

Smarter. Greener. Together.



DELTA ELECTRONICS, INC.
2012 ANNUAL REPORT

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A Letter to Our Shareholders

Dear Shareholders:

2012 global economy was marked by uncertainty and a continued lack of market confidence. Delta nevertheless delivered strong performance thanks to the efforts of our employees. In addition to revenues growth, Delta saw a sharp jump in profitability. Delta's consolidated revenues in 2012 amounted to 171.8 Billion NTD, 6% increase on the previous year. Operating profit was \$42.2 Billion NTD, up 22% from last year with a gross margin of 24.5%. Net operating profit was 17.4 Billion NTD, up 32% from last year and accounted for 10.1% of total revenues. Net profit after tax increased by 47% to 16.1 Billion NTD compared to last year and the net operating profit margin was 9.4%. Earning per share (EPS) in 2012 was 6.68 NTD.

"Care for the Environment, Energy-saving and Our Green Earth" has been the overriding business philosophy of Delta for decades and a core corporate element of our culture. Delta has not only cemented our leadership and developed new opportunities in the power supply and component ODM industry, but has also actively expanded into systems and solutions. By drawing on our thorough understanding of customer requirements, innovative technologies and products, and seamless integration of software and hardware, we create more environmentally friendly, comfortable and intelligent applications that enhance Delta's brand value. Important changes were made to Delta's corporate governance structure and management team last year to strengthen the company's foundations for future development. The following is a brief summary of key developments in our business and organization over the last year as well as our vision for the future.

In the power supply and components field, Delta has been the world leader by market share of power supplies and DC brushless fan motors for many years. We have also continued to introduce our core technologies and innovative R&D results into more applications, while improving their energy conversion efficiency and recycling. Delta has not only continued to maintain our leadership in the communications, industrial, automotive and consumer electronics industries, but has also made major gains in the emerging cloud application, medical and electric vehicle markets last year. Delta successfully developed the world's first titanium-grade server power supply with 96% efficiency. Delta also earned orders from large data center customers such as Google, Facebook and Amazon, and Delta now owns more than 50% of the global server power supply market. Our entry into the medical imaging device market progressed smoothly as well. New products, such as power supplies for medical X-ray machines, are now shipping and creating higher added value. In 2011, Delta began working on onboard chargers for electric vehicles. Last year, Delta released a new product with a conversion efficiency of up to 95% that is also lighter, thinner, more compact and more powerful




than competing products. We are now officially a tier-1 supplier to the top 3 car brands in the U.S., and we anticipate strong business growth in this area.

Delta's Fan & Thermal Management Business Group leads the industry in slim design and mass production technology. We are also actively leveraging low-power consumption and low-noise designs to extend our product lines into smart air ventilation fans, hot-air blowers and thermal exchangers. These products will allow the general public to enjoy the high quality of life provided by green technology while saving energy and reducing carbon emissions. Delta is currently the only company to have Taiwan's Energy Label certification for its complete range of smart air ventilation fans. Cynotec, a Delta wholly-owned subsidiary, specializes in the development of highly integrated miniaturized components and modules. The company has won customer recognition for its responsiveness, technology, and mass production capability. The popularity of handheld electronic devices, the rapid development of the cloud service industry, the general public's increasing demand for quality of life as well as healthcare services all indicate that Delta's power supply and components business should continue to perform well.

Delta is engaged in a variety of energy management fields, including products, systems and turnkey solutions for industrial automation, energy systems, electric vehicle control, power and charging systems, large wind turbine converters and photovoltaic inverters. All of these products delivered a remarkable performance last year. Delta Industrial Automation developed a number of innovative products and turnkey solutions last year including robots and energy-efficient industrial automation solutions which integrate lighting, injection molding machines, elevators, air-conditioning, air compressors and factory power management systems. In addition, Delta also developed the first digital control system solution (DCS) for CNCs. The new in-house developed DCS is a complete, responsive and flexible solution that integrates control panel, servo drive, spindle motor and servo motor, supports multi-tasking and delivers speed, precision and stability. Delta also developed a new range of highly competitive medium-sized programmable controller products. All of these demonstrate innovative R&D by Delta Industrial Automation to provide customers with energy-saving, high-performance products and solutions that take industries into the new age of smart, green energy.

Delta's telecom power supplies have always been the industry leader with an energy conversion efficiency of up to 97%. Last year, we integrated our world-leading core technologies in energy management and thermal engineering with environmental management and rack design solutions to offer a total solution for next-generation data center infrastructure. The new integrated solution for data center infrastructure features UPS, power distribution,




environmental monitoring and precision air-conditioning with the advantages of modularity, flexible integration, ease of management and high reliability. Enterprise customers can build their own "Green Data Center" for significant savings in energy and operating costs. Apart from large data centers, Delta is actively investing in the market for private enterprise clouds by developing racks that integrate power supply, cooling and UPS products. These products allow customers to combine Delta racks and servers to greatly speed up the rollout process and have won unanimous compliment from our customers.

Delta made breakthroughs in electric vehicle charging solutions last year. A grant was received from the U.S. Department of Energy to work with North American electricity companies and automotive manufacturers on joint development of home electric vehicle charging equipment under a smart grid architecture. The grant is intended to reduce the cost of communication between charging equipment and electrical grids. Delta also participates in Norway's charging grid initiative by building a full-scale electric vehicle charging facilities along the 3,000 km long E6 highway between Norway and Sweden. Delta's R&D integration ability, product innovation and design abilities have repeatedly won international recognition. The team's efforts will undoubtedly become evident as the electric vehicle industry prospers in Taiwan and overseas.

In solar energy market, reductions in government subsidies and global oversupply had severe adverse impact on the industry. Nevertheless, the drop in market prices is positive for the industry as a whole over the long-term and will encourage the popularization of PV technology. Delta therefore made the decision to merge DelSolar, a Delta subsidiary, into Neo Solar Power, through share swap scheme. The new, larger company will be more competitive and will become the largest PV cell maker in Taiwan and the second largest in the world. Delta hopes that this will accelerate the replacement of dirty fossil fuels with clean and cost-effective renewable energy.


In smart green life, the most significant progress has been in the network communications and display solutions business. Delta's network communications subsidiary, Delta Networks, has grown steadily over the years by balancing the demands of high-end enterprise and SOHO markets. The rapid growth of cloud and smart applications brings with it increasing demand for network communications and makes Delta Networks one of Delta's key engines for growth. Delta's display solutions business has not only maintained its leadership in the high-end projection systems market, but has also integrated art and aesthetics into everyday life through integrated software technologies. In 2012, Delta set up 12 large cinema-grade projectors outside of the Red House in Taipei. The exterior of the unique octagonal building formed a large



outdoor 3D projection stage, and audio control technology was used to combine the visual effects with the architecture. The audience was able to relive the medal-winning performances of Chinese Taipei Olympic athletes and enjoy the opening ceremony at the London Olympic Stadium. This authentic experience of the world's greatest athletics event provided an excellent demonstration of smart green life.

LED is the trend for future lighting and it is one of Delta's new business units. Delta spent six months last year on the Peng Bay Bridge scenic lighting project, installing 2,600 LED lights of various types. The lighting system was officially activated in October, 2012. The design of the lighting had to balance the needs of eco-conservation, lighting technology, tourism and recreation. The eco-friendly energy lighting and variable 7-colored LED lighting now transforms the Peng Bay Bridge into a glowing rainbow at night. The bridge is now a part of life for residents and tourists alike, emphasizing the endless possibilities of advanced technology in smart green living. While high costs continue to hamper LED adoption, Delta believes that LED, with its advantages in energy-saving, long life, mercury-free and a high color rendering property, will soon replace conventional lighting in the future and make a contribution to the environment.

A keen understanding of market trends and readiness to exploit new business opportunities have always been one of the keys to Delta's success. Delta has continued to actively adjust our overall strategy and take advantage of emerging opportunities in response to changes in the industrial structure and economic climate. The Delta's business model continues to evolve as well. From Delta Inside to Delta Outside, from IT to ET (Energy Technology), from ODM to brand-oriented integrated energy-saving services, these all trace how Delta has grown in response to changes in the external environment. While as Delta's business units concentrate their energies on developing innovative products and providing customers with even better value-added solutions, we are sparing no effort when it comes to integrating and applying products and technologies across different business units. Take the most advanced intelligent monitoring and management system iPEMSTM for example, it integrates our expertise in video conferencing, sensing, network communications and power management was combined together to support the concurrent monitoring of more than 10 million data points for real-time data collecting, smart data analysis and ultra high-definition data visualization. The iPEMSTM can be used in a variety of different industrial monitoring and management applications such as energy production and consumption, smart factories, large data centers, smart grids, traffic and communications. This advanced high-performance, high-reliability, flexible and eco-friendly energy-saving solution helps managers make right decisions quickly. Green building is another example. We integrated renewable energy applications, energy management optimization,



factory energy-saving automation and home energy-saving products into a solution, and optimized architectural design, choice of building materials, natural lighting and insulation, air-conditioning and hot water systems. The result not only greatly reduces the consumption of water and power, but also offers more comfortable indoor temperatures, humidity and air quality. These system solutions have translated into improved productivity and environmental quality. Delta has built a number of green factories, offices and laboratories over the years that have proven to be great successes. Building upon our solid foundations and exploiting the synergies from collaborative development to provide even more influential total integrated solutions is now Delta's main direction of development for the future.

The success of our integrated solutions business depends on in depth understanding of the customer's problems and the technology to solve them. Delta has made long-term investments in cultivating R&D expertise and innovation. We also approach the market carefully to understand customer requirements and establish our brand value. Having previously been named one of the first "Top 20 Innovation Enterprises in Taiwan" by the Industrial Development Bureau of the Ministry of Economic Affairs in 2011, Delta earned the Outstanding Innovative Enterprise Award again last year. The top award in the National Industrial Innovation Awards recognized Delta's embrace of energy-saving, sustainability and value creation as core values as well as our innovations in system integration, design, channel, brand and service. Last year, Delta was once again named as one of the top 20 international brands in Taiwan by Interbrand, making it the only large electronics company in Taiwan to receive this accolade with an industrial brand for two successive years. 2010 was Year One for the Delta brand. After an analysis of global trends and the Delta core values, "Smarter. Greener. Together." was defined as the Delta brand essence last year. Smarter represents our continued advancement in technology in response to customers' expectations of the Delta brand on a functional level. Greener embodies our commitment to the business philosophy of "Care for the Environment, Energy-saving and Our Green Earth ". Together describes the Delta management philosophy of working together with customers to establish a long-term partnership and grow together. We hope these three English words will effectively communicate the Delta value, establish good will in business, and ultimately ensure our continued competitiveness and guide our sustainable development.

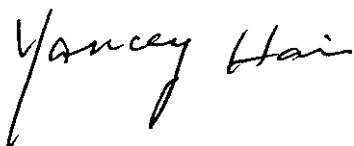
Delta received many accolades from customers such as ASUS, SONY, Dell and Lenovo in 2012. After receiving the "Best CEO in Technology/Hardware", "Best Investor Relations" and "Best IR Professional" awards from Institutional Investor magazine in 2011, Delta's management team was presented with the "Best investor relations officer" and "Best investor relations by a CEO or president" awards by IR Magazine in 2012. Delta's investor relations



ranking in Greater China also jumped into 3rd place, showing that Delta's long-term efforts in corporate governance and investor relations is paying off. Delta's commitment to corporate social responsibility has been well recognized too: Delta won the CommonWealth Magazine's "Most Admired Company" award for the 11th consecutive year and the Corporate Citizenship Award for the 6th consecutive year, the Global Views Magazine's top prize in the education category for the "2012 Corporate Social Responsibility Awards", the Securities & Futures Institute's best possible A++ rating for disclosure and transparency by a publicly listed company, was included again in the "World Index" and "Asia-Pacific Index" of the Dow Jones Sustainability Indexes, and was named global "Industry leader" in the ITC Electronic Equipment sector. Delta also became the first Taiwanese-owned electronics company to receive the "Outstanding Enterprise Award" in China's Corporate Social Responsibility Ranking last year and has now been named one of the Top 50 private enterprises in China for three consecutive years. The awards provide ample proof of how highly regarded Delta is in the China market.

Delta constantly strives toward the best practices of corporate governance, although we might already be considered a role-model in Taiwan. The Delta Board of Directors was restructured last year, and the supervisors were replaced by an Audit Committee and Remuneration Committee made up of three independent directors. The move marked an important step towards best corporate governance. Changes were made to the Delta management team last year as well. Mr. Bruce Cheng, our beloved founder, announced his retirement last year and resigned his chairmanship to become honorary chairman. The responsibility of managing the company is now shared by me as new Chairman, Vice Chairman Mark Ko, CEO Ping Cheng and COO Johnson Lee. We present Mr. Bruce Cheng with our highest regards for devoting more than forty years of his life to laying the foundations for Delta's success. We are also grateful to our colleagues for their long-term contributions to the company, and also to our customers, suppliers, shareholders and the general public for their support and belief in Delta. We will strive to continue to lead all Delta employees in the direction set for the company and implement the growth strategies we have developed. We will do our best to realize our goals, accomplishing our corporate mission, pass on the Delta value, and forge Delta into an internationally respected enterprise.

Yancey Hai, Chairman





Corporate Governance

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

At Delta, the board currently consists of thirteen directors, including three independent directors. The role of CEO and chairman has been split since 2004. To enhance the board's responsibility and trust, it convenes at least once quarterly to review the company's performance and discuss important strategic issues. In 2012, the board convened on three occasions before election and four after it. The overall attendance rate was 97.5%.

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

The board has organized a Compensation Committee consisting of three independent directors, to evaluate the performance-linked compensation of the company's directors and executive officers. An Audit Committee was set up in 2012 to review the financial reports, performance of accountants, implementation of internal control systems, compliance with regulations and risk management. The committee is composed of three independent directors. Apart from the board meetings and committee meetings, the independent directors also take part in Delta's internal strategy meetings to ensure they are familiar with the company's current activities and can provide appropriate advice when necessary.

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

Delta's efforts in corporate governance continued to win outside recognition in 2012. In 2012, for the second consecutive year, Delta was selected for two of the prestigious Dow Jones Sustainability Indexes—the DJSI World Index and the DJSI Asia / Pacific Index. Delta was also ranked first among the 29 leading companies in the Electronic Equipment sector and named as “Sector Leader.” We were awarded “Most Admired Company” in the electronics industry and received a rating of A++ for transparency and disclosure from the Securities and Futures



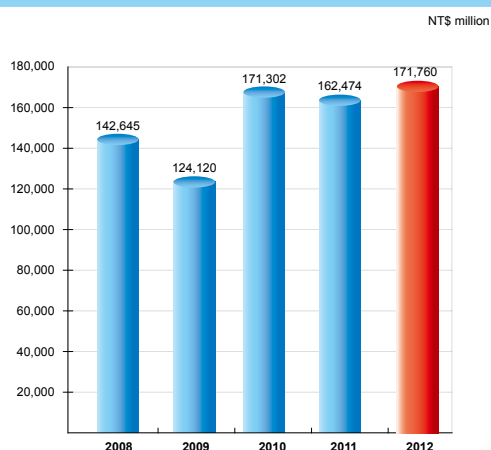
Institute in Taiwan. We received “Best Investor Relations Award” from FinanceAsia Magazine and “Best IR Professional” from Institutional Investor Magazine. In addition, we were listed on IR Magazine's short list in eight categories and ranked third for best IR practices in 2012 for our outstanding IR performance, while Chairman Mr. Yancey Hai was honored with the “Best CEO Award.” We shall continue to take actions such as strengthening the organizational functions of the board, to better ensure sound corporate governance at Delta.

Consolidated Financial Highlights

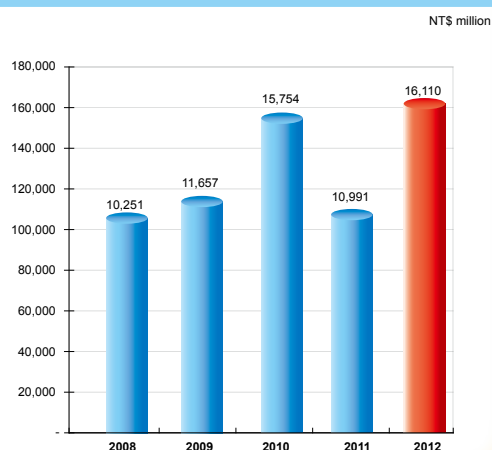
(in NT\$ million, except otherwise indicated)

	2012	2011
Sales	171,760	162,474
Gross profit	42,160	34,616
Gross margin	24.5%	21.3%
Operating profit	17,352	13,162
Operating Margin	10.1%	8.1%
Net Income After Tax	16,110	10,991
Net Margin	9.4%	6.8%
EPS (NT\$)	6.68	4.58
Total Assets	181,889	193,194
Total Shareholders' Equity	99,404	92,486
ROE (%)	20.0%	14.3%

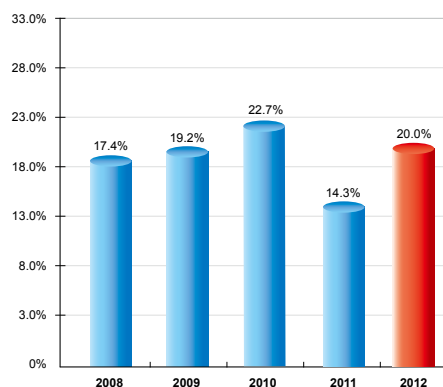
Revenues



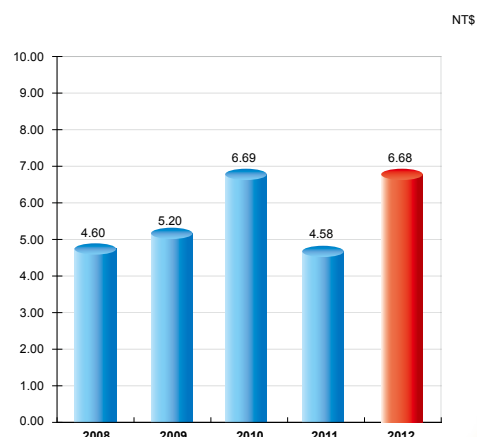
Net Profits



Return on Stockholders' Equity



Earnings Per Share



Financial Report

**DELTA ELECTRONICS, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2012 AND 2011**

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

PWCR12003974

To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2012 and 2011, 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 2. 1)(2), we did not audit the 2011 financial statements of certain consolidated subsidiaries, which statements reflect total assets of \$1,051,049,000, constituting 0.54% of the consolidated total assets as of December 31, 2011, and total operating revenues of \$3,291,816,000, constituting 2.03% of the consolidated operating revenues for the year then ended. 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 \$5,662,006,000 and \$5,527,955,000, constituting 3.11% and 2.86% of the consolidated total assets as of December 31, 2012 and 2011, respectively, and total investment income was \$871,618,000 and \$499,987,000, constituting 3.63% and 2.87% 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, 2012 and 2011, 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.

Delta Electronics, Inc. adopts International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins (IFRSs) that are ratified by the Former Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) in the preparation of its financial statements effective January 1, 2013. Information relating to the adoption of IFRSs is disclosed in Note 13 under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of FSC, dated February 2, 2010. The IFRSs may be subject to changes during the time of transition; therefore, the actual impact of IFRSs adoption on Delta Electronics, Inc. may also change.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2012, 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\$29.040 to US\$1.00 at December 31, 2012. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 11, 2013

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

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

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

ASSETS	Notes	US Dollars		New Taiwan Dollars	
		2012 (Unaudited)	2012	2011	2011
Current Assets					
Cash and cash equivalents	4(1)	\$ 1,759,509	\$ 51,096,128	\$ 67,695,906	
Financial assets at fair value through profit or loss - current	4(2)	25,251	733,285	2,342	
Available-for-sale financial assets - current	4(5)	20,674	600,373	524,013	
Derivative financial assets for hedging - current	10(9)	1,374	39,901	115,111	
Financial assets carried at cost - current	4(6)	-	-	86,180	
Notes receivable, net		45,440	1,319,593	1,330,220	
Accounts receivable, net	4(3)	1,204,493	34,978,476	34,708,687	
Accounts receivable, net - related parties	5	42,420	1,231,877	816,456	
Other receivables, net		22,797	662,035	2,082,657	
Other financial assets - current	6	1,459	42,384	143,061	
Inventories, net	4(4)	532,405	15,461,032	19,126,113	
Prepayments		95,815	2,782,463	2,384,204	
Non-current assets classified as held for sale	4(13)	415,838	12,075,952	-	
Deferred income tax assets - current	4(23)	20,303	589,592	597,914	
Other current assets		9,527	276,657	394,718	
Total current assets		4,197,305	121,889,748	130,007,582	
Funds and Investments					
Financial assets at fair value through profit or loss - non-current	4(2)	8,523	247,513	1,820,525	
Available-for-sale financial assets - non-current	4(5)	81,023	2,352,916	125,859	
Financial assets carried at cost - non-current	4(6)	57,350	1,665,433	4,157,228	
Long-term equity investments accounted for under the equity method	4(7)	218,758	6,352,742	5,911,784	
Cash surrender value of life insurance		3,975	115,434	112,700	
Prepaid for long-term investments	4(6)	1,033	30,000	-	
Other financial assets - non-current	6	54	1,552	1,548	
Total funds and investments		370,716	10,765,590	12,129,644	
Property, Plant and Equipment, Net					
Cost	4(8) and 6				
Land		136,348	3,959,555	1,779,860	
Buildings		818,981	23,783,220	20,101,112	
Machinery and equipment		710,516	20,633,371	23,195,634	
Molding equipment		82,918	2,407,932	2,168,664	
Computer and communication equipment		52,095	1,512,840	1,577,409	
Testing equipment		314,388	9,129,829	8,903,472	
Transportation equipment		7,786	226,107	237,344	
Office equipment		72,113	2,094,147	1,851,522	
Leasehold improvements		6,555	190,349	190,800	
Other equipment		3,104	90,146	34,516	
Revaluation increments		21,367	620,497	620,497	
Cost and revaluation increments		2,226,171	64,647,993	60,660,830	
Less: Accumulated depreciation		(1,117,681)	(32,457,450)	(30,318,850)	
Accumulated impairment loss		(21,064)	(611,693)	(23,486)	
Construction in progress and prepayments for equipment		114,655	3,329,580	6,599,291	
Total property, plant and equipment, net		1,202,081	34,908,430	36,917,785	
Intangible Assets					
Trademarks	4(9)	14,218	412,890	-	
Patents		11,875	344,861	628,035	
Goodwill	10(10)	236,093	6,856,128	6,898,970	
Deferred pension costs		175	5,094	9,299	
Other intangible assets	4(10)	141,675	4,114,239	4,560,628	
Total intangible assets		404,036	11,733,212	12,096,932	
Other Assets					
Assets leased to others	4(11)	44,037	1,278,851	205,337	
Idle assets	4(12)	-	-	-	
Refundable deposits		5,258	152,684	103,306	
Deferred expenses	6	37,902	1,100,676	845,367	
Other assets - other		2,046	59,406	888,026	
Total other assets		89,243	2,591,617	2,042,036	
TOTAL ASSETS		\$ 6,263,381	\$ 181,888,597	\$ 193,193,979	

(Continued)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	US Dollars		New Taiwan Dollars	
		2012 (Unaudited)		2012	2011
Current Liabilities					
Short-term loans	4(14)	\$ 173,460		\$ 5,037,267	\$ 17,599,492
Financial liabilities at fair value through profit or loss - current	4(15)	905		26,286	4,257
Derivative financial liabilities for hedging - current	10(9)	508		14,750	46,873
Accounts payable		925,070		26,864,029	30,271,738
Accounts payable - related parties	5	6,283		182,467	118,374
Income tax payable	4(23)	79,093		2,296,864	2,092,919
Accrued expenses		392,212		11,389,826	11,268,694
Other payables		96,686		2,807,771	2,983,192
Receipts in advance		50,097		1,454,815	1,051,540
Long-term liabilities - current portion	4(16)	2,511		72,933	857,832
Liabilities directly associated with non-current assets classified as held for sale	4(13)	235,442		6,837,219	-
Other current liabilities		58,918		1,710,975	2,457,898
Total current liabilities		<u>2,021,185</u>		<u>58,695,202</u>	<u>68,752,809</u>
Long-term Liability					
Long-term loans	4(16)	567,890		16,491,517	24,862,247
Reserve					
Land value incremental reserve	4(8)	4,128		119,864	119,864
Other Liabilities					
Accrued pension liabilities	4(17)	94,574		2,746,430	2,617,949
Guarantee deposits received		2,987		86,753	77,332
Deferred income tax liabilities - non-current	4(23)	142,838		4,148,016	3,867,305
Other liabilities - other		6,783		196,989	410,804
Total other liabilities		<u>247,182</u>		<u>7,178,188</u>	<u>6,973,390</u>
Total liabilities		<u>2,840,385</u>		<u>82,484,771</u>	<u>100,708,310</u>
Stockholders' Equity					
Capital					
Common stock	4(18)	833,739		24,211,780	24,033,974
Capital Reserves	4(19)				
Paid-in capital in excess of par value of common stock		495,341		14,384,691	13,242,489
Capital reserve from conversion of convertible bonds		353,079		10,253,416	10,253,416
Capital reserve - other		60,778		1,765,000	3,013,550
Retained Earnings					
Legal reserve	4(20)	418,859		12,163,682	11,064,579
Special reserve		56,079		1,628,536	4,796,006
Undistributed earnings	4(21)	785,327		22,805,885	13,045,300
Other Adjustments to Stockholders' Equity					
Cumulative translation adjustments	(	147,632)	(	4,287,240)	(1,716,140)
Unrecognized pension cost	(	9,791)	(	284,342)	(263,401)
Unrealized gain or loss on financial instruments	(	9,692)	(	281,431)	(176,551)
Asset revaluations	4(8)	18,167		527,556	527,556
Amount recognised directly in equity relating to non-current assets held for sale	4(13)	26,808		778,508	-
Total Parent Company Stockholders' Equity		<u>2,881,062</u>		<u>83,666,041</u>	<u>77,820,778</u>
Minority interest		541,934		15,737,785	14,664,891
Total stockholders' equity		<u>3,422,996</u>		<u>99,403,826</u>	<u>92,485,669</u>
Commitments and Contingent Liabilities	7				
Subsequent Events	9				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 6,263,381</u>		<u>\$ 181,888,597</u>	<u>\$ 193,193,979</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2013.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars			
		2012 (Unaudited)		2012		2011	
Operating Revenues	5						
Sales		\$ 5,841,572		\$ 169,639,243		\$ 161,982,404	
Sales returns	(	27,359)	(	794,497)	(	758,733)	(
Sales discounts	(	10,162)	(	295,097)	(	319,139)	(
Net Sales		<u>5,804,051</u>		<u>168,549,649</u>		<u>160,904,532</u>	
Service income		110,547		3,210,275		1,569,807	
Net Operating Revenues		<u>5,914,598</u>		<u>171,759,924</u>		<u>162,474,339</u>	
Operating Costs	4(25) and 5						
Cost of goods sold	4(4)	(4,397,545)	(	127,704,709)	(	127,106,412)	(
Service costs	(	65,257)	(	1,895,062)	(	751,451)	(
Net Operating Costs	(	<u>4,462,802</u>	(	<u>129,599,771</u>	(	<u>127,857,863</u>	(
Gross profit		<u>1,451,796</u>		<u>42,160,153</u>		<u>34,616,476</u>	
Operating Expenses	4(25)						
Sales and marketing expenses	(	285,264)	(	8,284,073)	(	7,235,206)	(
General and administrative expenses	(	190,798)	(	5,540,757)	(	4,746,613)	(
Research and development expenses	(	378,214)	(	10,983,334)	(	9,472,996)	(
Total Operating Expenses	(	<u>854,276</u>	(	<u>24,808,164</u>	(	<u>21,454,815</u>	(
Operating income		<u>597,520</u>		<u>17,351,989</u>		<u>13,161,661</u>	
Non-operating Income and Gains							
Interest income		32,038		930,370		881,441	
Investment income accounted for under the equity method	4(7)	24,959		724,814		507,550	
Dividend income		1,661		48,228		75,672	
Gain on disposal of property, plant and equipment		177		5,132		-	
Gain on disposal of investments	4(2)	53,881		1,564,707		270,860	
Foreign exchange gain, net		7,431		215,800		1,378,264	
Rental income		1,922		55,814		30,892	
Gain on valuation of financial assets	4(2)	444		12,883		-	
Other non-operating income		86,094		2,500,172		1,787,658	
Total Non-operating Income and Gains		<u>208,607</u>		<u>6,057,920</u>		<u>4,932,337</u>	
Non-operating Expenses and Losses							
Interest expense	(	13,502)	(	392,100)	(	356,773)	(
Loss on disposal of property, plant and equipment		-		-		8,248	
Loss on valuation of financial assets		-		-		9,273)	
Loss on valuation of financial liabilities	4(15)	(905)	(	26,286)	(	8,344)	(
Other non-operating losses	(	16,708)	(	485,186)	(	290,028)	(
Total Non-operating Expenses and Losses	(	<u>31,115</u>	(	<u>903,572</u>	(	<u>672,666</u>	(
Income from continuing operations before income tax		<u>775,012</u>		<u>22,506,337</u>		<u>17,421,332</u>	
Income tax expense	4(23)	(115,325)	(	3,349,038)	(	3,121,356)	(
Income from continuing operations		<u>659,687</u>		<u>19,157,299</u>		<u>14,299,976</u>	
Loss from discontinued operations	4(13)	(66,798)	(	1,939,811)	(	2,540,948)	(
(Net of income tax benefit of \$20,515 and \$295,394, respectively)							
Extraordinary gain	10(11)	-		-		205,629	
(Net of income tax expense of \$0)							
Consolidated net income		<u>\$ 592,889</u>		<u>\$ 17,217,488</u>		<u>\$ 11,964,657</u>	
Attributable to:							
Equity holders of the Company		\$ 554,736		\$ 16,109,542		\$ 10,991,031	
Minority interest		38,153		1,107,946		973,626	
		<u>\$ 592,889</u>		<u>\$ 17,217,488</u>		<u>\$ 11,964,657</u>	
Earnings Per Share (in Dollars)	4(24)						
Basic Earnings Per Share							
Net income from continuing operations		\$ 0.3216	0.2738	\$ 9.34	\$ 7.95	\$ 7.26	\$ 5.96
Loss from discontinued operations	(	0.0282)	(0.0279)	(0.82)	(0.81)	(1.19)	(1.06)
Extraordinary gain		-	-	-	-	0.09	0.09
Minority interest income	(	0.0159)	(0.0159)	(0.46)	(0.46)	(0.41)	(0.41)
Net income		<u>\$ 0.2775</u>	<u>0.2300</u>	<u>\$ 8.06</u>	<u>\$ 6.68</u>	<u>\$ 5.75</u>	<u>\$ 4.58</u>
Diluted Earnings Per Share							
Net income from continuing operations		\$ 0.3165	0.2693	\$ 9.19	\$ 7.82	\$ 7.12	\$ 5.84
Loss from discontinued operations	(	0.0276)	(0.0272)	(0.80)	(0.79)	(1.16)	(1.03)
Extraordinary gain		-	-	-	-	0.08	0.08
Minority interest income	(	0.0155)	(0.0155)	(0.45)	(0.45)	(0.40)	(0.40)
Net income		<u>\$ 0.2734</u>	<u>0.2266</u>	<u>\$ 7.94</u>	<u>\$ 6.58</u>	<u>\$ 5.64</u>	<u>\$ 4.49</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2013.

