-term equity investments in these companies amounted to \$5,926,150 and \$5,782,830 as of December 31, 2008 and 2009, respectively, and the related investment income was \$466,104 and \$316,569 for the years then ended, respectively.
- (4) Delta Optoelectronics Inc. and NuLight Technology Corporation had been dissolved during 2007 and 2008, respectively. The process of liquidation had been completed in the third quarter and first quarter of 2009, respectively. Grand Advance Technology Ltd. had been dissolved during 2005. The process of liquidation had been completed in the fourth quarter of 2008.

9) Property, plant and equipment

	December 31, 2008					
Item	Original cost	Appraisal increment	Total	Accumulated depreciation	Accumulated impairment	Net book value
Land	\$ 1,654,542	\$ 407,007	\$ 2,061,549	\$ -	(\$ 4,128)	\$ 2,057,421
Buildings	9,719,960	-	9,719,960	(2,269,810)	(1,620)	7,448,530
Machinery and equipment	12,856,518	-	12,856,518	(6,312,866)	-	6,543,652
Molding equipment	1,448,980	-	1,448,980	(1,155,661)	-	293,319
Computer and communication equipment	1,006,484	-	1,006,484	(757,849)	-	248,635
Testing equipment	6,622,990	-	6,622,990	(4,685,030)	-	1,937,960
Transportation equipment	175,705	-	175,705	(107,534)	-	68,171
Office equipment	1,639,476	-	1,639,476	(1,207,827)	-	431,649
Leasehold improvements	251,918	-	251,918	(139,150)	-	112,768
Other equipment	13,229	-	13,229	(567)	-	12,662
Construction in progress and prepayments for equipment	3,186,542	-	3,186,542	-	-	3,186,542
	<u>\$ 38,576,344</u>	<u>\$ 407,007</u>	<u>\$ 38,983,351</u>	<u>(\$ 16,636,294)</u>	<u>(\$ 5,748)</u>	<u>\$22,341,309</u>

	December 31, 2009					
Item	Original cost	Appraisal increment	Total	Accumulated depreciation	Accumulated impairment	Net book value
Land	\$ 1,643,868	\$ 471,818	\$ 2,115,686	\$ -	(\$ 3,940)	\$ 2,111,746
Buildings	11,079,871	-	11,079,871	(2,678,256)	(80,884)	8,320,731
Machinery and equipment	12,895,532	-	12,895,532	(8,009,702)	(1,060,834)	3,824,996
Molding equipment	1,581,738	-	1,581,738	(1,316,657)	-	265,081
Computer and communication equipment	1,111,669	-	1,111,669	(881,891)	(299)	229,479
Testing equipment	6,781,633	-	6,781,633	(5,540,422)	(13,972)	1,227,239
Transportation equipment	149,436	-	149,436	(99,361)	(40)	50,035
Office equipment	1,638,283	-	1,638,283	(1,134,373)	(4,804)	499,106
Leasehold improvements	284,920	-	284,920	(215,232)	-	69,688
Construction in progress and prepayments for equipment	3,669,880	-	3,669,880	-	-	3,669,880
	<u>\$ 40,836,830</u>	<u>\$ 471,818</u>	<u>\$ 41,308,648</u>	<u>(\$ 19,875,894)</u>	<u>(\$ 1,164,773)</u>	<u>\$20,267,981</u>

A. The Company made revaluation of its assets in accordance with the relevant laws and regulations. As of December 31, 2009, the revaluation increment amounted to \$471,818, after deducting the provision for land revaluation increment tax, and was recorded under capital reserve. As of December 31, 2009, "asset revaluations" amounted to \$407,170.

B. DWH, an indirect majority-owned subsidiary of the Company, capitalized interest to property, plant and equipment in the amount of \$44,868 and \$4,484 for the years ended December 31, 2008 and 2009, respectively.

C. For impairment status, please refer to Note 4(11).

10) Assets leased to others

	<u>December 31, 2008</u>			
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net book value</u>
Land	\$ 41,341	\$ -	(\$ 11,561)	\$ 29,780
Buildings	<u>31,215</u>	<u>(6,863)</u>	<u>(4,535)</u>	<u>19,817</u>
	<u>\$ 72,556</u>	<u>(\$ 6,863)</u>	<u>(\$ 16,096)</u>	<u>\$ 49,597</u>
	<u>December 31, 2009</u>			
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net book value</u>
Land	\$ 39,452	\$ -	(\$ 11,033)	\$ 28,419
Buildings	<u>29,975</u>	<u>(7,440)</u>	<u>(4,328)</u>	<u>18,207</u>
	<u>\$ 69,427</u>	<u>(\$ 7,440)</u>	<u>(\$ 15,361)</u>	<u>\$ 46,626</u>

11) Asset impairment

A. The Group recognized impairment loss for the years ended December 31, 2008 and 2009 as follows:

	<u>For the year ended December 31, 2008</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Impairment loss:		
Financial assets carried at cost	\$ 7,053	\$ -
Other intangible assets	800	-
Property, plant and equipment	<u>54</u>	<u>-</u>
	<u>\$ 7,907</u>	<u>\$ -</u>
	<u>For the year ended December 31, 2009</u>	
	<u>Amount included in statement of income</u>	<u>Amount included in stockholders' equity</u>
Impairment loss:		
Financial assets carried at cost	\$ 4,048	\$ -
Property, plant and equipment	<u>1,168,726</u>	<u>-</u>
	<u>\$ 1,172,774</u>	<u>\$ -</u>

B. Segment financial information is not applicable to the Company. The above impairment loss belonged to general assets of the Company.

C. The net assets value on the stocks of Union Optronics Corp., MHCC IT Fund 2000 and Asante Technologies held by the Group was lower than cost. Accordingly, an impairment loss of \$7,053 and \$4,048 was recognized in profit or loss for the years ended December 31, 2008 and 2009, respectively.

D. Impairment loss of \$1,168,726 was recognized on property, plant and equipment for the year ended December 31, 2009, for the Company and subsidiary - Delta Electronics Components (Wujiang) Ltd. were planning to close out entire cold cathode fluorescent lamp business and related factory operations from March 1, 2010, and part of plants and buildings of subsidiary - Delta Electronics (Dongguan) Co., Ltd. were to be renovated, so that the recoverable amount of related fixed assets was less than their carrying amount. The Company adopted value in use as the recoverable amount on testing impairment of such assets. The discount rate used to estimate the value in use was 5.37%.

12) Short-term loans

	December 31,	
	2008	2009
Unsecured bank loans	\$ 6,436,647	\$ 11,773,271
Secured bank loans	656,400	-
	<u>\$ 7,093,047</u>	<u>\$ 11,773,271</u>
Credit lines	\$ 38,158,543	\$ 53,038,376
Interest rate per annum	<u>1.14%~5.544%</u>	<u>0.2559%~5.346%</u>

13) Financial liabilities at fair value through profit or loss

	December 31,	
	2008	2009
Current items:		
Financial liabilities held for trading		
Adjustment of financial liabilities held for trading	\$ 83,750	\$ 3,924

(1) The Group recognized a net loss of \$14,102 and \$531,274 for the years ended December 31, 2008 and 2009, respectively.

(2) The nature of derivative transactions and related information are summarized as follows:

<u>December 31, 2008</u>			
Contract amount (Nominal principal)			
<u>Financial instruments</u>	<u>(in thousands)</u>	<u>Contract period</u>	
Multiple-stage inflating forward	USD 563 (Notes A and B)	2008. 12. 04~2009. 02. 20	
Multiple-stage inflating forward	EUR 3,700 (Notes A and C)	2008. 11. 03~2009. 02. 13	
Forward exchange contracts:			
Buy USD/Sell RMB	USD 90,000	2008. 10. 14~2009. 12. 03	
Sell USD/Buy RMB	USD 90,000	2008. 06. 19~2009. 09. 11	
Buy USD/Sell EUR	EUR 500	2008. 12. 16~2009. 03. 17	
Buy USD/Sell KRW	USD 481	2008. 12. 08~2009. 01. 20	
<u>December 31, 2009</u>			
Contract amount (Nominal principal)			
<u>Financial instruments</u>	<u>(in thousands)</u>	<u>Contract period</u>	
Forward exchange contracts:			
Sell USD/Buy RMB	USD 17,000	2009. 01. 08~2010. 02. 22	

Note A: Will be exercised if the spot rate is below or above the strike price or knock in price.

Note B: If the exchange rate is above the predetermined exchange rate, the nominal principal will be multiplied by 2 and the maximum exercise principal will become USD 1.125 million.

Note C: If the exchange rate is above the predetermined exchange rate, the nominal principal will be multiplied by 2 and the maximum exercise principal will become EUR 7.4 million.

- (1) The Group entered into multiple-stage inflating forward to manage exposures to foreign exchange rate fluctuations of export sales. However, these transactions did not meet all the criteria for hedge accounting. Therefore, the Group did not apply the hedge accounting.
- (2) The subsidiaries entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of imports or export sales. However, these transactions did not meet all the criteria for hedge accounting. Therefore, the subsidiaries did not apply the hedge accounting.
- (3) The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of imports or export sales which meet all the criteria for hedge accounting. The related information is described in Note 10. 9).

14) Long-term loans

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Unsecured bank loans	<u>\$ 65,640</u>	<u>\$ 2,973,971</u>
Credit line	<u>\$ 65,640</u>	<u>\$ 6,563,971</u>
Interest rate per annum	<u>4.67%</u>	<u>0.75%-1.6758%</u>

A. Under the agreement, the revolving loans of \$2,410,000 can be drawn down during the period from December 18, 2009 to December 18, 2011, and are payable before the due date.

B. On February 16, 2009, the subsidiary - DelSolar 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 \$4,000,000. 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.

15) Accrued pension liabilities

- (1) The Company, DelSolar, DNIT (collectively referred herein as the subsidiaries registered in Taiwan) have a non-contributory and funded defined benefit plan in accordance with the Labor Standards Law, covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. The defined benefit plan will continue to cover the employees who choose to remain with the defined benefit plan. Upon retirement, pension payments are calculated based on total years of service and average salary of the last six months prior to retirement. Two base units are earned for the first 15 years of service and one unit for each additional year thereafter, with a maximum number of 45 units. The Company and these subsidiaries contribute 2% of the employees' monthly salaries and wages to an independent retirement trust fund with the Bank of Taiwan, the trustee. For the years ended December 31, 2008 and 2009, the net periodic pension costs of the Company and these subsidiaries were \$127,471 and \$141,197, respectively. The balance of the retirement trust fund with the Bank of Taiwan was \$536,548 and \$554,276 as of December 31, 2008 and 2009, respectively. The fund balances are not reflected in the consolidated financial statements.
- (2) The reconciliation of the pension plan's funded status to accrued pension liability of the Company, and the subsidiaries registered in Taiwan as of December 31, 2008 and 2009, the respective measurement dates, are as follows:

	December 31,	
	<u>2008</u>	<u>2009</u>
Benefit obligation:		
Vested benefit obligation	(\$ 215,831)	(\$ 268,688)
Non-vested benefit obligation	(1,191,149)	(1,363,316)
Accumulated benefit obligation	(1,406,980)	(1,632,004)
Effect of future salary increments	(820,779)	(931,215)
Projected benefit obligation	(2,227,759)	(2,563,219)
Fair value of plan assets	<u>536,548</u>	<u>554,276</u>
Funded status	(1,691,211)	(2,008,943)
Unrecognized transition obligation	46,194	36,955
Unrecognized net pension loss	788,221	1,013,583
Accrued pension liability	(51,583)	(156,154)
Accrued pension liability (total)	(\$ 908,379)	(\$ 1,114,559)
Accrued pension liability (listed)	(\$ 908,379)	(\$ 1,114,564)
Prepaid pension expenses (shown as other assets)	<u>-</u>	<u>5</u>
	<u>(\$ 908,379)</u>	<u>(\$ 1,114,559)</u>

The related assumptions used for the actuarial valuation were as follows:

	<u>2008</u>	<u>2009</u>
Discount rate	2.50%	2.25%
Expected return rate on plan assets	2.50%	2.00%
Average rate of salary increase	3.00%	3.00%

In 2008 and 2009, the details of net periodic pension cost are as follows:

	<u>2008</u>	<u>2009</u>
Service cost	\$ 56,142	\$ 63,253
Interest cost	60,088	55,541
Expected return on plan assets	(12,676)	(13,768)
Amortization of unrecognized transition obligation	9,239	9,262
Unrecognized pension loss	<u>14,678</u>	<u>26,909</u>
Net pension cost	<u>\$ 127,471</u>	<u>\$ 141,197</u>


- (3) The subsidiaries, DIH and DNH, do not maintain an employee retirement plan. However, certain subsidiaries of DIH and DNH, located in Mainland China maintain a defined contribution retirement plan covering all employees.

Under the plan, the employees of DIH and DNH subsidiaries contribute to a separate fund an amount based on a certain percentage of the monthly basic salary of the employees. Further, each DIH's and DNH's subsidiary also provides pension reserves for its employees for amounts depending on the employee's position. As of December 31, 2008 and 2009, the pension reserves of DIH's and DNH's subsidiaries were \$653,234 and \$814,997, respectively.

- (4) NPL, DEJ and the subsidiaries of DIH and DNH located in the United States have defined contribution plans in accordance with the local regulations.
- (5) Effective July 1, 2005, the Company and the subsidiaries registered in Taiwan have established a defined contribution pension plan under the Labor Pension Act (the "New Plan") for eligible employees holding Republic of China citizenship. The Company and the subsidiaries registered in Taiwan deposit the pension amount based on 6% of the employees' monthly salaries and wages into each employee's personal pension account with the Bureau of Labor Insurance. For the years ended December 31, 2008 and 2009, the pension costs of the Company and these subsidiaries were \$160,680 and \$167,024, respectively.

16) Common stock

- (1) 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, 2009, the total issued and outstanding common stock was 2,257,309,000 shares with par value of \$10 (in dollars) per share, including 3,785,000 shares which were converted from employees' stock options but not registered.
- (2) 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), a unit of GDR represents 5 shares of common stock. After obtaining approval from SFB, these GDR 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. 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 and interests of GDR units bear the same rights as common shares.

D. Taking into account the stock dividend distribution year by year, there were 1,645,000 units outstanding, representing 8,226,000 common shares of the Company's common stock.

- (3) The Company issued 60,000,000 units of employee stock options on December 18, 2007, with a unit of employee stock option representing one share of common stock, as resolved by the Board of Directors on October 29, 2007. The exercise price under the stock-based employee compensation plan is based on the closing price of the Company's common stock at the grant date and is subject to adjustments due to changes in the number of common shares and issuance of cash dividends. The vesting period of the Company's employee stock option plan is six years. The employees may exercise the stock options in installments after the stock options are granted for two years.

