



Delta Americas headquarters boasts a ground source heating and cooling system that reduces HVAC energy consumption by 60 percent compared to traditional systems, and is powered by Delta's solar system to meet net zero.

DELTA ELECTRONICS, INC. 2015 ANNUAL REPORT

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A Letter to Our Shareholders



Yancey Hai, Chairman

Dear Shareholders:

Facing the uncertainty of a rapidly changing global economy, Delta achieved satisfactory results in 2015, while continuing to fulfill the corporate mission of providing innovative, clean and energy efficient solutions in response to climate change. Delta reported consolidated revenues of NT\$203.5 billion in 2015, an increase of 7% compared to the previous year. Gross profits amounted to NT\$55.4 billion with a gross margin of 27.2%, an increase of 8% compared to that in 2014. Operating profit amounted to NT\$20.5 billion, 10.1% of revenues and 10% decrease compared to the previous year. Net income after tax was NT\$18.7 billion, 9.2% of revenues and 10% decrease from 2014. In 2015, Delta's earnings per share (EPS) and return on equity (ROE) were NT\$7.67 and 16.5% respectively. Although the overall financial performances in 2015 did not surpass those in the previous year, Delta did make visible progress in new business developments and will continue to invest in research and development. Below is a brief summary of Delta's business prospects:

Power Electronics

Delta has long engaged in ICT industry and has been making remarkable achievements in technology and cost efficiency optimization. Delta's long-standing business partnership with industry leaders not only generates continued growth opportunities but also helps us to build solid foundations for operations and technology advancement.

Delta is a global leader in switching power supplies, brushless DC fans and thermal solutions, and has been growing rapidly in miniaturized key electronics components. In addition to maintaining a leading position in existing markets, Delta has been actively developing products for applications in automotive and electric vehicles, cloud computing, healthcare, LED lighting and smart homes. Delta's expertise in modularized

design and flexible manufacturing enables us to fulfill a variety of demands from both mass production in ICT industries and high-mix-low-volume requirements from industrial and medical customers to provide them with high added-value products with extreme standards on precision and quality. We believe the increasingly strict requirements for environmental protection and energy efficiency, together with the maturity of cloud and IoT (Internet of Things) applications, will lead to strong demand for Delta's energy-efficient power electronics products to compensate for the decline in PCs and desktop markets. No doubt Power Electronics will remain a cornerstone business to Delta in the foreseeable future.

Energy Management

With its wide spectrum of business scope, energy management has been the priority for Delta's investments and developments in recent years. We achieved many iconic milestones so far, which fully reflected our brand promise of Smarter. Greener. Together.

Having dedicated to industrial automation for over 20 years, Delta continuously develops new products and services such as SCARA robot, 5-axis Cartesian robot arm solution, machine visions, CNC controllers and SCADA systems that are widely required in industrial automation. Besides, we combine our state-of-the-art technologies and domain know-how in user scenarios to optimize our solution offerings in order to meet customers' demand for high flexibility and precision, yet low in energy consumption and labor requirement manufacturing practices. Located in Nevada US, the Crescent Dunes Solar Energy Project is the world's first utility-scale concentrating solar power plant of its kind. The plant already commenced operation and is capable of generating 500M kWh of clean electricity each year. The highly accredited sun tracking system customized by Delta, which integrates PLC (programmable logic controllers), drivers, servo-motors, power adapters and networking communications as well as system management software, controls over 10,000 heliostat mirrors to ensure each mirror collects maximum sunlight precisely based on its location and angle of sunlight and is regarded as one of the key elements to the success of the Project.

Delta's telecom power leads the industry with the highest power conversion efficiency. After successfully acquiring Norwegian power system provider, Eltek, Delta has perfected its global footprint and product lines through complementary core competencies and resources allocation. The Eltek acquisition not only enables Delta to become the world's largest player in telecom power systems but also equips Delta with more competitive product portfolio to offer to its customers. Eltek's newly launched Rectifier, a revolutionary bi-directional power conversion module integrating rectifier,

inverter and static transfer switch into one single module, significantly simplifies power architectures and is suitable for telecom, datacenters and industrial applications, which in turn greatly enhances Delta's market competitiveness. In addition, our UPS (uninterruptible power supply) and datacenter infrastructure solutions business made significant progress in 2015. We successfully implemented our solutions to several landmark customers, including German top automakers, the Savings Bank of the Russian Federation, the China aerospace industry, and the Petrovsky Stadium in St. Petersburg, to ensure continuity for their mission critical operations, while reducing energy and operating costs. Needless to say, the excellent performance demonstrated by Delta earned strong recognition from these customers.

After years of effort, Delta has also made remarkable progress in automotive electronics and EV (electric vehicle) charging systems and renewable energy. Delta has installed the first EV charging station in Taiwan, a quick charging station in Hong Kong International Airport, the first DC quick charging station in Thailand, and earned the project to install several hundreds of DC quick chargers for Ishavsveien charging network, which will have over 1,000 charging stations when completes, in Norway. Last year Delta set up the largest and fastest DC charging station in Melbourne, Australia. In China market we partnered with Ford to launch high efficiency wall-mounted chargers, and teamed up with a German leading car manufacturer for Delta-brand charger business too. In addition, Delta was granted a US\$3 million funding from the US Department of Energy to develop bilateral high-density onboard chargers for plug-in electric vehicles (PEV) with target energy efficiency above 95%. All of these demonstrated Delta's determination to bring demands from utility companies, electric car manufacturers and car owners together to develop smart energy management solutions that best serve their needs. In renewable energy, Delta has inaugurated its first self-built and operated solar power plant in Ako City, Hyogo Prefecture, Japan, with a total area of 96,000 square meters. It features a distributed power generation system with medium-size solar inverters in response to the irregular terrain and to maximize overall power generation efficiency. This is the largest distributed solar power plant connecting to an extra-high voltage (33,000V) grid in Japan and is expected to generate approximately 5 million kWh electricity per year, which is equivalent to the annual consumption by approximately 1,000 local households. The Ako Energy Park is a live showcase of Delta's competence in applying in-house products and system integration technologies to build and operate a high-efficiency solar plant. Electricity generated in Ako Energy Park will be fed back to the grid in its entirety, which not only provides the most cost-effective renewable energy source to the utility company but also establishes a brand new profitable business model for Delta to pursue further.

Smart Green Life

Technology and culture are highly interrelated with the ultimate goal to create a better life for the mankind. Display and networking are Delta's areas of pursuit in Smart Green Life initiatives. By integrating modularized display units and smart control systems, Delta's display solutions have unique capabilities in massive signals processing and data analytics, real-time smart monitoring and display for interactive decision making and operational management capability, and have been widely adopted in applications such as grid and transportation monitoring, security surveillance and scientific exploration. Delta's display solutions not only serve well in government and industrial sectors but also appear in our everyday lives from the National Center for Traditional Arts in Yilan, the Ring of Celestial Bliss at Taiwan Lantern Festival, to the Stamford Bridge Football Field fence screens, the Barcelona Lantern Festival and seamless 3D projection mapping on the facade of the National Taichung Theater. Integrating high definition display with cultural and sports events, Delta is well positioned as a premium brand that brings technology and people together.

Delta Networks, Inc. (DNI) is dedicated to networking business, serving world-class telcos, network operators, internet service providers, datacenter operators and various kinds of business entities. As a major supplier of high speed switches, DNI doubled its 10G shipments last year and launched the world's first 100G switches to meet customers' requirement for expedited data transmission speed. In addition to serving external customers, DNI acts as Delta's internal expert in network communication systems and provides unparalleled support to equip our systems and solutions business teams with necessary data transmission and communication products and expertise. Last year, DNI achieved excellent business results. With the ever-increasing demand for IoT applications and network communications, we believe the future of Delta's Smart Green Life business is ever promising and will play a bigger role in Delta's overall business portfolio.

Cross functional collaboration and interdisciplinary technology integration are essential to the success of solution business, and is therefore one of the key priorities for top management attention. The rapid development of new businesses requires new technologies and organizational capabilities which can be obtained through both in-house cultivation and external mergers and acquisitions (M&A). Besides on-the-job training programs tailored for new business development teams, Delta Research Center (DRC), established in 2013, plays an important role in materializing solution-based new business opportunities driven by business model differentiation and technology innovation. DRC aims to develop technologies and applications in IoT, life science and big data analytics as well as to enhance assessment tools and processes in new

business validation and technology development. DRC also works with several world-renowned enterprises and academic institutions to continuously explore new fields of possibilities. Although young, DRC has successfully worked with business groups to accomplish several important projects. We firmly believe DRC will continue to contribute and become an indispensable contributor to Delta's success in new business development.

Delta is a veteran in advocating attention to environmental protection and climate change issues, and we have been practicing what we preach. As buildings have broad impact on our daily lives and possess great potential in energy saving, Delta enforced green buildings design concept and construction to all new facilities while systematically converted existing buildings into green buildings for better energy efficiency. The first Delta green building was completed in 2006 in Taiwan and was awarded Taiwan's first gold-rated green building certification. Since then we had commissioned the construction and renovation of 21 green buildings, including the latest Delta's Americas Headquarters building in Fremont. This new 180,000 square foot facility meets net zero standards by leveraging huge amount of Delta products and systems and using a ground source heat pump that significantly reduces the need for electricity. It becomes the landmark in Fremont City and has demonstrated Delta's capability in design and application of smart green building.

Last year, Delta joined the UN Conference on Climate Change (COP21) at the Grand Palais in Paris, and run an exhibition on 21 green buildings from Delta to share our experiences in energy saving through building design and energy management. Delta also co-organized an official side event with the German Federal Environment Agency and Leeds University in the UK to advocate the contribution from energy efficiency to reduction of carbon emissions. Delta's consistent and relentless efforts earned worldwide recognition, and has further assured Delta's leading position in global green industries.

While fulfilling its corporate social responsibility and pursuing business growth, Delta strives to perfect its corporate governance practice and investor services with outstanding results. In 2015, Delta was selected as a member of DJSI World in Dow Jones Sustainability Indices (DJSI) for the fifth consecutive year, and received the Excellence of Corporate Social Responsibility Award in Overall Performance and Sustainable Development for the third consecutive year from Global Views. In 2015 Delta was not only ranked among the highest grade A++ companies for three years in a row but also placed in the top 5% of all Taiwan listed companies in corporate governance excellence by the Taiwan Stock Exchange (TWSE). In addition, Delta was selected as one of Taiwan's Top 20 Global Brands for the fifth straight year with brand value approximately

US\$200 million, a 17% increase from the previous year. Delta is the only enterprise that has achieved double-digit growth in brand value for three consecutive years, which fully illustrates that Delta's well-rounded efforts and performance are highly recognized by industry and the general public.

Delta ties business development with corporate social responsibility closely together, and rides the trend to achieve stable and outstanding operating performance. Last year, Delta successfully raised NT\$24 billion through capital increase to strengthen its financial structure and enable Delta to respond agilely to market dynamics and seize business opportunities. We thereby render our most sincere thank to all of our shareholders and customers for your continued support, and to our employees for the long-term dedications and contributions to Delta's business. We believe that Delta will continue to prosper and grow stronger through diligence and persistence, and we hope to bring positive and profound impact to the sustainability of the planet and mankind.

Yancey Hai, Chairman

A handwritten signature in black ink, appearing to read "Yancey Hai". The signature is written in a cursive, flowing style.

Corporate Governance

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

At Delta, the board currently consists of twelve 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 2015, the board convened on seven occasions. The overall attendance rate was 97.8%.

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

The board has organized a Compensation Committee consisting of three independent directors, to evaluate the performance-linked compensation of the Company's directors and executive officers. An Audit Committee is responsible for reviewing the financial reports, performance of accountants, implementation of internal control systems, compliance with regulations and risk management. The committee is also composed of three independent directors.

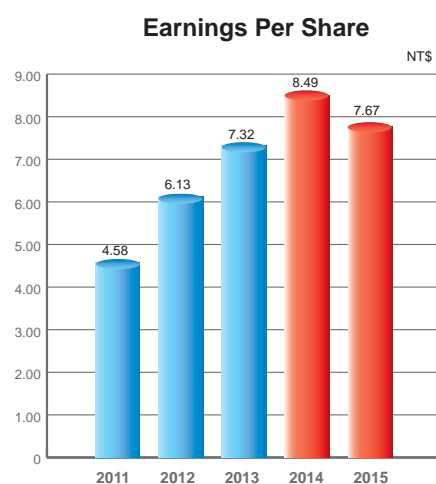
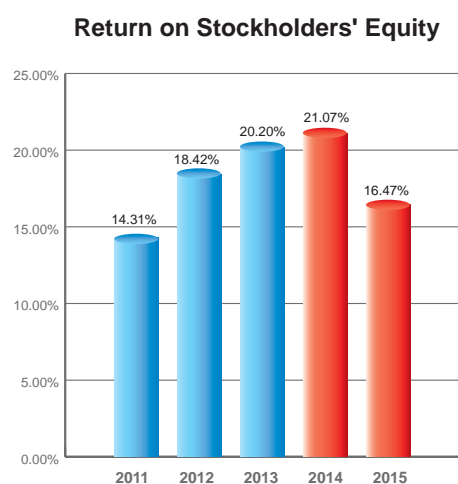
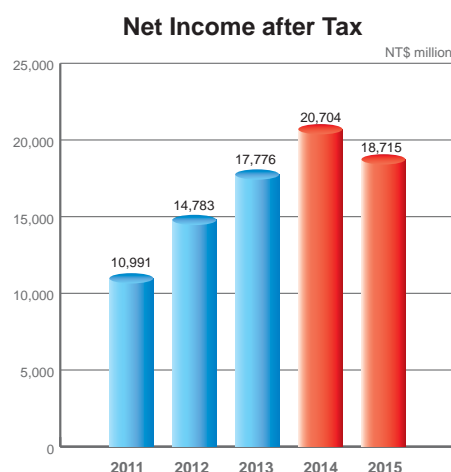
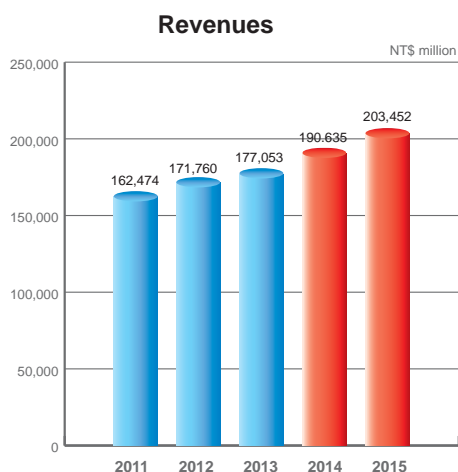
The core activities of the Company are R&D, manufacturing and sales. We do not participate in high-risk and highly leveraged investments. Delta consistently monitors capital on the market and interest rates, and makes cautious funding decisions. Simultaneously, through our auditing, finance, legal and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

Delta's efforts in corporate governance continued to win outside recognition in 2015. Since 2011, Delta has been selected as a member of the prestigious Dow Jones Sustainability™ World Index (DJSI World) for 5 consecutive years. In 2015 it was also included in the DJSI Emerging Markets Index and ranked first in DJSI's Electronic Equipment, Instrument and Component sector. Delta was also honored the top 5% of all Taiwan listed companies with "The First Corporate Governance Evaluation Award" presented by the Taiwan Stock Exchange (TWSE) in 2015.

Consolidated Financial Highlights

(in NT\$ million, except otherwise indicated)

NT\$ million	2015	2014
Sales	203,452	190,635
Gross Profit	55,369	51,495
Gross Margin	27.21%	27.01%
Operating Profit	20,499	22,819
Operating Margin	10.08%	11.97%
Net Income After Tax	18,715	20,704
Net Margin	9.20%	10.86%
EPS* (NT\$)	7.67	8.49
Total Assets	226,276	220,433
Total Shareholders' Equity	124,370	102,921
ROE (%)	16.47%	21.07%



*2011 financials are based on Taiwan GAAP;
2012~2015 financial are based on IFRS.

Financial Report

**DELTA ELECTRONICS, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2015 AND 2014**

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)

To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in 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. We did not audit the financial statements of certain investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of NT\$6,916,950 thousand and NT\$6,436,189 thousand, constituting 3.06% and 2.92% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total comprehensive income (including share of profit of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventur/es accounted for under equity method) of NT\$1,273,474 thousand and NT\$1,106,572 thousand, constituting 6.23% and 4.44% of the consolidated total comprehensive income for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics, Inc. and subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended, in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

We have also audited the parent company only financial statements of Delta Electronics, Inc. as of and for the years ended December 31, 2015 and 2014, on which we have expressed a modified unqualified opinion on such financial statements.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the year ended December 31, 2015 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 \$32.825 to US\$1.00 at December 31, 2015. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

PricewaterhouseCoopers, Taiwan

March 10, 2016

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, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2015	December 31, 2014	December 31, 2014	(adjusted) January 1, 2014
Current assets					
Cash and cash equivalents	6(1)	\$ 1,561,384	\$ 51,252,453	\$ 73,459,818	\$ 59,023,870
Financial assets at fair value through profit or loss - current	6(2)	4,549	149,350	39,626	82,749
Available-for-sale financial assets - current	6(3)	12,469	409,320	688,324	686,511
Derivative financial assets for hedging - current	6(5)	-	-	-	13,340
Notes receivable, net		94,464	3,100,796	1,971,006	1,535,567
Accounts receivable, net	6(6)	1,384,811	45,456,423	42,956,211	41,121,837
Accounts receivable - related parties	7	44,952	1,475,555	1,260,102	1,083,328
Other receivables		14,637	480,474	465,368	407,045
Other receivables - related parties	7	3,826	125,608	43,507	157,570
Current income tax assets	6(30)	26,441	867,935	400,804	5,957
Inventories	6(8)	728,470	23,912,036	21,571,975	18,041,829
Prepayments		120,954	3,970,329	4,678,972	4,183,426
Other current assets	8	29,038	953,202	296,443	160,072
Total current assets		4,025,995	132,153,481	147,832,156	126,503,101
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	3,407	111,866	115,924	109,810
Available-for-sale financial assets - non-current	6(3)	217,217	7,130,177	6,967,099	7,677,790
Financial assets carried at cost - non-current	6(4)	19,118	627,574	748,761	400,605
Investments accounted for under equity method	6(9)	259,815	8,528,444	7,016,737	6,607,134
Property, plant and equipment	6(10)	1,276,204	41,891,417	36,814,759	37,194,762
Investment property, net	6(11)	63,172	2,073,648	2,223,848	1,960,453
Intangible assets	6(12)	774,559	25,424,926	11,706,015	10,857,876
Deferred income tax assets	6(30)	172,527	5,663,227	4,348,083	3,344,842
Other non-current assets	6(13) and 8	81,381	2,671,176	2,659,428	2,639,953
Total non-current assets		2,867,400	94,122,455	72,600,654	70,793,225
Total assets		\$ 6,893,395	\$ 226,275,936	\$ 220,432,810	\$ 197,296,326