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

	Retained Earnings						Minority interest	Total				
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments			Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	Amounts recognised directly in equity relating to non-current assets held for sale
2011 New Taiwan Dollars												
Balance at January 1, 2011	\$ 23,947,984	\$ 26,284,595	\$ 9,489,158	\$ -	\$ 20,905,730	(\$ 5,862,383)	(\$ 112,627)	\$ 746,818	\$ 432,187	\$ -	\$ 11,560,531	\$ 87,391,993
Compensation cost amortization of employees' stock option assumed from subsidiary due to merger	-	30,154	-	-	-	-	-	-	-	-	-	30,154
Employees' stock options	85,990	511,042	-	-	-	-	-	-	-	-	-	597,032
Distribution of 2010 earnings (Note a)	-	-	-	-	(1,575,421)	-	-	-	-	-	-	-
Legal reserve	-	-	1,575,421	-	(1,575,421)	-	-	-	-	-	-	-
Special reserve	-	-	-	4,796,006	(4,796,006)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(12,480,034)	-	-	-	-	-	-	(12,480,034)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	(316,336)	-	-	-	-	-	-	-	-	-	(316,336)
Adjustment for land value appraisal increment	-	-	-	-	-	-	-	-	95,369	-	-	95,369
Unrecognized pension cost	-	-	-	-	-	(150,774)	-	-	-	-	-	(150,774)
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(716,811)	-	-	-	(716,811)
Change in cumulative translation adjustment	-	-	-	-	-	2,541,927	-	-	-	-	-	2,541,927
Change in stockholders' equity for investee companies accounted for under the equity method	-	-	-	-	-	1,604,316	-	(206,558)	-	-	-	1,397,758
Change in minority interest	-	-	-	-	-	-	-	-	2,130,734	-	-	2,130,734
Consolidated net income for the year	-	-	-	-	10,991,031	-	-	-	-	-	973,626	11,964,657
Balance at December 31, 2011	\$ 24,033,974	\$ 26,509,455	\$ 11,064,579	\$ 4,796,006	\$ 13,045,300	(\$ 1,716,140)	(\$ 263,401)	(\$ 176,551)	\$ 527,556	\$ -	\$ 14,664,891	\$ 92,483,669

(Continued)

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

	Retained Earnings							Amounts recognised directly in equity relating to non-current assets held for sale	Total		
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments	Unrecognized pension cost			Unrealized gain or loss on financial instruments	Asset revaluations	Minority interest
2012 New Taiwan Dollars											
Balance at January 1, 2012	\$ 24,033,974	\$ 26,509,455	\$ 11,064,579	\$ 4,796,006	\$ 13,045,300	\$ (1,716,140)	\$ 263,401	\$ 176,551	\$ 527,556	\$ 14,664,891	\$ 92,485,669
Employees' stock options	177,806	1,009,205	-	-	-	-	-	-	-	-	1,187,011
Distribution of 2011 earnings (Note b)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,099,103	-	(1,099,103)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(3,167,470)	3,167,470	-	-	-	-	-	-
Cash dividends	-	-	-	(8,417,324)	(8,417,324)	-	-	-	-	-	(8,417,324)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	(49,516)	-	-	-	-	-	-	-	-	(49,516)
Disposal of long-term equity investments	-	(239,936)	-	-	-	10,537	-	-	-	-	(239,399)
Unrecognized pension cost	-	-	-	-	-	-	(20,941)	-	-	-	(20,941)
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	31,866	-	-	31,866
Change in cumulative translation adjustment	-	-	-	-	-	(2,179,519)	-	-	-	-	(2,179,519)
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	-	-	(136,746)	-	-	(136,746)
Change in amounts recognised directly in equity relating to non-current assets held for sale	-	(826,101)	-	-	-	-	-	-	-	778,508	(586,457)
Change in minority interest	-	-	-	-	-	47,593	-	-	-	(35,052)	(35,052)
Consolidated net income for the year	-	-	-	-	16,109,542	-	-	-	-	1,107,946	17,217,488
Balance at December 31, 2012	\$ 24,211,780	\$ 26,403,107	\$ 12,163,682	\$ 1,628,536	\$ 22,805,885	\$ (4,287,240)	\$ 284,342	\$ 281,431	\$ 527,556	\$ 15,737,785	\$ 99,403,826

Note a: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$2,914,390 had been deducted from the Consolidated Statement of Income in 2010.
Note b: Directors' and supervisors' remuneration amounting to \$16,700 and employees' bonus amounting to \$1,536,340 had been deducted from the Consolidated Statement of Income in 2011.

(Continued)

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

	Retained Earnings						Minority interest	Total			
	Common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Cumulative translation adjustments			Unrecognized pension cost	Unrealized gain or loss on financial instruments	Asset revaluations	Amounts recognised directly in equity relating to non-current assets held for sale
2012 USD Dollars (Unaudited)											
Balance at January 1, 2012	\$ 827,616	\$ 912,860	\$ 381,012	\$ 165,152	\$ 449,218	(\$ 59,096)	(\$ 9,070)	(\$ 6,079)	\$ 18,167	\$ -	\$ 3,184,769
Employees' stock options	6,123	34,752	-	-	-	-	-	-	-	-	40,875
Distribution of 2011 earnings (Note b)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	37,847	-	(37,847)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(109,073)	109,073	-	-	-	-	-	-
Cash dividends	-	-	-	-	(289,853)	-	-	-	-	-	(289,853)
Change in ownership percentage of long-term equity investments accounted for under equity method	-	(1,705)	-	-	-	-	-	-	-	-	(1,705)
Disposal of long-term equity investments	(8,262)	-	-	-	-	363	-	-	-	-	(7,899)
Unrecognized pension cost	-	-	-	-	-	-	(721)	-	-	-	(721)
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	1,097	-	-	1,097
Change in cumulative translation adjustment	-	-	-	-	-	(75,052)	-	-	-	-	(75,052)
Change in stockholders' equity of investee companies accounted for under the equity method	-	-	-	-	-	(15,486)	-	(4,710)	-	-	(20,196)
Change in amounts recognised directly in equity relating to non-current assets held for sale	-	(28,447)	-	-	-	1,639	-	-	-	26,808	-
Change in minority interest	-	-	-	-	-	-	-	-	-	(1,208)	(1,208)
Consolidated net income for the year	\$ 833,739	\$ 909,198	\$ 418,859	\$ 56,079	\$ 785,327	(\$ 147,632)	(\$ 9,791)	(\$ 9,692)	\$ 18,167	\$ 38,153	\$ 3,442,996
Balance at December 31, 2012											

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2013.

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

	US Dollars		New Taiwan Dollars	
	2012 (Unaudited)		2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Consolidated net income	\$ 592,889		\$ 17,217,488	\$ 11,964,657
Adjustments to reconcile net income to net cash provided by operating activities				
Extraordinary gain			-	205,629
Changes in unrealized valuation of financial assets	(684)	(19,868)		65,170
Changes in unrealized valuation of financial liabilities	697	20,236		7,538
Provision for doubtful accounts	3,828	111,172		97,466
Provision for inventory obsolescence and market price decline	254	7,371		678,673
(Reversal of) loss on purchase commitment	(5,050)	(146,653)		202,043
Gain on disposal of investments	(53,881)	(1,564,707)	(270,860)	
Investment income recognized under equity method	(24,959)	(724,814)	(507,550)	
Cash dividends received from investee companies accounted for under the equity method	10,344	300,395		598,969
Depreciation (including assets leased to others)	225,431	6,546,504		5,450,880
Amortization	51,049	1,482,457		1,060,370
Loss on disposal of property, plant and equipment, net	45	1,306		11,094
Changes in assets and liabilities				
Notes receivable	326	9,472		331,663
Accounts receivable	(17,178)	(498,856)	(640,091)	
Accounts receivable - related parties	(18,219)	(529,088)		3,229,681
Other receivables	46,258	1,343,320	(811,394)	
Inventories	114,902	3,336,742	(2,660,567)	
Prepayments	(68,934)	(2,001,826)	(778,021)	
Deferred tax assets	(7,185)	(208,660)	(250,567)	
Other current assets	4,065	118,043		49,265
Other assets - other	10,242	297,434		517,581
Accounts payable	(98,294)	(2,854,448)	(974,733)	
Accounts payable - related parties	2,207	64,093	(2,265,514)	
Income tax payable	7,023	203,945		261,026
Accrued expenses	11,903	345,677		351,585
Other payables	8,488	246,481		601,531
Receipts in advance	14,512	421,438		314,451
Other current liabilities	(12,153)	(352,916)		787,122
Accrued pension liabilities	4,424	128,481		487,867
Deferred tax liabilities	12,633	366,870	(228,661)	
Other liabilities	(1,224)	(35,538)		186,312
Net cash provided by operating activities	<u>813,759</u>		<u>23,631,551</u>	<u>18,072,615</u>

(Continued)

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

	US Dollars		New Taiwan Dollars	
	2012 (Unaudited)		2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in financial assets held for trading	\$ 157		\$ 4,557	\$ -
Decrease in other financial assets	3,473		100,869	1,302,640
Increase in available-for-sale financial assets	(2,092)	(60,765)	(147,000)	
Proceeds from disposal of available-for-sale financial assets	18,906		549,031	290,437
Cash dividends received from available-for-sale financial assets during the year of conversion	4,059		117,872	-
Increase in financial assets carried at cost	(13,828)	(401,559)	(3,030,367)	
Proceeds from disposal of financial assets carried at cost	5,150		149,550	168,854
Proceeds from capital reduction of financial assets carried at cost	209		6,059	750
Increase in long-term equity investments accounted for under the equity method	-		-	(90,825)
Proceeds from disposal of investments in long-term equity investment accounted for under the equity method	30		859	403,785
Acquisition price of subsidiary	-		-	(6,098,012)
Increase in cash surrender value of life insurance	(94)	(2,734)	(9,009)	
Increase in prepaid long-term investment	(1,033)	(30,000)	-	
Acquisition of property, plant and equipment	(378,665)	(10,996,419)	14,130,018	
Proceeds from disposal of property, plant and equipment	10,036		291,453	839,954
Increase in other intangible assets	(14,994)	(435,430)	-	
(Increase) decrease in refundable deposits	(2,059)	(59,781)	43,452	
Increase in deferred expenses	(39,140)	(1,136,623)	(949,273)	
Decrease in other assets - other	59		1,715	116
Purchase of minority interest	-		-	(485,678)
Proceeds from disposal of equity in subsidiaries to minority shareholders	905		26,273	-
Net cash used in investing activities	(408,921)	(11,875,073)	(21,890,194)	
CASH FLOWS FROM FINANCING ACTIVITIES				
(Decrease) increase in short-term loans	(368,753)	(10,708,580)	5,179,329	
(Decrease) increase in long-term loans	(200,471)	(5,821,699)	16,069,239	
Increase in guarantee deposits received	194		5,637	18,802
Payment of cash dividends	(289,853)	(8,417,324)	(12,480,034)	
Employees' stock options	40,875		1,187,011	597,032
Cash dividends declared to minority interests	(14,238)	(413,486)	(2,308,729)	
Increase in subsidiaries' capital from minority shareholders	8,853		257,101	1,121
Net cash (used in) provided by financing activities	(823,393)	(23,911,340)	7,076,760	
Effect due to changes in exchange rates	(89,537)	(2,600,151)	2,446,694	
Effect due to changes in consolidated subsidiaries	3,505		101,788	1,530,035
Cash of subsidiary classified as held for sale at the end of year	(67,031)	(1,946,553)	-	
(Decrease) increase in cash and cash equivalents	(571,618)	(16,599,778)	7,235,910	
Cash and cash equivalents at beginning of year	2,331,127		67,695,906	60,459,996
Cash and cash equivalents at end of year	\$ 1,759,509		\$ 51,096,128	\$ 67,695,906
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the year for interest	\$ 16,091		\$ 467,291	\$ 372,113
Cash paid during the year for income tax	\$ 103,764		\$ 3,013,309	\$ 2,892,648
NON-CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends declared but not yet paid to minority interest	\$ -		\$ -	\$ 58,401
FAIR VALUE OF ASSETS AND LIABILITIES OF THE ACQUIRED SUBSIDIARY WERE AS FOLLOWS:				
Cash and cash equivalents	\$ 3,505		\$ 101,788	\$ 1,530,035
Other current assets	100		2,918	10,301,783
Funds and investments	-		-	324,950
Property, plant and equipment	45,613		1,324,614	781,091
Goodwill	475		13,793	1,740,298
Other intangible assets	-		-	1,777,023
Other assets	43,925		1,275,575	75,489
Other current liabilities	(100)	(2,916)	(7,843,879)	
Other liabilities	(165)	(4,800)	(62,623)	
Minority interest	(28)	(820)	(2,157,429)	
Subtotal	93,325		2,710,152	6,466,738
Investment cost before merger (shown as financial assets carried at cost - non-current)	(93,325)	(2,710,152)	(368,726)	
Cash paid to acquire subsidiary	\$ -		\$ -	\$ 6,098,012

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 11, 2013.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

- (1) Delta Electronics, Inc. (the Company) was incorporated in 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 the installation of electronic control systems and manufacturing of communication products and components, computer information system and power supply.
- (2) On October 28, 2010, the Board of Directors of the Company adopted a resolution to conduct a simple merger with a 94.89% owned subsidiary – PreOptix Co., Ltd. (PreOptix) in accordance with Article 19 of Business Mergers and Acquisitions Act. PreOptix was the dissolved company and the Company was the surviving company after the consolidation. The effective date was March 1, 2011.
- (3) As of December 31, 2012, the Company had approximately 5,400 employees and all consolidated entities had approximately 68,000 employees.

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

- A. 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 intercompany transactions and assets and liabilities arising from intercompany transactions are eliminated.

B. Subsidiaries included in the consolidated financial statements and their changes in 2012 were as follows:

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electronics, Inc.	Delta International Holding Ltd. (DIH)	Equity investments	94.00	94.00	
Delta Electronics, Inc.	Delta Networks Holding Ltd. (DNH)	Equity investments	100.00	100.00	
Delta Electronics, Inc.	Deltronics (Netherlands) B.V. (DEN)	Trading of equipment, components and materials of telecom and computer systems	100.00	100.00	
Delta Electronics, Inc.	DelSolar Co., Ltd. (DelSolar)	Manufacturing of solar batteries and related systems	42.40	59.04	Note A
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	39.62	39.62	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuit and information software services	83.11	80.68	
Delta Electronics, Inc.	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	100.00	100.00	
Delta Electronics, Inc.	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	100.00	100.00	
Delta Electronics, Inc.	Delta Electronics Capital Company (Delta Capital)	Equity investments	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	100.00	100.00	
Delta Electronics, Inc.	Delta Smart Green Life Co., Ltd. (DSGL)	Research and development, energy technology, meeting, exhibition, and lease services, etc.	100.00	-	Note B
Delta Electronics, Inc.	Allied Material Technology Corp. (AMT)	Manufacturing and sales of color filter and lease services, etc.	99.97	99.97	Note C
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd. (Delta Robot)	Research, designing, development, manufacturing and sales of intelligent robot systems and automation engineering, etc.	100.00	-	Note B
Delta International Holding Ltd. (DIH)	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	100.00	100.00	
Delta International Holding Ltd. (DIH)	Delta Electronics International Ltd. (DEIL-Labuan)	Sales of electronic products	100.00	100.00	
Delta International Holding Ltd. (DIH)	Delta Power Sharp Ltd. (DPS)	Operations and engineering services	100.00	100.00	
Delta International Holding Ltd. (DIH)	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			as of December 31,		
			2012	2011	
Delta International Holding Ltd. (DIH)	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	100.00	100.00	
Delta International Holding Ltd. (DIH)	DAC Holding (Cayman) Ltd. (DAC)	Equity investments	100.00	100.00	
Delta International Holding Ltd. (DIH)	Ace Pillar Holding Co., Ltd. (Ace)	Equity investments	100.00	100.00	Note D
Delta International Holding Ltd. (DIH)	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	60.38	60.38	
Delta International Holding Ltd. (DIH)	Drake Overseas Financial Investment Ltd. (Drake)	Equity investments	100.00	100.00	Note E
Delta International Holding Ltd. (DIH)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	10.38	10.38	Note F
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and power supplies	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of transformer and power supplies	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design and management consulting service, etc.	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of transformers	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electro-Optics (Wujiang) Ltd. (DWO)	Manufacturing and sales of peripherals and electronic control equipments	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	55.00	55.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of power supplies and transformers	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of power supplies and transformers	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management of industrial automation product and telecommunications equipment	100.00	100.00	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			as of December 31,		
			2012	2011	
Delta Electronics (H.K.) Ltd. (DHK)	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers and bluetooth module	100.00	100.00	Note G
PreOptix (Hong Kong) Co., Ltd. (PHK)	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	100.00	100.00	
Delta Electronics (Japan), Inc. (DEJ)	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	100.00	100.00	
Delta Electronics (Japan), Inc. (DEJ)	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	100.00	100.00	
DAC Holding (Cayman) Ltd. (DAC)	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	100.00	100.00	
DAC Holding (Cayman) Ltd. (DAC)	Delta Video Technology Ltd. (DVT)	Sales of electronic products	100.00	100.00	
Drake Overseas Financial Investment Ltd. (Drake)	Drake Investment (HK) Ltd. (Drake-HK)	Equity investments	100.00	100.00	Note E
Ace Pillar Holding Co., Ltd. (Ace)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	3.81	3.81	Note F
Drake Investment (HK) Ltd. (Drake-HK)	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	48.51	48.51	Note F

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of power supplies and transformers	100.00	100.00	
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Delta Energy Technology (Wuhu) Co., Ltd. (DET-WH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	-	Note B
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Chenzhou Delta Technology Co., Ltd. (CDT)	Manufacturing and sales of power supplies and transformers	100.00	100.00	
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Delta Energy Technology (Chenzhou) Co., Ltd. (DET-CZ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	-	Note B
Delta Electronics (Dongguan) Co., Ltd. (DDG)	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	-	Note B

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electro-Optics (Wujiang) Ltd. (DWO)	Delta Energy Technology (Wujiang) Co., Ltd. (DET-WJ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30.00	-	Note B
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Wuhu) Co., Ltd. (DET-WH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	-	Note B
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Chenzhou) Co., Ltd. (DET-CZ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	-	Note B
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Wujiang) Co., Ltd. (DET-WJ)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	-	Note B

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	70.00	-	Note B
Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	10.00	-	Note B
Delta Greentech (China) Co., Ltd. (DGC)	Delta Energy Technology (Shanghai) Co., Ltd. (DET-SH)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	90.00	-	Note B
Delta Networks Holding Ltd. (DNH)	Delta Networks, Inc. (DNI Cayman)	Equity investments	100.00	100.00	
Delta Networks, Inc. (DNI Cayman)	Delta Networks, Inc. (Taiwan) (DNIT)	Manufacturing and sales of networking system and peripherals	99.98	99.98	
Delta Networks, Inc. (DNI Cayman)	DNI Logistics (USA) Corp. (ALN)	Trading of networking system and peripherals	100.00	100.00	
Delta Networks, Inc. (DNI Cayman)	Delta Networks International Ltd. (DNIL-Labuan)	Trading of networking system and peripherals	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Delta Networks, Inc. (DNI Cayman)	Delta Networks (H.K.) Ltd. (DNHK)	Equity investments	100.00	100.00	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio transmission apparatus, incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	100.00	100.00	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	100.00	100.00	
Delta Networks (H.K.) Ltd. (DNHK)	Delta Networks (Xiamen) Ltd. (DNX)	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	100.00	100.00	
Delta Networks, Inc. (Taiwan) (DNIT)	Ayecom Technology Co., Ltd. (Ayecom)	Manufacturing and sales of wire and wireless telecommunications equipment, electronic parts and controlled telecommunications radio frequency devices	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
DelSolar Co., Ltd. (DelSolar)	DelSolar Holding (Cayman) Ltd. (DSH)	Equity investments	100.00	100.00	
DelSolar Co., Ltd. (DelSolar)	DelSolar Holding Singapore Pte. Ltd. (DSH-SG)	Equity investments	100.00	100.00	
DelSolar Holding (Cayman) Ltd. (DSH)	DelSolar (H.K.) Ltd. (DSHK)	Equity investments	100.00	100.00	
DelSolar Holding (Cayman) Ltd. (DSH)	DelSolar US Holdings (Delaware) Corporation (DSUS)	Equity investments	100.00	100.00	
DelSolar Holding Singapore Pte. Ltd. (DSH-SG)	DelSolar India EPC Company Private Ltd. (DS India)	Contractor of solar systems project	100.00	100.00	
DelSolar (H.K.) Ltd. (DSHK)	DelSolar (Wujiang) Ltd. (DSWJ)	Manufacturing and sales of solar batteries and related systems	100.00	100.00	
DelSolar US Holdings (Delaware) Corporation (DSUS)	DelSolar Development (Delaware) LLC (DS Delaware)	Design and sale of solar system	100.00	100.00	
DelSolar Development (Delaware) LLC (DS Delaware)	DSS-RAL LLC (DSS)	Contractor of solar system	100.00	100.00	
DelSolar Development (Delaware) LLC (DS Delaware)	DSS-USF-PHX LLC (DSSU)	Contractor of solar system	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership (%)		Description
			2012	2011	
Cyntec Co., Ltd. (Cyntec)	Fairview Assets Ltd. (Fairview)	Equity investments	100.00	100.00	
Fairview Assets Ltd. (Fairview)	Grandview Holding Ltd. (Grandview)	Equity investments	100.00	100.00	
Grandview Holding Ltd. (Grandview)	Cyntec Holding (H.K.) Ltd. (CHK)	Equity investments	100.00	100.00	
Grandview Holding Ltd. (Grandview)	Cyntec International Ltd. (CIL-Labuan)	Trading	100.00	100.00	
Cyntec Holding (H.K.) Ltd. (CHK)	Cyntec (Suzhou) Co., Ltd. (CSC)	Research, development, manufacturing and sales of new-type electronic components and wholesale, import and export of similar products	100.00	100.00	
Cyntec Holding (H.K.) Ltd. (CHK)	Cyntec Electronics (Suzhou) Co., Ltd. (CES)	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale, import and export of similar products	100.00	100.00	

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

Note B: An investee company newly incorporated in 2012.

Note C: The Company acquired 99.97% ownership of AMT with \$2,710,152 in 2011. According to the capital increase subscription contract and relevant regulations, the Company has no control power or significant influence on AMT until the reorganization of AMT is completed and convenes shareholders' meeting to re-elect directors. The Taiwan Taoyuan District Court issued 2007 Zheng-Zi Order No. 1 civil ruling confirmation certificate to AMT on April 5, 2012 and the special meeting of shareholders after the reorganization was convened by the joint committee of the reorganizers and the reorganization supervisor to re-elect directors on June 1, 2012. All board seats were elected and control power was gained by the Company. AMT was included in the consolidated financial statements effective on that day.

Note D: DIH acquired 100% stock ownership in Ace on September 1, 2011, and Ace was included in the consolidated financial statements effective on that day.

Note E: DIH acquired 100% stock ownership in Drake and its subsidiary - Drake-HK on October 3, 2011, and Drake and Drake-HK were included in the consolidated financial statements effective on that day.

Note F: In 2011, DIH acquired 100% stock ownership in Ace and Drake, which indirectly acquired 3.811% and 48.51% stock ownership, respectively in DGC. Including the original 10.38% stock ownership held by DIH, the Company's consolidated stock ownership in DGC was 62.701% and DGC was included in the consolidated financial statements since October 3, 2011.

Note G: DHK acquired 50% stock ownership of DGT on August 1, 2011. As DHK has the ability to exercise significant influence on the appointment of the management, operational directions and financial planning of DGT, DGT was included in the consolidated financial statements since August 1, 2011. On December 1, 2011, DHK increased its ownership percentage to 100%.

The financial statements of the consolidated subsidiaries of DEN, Delta Korea and ALN for the year ended December 31, 2011 were audited by other independent accountants. As of December 31, 2011, the total assets of these subsidiaries amounted to \$1,051,049, constituting 0.54% of the consolidated total assets, and the total operating revenues were \$3,291,816, constituting 2.03% of the consolidated total operating revenues for the year then ended.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Difference in the accounting policies adopted between the Company and the subsidiaries: None.
- F. Special operating risk of foreign subsidiaries: None.
- G. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- H. Details of the parent's stock that is held by the subsidiary: None.

- I. 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 effect on stockholders' equity of the parent company.

(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

- A. Transactions denominated in foreign currencies are translated into functional currency at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year's profit or loss.
- B. 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.
- C. 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:
- Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
 - Assets held mainly for trading purposes;
 - Assets that are expected to be realized within twelve months from the balance sheet date;
 - 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:
- 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 and convertible bonds 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. If the convertible bonds were invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds," when the fair value of the derivatives embedded in the hybrid instruments cannot be measured reliably, they are subsequently remeasured and stated at cost.
- 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.
- C. The common stocks through private placement which were invested or converted before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", 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. Those investments after October 8, 2010 were remeasured based on their estimated fair value and classified as financial assets held for trading or available-for-sale financial assets.

(10) 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.

(11) Notes and accounts receivable, other receivables and allowance for doubtful accounts

- A. Notes receivable and accounts receivable are claims resulting from the sale of goods or services. Other receivables are those arising from transactions other than the sale of goods or services. Notes receivable, accounts receivable and other receivables are recognized initially at fair value.
- B. The Group assesses whether objective evidence of impairment exists individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

(12) Inventories

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.

(13) Non-current disposal group classified as held for sale / Discontinued operations

In accordance with R.O.C. SFAS No. 38, "Non-current Assets Held for Sale and Discontinued Operations", EITF 97-055 of the Accounting Research and Development Foundation, R.O.C., dated February 22, 2008 "Accounting for the subsidiary classified as held for sale" and EITF 97-088 of the Accounting Research and Development Foundation, R.O.C., dated March 14, 2008 "Accounting for non-current asset classified as held for sale", the Company accounts for the subsidiary classified as held for sale as follows:

- A. The income (loss) of the subsidiaries is excluded from the consolidated statement of income effective the date on which the subsidiaries meets the criteria to be classified as held for sale. The assets, liabilities and equity relating to the subsidiaries classified as held for sale shall be presented separately in the consolidated balance sheet. The subsidiaries classified as held for

sale shall be measured at the lower of carrying amount and fair value less costs to sell on the date which the subsidiaries meet the criteria to be classified as held for sale. The carrying amounts of the liabilities shall be measured in accordance with applicable Statements of Financial Accounting Standards to determine the amounts of total assets.

- B. If the subsidiaries classified as held for sale meet the definition of discontinued operations, the results of their operations before being classified to the accounts relating to non-current disposal group classified as held for sale and the impairment loss recognized when being classified to the accounts relating to non-current disposal group classified as held for sale shall be combined to the net profit or loss after tax of discontinued operations.

(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, R.O.C., dated February 25, 2003, 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.
 - c. When the treatment for a long-term equity investment is changed to the equity method from other methods during the year, the investor company will not adjust retroactively. The book value of the equity investment at the beginning of the year is used as the initial book value of the long-term equity investment under the equity method. The difference between investment cost and underlying equity in net assets is analyzed and dealt with by following the allocation procedures of the acquisition cost specified in R.O.C. SFAS No. 25, "Business Combinations – Purchase Method". If an investor company receives cash dividends from an investee company during the year an investor company changes the treatment for the long-term equity investment to the equity method, the investment income and the long-term equity investment shall be offset if dividends were accounted for as investment income under the previous method.

- d. 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.
- e. 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) Business combination

Business combination transactions are accounted for in accordance with R.O.C SFAS No. 25, “Business Combination” using the purchase method. Acquisition price is purchase cost plus costs directly attributable to the acquisition. The excess of the acquisition price over the acquired net asset fair value of the merged business is recognized as goodwill. The allocation period of the acquisition price shall not exceed one year after the date of acquisition.

(16) 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 term of the lease. 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 are reclassified to “other assets” at their carrying value. Depreciation expense incurred in current period is accounted for as non-operating expense.
- E. Property, plant and equipment that are idle or have no value in use are reclassified to “other assets” at the lower of their fair value less costs to sell or book value. The resulting difference is included in current operations. Depreciation provided on these assets is charged to non-operating expense.

(17) Intangible assets

- A. In accordance with the amendments to R.O.C. SFAS No. 25, “Business Combination”, goodwill arising from business combination is no longer amortized and should be tested for impairment annually or more frequently.
- B. Trademarks
 - a. Trademarks with finite useful lives are recorded at actual cost, and amortized over the estimated useful lives based on the straight-line method.
 - b. Certain trademarks which are assessed to generate net cash inflows have indefinite useful lives and are recorded at actual cost. These are not amortized and instead are tested for impairment annually.
- C. Land use rights acquired in Mainland China are amortized on a straight-line basis over the contractual period or other legal rights.
- D. Intangible assets other than goodwill, trademarks and land use rights, mainly patents, customer relationships and technology authorization fees, are amortized on a straight-line basis over 3~12 years.

(18) Deferred charges

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

(19) 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 assets 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.

(20) 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.
- B. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(21) Income tax

- A. The Group adopts 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. 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).

- B. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. 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.

(22) 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. When share-based payment awards held by employees of the acquiree are replaced by the acquirer’s share-based payment awards due to a business combination and are changed to be settled by the equity instruments of the acquirer, the services already received, which are measured by reference to the fair value of the equity instruments granted, should be recognized as acquisition cost for the vested portion, and the unvested portion shall be accounted for as payroll expenses of the acquiree during the remaining vesting period, in accordance with EITF 97-017 of the Accounting Research and Development Foundation, R.O.C., dated January 18, 2008, “Accounting for Share-based Payment Transactions Provided by Stockholders or Affiliated Companies”.

(23) 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 distributed amounts resolved by the Board of Directors, then the differences shall be adjusted retroactively in current year’s gain or loss and, 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.

(24) Earnings per share

- A. The Company has 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.

(25) Revenue, cost and expense recognition

- A. Revenue is recognized when the earning process is substantially completed and is realized or realizable. Costs and expenses are recorded as incurred.
- B. Partial software and solar cell module installation revenue is recognized based on the percentage of completion of the transaction at the balance sheet date, if all of the following conditions are met:
- a. The amount of the revenue can be measured reliably;
 - b. It is probable that the economic benefits related to the transaction will flow to the enterprise;
 - c. The costs incurred and to be incurred associated with the transaction can be measured reliably; and
 - d. The degree of completion of the transaction can be measured reliably at the balance sheet date.

(26) 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.

(27) Operating segments

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

CHANGES IN ACCOUNTING PRINCIPLES

(1) Notes receivable, accounts receivable and other receivables

Effective January 1, 2011, the Group adopted the amended Statement of Financial Accounting Standards No. 34, “Financial Instruments: Recognition and Measurement”. Under the amended standard, if there is any objective evidence that the notes and accounts receivable, other receivables and other rights of credit are impaired, an impairment loss (or provision for doubtful accounts) is recognized immediately. The adoption of this regulation had no significant effect on the financial statements.

(2) Operating segments

Effective January 1, 2011, the Group adopted R.O.C. SFAS No. 41, “Operating Segments” which supersedes R.O.C. SFAS No. 20, “Segment Reporting”. Segment information for prior years shall be re-prepared when the Group applies this standard for the first time. However, this adoption had no effect on the Group’s consolidated net income and earnings per share for the year ended December 31, 2011.

DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,	
	2012	2011
Cash on hand	\$ 5,885	\$ 6,702
Checking and demand deposits	27,098,669	32,446,230
Time deposits	25,868,162	35,202,990
Cash equivalents-commercial paper	69,965	39,984
	53,042,681	67,695,906
Classified to non-current assets held for sale	(1,946,553)	-
	<u>\$ 51,096,128</u>	<u>\$ 67,695,906</u>

As of December 31, 2012 and 2011, the Group's overseas checking and demand deposits were \$13,834,552 (USD 472,393 thousand, HKD 13,581 thousand, JPY 10,555 thousand, MYR 18 thousand, PLN 40 thousand, EUR 65 thousand, GBP 9 thousand, CZK 22,578 thousand, and RMB 5,124 thousand) and \$14,611,108 (USD 430,245 thousand, HKD 19,237 thousand, JPY 38,591 thousand, THB 14 thousand, PLN 44 thousand, EUR 306 thousand, GBP 9 thousand, CZK 13,397 thousand and RMB 304,359 thousand), respectively. The overseas time deposits were \$1,907,812 (RMB 79,800 thousand and USD 53,000 thousand) and \$7,205,450 (USD 23,800 thousand), respectively.