A. Details of the employee stock options are set forth below:

<u>Stock options</u>	<u>For the year ended December 31, 2008</u>	
	<u>No. of shares</u>	<u>Weighted-average exercise price (in dollars) (Note)</u>
Options outstanding at beginning of year	60,000,000	\$ 90
Options granted	-	-
Options exercised	-	-
Options revoked	(1,633,000)	90
Options outstanding at end of year	<u>58,367,000</u>	<u>\$ 90</u>
Options exercisable at end of year	<u>-</u>	
Options authorized but not granted at end of year	<u>-</u>	
	<u>For the year ended December 31, 2009</u>	
<u>Stock options</u>	<u>No. of shares</u>	<u>Weighted-average exercise price (in dollars) (Note)</u>
Options outstanding at beginning of year	58,367,000	\$ 83
Options granted	-	-
Options exercised	(3,785,087)	83
Options revoked	(741,000)	83
Options outstanding at end of year	<u>53,840,913</u>	<u>\$ 83</u>
Options exercisable at end of year	<u>19,765,713</u>	
Options authorized but not granted at end of year	<u>-</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. Details of the employee stock options outstanding as of December 31, 2008 and 2009 are set forth below:

Range of exercise price (in dollars)	Stock options outstanding at December 31, 2008			Stock options exercisable at December 31, 2008	
	Weighted-average expected remaining vesting period	Weighted-average exercise price (in dollars)	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$ 90	4.96 years	\$ 90	-	-	-

Range of exercise price <u>(in dollars)</u>	Stock options outstanding at December 31, 2009			Stock options exercisable at December 31, 2009		
	Weighted-average			Weighted-average		
	<u>No. of shares</u>	expected remaining <u>vesting period</u>	Weighted-average exercise price <u>(in dollars)</u>	<u>No. of shares</u>	Weighted-average exercise price <u>(in dollars)</u>	
\$ 83	53,840,913	3.96 years	\$ 83	19,765,713	\$ 83	

C. For the stock options granted (amended) on or after January 1, 2004, the compensation cost is zero using the intrinsic value method. The following sets forth the pro forma net income and earnings per share based on the assumption that the compensation cost is accounted for using the fair value method.

a) Pricing Model: the Black-Scholes option-pricing

b) Parameters:

	For the years ended December 31,	
	2008	2009
Dividend yield rate	0%	0%
Expected price volatility	33.68%	33.68%
Risk-free interest rate	2.46%	2.46%
Expected vesting period	4.45 years	4.45 years
Weighted-average fair value per share (in dollars)	\$90	\$83

c) Conclusion:

	For the years ended December 31,	
	2008	2009
Weighted-average fair value of stock options per share (in dollars)	\$ 31,7991 (in dollars)	\$ 31,7991 (in dollars)
Compensation cost accounted for using the fair value method	\$ 660,589	\$ 670,591

d) Pro forma information:

		<u>For the years ended December 31,</u>	
		<u>2008</u>	<u>2009</u>
Consolidated net income	Net income stated in the statement of income	\$ 10,250,915	\$ 11,657,475
	Pro forma net income	9,590,326	10,986,884
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement of income	4.60	5.20
	Pro forma EPS	4.30	4.90
Diluted EPS (in dollars)	EPS stated in the statement of income	4.53	5.15
	Pro forma EPS	4.24	4.85


D. On December 18, 2009, the stockholders during their special stockholders' meeting resolved to conduct share swap by issuing new common stocks to Cyntec Co., Ltd. and acquiring all outstanding common stocks of Cyntec Co., Ltd. other than those that had been held and accounted for under the equity method by the Company. The new stock issuance had been approved by the Gin-Gwen-Jen-Fa Letter No. 0980071243 of the Financial Supervisory Commission, Executive Yuan, R.O.C., dated January 18, 2010. The conversion ratio was 1.07 shares of common stock of Cyntec Co., Ltd. for one share of the Company's common stock. The effective date for the share swap was set on March 31, 2010.

17) Capital reserve

The R.O.C. Company Law requires that the capital reserve shall be exclusively used to offset against accumulated deficit or increase capital and shall not be used for any other purpose. The capital reserve can be used to offset against accumulated deficit only when legal reserve and special reserve are insufficient. Only capital reserve from paid-in capital in excess of par value and donated surplus can be used to increase capital and the total amount shall be limited to 10% of outstanding capital each year.

18) Legal reserve

The R.O.C. Company Law requires that the Company shall set aside 10% of its net income as legal reserve after offsetting against prior years' losses until the legal reserve equals the Company's capital. The legal reserve can be used only to offset against accumulated deficit or increase capital. The legal reserve can be used to increase capital only when the reserve exceeds 50% of the Company's



capital, and shall be limited to 50% of the excess portion of the reserve.

19) Undistributed earnings

(1) As stipulated in 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.

D. Set aside a certain amount as special reserve, if 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' and supervisors' remuneration: up to 1% of the earnings.

b) Employees' bonus: at least 3% of the earnings. In addition, in accordance with the shareholders' resolution at their annual meeting on May 19, 2005, 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).

(2) 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 earnings shall be appropriated as dividends, and cash dividends shall account for at least 5% of the total dividends distributed.

(3) The distribution of 2007 and 2008 earnings was approved by the shareholders during their meeting on June 13, 2008 and June 10, 2009, respectively. Details are summarized below:

	2007		2008	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 1,506,130		\$ 1,025,092	
Stock dividends	210,642	\$ 0.1	218,505	\$ 0.1
Cash dividends	11,585,295	5.5	7,647,660	3.5
Directors' and supervisors' remuneration	16,200		(Note)	
Employees' stock bonuses	365,000		"	
Employees' cash bonuses	365,000		"	
Capitalization of capital reserve	210,642	0.1	218,505	0.1

(Note) The shareholders during their meeting had approved to distribute employees' stock bonuses of \$1,622,675, employees' cash bonuses of \$270,446 and directors' and supervisors' remuneration of \$16,200.

As of February 24, 2010, the distribution of 2008 earnings had not been approved by the Company's Board of Directors. The information will be posted in the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

- (4) The Group's estimated amounts of employees' bonus and directors' and supervisors' remuneration for 2009 are \$2,492,808 and \$31,220, respectively, and are recognized as operating costs or operating expenses for 2009. While, if the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in 2010.

The basis of estimates is based on a certain percentage of net income in 2009 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 2010 stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. The actual distribution of 2008 earnings was as stated in the previous paragraph. Employees' stock bonus of 24,777 thousand shares was distributed at \$65.49 (in dollars) per share, and the remaining employees' bonus of \$28 (in dollars) was distributed in cash. The resolved amounts of the bonus to employees and to directors were consistent with the resolutions

during the shareholders' meeting and the same amount had been charged against earnings for 2008.

- (5) The Taiwan imputation tax system requires that any undistributed current earnings, on tax basis, be subject to an additional 10% corporate income tax if the earnings are not distributed in the following year.
- (6) As of December 31, 2008 and 2009, details on tax credits of the Company are as follows:

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Imputation tax credit account balance	\$ 108,681	\$ 82,177
Creditable tax ratio	<u>2008 (Actual)</u> 1.64%	<u>2009 (Estimated)</u> 1.92%

- (7) As of December 31, 2008 and 2009, the undistributed earnings are as follows:

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Before January 1, 1998	\$ 685,952	\$ 685,952
On and after January 1, 1998		
-10% additional tax assessed	2,626,919	3,986,598
-10% additional tax unassessed	<u>10,250,915</u>	<u>11,657,475</u>
	<u>\$ 13,563,786</u>	<u>\$ 16,330,025</u>

20) Income tax

1. Deferred income tax assets and liabilities as of December 31, 2008 and 2009 are as follows:

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
(A) Total deferred income tax assets	<u>\$ 2,901,530</u>	<u>\$ 3,600,561</u>
(B) Valuation allowance	<u>\$ 1,357,671</u>	<u>\$ 2,259,601</u>
(C) Total deferred income tax liabilities	<u>\$ 6,826,476</u>	<u>\$ 5,918,116</u>

2. The components of deferred income tax assets and liabilities are as follows:

	December 31, 2008		December 31, 2009	
	Original amount	Tax effect	Original amount	Tax effect
Current:				
Allowance for inventory obsolescence	\$ 212,110	\$ 45,184	\$ 97,516	\$ 14,079
Unrealized exchange loss (gain)	7,736	1,934	(169,861)	(33,973)
Others	(955,965)	(243,306)	(896,598)	(241,703)
Loss carryforwards	-	-	81,361	16,272
Investment tax credits		445,755		600,083
		249,567		354,758
Less: Valuation allowance - current		(289,849)		(500,942)
Net deferred income tax liabilities - current		(\$ 40,282)		(\$ 146,184)
Non-current:				
Investment income accounted for under the equity method, net	(\$ 26,188,596)	(\$ 6,547,149)	(\$ 27,992,188)	(\$ 5,598,438)
Depreciation difference between tax and financial book	1,084,208	271,052	1,364,511	281,280
Unfunded pension	856,739	214,185	958,530	191,707
Loss carryforwards	68,656	17,164	88,424	19,061
Assets impairment	35,554	8,889	1,125,429	269,090
Others	143,597	35,898	1,167,807	218,982
Investment tax credits		1,825,448		1,946,005
		(4,174,513)		(2,672,313)
Less: Valuation allowance - non-current		(1,067,822)		(1,758,659)
Net deferred income tax liabilities - non-current		(\$ 5,242,335)		(\$ 4,430,972)

3. As of December 31, 2008 and 2009, income tax payable (refundable) is computed as follows:

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2009</u>
Current year's income tax expense	\$ 2,524,109	\$ 470,331
Effect of deferred income tax	(1,107,166)	705,461
Interest income subject to separate tax	(1,585)	(32)
Over provision of income tax in prior years, net	14,493	6,302
Prepaid income tax	(978,432)	(735,044)
Income tax receivable last period	(234,443)	59,371
Others	<u>74,883</u>	<u>(59,079)</u>
Income tax payable-net	<u>\$ 291,859</u>	<u>\$ 447,310</u>
Income tax refundable	(\$ 225,150)	(\$ 207,586)
Income tax payable	<u>517,009</u>	<u>654,896</u>
	<u>\$ 291,859</u>	<u>\$ 447,310</u>

4. As of December 31, 2009, according to the "Income Tax Law" and "Statute for Upgrading Industries", investment tax credits of the Company, DNIT and DelSolar are as follows:

<u>Source of investment tax credits</u>	<u>Unused credits</u>	<u>Year of expiration</u>
Loss carryforwards	<u>\$ 35,333</u>	Between 2014 and 2019
R&D expenditures	\$ 2,332,342	Between 2010 and 2013
Training expenditures	13,077	Between 2010 and 2013
Expenditures for procurement of machinery and equipment	22,055	Between 2010 and 2013
Emerging important strategic industries	<u>178,614</u>	Between 2010 and 2011
	<u>\$ 2,546,088</u>	

5. Cold Cathode Fluorescence Lamp (CCFL) and Projection System (including Color Projection Television) are entitled to a five-year exemption on income tax under the "Incentives for Emerging Important Strategic Industries in Manufacturing and Technology Services", which expires in December 2011. The income entitled to tax-exemption for the years ended December 31, 2008 and 2009 amounted to \$6,526 and \$4,310 respectively. Under the "Basic Income Tax Act" regulations, the income entitled to tax-exemption prior to the end of 2005 is excluded from the computation of basic tax.

6. Pursuant to the amendment of “Income Tax Law”, dated May 27, 2009, effective from January 1, 2010, the corporate income tax rate was adjusted from 25% to 20%. Therefore, the Company, DNH, DelSolar, PreOptix and NEM recomputed deferred tax liability or asset accordingly and the effect of changes in the deferred tax liability or asset was recognized in income tax benefit in the current period.
7. Effective January 1, 2008, DDG, DEP, DEC and DII are high and new enterprises which can apply the preferential tax rate of 15%.
8. DWH is subject to the law of the People’s Republic of China on Enterprise Income Tax, and the rate of enterprise income tax is 20%. DWH is still in the status of deficit; as a result, income tax is not recognized.
9. As of December 31, 2009, the Company and its subsidiaries’ assessed and approved conditions of income tax returns are as follows:

	<u>Years Assessed by Tax Authority</u>
The Company	2005
DNIT and DelSolar	2007
PreOptix and NEM	Not assessed yet

21) Earnings per share

For the year ended December 31, 2008					
	Amount		Weighted-average outstanding common shares (in thousands) (Note C)	Earnings per share (in dollars)	
	Income before income tax	Net income		Income before income tax	Net income
Basic EPS					
Net income	\$12, 775, 024	\$10, 250, 915	2, 228, 747	<u>\$ 5.73</u>	<u>\$ 4.60</u>
Dilutive effect of common stock equivalents:					
Employee stock options	-	-	(Note A)		
Employee bonus (Note B)	-	-	32, 453		
Diluted EPS					
Net income	<u>\$12, 775, 024</u>	<u>\$10, 250, 915</u>	<u>2, 261, 200</u>	<u>\$ 5.65</u>	<u>\$ 4.53</u>
For the year ended December 31, 2009					
	Amount		Weighted-average outstanding common shares (in thousands) (Note C)	Earnings per share (in dollars)	
	Income before income tax	Net income		Income before income tax	Net income
Basic EPS					
Net income	\$12, 127, 806	\$11, 657, 475	2, 242, 725	<u>\$ 5.41</u>	<u>\$ 5.20</u>
Dilutive effect of common stock equivalents:					
Employee stock options	-	-	(Note A)		
Employee bonus (Note B)	-	-	22, 796		
Diluted EPS					
Net income	<u>\$12, 127, 806</u>	<u>\$11, 657, 475</u>	<u>2, 265, 521</u>	<u>\$ 5.35</u>	<u>\$ 5.15</u>

- Note A: The stock options will result in anti-dilutive effect when using the treasury method, therefore such shares shall not be included.
- Note B: Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year including the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends, the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively. However, the accounting treatment for the appropriation of employees' bonus for 2007 earnings resolved at the stockholders' meeting held in 2008 is still in accordance with the regulations on capitalization of employees' bonus under paragraphs 19 and 39 of R.O.C. SFAS No. 24, "Earnings per Share".
- Note C: The weighted-average outstanding common shares were retroactively adjusted for stock dividends and employee bonuses distributed in 2009.