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2015	December 31, 2015	(adjusted) December 31, 2014	(adjusted) January 1, 2014
Assets					
Current liabilities					
Short-term borrowings	6(14)	\$ 338,448	\$ 11,109,573	\$ 5,801,298	\$ 4,561,722
Financial liabilities at fair value through profit or loss - current	6(15)	4,267	140,080	51,606	16,883
Derivative financial liabilities for hedging - current	6(5)	-	-	-	2,644
Notes payable		-	-	-	808
Accounts payable		1,079,163	35,423,550	33,504,170	32,628,527
Accounts payable - related parties	7	13,974	458,709	244,813	187,088
Other payables		681,267	22,362,597	19,221,347	17,533,426
Current income tax liabilities	6(30)	55,625	1,825,908	1,698,484	1,390,013
Other current liabilities	6(16)	153,294	5,031,879	4,102,644	3,046,701
Total current liabilities		2,326,038	76,352,296	64,624,362	59,367,812
Non-current liabilities					
Long-term borrowings	6(16)	121,669	3,993,805	26,468,103	18,827,664
Deferred income tax liabilities	6(30)	356,893	11,715,032	9,875,658	7,464,180
Other non-current liabilities	6(17)	142,025	4,661,994	3,796,330	3,841,725
Total non-current liabilities		620,587	20,370,831	40,140,091	30,133,569
Total liabilities		2,946,625	96,723,127	104,764,453	89,501,381
Equity					
Share capital					
Share capital - common stock	6(19)	791,330	25,975,433	24,375,433	24,375,433
Additional surplus					
Capital surplus	6(20)	1,472,784	48,344,161	25,822,764	25,790,922
Retained earnings	6(21)				
Legal reserve		536,851	17,622,146	15,552,256	13,774,636
Special reserve		-	-	527,556	4,074,505
Appropriated retained earnings		868,513	28,508,940	33,579,303	25,133,131
Other equity interest					
Other equity interest		119,406	3,919,507	3,064,085	419,768
Equity attributable to owners of the parent		3,788,884	124,370,187	102,921,397	93,568,395
Non-controlling interest	6(22)	157,886	5,182,622	12,746,960	14,226,550
Total equity		3,946,770	129,552,809	115,668,357	107,794,945
Total liabilities and equity		\$ 6,893,395	\$ 226,275,936	\$ 220,432,810	\$ 197,296,326

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 10, 2016.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2015	2015	2015	(adjusted) 2014
Revenue	6(23) and 7	\$ 6,198,070	\$ 203,451,661	\$ 190,635,120	
Operating costs	6(24)(28) (29)and 7	(4,511,287)	(148,082,996)	(139,140,582)	
Gross profit		<u>1,686,783</u>	<u>55,368,665</u>	<u>51,494,538</u>	
Operating expenses	6(28)(29)				
Selling expenses		(378,382)	(12,420,421)	(9,551,229)	
General and administrative expenses		(243,238)	(7,984,301)	(6,684,075)	
Research and development expenses		(440,674)	(14,465,029)	(12,440,667)	
Total operating expenses		<u>(1,062,294)</u>	<u>(34,869,751)</u>	<u>(28,675,971)</u>	
Operating profit		<u>624,489</u>	<u>20,498,914</u>	<u>22,818,567</u>	
Non-operating income and expenses					
Other income	6(25)	120,631	3,959,725	3,379,023	
Other gains and losses	6(26)	(14,024)	(460,354)	(497,007)	
Finance costs	6(27)	(13,892)	(456,036)	(164,035)	
Share of profit of associates and joint ventures accounted for under equity method	6(9)	<u>37,549</u>	<u>1,232,547</u>	<u>985,529</u>	
Total non-operating income and expenses		<u>130,264</u>	<u>4,275,882</u>	<u>3,703,510</u>	
Profit before income tax		754,753	24,774,796	26,522,077	
Income tax expense	6(30)	(149,045)	(4,892,422)	(4,202,831)	
Profit for the year		<u>\$ 605,708</u>	<u>\$ 19,882,374</u>	<u>\$ 22,319,246</u>	

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars	New Taiwan Dollars	
		2015	2015	(adjusted) 2014
Other comprehensive income (loss)				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
(Loss) gain on remeasurements of defined benefit plans		(\$ 9,786)	(\$ 321,223)	\$ 134,152
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	(20,038)
Components of other comprehensive income (loss) that will not be reclassified to profit or loss		(9,786)	(321,223)	114,114
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations		46,066	1,512,094	4,482,798
Unrealized loss on valuation of available-for-sale financial assets		(13,322)	(437,310)	(1,462,288)
Hedging instrument gain (loss) on effective hedge of cash flow hedges		-	-	(11,359)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		1,551	50,910	(7,654)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	(7,250)	(237,994)	(499,175)
Components of other comprehensive income (loss) that will be reclassified to profit or loss		27,045	887,700	2,502,322
Other comprehensive income for the year		<u>\$ 17,259</u>	<u>\$ 566,477</u>	<u>\$ 2,616,436</u>
Total comprehensive income for the year		<u>\$ 622,967</u>	<u>\$ 20,448,851</u>	<u>\$ 24,935,682</u>
Profit attributable to:				
Owners of the parent		<u>\$ 570,133</u>	<u>\$ 18,714,623</u>	<u>\$ 20,704,476</u>
Non-controlling interest		<u>\$ 35,575</u>	<u>\$ 1,167,751</u>	<u>\$ 1,614,770</u>
Comprehensive income attributable to:				
Owners of the parent		<u>\$ 586,409</u>	<u>\$ 19,248,822</u>	<u>\$ 23,458,908</u>
Non-controlling interest		<u>\$ 36,558</u>	<u>\$ 1,200,029</u>	<u>\$ 1,476,774</u>
Earnings per share (in dollars)	6(31)			
Basic earnings per share		<u>\$ 0.23</u>	<u>\$ 7.67</u>	<u>\$ 8.49</u>
Diluted earnings per share		<u>\$ 0.23</u>	<u>\$ 7.59</u>	<u>\$ 8.42</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 10, 2016.

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

Notes	Equity attributable to owners of the parent										Total equity	
	Share capital - common stock	Capital surplus	Retained earnings			Other equity interest			Non-controlling interest	Total		
			Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow				
2014 New Taiwan Dollars (adjusted)												
Balance at January 1, 2014	\$ 24,375,433	\$ 25,790,922	\$ 13,774,636	\$ 4,074,505	\$ 25,212,328	(\$ 1,703,490)	\$ 2,104,380	\$ 18,878	\$ 93,647,592	\$ 14,238,038	\$ 107,885,630	
Effects of retrospective application and retrospective restatement	-	-	-	-	79,197	-	-	-	(79,197)	(11,488)	(90,685)	
Balance at January 1, 2014 after adjustments	24,375,433	25,790,922	13,774,636	4,074,505	25,133,131	(1,703,490)	2,104,380	18,878	93,568,395	14,226,550	107,794,945	
Legal reserve	-	-	1,777,620	-	(1,777,620)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(3,546,949)	3,546,949	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(14,137,739)	-	-	-	(14,137,739)	-	(14,137,739)	
Change in equity of associates and joint ventures accounted for under equity method	-	32,255	-	-	-	-	-	-	32,255	-	32,255	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	73	-	-	-	-	-	-	73	-	73	
Disposal of investments accounted for using equity method	-	(340)	-	-	-	(9)	-	-	(349)	-	(349)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,545,612)	(2,956,364)	
Other comprehensive income (loss) for the year	-	-	-	-	110,106	4,118,876	(1,462,302)	(12,248)	2,754,432	(136,949)	2,616,436	
Profit for the year	-	-	-	-	20,704,476	-	-	-	20,704,476	1,239,768	22,319,246	
Balance at December 31, 2014	\$ 24,375,433	\$ 25,822,764	\$ 15,552,256	\$ 527,556	\$ 33,579,303	\$ 2,415,377	\$ 642,078	\$ 6,630	\$ 102,921,397	\$ 12,746,960	\$ 115,668,357	
2015 New Taiwan Dollars												
Balance at January 1, 2015 (adjusted)	\$ 24,375,433	\$ 25,822,764	\$ 15,552,256	\$ 527,556	\$ 33,579,303	\$ 2,415,377	\$ 642,078	\$ 6,630	\$ 102,921,397	\$ 12,746,960	\$ 115,668,357	
Distribution of 2014 earnings	-	-	2,069,890	-	(2,069,890)	-	-	-	-	-	-	
Legal reserve	-	-	2,069,890	-	(2,069,890)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(527,556)	527,556	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(16,331,528)	-	-	-	(16,331,528)	-	(16,331,528)	
Issuance of shares	1,600,000	22,400,000	-	-	-	-	-	-	22,400,000	-	22,400,000	
Share-based payments	-	123,165	-	-	-	-	-	-	123,165	-	123,165	
Change in equity of associates and joint ventures accounted for under equity method	-	(1,768)	-	-	-	-	-	-	(1,768)	-	(1,768)	
Change in acquisition of non-controlling interests from subsidiaries	-	-	-	-	(5,589,901)	-	-	-	(5,589,901)	(356,959)	(5,946,860)	
Changes in non-controlling interests	-	-	-	-	(321,223)	1,293,061	(437,197)	(442)	534,199	32,278	566,477	
Other comprehensive income (loss) for the year	-	-	-	-	18,714,623	-	-	-	18,714,623	1,167,751	19,882,374	
Profit for the year	-	-	-	-	28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187	\$ 5,182,622	\$ 129,552,809	
Balance at December 31, 2015	\$ 25,975,433	\$ 48,344,161	\$ 17,622,146	\$ -	\$ 28,508,940	\$ 3,708,438	\$ 204,881	\$ 6,188	\$ 124,370,187	\$ 5,182,622	\$ 129,552,809	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

Notes	Equity attributable to owners of the parent										Total	Non-controlling interest	Total equity
	Retained earnings					Other equity interest							
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Hedging instrument gain (loss) on effective hedge of cash flow hedges					
	\$ 742,587	\$ 786,679	\$ 473,793	\$ 16,071	\$ 1,022,979	\$ 73,583	\$ 19,561	\$ 201	\$ 3,135,454	\$ 388,330	\$ 3,523,784		
2015 US Dollars													
Balance at January 1, 2015 (adjusted)													
Distribution of 2014 earnings													
6(21)													
Legal reserve			63,058		(63,058)								
Reversal of special reserve				(16,071)	16,071								
Cash dividends					(497,533)				(497,533)		(497,533)		
Issuance of shares	48,743	682,406							731,149		731,149		
Share-based payments		3,752							3,752		3,752		
Change in equity of associates and joint ventures accounted for under equity method		(53)							(53)		(53)		
Change in acquisition of non-controlling interests from subsidiaries					(170,294)				(170,294)	(10,874)	(181,168)		
6(32)													
Changes in non-controlling interests										(256,128)	(256,128)		
Other comprehensive income (loss) for the year					(9,785)	39,393	(13,319)	(13)	16,276	983	17,259		
Profit for the year					570,133				570,133	35,575	605,708		
Balance at December 31, 2015	\$ 791,330	\$ 1,472,784	\$ 536,851	\$ -	\$ 868,513	\$ 112,976	\$ 6,242	\$ 188	\$ 3,788,884	\$ 157,886	\$ 3,946,770		

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 10, 2016.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2015	2015	2104
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the year		\$ 754,753	\$ 24,774,796	\$ 26,522,077
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(10)(11)	210,518	6,910,278	6,613,373
Amortization	6(12)	45,233	1,484,802	1,022,608
Provision for bad debts	6(6)	8,447	277,273	249,547
Net loss on financial assets or liabilities at fair value through profit or loss	6(26)			
Interest expense		2,241	73,588	61,827
Interest income	6(27)	13,892	456,036	162,480
Dividend income	6(25)	(19,328)	(634,443)	(949,336)
Share-based payments	6(25)	(4,770)	(156,599)	(141,714)
Share of profit of associates accounted for under the equity method	6(18)	3,752	123,165	-
(Gain) loss on disposal of property, plant and equipment	6(9)	(37,549)	(1,232,547)	(985,529)
Loss (gain) on disposal of investments	6(26)	(22)	(747)	11,725
Impairment loss on financial assets	6(26)	3,377	110,857	(57,117)
Impairment loss on non-financial assets	6(3)	975	32,029	28,420
Impairment loss on non-financial assets	6(12)(26)	222	7,291	54,800
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets held for trading		348	11,430	(59,439)
Notes receivable		(34,418)	(1,129,790)	(435,439)
Accounts receivable		39,001	1,280,226	(2,731,916)
Accounts receivable - related parties		(2,888)	(94,821)	481,531
Other receivables		3,438	112,860	(56,029)
Other receivables - related parties		62	2,067	114,063
Inventories		17,831	585,318	(3,530,146)
Prepayments		34,567	1,134,686	(499,479)
Other current assets		(13,616)	(446,967)	(27,820)
Other non-current assets		(1,324)	(43,463)	(113,808)
Net changes in liabilities relating to operating activities				
Notes payable		-	-	(808)
Accounts payable		(9,609)	(315,445)	874,379
Accounts payable - related parties		(8,708)	(285,841)	56,643
Other payables		61,897	2,031,795	1,666,867
Other current liabilities		(36,326)	(1,192,406)	1,081,930
Other non-current liabilities		(10,350)	(339,746)	90,094
Cash generated from operations		1,021,646	33,535,682	29,503,784
Interest received		20,023	657,269	949,336
Dividends received		27,589	905,633	799,053
Interest paid		(14,577)	(478,520)	(162,395)
Income taxes paid		(108,483)	(3,560,959)	(3,254,540)
Net cash provided by operating activities		946,198	31,059,105	27,835,238

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2015	2015	2014	2014
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition		(\$ 2,879)	(\$ 94,512)	(\$ 28,844)	
Acquisition of available-for-sale financial assets		(44,767)	(1,469,484)	(1,654,042)	
Proceeds from disposal of available-for-sale financial assets		24,995	820,473	1,020,122	
Proceeds from capital reduction of available-for-sale financial assets		1,526	50,101	18,112	
Acquisition of financial assets at cost		(1,129)	(37,075)	(342,878)	
Proceeds from disposal of financial assets at cost		2,084	68,426	-	
Proceeds from capital reduction of financial assets carried at cost		16	540	306	
Acquisition of investments accounted for using equity method		(31,686)	(1,040,118)	(111,948)	
Proceeds from disposal of investments accounted for under the equity method		-	-	104,144	
Net cash flow from acquisition of subsidiaries and assets of other companies (net of cash acquired)	6(33)	(422,153)	(13,857,180)	(2,646,215)	
Acquisition of property, plant and equipment	6(10)	(242,914)	(7,973,678)	(5,531,856)	
Proceeds from disposal of property, plant and equipment		4,652	152,717	177,119	
Acquisition of intangible assets	6(12)	(8,491)	(228,482)	(179,713)	
Increase in other financial assets		(6,222)	(204,251)	(106,993)	
Decrease in other non-current assets		8,460	277,706	92,972	
Net cash used in investing activities		(718,508)	(23,585,057)	(9,410,618)	
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease) increase in short-term borrowings		(28,901)	(948,698)	1,239,576	
Proceeds from long-term borrowings		14,430	473,669	26,423,380	
Repayment of long-term borrowings		(696,077)	(22,848,731)	(18,800,236)	
Change in non-controlling interests		(91,337)	(2,998,146)	(2,182,681)	
Cash dividends paid		(497,533)	(16,331,528)	(14,137,739)	
Proceeds from issuance of shares		731,150	24,000,000	-	
Acquisition of non-controlling interests in subsidiaries		(365,523)	(11,998,300)	-	
Net cash used in financing activities		(933,791)	(30,651,734)	(7,457,700)	
Effects due to changes in exchange rate		29,563	970,321	3,469,028	
(Decrease) increase in cash and cash equivalents		(676,538)	(22,207,365)	14,435,948	
Cash and cash equivalents at beginning of year		2,237,922	73,459,818	59,023,870	
Cash and cash equivalents at end of year		<u>\$ 1,561,384</u>	<u>\$ 51,252,453</u>	<u>\$ 73,459,818</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 10, 2016.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised

immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. Additional disclosures are required for defined benefit plans.

The Group recognised previously unrecognised past service cost and as a consequence of elimination of the corridor approach, recognised prior unrecognised actuarial losses by increasing accrued pension liabilities by \$25,830, increasing deferred tax assets by \$56,653, increasing deferred tax liabilities by \$32,367, decreasing retained earnings by \$79,197, decreasing non-controlling interests by \$11,488 and decreasing long-term equity investments by \$89,141 at January 1, 2014, and by decreasing accrued pension liabilities by \$111,388, increasing deferred tax assets by \$63,987, increasing deferred tax liabilities by \$62,446, increasing retained earnings by \$36,485, decreasing non-controlling interests by \$7,205 and decreasing long-term equity investments by \$83,599 at December 31, 2014; and by decreasing operating expenses by \$1,679, increasing gain on investments by \$5,541, increasing income tax expense by \$1,345, and increasing other comprehensive income by \$114,114 for the year ended December 31, 2014.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment Entities: Applying the Consolidation Exception (IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Available-for-sale financial assets measured at fair value.
- (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
1	Delta International Holding Ltd.(DIH)	Equity investments	Delta Electronics, Inc.	94	94	
2	Delta Networks Holding Ltd. (DNH)	"	"	100	100	
3	Delta Electronics (Netherlands) B.V.(DEN)	Trading of equipment, components and materials of telecom and computer systems	Delta Electronics, Inc. and DIH	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
4	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	Delta Electronics, Inc. and DIH	100	100	
5	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuit and information software services	Delta Electronics, Inc.	98.17	83.11	Note P
6	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	"	100	100	
7	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	"	100	100	
8	Delta Electronics Capital Company (Delta Capital)	Equity investments	"	100	100	
9	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	"	100	100	
10	Allied Material Technology Corp. (AMT)	Lease services, etc.	"	99.97	99.97	
11	SYN-TEK Automation Co., Ltd. (STA)	Research, designing, development, manufacturing and sales of industrial automation equipment, etc.	"	100	70	Note Q
12	Delta Green Life Co., Ltd. (DGL) (Formerly known as Vivitek Corporation)	Providing installment construction of lighting equipment	Delta Electronics, Inc.	100	100	Note B Note H
13	Vitor Technology Inc.	Providing installation of surveillance system equipment	"	100	-	Note A

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
14	Delta America Ltd. (DAL)	Equity investments	Delta Electronics, Inc. and DEN	50.21	-	Note A Note M
15	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	DIH	100	100	
16	Delta Electronics International Ltd. (DEIL-Labuan)	Sales of electronic products	//	100	100	
17	Delta Power Sharp Ltd. (DPS)	Operations and engineering services	//	100	100	
18	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	//	100	100	
19	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	//	100	100	
20	DAC Holding (Cayman) Ltd. (DAC)	Equity investments	//	100	100	
21	Ace Pillar Holding Co., Ltd. (Ace)	//	//	100	100	Note D
22	Drake Overseas Financial Investment Ltd. (Drake)	Dissolution	//	-	100	Note J

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
23	Drake Investment (HK) Ltd. (Drake-HK)	Equity investments	DIH and Drake	100	100	Note J
24	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	DIH, Ace, Drake-HK, DGSG and Boom	95.91	95.91	Note D
25	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	DIH	100	100	
26	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	"	100	100	Note D Note E
27	Delta Electronics Europe Ltd. (DEU)	Repair centre and provision of support services	"	100	100	Note B
28	Boom Treasure Ltd. (Boom)	Equity investments	"	100	100	Note B Note D Note F
29	Apex Overseas Financial Investment Limited (Apex)	"	"	100	-	Note A Note N
30	Galaxy Star Overseas Financial investment Limited (Galaxy Star)	"	"	100	-	Note A Note N
31	Jade Overseas Financial Investment Limited (Jade)	"	"	100	-	Note A Note N