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

	December 31,	
	2012	2011
Current items:		
Designated as at fair value through profit or loss		
Convertible bonds	\$ 720,000	\$ -
Financial assets held for trading		
Listed stocks	7,464	12,021
Adjustment of financial assets held for trading	5,821	(9,679)
	<u>\$ 733,285</u>	<u>\$ 2,342</u>
Non-current items:		
Designated as at fair value through profit or loss		
Convertible bonds	\$ 250,000	\$ 1,830,000
Adjustment of designated as at fair value through profit or loss	(2,487)	(9,475)
	<u>\$ 247,513</u>	<u>\$ 1,820,525</u>

- A. The Group recognized a net gain of \$261,110 and \$678,350 for the years ended December 31, 2012 and 2011, respectively.
- B. The private placement of convertible bonds of \$720,000 held by the Company was invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", and are designated as financial assets at fair value through profit or loss and are subsequently remeasured and stated at cost. Since 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.
- C. The private placement of convertible bonds of Dynapack International Technology Corporation (Dynapack) held by the Company was converted into private placement common stocks in the first quarter of 2012. In accordance with Paragraph 21 and Appendix Illustration 23 of R.O.C. SFAS No. 34 and EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", the

Company reclassified the estimated fair value of \$2,602,437 to available-for-sale financial assets based on latest quoted fair prices of Dynapack's OTC stocks at the conversion date and considered the limited impact of the lockout period. The difference of \$1,719,142 between the above amount reclassified and the cost of those bonds originally recognized under financial assets at fair value through profit or loss account plus related interest receivable totaling \$883,295 was recognized as gain on disposal of investments. The lockout period of the private placement common stocks of Dynapack expired in the third quarter of 2012. Consequently, Dynapack's common stocks can be traded freely, and are subsequently remeasured as listed and OTC stocks.

- D. The private placement of convertible bonds of \$247,513 held by Delta Capital which was invested after the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", is subsequently remeasured at their estimated fair value.
- E. The nature of derivative transactions and related information are summarized as follows:

December 31, 2012			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
Sell USD / Buy RMB	USD	6,000	2012.11.21~2013.01.18
Sell USD / Buy SGD	SGD	6,379	2012.03.01~2013.07.11
Sell USD / Buy CZK	CZK	36,500	2012.10.08~2013.01.23
Sell USD / Buy NTD	USD	12,325	2012.10.09~2013.03.28
Buy USD / Sell JPY	USD	1,000	2012.12.19~2013.02.26
December 31, 2011			
Financial instruments	Contract amount (Nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
Sell USD / Buy EUR	EUR	2,850	2011.10.14~2012.03.14
Buy USD / Sell EUR	EUR	1,900	2011.10.05~2012.05.02
Sell EUR / Buy NTD	EUR	130	2011.10.13~2012.01.31

- a. The subsidiaries entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the subsidiaries did not apply hedge accounting.
- b. The forward exchange contracts of certain subsidiaries met all the criteria for hedge accounting and the related information is described in Note 10(9).

(3) Accounts receivable and overdue receivables

	December 31,	
	2012	2011
Accounts receivable	\$ 35,504,973	\$ 35,062,312
Less: Allowance for doubtful accounts	(408,601)	(353,625)
	<u>35,096,372</u>	<u>34,708,687</u>
Overdue receivables (shown as other assets)	70,383	78,441
Less: Allowance for doubtful accounts	(70,383)	(78,441)
	<u>-</u>	<u>-</u>
	<u>35,096,372</u>	<u>34,708,687</u>
Classified to non-current assets held for sale	(117,896)	-
	<u>\$ 34,978,476</u>	<u>\$ 34,708,687</u>

- A. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 90% of the receivable amount can be covered when the receivables are uncollectible.
- B. The subsidiary entered into an agreement with a financial institution to sell its accounts receivable. Under the agreement, the subsidiary 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, 2012 and 2011, the outstanding accounts receivable sold to the financial institution were as follows:

December 31, 2012						
Purchaser of accounts receivable	Limit	Accounts receivable sold	Amount advanced	Contract date	Interest rate	Collateral
Taishin International Bank	\$ 726,000	\$ 140,036	\$ -	2012.05.23~ 2013.05.31	-	None

December 31, 2011						
Purchaser of accounts receivable	Limit	Accounts receivable sold	Amount advanced	Contract date	Interest rate	Collateral
Taishin International Bank	\$ 1,120,175	\$ 146,961	\$ -	2011.04.28~ 2012.05.31	-	None

(4) Inventories

	December 31,	
	2012	2011
Raw materials	\$ 4,893,517	\$ 6,770,010
Work in process	1,829,818	2,012,243
Finished goods	9,936,711	11,299,470
Inventory in transit	321,840	570,432
	<u>16,981,886</u>	<u>20,652,155</u>
Less: Allowance for inventory obsolescence and market price decline	(1,199,887)	(1,526,042)
	<u>15,781,999</u>	<u>19,126,113</u>
Classified to non-current assets held for sale	(320,967)	-
	<u>\$ 15,461,032</u>	<u>\$ 19,126,113</u>

Expense and losses incurred on inventories recognized for the year:

	For the years ended December 31,	
	2012	2011
Cost of goods sold	\$ 133,071,472	\$ 137,510,522
(Reversal of) loss on long-term purchase contract (Note)	(146,653)	202,043
Provision for inventory obsolescence and market price decline	7,371	678,673
Others	321,744	131,278
	<u>133,253,934</u>	<u>138,522,516</u>
Less: Cost of goods sold from discontinued operations	(5,549,225)	(11,416,104)
	<u>\$ 127,704,709</u>	<u>\$ 127,106,412</u>

Note : For details of the (reversal of) loss on long-term purchase contract, please refer to Note 7(3).

(5) Available-for-sale financial assets

	December 31,	
	2012	2011
Current items:		
Listed (TSE and OTC) stocks	\$ 615,496	\$ 679,608
Adjustment of available-for-sale financial assets	(15,123)	(155,595)
	<u>\$ 600,373</u>	<u>\$ 524,013</u>
Non-current items:		
Listed (TSE and OTC) stocks	\$ 2,634,480	\$ 189,366
Adjustment of available-for-sale financial assets	(281,564)	(63,507)
	<u>\$ 2,352,916</u>	<u>\$ 125,859</u>

A. For Dynapack’s private placement convertible bonds converted into private placement common stocks, please refer to Note 4(2)C.

B. The lockout period of the private placement common stocks of Macrobloc, Inc. amounting to \$45,000 held by the Company expired in the third quarter of 2012. Accordingly, such investment was reclassified from financial assets carried at cost to available-for-sale financial assets.

(6) Financial assets carried at cost and prepaid long-term investments

	December 31,	
	2012	2011
Current items:		
Unlisted stocks	\$ -	\$ 86,180
Non-current items:		
Unlisted stocks	\$ 1,703,539	\$ 4,151,128
Private placement OTC stocks	-	45,000
	1,703,539	4,196,128
Less: Accumulated impairment	(38,106)	(38,900)
	\$ 1,665,433	\$ 4,157,228
Prepaid long-term investments		
Unlisted stocks		
Fashion Guide Co., Ltd.	\$ 30,000	\$ -

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

B. The private placement - OTC stocks held by the Company were invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, “Accounting for private placement of convertible bonds”, and were carried at cost as they had no quoted prices in an active market. The lockout period has expired. Please refer to Note 4(5)B for details.

C. The Company acquired 99.97% ownership of AMT for \$2,710,152 in 2011. According to the capital increase subscription contract and relevant regulations, the Company has no control power or significant influence on AMT until the reorganization of AMT is completed and convenes shareholders’ meeting to re-elect directors. The Taiwan Taoyuan District Court issued 2007 Zheng-Zi Order No. 1 civil ruling confirmation certificate to AMT on April 5, 2012 and the special meeting of shareholders after the reorganization was convened by the joint committee of the reorganizers and reorganization supervisor to re-elect directors was on June 1, 2012. All board seats were elected and control power was gained by the Company. AMT was included in the consolidated financial statements effective on that day.

D. Delta Capital participated in the capital increase in cash of Fashion Guide Co., Ltd. for the purchase of 1,200,000 shares at \$25 per share and the effective date was set on January 24, 2013. Delta Capital had remitted the payment of \$30,000 on December 26, 2012 which was

recorded as prepaid long-term investment.

(7) Long-term equity investments accounted for under the equity method

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

Investee company	December 31,			
	2012		2011	
	% (Note)	Book value	% (Note)	Book value
Delta Electronics (Thailand) Public Co., Ltd. (DET)	20.93	\$ 5,662,006	20.93	\$ 5,232,923
Amita Technologies, Inc. (Amita)	33.42	249,446	33.49	292,791
Digital Projection International Ltd. (DPI)	32.11	312,564	32.11	247,359
Trillion Science, Inc. (Trillion), etc.		128,726		138,711
		<u>\$ 6,352,742</u>		<u>\$ 5,911,784</u>

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

- B. Investment income accounted for under the equity method are set forth below:

Name of investee company	For the years ended December 31,	
	2012	2011
DET	\$ 817,618	\$ 537,250
Others	(92,804)	(29,700)
	<u>\$ 724,814</u>	<u>\$ 507,550</u>

- C. The financial statements of other investee companies for the years ended December 31, 2012 and 2011 were audited by other independent accountants. Long-term equity investments in these companies amounted to \$5,662,006 and \$5,527,955 as of December 31, 2012 and 2011, respectively, and the related investment income was \$817,618 and \$499,987 for the years then ended, respectively.
- D. DNW was dissolved based on a resolution approved during the special shareholder's meeting on January 15, 2010, and went into the process of liquidation. Pursuant to EITF 88-233 of the Accounting Research and Development Foundation, R.O.C., dated December 29, 1999, "Accounting Treatment of Investee Company Accounted for under the Equity Method during Liquidation", the subsidiary ceased to be accounted for under the equity method and was excluded from the consolidated financial statements. The process of liquidation had been completed in the second quarter of 2011.

(8) Property, plant and equipment

Item	December 31, 2012					
	Original cost	Appraisal increment	Total	Accumulated depreciation	Accumulated impairment	Net book value
Land	\$ 3,959,555	\$ 620,497	\$ 4,580,052	\$ -	(\$ 14,528)	\$ 4,565,524
Buildings	26,108,198	-	26,108,198	(6,142,575)	(569,348)	19,396,275
Machinery and equipment	25,393,289	-	25,393,289	(16,297,626)	-	9,095,663
Molding equipment	2,408,522	-	2,408,522	(1,922,969)	-	485,553
Computer and communication equipment	1,580,429	-	1,580,429	(1,323,207)	-	257,222
Testing equipment	9,342,814	-	9,342,814	(7,832,502)	(25)	1,510,287
Transportation equipment	228,904	-	228,904	(170,493)	-	58,411
Office equipment	2,109,886	-	2,109,886	(1,671,425)	(27,792)	410,669
Leasehold improvements	190,349	-	190,349	(132,019)	-	58,330
Other equipment	90,146	-	90,146	(19,805)	-	70,341
Construction in progress and prepayments for equipment	5,393,800	-	5,393,800	-	-	5,393,800
	76,805,892	620,497	77,426,389	(35,512,621)	(611,693)	41,302,075
Classified to non-current assets held for sale	(9,448,816)	-	(9,448,816)	3,055,171	-	(6,393,645)
	\$ 67,357,076	\$ 620,497	\$ 67,977,573	(\$ 32,457,450)	(\$ 611,693)	\$ 34,908,430




December 31, 2011

Item	Original cost	Appraisal increment	Total	Accumulated depreciation	Accumulated impairment	Net book value
Land	\$ 1,779,860	\$ 620,497	\$ 2,400,357	\$ -	(\$ 16,868)	\$ 2,383,489
Buildings	20,101,112	-	20,101,112	(4,901,978)	(6,618)	15,192,516
Machinery and equipment	23,195,634	-	23,195,634	(13,763,163)	-	9,432,471
Molding equipment	2,168,664	-	2,168,664	(1,741,653)	-	427,011
Computer and communication equipment	1,577,409	-	1,577,409	(1,256,606)	-	320,803
Testing equipment	8,903,472	-	8,903,472	(7,138,616)	-	1,764,856
Transportation equipment	237,344	-	237,344	(157,169)	-	80,175
Office equipment	1,851,522	-	1,851,522	(1,277,057)	-	574,465
Leasehold improvements	190,800	-	190,800	(60,664)	-	130,136
Other equipment	34,516	-	34,516	(21,944)	-	12,572
Construction in progress and prepayments for equipment	6,599,291	-	6,599,291	-	-	6,599,291
	<u>\$ 66,639,624</u>	<u>\$ 620,497</u>	<u>\$ 67,260,121</u>	<u>(\$ 30,318,850)</u>	<u>(\$ 23,486)</u>	<u>\$ 36,917,785</u>

The Company made a revaluation of its assets in accordance with the relevant laws and regulations. As of December 31, 2012, the revaluation increment amounted to \$620,497, after deducting the provision for land revaluation increment tax of \$527,556 and was recorded under capital reserve.

(9) Trademarks

	December 31, 2012		
	<u>Original Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>
Indefinite useful lives			
trademarks	\$ 386,823	\$ -	\$ 386,823
Finite useful lives			-
trademarks	26,341	(274)	26,067
	<u>\$ 413,164</u>	<u>(\$ 274)</u>	<u>\$ 412,890</u>

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

(10) Other intangible assets

	December 31,	
	<u>2012</u>	<u>2011</u>
Land use right	\$ 1,170,479	\$ 1,228,031
Customer relationship	2,863,405	3,311,341
Others	95,230	21,256
	<u>4,129,114</u>	<u>4,560,628</u>
Classified to non-current assets held for sale	(14,875)	-
	<u>\$ 4,114,239</u>	<u>\$ 4,560,628</u>

For customer relationship acquired due to business combination, please refer to Note 10(10).

(11) Assets leased to others

	December 31, 2012			
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net book value</u>
Land	\$ 229,602	\$ -	\$ -	\$ 229,602
Buildings	2,191,892	(597,476)	(548,085)	1,046,331
Computer equipment	16,103	(16,103)	-	-
Testing equipment	310	(286)	(24)	-
Office equipment	327,934	(297,992)	(27,024)	2,918
Other equipment	188,491	(26,700)	-	161,791
	<u>2,954,332</u>	<u>(938,557)</u>	<u>(575,133)</u>	<u>1,440,642</u>
Classified to non-current assets held for sale	(188,491)	26,700	-	(161,791)
	<u>\$ 2,765,841</u>	<u>(\$ 911,857)</u>	<u>(\$ 575,133)</u>	<u>\$ 1,278,851</u>

	December 31, 2011			
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net book value</u>
Land	\$ 9,773	\$ -	\$ -	\$ 9,773
Buildings	103,704	(35,965)	-	67,739
Other equipment	134,826	(7,001)	-	127,825
	<u>\$ 248,303</u>	<u>(\$ 42,966)</u>	<u>\$ -</u>	<u>\$ 205,337</u>

(12) Idle assets

	December 31, 2012			
<u>Item</u>	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Accumulated impairment</u>	<u>Net book value</u>
Buildings	\$ 64,453	(\$ 28,194)	(\$ 36,259)	\$ -
Machinery and equipment	2,904,662	(1,633,334)	(1,000,849)	270,479
Computer equipment	1,813	(1,580)	(233)	-
Testing equipment	90,364	(83,008)	(7,356)	-
Transportation equipment	85	(49)	(36)	-
Office equipment	8,824	(6,302)	(2,522)	-
	<u>3,070,201</u>	<u>(1,752,467)</u>	<u>(1,047,255)</u>	<u>270,479</u>
Classified to non-current assets for sale	(304,419)	33,940	-	(270,479)
	<u>\$ 2,765,782</u>	<u>(\$ 1,718,527)</u>	<u>(\$ 1,047,255)</u>	<u>\$ -</u>

Item	December 31, 2011			
	Original cost	Accumulated depreciation	Accumulated impairment	Net book value
Buildings	\$ 41,320	(\$ 21,820)	(\$ 19,500)	\$ -
Machinery and equipment	2,661,346	(1,631,652)	(1,029,694)	-
Computer equipment	1,918	(1,671)	(247)	-
Testing equipment	94,152	(85,938)	(8,214)	-
Transportation equipment	88	(51)	(37)	-
Office equipment	8,256	(5,528)	(2,728)	-
	<u>\$ 2,807,080</u>	<u>(\$ 1,746,660)</u>	<u>(\$ 1,060,420)</u>	<u>\$ -</u>

(13) Disposal groups as held for sale and discontinued operations

A. On December 19, 2012, the Board of Directors of DelSolar and Neo Solar Power Corporation (NSP) resolved to merge through share exchange. Each common share of DelSolar will be converted into 0.735 share of NSP. DelSolar will be the dissolved company and NSP will be the surviving company after the consolidation. The effective date is temporarily set on May 31, 2013. DelSolar meets the criteria of the subsidiary classified as held for sale due to the merger through share exchange. The assets, liabilities and equity relating to DelSolar classified as disposal group as held for sale meets the definition of discontinued operations to be presented in discontinued operations. The disposal group as held for sale originally belonged to energy management business.

B. Assets classified to disposal groups as held for sale:

	<u>December 31, 2012</u>
Cash and cash equivalents	\$ 1,946,553
Other current assets	2,227,915
Property, plant and equipment, net	6,393,645
Other assets	1,507,839
	<u>\$ 12,075,952</u>

C. Liabilities classified to disposal groups as held for sale:

	<u>December 31, 2012</u>
Short-term loans	\$ 1,853,645
Long-term liabilities - current portion	1,480,597
Other current liabilities	1,470,350
Long-term loans	1,853,333
Other liabilities	179,294
	<u>\$ 6,837,219</u>

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

	<u>December 31, 2012</u>
Capital reserves	\$ 826,101
Cumulative translation adjustments	<u>(47,593)</u>
	<u>\$ 778,508</u>

E. The disclosure of income and cash flows from discontinued operations are as follows:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011 (Note)</u>
Operating income from discontinued operations		
Net operating revenues	\$ 4,321,730	\$ 9,581,970
Operating costs and expenses	(6,293,322)	(12,425,386)
Non-operating income	<u>11,266</u>	<u>7,074</u>
	(1,960,326)	(2,836,342)
Income tax benefit	<u>20,515</u>	<u>295,394</u>
	<u>(\$ 1,939,811)</u>	<u>(\$ 2,540,948)</u>

Cash flows from discontinued operations:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash flows from operating activities	<u>(\$ 156,868)</u>	<u>(\$ 2,087,915)</u>
Cash flows from investing activities	<u>(\$ 946,859)</u>	<u>(\$ 4,140,668)</u>
Cash flows from financing activities	<u>\$ 1,361,547</u>	<u>\$ 2,363,542</u>

Note: The Group's loss from discontinued operations for the year ended December 31, 2011 was reclassified based on income or loss from DelSolar's income statement at the same period and not retroactively adjusted.

F. Details of major assets and liabilities accounts of disposal groups as held for sale are as follows:

a. Cash and cash equivalents

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

b. Property, plant and equipment

Item	December 31, 2012		
	Original Cost	Accumulated depreciation	Net book value
Buildings	\$ 2,324,978	(\$ 429,945)	\$ 1,895,033
Machinery and equipment	4,759,918	(2,420,935)	2,338,983
Molding equipment	590	(590)	-
Computer equipment	67,589	(41,976)	25,613
Testing equipment	212,985	(152,352)	60,633
Transportation equipment	2,797	(1,592)	1,205
Office equipment	15,739	(7,781)	7,958
Construction in progress and prepayments for equipment	2,064,220	-	2,064,220
	<u>\$ 9,448,816</u>	<u>(\$ 3,055,171)</u>	<u>\$ 6,393,645</u>

c. Short-term loans

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

d. Long-term loans

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

(a) Please refer to Note 4(16)B. for more details. DelSolar had received the written consent for the unconditional exemption from maintaining liabilities not exceeding 100% of tangible net equity and interest coverage of at least 300% in 2012 by banks on September 26, 2012.

(b) Please refer to Note 6 for collaterals of secured banks loans.

(14) Short-term loans

	December 31,	
	2012	2011
Unsecured bank loans	\$ 6,890,912	\$ 17,599,492
Classified to liabilities directly associated with non-current assets held for sale	(1,853,645)	-
	<u>\$ 5,037,267</u>	<u>\$ 17,599,492</u>
Credit lines	<u>\$ 73,821,776</u>	<u>\$ 76,472,572</u>
Interest rate per annum	<u>0.48%~5%</u>	<u>0.616%~6.888%</u>

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

	December 31,	
	2012	2011
Current items:		
Financial liabilities held for trading		
Adjustment of derivatives	<u>\$ 26,286</u>	<u>\$ 4,257</u>

A. The Group recognized net loss of \$133,426 and \$443,901 for the years ended December 31, 2012 and 2011, respectively.

B. The nature of derivative transactions and related information are summarized as follows:

Financial instruments	December 31, 2012	
	Contract amount (Nominal principal) (in thousands)	Contract period
	Forward exchange contracts:	
Sell USD / Buy JPY	USD 15,200	2012.10.05~2013.03.14
Sell USD / Buy EUR	EUR 1,400	2012.11.02~2013.03.14
Buy USD / Sell EUR	EUR 3,537	2012.10.05~2013.04.29
Sell EUR / Buy NTD	EUR 80	2012.11.16~2013.01.15
Buy NTD / Sell EUR	EUR 16	2012.12.27~2013.02.27

Financial instruments	December 31, 2011	
	Contract amount (Nominal principal) (in thousands)	Contract period
	Forward exchange contracts:	
Sell USD / Buy JPY	USD 11,800	2011.10.05~2012.03.14
Sell USD / Buy CZK	CZK 33,000	2011.10.04~2012.01.19
Sell USD / Buy NTD	USD 8,000	2011.11.07~2012.02.15

a. The subsidiaries entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, these transactions did not

meet all the criteria for hedge accounting. Therefore, the subsidiaries did not apply the hedge accounting.

- b. The forward exchange contracts of the Company and certain subsidiaries met all the criteria for hedge accounting and the related information is described in Note 10(9).

(16) Long-term loans

	December 31,	
	2012	2011
Credit loans	\$ 18,191,714	\$ 23,821,055
Secured bank loans	1,706,666	1,899,024
Less: Current portion	(1,553,530)	(857,832)
	18,344,850	24,862,247
Classified to liabilities directly associated with non-current assets held for sale	(1,853,333)	-
	<u>\$ 16,491,517</u>	<u>\$ 24,862,247</u>
Credit lines	<u>\$ 30,738,649</u>	<u>\$ 36,614,574</u>
Interest rate per annum	<u>0.46%~2.37%</u>	<u>0.46%~2.06%</u>

- A. As of December 31, 2012, the revolving loans of \$16,315,000 can be drawn down during the period from June 22, 2012 to November 22, 2015 and are payable before the due date under the agreement.
- B. On February 16, 2009, 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 billion. Under the loan agreement, DelSolar should maintain the following financial ratios during the loan period (based on the audited semiannual/annual consolidated financial statements):
- Current assets to current liabilities ratio of at least 1:1;
 - Liabilities not exceeding 100% of tangible net equity;
 - Interest coverage of at least 300%; and
 - Net book value of tangible assets of at least \$4,000,000.

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

- C. Please refer to Note 6 for collaterals of secured bank loans.

(17) Accrued pension liabilities

- A. The Company, Cyntec, DelSolar, and DNIT 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, 2012 and 2011, the net periodic pension costs of the Company, Cyntec, DelSolar and DNIT were \$184,360 and \$190,252, respectively. The balance of the retirement trust fund with the Bank of Taiwan was \$696,558 and \$676,506 as of December 31, 2012 and 2011, respectively.

B. 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, 2012 and 2011, the respective measurement dates, are as follows:

a. 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, 2012 and 2011, the respective measurement dates, are as follows:

	December 31,	
	2012	2011
Benefit obligation:		
Vested benefit obligation	(\$ 614,822)	(\$ 455,556)
Non-vested benefit obligation	(1,859,632)	(1,822,387)
Accumulated benefit obligation	(2,474,454)	(2,277,943)
Effect of future salary increments	(1,256,326)	(1,207,182)
Projected benefit obligation	(3,730,780)	(3,485,125)
Fair value of plan assets	696,558	676,506
Funded status	(3,034,222)	(2,808,619)
Unrecognized transition obligation	9,239	22,261
Unrecognized net pension loss	1,640,609	1,537,311
Accrued pension liability	(391,134)	(358,621)
Accrued pension liability (total)	(\$ 1,775,508)	(\$ 1,607,668)
Accrued pension liability (per books)	(1,780,664)	(1,612,606)
Prepaid pension expenses (shown as non-current assets classified as held for sale)	5,156	4,938
	(\$ 1,775,508)	(\$ 1,607,668)

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

	December 31,	
	2012	2011
Discount rate	1.5%~1.75%	1.75%~2.25%
Expected return rate on plan assets	1.75%	2.00%
Average rate of salary increase	2.00%~3.5%	3.00%~3.5%

- c. In 2012 and 2011, the details of net periodic pension cost are as follows:

	For the years ended December 31,	
	2012	2011
Service cost	57,934	59,694
Interest cost	68,084	74,347
Expected return on plan assets	(13,593)	(13,328)
Amortization of unrecognized transition obligation	15,127	10,094
Unrecognized pension loss	56,808	59,445
Net pension cost	<u>\$ 184,360</u>	<u>\$ 190,252</u>

- C. The subsidiaries, DIH and DNH, do not maintain an employee retirement plan. However, certain subsidiaries of DIH and DNH, located in Mainland China maintain defined contribution retirement plans 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 for amounts depending on the employee's position. As of December 31, 2012 and 2011, the pension reserves of DIH's and DNH's subsidiaries were \$955,660 and \$990,443, respectively.
- D. DEJ and the subsidiaries of DIH and DNH located in the United States have defined contribution plans in accordance with the local regulations.
- E. Effective July 1, 2005, the Company, Cyntec, DelSolar, DNIT, Ayecom, NEM, DelBio, Delta Capital and Delta Robot (collectively referred herein as 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, 2012 and 2011, the pension cost of the Company and the subsidiaries registered in Taiwan amounted to \$270,201 and \$255,445, respectively.

(18) Common stock

- A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 2,700,000,000 shares (including 100,000,000 shares for stock warrants conversion). As of December 31, 2012, the total issued and outstanding common stock was 2,421,178,000 shares with par value of \$10 (in dollars) per share.
- B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16,000,000 units of global depository receipts (GDRs), represented by 80,000,000 shares of common stock (Deposited Shares), with one unit of GDR representing 5 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of Luxembourg, with total proceeds of US\$134,666,000. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:
- a. Voting rights
GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.
 - b. 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. After considering the stock dividend distribution year by year, as of December 31, 2012, there were 1,266,000 units outstanding, representing 6,330,000 common shares of the Company's common stock.

(19) Capital reserve

The R.O.C. Company Law requires that the capital reserve derived from the issuance of new shares at a premium and endowments received shall be exclusively used to offset against accumulated deficit, increase capital or distribute by cash to its original shareholders in proportion to the number of shares being held by each of them. 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.

(20) 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 paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

(21) Undistributed earnings

A. 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, unless the accumulated amount of the legal reserve has reached the total authorized capital of the Company.
- d. Setting aside or reversing a special reserve according to relevant regulations when necessary.
- e. The amount of distributable earnings after deducting items a, b, c and d, plus beginning undistributed earnings (the earnings), shall be distributed in the following percentage according to the resolution approved at the stockholders' meeting:
 - (a) Directors' remuneration: up to 1% of the earnings.
 - (b) Employees' bonus: at least 3% of the earnings. The Company can issue the employee stock bonus to qualified employees of subsidiaries. The related regulations should be authorized by the Company's Board of Directors or authorized person.
 - (c) Stockholders' bonus: balance of the earnings after deducting (a) and (b).

B. The Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's earnings shall be appropriated as dividends, and cash dividends shall account for at least 5% of the total dividends distributed.

C. a. The appropriations of 2011 and 2010 earnings was approved by the shareholders during their meeting on June 19, 2012 and June 24, 2011, respectively. Details are summarized below:

	2011		2010	
	Amount (Note A)	Dividends per share (in dollars)	Amount (Note B)	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 1,099,103		\$ 1,575,421	
(Reversal of) Appropriation for special reserve	(3,167,470)		4,796,006	
Cash dividends	8,417,359	\$ 3.49448218	12,480,065	\$ 5.19546489

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

Note B: The shareholders during their meeting had approved to distribute employees' cash bonuses of \$2,914,390 and directors' and supervisors' remuneration of \$16,700.

There was no difference in the amounts of the earnings appropriation as approved by the stockholders with that proposed by the Board of Directors. The information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange Corporation.

- b. The appropriations of 2012 earnings had been proposed by the Board of Directors on March 11, 2013. Details are summarized below:

	2012	
	Amount (Note A)	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 1,610,954	
Appropriation for special reserve	\$ 1,918,413	
Cash dividends	\$ 12,843,222	\$ 5.3

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

Note B: The dividend per share is based on the number of outstanding common shares of the Company as of February 26, 2013. If the number of outstanding shares of the Company changes due to exercise of employee stock options and consequently leads to a change in the dividend distribution ratio approved during the general meeting, the Board of Directors of the Company is authorized to adjust the ratio based on the number of outstanding shares.

As of March 11, 2013, the abovementioned 2012 earnings appropriation had not been approved by the stockholders.

- D. The Group's estimated amounts of employees' bonus and directors' and supervisors' remuneration amounted to \$2,784,538 and \$26,878 for 2012, respectively, and \$2,078,722 and

\$18,464 for 2011, respectively. The basis of estimates is based on a certain percentage of net income prescribed by the Company's Articles of Incorporation and resolved by the Board of Directors, after taking into account the legal reserve and other factors. The calculation of shares of stock bonus distributed is based on the closing price of the Company's common stock at the previous day of the next stockholders' meeting after taking into account the effects of ex-rights and ex-dividends. While, if the estimated amounts are different from the amounts approved by the stockholders subsequently, the difference is recognized as gain or loss in the following year. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are significantly different from the distributed amounts resolved by the Board of Directors, then the differences shall be adjusted retroactively in the statements of income for the current year. The actual distribution of 2011 earnings was as stated in the previous paragraph. The resolved amounts of the bonus to employees and directors' and supervisors' remuneration were consistent with the resolutions during the shareholders' meeting and the same amount had been charged against earnings for 2011.

E. 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.

F. As of December 31, 2012 and 2011, details of tax credits of the Company are as follows:

	December 31,	
	2012	2011
Imputation tax credit account balance	\$ 489,796	\$ 131,759
	2012 (Estimated)	2011 (Actual)
Creditable tax ratio	2.21%	7.40%

G. As of December 31, 2012 and 2011, the undistributed earnings are as follows:

	December 31,	
	2012	2011
Before January 1, 1998	\$ 685,952	\$ 685,952
On and after January 1, 1998		
-10% additional tax assessed	6,010,391	1,368,317
-10% additional tax unassessed	16,109,542	10,991,031
	\$ 22,805,885	\$ 13,045,300

(22) Share-based payment - employee compensation plan

A. The Company issued 60,000,000 units of employee stock options with a unit of employee stock option representing one share of common stock, and the total number of shares of new common stock to be issued due to the exercise of employee stock options is 60,000,000, as resolved by the Board of Directors on October 29, 2007. The Company obtained approval from SFB on November 28, 2007.

B. Through a share swap agreement, the Company acquired all the outstanding shares of Cyntec Co., Ltd. (Cyntec) in addition to the shares already held by the Company accounted for under the equity method and thereby assumed the employee stock options of Cyntec. Details are described below:

Cyntec issued 10,000,000 units of employee stock options with a unit of employee stock option representing one share of common stock. The total number of shares of new common stock to be issued due to the exercise of employee stock option is 10,000,000, as resolved by the Board of Directors on October 30, 2007. Cyntec obtained approval from SFB on November 21, 2007.