22) Personnel expenses, depreciation and amortization

	For the years ended December 31,					
	2008		2009			
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Personnel expenses						
Salaries	\$ 6,724,830	\$ 4,375,569	\$ 11,100,399	\$ 6,578,407	\$ 6,581,375	\$ 13,159,782
Employees' bonus and directors' and supervisors' remuneration	345,231	1,879,988	2,225,219	218,080	2,305,948	2,524,028
Labor and health insurance	511,358	295,167	806,525	516,398	324,191	840,589
Pension	94,039	447,312	541,351	208,696	371,173	579,869
Others	254,025	336,592	590,617	414,087	284,756	698,843
	<u>\$ 7,929,483</u>	<u>\$ 7,334,628</u>	<u>\$ 15,264,111</u>	<u>\$ 7,935,668</u>	<u>\$ 9,867,443</u>	<u>\$ 17,803,111</u>
Depreciation (Note)	<u>\$ 3,680,564</u>	<u>\$ 465,215</u>	<u>\$ 4,145,779</u>	<u>\$ 3,868,530</u>	<u>\$ 553,988</u>	<u>\$ 4,422,518</u>
Amortization	<u>\$ 120,211</u>	<u>\$ 186,052</u>	<u>\$ 306,263</u>	<u>\$ 143,550</u>	<u>\$ 233,547</u>	<u>\$ 377,097</u>

Note: Including the depreciation provided for assets leased to others for the years ended December 31, 2008 and 2009 which was recorded as other non-operating loss.

5. RELATED PARTY TRANSACTIONS

1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cyntec Co., Ltd. (Cyntec)	Investee company accounted for under the equity method
Grand Advance Technology Inc. (Grand Advance) (Note A)	"
Delta Electronics (Thailand) Public Co., Ltd. (DET)	"
Amita Technologies, Inc. (Amita)	"
Digital Projection International Ltd. (DPI) (Note B)	"
NeoEnergy Microelectronics, Inc. (NEM)	Investee company accounted for under the equity method (before September 1, 2009) A subsidiary of the company (after September 1, 2009)
Delta Products Corporation (DPC)	Related party in substance
Delta Greentech (China) Co., Ltd. (Delta Greentech)	"
Hua-Chin Investment Co., Ltd. (Hua-Chih)	Same chairman
Progressive Optoelectronics Technology Co., Ltd. (Progressive) (Note C)	Another investor of PreOptix, subsidiary of the Company
Jurong Progressive Optoelectronics Technology Co., Ltd. (Jurong Progressive) (Note C)	A subsidiary of Progressive
Digital Projection Ltd. (Note B)	An affiliated enterprise of DPI
DET International Holding Ltd. (DET Holding)	A subsidiary of DET
Delta Energy Systems (Switzerland) AG. (DES Switzerland)	"
Delta Electronics Europe Ltd. (DEU)	A subsidiary of DET Holding
Delta Energy Systems (Germany) GMBH	"
Delta Energy Systems (India) PVT Ltd. (DES India)	"
DET Logistics (USA) Corporation	"

<u>Names of related parties</u>	<u>Relationship with the Company</u>
DET Video Technology Ltd. (DET Video)	A subsidiary of DET Holding
Delta Electronics (Slovakia) s.r.o.	”
Delta India Electronics PVT Ltd. (Delta India)	An affiliated enterprise of DET Holding
Delta Power Solutions India PVT Ltd. (DPS India)	”
Delta Greentech (USA) Corporation	”
Delta Energy Systems (Brasil) S.A.	A subsidiary of DES Switzerland
Delta Energy Systems (Guangzhou) Ltd. (DES Guangzhou) (Note D)	”
Delta Energy Systems (Sweden) AB (DES Sweden)	”
Delta Energy Systems (Finland) Oy	”
Delta Energy Systems (Italy) S.r.l	”
Delta Energy Systems (Poland) Sp. z.o.o	”
Delta Green (Tianjin) Industries Co., Ltd. (Delta Green (Tianjin))	Indirectly held investee, accounted for under the equity method by DET
Cyntec Electronics (SuZhou) Co., Ltd.	Affiliated enterprise of Cyntec
Cyntec International Ltd.	”

Note A: Liquidated in year 2008.

Note B: The Company’s subsidiary – DIH acquired the stock ownership of DPI on October 8, 2009; the period of disclosures for related party transactions is from October 8, 2009 to December 31, 2009.

Note C: Progressive released the stock ownership of PreOptix Co., Ltd. to the Company on June 12, 2009, therefore, Progressive and Jurong Progressive were no longer the Company’s related party; the period of disclosures for related party transactions is from January 1, 2009 to June 12, 2009.

Note D: It resolved in the second quarter of 2009 to close out business and go into liquidation.

2) Significant transactions and balances with related parties

(1) Sales

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2009</u>
Delta Greentech	\$ 3,589,474	\$ 4,846,501
DPC	610,636	550,108
DPS India	795,873	526,535
DeltaGreen (Tianjin)	1,228	292,941
Delta India	–	235,935
DET	104,851	112,142
DES India	594,911	107,272
Others	225,302	358,598
	<u>\$ 5,922,275</u>	<u>\$ 7,030,032</u>

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

(2) Purchases

	<u>For the years ended December 31,</u>	
	<u>2008</u>	<u>2009</u>
Delta Green (Tianjin)	\$ 1,045,889	\$ 801,930
DET	332,911	332,816
Others	53,392	117,206
	<u>\$ 1,432,192</u>	<u>\$ 1,251,952</u>

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

(3) Accounts receivable

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Delta Greentech	\$ 904,334	\$ 1,732,966
DPC	111,652	170,596
Delta India	–	122,269
DPS India	132,713	94,465
DES India	133,326	20,102
Others	167,627	314,005
	<u>\$ 1,449,652</u>	<u>\$ 2,454,403</u>

(4) Accounts payable

	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Delta Green (Tianjin)	\$ 205,159	\$ 134,055
Others	<u>87,694</u>	<u>139,352</u>
	<u>\$ 292,853</u>	<u>\$ 273,407</u>

(5) Property transactions

A. The Company had sold financial asset carried at cost - ELTA Technology Co., Ltd. to Hua-Chih in 2009. The transaction price was based on the audited book value of ELTA Technology Co., Ltd. at December 31, 2008. Total amount of transaction and gain on disposal of financial asset carried at cost are \$17,740 and \$8,872, respectively.

B. In the third quarter of 2008, PreOptix (Jiang Su) Co., Ltd. purchased land use right and fixed assets from Jurong Progressive Optoelectronics Technology Co., at book value of \$47,379 and \$201,372, respectively. The total price had already been paid.

(6) Remuneration information of key management (including directors, supervisors, general manager and vice general managers)

	<u>2008</u>	<u>2009</u>
Salaries (Note 1)	\$ 34,878	\$ 36,132
Bonuses (Note 2)	6,585	9,687
Services fees (Note 3)	2,203	1,030
Distribution of earnings (Note 4)	<u>178,062</u>	<u>190,977</u>
	<u>\$ 221,728</u>	<u>\$ 237,826</u>

Note 1: Including wages allowance, retirement pension and compensation.

Note 2: Including all kinds of incentives.

Note 3: Including traveling allowance, payment for special disbursement, cars and dorms provided by the Group.

Note 4: Including directors' and supervisors' remuneration and employees' bonus.

For related information, please refer to Annual Report.

6. DETAILS OF PLEDGED ASSETS

As of December 31, 2008 and 2009, the details of pledged assets are as follows:

<u>Assets pledged</u>	<u>December 31,</u>		<u>Purpose of pledge</u>
	<u>2008</u>	<u>2009</u>	
Demand deposits (shown as other financial assets - current)	\$ 6,146	\$ 5,995	Collateral for customs duties
Time deposits (shown as other financial assets - current)	27,620	27,620	Collateral for disposition and seizure
Time deposits (shown as other financial assets - current)	1,547	4,958	Performance bonds
Time deposits (shown as other financial assets - current)	673,979	-	Collateral for loans
	<u>\$ 709,292</u>	<u>\$ 38,573</u>	


7. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's major commitments as of December 31, 2009 were as follows:

- 1) Effective May 2004, the Company has a 20-year land and building lease in Tainan Science-Based Industrial Park. As of December 31, 2009, the future lease payments and the net present value discounted at 0.83%, one-year time deposit interest rate given by the Chunghwa Post Co., Ltd., as of December 31, 2009 are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 4,534
2011	4,534
2012	4,534
2013	4,534
2014	4,534
2015~2019 (the net present value is \$21,223)	22,672
2020~2023 (the net present value is \$16,358)	18,137
	<u>\$ 63,479</u>

- 2) In December 2006, the Company entered into a three-year contract of high-efficiency LED (Light Emitting Diodes) for monitors and patent licensing agreement with Industrial Technology Research Institute. The Company has to pay technology and patent royalties amounting to \$31,000. In addition, the Company commits to pay royalties based on a certain percentage of total sales



from the day the related products are sold and the maximum amount of the royalty is \$130,000. As of December 31, 2009, the Company has paid the related royalties of \$18,500.

- 3) In October 2007, the Company entered into an agreement with the Institute of Nuclear Energy Research, Atomic Energy Council, Executive Yuan, R.O.C. for technology authorization of Concentrating Photovoltaic Modules. The contract is valid through October 2017. In addition to the authorization fee of \$5,000, the Company commits to pay royalties based on a certain percentage of total sales from the day the authorized products are sold and the maximum amount of the royalty is \$100,000. As of December 31, 2009, the Company has paid the authorization fee totaling \$5,000 and royalty of \$621 to the Institute of Nuclear Energy Research. Further, the Company entered into an agreement with the Institute of Nuclear Energy Research for the temporary termination of above agreement for two years whereby the Company cannot use the technology authorization during such period.
- 4) The Company entered into a purchasing agreement for software with total future payments of approximately \$80,049.
- 5) The subsidiaries entered into contracts for land lease, construction of new factories and buildings, and acquisition of equipment with total future payments of approximately \$1,250,466.
- 6) DelSolar entered into long-term contracts for materials supply with local and foreign suppliers. The period of supply is from January 2006 to December 2018. DelSolar agreed to pay certain amounts which are non-refundable. Because supply and demand are unbalanced in the solar energy industry, the solar cell trade was negotiating an adjustment in the unit price of silicon wafer with the silicon wafer suppliers. As of the reporting date, DelSolar had entered into memorandums of understanding with some silicon wafer suppliers to adjust the unit price of silicon wafer. Besides, as some materials suppliers failed to fulfill delivery obligations, DelSolar had sent out default notices to those suppliers to revise or terminate delivery terms or extend delivery time limit.
- 7) Due to product quality issue, one subsidiary promised to give client discounts based on its sales volume during the period from 2009 to 2011, up to a maximum discount of \$135,660. As of December 31, 2009, the sales discounts which had been recognized amounted to \$42,896.

8. MAJOR CATASTROPHES

None.

9. SUBSEQUENT EVENTS

Delta Networks (Wujiang) Ltd., the subsidiary of the Company's indirect subsidiary, had been dissolved and gone into liquidation, as resolved by the stockholders during their meeting on January 15, 2010.

10. OTHERS

- 1) Certain accounts in the 2008 consolidated financial statements were reclassified to conform with the 2009 financial statement presentation.

2) Fair value of the financial instruments

	December 31, 2008		December 31, 2009	
	Fair value		Fair value	
	Book value	Quotations in an active market	Book value	Quotations in an active market
		Estimated using a valuation technique		Estimated using a valuation technique
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets with fair values equal to book values	\$ 70,360,614	\$ -	\$ 87,064,418	\$ -
Financial assets at fair value through profit or loss	2,947	2,947	864,039	4,039
Available-for-sale financial assets	499,612	499,612	1,257,827	1,257,827
Financial assets carried at cost	1,240,510	-	1,324,258	-
Investment in bonds without active markets	1,148,700	-	1,119,475	-
Liabilities:				
Financial liabilities with fair values equal to book values	\$ 35,946,159	\$ -	\$ 46,723,746	\$ -
Long-term loans	65,640	-	2,973,971	-
		65,640		2,973,971
<u>Derivative financial instruments</u>				
Assets:				
Multiple-stage inflating forward	\$ 10,724	\$ -	\$ -	\$ -
Forward exchange contracts	1,081,035	-	320,202	-
Liabilities:				
Multiple-stage inflating forward	\$ 24,826	\$ -	\$ -	\$ -
Forward exchange contracts	535,365	-	43,693	-
		535,365		43,693

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

(1) Financial assets and liabilities with fair values equal to book values

A. For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (excluding income tax refundable), other financial assets - current, short-term loans, accounts payable (including related parties), accrued expenses, other payables and other current liabilities.

B The fair value of cash surrender value of life insurance is based on the book value at the balance sheet date.

C The fair values of refundable deposits and guarantee deposits received are based on book values, which approximate present value.

D. The fair value of long-term loans is based on book value, which approximates present value.

(2) The fair value of listed stocks which were recognized as financial assets at fair value through profit or loss is based on the closing price in open market at balance sheet date; the fair value of private replacement of convertible bonds is measured at cost.

(3) The fair values of available-for-sale financial assets are based on the quotations in the active market, which are the latest quoted closing prices at the balance sheet date.

(4) The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based on the amounts to be received or paid assuming that the contracts were settled as of the reporting date.

3) Information on available-for-sale financial assets

The Group recognized the adjustment in equity from available-for-sale financial assets amounting to (\$1,267,990) and \$769,950, and the amount removed from equity and recognized in profit or loss was \$136,931 and \$0 for the years ended December 31, 2008 and 2009, respectively.

4) Information on interest rate risk positions

As of December 31, 2008 and 2009, the Group's financial assets with fair value risk due to the change of interest amounted to \$18,330,085 and \$29,877,025, respectively, and the financial liabilities with fair value risk due to the change of interest rate amounted to \$2,899,553 and \$5,496,256, respectively. The financial assets with cash flow risk due to the change of interest rate amounted to \$10,493,040 and \$2,399,814, respectively, and the financial liabilities with cash flow risk due to the change of interest amounted to \$4,259,134 and \$9,250,985, respectively.

5) Procedure of financial risk control and hedge

The main objective of financial risk control and hedge strategy is to reduce the loss of assets or liabilities (including forecast transactions) resulting from the exchange rate and interest rate fluctuations. The Group achieves financial hedge by entering into derivatives and all activities of hedge follow the principles listed below to achieve the objective of risk control:

- (1) Nature hedge
- (2) Not eroding the profit of main business
- (3) Not entering into the financial instruments besides the transaction currency
- (4) To execute stop-loss point
- (5) To execute the operating process

In monitoring control, the Group's Chief Financial Officer and the internal auditors should monitor and manage derivative transactions. Aside from evaluating the position twice a month, the authorized persons should monitor financial instrument transactions and the related profit or loss resulting from the transactions at any time. If any unusual event occurred, necessary actions should be taken and reported to the Board of Directors immediately. In addition, the performance of derivative transactions will be evaluated periodically to determine if these transactions are in compliance with the operating strategy and the risk of these transactions is within the tolerable range of the Group. The Group has established the procedures for derivative transactions.