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
32	Apex Investment (HK) Limited (Apex-HK)	Equity investments	Apex	100	-	Note A Note N
33	Galaxy Star Investment (HK) Limited. (Galaxy Star-HK)	"	Galaxy Star	100	-	Note A Note N
34	Jade Investment (HK) Limited (Jade-HK)	"	Jade	100	-	Note A Note N
35	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and power supplies	DHK	100	100	
36	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of transformer and power supplies	"	100	100	
37	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design and management consulting service, etc.	"	100	100	
38	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	DHK, Apex-HK, Galaxy Star-HK and Jade-HK	100	55	Note N
39	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of transformers	"	100	55	Note N Note R
40	Delta Electro-Optics (Wujiang) Ltd. (DWO)	Manufacturing and sales of peripherals and electronic control equipment	"	-	55	Note R
41	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	"	100	55	Note N

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
42	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of power supplies and transformers	DHK	100	100	
43	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	"	"	100	100	
44	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management of industrial automation product and telecommunications equipment	"	100	100	
45	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	"	100	100	
46	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers and bluetooth module	"	100	100	
47	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	"	100	100	Note B
48	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	PHK	100	100	
49	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	DEJ	100	100	
50	Delta Electronics (Korea) Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
51	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	DAC	100	100	
52	Delta Video Technology Ltd. (DVT)	Sales of electronic products	DAC	100	100	
53	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of power supplies and transformers	DWH	100	100	
54	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.	DWH and DPEC	100	100	
55	Chenzhou Delta Technology Co., Ltd. (CDT)	Manufacturing and sales of power supplies and transformers	DCZ	100	100	
56	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.	DCZ and DPEC	100	100	
57	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	''	DDG and DPEC	100	100	
58	Delta Energy Technology (Wujiang) Co., Ltd. (DET-WJ)	''	DWC and DPEC	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
59	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.	DPEC and DGC	100	100	
60	Delta Networks, Inc. (DNI Cayman)	Equity investments	DNH	100	100	
61	Delta Networks, Inc. (Taiwan) (DNIT)	Manufacturing and sales of networking system and peripherals	DNI Cayman and DNH	99.98	99.98	Note S
62	DNI Logistics (USA) Corp. (ALN)	Trading of networking system and peripherals	DNI Cayman	100	100	
63	Delta Networks International Ltd. (DNIL-Labuan)	"	"	100	100	
64	Delta Networks (H.K.) Ltd. (DNHK)	Equity investments	"	100	100	
65	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	DNHK	100	100	
66	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	"	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
67	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	DNHK	100	100	
68	Ayecom Technology Co., Ltd. (Ayecom)	Manufacturing and sales of wire and wireless telecommunications equipment, electronic parts and controlled telecommunications radio frequency devices	DNIT	-	100	Note I
69	Fairview Assets Ltd. (Fairview)	Equity investments	Cyntec	100	100	
70	Grandview Holding Ltd. (Grandview)	"	Fairview	100	100	
71	Cyntec Holding (H.K.) Ltd. (CHK)	"	Grandview	100	100	
72	Cyntec International Ltd. (CIL-Labuan)	Trading	"	100	100	
73	Cyntec (Suzhou) Co., Ltd. (CSC)	Dissolution	CHK	-	100	Note T

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
74	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 of similar products	CHK	100	100	
75	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	DelBio	100	100	
76	Eltek Power Systems AS	Equity investments	DEN	100	-	Note A
77	Eltek AS	Research and sales of power supplies and others	Eltek Power Systems AS	100	-	Note A
78	Eltek Holding Inc.	Equity investments	Eltek Power Systems AS and Eltek AS	100	-	Note A
79	Eltek Pakistan Pvt Ltd.	Sales of power supplies and others	Eltek AS	100	-	Note A
80	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	"	100	-	Note A
81	Eltek Australia Pty Ltd.	"	"	100	-	Note A
82	Eltek Egypt for Power Supply	Sales of power supplies and others	"	95	-	Note A

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
83	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	Eltek AS	100	-	Note A
84	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	Eltek AS and Eltek SGS Pvt Ltd.	51	-	Note A
85	Eltek Power Pte Ltd.	Sales of power supplies and others and system installation	Eltek AS	100	-	Note A
86	Eltek Polska Sp.zoo	„	„	51	-	Note A
87	Eltek s.r.o.	Manufacturing and sales of power supplies	„	100	-	Note A
88	Eltek Power France SAS	Sales of power supplies and others and system installation	„	100	-	Note A
89	Eltek Ltd.	Equity investments and trading	Eltek AS	100	-	Note A
90	Eltek MEA FZCO	Closure	„	80	-	Note A
91	Eltek MEA DMCC	Sales of power supplies and others	„	100	-	Note A
92	Eltek Kenya Limited	Sales of power supplies	Eltek MEA DMCC and Eltek AS	100	-	Note A
93	Eltek West Africa Ltd.	„	„	100	-	Note A
94	Eltek S.r.l	Sales of power supplies and others	Eltek AS	100	-	Note A
95	Eltek Holding AB	Equity investments	„	100	-	Note A

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
96	Eltek Power Ltd.	Sales of power supplies	Eltek AS	100	-	Note A
97	Eltek Power Oy	Sales of power supplies and others	"	100	-	Note A
98	OOO Eltek	Sales of power supplies and others and system installation	"	100	-	Note A
99	Eltek Enerji Sistemleri Ltd Sirketi	Sales of power supplies and others	"	100	-	Note A
100	Eltek Montage GmbH	Installation and maintenance of power supplies	Eltek Deutschland GmbH	100	-	Note A
101	E.V.I Electronics Sp.zoo	Trading and construction of power supply model	"	100	-	Note A
102	Eltek Power Inc.	Sales of power supplies and others	Eltek Power Pte Ltd.	100	-	Note A
103	Eltek Thailand Co. Ltd.	Sales of power supplies and others	"	100	-	Note K
104	Eltek Power Cambodia Ltd.	"	"	100	-	Note A
105	Eltek Power Sdn Bhd	"	"	100	-	Note A Note L
106	Eltek Power Korea Co Ltd.	"	"	100	-	Note A
107	Eltek CVI Ltd.	Equity investments	Eltek Ltd.	100	-	Note A
108	Eltek Energy Technology	Manufacturing and sales of power supplies	Eltek CVI Ltd.	100	-	Note A
109	Eltek Power Sweden AB	Sales of power supplies and equity investments	Eltek Holding AB	100	-	Note A

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
110	Valere Power Europe AB	Closure	Eltek Power Sweden AB	100	-	Note A
111	Eltek Inc.	Manufacturing and sales of power supplies	Eltek Holding Inc.	100	-	Note A
112	Eltek Argentina S.R.L	Sales of power supplies and others	Eltek Inc.	100	-	Note A
113	Eltek Sistemas de Energia Ind. Com. SA	Manufacturing and sales of power supplies	"	100	-	Note A
114	Eltek Peru SRL	Sales of power supplies and others	"	100	-	Note A
115	Eltek Colombia S.A.S	Sales of power supplies and others	"	100	-	Note A
116	Eltek Energy International I	Equity investments	"	100	-	Note A
117	Eltek Energy International II	Equity investments	"	100	-	Note A
118	Eltekenegy Services SA de CV	Sales of power supplies and others	Eltek Energy International II	100	-	Note A
119	Eltekenegy International de Mexico S de RL de CV	"	"	100	-	Note A
120	Delta Products Corporation	Sales electronic components	DAL	100	-	Note A
121	Delta Solar Solutions LLC	Equity investments	"	100	-	Note A
122	2009 PPA, LLC	Sales of power supplies	Delta Product Corporation	100	-	Note A

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)		Description
				December 31, 2015	December 31, 2014	
123	DSS-CI LLC	Rent for solar power systems	Delta Solar Solution LLC	100	-	Note A
124	DSS-USF LLC	"	"	100	-	Note A
125	Eltek Industrial Systems GmbH	Dissolution	Eltek Deutschland GmbH	-	-	Note U
126	E.V. Industrial Pte Ltd.	"	Eltek Power Pte Ltd.	-	-	Note U
127	Eltek Ventures AS	"	Eltek Power Systems AS	-	-	Note V
128	Networks Holding AS	"	"	-	-	Note V
129	Eltek Management Invest AS	"	"	-	-	Note V
130	Eltek Valere Holding AS	Dissolution	Eltek Power Systems AS	-	-	Note V
131	Eltek Valere Holding AS	"	Eltek Management Invest AS	-	-	Note V
132	Delta Robot Automatic Co., Ltd. (Delta Robot)	"	Delta Electronics, Inc.	-	-	Note C
133	Delta Smart Green Life Co., Ltd. (DSGL)	Dissolution	"	-	-	Note G
134	E.V.Industrial Pte Ltd.	"	Eltek Power Pte Ltd.	-	-	Note O

Note A: Companies were established or acquired through merger during 2015.

Note B: Companies were established or acquired through merger during 2014.

Note C: On April 1, 2014, the Company's wholly-owned subsidiary – Delta Robot Automatic Co., Ltd. was merged into the Company and the surviving company was the Company.

Note D: DIH acquired stock ownership in Ace, Drake-HK (please refer to Note L), DGSG (please refer to Note E) and Boom (please refer to Note F) which indirectly acquired 3.81%, 48.51%, 8.21% and 25% stock ownership, respectively in DGC. Including the original 10.38% stock ownership held by DIH, the Company's consolidated stock ownership in DGC was 95.91% and accordingly, DGC was included in the consolidated financial statements.

- Note E: DIH indirectly held 8.21% share ownership of DGC through DGSG.
- Note F: DIH acquired 100% share ownership of Boom on September 1, 2014. Boom was included in the consolidated financial statements effective on that date, and DIH indirectly held 25% share ownership of DGC.
- Note G: Formerly known as Delta Smart Green Life Co., Ltd. and was renamed on August 25, 2014. Liquidation was completed at December 4, 2014.
- Note H: Formerly known as Vivitek Corporation and was renamed on December 29, 2014.
- Note I: Ayecom was included in DNIT starting from the effective date of consolidation on January 1, 2015.
- Note J: After Drake Overseas Financial Investment Ltd. was liquidated on February 3, 2015, DIH holds 100% share capital in Drake Overseas Financial Investment Ltd.'s subsidiary, Drake-HK.
- Note K: 55% of shares are held through others due to local regulations.
- Note L: 71% of shares are held through others due to local regulations.
- Note M: On July 2, 2015, the Company indirectly held 39.95% share ownership of DAL through DEN. The total shareholding ratio along with the 10.26% share ownership in DAL held by the Company was 50.21%; therefore, DAL was included in the consolidated financial statements.
- Note N: On July 28, 2015, DIH acquired 100% share ownership of Apex Overseas Financial Investment Limited, Galaxy Star Overseas Financial Investment Limited and Jade Overseas Financial Investment Limited, which were included in the consolidated financial statements effective on that date. DIH indirectly held 45% share ownership in DWC, DWO, DWV and DWJ.
- Note O: Merged with Eltek Power Pte Ltd. in the third quarter of 2015.
- Note P: The Company has increased capital of its subsidiary, NeoEnergy Microelectronics, in the third quarter of 2015 and the shareholding ratio was increased by 15.06%. The subsidiary has been liquidated in the fourth quarter of 2015.
- Note Q: The Company has acquired 30% of shares in Syn-Tec Automation Co., Ltd. on December 1, 2015.
- Note R: Delta Electro-Optics has merged with Delta Electronics Components in December 2015. Under the merger, Delta Electronics Components was the surviving company while Delta Electro-Optics was the dissolved company.
- Note S: DNI Cayman has distributed its shares of Delta Networks to DNH in the fourth quarter of 2015.
- Note T: The subsidiary has merged with CES in the fourth quarter of 2015.
- Note U: The subsidiary has been liquidated in the third quarter in 2015
- Note V: The subsidiary has been liquidated in the fourth quarter in 2015 and its subsidiary was

wholly-owned by Eltek Power System AS.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2015 and 2014, the non-controlling interest amounted to \$5,182,622 and \$12,746,960, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2015		December 31, 2014	
		Amount	Ownership (%)	Amount	Ownership (%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,213,490	6%	\$12,724,164	6%

Summarised financial information of the subsidiaries:

Balance sheets

	DIH	
	December 31, 2015	December 31, 2014
Current assets	\$ 83,611,611	\$ 86,974,020
Non-current assets	41,784,072	41,269,607
Current liabilities	(43,777,804)	(38,117,964)
Non-current liabilities	(2,465,334)	(2,050,154)
Total net assets	<u>\$ 79,152,545</u>	<u>\$ 88,075,509</u>

Statements of comprehensive income

	DIH	
	Year ended December 31, 2015	Year ended December 31, 2014
Revenue	\$ 148,527,481	\$ 141,147,232
Profit before income tax	8,112,581	9,144,208
Income tax expense	(1,870,261)	(1,444,796)
Profit for the year from continuing operations	6,242,320	7,699,412
Net non-controlling interest	(795,995)	(1,299,388)
Profit for the year	5,446,325	6,400,024
Other comprehensive loss, net of tax	(2,168,821)	1,901,756
Total comprehensive loss for the year	\$ 3,277,504	\$ 8,301,780
Comprehensive income attributable to non-controlling interest	\$ 542,107	\$ 1,080,280
Dividends paid to non-controlling interest	\$ 2,988,146	\$ 1,945,896

Statements of cash flows

	DIH	
	Year ended December 31, 2015	Year ended December 31, 2014
Net cash provided by (used in) operating activities	\$ 9,574,652	\$ 10,741,712
Net cash provided by (used in) investing activities	(4,028,954)	(5,179,893)
Net cash provided by (used in) financing activities	(14,899,225)	(3,893,863)
Effect of exchange rates on cash and cash equivalents	(101,133)	1,770,170
(Decrease) increase in cash and cash equivalents	(9,454,660)	3,438,126
Cash and cash equivalents, beginning of year	40,780,371	37,342,245
Cash and cash equivalents, end of year	\$ 31,325,711	\$ 40,780,371

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange

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

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the

Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be paid off within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading

unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

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

(8) Available-for-sale financial assets

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

(9) Notes receivable, accounts receivable and other receivables

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

(10) Impairment of financial assets

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

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that

the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

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

(c) Available-for-sale financial assets

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

(11) Derecognition of financial assets

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

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the

aforementioned approach.

(14) Cash surrender value of life insurance

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

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2~8 years except for buildings, the estimated life of which is 5~55 years.

(16) Investment property

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

(17) Intangible assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Acquisition prices in the business combination are calculated by the price of acquisition plus related direct costs. Goodwill is recognised at the difference of the acquisition prices less net fair value of identifiable assets acquired. The amortisation duration of acquisition prices may not exceed one year after the acquisition.

B. Trademarks

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

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

(18) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

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

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and

subsequently measured at amortised cost using the effective interest method. However, for short-term accounts payable without bearing interest, as the effect of discounting is insignificant, they are measured subsequently at original invoice amount.

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

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

(22) Derecognition of financial liabilities

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

(23) Offsetting financial instruments

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

(24) Derivative financial instruments and hedging activities

A. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

B. The Group designates certain derivatives as either:

(a) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

C. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

D. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

E. Fair value hedge

- (a) Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.
- (b) If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

F. Cash flow hedge

- (a) The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within 'other gains and losses'.
- (b) When a hedging instrument expires, or is sold, cancelled or executed, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

(25) Employee benefits

A. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans is recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

B. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensations is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognised as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognised in profit or loss.

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is

recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) Share capital

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

(29) Dividends

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

(30) Revenue recognition

A. Sales of goods

The Group manufactures and sells computer information system, power supply, components and related products. Revenue is measured at the fair value of the consideration received or

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

B. Sales of services

The Group provides the installation of partial software and module services. Revenue is recognised if all of the following conditions are met and the costs incurred are recognised as costs in the current period. If loss is expected to be incurred on the transaction, loss shall be recognised immediately:

- (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.

(31) Government grants

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

(32) Business combinations

The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values

at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

(33) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Related information is addressed below:

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

A. Financial assets—impairment of equity investments

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

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

B. Investment property

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

(2) Critical accounting estimates and assumptions

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

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

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

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information on goodwill impairment.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand	\$ 5,835	\$ 6,052
Checking and demand deposits	31,477,143	49,206,516
Time deposits	19,769,475	24,247,250
Total	<u>\$ 51,252,453</u>	<u>\$ 73,459,818</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current items:		
Financial assets designated as at fair value through profit or loss		
Convertible bonds	\$ 96,700	\$ -
Financial assets held for trading		
Listed stocks	25,359	26,573
Convertible bonds	2,181	4,500
	<u>124,240</u>	<u>31,073</u>
Valuation adjustment of financial assets held for trading	25,110	8,553
Total	<u>\$ 149,350</u>	<u>\$ 39,626</u>
Non-current items:		
Financial assets designated as at fair value through profit or loss		
Convertible bonds	\$ 94,512	\$ 96,700
Valuation adjustment of financial assets designated as at fair value through profit or loss	17,354	19,224
Total	<u>\$ 111,866</u>	<u>\$ 115,924</u>

- A. The Group recognised net gain on financial assets held for trading of \$8,337 and \$7,708 for the years ended December 31, 2015 and 2014, respectively. The Group recognised net gain on financial assets designated as at fair value through profit or loss of \$13,259 and \$8,471 for the years ended December 31, 2015 and 2014, respectively.
- B. The counterparties of the Group's private placement of convertible bonds are mostly listed companies in Taiwan and overseas. The Group expects that the counterparties of the private placement of convertible bonds that it invested in are not likely to default.
- C. The non-hedging derivative instrument transactions and contract information are as follows:

December 31, 2015

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
– Sell USD / Buy RMB	USD	158,800	2015.09.10 ~ 2016.04.26
– Buy USD / Sell EUR	EUR	18,500	2015.08.25 ~ 2016.05.16
– Sell USD / Buy SGD	SGD	17,594	2015.02.02 ~ 2016.11.03
– Sell USD / Buy TWD	USD	17,000	2015.10.23 ~ 2016.03.04
– Sell EUR / Buy TWD	EUR	93	2015.11.13 ~ 2016.03.25
– Sell USD / Buy JPY	USD	4,450	2015.10.23 ~ 2016.02.02
– Buy USD / Sell JPY	JPY	6,558	2015.08.24 ~ 2016.04.25
– Sell USD / Buy EUR	EUR	700	2015.12.15 ~ 2016.01.05
– Sell USD / Buy CZK	CZK	4,929	2015.12.30 ~ 2016.01.20
– Sell USD / Buy HKD	USD	58,500	2015.10.13 ~ 2016.02.02
– Sell AUD / Buy NOK	AUD	6,000	2015.07.07 ~ 2016.05.13
– Sell EUR / Buy NOK	EUR	5,000	2014.10.10 ~ 2016.11.15
– Sell THB / Buy SGD	THB	314,162	2015.11.25 ~ 2016.02.29
– Buy USD / Sell BRL	BRL	87,775	2015.12.16 ~ 2016.01.19
– Sell GBP / Buy NOK	GBP	2,000	2015.12.10 ~ 2016.03.15
– Buy USD / Sell EGP	EGP	9,794	2015.09.17 ~ 2016.03.21
Currency option contract			
– Buy a put option on EUR / Buy a call option on NOK	EUR	2,000	2014.10.14 ~ 2016.10.07
– Sell a call option on EUR / Sell a put option on NOK	EUR	4,000	2014.10.14 ~ 2016.10.07
Cross currency swap			
– Sell EUR / Buy NOK	EUR	2,500	2015.12.07 ~ 2016.04.15