C. As of December 31, 2012, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Actual resignation rate in the current period	Estimated future resignation rate
First employee stock options compensation plan of the Company	2007.12.18	60,000,000	6 years	(Note B)	1.03%	0.00%
Second employee stock options compensation plan of Cyntec assumed by the Company	2007.12.3	5,355,070 (Note A)	6 years	(Note B)	0.00%	0.00%
"	2007.12.27	254,195 (Note A)	6 years	(Note B)	0.00%	0.00%

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

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

D. 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.

E. Details of the first employee stock options compensation plan of the Company are set forth below:

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

Stock options	For the years ended December 31,			
	2012		2011	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	31,866,534	\$ 73.0	39,609,746	\$ 76.8
Options granted	-	-	-	-
Options exercised	(15,625,936)	70.8	(6,769,112)	76.2
Options revoked	(329,800)	72.8	(974,100)	74.1
Options outstanding at end of year (Note)	<u>15,910,798</u>	<u>\$ 70.1</u>	<u>31,866,534</u>	<u>\$ 73.0</u>
Options exercisable at end of year	<u>15,910,798</u>		<u>31,866,534</u>	
Options authorized but not granted at end of year	<u>-</u>		<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 are set forth below:

Range of exercise price (in dollars)	December 31, 2012				
	Stock options outstanding			Stock options exercisable	
No. of shares	Weighted-average expected remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)	
\$ 70.1	15,910,798	0.96 years	\$ 70.1	15,910,798	\$ 70.1

December 31, 2011					
Stock options outstanding			Stock options exercisable		
Range of exercise price (in dollars)	No. of shares	Weighted-average expected remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$ 73.0	31,866,534	1.97 years	\$ 73.0	31,866,534	\$ 73.0

F. Details of the employee stock options compensation plan of Cyntec are set forth below:

a. Details of the employee stock options assumed by the Company are set forth below:

The second employee stock options compensation plan

Stock options	For the years ended December 31,			
	2012		2011	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	2,810,326	\$ 38.09	4,370,977	\$ 40.08
Options granted	-	-	-	-
Assumed through business combination	-	-	-	-
Options exercised	(2,168,247)	37.57	(1,560,651)	39.70
Options revoked	-	-	-	-
Options outstanding at end of year (Note)	<u>642,079</u>	<u>\$ 36.59</u>	<u>2,810,326</u>	<u>\$ 38.09</u>
Options exercisable at end of year	<u>642,079</u>		<u>2,810,326</u>	
Options authorized but not granted at end of year	<u>-</u>		<u>-</u>	

Note: Weighted-average exercise price of options outstanding at beginning of period 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 are set forth below:

Second employee stock options compensation plan

December 31, 2012					
Stock options outstanding			Stock options exercisable		
Range of exercise price (in dollars)	No. of shares	Weighted-average expected remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$36.3~\$36.6	642,079	0.93 years	\$ 36.59	642,079	\$ 36.59

December 31, 2011					
Stock options outstanding			Stock options exercisable		
Range of exercise price (in dollars)	No. of shares	Weighted-average expected remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$37.8~\$38.1	2,810,326	1.92 years	\$ 38.09	2,810,326	\$ 38.09

G. 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 for the first employee stock options compensation plan of the Company which was granted before the effectivity of R.O.C. SFAS No. 39, "Accounting for Share-based Payment":

		For the years ended December 31,	
		2012	2011
Consolidated net income	Net income stated in statement of income	\$ 16,109,542	\$ 10,991,031
	Pro forma net income	16,109,542	10,872,013
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement of income	6.68	4.58
	Pro forma EPS	6.68	4.53
Diluted EPS (in dollars)	EPS stated in the statement of income	6.58	4.49
	Pro forma EPS	6.58	4.44

For the stock options granted before January 1, 2008 with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value and estimated results are as follows:

a. Parameters:

	For the years ended December 31,	
	2012	2011
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)	\$ 70.1	\$ 73.0

b. Conclusion:

	For the years ended December 31,	
	2012	2011
Weighted-average fair value of stock per share (in dollars)	\$ 31.7991	\$ 31.7991
Compensation cost accounted for using fair value method	(Note)	\$ 119,018

Note: No compensation cost was incurred due to all stock options had been vested.

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

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Weighted-average fair value (in dollars)
Second employee stock options compensation plan of Cyntec assumed by the Company	2007.12.3	\$ 100.5	\$ 41.8	40.23%	2.33 years	0.00%	0.853%	\$60.7591
"	2007.12.27	100.5	41.4	40.23%	2.48 years	0.00%	0.877%	61.3189

I. DelSolar's share-based payment transactions:

a. As of December 31, 2012, DelSolar's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted (Shares)	Contract period	Vesting conditions	Actual resignation rate in the current period	Estimated future resignation rate
First employee stock options compensation plan	2005.6.20	4,600,000	6 years	Two years' service vested 40%; three years' service vested 70%; four years' service vested 100%	-	-
Second employee stock options compensation plan	2007.9.14	1,500,000	6 years	Two years' service vested 25%; three years' service vested 50%; four years' service vested 75%; five years' service vested 100%	3.47%	-
Third employee stock options compensation plan	2007.11.20	4,000,000	7 years	"	14.03%	-
Fourth employee stock options compensation plan	2009.8.13	2,000,000	7 years	"	22.87%	-
Fifth employee stock options compensation plan	2009.10.26	1,470,000	7 years	"	26.45%	-
Sixth employee stock options compensation plan	2010.4.22	730,000	7 years	"	26.57%	7.00%
Seventh employee stock options compensation plan	2010.10.18	2,100,000	7 years	"	30.54%	7.00%
Capital increase in cash reserved for employees	2012.5.1	1,247,000	-	Immediately vested	-	-
Issuance of new restricted employee shares (Note A)	2012.10.24	2,700,000	2 years	Note B	2.44%	7.00%

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

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

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

	For the years ended December 31,			
	2012		2011	
Stock options	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	8,191,000	\$ 60.77	9,426,750	\$ 61.33
Options granted	-	-	-	-
Options revoked	(1,711,000)	59.71	(1,198,500)	65.85
Options exercised	-	-	(37,250)	30.10
Options outstanding at end of year	<u>6,480,000</u>	57.50	<u>8,191,000</u>	60.77
Options exercisable at end of year	<u>4,264,750</u>	61.08	<u>3,026,500</u>	68.24

- c. As of December 31, 2012 and 2011, the range of exercise price of stock options outstanding was \$28.3~\$61.7 (in dollars) and \$29.6~\$85 (in dollars), respectively, and the weighted-average remaining vesting periods were as follows:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
First employee stock options compensation plan	<u>-</u>	<u>-</u>
Second employee stock options compensation plan	<u>0.70 years</u>	<u>1.70 years</u>
Third employee stock options compensation plan	<u>1.89 years</u>	<u>2.89 years</u>
Fourth employee stock options compensation plan	<u>3.62 years</u>	<u>4.62 years</u>
Fifth employee stock options compensation plan	<u>3.82 years</u>	<u>4.82 years</u>
Sixth employee stock options compensation plan	<u>4.31 years</u>	<u>5.31 years</u>
Seventh employee stock options compensation plan	<u>4.80 years</u>	<u>5.80 years</u>

- d. As the fair value of employee stock options under the fourth and fifth employee stock options plans issued by DelSolar from January 1, 2008 through December 31, 2009 cannot be measured reliably, they are measured at their intrinsic value. According to the Gin-Gwen-Tz Letter No. 0960065898 of the former Financial Supervisory Commission, Executive Yuan, R.O.C., dated December 12, 2007, the intrinsic value is referred to as the difference between fair value and exercise price of shares. The fair value of shares of DelSolar is measured based on their net asset value before they are listed on the Stock Exchange. The Gin-Gwen-Tz Letter No. 0960065898 is applicable to the fourth and fifth employee stock options plans as they were issued prior to January 1, 2010.
- e. For the stock options under the sixth and seventh employee stock options plans, capital increase in cash reserved for employees and issuance of new restricted employees shares granted by the Company after (on) January 1, 2010 with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model in accordance with the Gin-Gwen-Tz Letter No. 0990006370 of the former Financial Supervisory Commission, Executive Yuan, R.O.C., dated March 15, 2010. The weighted-average parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Weighted-average fair value (in dollars)
Sixth	2010.04.22	\$ 53.64	\$ 53.3	37.18%	5.25 years	0%	1.01%	\$ 18.77
Seventh	2010.10.18	58.88	65.6	32.82%	5.25 years	0%	0.90%	16.01
Capital	2012.05.01	18.99	14.7	53.61%	0.01 years	0%	0.71%	4.29
increase in cash reserved for employees								
New restricted employee shares	2012.10.24	11.65	-	-	2.00 years	-	-	11.65

NEM's share-based payment transactions

a. As of December 31, 2012, NEM's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions	Actual resignation rate in the current period	Estimated future resignation rate
First employee stock options compensation plan of the Company	2009.11.25	572,600	8 years	(Note)	44.29%	44.53%
Second employee stock options compensation plan of the Company	2010.04.30	590,000	8 years	(Note)	59.55%	8.27%
Third employee stock options compensation plan of the Company	2010.12.21	388,000	8 years	(Note)	0.00%	14.11%
Fourth employee stock options compensation plan of the Company	2011.12.21	1,299,400	8 years	(Note)	19.75%	15.72%
Fifth employee stock options compensation plan of the Company	2012.12.10	847,000	8 years	(Note)	0.00%	22.66%

Note: Two years' service vested 50%; three years' service vested 75%; four years' service vested 100%.

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

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

Stock options	For the years ended December 31,			
	2012		2011	
	No. of shares	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	2,372,400	\$ 10	1,480,600	\$ 10
Options granted	847,000	10	1,299,400	10
Options exercised	-	-	-	-
Options forfeited	(614,000)	10	(407,600)	10
Options outstanding at end of year	<u>2,605,400</u>	<u>\$ 10</u>	<u>2,372,400</u>	<u>\$ 10</u>
Options exercisable at end of year	<u>422,000</u>		<u>206,000</u>	
Options authorized but not granted at end of year	<u>303,000</u>		<u>1,150,000</u>	

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

December 31, 2012					
		Stock options outstanding		Stock options exercisable	
Range of exercise price (in dollars)	No. of shares	Weighted-average exercise price remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$ 10	2,605,400	6.79 years	\$ 10	422,000	\$ 10

December 31, 2011					
		Stock options outstanding		Stock options exercisable	
Range of exercise price (in dollars)	No. of shares	Weighted-average exercise price remaining vesting period	Weighted-average exercise price (in dollars)	No. of shares	Weighted-average exercise price (in dollars)
\$ 10	2,372,400	7.14 years	\$ 10	206,000	\$ 10

c. The Board of Directors of NEM adopted a resolution to issue 572,600 units of employee stock options on November 25, 2009. As the fair value of shares of NEM cannot be measured reliably, they are measured at their intrinsic value. The intrinsic value is referred to as the difference between fair value and exercise price of shares. The shares'

fair value is measured based on their net asset value as per latest financial statements of NEM, which were audited by independent accountants, when they are unlisted and will be measured at their market price after being listed on the Stock Exchange. As the shares' net asset value as at December 31, 2012 and 2011 were both lower than the subscription price, no expense was incurred on share-based payment transactions for those employee stock options.

- d. For the NEM's stock options granted after January 1, 2010 with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value and estimated results are as follows:

<u>Grant date</u>	<u>April 30, 2010</u>	<u>December 21, 2010</u>	<u>December 21, 2011</u>	<u>December 10, 2012</u>
Dividend yield rate	-	-	-	-
Expected price volatility	51.68%	48.62%	50.18%	47.48%
Risk-free interest rate	1.30%	1.13%	1.09%	0.99%
Expected vesting period	5.38 years	5.38 years	5.38 years	5.38 years
Weighted-average fair value per share (in dollars)	\$ 10	\$ 10	\$ 10	\$ 10
Weighted-average fair value of stock options per share (in dollars)	\$ 1.5746	\$ 2.3217	\$ 1.2495	\$ 0.3621

- K. Compensation cost incurred on the Group's equity-settled share-based payment transactions for the years ended December 31, 2012 and 2011 was \$14,658 and \$43,111, respectively.

(23) Income tax

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

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Original amount</u>	<u>Tax effect</u>	<u>Original amount</u>	<u>Tax effect</u>
Current:				
Allowance for inventory obsolescence	\$ 902,507	\$ 164,260	\$ 1,142,567	\$ 231,322
Unrealized exchange gain	(35,026)	(5,954)	(96,675)	(18,826)
Loss on long-term purchase contract	344,225	58,518	490,878	83,449
Others	2,160,334	400,102	1,609,458	245,912
Loss carryforwards	8,406	1,429	110,701	18,803
Investment tax credits		<u>826,465</u>		<u>497,084</u>
		1,444,820		1,057,744
Less: Valuation allowance		<u>(841,311)</u>		<u>(459,830)</u>
		603,509		597,914
Classified to non-current assets held for sale		<u>(13,917)</u>		<u>-</u>
Net deferred income tax assets - current		<u>\$ 589,592</u>		<u>\$ 597,914</u>
Non-current:				
Long-term equity investments	(\$ 27,621,599)	(\$ 4,695,638)	(\$ 29,658,186)	(\$ 5,041,856)
Depreciation difference between tax and financial basis	4,224,008	1,010,768	3,556,610	805,473
Impairment loss	3,131,844	595,208	1,108,303	258,217
Pension liability	2,332,478	437,127	2,141,384	367,293
Others	(10,137,724)	(668,354)	(6,414,236)	(513,537)
Loss carryforwards	12,082,230	2,063,275	3,411,208	571,296
Investment tax credits		<u>11,551</u>		<u>964,267</u>
		(1,246,063)		(2,588,847)
Less: Valuation allowance		<u>(2,418,175)</u>		<u>(1,278,458)</u>
		(3,664,238)		(3,867,305)
Classified to non-current assets held for sale		<u>(483,778)</u>		<u>-</u>
Net deferred income tax liabilities - non-current		<u>(\$ 4,148,016)</u>		<u>(\$ 3,867,305)</u>

B. As of December 31, 2012 and 2011, income tax expense and income tax payable are reconciled as follows:

	For the years ended December 31,	
	2012	2011
Income tax expense	\$ 3,328,523	\$ 2,825,962
(Including income tax benefit of \$20,515 and \$295,394 from discontinued operations)		
Effect of deferred income tax	(158,210)	447,289
Difference between tax credits approved foreign income and tax credits used	(20,563)	(29,729)
Over provision of income tax in prior years, net	130,806	9,807
Prepaid income tax	(1,160,714)	(1,461,430)
Income tax payable of prior period	258,306	190,823
Tax effect due to changes in consolidated subsidiaries	-	26,321
Others	(83,990)	58,502
Income tax payable - net	<u>\$ 2,294,158</u>	<u>\$ 2,067,545</u>
Income tax refundable	(\$ 1,687)	(\$ 25,374)
Shown as non-current assets classified as held for sale	(1,019)	-
Income tax payable	<u>2,296,864</u>	<u>2,092,919</u>
	<u>\$ 2,294,158</u>	<u>\$ 2,067,545</u>

C. As of December 31, 2012, losses available to be carried forward by the Company and subsidiaries and investment tax credits of the companies registered in Taiwan in accordance with the “Statute for Upgrading Industries” were as follows:

Source	Unused credits	Year of expiration
Loss carryforwards	\$ 2,064,704	Between 2014 and 2022
R&D expenditures	\$ 834,032	2013
Training expenditures	3,308	2013
Expenditures for procurement of machinery and equipment	676	2013
	<u>\$ 838,016</u>	

D. Under the PRC tax regulations, the corporate income tax of DDG shall be levied at the preferential rate of 15 percent as it was classified as high-tech enterprise after government review. Furthermore, because its additional investment in 2007 is included in the incentive items specified in the “Catalogue for the Guidance of Foreign Investment Industries”, the tax payable for the income from the additional investment can be calculated separately. Thus, for

this part, DDG is exempt from corporate income tax for the first and second profit-making years and is subject to a 50% reduction of corporate income tax from the third through fifth profit-making years. Year 2012 is the last year wherein DDG can apply the 50% reduction of corporate income tax, with a tax rate of 12.5%.

- E. Under the PRC tax regulations, DWH is exempt from corporate income tax for the first and second years since 2008 and is subject to a 50% reduction of corporate income tax from the third through fifth years since 2008. Year 2012 is the last year wherein DWH can apply the 50% reduction of corporate income tax.
- F. As of December 31, 2012, the status of the Group's assessed and approved income tax returns are as follows:

	<u>Years Assessed by Tax Authority</u>
The Company	2010
Cyntec, DelSolar, AMT, Delta Capital DelBio, DNIT, NEM and Ayecom	2010
Delta Robot and DSGL	Not assessed yet

(24) Earnings per share

	<u>For the year ended December 31, 2012</u>				
	<u>Amount</u>		<u>Weighted- average outstanding common shares (in thousands)</u>	<u>Earnings per share (in dollars)</u>	
	<u>Income before income tax</u>	<u>Net income</u>		<u>Income before income tax</u>	<u>Net income</u>
Basic EPS					
Net income from continuing operations	\$ 21,398,391	\$ 18,049,353	2,410,764	<u>\$ 8.88</u>	<u>\$ 7.49</u>
Dilutive effect of common stock equivalents:					
Employee stock options	-	-	6,573		
Employee bonus (Note)	-	-	<u>31,024</u>		
Diluted EPS					
Net income from continuing operations	<u>\$ 21,398,391</u>	<u>\$ 18,049,353</u>	<u>2,448,361</u>	<u>\$ 8.74</u>	<u>\$ 7.37</u>

For the year ended December 31, 2012

	Amount		Weighted- average outstanding common shares (in thousands)	Loss per share (in dollars)	
	Loss before income tax	Net loss		Loss before income tax	Net loss
Basic LPS					
Net loss from discontinued operations	<u>(\$ 1,960,326)</u>	<u>(\$ 1,939,811)</u>	<u>2,410,764</u>	<u>(\$ 0.82)</u>	<u>(\$ 0.81)</u>
Diluted LPS					
Net loss from discontinued operations	<u>(\$ 1,960,326)</u>	<u>(\$ 1,939,811)</u>	<u>2,448,361</u>	<u>(\$ 0.80)</u>	<u>(\$ 0.79)</u>

For the year ended December 31, 2011

	Amount		Weighted- average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Income before income tax	Net income		Income before income tax	Net income
Basic EPS					
Net income from continuing operations	\$ 16,447,706	\$ 13,326,350	2,401,627	<u>\$ 6.85</u>	<u>\$ 5.55</u>
Dilutive effect of stock equivalents:					
Employee stock options	-	-	9,906		
Employee bonus (Note)	-	-	37,508		
Diluted EPS					
Net income from continuing operations	<u>\$ 16,447,706</u>	<u>\$ 13,326,350</u>	<u>2,449,041</u>	<u>\$ 6.72</u>	<u>\$ 5.44</u>
Basic EPS					
Net income from discontinued operations	<u>(\$ 2,836,342)</u>	<u>(\$ 2,540,948)</u>	<u>2,401,627</u>	<u>(\$ 1.19)</u>	<u>(\$ 1.06)</u>
Extraordinary gain	<u>\$ 205,629</u>	<u>\$ 205,629</u>	<u>2,401,627</u>	<u>\$ 0.09</u>	<u>\$ 0.09</u>
Diluted EPS					
Net income from discontinued operations	<u>(\$ 2,836,342)</u>	<u>(\$ 2,540,948)</u>	<u>2,449,041</u>	<u>(\$ 1.16)</u>	<u>(\$ 1.03)</u>
Extraordinary gain	<u>\$ 205,629</u>	<u>\$ 205,629</u>	<u>2,449,041</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>

(Note) 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.

(25) Personnel expenses, depreciation and amortization

	For the years ended December 31,		
	2012		2011
	<u>Operating cost</u>	<u>Operating expense</u>	<u>Total</u>
Personnel expenses			
Salaries	\$ 11,810,409	\$ 8,257,081	\$ 20,067,490
Employees' bonus and directors' and supervisors' remuneration	305,700	2,505,716	2,811,416
Labor and health insurance	1,193,497	640,751	1,834,248
Pension	340,330	224,595	564,925
Others	442,492	396,744	839,236
	<u>\$ 14,092,428</u>	<u>\$ 12,024,887</u>	<u>\$ 26,117,315</u>
			<u>Operating cost</u>
			<u>Operating expense</u>
			<u>Total</u>
Depreciation (Note)	\$ 5,565,955	\$ 980,549	\$ 6,546,504
Amortization	\$ 418,532	\$ 1,063,925	\$ 1,482,457
			<u>Operating cost</u>
			<u>Operating expense</u>
			<u>Total</u>
			<u>\$ 19,005,332</u>
			<u>\$ 7,891,806</u>
			<u>\$ 1,769,215</u>
			<u>\$ 544,953</u>
			<u>\$ 249,872</u>
			<u>\$ 454,751</u>
			<u>\$ 10,910,597</u>
			<u>\$ 24,012,035</u>
			<u>\$ 5,450,880</u>
			<u>\$ 815,234</u>
			<u>\$ 1,060,370</u>

(Note) Including the depreciation provided for assets leased to others for the years ended December 31, 2012 and 2011 which was recorded as other non-operating loss.

5. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Investee company accounted for under the equity method
Amita Technologies, Inc. (Amita)	"
Digital Projection International Ltd. (DPI)	"
Crystalrich (HongKong) Co., Ltd. (Crystalrich-HK)	"
Trillion Science, Inc. (Trillion)	"
Delta Products Corporation (DPC)	Related party in substance
Delta Greentech (China) Co., Ltd. (DGC)	Related party in substance (before October 3, 2011) A subsidiary held by DIH, Ace and Drake-HK (after October 3, 2011)
Digital Projection Ltd. (DP)	A subsidiary of DPI
Crystalrich (Guangzhou) Co., Ltd.	A subsidiary of Crystalrich-HK
DET International Holding Ltd. (DET Holding)	A subsidiary of DET
Delta Energy Systems (Switzerland) AG. (DES Switzerland)	"
Delta Green Industrial (Thailand) Co., Ltd.	"
Delta Energy Systems (Singapore) Pte. Ltd. (DES SG)	"
Delta Energy Systems (Australia) Pty. Ltd.	A subsidiary of DES SG
Delta Electronics Europe Ltd. (DEU)	A subsidiary of DET Holding
Delta Energy Systems (Germany) GmbH (DES Germany)	"
Delta Energy Systems (India) PVT Ltd. (DES India)	"
DET Logistics (USA) Corporation	"
Delta Electronics (Slovakia) s.r.o. (DESK)	"
DET Video Technology Limited	"
Delta Energy System (Arizona), Inc.	"
DET SGP Pte. Ltd.	"
Delta India Electronics PVT Ltd. (Delta India)	"
Delta Power Solutions India PVT Ltd. (DPS India)	"

Names of related parties	Relationship with the Company
Delta Greentech (USA) Corporation (DGA)	A subsidiary of DET Holding
Delta Greentech Electronics Industry LLC	"
Delta Greentech (Brasil) S.A. (DGB)	"
Delta Energy Systems (Finland) Oy	A subsidiary of DES Switzerland
Delta Energy Systems (Italy) s.r.l (DES Italy)	"
Delta Energy Systems (Spain) SL.	"
Delta Energy Systems (Czech Republic) spol	"
Delta Energy Systems (France) SA.	"
Delta Energy Systems (Poland) Sp. Zo. o.	"
Delta Energy Systems LLC (Russia)	"
Delta Energy Systems (Sweden) AB.	"
Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Indirectly held investee company accounted for under equity method by DET (before August 1, 2011) A subsidiary of DHK (after August 1, 2011)

(2) Significant transactions and balances with related parties

A. Sales

	For the years ended December 31,	
	2012	2011
DGA	\$ 1,080,040	\$ 87,167
DPC	809,087	659,672
DES Switzerland	635,796	338,086
DP	529,732	590,704
Delta India	469,244	427,870
DES Italy	390,150	273,848
DGB	403,419	341,613
DET	234,417	170,727
DESK	232,555	13,920
DPS India	112,590	145,812
DES Germany	95,212	237,295
DGC	-	5,886,177
DGT	-	164,422
Others	34,000	76,826
	5,026,242	9,414,139
Less: Sales of discontinued operations	(454,298)	(283,145)
	\$ 4,571,944	\$ 9,130,994

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

B. Purchases

	For the years ended December 31,	
	2012	2011
DET	\$ 513,737	\$ 446,298
DGT	-	478,722
Others	109,404	51,620
	623,141	976,640
Less: Purchases of discontinued operations	-	(22,446)
	<u>\$ 623,141</u>	<u>\$ 954,194</u>

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

C. Accounts receivable

	December 31,	
	2012	2011
DGA	\$ 309,803	\$ 10,134
DPC	276,868	133,044
DES Switzerland	150,802	108,756
DP	133,523	107,396
DGB	118,074	107,096
DES Italy	111,225	91,572
Delta India	84,422	129,738
Others	160,827	128,720
	1,345,544	816,456
Classified to non-current assets held for sale	(113,667)	-
	<u>\$ 1,231,877</u>	<u>\$ 816,456</u>

D. Accounts payable

	December 31,	
	2012	2011
DET	\$ 135,803	\$ 85,285
Others	46,664	33,089
	<u>\$ 182,467</u>	<u>\$ 118,374</u>

E. Property transactions

In December 2011, DHK purchased 50% stock ownership of DGT from DET SGP Pte. Ltd. amounting to \$467,803. As of December 31, 2012, such amount had been fully paid. The Company has eliminated the disposal gain of \$81,322 from this sidestream intercompany transaction in proportion to the product of its equivalent stock ownership in one investee company multiplied by its equivalent stock ownership in the other investee company.

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

	2012	2011
Salaries (Note A)	\$ 54,792	\$ 52,789
Bonuses (Note B)	67,432	11,415
Service fees (Note C)	1,645	2,832
Distribution of earnings (Note D)	229,960	207,137
	<u>\$ 353,829</u>	<u>\$ 274,173</u>

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

Note B: Including all kinds of incentives.

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

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

Note E: For related information, please refer to Annual Report.

6. DETAILS OF PLEDGED ASSETS

As of December 31, 2012 and 2011, the details of pledged assets are as follows:

Assets pledged	December 31,		Purpose of pledge
	2012	2011	
Buildings	\$ 1,414,526	\$ 1,716,158	Long-term loans
Machinery and equipment	\$ 342,728	\$ 21,496	"
Testing equipment	\$ 3,645	\$ -	"
Construction in progress and prepayments for equipment	\$ 1,432,342	\$ 1,137,339	"
Deferred expenses	\$ 4,193	\$ 6,553	"
Demand deposits and time deposits (shown as other financial assets - current and non-current)	\$ 3,862	\$ 100,446	Collateral for customs duties
Cash, demand deposits and time deposits (shown as other financial assets - current)	225	20,000	Collateral for disposition and seizure
Time deposit (shown as other assets - current)	39,849	24,163	Performance bonds
	<u>\$ 43,936</u>	<u>\$ 144,609</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's significant commitments as of December 31, 2012 were as follows:

(1) Future lease payments purchase commitment

A. As of December 31, 2012, the future lease payments and the net present value discounted at 1.37%, one-year time deposit interest rate given by the Chunghwa Post Co., Ltd. are as follows:

Year	Amount
2013	\$ 144,973
2014	50,509
2015	36,914
2016	22,211
2017	11,178
2018~2022 (the net present value is \$20,337)	22,672
2023 (the net present value is \$3,904)	4,534
	\$ 292,991

B. The Company entered into contracts for software procurement and the total future payments for the acquisition of software amounted to approximately \$217,594.

C. The Group entered into contracts for the construction of new factories and buildings, and the total future payments for the acquisition of equipment amounted to approximately \$1,910,736.

(2) Research engagement contract and technical cooperation agreement

A. 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, 2012, the Company has paid the authorization fee totaling \$5,000 and royalty fee totaling \$621 to the Institute of Nuclear Energy Research. Further, in January, 2010, the Company entered into an agreement with the Institute of Nuclear Energy Research for the temporary termination of the above agreement for two years whereby the Company cannot use the technology authorization during such period.

B. The Company signed a contract with the Industrial Technology Research Institute for the research engagement of LED Projective Array Auto Stereoscopic Display. The contract will expire in November, 2015. As of December 31, 2012, the Company was committed to future research commission payments under the contract totaling \$23,625.

C. The Company entered into an agreement with the Industrial Technology Research Institute for preliminary technology authorization of open cloud computing system. As of December 31, 2012, the Company was committed to future authorization fee under the agreement totaling \$6,300.

D. The Company signed an agreement with the National Central University to build a Union R&D Center jointly. The agreement started in 2011 and will expire in 2020. Under the agreement, both parties agreed to provide \$10,000 each per year for the first three years of the agreement for the establishment of the Union R&D Center. The fund will be managed in a separate account for this special use only. If the cooperative performance is assessed to be satisfactory after the completion of the three-year execution, the two parties will continue the next three-year plan,

and confer on issues including their investment proportions. As of December 31, 2012, the future payments required of the Company under the above agreement was \$10,000.

- E. The Company signed an industrial and academic cooperation agreement with the National Taiwan University, National Tsing Hua University and National Chiao Tung University. The agreement started on June 20, 2011 and will expire on June 20, 2014. Under the agreement, the Company agreed to contribute \$32,000 maximum per year to the fund of “Cloud Computing and Business Application Program”. As of December 31, 2012, the future payments required of the Company under the above agreement was \$62,459.
- F. DelSolar signed a solar cell joint development agreement with IBM on September 25, 2010. The agreement started on September 25, 2010 and will expire on September 24, 2013. This technical cooperation aims at commercial mass production of chemical-compound thin-film solar cells and gaining technical patent jointly. DelSolar should bear certain amount of development expenses in a period as specified by the agreement. As of December 31, 2012, it had paid US\$6.5 million in advance. DelSolar had terminated this agreement on February 1, 2013 due to the adjustment of operation plan.

(3) DelSolar’s long-term purchase contracts

- A. DelSolar signed long-term purchase contracts with 6 materials suppliers with contract periods from December 2006 to December 2018. According to the contracts, DelSolar agreed to pay those suppliers certain amounts in installments, and the suppliers shall provide DelSolar with materials as DelSolar makes prepayments for purchases. Such prepayments may be offset against the relevant purchase amounts or be returned. As a result of the imbalance between supply and demand in the solar energy industry, the solar cell trade is making silicon wafer unit price modification arrangements with silicon wafer suppliers. As of December 31, 2012, DelSolar had signed memorandums of understanding (MOU) with 4 suppliers, specifying unit price modification mechanisms, and had recognized accrued liabilities for loss on long-term purchase contracts totaling \$344,225 for the above events based on the accounting conservatism principle.
- B. A reconciliation arrangement was contracted by DelSolar and its material supplier – Swiss Wafers AG, one of the 6 materials suppliers stated in the first paragraph, due to Swiss Wafers AG’s default on its delivery commitment under the silicon wafer supply contract. After negotiations, Swiss Wafers AG still could not fulfill the commitment. On March 18, 2010, DelSolar filed a lawsuit against Swiss Wafers AG to protect its creditor’s rights, which is being tried under the Betreibungsamt Weinfelden Bahnhofstrasse 22 8570 Weinfelden Switzerland. On August 8, 2011, DelSolar had signed an MOU agreeing to deliver materials according to market price to offset prepayments. As the result of negotiations with Swiss Wafers AG was not as expected, DelSolar had requested commercial arbitration with the ICC Court of Arbitration on March 9, 2012. Under the contract, the maximum loss to DelSolar is the total balance of prepayments accrued as at December 31, 2012 amounting to US\$3,240 thousand,


- which might be uncollectible from Swiss Wafers AG. As of the financial reporting date, the final judgment on this case is still pending.
- C. DelSolar agreed on the monthly volume of materials purchases with certain suppliers stated in the first paragraph. Due to price impact of market supply and demand, DelSolar negotiated for the amount and quantity of purchase obligations as specified on the contract. Under the contract, the maximum loss to DelSolar is the total balance of prepayment accrued as at December 31, 2012 amounting to EUR 3,342 thousand, which might be uncollectible. As of the financial reporting date, the negotiation is in progress and the possible loss cannot be reasonably estimated.
- D. The machinery and equipment which DelSolar purchased from a certain supplier was below the criteria for acceptance. After negotiation and correction several times, those machinery and equipment still cannot reach the criteria for acceptance. DelSolar had requested commercial arbitration with the Chinese Arbitration Association in July 2012. As of the financial reporting date, the final judgement on this case is still pending and the possible financial effect cannot be reasonably estimated.