6) Information of major financial risk

(1) Investments in equity financial instruments

<u>Items</u>	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Financial assets at fair value through profit or loss - listed and OTC stocks	\$ 2,947	\$ 4,039
Available-for-sale financial assets	499,612	1,257,827
Financial assets carried at cost	1,240,510	1,324,258

A. Market risk

The investments in equity financial instruments owned by the Group are exposed to price risk.

B. Credit risk

The Group assessed the credit condition of counterparties and default is not expected. Therefore, the possibility of credit risk is low.

C. Liquidity risk

(A) The Group's investments in equity financial instruments which have active markets are expected to be sold easily and quickly in the market at the price close to their fair value.

(B) The Group's investments in equity financial instruments without active markets are expected to have liquidity risk.

D. Cash flow risk due to changes in interest rate

The Group's investments in equity financial instruments are non-interest rate instruments; therefore, there is no cash flow risk related to changes in interest rate.

(2) Other financial instrument investments

<u>Item</u>	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Financial asset at fair value through profit or loss - private placement of convertible bonds	\$ -	\$ 860,000
Investments in bonds without active markets	1,148,700	1,119,475



A. Market risk

- (A) The Group expects that structured time deposits and corporate bonds have no significant market risk.
- (B) The private placement of convertible bonds that the Company invested in have no quoted price in active market; they are not affected by the changes of market price. Therefore, no significant market risk would arise.

B. Credit risk

- (A) The counterparties of the structured time deposits and corporate bonds invested by the Group are international financial institutions which are all in good credit standing; therefore, the credit risk is extremely low.
- (B) The Company expects that the counterparty of the private placement of convertible bonds that it invested in is not likely to default; therefore, the credit risk is extremely low.

C. Liquidity risk

The Group's working capital is sufficient to support the capital demand of the Group. Therefore, the Group expects no significant liquidity risk.

D. Cash flow risk due to changes in interest rate

- (A) The future cash flows of the principal guaranteed financial instruments will fluctuate with the changes in market interest rate. Since these are principal guaranteed financial instruments, the market interest rate fluctuations will not reduce the cash flow of the principal.
- (B) Interest on the private placement of convertible bonds that the Company invested in accrues at fixed interest rate; therefore, there is no cash flow risk arising from interest rate fluctuations.
- (C) Interest on the corporate bonds that the Company's subsidiaries invested in accrues at fixed interest rate; therefore, there is no cash flow risk arising from interest rate fluctuations.

(3) Receivables

<u>Items</u>	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Notes receivable, net	\$ 582,309	\$ 708,618
Accounts receivable (including related parties), net	24,260,121	27,558,621
Other receivables	1,793,032	1,313,299

A. Market risk

The Group's receivables are all due within one year, therefore, the Group expects no significant market risk.

B. Credit risk

The Group's receivables are all approved through rigorous credit review procedures and some of which have to take out an insurance policy or provide necessary collaterals; therefore, the Group expects no significant credit risk.

C. Liquidity risk

The Group's receivables are all due within one year and their working capital is sufficient to support its capital requirements; therefore, the Group expects no significant liquidity risk.

D. Cash flow risk due to changes in interest rate

The Group's receivables are all due within one year; therefore, there is no significant cash flow risk due to changes in interest rate.

(4) Loans


<u>Item</u>	<u>December 31,</u>	
	<u>2008</u>	<u>2009</u>
Short-term loans	\$ 7,093,047	\$ 11,773,271
Long-term loans	65,640	2,973,971

A. Market risk

The loans of the Group have no significant market risk.

B. Credit risk

None.



C. Liquidity risk

The future cash flow is expected to be sufficient to cover the capital requirements of the Group; therefore, the Group expects no significant liquidity risk.

D. Cash flow risk due to changes in interest rate

The loans of the Group are issued at floating interest rate, accordingly, the future cash flow of which will fluctuate with the yield rate of these debt instruments. However, due to the short duration of the short-term loans, there is no significant cash flow risk due to changes in interest rate.

7) Information of derivative transactions

(1) The balance of the Group's derivative transactions as of December 31, 2008 and 2009 are shown in Notes 4.2), 13) and 10.9). The related risk information are as follows:

A. Market risk: The Group entered into certain derivative contracts in order to hedge risk. Accordingly, no material market risk is expected.

B. Credit risk: The banks, which the Group deals with, are all in good credit standing and the Group deals with several banks to disperse the credit risk; therefore, the possibility that the banks will not comply with the terms of the contracts is low.

C. Liquidity risk: The Group has sufficient working capital; therefore no material liquidity risk is expected.

D. Cash flow risk due to changes in interest rate: The Group did not enter into any derivative contract that is interest rate related; therefore, no material cash flow risk due to changes in interest rate is expected.

8) Off-balance sheet financial instruments with credit risk

None.

9) Cash flow hedge

(1) Fair value hedge

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

<u>Hedge item</u>	<u>Designated for hedging instrument</u>	
	Financial instrument was designated as <u>hedging instrument</u>	Fair value as of <u>December 31, 2009</u>
Receivables in foreign currencies	Forward exchange contracts	\$ 482


(2) Cash flow hedge

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:

<u>Hedge item</u>	<u>Designated for hedging instrument</u>		<u>Period of anticipated cash flow</u>	<u>Period of gain (loss) anticipated to be recognized in income statement</u>
	Financial instrument was designated as <u>hedging instrument</u>	Fair value as of <u>December 31, 2009</u>		
Receivables in foreign currencies	Forward exchange contracts	\$ 161,565	2010. 01. 14~ 2010. 11. 10	2010. 01. 14~ 2010. 11. 10
Payables in foreign currencies	Forward exchange contracts	72,832	2010. 01. 14~ 2010. 11. 10	2010. 01. 14~ 2010. 11. 10

10) Business mergers and acquisitions

(1) The Company and subsidiaries conducted the following business mergers and acquisitions and stock ownership adjustments in year 2009:

- 
- A. The Company acquired additional 19.89% stock ownership of PreOptix Co., Ltd. by cash in the amount of \$49,573 on June 12, 2009. After this transaction, the Company's total stock ownership of PreOptix Co., Ltd. was 94.89%.
 - B. The Company acquired additional 37.50% stock ownership of NeoEnergy Microelectronics, Inc. by cash in the amount of \$37,500 on September 1, 2009. After this transaction, the Company's total stock ownership of NeoEnergy Microelectronics, Inc. was 80.00%.
 - C. The Company's subsidiary - Delta Networks Holding Ltd. acquired additional 40.50% stock ownership of Delta Networks Inc. by cash in the amount of \$4,574,791 on September 25, 2009. After this transaction, Delta Networks Holding Ltd.'s total stock ownership of Delta Networks Inc. was 100.00%.

All of the above transactions were accounted for by the purchase method.

(2) The business items of each subsidiary were as follows:

- A. PreOptix Co., Ltd. and its subsidiaries: please refer to Note 11(2)(1).
- B. NeoEnergy Microelectronics, Inc.: IC design and testing and information software service.
- C. DNI and its subsidiaries: please refer to Note 11(2)(1).

(3) In accordance with paragraph 26 of R.O.C. SFAS No. 25, "Accounting for Business Combination - Purchase Method", it requires public companies to provide pro forma supplementary information in relation to their operational performance. The assumptions made by each direct subsidiary or indirect subsidiary for their 2009 and 2008 statements of income are as follows:

- A. Effective September 1, 2009, the operating results of NeoEnergy Microelectronics, Inc. had been included in the Company's consolidated statements of income. The Company assumed that it had owned 80% stock ownership of NeoEnergy Microelectronics, Inc. effective from January 1, 2009 and 2008 and recognized related investment income and prepared consolidated statements of income.

B. PreOptix Co., Ltd. and DNI had already been the consolidated entities of the Company. The Company assumed that it had owned 94.89% and 100.00% stock ownership of PreOptix Co., Ltd. and DNI, respectively, effective from January 1, 2009 and 2008 and recognized related investment income and prepared consolidated statements of income.

Pro forma supplementary information is as follows:

Delta Electronics, Inc. and Subsidiaries
Pro Forma Consolidated Statements of Income
For the Years Ended December 31, 2009 and 2008
(Unaudited)

(Expressed in thousands of dollars, except earnings per share data)

	<u>2008</u>		<u>2009</u>
Operating revenues			
Net sales	\$ 141,572,993		\$ 124,684,132
Services income	<u>1,071,861</u>		<u>826,683</u>
Net operating revenues	142,644,854		125,510,815
Operating costs			
Cost of goods sold	(116,099,039)		(98,657,967)
Services costs	(827,661)		(485,360)
Net operating costs	(116,926,700)		(99,143,327)
Gross profit	25,718,154		26,367,488
Operating expenses	(14,592,191)		(14,618,701)
Operating income	11,125,963		11,748,787
Non-operating income and gains	4,624,294		3,795,805
Non-operating expenses and losses	(966,817)		(2,013,823)
Income before income tax	14,783,440		13,530,769
Income tax expense	(2,630,181)		(519,836)
Consolidated net income	<u>\$ 12,153,259</u>		<u>\$ 13,010,933</u>
Attributable to:			
Equity holders of the Company	\$ 10,560,666		\$ 11,843,916
Minority interest	<u>1,592,593</u>		<u>1,167,017</u>
	<u>\$ 12,153,259</u>		<u>\$ 13,010,933</u>
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u> <u>After Tax</u>
Earnings Per Share (In Dollars)			
Basic earnings per share			
Net income from continuing operations	\$ 6.63	\$ 5.45	\$ 6.03 \$ 5.80
Minority interest income	(0.71)	(0.71)	(0.52) (0.52)
Net income	<u>\$ 5.92</u>	<u>\$ 4.74</u>	<u>\$ 5.51</u> <u>\$ 5.28</u>
Diluted earnings per share			
Net income from continuing operations	\$ 6.53	\$ 5.37	\$ 5.98 \$ 5.75
Minority interest income	(0.70)	(0.70)	(0.52) (0.52)
Net income	<u>\$ 5.83</u>	<u>\$ 4.67</u>	<u>\$ 5.46</u> <u>\$ 5.23</u>

11) Significant intercompany transactions between the Company, DIH, DNH, PreOptix, DEN, Delta Optoelectronics, DelSolar, NuLight, NEM and the consolidated subsidiaries are eliminated when preparing the consolidated financial statements. The details are as follows:

	2008						
	The Company	DIH	DNH	PreOptix	DEN	Delta Optoelectronics	NuLight
Transactions							
1. Elimination of long-term investments	(\$59,900,080)	\$49,241,584	\$ 7,568,481	\$ 197,269	\$ 56,668	\$ -	\$ 2,836,078
2. Elimination of intercompany receivable (AR) and payable (AP) accounts	8,959,650	(9,181,425)	220,277	(6,328)	20,334	-	(12,508)
3. Elimination of profit and loss accounts							
(1) Sale and purchase transactions							
A. Downstream transactions	47,182	(20,423)	(17,292)	-	(9,467)	-	-
B. Upstream transactions	(27,716,613)	27,716,082	50	481	-	-	-
C. Sidestream transactions	-	1,130,275	(936,096)	25,606	(123,193)	-	(96,592)
(2) Services revenue, selling expenses, management and administrative expenses	4,290,441	(4,467,603)	(20,996)	-	200,326	-	(145)
(3) Rental revenue and rental expense	36,438	-	(36,438)	-	-	-	-
4. Elimination of minority interest income	884,412	(565,174)	-	10,296	-	(703)	(331,105)
5. Elimination of other transactions	4,400	-	(4,400)	-	-	-	-
(1) Refundable deposits and guarantee deposits received	38,118	(38,118)	-	-	-	-	-
(2) Available-for-sale financial assets - non-current and other liabilities - other							

	2009						
	The Company	DIH	DNH	PreOptix	DEN	Delta Optoelectronics	NEM
Transactions							
1. Elimination of long-term investments	(\$68,307,809)	\$53,918,146	\$ 8,387,164	\$ 225,564	\$ 69,055	\$ 5,649,480	\$ 58,400
2. Elimination of intercompany receivable (AR) and payable (AP) accounts	6,546,015	(6,801,420)	237,425	(67,715)	35,131	50,564	-
3. Elimination of profit and loss accounts							
(1) Sale and purchase transactions							
A. Downstream transactions	247,891	(237,728)	(1,057)	-	(9,106)	-	-
B. Upstream transactions	(19,419,529)	19,353,361	19	24,293	-	41,856	-
C. Sidestream transactions	-	647,550	(737,201)	198,643	(108,620)	(372)	-
(2) Services revenue, selling expenses, management and administrative expenses	5,132,073	(5,303,288)	(23,389)	(2,764)	197,705	(337)	-
(3) Rental revenue and rental expense	36,480	-	(36,480)	-	-	-	-
4. Elimination of minority interest income	488,704	(551,758)	-	5,248	-	54,705	3,101
5. Elimination of other transactions	4,400	-	(4,400)	-	-	-	-
(1) Refundable deposits and guarantee deposits received	39,050	(39,050)	-	-	-	-	-
(2) Available-for-sale financial assets - non-current and other liabilities - other							

11. **Disclosure information of the Company and its subsidiaries**

1) Related information of significant transactions

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

(1) Financing activities to any company or person: None.

(2) Guarantee information: None.

(3) Marketable securities held by the Company at December 31, 2009: (Combined amounts less than \$100,000 on December 31, 2009)

Name of investor	Name and kind of marketable securities		Relationship of the issuers with the Company	General ledger accounts	December 31, 2009			Note	
	Type of marketable securities	Name of marketable securities			Number of shares (In thousands)	Book value	Percentage ownership		Market value
Delta Electronics, Inc.	Common Stock	Delta International Holding Ltd.	A subsidiary of the Company	Long-term investments accounted for under the equity method	67,680 \$	53,918,146	94.00 %	\$ 53,785,450	-
"	"	Delta Networks Holding Ltd.	"	"	39,800	8,387,164	100.00	8,388,289	-
"	"	DelSolar Co., Ltd.	"	"	147,656	5,649,480	59.18	5,649,480	-
"	"	PreOptix Co., Ltd.	"	"	26,570	225,564	94.89	220,965	-
"	"	Delta Electronics (Thailand) Public Co., Ltd.	Investee company accounted for under the equity method	"	69,128	2,830,710	5.54	1,258,911	(Note)
"	"	Cyntec Co., Ltd.	"	"	71,416	1,700,939	35.29	6,598,799	-
"	"	Amita Technologies, Inc.	"	"	9,500	357,379	37.47	165,491	-
"	"	Anpec Electronics Corp.	None	Available-for-sale financial assets	10,096	545,176	7.99	545,176	-
"	"	D-Link Co., Ltd.	"	"	11,541	388,916	1.78	388,916	-
"	"	Tong Hsing Electronic Industries, Ltd.	"	"	1,575	178,763	1.26	178,763	-
"	"	Edison Opto Corp.	"	Financial assets carried at cost - non-current	2,814	179,419	4.21	179,419	-
"	Preferred Shares	Delta America Ltd.	"	"	2,100	103,064	Preferred shares	103,064	-
"	Convertible Bond	Dynapack International Technology Corporation	"	Financial assets at fair value through profit or loss-non-current	-	860,000	-	860,000	-
"	Common Stock	Others	"	"		772,366		765,266	-

(Note): The carrying value is based on the initial investment cost plus the investment income recognized by the combined ownership percentage of 20.01%. The market value of the long-term investment calculated by the Company's ownership is \$1,258,911. The combined ownership percentage of 20.01% of the market value of the long-term investment is \$4,545,413 as of December 31, 2009.