December 31, 2014

Financial instruments	Contract amount (nominal principal) (in thousands)		Contract period
Forward exchange contracts:			
– Sell USD / Buy RMB	USD	584,500	2014.10.16~2015.06.30
– Buy USD / Sell EUR	EUR	3,000	2014.09.25~2015.03.30
– Sell USD / Buy SGD	SGD	17,469	2014.01.23~2015.11.04
– Buy USD / Sell SGD	SGD	631	2014.04.03~2015.01.14
– Sell USD / Buy TWD	USD	14,000	2014.10.16~2015.02.25
– Sell EUR / Buy TWD	EUR	40	2014.12.11~2015.02.04
– Sell USD / Buy JPY	USD	2,500	2014.11.14~2015.02.09
– Buy USD / Sell JPY	USD	1,000	2014.12.02~2015.01.20
– Sell USD / Buy EUR	EUR	4,200	2014.10.30~2015.02.12
– Sell USD / Buy CZK	CZK	20,000	2014.12.03~2015.01.22
– Buy USD / Sell RMB	USD	102,000	2014.12.05~2015.03.25
– Sell JPY / Buy USD	JPY	1,500	2014.12.16~2015.03.04
– Sell USD / Buy HKD	HKD	95,395	2014.11.24~2015.05.13
– Buy USD / Sell KRW	USD	672	2014.11.18~2015.02.06

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

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

(3) Available-for-sale financial assets

	December 31, 2015	December 31, 2014
Current items:		
Listed stocks	\$ 270,414	\$ 947,304
Emerging stocks	59,350	36,526
Valuation adjustment of available-for-sale financial assets	79,556	(295,506)
	<u>\$ 409,320</u>	<u>\$ 688,324</u>

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Non-current items:		
Listed stocks	\$ 5,389,646	\$ 4,522,017
Emerging stocks	193,178	141,000
Convertible bonds	87,894	72,894
Unlisted stocks	<u>1,428,760</u>	<u>1,356,108</u>
	7,099,478	6,092,019
Valuation adjustment of available-for-sale financial assets	133,160	945,512
Accumulated impairment- available-for-sale financial assets	<u>(102,461)</u>	<u>(70,432)</u>
	<u>\$ 7,130,177</u>	<u>\$ 6,967,099</u>

- A. The Group recognized loss of \$692,337 and \$1,419,468 in other comprehensive income for fair value change and reclassified (\$255,140) and \$42,834 from equity to profit or loss for the years ended December 31, 2015 and 2014, respectively.
- B. The Group has no debt instruments classified as available-for-sale financial assets.
- C. The net asset value of the Group's equity investment declined significantly to below its initial investment cost. Accordingly, the Group recognised impairment loss of \$32,029 and \$28,420 for the years ended December 31, 2015 and 2014, respectively.
- D. As of December 31, 2015 and 2014, the Group has no available-for-sale financial assets pledged to others.

(4) Financial assets measured at cost

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Non-current items:		
Unlisted stocks	\$ 649,259	\$ 773,911
Accumulated impairment - financial assets measured at cost	<u>(21,685)</u>	<u>(25,150)</u>
	<u>\$ 627,574</u>	<u>\$ 748,761</u>

Based on the Group's intention, its stock investments should be classified as available-for-sale financial assets. However, as those stocks are not traded in active market, and sufficient industry information of companies similar to stocks investment companies and their financial information cannot be obtained, the fair value of the stock investments cannot be measured reliably. Accordingly, the Group classified those stocks as financial assets measured at cost.

(5) Hedge accounting

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

derivative financial instruments for hedging.

B. Fair value hedge

In order to prevent the fair value risk of the committed future investment arising from foreign exchange rate movements become unpredicted, the Group entered into forward foreign exchange contracts to hedge.

Details of gains and losses on hedging instruments and on hedged items are provided in Note 6(27).

C. 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:

(a) The hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in other comprehensive income as of December 31, 2014 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(b) Information about gain or loss arising from cash flow hedges recognised in profit or loss and other comprehensive income:

Items	Years ended December 31,	
	2015	2014
Amount of gain or loss adjusted in other comprehensive income	\$ -	(\$ 12,914)
Amount of gain or loss transferred from other comprehensive income to profit or loss	-	(1,555)

(6) Accounts receivable and overdue receivables

	December 31, 2015	December 31, 2014
Accounts receivable	\$ 46,545,141	\$ 43,711,298
Less: Allowance for doubtful accounts	(1,088,718)	(755,087)
	<u>45,456,423</u>	<u>42,956,211</u>
Overdue receivables (shown as other non-current assets)	168,850	80,029
Less: Allowance for doubtful accounts	(168,850)	(80,029)
	<u>\$ 45,456,423</u>	<u>\$ 42,956,211</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 aging analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Up to 90 days	\$ 3,204,613	\$ 2,554,237
91 to 180 days	348,986	377,851
181 to 365 days	357,595	646,493
Over 365 days	488,056	432,783
	<u>\$ 4,399,250</u>	<u>\$ 4,011,364</u>

The above aging analysis was based on past due date.

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

	<u>Year ended December 31, 2015</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 80,029	\$ 755,087	\$ 835,116
Acquired through business combinations	-	169,045	169,045
Provision for impairment	87,669	189,604	277,273
Write-offs during the year	(1,587)	(27,270)	(28,857)
Net exchange differences	2,970	2,252	5,222
Others	(231)	-	(231)
At December 31	<u>\$ 168,850</u>	<u>\$ 1,088,718</u>	<u>\$ 1,257,568</u>

	<u>Year ended December 31, 2014</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
At January 1	\$ 75,700	\$ 572,420	\$ 648,120
Provision for impairment	8,464	241,083	249,547
Write-offs during the year	(8,641)	(84,026)	(92,667)
Net exchange differences	4,506	25,610	30,116
Others	-	-	-
At December 31	<u>\$ 80,029</u>	<u>\$ 755,087</u>	<u>\$ 835,116</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Group 1	\$ 22,014,083	\$ 26,956,282
Group 2	19,043,090	11,988,565
	<u>\$ 41,057,173</u>	<u>\$ 38,944,847</u>

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

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

(7) Transfer of financial assets

The Group entered into a factoring agreement with financial institutions to sell its accounts receivable. Under the agreement, the Group is not required to bear the default risk of the accounts receivable and the percentage of advance payments is zero, but is liable for the losses incurred on any business dispute. As of December 31, 2015 and 2014, the relevant information of unsettled accounts receivable that were sold is set forth below:

December 31, 2015					
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 72,595	\$ -	\$ 328,250	\$ -	\$ -

December 31, 2014					
<u>Purchaser of accounts receivable</u>	<u>Accounts receivable transferred</u>	<u>Amount derecognised</u>	<u>Facilities</u>	<u>Amount advanced</u>	<u>Interest rate of amount advanced</u>
Taishin International Bank	\$ 47,249	\$ -	\$ 443,100	\$ -	\$ -

(8) Inventories

December 31, 2015			
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 6,513,548	(\$ 1,004,521)	\$ 5,509,027
Work in process	1,999,167	-	1,999,167
Finished goods	17,805,293	(1,612,441)	16,192,852
Inventory in transit	210,990	-	210,990
	<u>\$ 26,528,998</u>	<u>(\$ 2,616,962)</u>	<u>\$ 23,912,036</u>

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,368,533	(\$ 536,922)	\$ 5,831,611
Work in process	1,697,115	-	1,697,115
Finished goods	14,441,030	(796,464)	13,644,566
Inventory in transit	398,683	-	398,683
	<u>\$ 22,905,361</u>	<u>(\$ 1,333,386)</u>	<u>\$ 21,571,975</u>

	Years ended December 31,	
	2015	2014
Cost of goods sold	\$ 144,909,409	\$ 137,929,853
Provision for inventory obsolescence and market price decline	611,548	131,583
Others	(487,384)	(463,668)
	<u>\$ 145,033,573</u>	<u>\$ 137,597,768</u>

(9) Investments accounted for under the equity method

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

Name of associates	December 31, 2015		December 31, 2014	
	(Note)	% Book value	(Note)	% Book value
Delta Electronics (Thailand) Public Co., Ltd. (DET)	20.93	\$ 6,916,950	20.93	\$ 6,436,189
Optovue, Inc.	24.07	984,750	-	-
Amita Technologies, Inc. (Amita)	26.93	254,836	26.93	254,160
Digital Projection International Ltd. (DPI)	41.00	289,371	41.00	292,213
Trillion Science Inc. (Trillion), etc.		82,537		34,175
		<u>\$ 8,528,444</u>		<u>\$ 7,016,737</u>

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

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

Name of associates	Years ended December 31,	
	2015	2014
DET	\$ 1,220,832	\$ 1,076,516
DPI, etc.	11,715	(90,987)
	<u>\$ 1,232,547</u>	<u>\$ 985,529</u>

- C. The financial statements of DET were audited by other independent accountants. Investment accounted for under the equity method amounted to \$6,919,950 and \$6,436,189 as of December 31, 2015 and 2014, respectively, and the share of profit and other comprehensive income of associates accounted for under the equity method was \$1,273,474 and \$1,106,572 for the years ended December 31, 2015 and 2014, respectively.
- D. The summarised financial information of the associates that are material to the Group is shown below:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio (Note)</u>		<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>December 31, 2015</u>	<u>December 31, 2014</u>		
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Thailand	20.93%	20.93%	Holds more than 20% of voting rights	Equity method

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

Balance sheet

	<u>DET</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current assets	\$ 33,976,999	\$ 31,225,760
Non-current assets	5,901,088	5,754,072
Current liabilities	(10,160,648)	(9,076,527)
Non-current liabilities	(1,769,308)	(1,633,590)
Total net assets	<u>\$ 27,948,131</u>	<u>\$ 26,269,715</u>
Share in associate's net assets	\$ 5,849,544	\$ 5,498,252
Unrealised upstream and sidestream transactions	(47,664)	(35,947)
Others	<u>1,115,070</u>	<u>973,884</u>
Carrying amount of the associate	<u>\$ 6,916,950</u>	<u>\$ 6,436,189</u>

Statement of comprehensive income

	<u>DET</u>	
	<u>Year ended December 31, 2015</u>	<u>Year ended December 31, 2014</u>
Revenue	\$ 44,355,375	\$ 41,863,664
Profit for the year from continuing operations	\$ 6,204,908	\$ 5,519,328
Other comprehensive income (loss), net of tax	388,065	(432,411)
Total comprehensive income	<u>\$ 6,592,973</u>	<u>\$ 5,086,917</u>
Dividends received from associates	<u>\$ 749,034</u>	<u>\$ 657,763</u>

E. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2015 and 2014, the carrying amount of the Group's individually immaterial associates amounted to \$1,661,494 and \$580,548, respectively.

	Year ended <u>December 31, 2015</u>	Year ended <u>December 31, 2014</u>
Profit or loss for the year from continuing operations	\$ 2,300	(\$ 76,856)
Other comprehensive loss, net of tax	(255)	-
Total comprehensive income (loss)	<u>\$ 2,045</u>	<u>(\$ 76,856)</u>

F. The Group's investment in DET has quoted market price. The fair value of DET as of December 31, 2015 and 2014 was \$18,269,238 and \$17,800,959, respectively.

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2015</u>							
Cost	\$ 4,982,097	\$ 30,256,283	\$ 26,454,466	\$ 10,350,897	\$ 8,408,929	\$ 851,472	\$ 81,304,144
Accumulated depreciation and impairment	(11,427)	(8,884,448)	(20,000,970)	(8,838,568)	(6,753,972)	-	(44,489,385)
	<u>\$ 4,970,670</u>	<u>\$ 21,371,835</u>	<u>\$ 6,453,496</u>	<u>\$ 1,512,329</u>	<u>\$ 1,654,957</u>	<u>\$ 851,472</u>	<u>\$ 36,814,759</u>
<u>2015</u>							
Opening net book amount	\$ 4,970,670	\$ 21,371,835	\$ 6,453,496	\$ 1,512,329	\$ 1,654,957	\$ 851,472	\$ 36,814,759
Additions	183,571	1,938,201	2,554,184	1,507,921	1,072,482	717,319	7,973,678
Acquired through business combinations	514,420	760,387	69,306	260,974	276,215	1,961,415	3,842,717
Disposal	-	(15,218)	(87,927)	(17,720)	(20,354)	(10,751)	(151,970)
Transfer	-	2,047,066	207,203	72,496	276,570	(2,603,335)	-
Depreciation charge	-	(1,674,813)	(2,826,867)	(1,065,673)	(1,192,725)	-	(6,760,078)
Net exchange differences	42,814	60,686	10,289	(6,074)	(4,033)	68,629	172,311
Closing net book amount	<u>\$ 5,711,475</u>	<u>\$ 24,488,144</u>	<u>\$ 6,379,684</u>	<u>\$ 2,264,253</u>	<u>\$ 2,063,112</u>	<u>\$ 984,749</u>	<u>\$ 41,891,417</u>
<u>At December 31, 2015</u>							
Cost	\$ 5,723,429	\$ 35,443,305	\$ 29,988,713	\$ 13,134,317	\$ 10,872,794	\$ 984,749	\$ 96,147,307
Accumulated depreciation and impairment	(11,954)	(10,955,161)	(23,609,029)	(10,870,064)	(8,809,682)	-	(54,255,890)
	<u>\$ 5,711,475</u>	<u>\$ 24,488,144</u>	<u>\$ 6,379,684</u>	<u>\$ 2,264,253</u>	<u>\$ 2,063,112</u>	<u>\$ 984,749</u>	<u>\$ 41,891,417</u>

	Land	Buildings	Machinery and equipment	Testing equipment	Others	construction and equipment under acceptance	Total
<u>At January 1, 2014</u>							
Cost	\$ 4,960,552	\$ 29,285,538	\$ 26,236,404	\$ 9,928,498	\$ 7,942,014	\$ 757,920	\$ 79,110,926
Accumulated depreciation and impairment	(12,260)	(7,791,223)	(19,132,188)	(8,664,472)	(6,316,021)	-	(41,916,164)
	<u>\$ 4,948,292</u>	<u>\$ 21,494,315</u>	<u>\$ 7,104,216</u>	<u>\$ 1,264,026</u>	<u>\$ 1,625,993</u>	<u>\$ 757,920</u>	<u>\$ 37,194,762</u>
<u>2014</u>							
Opening net book amount	\$ 4,948,292	\$ 21,494,315	\$ 7,104,216	\$ 1,264,026	\$ 1,625,993	\$ 757,920	\$ 37,194,762
Additions	-	153,471	1,496,328	1,002,221	798,211	2,081,625	5,531,856
Acquired through business combinations	-	-	27	1,223	4,292	-	5,542
Disposals	-	(1,120)	(109,249)	(10,473)	(46,056)	(21,946)	(188,844)
Transfer	(80,151)	333,819	30,449	29,056	259,580	(985,013)	(412,260)
Depreciation charge	-	(1,646,003)	(2,810,990)	(873,497)	(1,134,018)	-	(6,464,508)
Impairment loss	-	(240)	(26,013)	(112)	-	-	(26,365)
Net exchange differences	102,529	1,037,593	768,728	99,885	146,955	(981,114)	1,174,576
Closing net book amount	<u>\$ 4,970,670</u>	<u>\$ 21,371,835</u>	<u>\$ 6,453,496</u>	<u>\$ 1,512,329</u>	<u>\$ 1,654,957</u>	<u>\$ 851,472</u>	<u>\$ 36,814,759</u>
<u>At December 31, 2014</u>							
Cost	\$ 4,982,097	\$ 30,256,283	\$ 26,454,466	\$ 10,350,897	\$ 8,408,929	\$ 851,472	\$ 81,304,144
Accumulated depreciation and impairment	(11,427)	(8,884,448)	(20,000,970)	(8,838,568)	(6,753,972)	-	(44,489,385)
	<u>\$ 4,970,670</u>	<u>\$ 21,371,835</u>	<u>\$ 6,453,496</u>	<u>\$ 1,512,329</u>	<u>\$ 1,654,957</u>	<u>\$ 851,472</u>	<u>\$ 36,814,759</u>

(11) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2015</u>			
Cost	\$ 465,724	\$ 4,321,469	\$ 4,787,193
Accumulated depreciation and impairment	-	(2,563,345)	(2,563,345)
	<u>\$ 465,724</u>	<u>\$ 1,758,124</u>	<u>\$ 2,223,848</u>
<u>2015</u>			
Opening net book amount	\$ 465,724	\$ 1,758,124	\$ 2,223,848
Depreciation charge	-	(150,200)	(150,200)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,607,924</u>	<u>\$ 2,073,648</u>
<u>At December 31, 2015</u>			
Cost	\$ 465,724	\$ 4,321,469	\$ 4,787,193
Accumulated depreciation and impairment	-	(2,713,545)	(2,713,545)
	<u>\$ 465,724</u>	<u>\$ 1,607,924</u>	<u>\$ 2,073,648</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
<u>At January 1, 2014</u>			
Cost	\$ 385,573	\$ 3,573,416	\$ 3,958,989
Accumulated depreciation and impairment	-	(1,998,536)	(1,998,536)
	<u>\$ 385,573</u>	<u>\$ 1,574,880</u>	<u>\$ 1,960,453</u>
<u>2014</u>			
Opening net book amount	\$ 385,573	\$ 1,574,880	\$ 1,960,453
Reclassifications	80,151	332,109	412,260
Depreciation charge	-	(148,865)	(148,865)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,758,124</u>	<u>\$ 2,223,848</u>
<u>At December 31, 2014</u>			
Cost	\$ 465,724	\$ 4,321,469	\$ 4,787,193
Accumulated depreciation and impairment	-	(2,563,345)	(2,563,345)
	<u>\$ 465,724</u>	<u>\$ 1,758,124</u>	<u>\$ 2,223,848</u>

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

	Years ended December 31,	
	<u>2015</u>	<u>2014</u>
Rental revenue from the lease of the investment property	\$ <u>210,250</u>	\$ <u>234,352</u>
Direct operating expenses arising from the investment property	\$ <u>49,681</u>	\$ <u>30,254</u>

B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 was \$2,324,764 and \$2,470,502, respectively, which was revalued by the Group.