8. MAJOR CATASTROPHE

None.

9. SUBSEQUENT EVENTS

- (1) On February 6, 2013, Delsolar's extraordinary shareholders' meeting approved the merger with Neo Solar Power Corporation (NSP). Each common share of DelSolar will be converted into 0.735 share of NSP. DelSolar will be the dissolved company and NSP will be the surviving company after the consolidation.
- (2) On January 17, 2013, DelBio established DelBio (Wujiang) Co., Ltd. (DelBio-WJ). DelBio funded the establishment of DelBio-WJ with USD 900 thousand on February 19, 2013.
- (3) On February 25, 2013, the board of directors of DelBio resolved to conduct capital increase in cash. The amount of capital increase will depend on the progress of the establishment of DelBio-WJ up to a maximum amount of USD 4,050 thousand.
- (4) On February 6, 2013, the board of directors of Delta Capital resolved to conduct capital increase in cash of 25,000,000 shares with \$10 per share. The funds for the capital increase had been collected on February 21, 2013 but the registration had not been completed as of the report date.
- (5) On February 6, 2013, Delta Capital entered into an agreement with Green Seal Holding Limited for the purchase of convertible bonds through private placement amounting to USD 3 million before March 1, 2013. Delta Capital had remitted the payment on February 27, 2013.
- (6) On January 8, 2013, DPEC signed a contract with Nanjing Tunjing Cultural Development and Communication Ltd. for the purchase of commercial office building in Nanjing at approximately RMB 73,498,000. On January 8, 2013, DPEC had paid the acquisition price of RMB 15,000,000 under the contract.

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- (7) DIH signed a share purchase agreement with Luxeon International Holding Limited (Luxeon) for the purchase of 100% ownership of Vivitek Corporation from Luxeon for USD 1,500 thousand. DIH had remitted the payment on January 3, 2013.

10. OTHERS

(1) Financial statement presentation

Certain accounts in the 2011 consolidated financial statements were reclassified to conform with the 2012 consolidated financial statement presentation.

(2) Fair value of the financial instruments

	December 31, 2012			December 31, 2011		
	Book value	Quotations in an active market	Estimated using a valuation technique	Book value	Quotations in an active market	Estimated using a valuation technique
<u>Non-derivative financial instruments</u>						
Assets:						
Financial assets with fair values equal to book values	\$ 91,842,705	\$ -	\$ 91,842,705	\$ 106,969,167	\$ -	\$ 106,969,167
Financial assets at fair value through profit or loss	975,051	7,538	967,513	1,821,706	1,181	1,820,525
Available-for-sale financial assets	2,953,289	2,953,289	-	649,872	649,872	-
Financial assets carried at cost	1,665,433	-	-	4,243,408	-	-
Liabilities:						
Financial liabilities with fair values equal to book values	\$ 51,383,642	\$ -	\$ 51,383,642	\$ 64,776,720	\$ -	\$ 64,776,720
Long-term loans (including current portion)	19,898,380	-	19,898,380	25,720,079	-	25,720,079
<u>Derivative financial instruments</u>						
Assets:						
Forward exchange contracts	\$ 45,648	\$ -	\$ 45,648	\$ 116,272	\$ -	\$ 116,272
Liabilities:						
Forward exchange contracts	\$ 43,331	\$ -	\$ 43,331	\$ 51,130	\$ -	\$ 51,130

The methods and assumptions used to estimate the fair values (including non-current disposal group classified as held for sale) of the above financial instruments are summarized below:

A. 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 other financial assets - non-current, 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.

B. 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 the balance sheet date. The fair value of private placement of convertible bonds, which were invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds" is measured at cost; while the fair value of those invested after October 8, 2010 is measured based on Binomial Stock Options Pricing Model.

C. 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.

D. 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 \$158,449 and (\$656,934), and the amount removed from equity and recognized in profit or loss was (\$247,788) and \$107,718 for the years ended December 31, 2012 and 2011, respectively.

(4) Information on interest rate risk positions

As of December 31, 2012 and 2011, the Group's (including non-current disposal group classified as held for sale) financial assets with fair value risk due to the change of interest amounted to \$9,360,232 and \$26,532,443, respectively; the financial liabilities with fair value risk due to the change of interest rate amounted to \$116,159 and \$5,609,862, respectively; the financial assets with cash flow risk due to the change of interest rate amounted to \$16,869,199 and \$10,675,664, respectively; and the financial liabilities with cash flow risk due to the change of interest amounted to \$26,673,133 and \$37,885,208, 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:

- A. Nature hedge
- B. Does not erode the profit of main business
- C. Does not enter into financial instruments besides the transaction currency
- D. Should execute stop-loss point
- E. Should execute the operating process

In monitoring control, besides the regular audit performed by the internal auditor, the Group's Chief Financial Officer should monitor and manage derivative transactions. Except for 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

- A. Certain transactions of the Group involve non-functional currency which are exposed to exchange rate fluctuation. The information on foreign currency denominated monetary assets and liabilities which are significantly affected by exchange rate fluctuation is as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	Foreign		Foreign	
(Foreign Currency: Functional Currency)	<u>Currency Amount</u> <u>(In thousands)</u>	<u>Exchange</u> <u>Rate</u>	<u>Currency Amount</u> <u>(In thousands)</u>	<u>Exchange</u> <u>Rate</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	273,469	29.0400	231,700	30.275
USD:RMB	177,354	6.2855	15,640	6.3009
RMB:USD	784,564	0.1591	1,159,556	0.159

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	Foreign		Foreign	
	<u>Currency Amount</u> <u>(In thousands)</u>	<u>Exchange</u> <u>Rate</u>	<u>Currency Amount</u> <u>(In thousands)</u>	<u>Exchange</u> <u>Rate</u>
<u>Long-term equity</u>				
<u>investments accounted</u>				
<u>for under the equity</u>				
<u>method</u>				
THB:USD	6,143,510	0.0328	4,166,653	0.0319
THB:NTD	4,737,280	0.9535	3,952,955	0.9647
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	24,247	29.0400	92,484	30.275
USD:RMB	454,222	6.2855	509,934	6.3009
RMB:USD	852,898	0.1591	763,939	0.159

B. Investments in equity financial instruments

<u>Items</u>	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Financial assets at fair value through profit or loss - listed and OTC stocks	\$ 7,538	\$ 1,181
Available-for-sale financial assets	2,953,289	649,872
Financial assets carried at cost	1,665,433	4,243,408

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.

C. Other financial instrument investments

Items	December 31,	
	2012	2011
Financial assets at fair value through profit or loss - private placement of convertible bonds	\$ 967,513	\$ 1,820,525

a. Market risk

The private placement of convertible bonds that the Group invested in have no quoted price in active market; hence, they are not affected by the changes in market price. Therefore, no significant market risk would arise.

b. Credit risk

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

Interest on the private placement of convertible bonds that the Group invested in accrues at fixed interest rate; therefore, there is no cash flow risk arising from interest rate fluctuations.

D. Receivables

Items (Note)	December 31,	
	2012	2011
Notes receivable, net	\$ 1,320,748	\$ 1,330,220
Accounts receivable (including related parties), net	36,441,916	35,525,143
Other receivables	717,525	2,082,657

Note: Including non-current disposal group classified as held for sale.

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.

E. Loans

Items (Note)	December 31,	
	2012	2011
Short-term loans	\$ 6,890,912	\$ 17,599,492
Long-term loans (including current portion)	19,898,380	25,720,079

Note: Including non-current disposal group classified as held for sale.

a. Market risk

The loans of the Group have no significant market risk.

b. Credit risk

None.

c. Liquidity risk

The expected future cash flow is sufficient to support 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 on derivative transactions

The balance of the Group's derivative transactions as of December 31, 2012 and 2011 are shown in Notes 4(2), (15) and 10(9). The related risk information is 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, all have 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) Fair value hedge and cash flow hedge

A. Fair value hedge

The foreign currency demand for the subsidiaries is exposed to 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>		
	<u>Financial instrument was designated as hedging instrument</u>	<u>Fair value as of December 31, 2012</u>	<u>Fair value as of December 31, 2011</u>
Receivables in foreign currencies	Forward exchange contracts	\$ -	(\$ 4,088)
Payables in foreign currencies	Forward exchange contracts	(\$ 2,295)	\$ 2,620

B. 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 gain (loss) anticipated to be recognized in income statement</u>
	<u>Financial instrument was designated as hedging instrument</u>	<u>Fair value as of December 31, 2012</u>	<u>Period of anticipated cash flow</u>	
Receivables in foreign currencies	Forward exchange contracts	\$ 13,695	2013.01.04~2013.06.04	2013.01.04~2013.06.04
Payables in foreign currencies	Forward exchange contracts	11,456	2013.01.04~2013.11.06	2013.01.04~2013.11.06

Hedge item	Designated for hedging instrument		Period of anticipated cash flow	Period of gain (loss) anticipated to be recognized in income statement
	Financial instrument was designated as hedging instrument	Fair value as of December 31, 2011		
Receivables in foreign currencies	Forward exchange contracts	\$ 46,524	2012.01.05~2012.12.06	2012.01.05~2012.12.06
Payables in foreign currencies	Forward exchange contracts	23,182	2012.01.05~2012.12.06	2012.01.05~2012.12.06

(10) Business mergers and acquisitions

- A. The Group conducted the following business mergers and acquisitions and stock ownership adjustments in 2011:
- The Company conducted simple merger with PreOptix originally owned by the Company with 94.89% ownership, on March 1, 2011, and paid \$17,875 to the minority stockholders of PreOptix for the merger. PreOptix is the dissolved company.
 - The Company's subsidiary - DHK acquired 100% stock ownership in DGT by cash totaling \$938,774 (US\$30,904,000) on August 1, 2011 and December 1, 2011.
 - The Company's subsidiary - DIH acquired 100% stock ownership in Ace by cash in the amount of \$416,219 (US\$13,655,000) on September 1, 2011 and 100% stock ownership in Drake by cash in the amount of \$5,210,822 (US\$172,116,000) on October 3, 2011. After this transaction, the Company's indirectly owned stock ownership in DGC through Ace and Drake were 3.811% and 48.51%, respectively. Including the original 10.38% stock ownership held by the Company, the Company's consolidated stock ownership in DGC was 62.701%.
- B. The business activities of each subsidiary were as follows:
- PreOptix: manufacturing and sales of lenses and optical engines for projectors.
 - DGT: please refer to Note 11(3)A.
 - DGC: please refer to Note 11(3)A.
- C. In accordance with paragraph 26 of R.O.C. SFAS No. 25, "Accounting for Business Combination - Purchase Method", publicly traded companies are required to provide supplemental information on the performance of its operations on a pro forma basis. The assumptions made by each direct subsidiary or indirect subsidiary for their pro forma consolidated statements of income for the year ended December 31, 2011 are as follows:
- PreOptix was originally the consolidated entity of the Company. The pro forma information is prepared under the assumption that PreOptix had been dissolved on January 1, 2011. The income (loss) of PreOptix had been included in the consolidated statement of income.

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- b. Effective August 1, 2011, the operating results of DGT was included in the consolidated statements of income of DHK, and pro forma supplementary information was prepared under the assumption that DHK and the Company had acquired 100% and 94% stock ownership in DGT, respectively since January 1, 2011.
 - c. Effective October 3, 2011, the operating results of DGC was included in the consolidated statements of income of DIH, and pro forma supplementary information was prepared under the assumption that DIH and the Company had acquired 62.701% and 94.00% stock ownership in DGC, respectively since January 1, 2011.

Pro forma supplementary information is as follows:

Delta Electronics, Inc. and Subsidiaries
Pro Forma Consolidated Statements of Income
For the Year Ended December 31, 2011

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

(Unaudited)

	2011	
Operating revenues		
Net sales	\$	164,585,421
Service income		2,503,689
Net operating revenues		167,089,110
Operating costs		
Cost of goods sold	(	129,014,340)
Service costs	(	1,342,257)
Net operating costs	(	130,356,597)
Gross profit		36,732,513
Operating expenses	(	23,057,368)
Operating income		13,675,145
Non-operating income and gains		4,960,073
Non-operating expenses and losses	(	731,196)
Income from continuing operations before income tax		17,904,022
Income tax expense	(	3,207,665)
Net income from continuing operations		14,696,357
Loss from discontinued operations	(	2,540,948)
Consolidated net income	\$	12,155,409
Attributable to:		
Equity holders of the Company	\$	10,973,267
Minority interest		1,182,142
	\$	12,155,409
Earnings Per Share (In Dollars)	Before Tax	After Tax
Basic earnings per share		
Net income from continuing operations	\$ 7.45	\$ 6.12
Loss from discontinued operations	(1.19)	(1.06)
Minority interest income	(0.49)	(0.49)
Net income	\$ 5.77	\$ 4.57
Diluted earnings per share		
Net income from continuing operations	\$ 7.31	\$ 5.99
Loss from discontinued operations	(1.16)	(1.03)
Minority interest income	(0.48)	(0.48)
Net income	\$ 5.67	\$ 4.48

(11) Extraordinary gain

The subsidiary - DIH originally held 10.38% ownership of DGC (shown as “Financial assets carried at cost”). Effective October 3, 2011, DGC was included in the Company’s consolidated financial statements. The treatment for the equity investment in DGC was changed to the equity method assuming that the change was at the beginning of 2011 and not adopting retroactive adjustment. The difference between investment cost and underlying equity in net assets is analyzed and dealt with by following the allocation procedures of the acquisition cost specified in R.O.C. SFAS No. 25, “Business Combinations – Purchase Method”. As the fair value of identifiable net assets exceeded the investment cost, the excess was recognized as a reduction to the carrying amounts of non-current assets of DGC in proportion to their fair values. The remaining excess of \$205,629 after the carrying amounts of identifiable net assets was reduced to \$0 was recognized as extraordinary gain. Cash dividends received from DGC in 2011 was accounted for as investment income under the previous method; accordingly, investment income amounting to \$153,267 was offset against the long-term equity investment account.

For the year ended December 31, 2012

Transactions	The Company	DIH	DNH	PreOptix	DEN	DeSolar	NEM	Cytec	DelBio	Delta Capital	DEIL-SG	DSGL	AMT	Delta Robot
(1) Elimination of long-term investments	(\$ 86,800,056)	\$ 51,253,353	\$ 6,317,411	\$ 175,579	\$ 103,373	\$ 2,378,066	\$ 104,193	\$ 18,498,549	\$ 119,195	\$ 1,185,916	\$ 3,742,537	\$ 9,436	\$ 2,681,476	\$ 230,972
(2) Elimination of intercompany receivable (AR) and payable (AP) accounts	4,562,654	(2,869,531)	262,615	(42,306)	49,453	(396,987)	170	(89,644)	8,689	-	(1,485,354)	25	-	216
(3) Elimination of profit and accounts														
A. Sale and purchase transactions														
a. Downstream transactions	1,077,238	(498,838)	(2,404)	-	(35,024)	(403,630)	-	(31,513)	(12,612)	-	(92,820)	-	-	(217)
b. Upstream transactions	(20,700,207)	92,013	19,366	-	-	51,972	-	177	-	-	20,536,679	-	-	-
c. Sidestream transactions	-	(13,086,821)	969,419	-	226,344	(1,341,429)	(566)	(206,142)	10,793	-	13,428,402	-	-	-
B. Services revenue, selling expenses, management and administrative expenses	7,450,451	(1,936,845)	(37,142)	-	225,023	(7,493)	(1,266)	(29)	(17)	-	(5,692,682)	-	-	-
C. Rental revenue and rental expense	(3,369)	27,472	(46,794)	-	-	(62,854)	-	37,888	(5,470)	-	-	(73)	53,200	-
(4) Elimination of minority income	(592,513)	(307,441)	-	-	-	822,605	17,340	-	-	-	-	-	9	-
(5) Elimination of other transactions	4,740	-	(4,400)	-	-	-	-	-	(340)	-	-	-	-	-
Refundable deposits and guarantee deposits received														

For the year ended December 31, 2011

Transactions	The Company	DIH	DNH	PreOptix	DEN	DeSolar	NEM	Cyntec	DeIBio	Delta Capital	DEIL-SG
(1) Elimination of long-term investments	(\$ 86,730,487)	\$ 55,048,426	\$ 6,537,276	\$ 181,496	\$ 85,386	\$ 4,388,399	\$ 95,692	\$ 16,333,394	\$ 25,741	\$ 1,171,924	\$ 2,862,753
(2) Elimination of intercompany receivable (AR) and payable (AP) accounts	4,908,545	148,366	252,648	-	23,122	48,954	242	(53,974)	949	517	(5,329,369)
(3) Elimination of profit and loss accounts											
A. Sale and purchase transactions											
a. Downstream transactions	(802,843)	333,856	1,985	-	45,506	296,831	-	72,611	546	-	51,508
b. Upstream transactions	19,782,124	(3,906,401)	(30,071)	-	-	(5,027)	-	(4,086)	-	-	(15,835,939)
c. Sidelstream transactions	-	(13,472,433)	940,980	32,141	198,198	116,380	(1,710)	(278,204)	381	-	12,464,267
B. Services revenue, selling expenses, management and administrative expenses	6,229,527	(2,734,453)	(24,710)	(64,047)	173,719	(6,460)	(426)	(504)	99	25,000	(3,597,745)
C. Rental revenue and rental expense	41,695	24,464	(40,301)	-	-	(68,832)	-	45,294	(2,217)	(103)	-
(4) Elimination of minority interest income	(748,424)	(314,873)	-	2,346	-	1,040,728	20,223	-	-	-	-
(5) Elimination of other transactions	4,740	-	(4,400)	-	-	-	-	-	(340)	-	-
Refundable deposits and guarantee deposits received											

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.

A. Financing activities to any company or person: None.

B. Guarantee information: None.

C. Marketable securities held by the Company at December 31, 2012: (Combined amounts less than \$100,000 as of December 31, 2012)

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Market value	Note
				Number of shares	Book value	Percentage ownership			
Delta Electronics, Inc.	Delta International Holding Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	67,680,000	\$ 51,253,353	94.00	\$ 51,107,396	-	
Delta Electronics, Inc.	Delta Networks Holding Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	39,800,000	6,317,411	100.00	6,318,545	-	
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	5,250,000	175,579	39.62	164,733	-	
Delta Electronics, Inc.	Cyntec Co., Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	476,948,581	18,498,549	100.00	11,572,101	-	
Delta Electronics, Inc.	Delta Electronics Capital Company common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	125,000,000	1,185,916	100.00	1,185,916	-	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	300,000	3,742,537	100.00	3,916,736	-	
Delta Electronics, Inc.	DeIBio Inc. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	39,000,000	119,195	100.00	119,195	-	
Delta Electronics, Inc.	Allied Material Technology Corp. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	271,017,597	2,681,476	99.97	2,667,683	-	
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	25,000,000	230,972	100.00	230,972	-	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	33,243,768	104,193	83.11	97,113	-	
Delta Electronics, Inc.	Deltronics (Netherlands) B.V. common stock	A subsidiary of the Company	Long-term investments accounted for under the equity method	765,000	103,373	100.00	103,373	-	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd. common stock	Investee company accounted for under the equity method	Long-term investments accounted for under the equity method	69,128,140	4,516,997	5.54	2,109,238	(Note)	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012			Note	
				Number of shares	Book value	Percentage ownership		Market value
Delta Electronics, Inc.	Amita Technologies, Inc. common stock	Investee company accounted for under the equity method	Long-term investments accounted for under the equity method	14,212,000	\$ 249,446	33.42	\$ 78,031	-
Delta Electronics, Inc.	DeiSolar Co., Ltd. common stock	A subsidiary of the Company	Long-term investments held for disposal	114,473,278	2,378,066	42.40	1,470,982	-
Delta Electronics, Inc.	Dynapack International Technology Corporation common stock	None	Available-for-sale financial assets	17,250,459	1,975,178	11.37	1,975,178	-
Delta Electronics, Inc.	Tong Hsing Electronic Industries, Ltd. common stock	None	Available-for-sale financial assets	1,771,000	179,757	1.09	179,757	-
Delta Electronics, Inc.	Neo Solar Power Corp. common stock	None	Available-for-sale financial assets	22,783,527	434,026	4.95	434,026	-
Delta Electronics, Inc.	Delta America Ltd. preferred shares	None	Financial assets carried at cost - non-current	2,100,000	103,064	Preferred Shares	103,064	-
Delta Electronics, Inc.	Bright Led Electronics Corp. convertible bonds	None	Financial assets at fair value through profit or loss - current	-	720,000	-	720,000	-
Delta Electronics, Inc.	Others				591,742		591,742	-

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 \$2,109,238. The combined ownership percentage of 20.01% of the market value of the long-term investment is \$7,967,067 as of December 31, 2012.

D. 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, 2012		Addition		Disposal				December 31, 2012	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Disposal loss	Number of shares	Amount
Delta Electronics, Inc.	DelBio Inc. common stock	Long-term investments accounted for under the equity method	DelBio Inc.	Subsidiary	14,000,000	\$ 25,741	25,000,000	\$ 93,454 (Note a)	-	\$ -	-	-	39,000,000	\$ 119,195
Delta Electronics, Inc.	Delta Smart Green Life Co., Ltd. common stock	Long-term investments accounted for under the equity method	Delta Smart Green Life Co., Ltd.	Subsidiary	-	-	20,000,000	199,436 (Note b)	(Note c)	190,000 (Note c)	(Note c)	(Note c)	1,000,000	9,436
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd. common stock	Long-term investments accounted for under the equity method	Delta Robot Automatic Co., Ltd.	Subsidiary	-	-	25,000,000	230,972 (Note d)	-	-	-	-	25,000,000	230,972
Delta Electronics, Inc.	DelSolar Co., Ltd. common stock	Long-term investments accounted for under the equity method / Long-term equity investments held for disposal	Neo Solar Power Corp., etc.	None	147,656,278	4,388,399	-	(1,293,559) (Note e)	402,217 (Note f)	716,774 (Note f)	(314,557) (Note f)	114,473,278	2,378,066	

Acquirer/ seller	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Addition		Disposal				December 31, 2012	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Disposal loss	Number of shares	Amount
Delta Electronics, Inc.	Neo Solar Power Corp. common stock	Available- for-sale financial assets	Neo Solar Power Corp.	None	-	\$ -	22,783,527	\$ 434,026 (Note g)	-	\$ -	-	-	22,783,527	\$ 434,026
Delta Electronics, Inc.	D-link Co., Ltd. common stock	Available- for-sale financial assets	Stock exchange market	None	11,540,547	235,004	-	312,585 (Note h)	253,010	548,589	(295,579)	-	-	-
Delta Electronics, Inc.	Tong Hsing Electronic Industries, Ltd. common stock	Available- for-sale financial assets	Stock exchange market	None	3,175,000	232,410	-	54,361 (Note h)	139,433	107,014	32,419	-	1,771,000	179,757
Delta Electronics, Inc.	Dynapack International Technology Corporation common stock	Available- for-sale financial assets	Stock exchange market	None	-	-	18,143,459	2,097,465 (Note i)	107,924	122,287	(14,363)	-	17,250,459	1,975,178

Note a: The Company invested \$250,000 in DelBio Inc. and recognized investment loss under the equity method.

Note b: The Company invested \$200,000 in Delta Smart Green Life Co., Ltd. and recognized investment loss under the equity method.

Note c: Delta Smart Green Life returned \$190,000 through capital reduction in 2012.

Note d: The Company invested \$250,000 in Delta Robot Automatic Co., Ltd. and recognized investment loss under the equity method.

Note e: The Company recognized investment loss accounted for under the equity method and adjustment due to change in subsidiary's net assets from DelSolar Co., Ltd. (DelSolar) in 2012.

Note f: The Company sold 774,000 shares of DelSolar for \$11,344 in the second quarter of 2012. The Company also participated in the tender offer by Neo Solar Corp. (NSP) of DelSolar and sold 32,409,000 shares of DelSolar to NSP and received 22,783,527 shares of NSP and cash amounting to \$14,929.

Note g: The increase in amount was recognized due to adjustment of valuation of fair value besides the description in Note f.

Note h: The increase in amount was recognized due to adjustment of valuation of fair value.

Note i: The increase in amount was the private placement of convertible bonds converted into private placement of common stocks and the decrease in amount was recognized due to adjustment of valuation of fair value.

E. 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	Basic or reference used in setting the price	Reason for acquisition of properties and status of the properties	Other commitment
Delta Electronics, Inc.	Land and Buildings in Nei-Hu	2012.01.13	\$ 2,522,980	Cash	E-TEN Information System Co., Ltd.	-	-	-	-	\$ -	Quotations on the market	Office	None
Delta Electronics, Inc.	Buildings in Taoyuan	2012.02.01	1,152,336	Cash	Li Jin Engineering Co., Ltd, etc.	-	-	-	-	-	Obtained quotations to compare and negotiate price	R&D building	None

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

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

H. 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	Turnover rate	Overdue receivables		Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	A subsidiary of DEI	Accounts receivable \$ 996,239	6.04	\$ -	-	\$ -
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	A subsidiary of DEI	Other receivables 280,000	-	-	-	121,405
Delta Electronics, Inc.	Delta Electronics International Ltd.	A subsidiary of DIH	Accounts receivable 336,057	7.78	-	-	334,041
Delta Electronics, Inc.	DeiSolar Co., Ltd.	A subsidiary of DEI	Accounts receivable 275,413	2.10	-	-	275,331

Note: The amounts represent collections subsequent to March 11, 2013.

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

(2) Disclosure information of investee company.
Information related to investee companies' investment income or loss was translated at the average rate for the year ended December 31, 2012, others are translated at the rate of exchange prevailing at the balance sheet date.

A. Information of investee company.

Name of investor	Name of investee company	Address	Main activities	Original investment		Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note (Note o)
				Currency	Balance as of December 31, 2012	Number of shares	Percentage of ownership	Currency	Book value	Currency	Amount	Currency	Amount	
Delta Electronics, Inc.	Delta International Holding Ltd.	Cayman Islands	Equity investments	NTD	\$ 8,922,118	67,680,000	94.00	NTD	\$ 51,253,353	NTD	\$ 4,930,868	NTD	\$ 4,985,123	
Delta Electronics, Inc.	Delta Networks Holding Ltd.	Cayman Islands	Equity investments	NTD	1,377,206	39,800,000	100.00	NTD	6,317,411	NTD	1,470,007	NTD	1,470,007	
Delta Electronics, Inc.	DelSolar Co., Ltd.	Taiwan	Manufacturing and sales of solar batteries and related systems	NTD	2,925,401	114,473,278	42.40	NTD	2,378,066	NTD	(1,912,500)	NTD	(1,057,206)	
Delta Electronics, Inc.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	NTD	159,935	5,250,000	39.62	NTD	175,579	NTD	1,852	NTD	734	
Delta Electronics, Inc.	Cymtec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of thin film optic-electronic devices	NTD	12,067,931	476,948,581	100.00	NTD	18,498,549	NTD	3,952,498	NTD	3,538,321	
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	NTD	1,250,000	125,000,000	100.00	NTD	1,185,916	NTD	(37,037)	NTD	(37,037)	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronics products	NTD	7,270	300,000	100.00	NTD	3,742,537	NTD	3,975,279	NTD	3,998,165	
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	NTD	390,000	39,000,000	100.00	NTD	119,195	NTD	(156,546)	NTD	(156,546)	

Name of investor	Name of investee company	Address	Main activities	Original investment			Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note	
				Currency	Balance as of December 31, 2012	Currency	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Book value	Currency	Amount	Currency		Amount
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Manufacturing and sales of color filter and lease services, etc.	NTD	\$ 2,710,152	NTD	\$ 2,710,152	271,017,597	99.97	NTD	\$ 2,681,476	NTD	\$ 4,599,783	NTD	\$ 28,676	
Delta Electronics, Inc.	Delta Robot Automatic Co., Ltd.	Taiwan	Research, designing, development, manufacturing and sales of intelligent robot systems and automation engineering, etc.	NTD	250,000	NTD	-	25,000,000	100.00	NTD	230,972	NTD	(19,028)	NTD	(19,028)	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuit and information software service	NTD	332,438	NTD	242,036	33,243,768	83.11	NTD	104,193	NTD	(93,510)	NTD	(76,170)	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	NTD	114,615	NTD	114,615	69,128,140	5.54	NTD	4,516,997	NTD	4,116,364	NTD	817,618	(Note p)
Delta Electronics, Inc.	Amita Technologies, Inc.	Taiwan	Manufacturing of lithium polymer batteries and related systems	NTD	428,355	NTD	429,319	14,212,000	33.42	NTD	249,446	NTD	(109,846)	NTD	(43,232)	
Delta Electronics, Inc.	Deltronics (Netherlands) B.V.	Netherlands	Sales of electronic products	NTD	36,723	NTD	36,723	765,000	100.00	NTD	103,373	NTD	19,611	NTD	19,608	
Delta Electronics, Inc.	Delta Smart Green Life Co., Ltd.	Taiwan	Research, development, energy, technology, meeting, exhibition, and lease services	NTD	10,000	NTD	-	1,000,000	100.00	NTD	9,436	NTD	(563)	NTD	(563)	

Name of investor	Name of investee company	Address	Main activities	Original investment				Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note (Notes a and o)
				Currency	Balance as of December 31, 2012	Currency	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Book value	Currency	Amount	Currency	Amount	
Delta International Holding Ltd.	Delta Electronics International Ltd.	Malaysia	Sales of electronic products	NTD	\$ 58,080	NTD	\$ 58,080	2,000,000	100.00	NTD	\$ 12,322,696	NTD	\$ 1,180,206	NTD	\$ 1,026,120	
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments	NTD	9,536,651	NTD	9,536,651	2,549,297,600	100.00	NTD	29,073,298	NTD	3,576,036	NTD	3,576,036	(Note a)
Delta International Holding Ltd.	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	NTD	468,713	NTD	468,713	22,200,000	100.00	NTD	236,643	NTD	36,253	NTD	36,253	(Note a)
Delta International Holding Ltd.	Trillion Science, Inc.	U.S.A	Research on special chemical materials used in precision coating process	NTD	522,720	NTD	522,720	9,000,000	37.21	NTD	42,032	NTD	(98,082)	NTD	(36,570)	(Note a)
Delta International Holding Ltd.	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and their materials	NTD	83,024	NTD	83,024	5,600	100.00	NTD	178,778	NTD	5,828	NTD	5,828	(Note a)
Delta International Holding Ltd.	Digital Projection International Ltd.	Britain	Equity investments	NTD	230,588	NTD	230,588	7,583,000	32.11	NTD	312,564	NTD	911	NTD	(12,206)	(Note a)
Delta International Holding Ltd.	PreOptix (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	NTD	232,320	NTD	232,320	8,000,000	60.38	NTD	251,032	NTD	1,747	NTD	1,055	(Note a)

Name of investor	Name of investee company	Address	Main activities	Original investment			Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note	
				Currency	Balance as of December 31, 2012	Currency	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Book value	Currency	Amount	Currency		Amount
Delta International Holding Ltd.	Delta Power Sharp Ltd.	Hong Kong	Operations management and engineering services	NTD	\$ 37,556	NTD	\$ 37,556	10,000,000	100.00	NTD	\$ 57,216	NTD	\$ 603	NTD	\$ 603	(Note a)
Delta International Holding Ltd.	DEI Logistics (USA) Corp.	U.S.A	Warehousing and logistics services	NTD	14,520	NTD	14,520	500,000	100.00	NTD	90,052	NTD	12,344	NTD	12,344	(Note a)
Delta International Holding Ltd.	Ace Pillar Holding Co., Ltd.	Samoa	Equity investments	NTD	396,555	NTD	396,555	2,858,718	100.00	NTD	419,999	NTD	28,185	NTD	15,904	(Note a)
Delta International Holding Ltd.	Drake Overseas Financial Investment Ltd.	British Virgin Islands	Equity investments	NTD	4,998,259	NTD	4,998,259	1	100.00	NTD	5,239,012	NTD	341,827	NTD	185,450	(Note a)
Delta International Holding Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	NTD	-	NTD	-	1	-	NTD	-	NTD	(2,909)	NTD	-	(Note a)
Delta Electronics (H.K.) Ltd.	Crystalrich (Hong Kong) Co., Limited	Hong Kong	Equity investments	NTD	87,120	NTD	87,120	3,000,000	30.00	NTD	86,695	NTD	(3,611)	NTD	(782)	(Note b)
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	NTD	30,492	NTD	30,492	252,002	100.00	NTD	16,288	NTD	(2,909)	NTD	(2,909)	(Note b)