(4) Marketable securities acquired or sold during 2009 in excess of \$100,000 or 20% of capital:

Acquirer/ seller	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2009		Addition			Disposal			December 31, 2009		
					Long-term investments accounted for under the equity method	Stock exchange market	(in thousands) Number of shares	Amount	(in thousands) Number of shares	Amount	(in thousands) Number of shares	Disposal price	Book value	Disposal gain	(in thousands) Number of shares
Delta Electronics, Inc.	Cyntec Co., Ltd.		Investee company accounted for under the equity method	Investee company accounted for under the equity method	64,174	\$1,296,484	7,242	\$ 404,455 (Note A)	-	-	-	-	-	71,416	\$1,700,939
"	Dynapack International Technology Corporation Unsecured Convertible Bonds	Financial assets at fair value through profit or loss-non- current	Dynapack International Technology Corporation	None	-	-	-	860,000	-	-	-	-	-	-	860,000
"	DelSolar Co., Ltd.	Long-term investments accounted for under the equity method	DelSolar Co., Ltd.	Investee company accounted for under the equity method	62,962	2,836,078	84,694	2,813,402 (Note B)	-	-	-	-	-	147,656	5,649,480

(Note A) : The Company invested \$163,532 in Cyntec Co., Ltd. and recognized investment income under the equity method, cumulative translation adjustments, change in net assets value adjustment, and cash dividends resulting to a net increase amount of \$404,455.

(Note B) : The Company invested \$3,010,000 in DelSolar Co., Ltd. and recognized investment income under the equity method, cumulative translation adjustments, change in net assets value adjustment, and cash dividends resulting to a net increase amount of \$2,813,402.

(5) Acquisition of real estate in excess of \$100,000 or 20% of capital: None.

(6) Disposal of real estate in excess of \$100,000 or 20% of capital: None.

(7) Related party purchases or sales transactions in excess of \$100,000 or 20% of capital: Please refer to Notes 5, 2) (1) to (3).

(8) Receivables from related parties in excess of \$100,000 or 20% of capital:

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties		Overdue receivable		Allowance for doubtful accounts provided		
			Accounts receivable	Other receivables	Amount	Turnover rate		Action adopted for overdue accounts	Subsequent collections (Note)
Delta Electronics, Inc.	Delta Electronics International Ltd.	A subsidiary of DJH	\$ 615,365	692,640	\$ -	10.98	\$ -	\$ 611,755	\$ -
								90,728	

(Note): The amounts collected subsequent to December 31, 2009 up to February 24, 2010.

(9) Information on derivative transactions: Please refer to Notes 10, 2), 7) and 9).

2) Disclosure information of investee company

Information related to investee companies' investment income or loss was translated at the average exchange rate of 2009 while others were translated at the rate of exchange prevailing at the balance sheet date.
(1) Information of investee company: (Combined the individual book value less than \$100,000 on December 31, 2009)

Name of investor	Name of investee company	Address	Main activities	Original investment (Note i)		Held as of December 31, 2009			Investment income (loss) recognized by the Company	Note (Note g)
				Balance as of December 31, 2009	Balance as of December 31, 2008	Number of shares (in thousands)	Percentage of ownership	Book value		
Delta Electronics, Inc.	Delta International Holding Ltd.	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680	94.00	\$ 53,918,146	\$ 9,164,977	\$ 8,595,592
"	Delta Networks Holding Ltd.	Cayman Islands	Equity investments	1,377,206	1,377,206	39,800	100.00	8,387,164	636,655	635,670
"	DelSolar Co., Ltd.	Science-Based Industrial Park, Hsinchu City, Taiwan	Manufacturing of solar batteries and related systems	3,773,403	763,403	147,656	59.18	5,649,480	(135,604)	(80,899)
"	PreOptix Co., Ltd.	Taichung County, Taiwan	Manufacturing and sales of lenses and optical engines for projectors	259,573	210,000	26,570	94.89	225,564	(23,738)	(18,491)
"	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	114,615	114,615	69,128	5.54	2,830,710	2,111,989	413,912
"	Cyntec Co., Ltd.	Science-Based Industrial Park, Hsinchu City, Taiwan	Research, development, manufacturing and sales of various thin film components	619,346	455,814	71,416	35.29	1,700,939	1,191,539	425,709
"	Amita Technologies, Inc.	Gueishan Township, Taoyuan County, Taiwan	Manufacturing of lithium polymer batteries and related systems	429,500	429,500	9,500	37.47	357,379	(97,945)	(41,328)
"	NeoEnergy Microelectronics, Inc., etc.			116,723	2,014,855			127,455	(17,484)	(6,598)
				<u>\$ 15,612,484</u>	<u>\$ 14,287,511</u>			<u>\$ 73,196,837</u>	<u>\$ 12,830,389</u>	<u>\$ 9,923,567</u>

Name of investor	Name of investee company	Address	Main activities	Original investment (Note 1)		Held as of December 31, 2009			Income (loss) of the investee company	Investment income (loss) recognized by the Company	Note
				Balance as of December 31, 2009	Balance as of December 31, 2008	Number of shares (In thousands)	Percentage of ownership	Book value			
Delta International Holding Ltd.	Delta Electronics International Ltd.	Malaysia	Sales of electronic products	\$ 63,970	\$ 63,970	2,000	100.00	\$ 28,840,832	\$ 8,227,868	(Note a)	
"	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments	9,480,261	9,480,261	2,300,000	100.00	18,835,549	1,391,363	"	
"	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	516,246	516,246	22,200	100.00	179,464	966	"	
"	Trillion Science, Inc.	California, U.S.A	R&D of anisotropic conductive film	575,730	575,730	9,000	40.93	462,801	(136,537)	"	
"	Delta Electronics (Japan), Inc.	Japan	Sales of electronic products	56,820	56,820	4	100.00	124,743	10,961	"	
"	Digital Projection International Ltd.	Britain	Equity investments	253,972	-	7,583	38.72	246,237	(23,364)	"	
"	Delta Power Sharp Ltd., etc.	Hong Kong, etc.	Operations management and engineering services, etc.	88,348	88,348	-	-	151,267	11,553	"	
Delta Networks Holding Ltd.	Delta Networks, Inc. (Cayman)	Cayman Islands	Equity investments	5,688,819	1,138,922	1,196,886	100.00	7,729,137	914,070	(Note b)	
Delta Networks, Inc. (Cayman)	Delta Networks, Inc. (Taiwan)	Gueishan Township, Taoyuan County	Manufacturing of networking system and peripherals	458,969	458,969	49,649	99.20	1,195,522	(84,983)	(Note c)	
"	Delta Networks International Ltd.	Malaysia	Trading of networking system and peripherals	31,985	31,985	1,000	100.00	1,987,526	650,361	"	
"	Delta Networks (H.K.) Ltd.	Hong Kong	Equity investments	1,119,475	1,119,475	35,000	100.00	2,670,290	489,592	"	
"	DNI Logistics (USA) Co.	U.S.A.	Trading of networking system and peripherals	17,785	17,785	500	100.00	31,524	3,477	"	

Name of investor	Name of investee company	Address	Main activities	Original investment (Note i)		Held as of December 31, 2009			Investment income (loss) recognized by the Company	Note
				Balance as of December 31, 2009	Balance as of December 31, 2008	Number of shares (In thousands)	Percentage of ownership	Book value		
PreOptix Co., Ltd.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	\$ 162,376	\$ 162,376	41,250	100.00	\$ 153,410	(\$ 1,061)	-
DelSolar Co., Ltd.	DelSolar Holding (Cayman) Ltd.	Cayman Islands	Equity investments	1,600,102	-	49,150	100.00	1,548,706	(23,869)	-
DelSolar Holding (Cayman) Ltd.	DelSolar (H.K.) Ltd.	Hong Kong	Equity investments	1,570,464	-	49,100	100.00	1,547,387	(24,093)	-

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

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

Note c: Investment income/loss recognized by Delta Networks, Inc. (Cayman).

Note d: The investment income/loss recognized by PreOptix Co., Ltd.

Note e: Investment income/loss recognized by DelSolar Co., Ltd.

Note f: Investment income/loss recognized by DelSolar Holding (Cayman) Ltd.

Note g: The investment income/loss is net of the elimination of intercompany transactions.

Note h: The weighted average shareholding ratio was 20.01% and the investment income included the elimination of intercompany transactions.

Note i: The original investment represented the capital certified.

(2) Financing activities to any company or person:

Number (Note a)	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2009	Balance at December 31, 2009	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
1	Delta International Holding Ltd.	Delta Electronics Components (Wujiang) Ltd.	Other receivables-related parties	\$ 1,343,370	\$ -	3.9125%	Short-term financing	N/A	Additional operating capital	\$ -	None	\$5,721,856	\$ 11,443,712
1	"	Delta Electronics (Wuhu) Co., Ltd.	"	63,970	-	"	"	"	"	-	"	5,721,856	11,443,712
1	"	Delta Electronics (Dongguan) Co., Ltd.	"	959,550	-	"	"	"	"	-	"	5,721,856	11,443,712
1	"	Delta Electronics Components (Dongguan) Co., Ltd.	"	479,775	-	"	"	"	"	-	"	5,721,856	11,443,712

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, 2009, which the Company reported to the Securities and Futures Bureau.

Note c: In accordance with the subsidiary's Operating Procedures of Fund Lending, the limit for each recipient according to reasons of lending are as follows:

- (1) 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.
- (2) 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.

Note d: In accordance with the subsidiary's Operating Procedures of Fund Lending, the limit for total amount of fund lending according to its reasons are as follows:

- (1) 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.
- (2) 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.
- (3) 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.

(3) Guarantee information:

Number (Note a)	Name of the company providing guarantee		Parties being guaranteed		Relationship with the Company (Notes b and f)	Limit on guarantees provided for a single party (Note d) \$	Highest outstanding guarantee amount in 2009	Outstanding guarantee amount at 12/31/2009	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net value of the company	Ceiling of the outstanding guarantee to the respective party (Note e)
	Name	DelSolar Co., Ltd.	Name	Delta Electronics, Inc.							
1	DelSolar Co., Ltd.			Delta Electronics, Inc.	(Notes b and f)	\$ 3,818,659	270,600	\$ 270,600	\$ -	3%	7,637,318
2	PreOptix Co., Ltd.			PreOptix (Jiang Su) Co., Ltd.	(Note c)	93,144	95,955 (Note g)	86,360	-	37%	186,287

Note a : Number 0 represents the Company; the investee companies are numbered starting from "1".

Note b : The ultimate parent company.

Note c : The subsidiary of PreOptix (Hong Kong) Co., Ltd.

Note d : In accordance with the guarantee procedure of the Company, the Company's limit on guarantees provided for a single party should not be in excess of 40 percent of the company's net assets.

Note e : In accordance with the guarantee procedure of the Company, the Company's guarantee to others should not be in excess of 80 percent of the company's net assets.

Note f : Mutual guarantees in the trade due to construction undertaking pursuant to the contracts.

Note g : Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2009, which the Company reported to the Securities and Futures Bureau.

(4) Marketable securities held by the company on December 31, 2009: (Combined the individual amount less than \$100,000 on December 31, 2009)

Name and kind of marketable securities		December 31, 2009						
Name of investor	Kind of marketable securities	Name of marketable securities	Relationship of the issuers with the Company	General ledger accounts accounted for under the equity method	Number of shares (in thousands)	Book value	Percentage	Market value
Delta International Holding Ltd. (DIH)	Common stock	Delta Electronics International Ltd.	A subsidiary of DIH	Long-term investments accounted for under the equity method	2,000	\$28,840,832	100.00	\$28,840,832
"	"	DAC Holding (Cayman) Ltd.	"	"	22,200	179,464	100.00	179,464
"	"	Delta Electronics (H.K.) Ltd.	"	"	2,300,000	18,835,549	100.00	18,835,549
"	"	Delta Electronics (Japan), Inc.	"	"	4	124,743	100.00	124,743
"	"	Delta Electronics (Thailand) Public Co., Ltd.	Investee company accounted for under the equity method of the Company	"	191,984	2,131,940	15.39	3,496,286
"	Preferred shares	Trillion Science, Inc.	Investee company accounted for under the equity method of DIH	"	9,000	462,801	40.93	462,801
"	Common stock	Digital Projection International Ltd.	"	"	7,583	246,237	38.72	246,237
"	"	Delta Greentech (China) Co., Ltd.	Related party in substance	Financial assets carried at cost - non-current	58,940	214,847	10.38	214,847
"	Preferred shares	Solarflare Communication, Inc.	None	"	7,000	223,895	5.29	223,895
"	"	Delta Power Sharp Ltd., etc.	"	"		293,410		293,410
Delta Electronics (H.K.) Ltd. (DHK)	Certificate of amount contributed	Delta Electronics (Dongguan) Co., Ltd.	A subsidiary of DHK	Long-term investments accounted for under the equity method	-	2,855,088	100.00	2,855,088
"	"	Delta Electronics Power (Dongguan) Co., Ltd.	"	"	-	3,108,419	100.00	3,108,419
"	"	Delta Electronics Components (Dongguan) Co., Ltd.	"	"	-	1,889,476	100.00	1,889,476
"	"	Delta Electronics (Shanghai) Co., Ltd.	"	"	-	1,006,840	100.00	1,006,840
"	"	Delta Electronics (Jiangsu) Ltd.	"	"	-	2,554,597	55.00	2,554,597
"	"	Delta Electronics Components (Wujiang) Ltd.	"	"	-	1,997,509	55.00	1,997,509
"	"	Delta Electro-Optics (Wujiang) Ltd.	"	"	-	1,322,218	55.00	1,322,218
"	"	Delta Video Display System (Wujiang) Ltd.	"	"	-	705,625	55.00	705,625
"	"	Delta Electronics (Wuhu) Co., Ltd.	"	"	-	2,455,888	100.00	2,455,888
"	"	Delta Electronics (Chenzhou) Co., Ltd.	"	"	-	1,020,369	100.00	1,020,369
Delta Networks Holding Ltd. (DNH)	Common stock	Delta Networks, Inc. (Cayman)	A subsidiary of DNH	"	1,196,886	7,729,137	100.00	7,729,137
Delta Networks, Inc. (Cayman) (DNI Cayman)	"	Delta Networks, Inc. (Taiwan)	A subsidiary of DNI Cayman	"	49,649	1,195,522	99.20	1,195,522
"	"	Delta Networks International Ltd.	"	"	1,000	1,987,526	100.00	1,987,526