(12) Intangible assets

	Customer			Technical		Total
	Trademarks	Patents	Goodwill	Relationship	Skill		Others
<u>At January 1, 2015</u>						
Cost	\$ 413,165	\$ 1,013,508	\$ 6,989,919	\$ 5,207,669	\$ -	\$ 1,637,465
Accumulated amortization and impairment	(6,860)	(996,953)	518	(1,764,515)	-	(787,901)
	<u>\$ 406,305</u>	<u>\$ 16,555</u>	<u>\$ 6,990,437</u>	<u>\$ 3,443,154</u>	<u>\$ -</u>	<u>\$ 849,564</u>
<u>2015</u>						
Opening net book amount	\$ 406,305	\$ 16,555	\$ 6,990,437	\$ 3,443,154	\$ -	\$ 849,564
Additions - acquired separately	-	12,549	-	-	-	266,173
Additions - acquired through business combinations	2,252,660	-	5,590,722	2,819,726	3,011,486	129,338
Amortization	(132,964)	(4,092)	-	(791,092)	(173,352)	(383,302)
Impairment loss	-	-	(7,291)	-	-	-
Net exchange differences	157,730	-	462,074	276,365	210,861	21,320
Closing net book amount	<u>\$ 2,683,731</u>	<u>\$ 25,012</u>	<u>\$ 13,035,942</u>	<u>\$ 5,748,153</u>	<u>\$ 3,048,995</u>	<u>\$ 883,093</u>
<u>At December 31, 2015</u>						
Cost	\$ 2,828,043	\$ 1,032,543	\$ 13,043,233	\$ 8,357,364	\$ 3,228,348	\$ 2,331,624
Accumulated amortization and impairment	(144,312)	(1,007,531)	(7,291)	(2,609,211)	(179,353)	(1,448,531)
	<u>\$ 2,683,731</u>	<u>\$ 25,012</u>	<u>\$ 13,035,942</u>	<u>\$ 5,748,153</u>	<u>\$ 3,048,995</u>	<u>\$ 883,093</u>

	Customer						Total
	Trademarks	Patents	Goodwill	Relationship	Others		
<u>At January 1, 2014</u>							
Cost	\$ 413,165	\$ 1,045,014	\$ 6,906,772	\$ 3,784,422	\$ 1,381,174	\$	\$ 13,530,547
Accumulated amortization and impairment	(3,567)	(840,984)	-	(1,280,410)	(547,710)	(	( 2,672,671)
	<u>\$ 409,598</u>	<u>\$ 204,030</u>	<u>\$ 6,906,772</u>	<u>\$ 2,504,012</u>	<u>\$ 833,464</u>	<u>\$</u>	<u>\$ 10,857,876</u>
<u>2014</u>							
Opening net book amount	\$ 409,598	\$ 204,030	\$ 6,906,772	\$ 2,504,012	\$ 833,464	\$	\$ 10,857,876
Additions - acquired separately	-	3,573	-	-	397,044		400,617
Additions - acquired through business combinations	-	-	3,276	1,251,533	-		1,254,809
Reclassifications	-	(1,006)	-	-	1,006		-
Amortization	(3,293)	(190,447)	-	(448,453)	(380,415)	(	( 1,022,608)
Impairment loss	-	-	(27,263)	(1,172)	-	(	( 28,435)
Net exchange differences	-	405	110,928	133,958	(1,535)		243,756
Closing net book amount	<u>\$ 406,305</u>	<u>\$ 16,555</u>	<u>\$ 6,993,713</u>	<u>\$ 3,439,878</u>	<u>\$ 849,564</u>	<u>\$</u>	<u>\$ 11,706,015</u>
<u>At December 31, 2014</u>							
Cost	\$ 413,165	\$ 1,013,508	\$ 6,989,919	\$ 5,207,669	\$ 1,637,465	\$	\$ 15,261,726
Accumulated amortization and impairment	(6,860)	(996,953)	518	(1,764,515)	(787,901)	(	( 3,555,711)
	<u>\$ 406,305</u>	<u>\$ 16,555</u>	<u>\$ 6,990,437</u>	<u>\$ 3,443,154</u>	<u>\$ 849,564</u>	<u>\$</u>	<u>\$ 11,706,015</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2015	2014
Operating costs	\$ 12,645	\$ 30,917
Selling expenses	949,076	368,529
Administrative expenses	159,993	159,027
Research and development expenses	363,088	464,135
	<u>\$ 1,484,802</u>	<u>\$ 1,022,608</u>

B. The Group bought registered or under-application trademarks rights such as , , **VIVITEK**, 麗訊,  and  ELTEK. Trademarks registered in certain countries are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortized but are tested for impairment annually.

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Goodwill:		
Cyntec and its subsidiaries	\$ 5,124,137	\$ 5,124,137
DGC	1,903,108	1,834,985
Eltek	5,920,936	-
Others	87,761	31,315
	<u>\$ 13,035,942</u>	<u>\$ 6,990,437</u>
Trademarks:		
Smart green life business	<u>\$ 386,823</u>	<u>\$ 386,823</u>

Acquisition prices in business combination are calculated by the price of acquisition and direct costs for related acquisition. The amount of goodwill recognised is the difference of the acquisition prices less net fair value of identifiable assets acquired. The amortisation duration of acquisition price may not exceed one year after the acquisition.

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

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

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

E. The subsidiary - NeoEnergy Microelectronics, Inc. was liquidated in the fourth quarter of 2015. The Group has assessed and recognised impairment loss on goodwill of \$7,291 for the year ended December 31, 2015.

F. The subsidiary – Ayecom Technology Co., Ltd. was merged into Delta Networks., Ltd. (Taiwan) starting from the effective date of consolidation of January 1, 2015. The Group has assessed and recognised impairment loss on goodwill and customer relationship of \$28,435 for the year ended December 31, 2014.

(13) Other non-current assets

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Long-term prepaid rent	\$ 1,271,599	\$ 1,296,245
Prepayments for business facilities	681,667	1,030,137
Guarantee deposits paid	228,104	121,209
Cash surrender value of life insurance	75,519	111,650
Others	414,287	100,187
	<u>\$ 2,671,176</u>	<u>\$ 2,659,428</u>

(14) Short-term borrowings

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Unsecured bank loans	\$ 11,109,573	\$ 5,801,298
Credit lines	\$ 84,456,574	\$ 83,349,486
Interest rate per annum	<u>0.48%~2.16%</u>	<u>0.53%~2.16%</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current item:		
Valuation adjustment of non-hedging derivatives	<u>\$ 140,080</u>	<u>\$ 51,606</u>

A. The Group recognised net loss of \$95,184 and \$72,100 for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are provided in Note 6(2)C.

(16) Long-term borrowings

Type of borrowings	December 31, 2015	December 31, 2014
Credit loans	\$ 4,049,046	\$ 26,520,214
Less: Current portion (shown as other current liabilities)	(55,241)	(52,111)
	<u>\$ 3,993,805</u>	<u>\$ 26,468,103</u>
Credit lines	\$ 51,930,827	\$ 33,894,214
Interest rate per annum	<u>0.43%~0.66%</u>	<u>0.43%~0.90%</u>

As of December 31, 2015, the revolving loans of \$3,570,366 can be drawn down during the period from July 20, 2015 to August 10, 2017 and are payable before the due date under the agreement.

(17) Pensions

A. Defined benefit plans

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

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

Certain subsidiaries located in Mainland China maintain defined benefit retirement (resignation) plans with relative contribution scheme. The employees and the subsidiaries contribute an amount relatively based on a certain percentage of the monthly basic salary depending on the employee's position. When an employee retires or resigns, the total contribution from the employee is reimbursed based on the accumulated contribution (without interest) less withdrawals made by the employee in advance during the service period. The employee is also entitled to receive benefits calculated based on the accumulated contribution (without interest) from the related subsidiary multiplied by the approved benefit percentage for the employee's service years less withdrawals made by the employee in advance during the service period. The scheme mentioned above ceased on August 1, 2014. The amount contributed before was archived, and the payment scheme was not changed.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Present value of defined benefit obligations	(\$ 4,215,909)	(\$ 3,911,613)
Fair value of plan assets	634,344	644,825
Net defined benefit liability	<u>(52,523)</u>	<u>(66,493)</u>
	<u>(\$ 3,634,088)</u>	<u>(\$ 3,333,281)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2015</u>			
Balance at January 1	(\$ 3,978,106)	\$ 644,825	(\$ 3,333,281)
Current service cost	(44,989)	12,063	(32,926)
Interest (expense) income	(73,874)	-	(73,874)
Past service cost	366	-	366
Profit arising from curtailment	<u>774</u>	<u>-</u>	<u>774</u>
	<u>(4,095,829)</u>	<u>656,888</u>	<u>(3,438,941)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	(7,791)	5,470	(2,321)
Benefits paid of plan assets	-	(4,022)	(4,022)
Change in demographic assumptions	(11,666)	-	(11,666)
Change in financial assumptions	(294,273)	-	(294,273)
Experience adjustments	<u>1,158</u>	<u>-</u>	<u>1,158</u>
	<u>(312,572)</u>	<u>1,448</u>	<u>(311,124)</u>
Pension fund contribution	-	49,903	49,903
Paid pension	146,396	(73,895)	72,501
Exchange difference	<u>(6,427)</u>	<u>-</u>	<u>(6,427)</u>
Balance at December 31	<u>(\$ 4,268,432)</u>	<u>\$ 634,344</u>	<u>(\$ 3,634,088)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2014</u>			
Balance at January 1	(\$ 4,087,337)	\$ 687,276	(\$ 3,400,061)
Current service cost	(107,748)	-	(107,748)
Interest (expense) income	(82,700)	12,025	(70,675)
Past service cost	2,602	-	2,602
Profit arising from curtailment	800	-	800
	<u>(4,274,383)</u>	<u>699,301</u>	<u>(3,575,082)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,929	3,929
Benefits paid of plan assets	-	(3,466)	(3,466)
Change in demographic assumptions	(9,224)	-	(9,224)
Change in financial assumptions	98,883	-	98,883
Experience adjustments	42,447	-	42,447
	<u>132,106</u>	<u>463</u>	<u>132,569</u>
Pension fund contribution	-	49,258	49,258
Paid pension	189,971	(104,197)	85,774
Exchange difference	(25,800)	-	(25,800)
Balance at December 31	<u>(\$ 3,978,106)</u>	<u>\$ 644,825</u>	<u>(\$ 3,333,281)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2015	2014
Discount rate	1.5%~3.75%	1.875%~4%
Future salary increases	3%~3.5%	2.75%~3.5%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ 132,904)	\$ 138,931	\$ 120,593	(\$ 118,015)
<u>December 31, 2014</u>				
Effect on present value of defined benefit obligation	(\$ 121,873)	\$ 127,480	\$ 115,613	(\$ 111,187)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are \$50,892.
- (g) As of December 31, 2015, the weighted average duration of that retirement plan is 12~17 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 91,034
1-2 year(s)	114,806
2-5 years	489,464
Over 5 years	4,698,502
	<u>\$ 5,393,806</u>

B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees'

monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2015 and 2014 were \$254,880 and \$267,404, respectively.

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

(18) Share-based payment

A. As of December 31, 2015, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption	2015.11.22	14,490,000 (Note)	Vested immediately

(Note) The capital was increased by issuing 160 million shares. The Board of Directors has resolved to reserve 10% of new shares issued in the total amount of employee stock options. On November 22, 2015, the Company has confirmed the amount of shares acquired with employees.

B. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2015 was \$158.5 (in dollars).

C. As of December 31, 2015, the Company's share-based payment arrangements were all expired.

D. The fair value of capital increase acquired by employees on grant date, November 22, 2015, is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility (Note)</u>	<u>Expected vesting period</u>	<u>Expected dividend yield rate</u>	<u>Risk-free interest rate</u>	<u>Weighted-average fair value (in dollars)</u>
Cash capital increase reserved for employee preemption	2015.11.22	\$ 158.5	\$ 150	27.00%	0.08 years	0.00%	0.31%	\$ 8.5

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

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

	Years ended December 31,	
	2015	2014
Equity-settled	\$ 123,165	\$ -

(19) Share capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 2.9 billion shares (including 100 million shares for stock warrants conversion). As of December 31, 2015, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share. On September 14, 2015, the Board of Directors has resolved the Company to increase capital by cash of \$1,600,000. The effective date was set on December 30, 2015.

B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 million units of global depository receipts (GDRs), represented by 80 million 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 thousand. The issuance of GDRs was represented by outstanding shares, therefore, there is no dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:

a. Voting rights

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

b. Redemption of GDRs

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

c. Distribution of dividends, preemptive rights and other rights

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

d. After considering the stock dividend distribution year by year, as of December 31, 2015, there were 1,573 thousand units outstanding, representing 7,865 thousand common shares of the Company's common stock.

(20) Capital surplus

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

(21) Retained earnings

A. Under the Company's Articles of Incorporation approved by the shareholders on June 10, 2015, 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 is considered as the distributable earnings for the year, and the appropriation is as follows:
 - (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 authorised by the Company's Board of Directors or authorized person.
 - (c) Stockholders' bonus: The remainder along with beginning unappropriated earnings is the accumulated distributable earnings. As the Company is in the growth stage and taking into consideration the shareholders' interest, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the year. Cash dividends shall not be less than 15% of the bonus distributed to shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. The appropriations of 2014 and 2013 earnings had been approved by the shareholders during their meeting on June 10, 2015 and June 10, 2014, respectively. Details are summarised below:

	Years ended December 31,			
	2014		2013	
	Amount (Note A)	Dividends per share (in dollars)	Amount (Note B)	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 2,069,890		\$ 1,777,620	
Reversal of special reserve	(527,556)		(3,546,949)	
Cash dividends	16,331,540	\$ 6.7	14,137,751	\$ 5.8

Note A: The shareholders during their meeting had approved to distribute employees' cash bonuses of \$2,893,928 and directors' and supervisors' remuneration of \$32,900.

Note B: The shareholders during their meeting had approved to distribute employees' cash bonuses of \$2,492,438 and directors' and supervisors' remuneration of \$30,400.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. The appropriations of 2015 earnings had been proposed by the Board of Directors on March 10, 2016. Details are summarized below:

	2015	
	Amount	Dividends per share (in dollars)
Appropriation for legal reserve	\$ 1,871,462	
Appropriation for special reserve	527,556	
Cash dividends	12,987,717	\$ 5.0

As of March 10, 2016, the abovementioned 2015 earnings appropriation has not yet been approved by the stockholders.

F. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(29).

(22) Non-controlling interest

	Years ended December 31,	
	2015	2014
At January 1	\$ 12,746,960	\$ 14,226,550
Share attributable to non-controlling interest:		
Profit for the year	1,167,751	1,614,770
Currency translation differences	32,309	(142,008)
Unrealised (loss) gain on valuation of available -for-sale financial assets	(31)	4
Remeasurment of defined benefit plan	-	4,008
Increase in non-controlling interest (Note 1)	901,642	-
Decrease in non-controlling interest (Note 2)	(9,666,009)	(2,956,364)
At December 31	<u>\$ 5,182,622</u>	<u>\$ 12,746,960</u>

(Note 1) Increase is caused by acquisition of DAL's shares.

(Note 2) Decrease is caused by acquisition of the remaining 45% non-controlling interest of Delta Electronics (Jiangsu) Ltd., Delta Video Display System (Wujiang) Ltd., Delta Electro-Optics (Wujiang) Ltd., Delta Video Display System (Wujiang) Ltd., etc. and distribution of cash dividends to non-controlling interest.

(23) Operating revenue

	Years ended December 31,	
	2015	2014
Sales revenue	\$ 199,803,018	\$ 188,437,064
Service revenue	1,789,829	1,063,348
Other operating revenue	1,858,814	1,134,708
	<u>\$ 203,451,661</u>	<u>\$ 190,635,120</u>

(24) Operating cost

	Years ended December 31,	
	2015	2014
Cost of sales	\$ 145,033,573	\$ 137,597,768
Cost of services	1,696,826	720,332
Other operating costs	1,352,597	822,482
	<u>\$ 148,082,996</u>	<u>\$ 139,140,582</u>

(25) Other income

	Years ended December 31,	
	2015	2014
Interest income	\$ 634,443	\$ 949,336
Rental income	313,576	330,879
Dividend income	156,599	141,714
Others	2,855,107	1,957,094
	<u>\$ 3,959,725</u>	<u>\$ 3,379,023</u>

(26) Other gains and losses

	Years ended December 31,	
	2015	2014
Net currency exchange gain	\$ 679,514	\$ 266,881
Loss on financial assets (liabilities) at fair value through profit or loss	(73,588)	(61,827)
Gain (loss) on disposal of investments	747	(11,725)
(Loss) gain on disposal of property, plant and equipment	(110,857)	57,117
Impairment loss	(39,320)	(83,220)
Miscellaneous disbursements	(916,850)	(664,233)
	<u>(\$ 460,354)</u>	<u>(\$ 497,007)</u>

(27) Finance costs

	Years ended December 31,	
	2015	2014
Interest expense	\$ 456,036	\$ 162,480
Loss on effective cash flow hedges reclassified from equity to profit or loss	-	1,555
	<u>\$ 456,036</u>	<u>\$ 164,035</u>

(28) Expenses by nature

	Years ended December 31,	
	2015	2014
Employee benefit expense	\$ 35,690,078	\$ 32,812,642
Depreciation charges on property, plant and equipment	6,760,078	6,464,508
Amortisation charges on intangible assets	1,484,802	1,022,608
	<u>\$ 43,934,958</u>	<u>\$ 40,299,758</u>

(29) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	\$ 26,716,552	\$ 24,791,319
Employees' bonuses	3,688,215	3,749,479
Share-based payment compensation cost	123,165	-
Labor and health insurance fees	3,067,026	2,602,120
Pensions costs	527,046	487,833
Other personnel expenses	1,568,074	1,181,891
	<u>\$ 35,690,078</u>	<u>\$ 32,812,642</u>

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for at least 3% and no higher than 1%, respectively, of the total distributed amount.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders during their meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on October 27, 2015. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration. The amended articles has not been resolved by the shareholders.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$3,688,215 and \$3,749,479, respectively; while directors' and supervisors' remuneration was accrued at \$35,404 and \$30,854, respectively. The aforementioned amounts were recognized in salary expenses.

The directors' and supervisors' remuneration were estimated and accrued based on the profit of current year distributable for the year ended December 31, 2015. The directors' and supervisors' remuneration resolved by the Board of Directors was \$32,400. As of March 10, 2016, the Board of Directors has not resolved the employees' compensation for the year ended December 31, 2015.