Name of investor	Name of investee company	Address	Main activities	Original investment			Held as of December 31, 2012					Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note
				Currency	Balance as of December 31, 2012	Currency	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Book value	Currency	Amount	Currency	Amount	
Drake Overseas Financial Investment Ltd.	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	NTD	\$ 1,133,693	NTD	\$ 1,133,693	304,504,306	100.00	NTD	\$ 2,381,427	NTD	\$ 341,907	NTD	\$ 341,907	(Note c)
Delta Networks Holding Ltd.	Delta Networks, Inc.	Cayman Islands	Equity investments	NTD	5,165,024	NTD	5,165,024	1,196,886,000	100.00	NTD	6,290,607	NTD	1,511,133	NTD	1,473,053	(Note d)
Delta Networks, Inc.	Delta Networks (H.K.) Ltd.	Hong Kong	Equity investments	NTD	1,016,400	NTD	1,016,400	35,000,000	100.00	NTD	2,484,424	NTD	472,106	NTD	472,106	(Note e)
Delta Networks, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Manufacturing and sales of networking system and peripherals	NTD	466,816	NTD	466,816	50,040,838	99.98	NTD	1,537,846	NTD	95,021	NTD	95,002	(Note e)
Delta Networks, Inc.	Delta Networks International Ltd.	Malaysia	Trading of networking system and peripherals	NTD	29,040	NTD	29,040	1,000,000	100.00	NTD	2,272,213	NTD	1,104,154	NTD	1,114,756	(Note e)
Delta Networks, Inc.	DNI Logistic (USA) Corp.	U.S.A	Trading of networking system and peripherals	NTD	16,148	NTD	16,148	500,000	100.00	NTD	37,738	NTD	4,525	NTD	4,525	(Note e)
Delta Networks, Inc. (Taiwan)	Ayecom Technology Co., Ltd.	Taiwan	Manufacturing and sales of wire and wireless telecommunications equipment, electronic parts and controlled telecommunications radio frequency devices	NTD	185,000	NTD	185,000	30,000,000	100.00	NTD	104,758	NTD	38,525	NTD	23,732	(Note f)

Name of investor	Name of investee company	Address	Main activities	Original investment		Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note
				Balance as of December 31, 2012	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Amount	Currency	Amount	Currency	Amount	
DeiSolar Co., Ltd.	DeiSolar Holding (Cayman) Ltd.	Cayman Islands	Equity investments	\$ 4,079,842	\$ 4,079,842	129,150,000	100.00	NTD	\$ 3,491,425	NTD	\$ 344,330	NTD	\$ 344,330	(Note g)
DeiSolar Co., Ltd.	DeiSolar Holding Singapore Pte. Ltd.	Singapore	Equity investments	8,983	6,060	310,000	100.00	NTD	(46,122)	NTD	(19,519)	NTD	(19,519)	(Note g)
DeiSolar Co., Ltd.	DeiSolar India EPC Company Private Ltd.	India	Contractor of solar systems project	-	-	1	-	NTD	-	NTD	(20,748)	NTD	-	(Note g)
DeiSolar Holding (Cayman) Ltd.	DeiSolar (H.K.) Ltd.	Hong Kong	Equity investments	3,487,704	3,487,704	120,100,000	100.00	NTD	3,210,983	NTD	(387,166)	NTD	(387,166)	(Note h)
DeiSolar Holding (Cayman) Ltd.	DeiSolar US Holdings (Delaware) Corp.	U.S.A	Equity investments	261,360	261,360	900	100.00	NTD	280,158	NTD	14,337	NTD	14,337	(Note h)
DeiSolar US Holdings (Delaware) Corp.	DeiSolar Development (Delaware) LLC	U.S.A	Design and sale of solar systems	243,646	243,646	-	100.00	NTD	263,387	NTD	14,942	NTD	14,942	(Note i)
DeiSolar Development (Delaware) LLC	DSSS-RAL LLC	U.S.A	Contractor of solar systems project	143,748	143,748	-	100.00	NTD	178,169	NTD	(913)	NTD	(913)	(Note j)
DeiSolar Development (Delaware) LLC	DSSS-USF PHX LLC	U.S.A	Contractor of solar systems project	66,792	66,792	-	100.00	NTD	84,079	NTD	17,608	NTD	17,608	(Note j)
DeiSolar Holding Singapore Pte. Ltd.	DeiSolar India EPC Company Private Ltd.	India	Contractor of solar systems project	8,712	5,808	1,435,168	100.00	NTD	(46,187)	NTD	(20,748)	NTD	(20,748)	(Note k)

Name of investor	Name of investee company	Address	Main activities	Original investment			Held as of December 31, 2012				Income (loss) of the investee company		Investment income (loss) recognized by the Company		Note	
				Currency	Balance as of December 31, 2012	Currency	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Currency	Book value	Amount	Currency	Amount		
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	NTD	\$ 1,111,403	NTD	\$ 1,109,005	32,580,062	100.00	NTD	\$ 11,385,837	NTD	\$ 4,049,230	NTD	\$ 4,049,230	(Note l)
Fairview Assets Ltd.	Grandview Holding Ltd.	Cayman Islands	Equity investments	NTD	3,692,146	NTD	2,818,622	127,140,000	100.00	NTD	10,773,829	NTD	4,049,924	NTD	4,049,924	(Note m)
Grandview Holding Ltd.	Cyntec International Ltd.-Labuan	Malaysia	Trading	NTD	145,200	NTD	145,200	5,000,000	100.00	NTD	6,166,012	NTD	4,067,926	NTD	4,067,926	(Note n)
Grandview Holding Ltd.	Cyntec Holding (HK) Ltd.	Hong Kong	Equity investments	NTD	3,546,946	NTD	2,673,422	122,140,000	100.00	NTD	4,241,575	NTD	4,454	NTD	4,454	(Note n)

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

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

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

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

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

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

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

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

Note i: Investment income / loss recognized by DelSolar US Holdings (Delaware) Corp.

Note j: Investment income / loss recognized by DelSolar Development (Delaware) LLC.

Note k: Investment income / loss recognized by DelSolar Holding Singapore Pte. Ltd.

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

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

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

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

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

B. Financing activities to any company or person:

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2012	Balance at December 31, 2012	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
											Item	Value			
1	Delta International Holding Ltd.	Delta Electronics (Jiangsu) Ltd.	Other receivables-related parties	\$ 1,452,000	\$ 1,452,000	0.81000%	Short-term financing	\$ -	Additional operating capital	\$ -	None	\$ 5,436,957	\$ 10,873,914	(Notes c and g)	
1	Delta International Holding Ltd.	Delta Electro-Optics (Wujiang) Ltd.	Other receivables-related parties	580,800	580,800	0.81000%	Short-term financing	-	Additional operating capital	-	None	5,436,957	10,873,914	(Notes c and g)	
1	Delta International Holding Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Other receivables-related parties	580,800	580,800	0.80800%	Short-term financing	-	Additional operating capital	-	None	5,436,957	10,873,914	(Notes c and g)	
2	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Other receivables-related parties	415,818	-	-	Short-term financing	-	Additional operating capital	-	None	606,036	2,424,144	(Notes c and h)	
3	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Other receivables-related parties	323,414	-	-	Short-term financing	-	Additional operating capital	-	None	462,296	1,849,185	(Notes c and h)	
4	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Other receivables-related parties	277,212	-	-	Short-term financing	-	Additional operating capital	-	None	479,658	1,918,633	(Notes c and h)	
5	Fairview Assets Ltd.	Cyntec (Suzhou) Co., Ltd.	Other receivables-related parties	580,800	-	-	Short-term financing	-	Additional operating capital	-	None	4,554,335	4,554,335	(Notes d and i)	

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2012	Balance at December 31, 2012	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
											Item	Value			
5	Fairview Assets Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables-related parties	\$ 580,800	\$ -	-	Short-term financing	\$ -	Additional operating capital	\$ -	None	\$ 4,554,335	\$ 4,554,335	(Notes d and i)	
6	Grandview Holding Ltd.	Cyntec (Suzhou) Co., Ltd.	Other receivables-related parties	580,800	580,800	1%	Short-term financing	-	Additional operating capital	-	None	4,309,532	4,309,532	(Notes e and i)	
6	Grandview Holding Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables-related parties	580,800	217,800	1%	Short-term financing	-	Additional operating capital	-	None	4,309,532	4,309,532	(Notes f and i)	
7	Cyntec International Ltd.	Cyntec (Suzhou) Co., Ltd.	Other receivables-related parties	348,480	348,480	1%	Short-term financing	-	Additional operating capital	-	None	2,466,405	2,466,405	(Notes c and i)	
7	Cyntec International Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables-related parties	145,200	145,200	1%	Short-term financing	-	Additional operating capital	-	None	2,466,405	2,466,405	(Notes c and i)	

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, 2012, which the Company reported to the Securities and Futures Bureau.

Note c: The actual amount of loans granted is the same with the monetary limit resolved by the Board of Directors.

Note d: Because the financing activities expired in November 2012, the actual amount of loans granted is the same with the monetary limit resolved by the Board of Directors.

Note e: The actual amount of loans granted at December 31, 2012 is \$290,400.

Note f: The actual amount of loans granted at December 31, 2012 is \$0.

Note g: 1. In accordance with the Delta International Holding Ltd. Operating Procedures of Fund Lending, the limits for each recipient according to reasons of lending are as follows:

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

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

2. In accordance with the Delta International Holding Ltd. Operating Procedures of Fund Lending, the limits for total amount of fund lending according to its reasons are as follows:
When lending funds to other companies or enterprises with which the company has business relations, the amount lent to a single recipient shall not exceed the total transaction amount between the recipient and the company in the most recent year and the total amount lent shall not exceed 20 percent of the company's net worth as stated in the company's latest financial statements.

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

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

Note h: 1. In accordance with the Delta Electronics (Jiangsu) Ltd., Delta Electronics Components (Wujiang) Ltd. and Delta Electro-Optics (Wujiang) Ltd. Operating of Fund Lending, 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 10 percent of the company's net worth as stated in the company's latest financial statements.

2. In accordance with the Delta Electronics (Jiangsu) Ltd., Delta Electronics Components (Wujiang) Ltd. and Delta Electro-Optics (Wujiang) Ltd. Operating Procedures of Fund Lending, the limits for total amount of fund lending 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 40 percent of the company's net worth as stated in the company's latest financial statements.

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

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

C. Guarantee information:

Number (Note a)	Name of the company providing guarantee		Parties being guaranteed		Limit on guarantees provided for a single party	Highest outstanding guarantee amount in 2012	Outstanding guarantee amount at December 31, 2012	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 b)
	Name	Relationship with the Company	Name	Relationship with the Company						
1	DeSolar Co., Ltd.	Delta Electronics, Inc.	The ultimate parent company and mutual undertaking pursuant to the contracts.		\$ 1,127,095	\$ 270,600	\$ -	\$ -	-	\$ 1,690,643

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

Note b: In accordance with the guarantee procedure of DeSolar Co., Ltd., DeSolar Co., Ltd.'s guarantees to others should not be in excess of 30% of the company's net assets, and the company's limit on guarantees provided for a single party should not be in excess of 20% of the company's net assets.

D. Marketable securities held by the Company as of December 31, 2012: (Combined the individual amount less than \$100,000 as of December 31, 2012.)

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Delta International Holding Ltd.	Delta Electronics International Ltd. common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	2,000,000	\$ 12,322,696	100.00	\$ 12,322,696	
Delta International Holding Ltd.	DAC Holding (Cayman) Limited common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	22,200,000	236,643	100.00	236,643	
Delta International Holding Ltd.	Delta Electronics (Japan), Inc. common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	5,600	178,778	100.00	178,778	
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd. common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	2,549,297,600	29,073,298	100.00	29,073,298	
Delta International Holding Ltd.	Ace Pillar Holding Co., Ltd. common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	2,858,718	419,999	100.00	419,999	
Delta International Holding Ltd.	Drake Overseas Financial Investment Ltd. common stock	A subsidiary of DIH	Long-term investments accounted for under the equity method	1	5,239,012	100.00	5,239,012	
Delta International Holding Ltd.	PreOptix (Hong Kong) Co., Ltd. common stock	A subsidiary jointly controlled by the Company and DIH	Long-term investments accounted for under the equity method	8,000,000	251,032	60.38	251,032	
Delta International Holding Ltd.	Delta Electronics (Thailand) Public Co., Ltd. common stock	Investee company accounted for under the equity method of the Company	Long-term investments accounted for under the equity method	191,984,450	1,145,009	15.39	5,857,837	
Delta International Holding Ltd.	Digital Projection International Ltd. common stock	Investee company accounted for under the equity method of the Company	Long-term investments accounted for under the equity method	7,583,000	312,564	32.11	312,564	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Delta International Holding Ltd.	Delta Greentech (China) Co., Ltd. common stock	A subsidiary jointly controlled by DIH, Ace and Drake	Long-term investments accounted for under the equity method	58,940,390	\$ 396,784	10.38	\$ 396,784	
Delta International Holding Ltd.	Solarflare Communications, Inc. preferred shares	None	Financial assets carried at cost - non-current	9,547,235	277,252	4.75	277,252	
Delta International Holding Ltd.	Delta Power Sharp Ltd. common stock, etc.				364,330		364,330	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Dongguan) Co., Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	4,315,462	100.00	4,315,462	
Delta Electronics (H.K.) Ltd.	Delta Electronics Power (Dongguan) Co., Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	4,078,785	100.00	4,078,785	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Shanghai) Co., Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	3,915,103	100.00	3,915,103	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Wuhu) Co., Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	3,810,438	100.00	3,810,438	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Chenzhou) Co., Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	2,300,711	100.00	2,300,711	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Jiangsu) Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	3,318,124	55.00	3,318,124	
Delta Electronics (H.K.) Ltd.	Delta Electronics Components (Wujiang) Ltd. certificate of amount contributed	A subsidiary of DHIK	Long-term investments accounted for under the equity method	-	2,539,416	55.00	2,539,416	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Delta Electronics (H.K.) Ltd.	Delta Electro-Optics (Wujiang) Ltd. certificate of amount contributed	A subsidiary of DHK	Long-term investments accounted for under the equity method	-	\$ 2,578,989	55.00	\$ 2,578,989	
Delta Electronics (H.K.) Ltd.	Delta Video Display System (Wujiang) Ltd. certificate of amount contributed	A subsidiary of DHK	Long-term investments accounted for under the equity method	-	993,688	55.00	993,688	
Delta Electronics (H.K.) Ltd.	Delta Green (Tianjin) Industries Co., Ltd. certificate of amount contributed	A subsidiary of DHK	Long-term investments accounted for under the equity method	-	952,905	100.00	952,905	
Delta Electronics (H.K.) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd. certificate of amount contributed	A subsidiary of DHK	Long-term investments accounted for under the equity method	-	215,442	100.00	215,442	
Delta Electronics (H.K.) Ltd.	Delta Electronics International Mexico S.A. DE C.V. common stock, etc.				102,983		102,983	
Ace Pillar Holding Ltd.	Delta Greentech (China) Co., Ltd. common stock	A subsidiary jointly controlled by DIH, Ace and Drake	Long-term investments accounted for under the equity method	21,646,341	176,052	3.81	176,052	
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Wuhu Delta Technology Co., Ltd. certificate of amount contributed	A subsidiary of DWH	Long-term investments accounted for under the equity method	-	149,806	100.00	149,806	
Delta Electronics (Wuhu) Co., Ltd. (DWH)	Delta Energy Technology (Wuhu) Co., Ltd. certificate of amount contributed	A subsidiary jointly controlled by DWH and DPEC	Long-term investments accounted for under the equity method	-	2,758	30.00	2,758	
Delta Electronics (Dongguan) Co., Ltd. (DDG)	Delta Energy Technology (Dongguan) Co., Ltd. certificate of amount contributed	A subsidiary jointly controlled by DDG and DPEC	Long-term investments accounted for under the equity method	-	8,472	30.00	8,472	
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Chenzhou Delta Technology Co., Ltd. certificate of amount contributed	A subsidiary of DCZ	Long-term investments accounted for under the equity method	-	218,205	100.00	218,205	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Delta Energy (Chenzhou) Technology Co., Ltd. certificate of amount contributed	A subsidiary jointly controlled by DCZ and DPEC	Long-term investments accounted for under the equity method	-	\$ 2,762	30.00	\$ 2,762	
Delta Greentech (China) Co., Ltd. (DGC)	Delta Energy Technology (Shanghai) Co., Ltd. certificate of amount contributed	A subsidiary jointly controlled by DGC and DPEC	Long-term investments accounted for under the equity method	-	7,900	90.00	7,900	
Delta Electronics (Shanghai) Co., Ltd.	Delta Energy Technology (Shanghai) Co., Ltd. certificate of amount contributed, etc.				46,417		46,417	
Drake Overseas Financial Investment Ltd.	Drake Investment (H.K.) Ltd. common stock	A subsidiary of Drake	Long-term investments accounted for under the equity method	304,504,306	2,381,427	100.00	2,381,427	
Drake Investment (HK) Ltd.	Delta Greentech (China) Co., Ltd. common stock	A subsidiary jointly controlled by DIH, Ace and Drake	Long-term investments accounted for under the equity method	275,549,268	2,233,439	48.51	2,233,439	
Crystalrich (Hong Kong) Co., Ltd. (Crystalrich-HK)	Crystalrich (Guangzhou) Co., Ltd. certificate of amount contributed	A subsidiary of Crystalrich-HK	Long-term investments accounted for under the equity method	-	241,901	100.00	241,901	
PreOptix (Hong Kong) Co., Ltd. (PHK)	PreOptix (Jiangsu) Co., Ltd. certificate of amount contributed	A subsidiary of PHK	Long-term investments accounted for under the equity method	-	415,925	100.00	415,925	
Delta Electro-Optics (Wujiang) Ltd. (DWO)	Delta Energy Technology (Wujiang) Co., Ltd. certificate of amount contributed	A subsidiary jointly controlled by DWO and DPEC	Long-term investments accounted for under the equity method	-	5,524	30.00	5,524	
Delta Networks Holding Ltd.	Delta Networks, Inc. common stock	A subsidiary of DNH	Long-term investments accounted for under the equity method	1,196,886,000	6,290,607	100.00	6,290,607	
Delta Networks, Inc.	Delta Networks, Inc. (Taiwan) common stock	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	50,040,838	1,537,846	99.98	1,537,846	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Delta Networks, Inc.	Delta Networks International Ltd. common stock	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	1,000,000	\$ 2,272,213	100.00	\$ 2,272,213	
Delta Networks, Inc.	Delta Networks (H.K.) Ltd. common stock	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	35,000,000	2,484,424	100.00	2,484,424	
Delta Networks, Inc.	DNI Logistic (USA) Corp. common stock	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	500,000	37,738	100.00	37,738	
Delta Networks, Inc. (Taiwan)	Ayecom Technology Co., Ltd. common stock.	A subsidiary of DNI Cayman	Long-term investments accounted for under the equity method	30,000,000	104,758	100.00	104,758	
Delta Networks (H.K.) Ltd.	Delta Networks (Dongguan) Ltd. certificate of amount contributed	A subsidiary of DNHK	Long-term investments accounted for under the equity method	-	2,042,227	100.00	2,042,227	
Delta Networks (H.K.) Ltd.	Delta Networks (Shanghai) Ltd. certificate of amount contributed, etc.				75,272		75,272	
DeSolar Co., Ltd. (DeSolar)	DeSolar Holding (Cayman) Ltd.	A subsidiary of DeSolar	Long-term investments accounted for under the equity method	129,150,000	3,491,425	100.00	3,491,425	
DeSolar Co., Ltd. (DeSolar)	DeSolar Holding Singapore Pre. Ltd. common stock, etc.				(46,122)		(46,122)	
DeSolar Holding (Cayman) Ltd.	DeSolar (H.K.) Ltd. common stock	A subsidiary of DSH	Long-term investments accounted for under the equity method	120,100,000	3,210,983	100.00	3,210,983	
DeSolar Holding (Cayman) Ltd.	DeSolar US Holdings (Delaware) Corp. common stock	A subsidiary of DSH	Long-term investments accounted for under the equity method	900	280,158	100.00	280,158	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
DelSolar (H.K.) Ltd.	DelSolar (Wujiang) Ltd. certificate of amount contributed	A subsidiary of DSHK	Long-term investments accounted for under the equity method	-	\$ 3,208,649	100.00	\$ 3,208,649	
DelSolar US Holdings (Delaware) Corp.	DelSolar Development (Delaware) LLC stock ownership	A subsidiary of DSUS	Long-term investments accounted for under the equity method	-	263,387	100.00	263,387	
DelSolar Development (Delaware) LLC	DSS-RAL LLC stock ownership	A subsidiary of DS Delaware	Long-term investments accounted for under the equity method	-	178,169	100.00	178,169	
DelSolar Development (Delaware) LLC	DSS-USF PHX LLC stock ownership	A subsidiary of DS Delaware	Long-term investments accounted for under the equity method	-	84,079	100.00	84,079	
DelSolar Holding Singapore Pte. Ltd.	DelSolar India EPC Company Private Ltd. common stock	A subsidiary of DSH-SG	Other liabilities - other	1,435,168	(46,187)	100.00	(46,187)	
Cyntec Co., Ltd. (Cyntec)	Fairview Assets Ltd. common stock	A subsidiary of Cyntec	Long-term investments accounted for under the equity method	32,580,062	11,385,837	100.00	11,385,837	
Cyntec Co., Ltd. (Cyntec)	SUSUMU Co., Ltd. common stock	None	Financial assets carried at cost - non-current	200,000	104,081	11.53	104,081	
Fairview Assets Ltd.	Grandview Holding Ltd. common stock	A subsidiary of Fairview	Long-term investments accounted for under the equity method	127,140,000	10,773,829	100.00	10,773,829	
Grandview Holding Ltd.	Cyntec International Ltd. common stock	A subsidiary of Grandview	Long-term investments accounted for under the equity method	5,000,000	6,166,012	100.00	6,166,012	
Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd. common stock	A subsidiary of Grandview	Long-term investments accounted for under the equity method	122,140,000	4,241,575	100.00	4,241,575	

Name of investor	Name and kind of marketable securities	Relationship of the issuers with the Company	General ledger accounts	December 31, 2012				Note
				Number of shares	Book value	Percentage	Market value	
Cyntec Holding (H.K.) Ltd.	Cyntec (Suzhou) Co., Ltd. certificate of amount contributed	A subsidiary of CHK	Long-term investments accounted for under the equity method	-	\$ 2,078,632	100.00	\$ 2,078,632	
Cyntec Holding (H.K.) Ltd.	Cyntec Electronics (Suzhou) Co., Ltd. certificate of amount contributed	A subsidiary of CHK	Long-term investments accounted for under the equity method	-	2,161,858	100.00	2,161,858	
Delta Electronics Capital Company	ALLTOP Technology Co., Ltd. convertible bond	None	Financial assets at fair value through profit or loss - non-current	-	247,513	-	247,513	
Delta Electronics Capital Company	Candmark Electroptics Co., Ltd. common stock (Formerly "Candmark Enterprise Co., Ltd.")	None	Financial assets carried at cost - non-current	5,605,351	123,349	8.71	123,349	
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Available-for-sale financial assets	1,769,000	179,554	1.09	179,554	
Delta Electronics Capital Company	Ledlink Optics, Inc. common stock, etc.	None			497,353		497,353	

E. Marketable securities acquired or sold in excess of \$100,000 or 20% of capital:

Acquirer/seller	Name and kind of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Disposal					December 31, 2012		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Disposal gain (loss)	Number of shares	Amount
Delta Electronics Capital Company	Chin Ming Shan Optronics Corporation common stock	Financial assets carried at cost - non-current	Shian-Lung Tsai	None	2,400,000	\$ 150,000	2,400,000	\$ 149,550	\$ 150,000	-	450	-	-	\$ -
Delta Electronics (H.K.) Ltd.	Delta Electronics (Shanghai) Co., Ltd. certificate of amount contributed	Long-term investments accounted for under the equity method	Delta Electronics (Shanghai) Co., Ltd.	Subsidiary	-	1,914,815	-	-	-	-	-	-	-	3,915,103
Fairview Assets Ltd.	Grandview Holding Ltd. common stock	Long-term investments accounted for under the equity method	Grandview Holding Ltd.	Subsidiary	97,060,000	6,800,138	30,080,000	-	-	-	-	-	127,140,000	10,773,829
Grandview Holding Ltd.	Cyntec Holding (H.K.) Ltd. common stock	Long-term investments accounted for under the equity method	Cyntec Holding (H.K.) Ltd.	Subsidiary	92,060,000	3,501,728	30,080,000	-	-	-	-	-	122,140,000	4,241,575
Cyntec Holding (H.K.) Ltd.	Cyntec (Suzhou) Co., Ltd. certificate of amount contributed	Long-term investments accounted for under the equity method	Cyntec (Suzhou) Co., Ltd.	Subsidiary	-	1,759,435	-	-	-	-	-	-	-	2,078,632

Acquirer/ seller	Name and kind of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Addition				Disposal			December 31, 2012	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Disposal gain (loss)	Number of shares	Amount	
Cyntec Holding (H.K.) Ltd.	Cyntec Electronics (Suzhou) Co., Ltd. certificate of amount contributed	Long-term investments accounted for under the equity method	Cyntec Electronics (Suzhou) Co., Ltd.	Subsidiary	-	\$ 1,742,355	-	\$ 419,503 (Note e)	-	\$ -	-	\$ -	-	-	\$ 2,161,858
Delta Networks, Inc. (Taiwan)	Ayecom Technology Co., Ltd. common stock	Long-term investments / Other liabilities	Ayecom Technology Co., Ltd.	Subsidiary	30,000,000	(18,974)	10,000,000	123,732 (Note f)	-	(Note g)	-	-	30,000,000	104,758	

Note a: Delta Electronics (H.K.) Ltd. invested \$1,975,878 in Delta Electronics (Shanghai) Co., Ltd. Investment income or loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was recorded.

Note b: Fairview Assets Ltd. invested in Grandview Holding Ltd. in the amount of \$873,523. Investment income or loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was recorded.

Note c: Grandview Holding Ltd. invested \$873,523 in Cyntec Holding (H.K.) Ltd. Investment income or loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was recorded.

Note d: Cyntec Holding (H.K.) Ltd. invested \$439,425 in Cyntec (Suzhou) Co., Ltd. Investment income or loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was recorded.

Note e: Cyntec Holding (H.K.) Ltd. invested \$435,600 in Cyntec Electronics (Suzhou) Co., Ltd. Investment income or loss accounted for under the equity method and adjustment recognized due to change in subsidiary's net asset value was recorded.

Note f: Delta Networks, Inc. (Taiwan) invested \$100,000 in Ayecom Technology Co., Ltd. Investment income accounted for under the equity method was recorded.

Note g: Ayecom Technology Co., Ltd. reduced its capital to cover deficit of \$100,000 in 2012.

F. 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
Delta Electronics (Shanghai) Co., Ltd.	Buildings	2012.09.20	\$ 1,940,358	Cash	Beijing Riva Investment Co. Ltd.	-	-	-	-	\$ -	Quotations on the market	Office	None
Delta Electronics (Wuhu) Co., Ltd.	Buildings	2012.12.01	136,213	Cash	JiangSu HunTian Building and Installation Engineering Co., Ltd.	-	-	-	-	-	Obtained quotations to compare and negotiate price	Plant	None

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

H. Related party purchases or sales transactions in excess of \$100,000 or 20% of capital:

The transactions of the Company and its consolidated subsidiaries: Please see Notes 5. (2) A and C.

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)		Unit price	Credit period		Balance	% of total accounts or notes receivable (payable)
Delta Electronics Int'l Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	\$ 634,394	2.25	-	-	\$ 197,411	3.02
Delta Electronics Int'l Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	14,751,352	52.31	-	-	3,960,453	60.63
Delta Electronics Int'l Ltd.	Digital Projection Ltd.	Associate	Sales	472,845	1.68	-	-	133,523	2.04

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	\$ 7,064,768	5.00	75 days	-	-	\$ 823,348	3.35	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	20,835,023	14.74	75 days	-	-	2,588,236	10.54	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	13,491,324	9.54	75 days	-	-	895,905	3.65	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	3,219,022	2.28	75 days	-	-	423,097	1.72	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	3,685,170	2.61	75 days	-	-	378,203	1.54	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	Affiliated enterprise	Sales	4,541,214	3.21	75 days	-	-	560,617	2.28	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Cherzhou) Co., Ltd.	Affiliated enterprise	Sales	1,257,864	0.89	75 days	-	-	337,131	1.37	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Cherzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	156,369	0.11	75 days	-	-	60,186	0.24	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	3,475,624	2.46	75 days	-	-	318,881	1.30	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	Affiliated enterprise	Sales	\$ 132,844	0.09	75 days	-	-	\$ 19,805	0.08	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	805,927	0.57	75 days	-	-	219,978	0.90	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	2,392,048	1.69	75 days	-	-	167,016	0.68	
Delta Electronics Int'l (Singapore) Pte. Ltd.	PreOptix (Jiangsu) Co., Ltd.	Affiliated enterprise	Sales	203,601	0.14	75 days	-	-	30,338	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	401,148	0.28	75 days	-	-	106,253	0.43	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	Affiliated enterprise	Sales	230,626	0.16	75 days	-	-	57,248	0.23	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales	20,536,679	14.52	75 days	-	-	6,591,606	26.87	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B. V.	Affiliated enterprise	Sales	226,623	0.16	75 days	-	-	48,098	0.20	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Switzerland) AG	Associate	Sales	602,878	0.43	75 days	-	-	145,979	0.59	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Associate	Sales	\$ 351,209	0.25	75 days	-	-	\$ 99,035	0.40	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Ltd.	Associate	Sales	165,685	0.12	75 days	-	-	27,661	0.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	Sales	1,078,644	0.76	75 days	-	-	309,119	1.26	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta India Electronics PVT. Ltd.	Associate	Sales	373,009	0.26	75 days	-	-	53,634	0.22	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	201,073	0.14	75 days	-	-	74,955	0.31	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Related party in substance	Sales	748,467	0.53	75 days	-	-	260,334	1.06	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	660,967	6.63	75 days	-	-	160,099	9.14	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	7,820,141	78.46	75 days	-	-	1,094,543	62.52	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	7,484,655	28.06	75 days	-	-	865,391	24.02	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	\$ 544,280	2.04	75 days	-	-	\$ 132,466	3.68	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	17,944,599	67.28	75 days	-	-	2,304,965	63.98	
Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	13,280,309	44.55	75 days	-	-	3,011,455	47.87	
Delta Networks International Ltd.	DNI Logistic (USA) Corp.	Affiliated enterprise	Sales	3,245,963	10.89	75 days	-	-	706,884	11.24	
Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	573,141	1.92	75 days	-	-	64,388	1.02	
Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	Affiliated enterprise	Sales	434,476	1.46	75 days	-	-	102,307	1.63	
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	Affiliated enterprise	Sales	14,627,257	85.77	75 days	-	-	2,655,312	91.86	
Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	Affiliated enterprise	Sales	909,743	33.09	75 days	-	-	273,853	48.98	
Ayecom Technology Co., Ltd.	Delta Networks International Ltd.	Affiliated enterprise	Sales	207,011	22.45	75 days	-	-	24,310	19.18	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	\$ 4,848,970	13.79	75 days	-	-	\$ 367,040	7.51	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	28,673,609	81.55	75 days	-	-	4,089,658	83.65	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	Sales	944,492	2.69	75 days	-	-	313,990	6.42	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	5,774,149	88.88	75 days	-	-	841,873	73.97	
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	1,456,860	16.50	75 days	-	-	117,811	6.34	
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	2,226,505	25.22	75 days	-	-	303,712	16.35	
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	4,711,692	53.38	75 days	-	-	1,380,893	74.35	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	5,168,789	72.39	75 days	-	-	375,100	38.14	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	Sales	1,364,872	19.11	75 days	-	-	544,276	55.34	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	\$ 1,402,559	56.30	75 days	-	-	\$ 536,011	66.97	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	1,842,260	21.86	75 days	-	-	108,464	7.24	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	6,507,900	77.23	75 days	-	-	1,389,689	92.75	
Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	440,983	74.25	75 days	-	-	65,408	74.87	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	5,216,871	98.74	75 days	-	-	559,437	98.29	
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	2,521,459	98.23	75 days	-	-	381,602	91.27	
PreOptix (Jiangsu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	530,417	99.63	75 days	-	-	72,550	99.96	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	434,942	10.20	75 days	-	-	126,540	15.98	
Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	519,648	78.99	75 days	-	-	135,960	82.42	

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)		Note
			Purchases (sales) (Note a)	Amount	% of total Purchases (sales)	Credit terms	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	\$ 5,113,627	99.34	75 days	-	-	\$ 1,429,255	91.22	
DelSolar Co., Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	1,179,912	23.00	75 days	-	(Note b)	558,031	59.00	
DelSolar Co., Ltd.	Delta Energy Systems (Italy) s.r.l.	Associate	Sales	390,146	7.00	90-120 days	-	(Note b)	111,157	12.00	
DelSolar Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	114,149	2.00	75 days	-	(Note b)	41,806	4.00	
DelSolar (Wujiang) Ltd.	DelSolar Co., Ltd.	Affiliated enterprise	Sales	3,625,640	90.00	70 days	-	(Note b)	818,457	94.00	
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	2,017,661	65.00	(Note c)	(Note c)	(Note c)	248,046	42.20	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	3,323,024	100.00	(Note c)	(Note c)	(Note c)	213,299	100.00	
Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	Sales	3,407,687	99.98	(Note c)	(Note c)	(Note c)	228,011	100.00	
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	Sales	477,813	3.91	(Note c)	(Note c)	(Note c)	107,714	2.06	
Cyntec International Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	194,532	1.41	(Note d)	(Note d)	(Note d)	71,457	1.37	

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

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

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

Note d: Selling price is based on normal price. The collection term to related parties is 70 days starting from the next month and to third parties is receipt in advance or 30-120 days after delivery.