Name and kind of marketable securities		December 31, 2009						
Name of investor	Kind of marketable securities	Name of marketable securities	Relationship of the issuers with the Company	General ledger accounts	Number of shares (in thousands)	Book value	Percentage	Market value
Delta Networks, Inc. (Cayman)	Common stock	Delta Networks (H.K.) Ltd.	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	35,000	\$ 2,670,290	100.00	\$ 2,670,290
"	"	DNI Logistics (USA) Co.	"	"	500	31,524	100.00	31,524
Delta Networks, Inc. (Taiwan) (DNIT)		Network Equipment Technologies, Inc., etc.				4,039		4,039
Delta Networks (H.K.) Ltd. (DNHK)	Certificate of amount contributed	Delta Networks (Donggaun) Ltd.	A subsidiary of DNHK	Long-term investments accounted for under the equity method	-	1,967,481	100.00	1,967,481
"	"	Delta Networks (Wujiang) Ltd.	"	"	-	602,678	100.00	602,678
"	"	Delta Networks (Shanghai) Ltd.	"	"	-	67,894	100.00	67,894
PreOptix Co., Ltd.	Common stock	PreOptix (Hong Kong) Co., Ltd.	A subsidiary of PreOptix Co., Ltd.	"	41,250	153,410	100.00	153,410
PreOptix (Hong Kong) Co., Ltd.	Certificate of amount contributed	PreOptix (Jiang Su) Co., Ltd.	A subsidiary of PreOptix (Hong Kong) Co., Ltd.	"	-	161,585	100.00	161,585
DelSolar Co., Ltd.	Common stock	DelSolar Holding (Cayman) Ltd.	A subsidiary of DelSolar Co., Ltd.	"	49,150	1,548,706	100.00	1,548,706
DelSolar Holding (Cayman) Ltd.	"	DelSolar (H.K.) Ltd.	A subsidiary of DelSolar Holding (Cayman) Ltd.	"	49,100	1,547,387	100.00	1,547,387
DelSolar (H.K.) Ltd.	Certificate of amount contributed	DelSolar (Wujiang) Ltd.	A subsidiary of DelSolar (H.K.) Ltd.	"	-	1,544,429	100.00	1,544,429

(5) Marketable securities acquired or sold in excess of \$100,000 or 20% of capital:

Acquirer/ seller	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2009		Addition			Disposal			December 31, 2009	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Disposal gain/(loss)	Number of shares (in thousands)	Amount
Delta Electronics (H.K.) Ltd.	Delta Electronics (Wuhu) Co., Ltd. Certificate of amount contributed	Long-term investments accounted for under the equity method	Delta Electronics (Wuhu) Co., Ltd.	Subsidiary	-	\$1,161,794	-	\$1,294,094 (Note a)	-	\$ -	-	-	-	\$2,455,888
Delta Networks International Ltd. (Labuan)	COUNTRYWIDE HOME LOANS Corporate bonds	Available-for- sale financial assets-current	Morgan Stanley & International plc	None	-	-	-	97,808 (Note b)	-	98,850	97,808	1,042	-	-
Delta Networks Holding Ltd.	Delta Networks Inc. Common stock	Available-for- sale financial assets-current	Delta Networks Inc. minority stockholders	"	712,160	5,909,780	484,726	1,819,357 (Note c)	-	-	-	-	1,196,886	7,729,137
DeSolar Co., Ltd.	DeSolar Holding (Cayman) Ltd. Common stock	"	DeSolar Holding (Cayman) Ltd.	Subsidiary	-	-	49,150	1,548,706 (Note d)	-	-	-	-	49,150	1,548,706
DeSolar Holding (Cayman) Ltd.	DeSolar (H.K.) Ltd. Common stock	"	DeSolar (H.K.) Ltd.	"	-	-	49,100	1,547,387 (Note e)	-	-	-	-	49,100	1,547,387
DeSolar (H.K.) Ltd.	DeSolar (Wujiang) Ltd. Certificate of amount contributed	"	DeSolar (Wujiang) Ltd.	"	-	-	-	1,544,429 (Note c)	-	-	-	-	-	1,544,429
Delta International Holding Ltd.	Digital Projection International Ltd. Common stock	"	Digital Projection International Ltd.	Long-term investments accounted for under the equity method	-	-	7,583	246,237 (Note g)	-	-	-	-	7,583	246,237

Note a : Delta Electronics (H.K.) Ltd. invested \$1,487,303 in Delta Electronics (Wuhu) Co., Ltd. Investment loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was (\$193,209).

Note b: The acquired cost of Delta Networks International Ltd. was \$100,331, and the difference is the effect due to changes in exchange rate.

Note c: Delta Networks Holding Ltd. purchased outstanding shares of Delta Networks Inc. by \$4,549,897, using Scheme of Arrangement. Investment income accounted for under the equity method, adjustment recognized due to change in subsidiary's net asset value and cash dividend collection was (\$2,730,540).

Note d: DelSolar Co., Ltd. established DelSolar Holding (Cayman) in the amount of \$1,600,102. Investment loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was (\$51,396).

Note e: DelSolar Holding (Cayman) Ltd. established DelSolar (H.K.) Ltd. in the amount of \$1,570,464. Investment loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was (\$23,077).

Note f: DelSolar (H.K.) Ltd. established DelSolar (Wajiang) Ltd. in the amount of \$1,567,265. Investment loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was (\$22,836).

Note g: Delta International Holding Ltd. invested \$254,735 in Digital Projection International Ltd. Investment loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was (\$8,498).

(6) Acquisition of real estate in excess of \$100,000 or 20% of capital:

Property acquired by	Property acquired	Date of transaction	Transaction amount	Status of payment	Counterparty	Relationship with the Company	Original owner who sold the property to counterparty	Relationship of the owner with the Company	Date of the original transfer	Amount	Basis or reference used in setting the price	Reason for acquisition of properties and status of the properties	Other commitment	
													Construction of a new factory and living quarters	None
Delta Electronics (Wuhu) Co., Ltd.	Buildings	2009.03.05 2009.03.25	\$1,126,989	Cash	Heng Sheng Jian Zhu Limited	-	-	-	-	\$ -	Obtain quotations to compare and negotiate price	Construction of a new factory and living quarters		None
Delta Electronics (Dongguan) Co., Ltd.	"	2009.01.16 2009.03.27 2009.06.15 2009.12.18 2009.12.30	258,448	"	Dongguan Shijie Engineering Company Limited 110 construction team	-	-	-	-	-	"	"		"

(7) Disposal of real estate in excess of \$100,000 or 20% of capital: None.

(8) Related party purchases or sales transactions in excess of \$100,000 or 20% of capital:

The transaction of the Company and its consolidated subsidiaries: Please see Notes 5. 2) (1) and (3)

Name of the counterparty	Name of transaction parties	Relationship Related party in substance	Purchases (sales) (Note)			Transaction terms			Description of and reasons for difference in transaction terms compared to non-related party transactions			Accounts or notes receivable (payable)	
			Purchases	Amount	% of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)			
Delta Electronics International Ltd.	Delta Green (Tianjin) Industries Ltd.		\$ 801,706	801,706	0.65	75 days	-	-	(\$ 134,019)		0.54		
"	Delta Electronics (Thailand) Public Co., Ltd.	Associate	"	155,986	0.13	"	-	-	(50,128)		0.20		
"	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	"	371,596	0.30	"	-	-	(71,347)		0.28		
"	Delta Electronics (Dongguan) Co., Ltd.	"	Sales	6,556,263	4.74	"	-	-	1,675,438		4.71		
"	Delta Electronics Power (Dongguan) Co., Ltd.	"	"	17,144,426	12.38	"	-	-	5,779,603		16.26		
"	Delta Electronics Components (Dongguan) Co., Ltd.	"	"	2,879,016	2.08	"	-	-	858,843		2.42		
"	Delta Electronics (Jiangsu) Ltd.	"	"	15,438,279	11.15	"	-	-	2,395,696		6.74		
"	Delta Electronics Components (Wujiang) Ltd.	"	"	3,113,164	2.25	"	-	-	417,341		1.17		

Name of the counterparty	Name of transaction parties	Relationship	Transaction terms			Description of and reasons for difference in transaction terms compared to non-related party transactions			Accounts or notes receivable (payable)	
			Purchases (sales) (Note)	Amount	% of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)
Delta Electronics International Ltd.	Delta Electro - Optics (Wujiang) Ltd.	Affiliated enterprise	Sales	\$ 2,067,944	1.49	75 days	-	-	\$ 358,065	1.01
"	Delta Video Display System (Wujiang) Ltd.	"	"	3,957,526	2.86	"	-	-	832,614	2.34
"	Delta Electronics (Chenzhou) Co., Ltd.	"	"	220,915	0.16	"	-	-	44,054	0.12
"	Delta Electronics (Wuhu) Co., Ltd.	"	"	137,586	0.10	"	-	-	18	0.05
"	Delta Electronics (Japan), Inc.	"	"	1,202,591	0.87	"	-	-	343,351	0.97
"	DEI Logistics (USA) Corp.	"	"	10,932,271	7.90	"	-	-	2,856,313	8.03
"	Deltronics (Netherlands) B.V.	"	"	110,102	0.08	"	-	-	52,570	0.15
"	Delta Energy System (India) PVT Ltd.	Associate	"	105,439	0.08	"	-	-	19,323	0.05
"	Delta Power Solutions (India) PVT Ltd.	"	"	479,628	0.35	"	-	-	92,566	0.37
"	Delta India Electronics PVT Ltd.	"	"	231,018	0.17	"	-	-	118,999	0.33
"	Delta Products Corporation	Related party in substance	"	528,962	0.38	"	-	-	160,527	0.45

Name of the counterparty	Name of transaction parties	Relationship Related party in substance	Transaction terms			Description of and reasons for difference in transaction terms compared to non-related party transactions			Accounts or notes receivable (payable)	
			Purchases (sales) (Note)	Amount	% of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)
Delta Electronics International Ltd.	Delta Green (Tianjin) Industries Co., Ltd.		Sales	\$ 292,209	0.21	75 days	-	-	73,269	0.21
"	Delta Electronics, Inc.	Ultimate parent company	"	19,338,612	13.97	"	-	-	6,776,302	19.06
Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	"	563,134	13.76	"	-	-	14,271	1.28
"	Delta Electronics International Ltd.	"	"	3,233,850	78.99	"	-	-	1,021,744	91.89
Delta Electronics Power (Dongguan) Co., Ltd.	"	"	"	21,844,004	95.58	"	-	-	4,487,538	95.99
"	Delta Networks (Dongguan) Ltd.	"	"	297,269	1.30	"	-	-	99,569	2.13
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	"	"	9,447,023	86.45	"	-	-	1,724,157	81.81
"	Delta Networks (Dongguan) Ltd.	"	"	271,147	2.48	"	-	-	81,917	3.89
Delta Networks International Ltd.	"	"	"	7,632,363	43.29	"	-	-	2,137,822	46.78
"	DNI Logistic (USA) Co.	"	"	1,265,666	7.78	"	-	-	277,406	6.07
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	"	"	8,857,556	92.64	"	-	-	2,878,182	99.61

Name of the counterparty	Name of transaction parties	Relationship	Transaction terms			Description of and reasons for difference in transaction terms compared to non-related party transactions			Accounts or notes receivable (payable)	
			Purchases (sales) (Note)	Amount	% of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)
Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	Affiliated enterprise	Sales	\$ 719,526	41.94	75 Days	-	-	\$ 257,089	49.74
Delta Electronics (Jiangsu) Ltd.	Delta Greentech (China) Co., Ltd.	Related party in substance	"	1,567,212	4.47	90 days	-	-	370,590	10.08
"	Delta Electronics International Ltd.	Affiliated enterprise	"	27,263,572	77.69	75 days	-	-	2,747,060	74.73
"	Delta Electronics (Wuhu) Co., Ltd.	"	Purchases	1,062,651	3.55	"	-	-	(257,368)	3.44
Delta Electro-Optics (Wujiang) Ltd.	Delta Greentech (China) Co., Ltd.	Related party in substance	Sales	2,978,893	58.92	90 days	-	-	1,238,786	82.79
"	Delta Electronics International Ltd.	Affiliated enterprise	"	1,848,821	36.57	75 days	-	-	207,169	13.85
Delta Electronics Components (Wujiang) Ltd.	"	"	"	4,318,810	57.57	"	-	-	388,503	36.38
Delta Video Display System (Wujiang) Ltd.	"	"	"	3,810,653	69.86	"	-	-	419,825	45.52
"	Delta Greentech (China) Co., Ltd.	Related party in substance	"	288,279	5.28	90 days	-	-	117,056	12.39
PreOptix Co., Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	"	199,670	36.46	75 days	-	-	61,249	39.58

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

(9) Receivable from related parties in excess of \$100,000 or 20% capital:

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivable		Subsequent collections (Note)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	\$ 1,675,438	3.79	\$ 1,394,073	Continued collection expected in 2010	\$ 1,247,435	\$ -
"	Delta Electronics Power (Dongguan) Co., Ltd.	"	5,779,603	2.87	5,779,603	"	3,540,745	-
"	Delta Electronics Components (Dongguan) Co., Ltd.	"	858,843	3.25	858,816	"	671,659	-
"	Delta Electronics (Jiangsu) Ltd.	"	2,395,696	6.24	2,347,486	"	1,960,792	-
"	Delta Electronics Components (Wujiang) Ltd.	"	417,341	7.22	414,516	"	417,341	-
"	Delta Electro-Optics (Wujiang) Ltd.	"	358,065	5.59	358,065	"	358,065	-
"	Delta Video Display System (Wujiang) Ltd.	"	832,614	4.60	832,614	"	829,038	-
"	DEI Logistics (USA) Corp.	"	2,856,313	3.71	91,754	"	1,797,739	-
"	Delta Electronics (Japan), Inc.	"	343,351	3.39	-	-	254,494	-
"	Delta India Electronics PVT Ltd.	Associate	118,999	1.88	-	-	62,159	-
"	Delta Products Corporation	Related party in substance	160,527	3.19	-	-	45,208	-
"	Delta Electronics, Inc.	Ultimate parent company	6,776,302	2.76	-	-	445,226	-
Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	1,021,744	2.64	-	-	671,685	-
Delta Electronics Power (Dongguan) Co., Ltd.	"	"	4,487,538	4.92	-	-	3,390,416	-
Delta Electronics (Dongguan) Co., Ltd.	"	"	1,724,157	3.38	-	-	1,343,388	-

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Overdue receivable		Subsequent collections (Note)	Allowance for doubtful accounts provided
				Turnover rate	Amount		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	\$ 2,747,060	9.44	\$ -	\$ 2,739,586	\$ -
"	Delta Greentech (China) Co., Ltd.	Related party in substance	370,590	5.20	-	95,463	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	388,503	7.85	-	388,503	-
Delta Electro-Optics (Wujiang) Ltd.	"	"	207,169	6.93	-	207,169	-
"	Delta Greentech (China) Co., Ltd.	Related party in substance	1,238,786	3.21	-	293,732	-
Delta Video Display System (Wujiang) Ltd.	"	"	117,056	2.49	-	23,962	-
"	Delta Electronics International Ltd.	Affiliated enterprise	419,825	10.52	-	419,825	-
Delta Electronics (Wuhu) Ltd.	Delta Electronics (Jiangsu) Ltd.	"	257,368	6.43	-	256,852	-
Delta Networks International Ltd.	DNI Logistics (USA) Corp.	"	277,406	4.86	25,895	244,409	-
"	Delta Networks (Dongguan) Ltd.	"	2,137,822	4.42	1,116,430	925,507	-
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	"	2,878,182	3.77	-	1,009,436	-
Delta Networks, Inc. (Taiwan)	"	"	257,089	2.79	-	177,631	-

Note: The amount collected subsequent to December 31, 2009 up to February 24, 2010.