The expenses recognised for 2014 were accrued based on the net income of 2014 and the percentage as prescribed by the Company's Articles of Incorporation for employees and directors/supervisors, taking into account other factors such as legal reserve. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognised in the profit or loss for 2014.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	\$ 5,149,757	\$ 3,661,891
Adjustment in respect of prior years	(543,571)	(348,084)
Total current tax	<u>4,606,186</u>	<u>3,313,807</u>
Deferred tax:		
Origination and reversal of temporary differences	959,937	915,701
Origination and reversal of taxable loss	(673,701)	(26,677)
Total deferred tax	<u>286,236</u>	<u>889,024</u>
	<u>\$ 4,892,422</u>	<u>\$ 4,202,831</u>

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

	Years ended December 31,	
	2015	2014
Fair value (loss) gain on available-for-sale financial assets	(\$ 82)	\$ 9
Currency translation differences	238,076	498,277
Remeasurement of defined benefit obligations	-	20,038
Cash flow hedges	-	889
	<u>\$ 237,994</u>	<u>\$ 519,213</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	\$ 7,806,054	\$ 6,895,874
Effect from items disallowed by tax regulation	(1,999,080)	(2,140,570)
Effect from investment tax credits	(666,630)	(745,592)
Effect from taxable loss	(9,964)	(20,624)
Prior year income tax overestimate	(543,571)	(348,084)
Tax on undistributed earnings	305,613	561,827
Tax expenses	<u>\$ 4,892,422</u>	<u>\$ 4,202,831</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, loss carryforward and investment tax credits are as follows:
Year ended December 31, 2015

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
— Deferred tax assets:					
Allowance for inventory obsolescence	\$ 198,052	\$ 247,116	\$ -	\$ -	\$ 445,168
Investments tax credits	378,144	(369,708)	-	-	8,436
Pension liability	563,998	34,909	-	-	598,907
Assets impairment	235,531	11,400	-	-	246,931
Loss carryforward	30,663	673,701	-	-	704,364
Depreciation difference between tax and financial basis	1,466,652	305,947	-	-	1,772,599
Others	1,475,043	411,779	-	-	1,886,822
Subtotal	<u>\$ 4,348,083</u>	<u>\$ 1,315,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,663,227</u>
— Deferred tax liabilities:					
Long-term equity investments	(\$ 8,339,803)	(\$ 1,304,662)	(\$ 237,635)	\$ -	(\$ 9,882,100)
Land revaluation increment tax	(119,862)	-	-	-	(119,862)
Others	(1,415,993)	(296,718)	(359)	-	(1,713,070)
Subtotal	<u>(\$ 9,875,658)</u>	<u>(\$ 1,601,380)</u>	<u>(\$ 237,994)</u>	<u>\$ -</u>	<u>(\$ 11,715,032)</u>
Total	<u>(\$ 5,527,575)</u>	<u>(\$ 286,236)</u>	<u>(\$ 237,994)</u>	<u>\$ -</u>	<u>(\$ 6,051,805)</u>

Year ended December 31, 2014

	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
— Deferred tax assets:					
Allowance for inventory obsolescence	\$ 156,189	\$ 41,863	\$ -	\$ -	\$ 198,052
Investments tax credits	23,497	354,647	-	-	378,144
Pension liability	772,608	(188,572)	(20,038)	-	563,998
Assets impairment	45,883	189,648	-	-	235,531
Loss carryforward	3,986	26,677	-	-	30,663
Depreciation difference between tax and financial basis	1,183,306	283,346	-	-	1,466,652
Others	1,159,373	315,670	-	-	1,475,043
Subtotal	<u>\$ 3,344,842</u>	<u>\$ 1,023,279</u>	<u>(\$ 20,038)</u>	<u>\$ -</u>	<u>\$ 4,348,083</u>
— Deferred tax liabilities:					
Long-term equity investments	(\$ 5,972,059)	(\$ 1,868,569)	(\$ 499,175)	-	(\$ 8,339,803)
Land revaluation increment tax	(119,862)	-	-	-	(119,862)
Others	(1,372,259)	(43,734)	-	-	(1,415,993)
Subtotal	<u>(\$ 7,464,180)</u>	<u>(\$ 1,912,303)</u>	<u>(\$ 499,175)</u>	<u>\$ -</u>	<u>(\$ 9,875,658)</u>
Total	<u>(\$ 4,119,338)</u>	<u>(\$ 889,024)</u>	<u>(\$ 519,213)</u>	<u>\$ -</u>	<u>(\$ 5,527,575)</u>

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

December 31, 2015			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Tax credit of investment usable until
Investments in emerging important strategic industries	\$ 8,436	\$ -	2016

December 31, 2014			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Tax credit of investment usable until
Investments in emerging important strategic industries	\$ 378,144	\$ -	2016

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

December 31, 2015				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2002-2015	\$ 12,549,587	\$ 12,414,396	\$ 1,372,672	2040

December 31, 2014				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2007-2014	\$ 8,305,131	\$ 8,222,491	\$ 8,099,839	2024

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

	December 31, 2015	December 31, 2014
Deductible temporary differences	\$ 877,199	\$ 440,537

G. The Group has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the amounts of temporary differences unrecognised as deferred tax liabilities were \$37,814,506 and \$37,652,224, respectively.

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

	<u>Latest year assessed by Tax Authority</u>
The Company and its domestic subsidiaries	2013

I. Unappropriated retained earnings:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Earnings generated in and before 1997	\$ 685,952	\$ 685,952
Earnings generated in and after 1998	<u>27,822,988</u>	<u>32,893,351</u>
	<u>\$ 28,508,940</u>	<u>\$ 33,579,303</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Imputation tax credit account balance	<u>\$ 298,349</u>	<u>\$ 496,394</u>
	<u>2015 (Estimated)</u>	<u>2014 (Actual)</u>
Creditable tax ratio	<u>2.2%</u>	<u>1.49%</u>

(31) Earnings per share

	<u>Year ended December 31, 2015</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of</u>	<u>per share</u>
		<u>ordinary shares</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,714,623	2,438,420	\$ 7.67
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,714,623	2,438,420	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' bonus	-	25,679	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 18,714,623	2,464,099	\$ 7.59
<u>Year ended December 31, 2014</u>			
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings</u>
	<u>after tax</u>	<u>number of</u>	<u>per share</u>
		<u>ordinary shares</u>	<u>(in dollars)</u>
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 20,704,476	2,437,543	\$ 8.49
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 20,704,476	2,437,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' bonus	-	21,681	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 20,704,476	2,459,224	\$ 8.42

(32) Transactions with non-controlling interest

On July 28, 2015, the Group acquired 100% shares of Apex, Galaxy Star, Jade, Apex – HK, Galaxy Star – HK and Jade – HK for a total cash consideration of \$11,974,091 and indirectly acquired 45% of issued shares of their subsidiaries, Delta Electronics (Jiangsu) Ltd., Delta Electronics Components (Wujiang) Ltd., Delta Electro-Optics (Wujiang) Ltd., Delta Video Display System (Wujiang) Ltd. On December 1, 2015, the Group acquired 30% of issued shares of its subsidiary, SYN-TEC AUTOMATION CO., LTD., for a total cash consideration of \$28,350. The effect of changes in the equity attributable to owners of the parent is shown below:

Carrying amount of non-controlling interest acquired	\$ 6,051,440
Consideration paid to non-controlling interest	(11,998,300)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	(\$ 5,946,860)
Decrease in the equity attributable to:	
Owners of the parent	(\$ 5,589,901)
Non-controlling interest	(\$ 356,959)

(33) Business combinations

A. Business combination transactions of the Group for the years ended December 31, 2015 and 2014 are as follows:

- (a) On April 8, 2014, the Group acquired 100% share ownership of Vivitek-TW from Luxeon International Holding Limited for cash of \$135,083.
- (b) On August 1, 2014, the Group acquired 100% share ownership of DEU from the Group's associate, DET, for cash of \$111,337.
- (c) On September 1, 2014, the Group acquired 100% share ownership of Boom through DIH for cash of \$2,652,858.
- (d) On January 1, 2015, the Group acquired 100% share ownership of Vitor for cash of \$79,575.
- (e) The Group acquired 100% share ownership of Eltek for a cash consideration of \$15,223,268 (approximately NOK\$3.87 billion) on May 4, 2015.
- (f) On July 2, 2015, the Group acquired the share ownership of DAL for a cash consideration of \$694,760 (US\$22,000 thousand). The Company and its subsidiary, DEN, separately held 16.61% and 2.77% share ownership of DAL prior to the acquisition, and separately held 10.26% and 39.95% share ownership after the acquisition, respectively. Total share ownership is 50.21%.

B. Consideration paid for acquisition of the abovementioned subsidiaries and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

	Years ended December 31,	
	2015	2014
Purchase consideration		
Cash	\$ 15,997,603	\$ 2,899,278
Fair value of DAL's shares held by the Company and its subsidiary, DEN, prior to the acquisition date	216,753	-
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	980,690	-
	<u>17,195,046</u>	<u>2,899,278</u>
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	2,140,423	253,063
Other current assets	7,786,764	16,537
Dividends receivable	-	126,591
Investments accounted for under equity method	35,541	1,317,347
Property, plant and equipment	3,842,717	5,542
Intangible assets	8,213,210	1,251,533
Other non-current assets	1,728,135	197
Current liabilities	(8,142,466)	(32,015)
Deferred tax liabilities	(63,048)	(42,793)
Other non-current liabilities	(3,910,924)	-
Total identifiable net assets	<u>11,630,352</u>	<u>2,896,002</u>
Goodwill	<u>\$ 5,564,694</u>	<u>\$ 3,276</u>

C. Starting from the acquisition of share ownership in the abovementioned subsidiaries, the operating revenue and profit before tax included in the consolidated statements of comprehensive income and contributed by those companies amounted to \$13,100,559 and \$947,868, respectively. Had those companies been consolidated from January 1, 2014, the consolidated statement of comprehensive income would show operating revenue and profit before income tax as follows:

	Years ended December 31,	
	2015	2014
Operating revenue	\$ 210,068,771	\$ 208,513,783
Profit before income tax	24,737,645	27,123,660

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales of goods

	Years ended December 31,	
	2015	2014
Sales of goods:		
Associates	\$ 5,521,219	\$ 3,919,209
Others	629,705	1,023,383
	<u>\$ 6,150,924</u>	<u>\$ 4,942,592</u>

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

B. Purchases of goods:

	Years ended December 31,	
	2015	2014
Purchases of goods:		
Associates	\$ 1,164,401	\$ 667,260
Others	131,040	56,825
	<u>\$ 1,295,441</u>	<u>\$ 724,085</u>

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

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

	December 31, 2015	December 31, 2014
Receivables from related parties:		
Associates	\$ 1,475,555	\$ 985,685
Others	-	274,417
	<u>\$ 1,475,555</u>	<u>\$ 1,260,102</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 60~90 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

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

	December 31, 2015	December 31, 2014
Payables to related parties:		
Associates	\$ 458,709	\$ 225,241
Others	-	19,572
	<u>\$ 458,709</u>	<u>\$ 244,813</u>

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

E. Period-end balances arising from other transactions:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Other receivables-related parties:		
Associates	\$ 125,608	\$ 40,790
Others	-	2,717
	<u>\$ 125,608</u>	<u>\$ 43,507</u>

The above pertain mainly to dividend and advance payments.

F. Property transactions:

- (a) The Group has acquired 45.17% share ownership of DGSG for \$393,351 from an associate in 2014. The related costs have been fully paid as of December 31, 2014.
- (b) The Group acquired 100% share ownership of DEU for \$109,434 from an associate in 2014. The related costs have been fully paid as of December 31, 2014.
- (c) The Group has increased its investment in the associate – DPI by \$106,523 during 2014, and the shareholding ratio was 41% after the capital increase.
- (d) The Group participated in the capital increase of DAL for \$694,760 in July 2015. The related subscription had been fully paid as of December 31, 2015.

(2) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Salaries and other short-term employee benefits	\$ 583,670	\$ 529,412
Share-based payments	9,869	-
	<u>\$ 593,539</u>	<u>\$ 529,412</u>

8. PLEDGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Pledge purpose</u>
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	
Demand deposits and time deposits (shown as other assets - current and non-current)	\$ 219,512	\$ 3,000	Collateral for customs duties and other guarantee deposits
Time deposits (shown as other current assets)	148,508	160,769	Performance bonds and land lease
	<u>\$ 368,020</u>	<u>\$ 163,769</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Property, plant and equipment	\$ 292,378	\$ 571,260
Costs of computer software	\$ 350,700	\$ -

B. Operating lease commitments

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Not later than one year	\$ 246,461	\$ 107,460
Later than one year but not later than five years	357,253	178,419
Later than five years	376,743	102,221
	<u>\$ 980,457</u>	<u>\$ 388,100</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

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

(2) Financial instruments

A. Fair value information of financial instruments

The fair value of financial instruments measured at amortized cost (including notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term loans, notes payable, accounts payable (including related parties) and other

payables) are based on their book value as book value is approximate to fair value. The fair value of long-term loans (including current portion) is based on book value as their interest rate is approximate to market interest rate. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

Financial risk management policies

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

Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

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

December 31, 2015

(Foreign currency: Functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 268,941	32.8250	\$ 8,827,972
USD : RMB (Note)	384,993	6.4917	12,637,397
RMB : USD (Note)	936,707	0.1540	4,736,423
EUR : USD (Note)	29,972	1.0931	1,075,399
EUR : NOK (Note)	223,085	9.6301	8,004,366
GBP : NOK (Note)	33,284	13.0630	1,619,932
USD : NOK (Note)	435,646	8.8102	14,300,200
<u>Non-monetary items</u>			
RMB : USD (Note)	\$ 8,768,241	0.1540	\$ 44,336,258
NTD : USD (Note)	2,307,836	0.0305	2,307,836
USD : NTD	3,290,856	32.8250	108,022,348
THB : NTD	7,910,538	0.9146	7,234,979
THB : USD	(347,724)	0.0279	(318,029)
USD : EUR (Note)	53,839	0.9149	1,767,274
NOK : EUR (Note)	4,428,934	0.1038	16,501,498
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 241,001	32.8250	\$ 7,910,842
USD : RMB (Note)	436,993	6.4917	14,344,318
RMB : USD (Note)	1,397,206	0.1540	7,064,917
EUR : NOK (Note)	90,636	9.6301	3,252,055
USD : NOK (Note)	375,043	8.8102	12,310,889

(Foreign currency: Functional currency)	Foreign currency amount <u>(in thousands)</u>	Exchange rate	Book value <u>(NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 333,368	31.6500	\$ 10,551,109
USD : RMB (Note)	439,811	6.2156	13,941,537
RMB : USD (Note)	900,511	0.1611	4,592,520
<u>Non-monetary items</u>			
RMB : USD (Note)	\$ 8,990,047	0.1611	\$ 45,848,339
NTD : USD (Note)	2,016,062	0.0316	2,016,062
USD : NTD	3,241,478	31.6500	102,592,789
THB : NTD	6,396,665	0.9670	6,185,575
THB : USD (Note)	259,166	0.0306	250,614
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 303,767	31.6500	\$ 9,614,220
USD : RMB (Note)	443,890	6.2156	14,070,834
RMB : USD (Note)	1,474,719	0.1611	7,520,925

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

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted \$679,514 and \$266,881, respectively.

Year ended December 31, 2015

(Foreign currency: Functional currency)	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 88,280	\$ -
USD : RMB (Note)	1%	126,374	-
RMB : USD (Note)	1%	47,364	-
EUR : USD (Note)	1%	10,754	-
EUR : NOK (Note)	1%	80,044	-
GBP : NOK (Note)	1%	16,199	-
USD : NOK (Note)	1%	143,002	-

Financial liabilities

Monetary items

USD : NTD	1%	\$ 79,108	-
USD : RMB (Note)	1%	143,443	-
RMB : USD (Note)	1%	70,649	-
USD : NOK (Note)	1%	32,521	-
EUR : NOK (Note)	1%	123,109	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

Year ended December 31, 2014

(Foreign currency: Functional currency)	Sensitivity analysis		
	Extent of variation	Effect on profit or loss	Effect on comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 105,511	\$ -
USD : RMB (Note)	1%	139,415	-
RMB : USD (Note)	1%	45,925	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 96,142	-
USD : RMB (Note)	1%	140,708	-
RMB : USD (Note)	1%	75,209	-

Note: Certain consolidated entities' functional currency is not NTD. Therefore, the Group shall consider these items when disclosing the above information.

Price risk

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

The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by \$224 and \$258, respectively, as a result of gain/loss on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$75,395 and \$76,554 as of December 31, 2015 and 2014, respectively, as a result of gain/loss on equity securities classified as available-for-sale.

Interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings mainly bear fixed and variable interest rate. During the years ended December 31, 2015 and 2014, the Group's borrowings at variable rate were denominated in NTD and EUR.
- ii. If the interest rate increases by 0.25%, and all other conditions are the same, the impact on post-tax profit would decrease by \$934 and \$212 for the years ended December 31, 2015 and 2014, respectively, resulting from the variable rate borrowings.

b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations as described below:
 - According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
 - Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit controller. The utilisation of credit limits is regularly monitored.
 - For banks and financial institutions, only well rated parties are accepted.

- Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.
- ii. The management does not expect any significant losses from non-performance by these counterparties.
- iii. The credit quality information of significant financial assets that are neither past due nor impaired is described in Note 6(6).

Liquidity risk

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

Non-derivative financial liabilities:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 11,109,573	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	35,882,259	-	-	-
Other payables	22,362,597	-	-	-
Long-term borrowings (including current portion)	55,241	3,616,399	117,938	259,468
<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 5,801,298	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	33,748,983	-	-	-
Other payables	19,221,347	-	-	-
Long-term borrowings (including current portion)	52,111	26,456,375	11,728	-

Derivative financial liabilities:

As of December 31, 2015 and 2014, the derivative financial liabilities which were operated by the Group are due within 1 year.

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

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(11).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

<u>December 31, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 22,345	\$ -	\$ -	\$ 22,345
Forward exchange contracts	-	12,979	-	12,979
Convertible bonds	2,197	223,695	-	225,892
Available-for-sale financial assets				
Equity securities	6,130,090	-	1,322,317	7,452,407
Convertible bonds	87,090	-	-	87,090
	<u>\$ 6,241,722</u>	<u>\$ 236,674</u>	<u>\$ 1,322,317</u>	<u>\$ 7,800,713</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 140,080</u>	<u>\$ -</u>	<u>\$ 140,080</u>
<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 25,774	\$ -	\$ -	\$ 25,774
Forward exchange contracts	-	8,047	-	8,047
Convertible bonds	5,805	115,924	-	121,729
Available-for-sale financial assets				
Equity securities	6,302,665	-	1,282,187	7,584,852
Convertible bonds	70,571	-	-	70,571
	<u>\$ 6,404,815</u>	<u>\$ 123,971</u>	<u>\$ 1,282,187</u>	<u>\$ 7,810,973</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 51,606</u>	<u>\$ -</u>	<u>\$ 51,606</u>

D. The methods and assumptions that the Group used to measure fair value are as follows:

- (a) The instruments that the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Convertible (exchangeable) bond</u>
Market quoted price	Closing price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are approved for financial management.
- (c) When assessing non-standard and low-complexity financial instruments, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- (d) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	2015
	<u>Equity securities</u>
At January 1	\$ 1,282,187
Gains and losses recognised in profit or loss	(32,029)
Acquired in the period	372,453
Transfers into level 3	29,482
Transfers out from level 3	(290,400)
Proceeds from capital reduction	(50,101)
Net exchange differences	10,725
At December 31	<u>\$ 1,322,317</u>

	2014		
	<u>Convertible bonds</u>	<u>Equity securities</u>	<u>Total</u>
At January 1	\$ -	\$ 1,108,688	\$ 1,108,688
Acquired in the period	28,844	483,576	512,420
Gains and losses recognised in profit or loss	-	(28,420)	(28,420)
Gains recognised in other comprehensive income	-	15,549	15,549
Transfers out from level 3	-	(238,579)	(238,579)
Proceeds from capital reduction	-	(18,112)	(18,112)
Transfer from convertible bonds to equity securities	(28,844)	31,201	2,357
Net exchange differences	-	(71,716)	(71,716)
At December 31	<u>\$ -</u>	<u>\$ 1,282,187</u>	<u>\$ 1,282,187</u>

G. As Nien Made Enterprise Co., Ltd., Crystalvue Medical Corporation, Enterex International Limited and Man Zai Industrial Co., Ltd. became listed and emerging companies in Taiwan in 2014 and 2015, there was enough observable market data available. Thus, the Group has transferred the fair value amount from Level 3 to Level 1 at the end of the month when the above companies became publicly listed. As Lustrous Technology Ltd. terminated the trading of its stocks on TPEX on November 3, 2015, the Group has transferred the fair value amount from Level 1 to Level 3 at the end of the month.