I. Receivables 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 receivables		Subsequent collections (Note)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Delta Electronics Int'l Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	\$ 197,411	3.84	\$ -	-	\$ 83,439	\$ -
Delta Electronics Int'l Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	3,960,453	3.99	195,297	-	2,790,364	-
Delta Electronics Int'l Ltd.	Digital Projection Ltd.	Associate	133,523	3.94	-	-	50,006	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	823,348	6.48	-	-	551,760	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	2,588,236	6.33	-	-	2,381,310	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	895,905	10.47	-	-	895,905	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	423,097	7.74	76	-	423,097	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	Affiliated enterprise	378,203	14.25	-	-	378,203	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	560,617	8.22	21	-	560,617	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	337,131	2.83	-	-	290,933	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	318,881	12.23	-	-	318,881	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	219,978	4.91	-	-	160,490	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	167,016	10.73	-	-	167,016	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	106,253	3.80	-	-	61,822	-

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables		Subsequent collections (Note)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	\$ 6,591,606	3.22	\$ -	-	\$ 1,985,751	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Switzerland) AG	Associate	145,979	4.84	-	-	95,571	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	309,119	6.71	-	-	294,139	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Related party in substance	260,334	3.84	-	-	243,593	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,094,543	0.31	-	-	885,720	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	160,099	0.10	-	-	90,885	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	865,391	0.41	-	-	219,109	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	132,466	0.28	-	-	46,056	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,304,965	0.33	-	-	2,304,965	-
Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	3,011,455	11.88	-	-	2,253,535	-
Delta Networks International Ltd.	DNI Logistic (USA) Corp.	Affiliated enterprise	706,884	14.70	-	-	647,304	-
Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	102,307	8.99	-	-	80,956	-
Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	Affiliated enterprise	2,655,312	0.61	-	-	1,742,400	-
Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	Affiliated enterprise	273,853	1.85	-	-	178,157	-

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables		Subsequent collections (Note)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	\$ 367,040	11.86	\$ -	-	\$ 367,040	\$ -
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	4,089,658	9.11	-	-	4,089,658	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	313,990	2.91	-	-	169,672	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	841,873	8.94	-	-	841,873	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	117,811	11.62	-	-	117,811	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	303,712	9.95	-	-	303,712	-
Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,380,893	4.13	-	-	790,052	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	375,100	13.78	-	-	375,100	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	Affiliated enterprise	544,276	2.70	-	-	278,474	-
Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	536,011	2.99	-	-	318,437	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	108,464	17.89	-	-	108,464	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,389,689	5.23	-	-	1,384,818	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	559,437	8.36	-	-	559,437	-
Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	381,602	91.27	-	-	319,549	-

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties	Turnover rate	Overdue receivables		Subsequent collections (Note)	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 126,540	4.91	\$ -	-	\$ 83,637	\$ -
Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	135,960	6.01	-	-	87,352	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	1,429,255	6.10	-	-	811,510	-
DelSolar Co., Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	558,031	3.84	-	-	348,563	-
DelSolar Co., Ltd.	Delta Energy Systems (Italy) s.r.l.	Affiliated enterprise	111,157	3.85	-	-	71,182	-
DelSolar (Wujiang) Ltd.	DelSolar Co., Ltd.	Affiliated enterprise	818,457	10.18	-	-	379,013	-
Cyntec Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	248,046	9.50	-	-	248,046	-
Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	213,299	13.60	-	-	213,299	-
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	Affiliated enterprise	228,011	12.55	-	-	228,011	-
Cyntec International Ltd.	Cyntec Co., Ltd.	Affiliated enterprise	107,714	4.87	-	-	-	-

Note: The amount represents collections subsequent to December 31, 2012 up to March 11, 2013.

Information on derivative transactions:

The information on derivative transactions of investee companies 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, 2012 are summarized as follows:

Derivative transactions	Par value, contract amount or nominal principal (Note)	Contract period
A. Delta Electronics Int'l (Singapore) Pte. Ltd. (A subsidiary of the Company)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 6,000	2012.11.21 ~ 2013.01.18
Forward foreign currency contracts – Sell USD, buy JPY	USD 10,800	2012.10.05 ~ 2013.03.14
Forward foreign currency contracts – Sell USD, buy EUR	EUR 1,400	2012.11.02 ~ 2013.03.14
Forward foreign currency contracts – Buy USD, sell EUR	EUR 1,900	2012.10.05 ~ 2013.04.29
Forward foreign currency contracts – Sell USD, buy CZK	CZK 36,500	2012.10.08 ~ 2013.01.23
Forward foreign currency contracts – Sell USD, buy SGD	SGD 6,379	2012.03.01 ~ 2013.07.11
The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$10,333.		
B. DelBio Inc. (A subsidiary of the Company)		
Forward foreign currency contracts – Buy NTD, sell USD	USD 325	2012.10.09 ~ 2013.03.28
Forward foreign currency contracts – Buy NTD, sell EUR	EUR 16	2012.12.27 ~ 2013.02.27
Forward foreign currency contracts – Buy USD, sell EUR	EUR 37	2012.10.15 ~ 2013.02.07
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$10.		
C. Delta Electronics International Ltd. (A subsidiary of DIH)		
Forward foreign currency contracts – Buy USD, sell EUR	EUR 1,600	2012.12.05 ~ 2013.04.29
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$246,817.		
D. Delta Electronics (Japan) Inc. (A subsidiary of DIH)		
Forward foreign currency contracts – Buy USD, sell JPY	USD 1,000	2012.12.19 ~ 2013.02.26
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$319.		
E. Delta Electronics (Dongguan) Co., Ltd. (A subsidiary of DHK)		
The derivative financial instruments held by Delta Electronics (Dongguan) Co., Ltd. were all settled. The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$37,427.		

Derivative transactions	Par value, contract amount or nominal principal (Note)	Contract period
F. Delta Electronics Power (Dongguan) Co., Ltd. (A subsidiary of DHK)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 50,000	2012.11.01 ~ 2013.01.22
Forward foreign currency contracts – Buy USD, sell RMB	USD 50,000	2012.11.01 ~ 2013.01.22
The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$104,855 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$6,714 as these met all the criteria for hedge accounting.		
G. Delta Networks (Dongguan) Ltd. (A subsidiary of DNHK)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 56,000	2012.01.18 ~ 2013.11.06
Forward foreign currency contracts – Sell RMB, buy USD	USD 20,000	2012.06.01 ~ 2013.06.04
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$10,018 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$13,813 as these met all the criteria for hedge accounting.		
H. Delta Networks International Ltd. (A subsidiary of DNI Cayman)		
Forward foreign currency contracts – Sell USD, buy RMB	USD 10,000	2012.06.01 ~ 2013.06.04
Forward foreign currency contracts – Sell RMB, buy USD	USD 10,000	2012.11.15 ~ 2013.06.04
The net gain recognized on forward foreign currency contracts and foreign currency option contracts for the year ended December 31, 2012 amounted to \$27,697 and the unrealized gain recognized on financial instruments under stockholders' equity amounted to \$6,108 as these met all the criteria for hedge accounting.		
I. DeSolar Co., Ltd. (A subsidiary of the Company)		
Forward foreign currency contracts – Buy NTD, sell EUR	EUR 2,000	2012.11.07 ~ 2013.02.21
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$1,793.		
J. DeSolar (Wujiang) Co., Ltd. (A subsidiary of DSHK)		
The derivative financial instruments held by DeSolar Co., Ltd. were all settled. The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$2,620.		
K. Cyntec Co., Ltd. (A subsidiary of the Company)		
Forward foreign currency contracts – Sell USD, buy TWD	USD 12,000	2012.10.26 ~ 2013.02.20
Forward foreign currency contracts – Sell EUR, buy TWD	USD 80	2012.11.16 ~ 2013.01.15
The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$1,006.		

Derivative transactions	Par value, contract amount or nominal principal (Note)	Contract period
L. Cyttec (Suzhou) Co., Ltd. (A subsidiary of the CHK) Forward foreign currency contracts – Sell USD, buy JPY The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$7,822.	USD 4,200	2012.10.22 ~ 2013.02.21
M. Cyttec Electronics (Suzhou) Co., Ltd. Forward foreign currency contracts – Sell USD, buy JPY The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$165.	USD 200	2012.12.17 ~ 2013.01.24

Note: Unit: Thousands of dollars.

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

A. Basic information

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Delta Electronics (Dongguan) Co., Ltd.	Manufacturing and sales of transformers and power supplies	\$ 2,840,402	Invested by DHK	\$ 1,952,388	\$ -	\$ -	\$ 1,952,388	94.00	\$ 329,944	\$ 4,056,534	\$ 280,527	(Note c)
Delta Greentech (China) Co., Ltd.	Manufacturing and sales of uninterruptible power systems	2,624,274	Invested by DHH, Ace and Drake	5,335,902	-	-	5,335,902	60.58	479,112	2,637,898	-	(Note d)
Delta Networks (Dongguan) Ltd.	Manufacturing and sales of other radio transmission apparatus incorporating reception apparatus and other radio-broadcast receivers, combined with sound recording or reproducing apparatus	1,016,400	Invested by DNHK	1,298,272	-	-	1,298,272	100.00	504,340	2,042,227	638,880	(Note e)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,222,584	Invested by DHK	491,357	-	-	491,357	94.00	810,669	3,834,058	390,181	(Note f)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies	1,161,600	Invested by DHK	600,547	-	-	600,547	51.70	645,094	3,119,037	-	-
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of transformers	2,579,042	Invested by DHK	600,547	-	-	600,547	51.70	265,750	2,387,051	-	(Note g)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Delta Electro-Optics (Wujiang) Ltd.	Manufacturing and sales of peripherals and electronic control equipments	\$ 842,160	Invested by DHK	\$ 375,342	\$ -	\$ -	\$ 375,342	51.70	\$ 600,548	\$ 2,424,250	\$ 51,234	(Note h)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	842,160	Invested by DHK	195,178	-	-	195,178	51.70	99,510	934,067	-	(Note i)
Delta Electronics (Shanghai) Co., Ltd.	Product design and management consulting service, etc.	3,664,604	Invested by DHK	-	-	-	-	94.00	95,824	3,680,197	-	(Note j)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of power supplies and transformers	3,891,360	Invested by DHK	163,786	-	-	163,786	94.00	257,279	3,581,812	-	(Note k)
Delta Networks (Shanghai) Ltd.	Design of computer software	58,080	Invested by DNHK	82,312	-	-	82,312	100.00	1,818	71,976	-	(Note l)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of power supplies and transformers	1,829,520	Invested by DHK	-	-	-	-	94.00	294,162	2,162,668	-	(Note m)
Cyntec (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components and wholesale, import and export of similar products	1,887,600	Invested by CHK	1,349,267	435,600	-	1,784,867	100.00	(51,398)	2,078,632	-	(Note n)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Cyntec Electronics (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of new-type electronic components (chip components, sensing elements, hybrid integrated circuits) and wholesale, import and export of similar products	\$ 1,655,280	Invested by CHK	\$ 1,219,680	\$ 435,600	-	\$ 1,655,280	100.00	\$ 48,146	\$ 2,161,858	\$ -	-
PreOptix (Jiangsu) Co., Ltd.	Manufacturing and sales of lenses and optical engines for projectors	384,780	Invested by PHK	370,841	-	-	370,841	96.38	1,790	400,869	-	(Note o)
DeiSolar (Wujiang) Ltd.	Manufacturing and sales of solar batteries and related systems	3,484,800	Invested by DSHK	3,484,800	-	-	3,484,800	42.40	(164,064)	1,360,467	-	-
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers and bluetooth module	657,756	Invested by DHK	901,703	-	-	901,703	94.00	7,561	895,731	-	(Note p)
DP Cinema Ltd.	Marketing and sales of high-end cinema projector systems	11,583	Invested by DP	211	-	-	211	1.82	-	16	-	-
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	58,080	Invested by DHK	10,919	-	-	10,919	94.00	129,207	202,515	-	(Note q)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Guangzhou Crystalrich Lighting Inc.	Sales of other lighting-emitting diode and wafer	\$ 243,936	Invested by Crystalrich (HongKong) Co., Ltd.	\$ 61,420	\$ -	-	\$ 61,420	28.20	(\$ 813)	\$ 68,216	\$ -	-
Delta Networks (Xiamen) Ltd.	Operation of radio transmission apparatus, and automatic data processing, reception, conversion and transmission or regeneration of voice, images or other data of the machine, including switches and routers, with a special program to control a computer or word processor with memory business	20,328	Invested by DNHK	20,328	-	-	20,328	100.00	(17,322)	3,296	-	-
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers and power supplies	136,296	Invested by DWH	-	-	-	-	94.00	321	140,818	-	(Note 1)
Chenzhou Delta Technology Co., Ltd.	Manufacturing and sales of transformers and power supplies	117,815	Invested by DCZ	-	-	-	-	94.00	81,706	205,113	-	(Note 1)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Delta Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	\$ 9,240	Invested by DPEEC and DGC	\$ -	\$ -	\$ -	\$ 63.92	(\$ 300)	\$ 5,906	\$ -	(Note 1)	
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	27,721	Invested by DPEEC and DDG	-	-	-	94.00	494	26,058	-	(Note 1)	
Delta Energy Technology (Wujiang) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	18,481	Invested by DPEEC and DDG	-	-	-	81.31	(55)	15,027	-	(Note 1)	

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2012	Remitted or collected this period		Accumulated remittance as of December 31, 2012	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, 2012	Note
					Remitted out	Collected						
Delta Energy Technology (Wuhu) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	\$ 9,240	Invested by DPEC and DWH	\$ -	\$ -	\$ -	\$ -	94.00	(\$ 45)	\$ 8,686	\$ -	(Note r)
Delta Energy Technology (Chenzhou) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	9,240	Invested by DPEC and DCZ	-	-	-	-	94.00	(31)	8,686	-	(Note r)

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 6.2855 to US\$1 and RMB 4.6202 to NT\$1.

Note b: The accumulated remittance as of January 1, 2012, remitted or collected this period, accumulated remittance as of December 31, 2012 and investment income remitted back as of December 31, 2012 was translated into New Taiwan Dollars at the average exchange rate of NTD 29.040 to US\$1 at the balance sheet date.

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

Note d: Except for the facility of US\$183,775 permitted by Investment Commission, the capitalization of earnings of US\$980 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note e: Except for the facility of US\$47,056 permitted by Investment Commission, the capitalization of earnings of US\$11,312 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China. Investment income of US\$22,000 remitted back as December 31, 2012 had been granted for future reference by Investment Commission on August 3, 2012.

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 original capitalization of earnings permitted by Investment Commission is US \$112,800, except for the exchange difference of US\$ 2,399.23 between the revocation of investment permitted by Investment Commission and the implementation of investment, the capitalization of earnings of US\$ 110,400.77 permitted by Investment Commission is excluded from the company's amount of investment in Mainland China.
- Note k: Except for the facility of US\$5,640 permitted by Investment Commission, the capitalization of earnings of US\$120,320 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note l: Except for the facility of US\$2,834 permitted by Investment Commission, the capitalization of earnings of US\$298 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note m: The capitalization of earnings of US\$59,220 is excluded from the Company's amount of investment in Mainland China.
- Note n: Except for the facility of US\$61,462 permitted by Investment Commission, the capitalization of earnings of US\$4,000 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note o: Except for the facility of US\$7,520 permitted by Investment Commission, the investment of US\$5,250 by PreOptix Co., Ltd. was permitted by Investment Commission.
- Note p: Except for the facility of US\$31,050 permitted by Investment Commission, the capitalization of earnings of US\$265 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note q: Except for the facility of US\$376 permitted by Investment Commission, the capitalization of earnings of US\$1,504 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
- Note r: Wuhu Delta Technology Co., Ltd., Chenzhou Delta Technology Co., Ltd., Delta Energy Technology (Shanghai) Co., Ltd., Delta Energy Technology (Dongguan) Co., Ltd., Delta Energy Technology (Wujiang) Co., Ltd., Delta Energy Technology (Wuhu) Co., Ltd., and Delta Energy Technology (Chenzhou) Co., Ltd. are the investee companies of the Company's investee companies in Mainland China. According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission; thus the investment amounts in Wuhu Delta Technology Co., Ltd., Chenzhou Delta Technology Co., Ltd., Delta Energy Technology (Shanghai) Co., Ltd., Delta Energy Technology (Dongguan) Co., Ltd., Delta Energy Technology (Wujiang) Co., Ltd., Delta Energy Technology (Wuhu) Co., Ltd., and Delta Energy Technology (Chenzhou) Co., Ltd. and are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.
- Note s: Delta Networks (Wujiang) Ltd., an indirect investment of the Company, was liquidated on June 30, 2011. The Company's indirect investment and earnings turned into investment in Delta Networks (Wujiang) Ltd., originally approved by the Investment Commission of MOEA, were US\$17,389 and US\$10,802, respectively.
- Note t: Except for DP Cinema 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 DIH, DNH, PHK, DelSolar and Cyntec based on the audited financial statements.

B. The ceiling amount of investment in Mainland China (Units in thousands of currencies indicated)

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. (Notes b and c)	\$ 11,088,752	\$ 11,546,925	\$ -
DeSolar Co., Ltd. (Note d)	3,484,800	3,484,800	3,381,285
Cyntec Co., Ltd. (Note c)	3,440,147	3,440,147	-

Note a: The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NT\$ 29.040 to US\$1 at the balance sheet date.

Note b: The investment income of US\$22,000, US\$18,000, US\$10,509 and US\$14,351 were remitted back on January 12, 2012, June 26, 2012, August 15, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 29, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.

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

Note d: The last application to Investment Commission was in the first quarter of 2010. Ceiling of investment amount was \$5,759,220 computed according to the financial statements at that time. Therefore, it does not exceed the limit.

C. 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, 2012 are described in Note 5.

The significant purchases, sales, accounts payable and accounts receivable are directly conducted with DeSolar Co., Ltd. through DeSolar (Wujiang) Ltd. as well as those that the Company indirectly conducted with investee companies in Mainland China through the DIH's subsidiaries, Delta Electronics International Ltd. (DEIL-Labuan), Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG), Delta Networks International Ltd (DNIL-Labuan), Cyntec International Ltd. (CIL-Labuan), for the year ended December 31, 2012 are shown in Note 11.(2)H.

(4) Relationship and significant transactions between the Company and its subsidiaries
For the year ended December 31, 2012:

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Services revenue	\$ 2,005,168	(Note d)	1.17
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Services revenue	5,223,090	(Note d)	3.04
0	Delta Electronics, Inc.	Delta Electro-Optics (Wujiang) Ltd.	1	Services revenue	148,475	(Note d)	0.09
0	Delta Electronics, Inc.	Delta Greentech (China) Co., Ltd.	1	Sales	161,299	(Note d)	0.09
0	Delta Electronics, Inc.	DeSolar (Wujiang) Ltd.	1	Sales	299,881	(Note d)	0.17
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	1	Sales	236,200	(Note d)	0.14
1	Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	3	Sales	634,394	(Note d)	0.37
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	3	Sales	14,751,352	(Note d)	8.59
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	7,064,768	(Note d)	4.11
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	20,835,023	(Note d)	12.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	13,491,324	(Note d)	7.85
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	3,219,022	(Note d)	1.87
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Sales	3,685,170	(Note d)	2.15
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	4,541,214	(Note d)	2.64
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	1,257,864	(Note d)	0.73
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	3	Sales	156,369	(Note d)	0.09
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	3,475,624	(Note d)	2.02

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	3	Sales	\$ 132,844	(Note d)	0.08
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	805,927	(Note d)	0.47
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Sales	2,392,048	(Note d)	1.39
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	PreOptix (Jiangsu) Co., Ltd.	3	Sales	203,601	(Note d)	0.12
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	401,148	(Note d)	0.23
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	3	Sales	230,626	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B.V.	3	Sales	226,623	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	20,536,679	(Note d)	11.96
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	660,967	(Note d)	0.38
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	7,820,141	(Note d)	4.55
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	7,484,655	(Note d)	4.36
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	544,280	(Note d)	0.32
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	17,944,599	(Note d)	10.45
5	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	13,280,309	(Note d)	7.73
5	Delta Networks International Ltd.	DNI Logistic (USA) Corp.	3	Sales	3,245,963	(Note d)	1.89
5	Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	3	Sales	573,141	(Note d)	0.33
5	Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	3	Sales	434,476	(Note d)	0.25
6	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Sales	14,627,257	(Note d)	8.52

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
7	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Sales	\$ 909,743	(Note d)	0.53
8	Ayecom Technology Co., Ltd.	Delta Networks International Ltd.	3	Sales	207,011	(Note d)	0.12
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Sales	4,848,970	(Note d)	2.82
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	28,673,609	(Note d)	16.69
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	944,492	(Note d)	0.55
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,774,149	(Note d)	3.36
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	1,456,860	(Note d)	0.85
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	2,226,505	(Note d)	1.30
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	4,711,692	(Note d)	2.74
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	5,168,789	(Note d)	3.01
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	1,364,872	(Note d)	0.79
13	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	1,402,559	(Note e)	0.82
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	1,842,260	(Note d)	1.07
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	6,507,900	(Note d)	3.79
15	Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	440,983	(Note d)	0.26
16	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,216,871	(Note d)	3.04
17	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,521,459	(Note d)	1.47
18	PreOptix (Jiangsu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	421,708	(Note d)	0.25

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
19	Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	\$ 434,942	(Note d)	0.25
20	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	519,648	(Note d)	0.30
21	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	5,110,064	(Note e)	2.98
22	DelSolar Co., Ltd.	Delta Electronics (Japan), Inc.	3	Sales	1,179,912	(Note d)	0.69
22	DelSolar Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	114,149	(Note e)	0.07
23	DelSolar (Wujiang) Ltd.	DelSolar Co., Ltd.	3	Sales	3,625,640	(Note f)	2.11
24	Cyntec International Ltd	Cyntec Co., Ltd.	3	Sales	477,813	(Note g)	0.28
24	Cyntec International Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	194,532	(Note f)	0.11
25	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Sales	2,017,661	(Note g)	1.17
26	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	3,323,024	(Note g)	1.93
27	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	3,407,687	(Note g)	1.98
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Other receivables	280,000	(Note d)	0.16
0	Delta Electronics, Inc.	DelSolar Co., Ltd.	1	Accounts receivable	275,413	(Note d)	0.16
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Accounts receivable	996,239	(Note d)	0.58
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Accounts receivable	336,057	(Note d)	0.20
1	Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	197,411	(Note d)	0.11
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	3,960,453	(Note d)	2.31

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Accounts receivable	\$ 823,348	(Note d)	0.48
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	2,588,236	(Note d)	1.51
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Accounts receivable	895,905	(Note d)	0.52
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Accounts receivable	423,097	(Note d)	0.25
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Accounts receivable	378,203	(Note d)	0.22
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Accounts receivable	560,617	(Note d)	0.33
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	337,131	(Note d)	0.20
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Accounts receivable	318,881	(Note d)	0.19
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	219,978	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	167,016	(Note d)	0.10
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	106,253	(Note d)	0.06
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	6,591,606	(Note d)	3.62
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	1,094,543	(Note d)	0.60
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	160,099	(Note d)	0.09
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	865,391	(Note d)	0.48
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	132,466	(Note d)	0.07
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,304,965	(Note d)	1.27
5	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	3,011,455	(Note d)	1.66

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note f)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
5	Delta Networks International Ltd.	DNI Logistic (USA) Corp.	3	Accounts receivable	\$ 706,884	(Note d)	0.39
5	Delta Networks International Ltd.	Delta Networks Inc. (Taiwan)	3	Accounts receivable	102,307	(Note d)	0.06
6	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Accounts receivable	2,655,312	(Note d)	1.46
7	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Accounts receivable	273,853	(Note d)	0.15
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	367,040	(Note d)	0.20
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	4,089,658	(Note d)	2.25
9	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	313,990	(Note d)	0.17
10	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	841,873	(Note d)	0.46
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	303,712	(Note d)	0.17
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	1,380,893	(Note d)	0.76
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	117,811	(Note d)	0.06
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	375,100	(Note d)	0.21
12	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	544,276	(Note d)	0.30
13	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	536,011	(Note e)	0.29
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	1,389,689	(Note d)	0.76
14	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	108,464	(Note d)	0.06
16	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	559,437	(Note d)	0.31
17	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	381,602	(Note d)	0.21

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note f)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
19	Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	\$ 126,540	(Note d)	0.07
20	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	135,960	(Note d)	0.07
21	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	1,429,255	(Note e)	0.79
22	DeSolar Co., Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	558,031	(Note d)	0.31
23	DeSolar (Wujiang) Ltd.	DeSolar Co., Ltd.	3	Accounts receivable	818,457	(Note f)	0.45
25	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	248,046	(Note g)	0.14
26	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	213,299	(Note g)	0.12
27	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	228,011	(Note g)	0.13
24	Cyntec International Ltd.	Cyntec Co., Ltd.	3	Accounts receivable	107,714	(Note g)	0.06
0	Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	1	Asset leased to others	1,610,607	(Note h)	0.89
0	Delta Electronics, Inc.	DeBio Inc.	1	Asset leased to others	134,731	(Note h)	0.07
3	Delta Electronics (Jiangsu) Ltd.	DeSolar (Wujiang) Ltd.	3	Asset leased to others	451,190	(Note h)	0.25

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 all the credit terms are 90 days.

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

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

Note h: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and change the rental monthly.