(10) Information on derivative transactions

The information on derivative transactions of investee companies for the year ended December 31, 2009 are as follows:

- A. Market risk: The investee companies entered into these contracts in order to hedge. Accordingly, no material market risk is expected.
- B. Credit risk: The banks, which the subsidiaries deal with, are all in good credit standing and the subsidiaries deal with several banks to disperse the credit risk, therefore, the possibility is low for the banks not to comply with the terms of the contracts.
- C. Liquidity risk: Subsidiaries have sufficient working capital; therefore, no material liquidity risk is expected.
- D. Cash flow risk due to changes in interest rate: Subsidiaries did not enter into any derivative contract that is interest rate related; therefore, no material cash flow risk due to changes in interest rate is expected.

The nature and related information of investee companies' outstanding derivative transactions as of December 31, 2009 are summarized as follows:

Derivative transactions	Par value, contract amount or nominal principal (Note)	Contract period
A. Delta Electronics International Ltd. (A subsidiary of DIH)		
Forward foreign currency contracts – Buy USD, sell RMB	USD 521,000	2009.04.02~2010.11.10
Forward foreign currency contracts – Buy RMB, sell USD	USD 98,000	2009.01.12~2010.02.23
Forward foreign currency contracts – Buy HKD, sell USD	USD 2,000	2009.12.24~2010.01.14
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$1,034,233 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$196,823 as these met all the criteria for hedge accounting.		
B. Delta Electronics (Dongguan) Co., Ltd. (A subsidiary of DHK)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 108,000	2009.05.04~2010.11.10
Forward foreign currency contracts – Sell RMB, buy USD	USD 39,000	2009.01.12~2010.02.23
The net loss recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$163,710 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$6,084 as these met all the criteria for hedge accounting.		
C. Delta Electronics Power (Dongguan) Co., Ltd. (A subsidiary of DHK)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 338,000	2009.04.02~2010.11.10
Forward foreign currency contracts – Sell RMB, buy USD	USD 57,000	2009.01.12~2010.02.23
The net loss recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$343,645 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$38,772 as these met all the criteria for hedge accounting.		
D. Delta Electronics Components (Dongguan) Co., Ltd. (A subsidiary of DHK)		
Forward foreign currency contracts – Sell RMB, buy USD	USD 2,000	2009.01.12~2010.01.14
The net loss recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$23,919 and the unrealized loss recognized on financial instruments under stockholders' equity amounted to \$301 as these met all the criteria for hedge accounting.		

Derivative transactions	Par value, contract amount or nominal principal (Note)	Contract period
E. Delta Networks (Dongguan) Ltd. (A subsidiary of DNHK)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 123,000	2009.04.02~2010.12.06
Forward foreign currency contracts – Sell RMB, buy USD	USD 17,000	2009.01.18~2010.02.22
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$14,747.		
F. Delta Networks International Ltd. (Labuan) (A subsidiary of DNI Cayman)		
Forward foreign currency contracts – Buy USD, sell RMB	USD 123,000	2009.01.08~2010.12.06
Forward foreign currency contracts – Buy RMB, sell USD	USD 17,000	2009.01.08~2010.02.22
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$87,785.		
G. DelSolar Co., Ltd. (A subsidiary of the Company)		
Forward foreign currency contracts – Buy NTD, sell EUR	EUR 3,300	2009.12.22~2010.01.25
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2009 amounted to \$482.		

Note: Unit: Thousands of dollars.

3) Disclosure of information on indirect investments in Mainland China (Units: In thousands)

Investment income or loss recognized are translated at the average rate for the year ended December 31, 2009, others are translated at the rate of exchange prevailing at the balance sheet date.

(1) Basic information

Name of investee in Mainland China	Main activities of investee	Capital (Notes a and o)	Investment method	Accumulated remittance as of January 1, 2009	Remitted or collected this period		Accumulated remittance as of December 31, 2009	Ownership held by Company (direct and indirect)	Investment income (loss) recognized by the Company during the year	Ending balance of investment	Investment income (loss) remitted back as of December 31, 2009
					Remitted out	Collected					
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing of power supplies	\$ 1,931,894 (US\$ 60,400)	Invested by DHK	\$ 1,186,856 (US\$ 37,107)	\$ -	\$ -	\$ 1,186,856 (US\$ 37,107)	94.00%	\$ 88,278	\$ 2,683,782	\$ - (Note b)
Delta Greentech (China) Co., Ltd.	Manufacturing and sales of uninterruptible power systems	2,660,682 (RMB\$ 568,000)	Invested by DIH	291,629 (US\$ 9,118)	-	-	291,629 (US\$ 9,118)	11.40%	-	201,956	- (Note c)
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	943,558 (US\$ 29,500)	Invested by DNHK	674,480 (US\$ 21,087)	755,452 (US\$23,619)	-	1,429,932 (US\$ 44,706)	100.00%	346,792	1,967,481	- (Note d)
Delta Electronics Components (Dongguan) Co., Ltd.	Manufacturing of transformers	1,175,449 (US\$ 36,750)	Invested by DHK	963,527 (US\$ 30,124)	-	-	963,527 (US\$ 30,124)	94.00%	125,211	1,776,108	308,976 (US\$ 9,660) (Note e)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing of power supplies	1,346,569 (US\$ 42,100)	"	541,186 (US\$ 16,920)	-	-	541,186 (US\$ 16,920)	94.00%	438,718	2,921,914	429,750 (US\$ 13,436) (Note f)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing of transformers	2,840,588 (US\$ 88,810)	"	661,450 (US\$ 20,680)	-	-	661,450 (US\$ 20,680)	51.70%	232,689	1,877,658	- (Note g)
Delta Electronics (Jiangsu) Ltd.	Manufacturing of power supplies	1,279,400 (US\$ 40,000)	"	661,450 (US\$ 20,680)	-	-	661,450 (US\$ 20,680)	51.70%	640,015	2,401,321	-
Delta Electro-Optics (Wujiang) Ltd.	Manufacturing of peripherals and electronic control equipments	927,565 (US\$ 29,000)	"	413,406 (US\$ 12,925)	-	-	413,406 (US\$ 12,925)	51.70%	337,946	1,242,885	56,430 (US\$ 1,764) (Note h)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	927,565 (US\$ 29,000)	"	214,971 (US\$ 6,721)	-	-	214,971 (US\$ 6,721)	51.70%	17,039	663,288	- (Note i)

Name of investee in Mainland China	Main activities of investee	Capital (Notes a and o)	Investment method	Remitted or collected this period		Accumulated remittance as of January 1, 2009	Ownership held by Company (direct and indirect)	Investment income (loss) recognized by the Company during the year	Ending balance of investment	Investment income (loss) remitted back as of December 31, 2009
				Remitted out	Collected					
Delta Electronics (Shanghai) Co., Ltd.	Product design	\$ 1,112,053 (RMB\$ 237,400)	Invested by DHK	\$ -	\$ -	\$ -	94.00%	\$ 29,274	\$ 946,430	\$ - (Note j)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing of power supplies and transformers	2,686,740 (US\$ 84,000)	"	-	-	180,395 (US\$ 5,640)	94.00%	(161,132)	2,308,535	- (Note k)
Delta Networks (Wujiang) Ltd.	Manufacturing and sales of other radio transmission apparatus, incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	575,730 (US\$ 18,000)	Invested by DNHK	556,189 (US\$17,389)	-	556,189 (US\$ 17,389)	100.00%	7,290	602,678	- (Note l)
Delta Networks (Shanghai) Ltd.	Design of computer software	63,970 (US\$ 2,000)	"	63,372 (US\$ 1,950)	-	28,287 (US\$ 884)	100.00%	1,151	67,894	- (Note m)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing of power supplies and transformers	1,055,505 (US\$ 33,000)	Invested by DHK	-	-	-	94.00%	(6,853)	959,146	- (Note n)
PreOptix (Jiang Su) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	167,921 (US\$ 5,250)	Invested by PreOptix (H.K.) Co., Ltd.	-	-	167,921 (US\$ 5,250)	94.89%	(711)	153,328	-
DelSolar (Wujiang) Ltd.	Manufacturing and sale of solar batteries and related systems	1,567,265 (US\$ 49,000)	Invested by DelSolar (H.K.) Ltd.	1,567,265 (US\$49,000)	-	1,567,265 (US\$ 49,000)	59.18%	(12,558)	913,993	-

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 6.8282 to US\$1 and RMB 4.6843 to NT\$1.

Note b: Except for the facility of US\$37,107 permitted by Investment Commission, the capitalization of earnings of US\$21,996 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note c: Except for the facility of US\$9,150 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 d: Except for the facility of US\$47,056 permitted by Investment Commission, the capitalization of earnings of US\$5,812 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note e: Except for the facility of US\$30,124 permitted by Investment Commission, the capitalization of earnings of US\$4,465 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\$28,200 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\$73,320 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note l: Except for the facility of US\$17,389 permitted by Investment Commission, the capitalization of earnings of US\$10,802 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note m: 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 n: The capitalization of earnings of US\$31,020 is excluded from the Company's amount of investment in Mainland China.

Note o: Capital represented the capital certified.

Note p: Except for Delta Greentech (China) Co., Ltd. in which the Company holds less than 20% of the investee company's voting shares and has no significant influence on the investee's operational decisions, the Company recognized investment income/loss through DHI, DNH, PreOptix Co., Ltd. and DeSolar Co., Ltd. based on the audited financial statements.

Note q: The investment income of US\$14,351 and US\$10,509 was remitted back on December 29, 2005 and June 24, 2009 from the investee companies in Mainland China and was permitted by Investment Commission on January 6, 2006 and July 17, 2009 which is deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

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

Note s: The ceiling of investment amount in Mainland China is based on the net asset value of PreOptix Co., Ltd. on December 31, 2009. When applying for investment amount \$162,750 (US\$5,250), the ceiling amount was \$168,000.

Name of investor	Accumulated amount remitted out of Taiwan to Mainland China	Investment amount approved by the Investment Commission	Ceiling of investment amount of the Company
Delta Electronics, Inc.	\$ 6,396,488 (US\$ 199,984)	\$ 6,472,708 (US\$ 202,367)	(Note r)
PreOptix Co., Ltd.	(Note q) \$ 167,921 (US\$ 5,250)	(Note q) \$ 167,921 (US\$ 5,250)	\$ 139,715
DeSolar Co., Ltd.	\$ 1,567,265 (US\$ 49,000)	(Note s) \$ 1,567,265 (US\$ 49,000)	(Note s) \$ 5,727,989

(2) The significant direct and indirect transactions of the Company with the investee companies in Mainland China:

The significant transactions directly between the Company and the investee companies for the year ended December 31, 2009 are described in Note 5.

The significant purchases, sales, accounts payable and accounts receivable of the Company indirectly conducted with investee companies in Mainland China through the DHI's subsidiary, Delta Electronics International Ltd. (DEIL-Labuan), and DNI Cayman's subsidiary, Delta Networks International Ltd. (DNIL-Labuan) for the year ended December 31, 2009 are shown in Note 11.2 (8).