H. Investment department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and periodical review. Investment property is evaluated regularly by the Group's financial treasury based on the valuation methods and assumptions announced by the Financial Supervisory Commission,

Securities and Futures Bureau.

The capital department establishes valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS. The related valuation results are reported to the management monthly. The management is responsible for managing and reviewing valuation processes.

- I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Unlisted shares	\$ 1,322,317	Net asset value	Not applicable	-	Not applicable

- J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		December 31, 2015			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 13,223 (\$ 13,223)

		December 31, 2014			
		Recognised in profit or loss		Recognised in other comprehensive income	
Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets					
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 12,822 (\$ 12,822)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(15) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6 and 7 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland Area, and transactions between the Company indirectly through investees in a third area, Delta Electronics International Ltd. (DEIL-Labuan), Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG), Delta Networks International Ltd. (DNIL-Labuan) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland Area.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group has determined the reportable segments based on the information which is used to make strategic decisions by the Board of Directors. 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: Embedded Power Supplies, Mobile Power, Industrial and medical power supplies, Fans and Cooling Management, Core Components of Information and Communication and other items. Provides global power management and cooling plans and management.
- B. Energy management business: Industrial Automation, Communication Power System, Uninterruptible Power System and Information Centre, Recharging Equipment for Automotive Electronics and Electronic Cars, Renewable Energy, and other items. Provides energy automation plans for factories and buildings.
- C. Smart green life business: Network Devices, Conferencing and Visual Imaging System, LED Lighting Plans, Medical Devices, Innergie Power Consumption Products, Vivitek High Definition Projector and other items.

Because of the change of product classification, the Group's reporting business changed. The prior period information was restated for comparison.

(2) Measurement of segment information

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

(3) Segment information

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

	Year ended December 31, 2015			
	Power electronics business	Energy management business	Smart green life business	Total
Revenue from external customers	\$ 109,794,156	\$ 52,529,350	\$ 38,678,654	\$ 201,002,160
Segment income (Note)	\$ 15,653,107	\$ 6,289,136	\$ 3,741,602	\$ 25,683,845

	Year ended December 31, 2014			
	Power electronics business	Energy management business	Smart green life business	Total
Revenue from external customers	\$ 114,480,481	\$ 36,699,520	\$ 36,847,007	\$ 188,027,008
Segment income (Note)	\$ 18,059,045	\$ 6,074,269	\$ 3,989,482	\$ 28,122,796

Note: Segment income is income after eliminating inter-segment transactions.

(4) Reconciliation information for segment profit (loss)

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

	Year ended December 31, 2015	
	2015	2014
Reportable segments' profit	\$ 25,683,845	\$ 28,122,796
Other segments' loss	(5,184,931)	(5,304,229)
Non-operating income and expenses	4,275,882	3,703,510
Profit before tax and discontinued operations	\$ 24,774,796	\$ 26,522,077

(5) Information on products and services

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

(6) Geographical information

Information about geographic areas for the years ended December 31, 2015 and 2014 were as follows:

	Years ended December 31,			
	2015		2014	
	Revenue	Non-current assets	Revenue	Non-current assets
Mainland China	\$ 111,454,880	\$ 31,042,064	\$ 110,796,379	\$ 31,442,091
USA	33,962,615	3,057,880	29,931,606	1,627
Taiwan	2,008,335	21,823,954	436,612	21,355,701
Others	56,025,831	16,137,269	49,470,523	604,631
	<u>\$ 203,451,661</u>	<u>\$ 72,061,167</u>	<u>\$ 190,635,120</u>	<u>\$ 53,404,050</u>

(7) Major customer information

There are no customers accounting for more than 10% of the Group's operating revenues for the years ended December 31, 2015 and 2014.

Delta Electronics Inc.
Loans to others
Year ended December 31, 2015

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

Table 1

No. (Note a)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note b)	Balance at December 31, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note h)	Amount of transactions with the borrower	Reason for short-term financing operating capital	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Cyntec International Limited	Cyntec (Suzhou) Co. Ltd.	Other receivables - related parties	Yes	\$ 328,250	\$ -	\$ -	0.00%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 10,306,215	\$ 10,306,215	Note g
1	Cyntec International Limited	Cyntec Electronics (Suzhou) Co., Ltd.	Other receivables - related parties	Yes	1,313,000	-	-	0.00%	2	-	Additional operating capital	-	None	-	10,306,215	10,306,215	Note g
2	Eltek Power Systems AS	Eltek S.r.l.	Other receivables - related parties	Yes	21,528	21,528	16,177	3.45%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek Sistemas de Energia Ind. Com. SA	Other receivables - related parties	Yes	433,290	433,290	423,348	3.44%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek Holding AB	Other receivables - related parties	Yes	4,106	4,106	3,949	3.40%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek MEA DMCC	Other receivables - related parties	Yes	223,210	223,210	89,335	3.44%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek Management Invest AS	Other receivables - related parties	Yes	174,369	-	-	0.00%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek Energi Sistemleri Ltd Sirketi	Other receivables - related parties	Yes	104,274	98,475	91,691	3.44%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek s.r.o.	Other receivables - related parties	Yes	428,510	258,336	240,855	3.45%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
2	Eltek Power Systems AS	Eltek AS	Other receivables - related parties	Yes	409,842	409,842	-	0.00%	2	-	Additional operating capital	-	None	-	2,368,477	2,368,477	Note e
3	Eltek AS	Eltek Power Systems AS	Other receivables - related parties	Yes	5,942,481	-	-	0.00%	2	-	Additional operating capital	-	None	-	2,077,230	2,077,230	Note e
4	Eltek Power Sweden AB	Eltek Power Systems AS	Other receivables - related parties	Yes	45,261	-	-	0.00%	2	-	Additional operating capital	-	None	-	45,032	45,032	Note e
5	Eltek Power Ltd	Eltek Power Systems AS	Other receivables - related parties	Yes	206,978	-	-	0.00%	2	-	Additional operating capital	-	None	-	202,136	202,136	Note e
6	Eltek Power Oy	Eltek Power Systems AS	Other receivables - related parties	Yes	30,763	-	-	0.00%	2	-	Additional operating capital	-	None	-	33,618	33,618	Note e
7	Eltek Deutschland GmbH	Eltek Power Systems AS	Other receivables - related parties	Yes	185,989	-	-	0.00%	2	-	Additional operating capital	-	None	-	220,101	220,101	Note f
7	Eltek Deutschland GmbH	E.V.I Electronics Sp.zoo	Other receivables - related parties	Yes	185,989	\$ 185,989	\$ 14,352	3.25%	2	\$ -	Additional operating capital	\$ -	None	\$ -	220,101	\$ 220,101	Note f

No. (Note a)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2015 (Note b)	Balance at December 31, 2015	Actual amount drawn down	Interest rate	Nature of loan (Note b)	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	Footnote
													Item	Value			
8	Elitek Inc.	Elitek Power Systems AS	Other receivables - related parties	Yes	\$ 2,130,359	\$ -	\$ -	0.00%	2	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 2,207,766	\$ 2,207,766	Note e
9	Elitek Power France SAS	Elitek Power Systems AS	Other receivables - related parties	Yes	108,613	-	-	0.00%	2	-	Additional operating capital	-	None	-	94,656	94,656	Note e
10	Elitek Power Pte Ltd	Elitek Power Systems AS	Other receivables - related parties	Yes	1,031,476	-	-	0.00%	2	-	Additional operating capital	-	None	-	1,103,553	1,103,553	Note e
11	Elitek Ventures As	Elitek Power Systems AS	Other receivables - related parties	Yes	271,323	-	-	0.00%	2	-	Additional operating capital	-	None	-	271,311	271,311	Note e
12	Fairview Assets Limited	Deltronics (Netherlands) B.V.	Other receivables - related parties	Yes	8,206,250	8,206,250	8,206,250	0.50%	2	-	Additional operating capital	-	None	-	25,437,019	25,437,019	Note g
13	Delta Networks Holding Ltd.	Deltronics (Netherlands) B.V.	Other receivables - related parties	Yes	7,221,500	7,221,500	7,221,500	0.50%	2	-	Additional operating capital	-	None	-	13,340,543	13,340,543	Note e
14	Delta Electronics (HK) Ltd.	Deltronics (Netherlands) B.V.	Other receivables - related parties	Yes	919,100	919,100	919,100	0.50%	2	-	Additional operating capital	-	None	-	13,903,633	13,903,633	Note d
15	Delta Electro-Optics (Wujiang) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Other receivables - related parties	Yes	1,011,292	-	-	0.00%	2	-	Additional operating capital	-	None	-	1,087,686	1,087,686	Note d
16	Delta International Holding Limited	Deltronics (Netherlands) B.V.	Other receivables - related parties	Yes	984,750	984,750	984,750	0.50%	2	-	Additional operating capital	-	None	-	31,444,283	31,444,283	Note d

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note b: Maximum outstanding balance during the current period was translated into New Taiwan dollars using the exchange rate at December 31, 2015, which the Company reported to the Securities and Futures Bureau.

Note c: Limit on loans granted by the Company to a single party is 20% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Note d: Limit on loans granted by subsidiaries to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements, and limit on total loans is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

Note e: Limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note f: Limit on loans granted by Elitek Deutschland GmbH to individual subsidiary is the lender's net assets based on the latest audited or reviewed financial statements, and limit on total loans to Elitek Power Systems AS and E.V.I. Electronics Sp. Zoo is the lender's net assets based on the latest audited or reviewed financial statements.

Note g:

(1) In accordance with the Cyntec International Limited's Operating Procedures of Fund Lending, when providing short-term financing to foreign companies of which the ultimate parent company directly or indirectly holds 100% of its voting shares, the limit on loans to a single company is the lender's net assets based on the latest audited or reviewed financial statements. The limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

(2) In accordance with the Fairview Assets Limited's Operating Procedures of Fund Lending, when providing short-term financing to foreign companies of which the ultimate parent company directly or indirectly holds 100% of its voting shares, the limit on loans to a single company is the lender's net assets based on the latest audited or reviewed financial statements. The limit on total loans is the lender's net assets based on the latest audited or reviewed financial statements.

Note h: Nature of loans:

(1) Business transaction; 1.

(2) Short-term financing; 2.

Delta Electronics Inc.
Provision of endorsements and guarantees to others
Year ended December 31, 2015

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

Table 2

Number (Note a)	Endorser / guarantor	Party being endorsed/guaranteed		Relationship with the endorser / guarantor (Note f)	Limit on endorsements / guarantees provided for a single party (Note c)	Maximum outstanding endorsement / guarantee amount as of December 31, 2015	Outstanding endorsement / guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement / guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note c)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
		Company name	Company name												
1	Eitek Power Systems AS	Eitek AS		3	\$ 2,487,404	\$ 147,713	\$ -	\$ -	\$ -	0.00%	\$ 6,218,509	Y	N	N	
1	Eitek Power Systems AS	Eitek Power Pte Ltd.		3	2,487,404	460,775	460,775	460,775	-	0.37%	6,218,509	Y	N	N	
1	Eitek Power Systems AS	Eitek Power Sweden AB		3	2,487,404						6,218,509	Y	N	N	Note d
1	Eitek Power Systems AS	OOO Eitek		3	2,487,404						6,218,509	Y	N	N	Note d
1	Eitek Power Systems AS	Eitek Power Ltd.		3	2,487,404	789,360	-	-	-	0.00%	6,218,509	Y	N	N	Note d
1	Eitek Power Systems AS	Eitek Inc.		3	2,487,404						6,218,509	Y	N	N	Note d
1	Eitek Power Systems AS	Eitek Industrial Systems GmbH		3	2,487,404						6,218,509	Y	N	N	Note d
1	Eitek Power Systems AS	Eitek Deutschland GmbH		3	2,487,404						6,218,509	Y	N	N	Note d
2	Eitek AS	Eitek Power Sweden AB		3	2,487,404	19,550	19,550	19,550	-	0.02%	6,218,509	Y	N	N	
2	Eitek AS	Eitek MEA DMCC		3	2,487,404	76,573	76,573	76,573	-	0.06%	6,218,509	Y	N	N	
2	Eitek AS	Eitek Australia Pty Ltd.		3	2,487,404	147,713	147,713	147,713	-	0.12%	6,218,509	Y	N	N	

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note b: In accordance with the Company's Procedures for Provision of Endorsements and Guarantees, limit on total endorsements is 40% of the Company's net assets based on the latest audited or reviewed financial statements, limit on endorsements to a single company is 20% of the Company's net assets based on the latest audited or reviewed financial statements. Limit on total endorsements granted by the Company and subsidiaries is 50% of the Company's net assets based on the latest audited or reviewed financial statements.

Note c: In accordance with Eitek's Procedures for Provision of Endorsements and Guarantees, limit on total endorsements is 5% of the Company's net assets based on the latest audited or reviewed financial statements, and limit on endorsements to a single party is 2% of the Company's net assets based on the latest audited or reviewed financial statements.

Note d: The Company's net assets based on the latest audited or reviewed financial statements.

Note e: The Company's net assets based on the latest audited or reviewed financial statements were \$124,370,175 thousand (2015/12/31)

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

(1) Having business relationship.

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

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Delta Electronics Inc.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Securities held by Delta Electronics Inc.	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics Inc.	Swissray Global Healthcare Holding Limited common stock	None	A available-for-sale financial assets	27,722,000	\$ 956,409	19.55	\$ 956,409	-
Delta Electronics Inc.	Neo Solar Power Corp. common stock	None	A available-for-sale financial assets	161,590,296	3,926,644	18.83	3,926,644	-
Delta Electronics Inc.	Others	None	-	-	332,374	-	332,374	-
Delta Electronics Capital Company	Binhai Investment Company Limited convertible bonds	None	Financial assets at fair value through profit or loss - current	-	111,829	-	111,829	-
Delta Electronics Capital Company	SynCardia Systems, Inc. convertible bonds	None	Financial assets at fair value through profit or loss - non-current	-	111,866	-	111,866	-
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	A available-for-sale financial assets	1,809,000	138,750	1.11	138,750	-
Delta Electronics Capital Company	Crystalvue Medical Corp. common stock	None	A available-for-sale financial assets	2,171,000	104,512	10.14	104,512	-
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	A available-for-sale financial assets	1,833,043	414,268	0.63	414,268	-
Delta Electronics Capital Company	Globalwafers Co., Ltd. common stock	None	A available-for-sale financial assets	1,401,300	108,741	0.38	108,741	-
Delta Electronics Capital Company	SynCardia Systems, Inc. preferred shares	None	A available-for-sale financial assets	2,338,130	102,388	6.65	102,388	-
Delta Electronics Capital Company	ERM Technologies, Inc. common stock	None	-	-	1,225,950	-	1,225,950	-
Cyntec Co., Ltd.	SUSUMU Co., Ltd. stock	None	Financial assets carried at cost - non-current	200,000	104,081	11.53	104,081	-
Cyntec Co., Ltd.	LUXTERA, INC. stock	None	Financial assets carried at cost - non-current	52,056,222	313,220	3.60	313,220	-
Delta International Holding	Solarflare Communications, Inc. preferred shares	None	A available-for-sale financial assets	9,547,235	313,388	4.05	313,388	-
Delta International Holding	Mentis Technology, Inc. (Formerly: Mentis Technology, LLC), etc.	None	-	-	148,791	-	148,791	-
Delta America Ltd	VPT, Inc.	None	Financial assets carried at cost - non-current	860,000	5,744	17.52	5,744	-

Table 3-I

Delta Electronics Inc.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2015		Addition		Number of shares	Amount	Number of shares	Amount	Disposal		Balance as at December 31, 2015	
					Number of shares	Amount	Number of shares	Amount					Number of shares	Amount	Number of shares	Amount
Delta Electronics Inc.	Dynapack International Technology Corporation	Available-for-sale financial assets - current	Stock Exchange Market	None	5,013,459	\$ 369,492	-	\$ 349,622	5,013,459	\$ 316,637	-	\$ -	-	-	-	-
Delta Electronics Inc.	Swissray Global Healthcare Holding Limited	Available-for-sale financial assets - non-current	Stock Exchange Market	None	-	-	27,722,000	956,409 (Note a)	-	-	-	-	-	-	27,722,000	956,409
Delta Electronics Inc.	Delttronics (Netherlands) B.V.	Investments accounted for using equity method	Delttronics (Netherlands) B.V.	Subsidiary	4,765,000	336,354	20,909,091	953,093 (Note b)	-	-	-	-	-	-	25,674,091	1,289,447
Delta International Holding	Delttronics (Netherlands) B.V.	Investments accounted for using equity method	Delttronics (Netherlands) B.V.	Affiliated enterprise	-	-	260,416,667	19,556 (Note c)	-	-	-	-	-	-	260,416,667	19,556
Delta International Holding	Apex Overseas Financial Investment Limited	Investments accounted for using equity method	Apex Overseas Financial Investment Limited	Affiliated enterprise	-	-	-	2,148,806 (Note d)	-	-	-	-	-	-	-	2,148,806
Delta International Holding	Galaxy Star Overseas Financial Investment Limited	Investments accounted for using equity method	Galaxy Star Overseas Financial Investment Limited	Affiliated enterprise	-	-	-	2,148,806 (Note e)	-	-	-	-	-	-	-	2,148,806
Delta International Holding	Jade Overseas Financial Investment Limited	Investments accounted for using equity method	Jade Overseas Financial Investment Limited	Affiliated enterprise	-	-	-	2,148,806 (Note f)	-	-	-	-	-	-	-	2,148,806
Delttronics (Netherlands) B.V.	Elitek Power Systems AS	Investments accounted for using equity method	Acquired in open market	None	-	-	329,205,923	16,501,498 (Note e)	-	-	-	-	-	-	329,205,923	16,501,498
Delttronics (Netherlands) B.V.	Optovue, Inc.	Investments accounted for using equity method	Optovue, Inc.	None	-	-	3,750,000	984,750 (Note f)	-	-	-	-	-	-	3,750,000	984,750
Delttronics (Netherlands) B.V.	Delta America Ltd	Investments accounted for using equity method	Delta America Ltd	None	350,000	31,128	7,829,182	782,524 (Note g)	-	-	-	-	-	-	8,179,182	782,524

Note a: The amount is the book value of financial assets added by the valuation measured using fair value.
 Note b: Delta Electronics Inc. increased investment by \$910,577 in Swissray Global Holding Limited in September 2015, which includes book value of financial assets and by the valuation measured using fair value.
 Note c: Delta Electronics Inc. increased investment by \$708,379 in DEN in June 2015, which includes adjustments in profit (loss) and net value of associates recognised by the Delta Electronics Inc.