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

For the year ended December 31, 2011:

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Services revenue	\$ 2,650,863	(Note d)	1.63
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Services revenue	3,340,686	(Note d)	2.06
0	Delta Electronics, Inc.	Delta Electro-Optics (Wujiang) Ltd.	1	Services revenue	181,210	(Note d)	0.11
0	Delta Electronics, Inc.	DeSolar (Wujiang) Co., Ltd.	1	Sales	272,628	(Note d)	0.17
0	Delta Electronics, Inc.	DEI Logistics (USA) Corp.	1	Sales	245,140	(Note d)	0.15
1	Delta Electronics International Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	1,586,644	(Note d)	0.98
1	Delta Electronics International Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	4,660,587	(Note d)	2.87
1	Delta Electronics International Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	4,322,062	(Note d)	2.66
1	Delta Electronics International Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	740,002	(Note d)	0.46
1	Delta Electronics International Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Sales	1,145,176	(Note d)	0.70
1	Delta Electronics International Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	877,743	(Note d)	0.54
1	Delta Electronics International Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	367,741	(Note d)	0.23
1	Delta Electronics International Ltd.	Chenzhou Delta Technology Co., Ltd.	3	Sales	254,489	(Note d)	0.16
1	Delta Electronics International Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	739,227	(Note d)	0.45

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
1	Delta Electronics International Ltd.	Delta Electronics (Japan), Inc.	3	Sales	\$ 722,075	(Note d)	0.44
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corp.	3	Sales	13,630,105	(Note d)	8.39
1	Delta Electronics International Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	1,952,488	(Note d)	1.20
1	Delta Electronics International Ltd.	Delta Electronics, Inc.	2	Sales	3,861,360	(Note d)	2.38
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	5,831,944	(Note d)	3.59
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	16,585,480	(Note d)	10.21
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	11,456,994	(Note d)	7.05
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	2,298,885	(Note d)	1.41
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Sales	2,792,292	(Note d)	1.72
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	3,986,608	(Note d)	2.45
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	1,080,417	(Note d)	0.66
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	3	Sales	357,230	(Note d)	0.22
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	2,944,013	(Note d)	1.81
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	3	Sales	323,415	(Note d)	0.20
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	473,580	(Note d)	0.29
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Sales	3,347,431	(Note d)	2.06
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	PreOptix (Jiangsu) Co., Ltd.	3	Sales	202,328	(Note d)	0.12

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	\$ 204,974	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B.V.	3	Sales	144,511	(Note d)	0.09
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	3	Sales	237,465	(Note d)	0.15
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	15,835,939	(Note d)	9.75
3	Delta Electronics (Japan), Inc.	Delta Video Display System (Wujiang) Ltd.	3	Sales	196,867	(Note d)	0.12
3	Delta Electronics (Japan), Inc.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	138,686	(Note d)	0.09
3	Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	124,332	(Note d)	0.08
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	10,212,240	(Note d)	6.29
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	16,354,405	(Note d)	10.07
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	458,944	(Note d)	0.28
5	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	2,682,408	(Note d)	1.65
5	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,740,303	(Note d)	3.53
5	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	240,324	(Note d)	0.00
6	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	13,100,086	(Note d)	8.06
6	Delta Networks International Ltd.	DNI Logistics (USA) Corp.	3	Sales	2,709,029	(Note d)	1.67
6	Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	3	Sales	527,947	(Note d)	0.32
6	Delta Networks International Ltd.	Delta Networks, Inc. (Taiwan)	3	Sales	446,769	(Note d)	0.27

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
7	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Sales	\$ 14,264,698	(Note d)	8.78
8	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Sales	851,273	(Note d)	0.44
9	Ayecom Technology Co., Ltd.	Delta Networks International Ltd.	3	Sales	271,735	(Note d)	0.14
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Sales	12,978,045	(Note d)	6.72
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	24,331,358	(Note d)	12.59
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	306,954	(Note d)	0.16
10	Delta Electronics (Jiangsu) Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	1,102,704	(Note e)	0.57
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	4,643,782	(Note e)	2.40
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	1,837,424	(Note d)	0.95
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	774,832	(Note d)	0.40
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	1,527,879	(Note d)	0.79
12	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	1,786,664	(Note d)	0.92
12	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,419,842	(Note d)	2.29
12	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	105,275	(Note d)	0.05
13	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Sales	5,471,081	(Note d)	2.83
13	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Sales	614,361	(Note d)	0.32
13	Delta Video Display System (Wujiang) Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	171,312	(Note e)	0.09
14	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	377,558	(Note e)	0.20

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
15	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	\$ 3,136,927	(Note d)	1.62
15	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	669,676	(Note d)	0.35
15	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,781,840	(Note d)	2.48
16	Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	596,460	(Note d)	0.31
17	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics International Ltd.	3	Sales	1,253,615	(Note d)	0.65
17	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,236,474	(Note d)	2.19
18	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,904,410	(Note d)	1.50
19	PreOptix (Jiangsu) Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	443,833	(Note d)	0.23
20	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	924,101	(Note e)	0.48
21	DeSolar (Wujiang) Ltd.	DeSolar Co., Ltd.	3	Sales	5,752,000	(Note f)	2.98
22	Cyntec International Ltd.	Cyntec Co., Ltd.	3	Sales	402,553	(Note g)	0.21
23	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Sales	1,650,108	(Note h)	0.85
24	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	2,019,775	(Note h)	1.05
25	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Sales	2,561,075	(Note h)	1.33
26	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	466,065	(Note d)	0.24
26	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics International Ltd.	3	Sales	289,723	(Note d)	0.15
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Other receivables	303,362	(Note d)	0.16

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note i)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Accounts receivable	\$ 753,852	(Note d)	0.39
0	Delta Electronics, Inc.	Delta Electronics International Ltd.	1	Accounts receivable	179,608	(Note d)	0.09
1	Delta Electronics International Ltd.	Delta Electronics (Japan) Co., Ltd.	3	Accounts receivable	132,203	(Note d)	0.07
1	Delta Electronics International Ltd.	DEI Logistics (USA) Corporation	3	Accounts receivable	3,444,273	(Note d)	1.78
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	282,224	(Note d)	0.15
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Accounts receivable	1,374,106	(Note d)	0.71
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	4,040,955	(Note d)	2.09
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Accounts receivable	1,703,737	(Note d)	0.88
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Accounts receivable	409,919	(Note d)	0.21
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electro-Optics (Wujiang) Ltd.	3	Accounts receivable	135,179	(Note d)	0.07
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Accounts receivable	547,099	(Note d)	0.28
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	559,237	(Note d)	0.29
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	3	Accounts receivable	137,707	(Note d)	0.07
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Accounts receivable	249,537	(Note d)	0.13
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	3	Accounts receivable	129,745	(Note d)	0.07
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Accounts receivable	106,641	(Note d)	0.06
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Green (Tianjin) Industries Co., Ltd.	3	Accounts receivable	125,866	(Note d)	0.07

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	\$ 6,140,150	(Note d)	3.18
2	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Other receivables	101,477	(Note d)	0.05
18	Chenzhou Delta Technology Co., Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Accounts receivable	214,401	(Note d)	0.11
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,566,355	(Note d)	1.85
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	1,194,480	(Note d)	0.62
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	125,060	(Note d)	0.06
5	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	223,230	(Note d)	0.12
5	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	1,681,759	(Note d)	0.87
6	Delta Networks International Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	2,948,263	(Note d)	1.53
6	Delta Networks International Ltd.	DNI Logistics (USA) Corp.	3	Accounts receivable	470,689	(Note d)	0.24
6	Delta Networks International Ltd.	Ayecom Technology Co., Ltd.	3	Accounts receivable	193,388	(Note d)	0.10
7	Delta Networks (Dongguan) Ltd.	Delta Networks International Ltd.	3	Accounts receivable	2,371,754	(Note d)	1.23
8	Delta Networks, Inc. (Taiwan)	Delta Networks International Ltd.	3	Accounts receivable	104,968	(Note d)	0.05
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	457,017	(Note d)	0.24
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,198,722	(Note d)	1.14
10	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	338,180	(Note d)	0.18
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	187,573	(Note e)	0.10

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	\$ 134,484	(Note d)	0.07
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	143,143	(Note d)	0.07
11	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Accounts receivable	903,371	(Note d)	0.47
12	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	449,286	(Note d)	0.23
13	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Wujiang) Trading Co., Ltd.	3	Accounts receivable	469,986	(Note d)	0.24
13	Delta Video Display System (Wujiang) Ltd.	Delta Electronics International Ltd.	3	Accounts receivable	378,942	(Note d)	0.20
14	Delta Electronics (Wujiang) Trading Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	403,736	(Note e)	0.21
15	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	1,105,639	(Note d)	0.57
17	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	688,928	(Note d)	0.36
20	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	1,075,386	(Note e)	0.56
26	Delta Green (Tianjin) Industries Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	134,280	(Note d)	0.07
21	DelSolar (Wujiang) Ltd.	DelSolar Co., Ltd.	3	Accounts receivable	893,615	(Note f)	0.46
23	Cyntec Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	176,852	(Note h)	0.09
24	Cyntec (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	275,446	(Note h)	0.14
25	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd.	3	Accounts receivable	315,101	(Note h)	0.16
0	Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	1	Assets leased to others	572,003	(Note i)	0.30
0	Delta Electronics, Inc.	DelBio Inc.	1	Assets leased to others	149,271	(Note i)	0.08

Number (Note a)	Name of counterparty	Name of transaction parties	Relationship (Note b)	Subject	Amount (Note j)	Transaction terms	Percentage of total combined revenue or total assets (Note c)
10	Delta Electronics (Jiangsu) Ltd.	DelSolar (Wujiang) Ltd.	3	Assets leased to others	\$ 517,098	(Note i)	0.27

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 all the credit terms are 90 days.

Note f: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 30 days.

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

Note h: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 45~120 days.

Note i: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and charge the rental monthly.

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

12. OPERATING SEGMENT INFORMATION

(1) General information

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

A. Power electronics business:

Design, manufacture, and sales of power supplies applied to computers, office automation equipment, consumer electronic products and auto electronic products and design, manufacture, and sales of electronic components applied to computers, information, communication, household electric appliances, consumer electronic products and automobiles. The main products are Server power supply, Workstation power supply, Desktop power supply, Notebook power supply, High Efficiency Electronic Lighting Ballast, LED Power, Display Power Supply, Gaming Power supply, Industrial power, Medical power supplies, Magnetic component, EMI filters, Precision Motors, Fans and Fans Module, Cooling Module, Blower, Mini Wind Energy Shell Parts, Heat Exchanger, RF/wireless component, Bluetooth Module, Optical Transceiver Module, Networking Component, etc.

B. Energy management business:

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

C. Smart green life business:

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

The Group changed the classification of certain product categories during this year, which



resulted to the change in the reportable operation segments compared to the prior year.

The segment-related information in prior year has been restated to conform with the information presented for this year.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 2.

(3) Information on segment profit (loss) and assets

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31, 2012 and 2011 is as follows:

	For the year ended December 31, 2012			Total
	Power electronics business	Energy management business	Smart green life business	
Revenue from external customers	\$ 106,665,243	\$ 29,665,288	\$ 30,083,691	\$ 166,414,222
Measurement amount of segment profit (Loss)	\$ 14,333,174	\$ 4,176,238	\$ 1,687,096	\$ 20,196,508
Segment's total assets (Note A)	\$ -	\$ -	\$ -	\$ -
	For the year ended December 31, 2011			
	Power electronics business	Energy management business	Smart green life business	Total
Revenue from external customers (Note B)	\$ 107,145,444	\$ 23,872,947	\$ 28,005,413	\$ 159,023,804
Measurement amount of segment profit (Loss) (Note B)	\$ 12,154,849	\$ 2,876,539	\$ 985,694	\$ 16,017,082
Segment's total assets (Note A)	\$ -	\$ -	\$ -	\$ -

Note A : According to EITF 99-151, "Explanation for Segment Reporting", of the R.O.C. Accounting Research and Development Foundation, dated June 28, 2010, enterprises should disclose the measurement amount of reportable segments assets in accordance with paragraph 24 of R.O.C. SFAS No. 41, "Operating Segments". As the Company did not provide the measurement amount of assets to the chief operating decision-maker, the measurement amount of assets that should be disclosed is \$0.

Note B : Have been restated in accordance with regulations for comparative purposes.

(4) Reconciliation information for segment profit (loss)

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

	For the years ended December 31,	
	2012	2011
		(As restated)
Reportable segments' profit	\$ 20,196,508	\$ 16,017,082
Other segments' loss	(2,844,519)	(2,855,421)
Non-operating income	6,057,920	4,932,337
Non-operating expenses	(903,572)	(672,666)
Profit before tax and discontinued operations	<u>\$ 22,506,337</u>	<u>\$ 17,421,332</u>

- C. The amount of assets was not provided to the chief operating decision-maker in accordance with EITF 99-151, "Explanation for Segment Reporting", of the R.O.C. Accounting Research and Development Foundation dated June 28, 2010. The measurement amount of assets that should be disclosed is \$0 and the reconciliation is provided as follows:

	December 31,	
	2012	2011
Reportable segments' assets	\$ -	\$ -
Unallocated items:		
Current assets	121,889,748	130,007,582
Funds and investments	10,765,590	12,129,644
Property, plant and equipment	34,908,430	36,917,785
Intangible assets	11,733,212	12,096,932
Other assets	2,591,617	2,042,036
Total assets	<u>\$ 181,888,597</u>	<u>\$ 193,193,979</u>

(5) Information about products and services

As the Group considered the business from a product perspective, the reportable segments were based on different products and services. Revenues from external customers are the same as in Note 12(3).

(6) Information about geographic areas

Information about geographic areas for the years ended December 31, 2012 and 2011 were as follows:

	2012		2011	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,683,574	\$ 20,455,758	\$ 2,563,292	\$ 21,217,061
USA	24,033,673	-	21,946,836	185,569
Mainland China	99,426,994	27,831,876	95,566,385	28,701,888
Others	46,615,683	945,625	42,397,826	952,235
Total	<u>\$ 171,759,924</u>	<u>\$ 49,233,259</u>	<u>\$ 162,474,339</u>	<u>\$ 51,056,753</u>

(7) Information about major customers

There are no customers accounting for more than 10% of the Group's operating revenues for the years ended December 31, 2012 and 2011.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

Pursuant to the regulations of the former Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by FSC (together referred to as IFRSs).

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of FSC, dated February 2, 2010:

(1) Major contents and status of execution of the Company's plan for IFRSs adoption:

The Company has established the IFRSs taskforce headed by the Company's chief financial officer, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
1. Formation of an IFRSs group	Completed
2. Setting up a plan relative to the Group's transition to IFRSs	Completed
3. Identification of the differences between current accounting policies and IFRSs	Completed
4. Identification of consolidated entities under IFRSs framework	Completed
5. Evaluation of the impact of each exemption and option on the Company under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
6. Evaluation of needed information system adjustments	Completed
7. Evaluation of needed internal controls adjustments	Completed
8. Establish IFRSs accounting policies	Completed
9. Selection of exemptions and options available under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
10. Preparation of statement of financial position on the date of transition to IFRSs	Completed
11.1. Preparation of comparative financial information under IFRSs for the first quarter of 2012	Completed
11.2. Preparation of comparative financial information under IFRSs for the first half year of 2012	Completed
11.3. Preparation of comparative financial information under IFRSs for the nine-month period ended September 30, 2012	Completed
11.4. Preparation of comparative financial information under IFRSs for the year ended December 31, 2012	Completed
12. Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	Completed

(2) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already ratified currently by FSC and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company’s current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by FSC or relevant interpretations or amendments to the “Rules Governing the Preparation of Financial Statements by Securities Issuers” come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future, and the effects of exemptions selected by the Company under IFRS 1 – First-time Adoption of International Financial Reporting Standards (refer to Note 13(3)) are set forth below:

A. Reconciliation of significant differences as of January 1, 2012

	R.O.C. GAAP	Adjustment	IFRSs	Description
Financial assets at fair value through profit or loss	\$ 1,822,867	\$ 983,142	\$ 2,806,009	a.
Available-for-sale financial assets	649,872	3,813,667	4,463,539	b.
Financial assets carried at cost	4,243,408	(3,840,505)	402,903	b.
Deferred income tax assets - current	597,914	(597,914)	-	c.
Land	1,779,860	620,497	2,400,357	d.
Revaluation increments	620,497	(620,497)	-	d.
Construction in progress and prepayments for equipment	6,599,291	(3,120,148)	3,479,143	e.
Deferred pension costs	9,299	(9,299)	-	f.
Other intangible assets	4,560,628	(1,228,031)	3,332,597	g.
Long-term prepaid rent	-	1,228,031	1,228,031	g.
Deferred income tax assets - non-current	-	2,507,096	2,507,096	c.
Other assets - other	888,026	3,116,266	4,004,292	e.f.
Others	171,422,317	1,740	171,424,057	
Total assets	\$ 193,193,979	\$ 2,854,045	\$ 196,048,024	
Accrued expenses	11,268,694	338,541	11,607,235	h.
Land value incremental reserve	119,864	(119,864)	-	d.
Accrued pension liabilities	2,617,949	324,877	2,942,826	f.i.
Deferred income tax liabilities - non-current	3,867,305	1,412,872	5,280,177	d.j.
Provision for employee benefits	-	367,105	367,105	i.
Others	82,834,498	(81,645)	82,752,853	
Total liabilities	\$ 100,708,310	\$ 2,241,886	\$ 102,950,196	
Paid-in capital in excess of par value of common stock	26,509,455	(2,684,671)	23,824,784	k.
Special reserve	4,796,006	527,556	5,323,562	d.
Undistributed earnings	13,045,300	2,782,430	15,827,730	a.c.d.f. h.i.j.k.
Unrecognized pension cost	(263,401)	263,401	-	f.
Asset revaluations	527,556	(527,556)	-	d.
Others	47,870,753	250,999	48,121,752	
Total stockholders' equity	\$ 92,485,669	\$ 612,159	\$ 93,097,828	


Explanations for the significant differences are as follows:

- a. The private placement of convertible bonds held by the Company were invested before the adoption of EITF 99-256 of the Accounting Research and Development Foundation, R.O.C., dated October 8, 2010, "Accounting for private placement of convertible bonds", and are designated as financial assets at fair value through profit or loss and are subsequently remeasured and stated at cost. Since these are hybrid instruments, the fair value of derivatives embedded in the bonds cannot be measured reliably. If there is any objective evidence that the bonds are impaired, the impairment loss is recognized. However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in financial instruments without an active market but with reliable fair value measurement should be measured at fair value using a valuation technique. The fair value of private placement of convertible bonds is measured based on Binomial Stock Options Pricing Model. Therefore, an increase in financial assets at fair value through profit or loss of \$983,142 and undistributed earnings of \$983,142 is recognized at the date of transition to IFRSs.
- b. Before the amendment of "Rules Governing the Preparation of Financial Statements by Securities Issuers", dated July 7, 2011, unlisted stocks and emerging stocks held by the Group should be measured at cost and recognized in "Financial assets carried at cost". However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, the Group reclassified "Financial assets carried at cost" of \$3,840,505 to "Available-for-sale financial assets" and decreased other reserves income by \$26,838 for the difference between fair value and book value at the date of transition to IFRSs.
- c. The Group recognized a decrease in deferred income tax assets - current of \$597,914 and increase in deferred income tax assets - non-current of \$2,507,096 at the date of transition to IFRSs. The reasons are as follows:
 - a) In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current. Therefore, the Group reclassified deferred income tax assets - current of \$597,914 to deferred income tax assets - non-current at the date of transition to IFRSs.

- b) The Group increased deferred income tax assets of \$197,092, and increased undistributed earnings of \$197,092 when computing the tax effects of differences between IFRSs and the current accounting standards in R.O.C.
- c) Deferred income tax assets and deferred income tax liabilities do not meet the criteria for offset under IAS 12, "Income Taxes". Therefore, the Group reclassified deferred income tax assets and deferred income tax liabilities of \$1,712,090 at the date of transition to IFRSs.
- d. In accordance with current accounting standards in R.O.C., property, plant and equipment are stated at cost except for land which is carried at appraised value. However, when cost model is adopted, revaluation is not applied under IAS 16, "Property, Plant and Equipment". The Company reclassified land revaluation increments of \$620,497 to cost of land according to IFRS 1, "First-time Adoption of International Financial Reporting Standards" and reclassified asset revaluations of \$527,556, and revaluation increments of \$119,864 to undistributed earnings and deferred income tax liabilities; and subsequently appropriated under the requirements of Jin-Guan-Zheng-Fa Order No. 1010012865 of FSC, the asset revaluation of \$527,556 recognized as undistributed earnings in accordance with the exemption applied under IFRS 1 to special reserve.
- e. The Group's prepayments for the acquisition of property, plant and equipment are classified as "property, plant and equipment" in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers". However, under IFRSs, it should be classified as other assets-other - non-current. Therefore, the Group reclassified property, plant and equipment, net of \$3,120,148 to other assets-other - non-current of \$3,120,148.
- f. The Group increased accrued pension liabilities of \$1,315,320, decreased prepaid pension cost of \$3,882, decreased deferred pension costs of \$9,299, decreased undistributed earnings of \$1,352,241 and decreased unrecognized pension cost of \$263,401. The reasons are as follows:
- a) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.
- b) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, in accordance with IAS 19, "Employee Benefits", the unrecognized transitional net benefit obligation should not be recognized because it is the Group's

first-time adoption of IFRSs.

- c) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.
- g. In accordance with current accounting standards in R.O.C., the subsidiaries’ payments for the acquisition of land use rights are classified as “Other intangible assets”. However, transactions meet the criteria of long-term operating leases shall be classified as “Long-term prepaid rent” under IAS 17, “Leases”. Therefore, the Group reclassified other intangible assets of \$1,228,031 to long-term prepaid rent at the date of transition to IFRSs.
- h. The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Group recognized accrued expenses of \$338,541 and reduced undistributed earnings of \$338,541 at the date of transition to IFRSs.
- i. The current accounting standards in R.O.C. do not specify the rules on the recognition of other long-term employee benefits other than pensions. However, IAS 19, “Employee Benefits”, requires that the costs of other long-term employee benefits other than pensions should be recognized as expenses as the employees render service. Certain subsidiaries located in Mainland China maintain a separate fund that meet the above criteria, and have recorded accrued pension liabilities of \$990,443. The Company decreased accrued pension liabilities by \$623,338, increased undistributed earnings by \$623,338, and the remaining balance of \$367,105 was recognized as provisions for employee benefits based on the results of the actuarial valuation at the date of transition to IFRSs.
- j. At the date of transition to IFRSs, the Group reclassified land value incremental reserve of \$119,864 to deferred income tax liabilities as described in Note 13(2)A.d. Explanation for reclassification of deferred income tax assets and deferred income tax liabilities of \$1,712,090 is the same as in Note 13(2)A.c.c). The Group decreased deferred income tax liabilities by \$419,082, and increased undistributed earnings by \$419,082 when computing tax effects of difference between IFRSs and the current accounting standards in R.O.C.
- k. At the date of transition to IFRSs, the Group decreased additional paid-in capital by \$2,684,671, and increased undistributed earnings by \$2,684,671 as follows:
 - a) In accordance with current accounting standards in R.O.C., if an investee company issues new shares and original shareholders do not purchase or acquire new shares proportionately, but the investor company does not lose its significant influence over the investee company, the investment percentage, and therefore the equity in net assets



for the investment that an investor company has invested, will be changed. Such difference shall be used to adjust the 'Additional paid-in capital' and the 'Long-term equity investments' accounts. However, in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards", accounting treatment for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control shall apply prospectively from the date of transition to IFRSs.

- b) Compensation cost of employee stock options, whose grant date was after (on) January 1, 2008 and before January 1, 2010, is recognized as an expense using the intrinsic value method according to the Jin-Guan-six-Zi Order No. 0960065898 of the former Financial Supervisory Commission, dated December 12, 2007. However, according to IFRS 2, "Share-based Payment", the cost of the share-based payment arrangements stated above should be expensed at the fair value of the equity instruments over the vesting period. Therefore, the Group increased capital reserve by \$47,934, and decreased undistributed earnings by \$47,934 at the date of transition to IFRSs.

B. Reconciliation of significant differences as of and for the year ended December 31, 2012

	R.O.C. GAAP	Adjustment	IFRSs	Description
Available-for-sale financial assets	\$ 2,953,289	\$ 1,194,002	\$ 4,147,291	a.m.
Financial assets carried at cost	1,665,433	(1,267,144)	398,289	a.
Non-current assets classified as held for sale	12,075,952	(809,984)	11,265,968	f.p.
Deferred income tax assets - current	589,592	(589,592)	-	b.n.
Land	3,959,555	620,497	4,580,052	c.
Revaluation increments	620,497	(620,497)	-	c.
Construction in progress and prepayments for equipment	3,329,580	(606,293)	2,723,287	d.
Investment property	-	1,235,053	1,235,053	e.
Deferred pension costs	5,094	(5,094)	-	f.
Other intangible assets	4,114,239	(1,155,604)	2,958,635	g.
Long-term prepaid rent	-	1,155,604	1,155,604	g.
Deferred income tax assets - non-current	-	2,276,662	2,276,662	b.
Asset leased to others	1,278,851	(1,235,053)	43,798	e.
Other assets - other	59,406	606,293	665,699	d.
Others	151,237,109	(5,270)	151,231,839	
Total assets	\$ 181,888,597	\$ 793,580	\$ 182,682,177	
Accrued expenses	11,389,826	389,743	11,779,569	h.
Liabilities directly associated with non-current assets classified as held for sale	6,837,219	12,277	6,849,496	h.
Land value incremental reserve	119,864	(119,864)	-	j.
Accrued pension liabilities	2,746,430	320,417	3,066,847	f.i.
Deferred income tax liabilities - non-current	4,148,016	1,013,912	5,161,928	b.j.
Provision for employee benefits	-	393,366	393,366	i.
Others	57,243,416	(140,423)	57,102,993	
Total liabilities	\$ 82,484,771	\$ 1,869,428	\$ 84,354,199	
Paid-in capital in excess of par value of common stock	26,403,107	(1,628,556)	24,774,551	k.
Special reserve	1,628,536	527,556	2,156,092	c.
Undistributed earnings	22,805,885	1,002,810	23,808,695	b.c.f.h.i.j. k.l.m.n.o.p
Unrecognized pension cost	(284,342)	284,342	-	f.
Asset revaluations	527,556	(527,556)	-	c.
Amounts recognised directly in equity relating to non-current assets held for sale	778,508	(805,483)	(26,975)	k.o.
Others	47,544,576	71,039	47,615,615	
Total stockholders' equity	\$ 99,403,826	(\$ 1,075,848)	\$ 98,327,978	

	R.O.C. GAAP	Adjustment	IFRSs	Description
Operating revenues	\$ 171,759,924	\$ -	\$ 171,759,924	
Operating costs	(129,599,771)	(61,917)	(129,661,688)	f.h.i.
Operating expenses	(24,808,164)	13,880	(24,794,284)	f.h.i.
Operating income	17,351,989	(48,037)	17,303,952	
Non-operating income and expenses	5,154,348	(670,682)	4,483,666	l.m.o.
Income before income tax	22,506,337	(718,719)	21,787,618	
Income tax expense	(3,349,038)	190,639	(3,158,399)	b.j.n.
Income from continuing operations	19,157,299	(528,080)	18,629,219	
Loss from discontinued operations	(1,939,811)	(804,522)	(2,744,333)	h.p.
Consolidated net income	\$ 17,217,488	(\$ 1,332,602)	\$ 15,884,886	
Attributable to:				
Equity holders of the Company / Owners of the parent	\$ 16,109,542	(\$ 1,326,158)	\$ 14,783,384	
Minority interest / Non-controlling interests	1,107,946	(6,444)	1,101,502	
	\$ 17,217,488	(\$ 1,332,602)	\$ 15,884,886	

Explanations for the significant differences are as follows:

- a. Please refer to Note 13(2)A.b. for the explanation of the adjustment. The Group reclassified “Financial assets carried at cost” of \$1,267,144 to “Available-for-sale financial assets” and decreased other reserves by \$73,142 for the difference between fair value and book value.
- b. Explanation for the decrease in deferred income tax assets - current of \$589,592 and increase in deferred income tax assets - non-current of \$2,276,662 is the same as in Note 13(2)A.c. This includes reclassification of deferred income tax assets - current of \$589,592 to deferred income tax assets - non-current, the difference of \$243,998 for deferred income tax when computing the tax effects of differences between IFRSs and the current accounting standards in R.O.C., and the reclassification of deferred income tax assets and deferred income tax liabilities of \$1,443,072.
- c. Please refer to Note 13(2)A.d. for the explanation for the adjustment.
- d. Please refer to Note 13(2)A.e. for the explanation for the adjustment. Therefore, the Group reclassified property, plant and equipment, net of \$606,293 to other assets-other - non-current of \$606,293.
- e. In accordance with current accounting standards in R.O.C., the subsidiaries’ property that is leased to others is presented in the “Assets leased to others”. However, property that meets the definition of investment property is classified and accounted for as “Investment property” under IAS 40, “Investment Property”. Therefore, the Group reclassified assets leased to others of \$1,235,053 to investment property.
- f. The Group increased accrued pension liabilities by \$1,207,766, decreased prepaid pension cost (shown as non-current classified as held for sale) by \$3,882, decreased deferred pension costs by \$5,094, decreased undistributed earnings at beginning of year by \$1,352,241, decreased unrecognized pension cost by \$284,342, decreased operating costs by \$11,847 and

- decreased operating expenses by \$64,172. Please refer to Note 13(2)A.f. for the explanation for the adjustment.
- g. Please refer to Note 13(2)A.g. for the explanation for the adjustment. Therefore, the Group reclassified other intangible assets of \$1,155,604 to long-term prepaid rent.
 - h. The Group increased accrued expenses and liabilities directly associated with non-current assets classified as held for sale by \$401,347, decreased undistributed earnings at beginning of period by \$338,541, increased operating costs by \$7,045, increased operating expenses by \$56,760 and decreased loss from discontinued operations by \$999. Please refer to Note 13(2)A.h. for the explanation for the adjustment.
 - i. Certain subsidiaries located in Mainland China maintain a separate fund which was recorded as accrued pension liabilities of \$955,660. The Group decreased accrued pension liabilities by \$562,294, increased undistributed earnings at beginning of year by \$623,338, increased operating costs by \$67,511 and decreased operating expenses by \$6,467 according to the explanation stated in Note 13(2)A.i. The remaining balance of \$393,366 was recognized as provision for employee benefits.
 - j. Explanation for the reclassification of land value incremental reserve of \$119,864 to deferred income tax liabilities is the same as in Note 13(2)A.d. The Group computed deferred income tax effects for the difference of (\$549,024) between IFRSs and the current accounting standards in R.O.C. and reclassified deferred income tax assets and deferred income tax liabilities by \$1,443,072.
 - k. The Company decreased capital reserve-long-term investments and amounts recognised directly in equity relating to non-current assets held for sale by \$2,732,605 and increased undistributed earnings at beginning of year by \$2,732,605. Please refer to Note 13(2) A.k.a). for the explanation for the adjustment. The balance of “capital reserve - difference between the proceeds from disposal of subsidiary and the book value” is \$0 because the Company reclassified all capital reserve - long-term investments to undistributed earnings at the date of transition to IFRSs. When subsequent adjustment generated the debit balance in accordance with paragraph 30, IAS 27, “Consolidated and Separate Financial Statements”, the Company decreased undistributed earnings by \$131,933 and increased capital reserve - long-term investments by \$131,933.
 - l. As mentioned in Note 13(2)A.a., due to the different methods of valuation on the private placement of convertible bonds, the Company increased financial assets at fair value through profit or loss by \$983,142 and increased undistributed earnings at beginning of year by \$983,142 at the date of transition to IFRSs. But as mentioned in Note 4(2)C., the private placement convertible bonds of Dynapack were converted into private placement common stocks in the first quarter of 2012 and gain on disposal of investments was recognized. Therefore, the Company decreased gain on disposal of investments (shown as non-operating income and expenses) and financial assets at fair value through profit or loss with the same

- amount by \$988,751 for the year ended December 31, 2012.
- m. In accordance with current accounting standards in R.O.C., for equity investment except for those measured at fair value through profit and loss, the cash dividends received during the year of investment or conversion should be treated as the recovery of the investment cost. IFRSs do not specify the rules for this issue. Therefore, the Group increased dividend income (shown as non-operating income and expenses) by \$117,872 and increased available-for-sale financial assets acquisition costs by \$117,872 for the year ended December 31, 2012.
- n. Regarding tax rates that shall apply to the deferred tax assets or liabilities associated with unrealized gains or losses arising from transactions between parent company and subsidiaries by buyer tax rate or seller tax rate, the current accounting standards in R.O.C. do not specify the rules for this issue; while, the Company adopts seller tax rate for computation. However, under IAS 12, "Income Taxes", temporary differences in the consolidated financial statements are determined by comparing the carrying amounts of assets and liabilities in those statements and applicable taxation basis. The Company's taxation basis is determined by reference to the Group entities' income tax returns. Accordingly, buyer tax rate shall apply to the deferred tax assets or liabilities in the consolidated financial statements. Therefore, the Company increased deferred tax assets by \$58,940 and decreased income tax expense by \$58,940 for the year ended December 31, 2012.
- o. In accordance with current accounting standards in R.O.C., in case the parent company changes its share ownership of the subsidiary but does not lose control over the subsidiary after control was obtained, the purchase method of accounting is used to account for the increase in ownership interest, while the decrease in ownership interest is regarded as disposal of shares and the related disposal gain or loss is recognized in profit or loss. In accordance with IAS 27, "Consolidated and Separate Financial Statements", changes in a parent company's ownership interest that do not result in the parent company losing control of the subsidiary are equity transactions, which would not affect profit or loss and goodwill would not be remeasured. In addition, the balance of "capital reserve - difference between the proceeds from disposal of subsidiary and the book value" is \$0 because the Company reclassified all capital reserve - long-term investments to undistributed earnings at the date of transition to IFRSs. Therefore, the Company decreased undistributed earnings by \$318,343, decreased loss on disposal of investments (shown as non-operating income and expenses) by \$88,323 and increased amounts recognised directly in equity relating to non-current assets held for sale by \$230,020.
- p. As mentioned in Note 4(13), DelSolar meets the criteria of the subsidiary classified as held for sale due to the merger through share exchange by DelSolar and NSP. The subsidiaries classified as held for sale shall be measured at the lower of carrying amount and fair value

less costs to sell on the date which the subsidiaries meet the criteria to be classified as held for sale. The balance of “capital reserve - difference between the proceeds from disposal of subsidiary and the book value” is \$0 because the Company reclassified all capital reserve - long-term investments to undistributed earnings at the date of transition to IFRSs. It causes the difference of carrying amount and the fair value less costs to sell is lower the carrying amount under IFRS. Therefore, the Company increased impairment loss (shown as loss from discontinued operations) by \$809,194 and decreased non-current assets classified as held for sale by \$809,194, respectively.

(3) The Company selected the following exemptions in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that are expected to be applied in 2013:

A. Business combinations

The Group selected not to apply the requirements in IFRS 3, “Business Combinations”, retrospectively to business combinations that occur before the date of transition to IFRSs.

B. Share-based payment transactions

The Group selected not to apply the requirements in IFRS 2, “Share-based Payment”, retrospectively to the equity instruments that are vested and liabilities that are settled before the date of transition to IFRSs, arising from share-based payment transactions.

C. Cost recognized

The Group selected the values of property, plant and equipment that are revaluated in accordance with the accounting standards in R.O.C. before the date of transition to IFRSs as the cost recognized at the revaluation date.

D. Employee benefits

The Group selected to recognize all accumulated actuarial gain or loss associated with employee benefit plans in retained earnings at the date of transition to IFRSs, and disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments in accordance with paragraph 120A (P), IAS 19, “Employee Benefits”, based on their prospective amounts for each accounting period from the date of transition to IFRSs.

E. Compound financial instruments

For the liability portion of compound financial instruments which is not outstanding at the date of transition to IFRSs, the Company elected not to separate the liability component from the equity component.

F. Designation for financial instruments recognized previously

The Group selected to designate certain “financial assets carried at cost” as “available-for-sale financial assets” at the date of transition to IFRSs.

The selection of exemptions above may be different from the actual selection at the date of transition to IFRSs due to the issuance of related regulations by competent authorities, changes in

economic environment, or changes in the evaluation of effect of the Company's selection of exemptions.