4) The relationship and significant transactions between the Company and its subsidiaries
For the year ended December 31, 2009:

Number (Note a)	Name of counterparty Delta Electronics, Inc.	Name of transaction parties Delta Electronics International Ltd.	Relationship (Note b)	Relationship (Note f)		Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
				Subject Services revenue	\$		
0	"	DEI Logistics (USA) Corp.	1	Sales	206,430	"	4.09
0	"	DEI Logistics (USA) Corp.	1	Sales	206,430	"	0.16
1	Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	"	6,556,263	"	5.22
1	"	Delta Electronics Power (Dongguan) Co., Ltd.	3	"	17,144,426	"	13.66
1	"	Delta Electronics Components (Dongguan) Co., Ltd.	3	"	2,879,016	"	2.29
1	"	Delta Electronics (Jiangsu) Ltd.	3	"	15,438,279	"	12.30
1	"	Delta Electronics Components (Wujiang) Ltd.	3	"	3,113,164	"	2.48
1	"	Delta Electro-Optics (Wujiang) Ltd.	3	"	2,067,944	"	1.65
1	"	Delta Video Display System (Wujiang) Ltd.	3	"	3,957,526	"	3.15
1	"	Delta Electronics (Chenzhou) Co., Ltd.	3	"	220,915	"	0.18
1	"	Delta Electronics (Wuhu) Co., Ltd.	3	"	137,586	"	0.11
1	"	Deltronics (Netherlands) B.V.	3	"	110,102	"	0.09
1	"	Delta Electronics (Japan) Inc.	3	"	1,202,591	"	0.96
1	"	DEI Logistics (USA) Corp.	3	"	10,932,271	"	8.71
1	Delta Electronics International Ltd.	Delta Electronics, Inc.	2	"	19,338,871	"	15.41
2	Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	"	563,134	"	0.45
2	"	Delta Electronics International Ltd.	3	"	3,233,850	"	2.58
3	Delta Electronics Power (Dongguan) Co., Ltd.	"	3	"	21,844,004	"	17.40

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note f)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
3	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	\$ 297,269		0.24
4	Delta Electronics (Dongguan) Co., Ltd.	"	3	"	271,147	"	0.22
4	"	Delta Electronics International Ltd.	3	"	9,447,023	"	7.53
5	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	"	7,632,363	"	6.08
5	"	DNI Logistics (USA) Corp.	3	"	1,265,666	"	1.01
6	Delta Network (Dongguan) Ltd.	Delta Networks International Ltd.	3	"	8,857,556	"	7.06
11	Delta Networks, Inc. (Taiwan)	"	3	"	719,526	"	0.57
7	Delta Electronics (Jiangsu)	Delta Electronics International Ltd.	3	"	27,263,572	"	21.72
8	Delta Electro-Optics (Wujiang) Ltd.	"	3	"	1,848,821	"	1.47
9	Delta Electronics Components (Wujiang) Ltd.	"	3	"	4,318,810	"	3.44
10	Delta Video Display System (Wujiang) Ltd.	"	3	"	3,810,653	"	3.04
13	Delta Electronics (Chenzhou) Co., Ltd.	"	3	"	371,596	"	0.30
12	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	3	"	1,062,651	"	0.85
14	PreOptix Co., Ltd.	Delta Video Display System (Wujiang) Ltd.	3	"	199,670	"	0.16
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Other receivables	692,640	"	0.52
1	Delta Electronics International Ltd.	Delta Electronics, Inc.	2	"	1,193,153	"	0.89
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Accounts receivable	615,365	"	0.46
1	Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	"	1,675,438	"	1.25
1	"	Delta Electronics Power (Dongguan) Co., Ltd.	3	"	5,779,603	"	4.32

Number (Note a)	Name of counterparty		Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note f)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
	Delta Electronics International Ltd.							
1	Delta Electronics International Ltd.	Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics Components (Dongguan) Co., Ltd.	3	Accounts receivable	858,843		0.64
1	"	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Jiangsu) Ltd.	3	"	2,395,696	"	1.79
1	"	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	"	417,341	"	0.31
1	"	Delta Electro-Optics (Wujiang) Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	"	358,065	"	0.27
1	"	Delta Video Display System (Wujiang) Ltd.	Delta Video Display System (Wujiang) Ltd.	3	"	832,614	"	0.62
1	"	Delta Electronics (Japan) Inc.	Delta Electronics (Japan) Inc.	3	"	343,351	"	0.26
1	"	DEI Logistics (USA) Corp.	DEI Logistics (USA) Corp.	3	"	2,856,313	"	2.13
1	"	Delta Electronics, Inc.	Delta Electronics, Inc.	2	"	6,776,302	"	5.06
2	Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Delta Electronics International Ltd.	3	"	1,021,744	"	0.76
3	Delta Electronics Power (Dongguan) Co., Ltd.	"	"	3	"	4,487,538	"	3.35
4	Delta Electronics (Dongguan) Co., Ltd.	"	"	3	"	1,724,157	"	1.29
10	Delta Video Display System (Wujiang) Ltd.	"	"	3	"	419,825	"	0.31
9	Delta Electronics Components (Wujiang) Ltd.	"	"	3	"	388,503	"	0.29
8	Delta Electro-Optics (Wujiang) Ltd.	"	"	3	"	207,169	"	0.15
7	Delta Electronics (Jiangsu) Ltd.	"	"	3	"	2,747,060	"	2.05
12	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Jiangsu) Ltd.	3	"	257,368	"	0.19
5	Delta Networks International Ltd.	DNI Logistics (USA) Corp.	DNI Logistics (USA) Corp.	3	"	277,406	"	0.21
5	"	Delta Networks (Dongguan) Ltd.	Delta Networks (Dongguan) Ltd.	3	"	2,137,822	"	1.60
6	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	Delta Networks International Ltd.	3	"	2,878,182	"	2.15

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note f)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
11	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Accounts receivable	\$ 257,089	(Note d)	0.19
0	Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	1	Leased assets	590,576	(Note e)	0.44

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

1. Number 0 represents the Company.
 2. The consolidated subsidiaries are in order from number 1.
- Note b: The relationships with the transaction parties are as follows:
1. The Company to the consolidated subsidiary.
 2. The consolidated subsidiary to the Company.
 3. The consolidated subsidiary to another consolidated subsidiary.

Note c: Ratios of asset/liability are divided by consolidated total assets, and ratios of gain/loss accounts are divided by consolidated sales revenue.

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 charge the rental monthly.

Note f: Only related party transactions in excess of \$100,000 are disclosed and the opposite side of which are not disclosed.

For the year ended December 31, 2008:

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)		Subject Services revenue	Relationship (Note f)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
			1	3				
0	Delta Electronics, Inc.	Delta Electronics International Ltd.			\$	4,290,407		3.01
1	Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3		Sales	7,053,812	"	4.95
1	"	Delta Electronics Power (Dongguan) Co., Ltd.	3		"	21,873,311	"	15.33
1	"	Delta Electronics Components (Dongguan) Co., Ltd.	3		"	3,916,543	"	2.75
1	"	Delta Electronics (Jiangsu) Ltd.	3		"	2,155,104	"	1.51
1	"	Delta Electronics Components (Wujiang) Ltd.	3		"	513,321	"	0.36
1	"	Delta Electro-Optics (Wujiang) Ltd.	3		"	236,031	"	0.17
1	"	Delta Video Display System (Wujiang) Ltd.	3		"	527,629	"	0.37
1	"	Delta Electronics (Chenzhou) Co., Ltd.	3		"	149,972	"	0.11
1	"	Deltronics (Netherlands) B.V.	3		"	123,905	"	0.09
1	"	Delta Electronics (Japan), Inc.	3		"	593,558	"	0.42
1	"	DEI Logistics (USA) Corp.	3		"	5,180,451	"	3.63
1	"	Delta Networks International Ltd.	3		"	177,585	"	0.12
1	"	Delta Electronics, Inc.	2		"	27,700,634	"	19.42
2	Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3		"	1,037,165	"	0.73
2	"	Delta Electronics International Ltd.	3		"	3,653,846	"	2.56
3	Delta Electronics Power (Dongguan) Co., Ltd.	"	3		"	27,779,840	"	19.47
3	"	Delta Networks (Dongguan) Ltd.	3		"	276,226	"	0.19
3	"	Delta Electronics (Dongguan) Co., Ltd.	3		"	215,213	"	0.15

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note f)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
4	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	\$ 10,600,595		7.43
4	"	Delta Networks (Dongguan) Ltd.	3	"	348,822	"	0.24
5	Delta Networks International Ltd.	"	3	"	7,797,228	"	5.47
5	"	DNI Logistics (USA) Co.	3	"	1,355,748	"	0.95
6	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	"	8,777,887	"	6.15
7	Delta Networks, Inc. (Taiwan)	"	3	"	611,598	"	0.43
8	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	"	27,431,573	"	19.23
9	Delta Electro-Optics (Wujiang) Ltd.	"	3	"	1,972,326	"	1.38
10	Delta Electronics Components (Wujiang) Ltd.	"	3	"	4,585,336	"	3.21
10	"	Delta Electronics (Jiangsu) Ltd.	3	"	143,882	"	0.10
11	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	"	3,518,860	"	2.47
12	Delta Electronics (Chenzhou) Co., Ltd.	"	3	"	174,440	"	0.12
13	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	3	"	293,687	"	0.21
14	Delta Electronics (Japan), Inc.	Delta Electronics International Ltd.	3	"	102,667	"	0.07
15	DelSolar Co., Ltd.	Delta Electronics, Inc.	2	"	103,794	"	0.07
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Other receivables	154,320	"	0.13
1	Delta Electronics International Ltd.	Delta Electronics, Inc.	2	"	290,387	"	0.25
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Accounts receivable	320,603	"	0.27

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note f)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
1	Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Accounts receivable	2, 676, 250	(Note d)	2. 28
1	"	Delta Electronics Power (Dongguan) Co., Ltd.	3	"	5, 553, 676	"	4. 72
1	"	Delta Electronics Components (Dongguan) Co., Ltd.	3	"	805, 111	"	0. 68
1	"	Delta Electronics (Jiangsu) Ltd.	3	"	1, 946, 001	"	1. 66
1	"	Delta Electronics Components (Wujiang) Ltd.	3	"	405, 217	"	0. 34
1	"	Delta Electro-Optics (Wujiang) Ltd.	3	"	245, 719	"	0. 21
1	"	Delta Video Display System (Wujiang) Ltd.	3	"	221, 174	"	0. 19
1	"	Delta Electronics (Japan), Inc.	3	"	189, 241	"	0. 16
1	"	DEI Logistics (USA) Corp.	3	"	1, 231, 724	"	1. 05
1	"	Delta Electronics, Inc.	2	"	9, 150, 064	"	7. 78
2	Delta Electronics Components (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	"	1, 426, 698	"	1. 21
3	Delta Electronics Power (Dongguan) Co., Ltd.	"	3	"	4, 388, 859	"	3. 73
4	Delta Electronics (Dongguan) Co., Ltd.	"	3	"	3, 865, 794	"	3. 29
8	Delta Electronics (Jiangsu) Ltd.	"	3	"	2, 916, 249	"	2. 48
10	Delta Electronics Components (Wujiang) Ltd.	"	3	"	693, 933	"	0. 59
9	Delta Electro-Optics (Wujiang) Ltd.	"	3	"	316, 941	"	0. 27
11	Delta Video Display System (Wujiang) Ltd.	"	3	"	288, 805	"	0. 25
12	Delta Electronics (Chenzhou) Co., Ltd.	"	3	"	101, 560	"	0. 09

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Relationship (Note d)	Transaction terms (Note d)	Percentage of total combined revenue or total assets (Note c)
5	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	\$ 1,314,761	"	1.12
5	"	DNI Logistics (USA) Co.	3	"	243,621	"	0.21
6	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	"	1,820,392	"	1.55
7	Delta Networks, Inc. (Taiwan)	"	3	"	207,666	"	0.18
0	Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	1	Leased assets	641,750	(Note e)	0.55

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

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note b: The relationships with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note c: Ratios of asset/liability are divided by consolidated total assets, and ratios of gain/loss accounts are divided by consolidated sales revenue.

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 charge the rental monthly.

Note f: Only related party transactions in excess of \$100,000 are disclosed and the opposite side of which are not disclosed.

12. SEGMENT FINANCIAL INFORMATION

A. Financial information by industry

The Group operates in one single industry - the electronics industry. Accordingly, no different industry information is presented in 2008 and 2009.

B. Financial information by geographic area

Geographic area information in 2008 and 2009 were as follows:

	2008				
	<u>Asia</u>	<u>Others</u>	<u>Domestic</u>	<u>Elimination</u>	<u>Consolidated</u>
Operating revenues from unaffiliated customers	\$ 93,186,786	\$ 6,847,257	\$ 42,610,811	\$ -	\$ 142,644,854
Operating revenues from the Company and its consolidated subsidiaries	<u>95,384,276</u>	<u>295,452</u>	<u>5,080,969</u>	<u>(100,760,697)</u>	<u>-</u>
Total operating revenues	<u>\$ 188,571,062</u>	<u>\$ 7,142,709</u>	<u>\$ 47,691,780</u>	<u>(\$ 100,760,697)</u>	<u>\$ 142,644,854</u>
Segment profits	<u>\$ 11,632,809</u>	<u>\$ 115,679</u>	<u>\$ 3,102,770</u>	<u>(\$ 255,726)</u>	<u>\$ 14,595,532</u>
Investment income under equity method					695,116
Gain on disposal of investments					-
General expenses					(285,659)
Interest expense					(218,160)
Net income before income tax and minority interest					<u>\$ 14,786,829</u>
Identifiable assets	<u>\$ 77,937,615</u>	<u>\$ 17,243,106</u>	<u>\$ 24,830,725</u>	<u>(\$ 11,000,915)</u>	<u>\$ 109,010,531</u>
Long-term investments					8,546,840
General assets					-
Total assets	<u>\$ 3,240,737</u>	<u>\$ 16,827</u>	<u>\$ 888,215</u>	<u>\$ -</u>	<u>\$ 117,557,371</u>
Depreciation	<u>\$ 6,152,544</u>	<u>\$ 5,488</u>	<u>\$ 1,322,537</u>	<u>\$ -</u>	<u>\$ 4,145,779</u>
Capital expenditures					<u>\$ 7,480,569</u>

2009

	Asia	Others	Domestic	Elimination	Consolidated
Operating revenues from unaffiliated customers	\$ 83,671,956	\$11,993,803	\$ 29,845,056	\$ -	\$125,510,815
Operating revenues from the Company and its consolidated subsidiaries	114,712,716	216,251	6,301,286	(121,230,253)	-
Total operating revenues	<u>\$198,384,672</u>	<u>\$12,210,054</u>	<u>\$ 36,146,342</u>	<u>(\$ 121,230,253)</u>	<u>\$125,510,815</u>
Segment profits	<u>\$ 12,960,717</u>	<u>\$ 110,174</u>	<u>\$ 2,613,876</u>	<u>(\$ 238,418)</u>	\$ 15,446,349
Investment income under equity method					728,112
Gain on disposal of investments					10,290
General expenses					(2,533,214)
Interest expense					(113,171)
Net income before income tax and minority interest					<u>\$ 13,538,366</u>
Identifiable assets	<u>\$ 88,879,200</u>	<u>\$16,648,058</u>	<u>\$ 28,988,260</u>	<u>(\$ 11,144,914)</u>	\$123,370,604
Long-term investments					10,542,463
General assets					-
Total assets	<u>\$ 3,501,211</u>	<u>\$ 12,481</u>	<u>\$ 908,826</u>	<u>\$ -</u>	<u>\$133,913,067</u>
Depreciation	<u>\$ 2,652,786</u>	<u>\$ 54,418</u>	<u>\$ 1,318,510</u>	<u>(\$ 55,855)</u>	<u>\$ 4,422,518</u>
Capital expenditures					<u>\$ 3,969,859</u>

C. Information about export sales

The export sales of the Group in 2008 and 2009 were as follows:

<u>Destination</u>	<u>2008</u>	<u>2009</u>
Southeast Asia	\$ 47,899,563	\$ 73,910,190
Europe	22,883,595	17,682,292
U.S.A.	26,076,085	15,960,546
Northeast Asia	6,661,071	3,757,108
Americas	2,556,785	1,810,771
Others	<u>3,832,225</u>	<u>2,490,963</u>
	<u>\$ 109,909,324</u>	<u>\$ 115,611,870</u>

D. Major customer information

There are no customers accounting for more than 10% of the company's operating revenues for the years ended December 31, 2008 and 2009.