Note d: Delta International Holding Ltd. participated in the capital increase of Deltronics (Netherlands) B.V. by investing \$15,430,000 in April 2015, which includes recognition of adjustments in profit (loss). Deltronics (Netherlands) B.V. returned \$15,429,999 in June 2015 for the proceeds from capital reduction.

Note e: Delta International Holding Ltd. acquired Apex Overseas Financial Investment Limited, Galaxy Star Overseas Financial Investment Limited and Jade Overseas Financial Investment Limited for \$4,154,405 in August 2015, and indirectly obtained 45% minority share interests of Delta Video Display System (Wujiang) Ltd., Delta Electronics Components (Wujiang) Ltd., Delta Electronics (Jiangsu) Ltd. and Delta Elector-Optics (Wujiang) Ltd., which includes recognition of adjustments in profit (loss) of \$2,148,806.

Note f: Deltronics (Netherlands) B.V. increased investment by \$15,342,558 in April 2015, which includes recognition of adjustments in profit (loss) and net value of associates.

Note g: Deltronics (Netherlands) B.V. increased investment by \$673,640 in Delta America Ltd. in July 2015, which includes recognition of adjustments in profit (loss) and net value of associates.

Delta Electronics Inc.
 Acquisition of real estate reaching \$300 million or 20% of paid-in capital
 Year ended December 31, 2015
 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5
 ENGINEERING

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other counterparty commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Delta Electronics Inc.	Taoyuan No.5 Factory	2015.12.28	\$ 1,330,665	Acquired by cash	Li Jin Engineering Co., Ltd	-	-	-	-	Construction contract	Production, research and administrative affairs	Note	

Delta Electronics Inc.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Delta Electronics Inc.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	\$ 285,117	0.75	75 days	-	\$ 86,996	1.18	
Delta Electronics Inc.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	179,332	0.47	75 days	-	21,591	0.29	
Delta Electronics Inc.	Cyntec Electronics (Suzhou) Co., Ltd.	Affiliated enterprise	Sales	246,331	0.65	75 days	-	-	-	
Delta Electronics Inc.	Delta Electronics Intl (Singapore) Pte. Ltd.	Subsidiary	Sales	10,598,145	27.97	75 days	-	1,584,698	21.42	
Delta Electronics Inc.	Delta Energy Systems (Singapore) Pte. Ltd.	Associate	Sales	293,070	0.77	75 days	-	87,420	1.18	
Delta Electronics Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales	144,464	0.38	75 days	-	5,664	0.08	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics International Ltd.	Affiliated enterprise	Sales	358,002	0.17	75 days	-	-	-	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	7,652,845	3.59	75 days	-	1,457,580	3.03	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	18,277,582	8.57	75 days	-	3,778,026	7.85	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	16,406,574	7.69	75 days	-	1,551,998	3.22	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	9,127,959	4.28	75 days	-	822,623	1.71	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	4,827,886	2.26	75 days	-	1,041,965	2.16	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	1,685,901	0.79	75 days	-	471,316	0.98	
Delta Electronics Intl (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co. Ltd.	Affiliated enterprise	Sales	467,052	0.22	75 days	-	86,945	0.18	
Delta Electronics Intl (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	3,424,671	1.61	75 days	-	592,647	1.23	
Delta Electronics Intl (Singapore) Pte. Ltd.	Wuhu Delta Technology Co., Ltd.	Affiliated enterprise	Sales	116,190	0.05	75 days	-	23,878	0.05	

Table 6-1

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	\$ 1,665,088.00	0.78	75 days	-	-	\$ 417,273	0.87	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	18,392,210	8.63	75 days	-	-	5,254,273	10.92	
Delta Electronics Int'l (Singapore) Pte. Ltd.	PreOptix (Jiangsu) Co., Ltd.	Affiliated enterprise	Sales	125,551	0.06	75 days	-	-	33,394	0.07	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico SA de CV	Affiliated enterprise	Sales	106,797	0.05	75 days	-	-	49,725	0.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	Sales	475,856	0.22	75 days	-	-	111,219	0.23	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	790,912	0.37	75 days	-	-	215,556	0.45	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	12,889,228	6.04	75 days	-	-	4,072,464	8.46	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	17,829,439	8.37	75 days	-	-	4,121,369	8.56	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	Sales	20,198,863	9.47	75 days	-	-	6,531,801	13.57	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B.V.	Affiliated enterprise	Sales	1,344,463	0.63	75 days	-	-	368,948	0.77	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Switzerland) AG	Associate	Sales	671,100	0.31	75 days	-	-	45,025	0.09	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales	225,567	0.11	75 days	-	-	15,585	0.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd	Associate	Sales	493,704	0.23	75 days	-	-	171,965	0.36	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	Sales	918,598	0.43	75 days	-	-	240,840	0.50	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta India Electronics Pvt. Ltd.	Associate	Sales	775,011	0.36	75 days	-	-	211,999	0.44	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	376,894	0.18	75 days	-	-	19,675	0.04	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Australia) Pty. Ltd.	Associate	Sales	185,069	0.09	75 days	-	-	39,574	0.08	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Affiliated enterprise	Sales	1,280,247	0.60	75 days	-	-	324,368	0.67	

Table 6-2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Associate	Sales	\$ 663,475	0.31	75 days	-	-	\$ 217,661	0.45	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasi) S.A.	Associate	Sales	190,173	0.09	75 days	-	-	110,437	0.23	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	179,359	0.08	75 days	-	-	50,842	0.11	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	277,594	0.15	75 days	-	-	88,009	0.22	
Pre Optix (Jiang Su) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	516,610	0.97	75 days	-	-	57,797	1.00	
Delta Products Corporation	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	179,710	6.78	75 days	-	-	19,476	4.76	
Delta Products Corporation	Delta Electronics (Thailand) Public Company Limited	Affiliated enterprise	Purchases	669,722	32.02	75 days	-	-	147,085	26.80	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	19,978,963	85.88	75 days	-	-	4,807,907	93.29	
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	983,362	98.83	75 days	-	-	-	-	
Delta Networks, Inc. (Taiwan)	Delta Electronics Inc.	Affiliated enterprise	Sales	1,187,837	25.68	75 days	-	-	118,326	14.67	
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Corp.	Affiliated enterprise	Sales	1,312,753	38.18	75 days	-	-	340,068	42.16	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	9,478,424	80.02	75 days	-	-	2,151,888	74.85	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliate	Sales	823,010	6.95	75 days	-	-	270,732	9.42	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	22,486,281	92.24	75 days	-	-	5,427,090	90.64	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliate	Sales	1,342,775	5.51	75 days	-	-	386,108	6.45	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	Affiliate	Sales	459,104	1.80	75 days	-	-	130,216	2.17	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliate	Sales	5,561,232	13.93	75 days	-	-	1,580,804	34.48	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	34,133,790	85.52	75 days	-	-	2,917,888	63.64	

Table 6-3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliate	Sales	\$ 108,360	0.27	75 days	-	-	\$ 39,239.00	0.86	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliate	Sales	6,417,666	33.99	75 days	-	-	2,071,126	62.28	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	12,201,883	64.63	75 days	-	-	1,159,984	34.88	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliate	Sales	161,063	0.85	75 days	-	-	45,016	1.35	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliate	Sales	2,412,562	32.93	75 days	-	-	839,912	65.75	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	4,827,235	65.89	75 days	-	-	430,298	33.69	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	7,147,813	100.00	75 days	-	-	1,350,504	100.00	
Wuhu Delta Technology Co., Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliate	Sales	349,954	70.40	75 days	-	-	71,683	68.08	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliate	Sales	5,737,605	100.00	75 days	-	-	948,575	100.00	
Chenzhou Delta Technology Co. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliate	Sales	847,115	26.53	75 days	-	-	258,273	31.91	
Chenzhou Delta Technology Co. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliate	Sales	2,196,417	68.78	75 days	-	-	545,882	67.45	
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	Sales	10,868,760	54.15	75 days	-	-	3,160,465	52.60	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	336,787	1.68	75 days	-	-	22,436	0.37	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	219,150	1.09	75 days	-	-	11,901	0.20	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	165,534	0.82	75 days	-	-	14,043	0.23	
Delta Electronics (Japan) Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	489,644	13.75	75 days	-	-	125,114	19.94	
Cyntec Co., Ltd.	Cyntec International Limited - LABUAN	Affiliated enterprise	Sales	2,117,778	53.16	(Note a)	-	-	253,721	43.26	

Table 6-4

Purchaser/seller	Counterparty	Relationship with the counterparty enterprise	Transaction				Differences in transaction term compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Cyntec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	\$ 231,542	5.81	(Note a)	-	-	\$ 69,643	11.87	
Cyntec (Suzhou) Co., Ltd.	Cyntec International Limited - LABUAN	Affiliated enterprise	Sales	1,263,208	64.38	(Note b)	-	-	-	-	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Limited - LABUAN	Affiliated enterprise	Sales	7,158,806	100.03	(Note b)	-	-	1,393,305	100.00	
Cyntec International Limited - LABUAN	Cyntec Co., Ltd.	Affiliated enterprise	Sales	900,441	5.63	(Note b)	-	-	170,342	3.43	
Cyntec International Limited - LABUAN	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	577,672	3.61	(Note b)	-	-	165,978	3.31	
Cyntec (Suzhou) Co., Ltd.	Cyntec Electronics (Suzhou) Co., Ltd.	Affiliated enterprise	Sales	698,839	35.62	(Note b)	-	-	-	-	

Note a: Selling price was the same with the third parties. The credit term to related parties is 60-90 days after monthly billings, while 30-120 days after monthly billings for the third parties.

Note b: Selling price is based on purchasing price plus administration fees and related costs. The collection term to related parties of the Delta Group is 75 days starting from the next month after the sale, and to third parties is receipt in advance or 30-120 days after the delivery.

Delta Electronics Inc.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2015

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

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	\$ 1,584,698	5.10	\$ -	-	\$ 1,584,698	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,457,580	4.62	-	-	1,457,580	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	3,778,026	4.14	-	-	3,778,026	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	1,551,998	10.09	-	-	14,136	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	822,623	10.24	-	-	769	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	1,041,965	5.11	-	-	141,460	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	471,316	3.47	-	-	-	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	592,647	6.03	-	-	341,735	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	417,273	3.39	-	-	294,651	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	5,254,273	4.61	-	-	2,122,693	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vivitek Corporation	Affiliated enterprise	111,219	4.12	130	-	21,464	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	215,556	6.69	-	-	140,971	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	4,072,464	6.33	-	-	1,566,326	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	4,121,369	8.48	3,693	-	377,488	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	Ultimate parent company	6,531,801	2.76	-	-	2,245,038	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Deltronics (Netherlands) B. V.	Affiliated enterprise	368,948	4.53	-	-	42,052	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (USA) Corporation	Associate	240,840	4.44	-	-	140,105	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt. Ltd.	Associate	171,965	4.38	-	-	48,945	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta India Electronics Pvt. Ltd.	Associate	211,999	4.57	3,060	-	39,030	-

Table 7-I

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Products Corporation	Affiliated enterprise	\$ 324,368	4.33	\$ -	-	\$ 96,179	\$ -
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Associate	217,661	3.19	-	-	89,176	-
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Associate	110,437	1.32	1,649,854	-	22,027	-
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	4,807,907	8.31	-	-	4,807,907	-
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	202,726	0.96	-	-	202,726	-
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Corp.	Affiliated enterprise	340,068	3.78	-	-	258,111	-
Delta Networks, Inc. (Taiwan)	Delta Electronics Inc.	Affiliated enterprise	118,326	20.08	-	-	118,326	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,151,888	4.43	-	-	2,151,888	-
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	270,732	3.36	-	-	186,570	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	5,427,090	4.30	-	-	5,427,090	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	386,108	3.19	-	-	247,034	-
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Networks (Dongguan) Ltd.	Affiliate	130,216	4.82	-	-	1,110	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	1,580,804	3.79	-	-	1,076,329	-
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,917,888	11.07	-	-	2,917,888	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	2,071,126	4.20	-	-	1,260,567	-
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,159,984	11.33	-	-	1,159,984	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	839,912	3.18	-	-	515,542	-
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	430,298	10.01	-	-	430,298	-
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,350,504	10.92	-	-	1,001,163	-
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	948,575	6.11	-	-	788,055	-
Chenzhou Delta Technology Co. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	258,273	3.17	-	-	-	-
Chenzhou Delta Technology Co. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	545,882	3.82	-	-	352,327	-
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	3,160,465	3.50	-	-	1,966,389	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note a)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note b)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Japan) Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	\$ 125,114	3.77	-	-	\$ 44,806	-
Cyntec Co., Ltd.	Cyntec International Limited - LABUAN	Affiliated enterprise	253,721	8.12	-	-	183,270	-
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Limited - LABUAN	Affiliated enterprise	1,393,305	6.64	-	-	1,390,930	-
Cyntec International Limited - LABUAN	Cyntec Co., Ltd.	Affiliated enterprise	170,342	5.86	-	-	170,342	-
Cyntec International Limited - LABUAN	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	165,978	3.76	-	-	100,958	-
Elitek Power Systems AS	Elitek Sistemas de Energia Ind. Com. SA	Affiliated enterprise	423,348	-	-	-	-	-
Elitek Power Systems AS	Elitek s.r.o.	Affiliated enterprise	240,855	-	-	-	-	-
Fairview Assets Limited	Deltronics (Netherlands) B.V.	Affiliated enterprise	8,206,250	-	-	-	-	-
Delta Networks Holding Ltd.	Deltronics (Netherlands) B.V.	Affiliated enterprise	7,221,500	-	-	-	-	-
Delta Electronics (H.K.) Ltd.	Deltronics (Netherlands) B.V.	Affiliated enterprise	919,100	-	-	-	-	-
Delta International Holding Limited	Deltronics (Netherlands) B.V.	Affiliated enterprise	984,750	-	-	-	-	-

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

Note b: The amount represents collections subsequent to December 31, 2015 up to March 10, 2016.

Delta Electronics Inc.

Significant inter-company transactions during the reporting periods
Year ended December 31, 2015

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

Table 8

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction				Percentage of consolidated total operating revenues or total assets (Note c and g)
				General ledger account	Amount	Transaction terms	\$	
0	Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales	10,598,145	(Note d)	5.21	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	7,632,845	(Note d)	3.76	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	18,277,582	(Note d)	8.98	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	16,406,574	(Note d)	8.06	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	9,127,959	(Note d)	4.49	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	4,827,886	(Note d)	2.37	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	3,424,671	(Note d)	1.68	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Sales	18,392,210	(Note d)	9.04	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Corp.	3	Sales	12,889,228	(Note d)	6.34	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	17,829,439	(Note d)	8.76	
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	2	Sales	20,198,863	(Note d)	9.93	
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	19,978,963	(Note d)	9.82	
3	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	9,478,424	(Note d)	4.66	
4	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	22,486,281	(Note d)	11.05	
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	5,561,232	(Note d)	2.73	

Number (Note a)	Company name	Counterparty	Relationship (Note b)	General ledger account	Transaction		
					Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note c and g)
5	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	\$ 34,133,790	(Note d)	16.78
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	6,417,666	(Note d)	3.15
6	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	12,201,883	(Note d)	6.00
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	2,412,562	(Note d)	1.19
7	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,827,235	(Note d)	2.37
8	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	7,147,813	(Note d)	3.51
9	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	5,757,605	(Note d)	2.83
10	Chenzhou Delta Technology Co. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,196,417	(Note d)	1.08
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	10,868,760	(Note d)	5.34
12	Cyntec Co., Ltd.	Cyntec International Ltd. - LABVAN	3	Sales	2,117,778	(Note e)	1.04
13	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - LABVAN	3	Sales	7,158,806	(Note e)	3.52
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	3,778,026	(Note d)	1.67
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	5,254,273	(Note d)	2.32
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Accounts receivable	4,072,464	(Note d)	1.80
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	4,121,369	(Note d)	1.82
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Inc.	2	Accounts receivable	6,531,801	(Note d)	2.89
2	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	4,807,907	(Note d)	2.12

Table 8-2

Number (Note a)	Company name	Counterparty	Relationship (Note b)	Transaction			Percentage of consolidated total operating revenues or total assets (Note c and g)
				General ledger account	Amount	Transaction terms	
3	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	\$ 5,427,090	(Note d)	2.40
4	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,917,888	(Note d)	1.29
5	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Accounts receivable	3,160,465	(Note d)	1.40
6	Fairview Assets Limited	Deltronics (Netherlands) B.V.	3	Other receivables	8,206,250	(Note f)	3.63
7	Delta Networks Holding Ltd.	Deltronics (Netherlands) B.V.	3	Other receivables	7,221,500	(Note f)	3.19

Note a: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

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

Note f: Lending of capital

Note g: The disclosure requirement for the above disclosed amounts is 1% of the consolidated total assets for balance sheet accounts and 1% of the consolidated total revenue for income statement accounts.

Delta Electronics Inc.
Information on investees
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 9

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014						
Delta Electronics Inc.	Delta International Holding Ltd.	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,680,000	94.00	\$ 60,831,389	\$ 5,452,509	\$ 5,087,935	(Note g)
Delta Electronics Inc.	Delta Networks Holding Ltd.	Cayman Islands	Equity investments	1,377,206	1,377,206	83,800,000	100.00	13,528,054	1,038,482	1,227,126	(Note g)
Delta Electronics Inc.	PreOptix (Hong Kong) Co. Ltd.	Hong Kong	Equity investments	159,935	159,935	5,250,000	39.62	226,264	30,179	11,958	
Delta Electronics Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of thin film opto-electronic devices	15,486,400	12,067,931	1,481,336,711	100.00	30,759,645	4,401,052	4,158,727	(Note g)
Delta Electronics Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	2,500,000	2,500,000	253,814,935	100.00	2,892,476	138,217	138,217	
Delta Electronics Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronics products	7,270	7,270	300,000	100.00	5,959,961	6,739,111	6,002,850	(Note g)
Delta Electronics Inc.	DeBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	800,000	800,000	80,000,000	100.00	87,154	(86,406)	(86,406)	
Delta Electronics Inc.	Allied Material Technology Corp.	Taiwan	Manufacturing and sales of color filter and lease services, etc.	2,113,978	2,710,152	211,400,909	99.97	2,184,602	40,637	40,624	
Delta Electronics Inc.	Vitor Technology Inc.	Taiwan	Research, designing, development, manufacturing and sales of intelligent robot systems and automation engineering, etc.	79,575	-	2,800,000	100.00	66,220	(13,355)	(13,355)	
Delta Electronics Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Designing and experimenting on integrated circuit and information software services	143,135	13,135	14,313,530	98.17	63,403	(24,137)	(19,181)	
Delta Electronics Inc.	Delta Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	114,615	114,615	69,128,140	5.54	7,234,978	6,159,357	1,220,832	(Note g and Note h)
Delta Electronics Inc.	Amita Technologies, Inc.	Taiwan	Manufacturing of lithium polymer batteries and related systems	247,066	247,066	8,197,200	26.93	254,836	25,461	(554)	
Delta Electronics Inc.	Deltronics (Netherlands) B.V.	Netherlands	Sales of electronics products	900,603	192,224	25,674,091	100.00	1,289,447	172,493	171,936	(Note g)
Delta Electronics Inc.	SYN-TEC Automation Co., Ltd.	Taiwan	Manufacturing of electronic parts, etc.	138,600	110,250	15,750,000	100.00	85,661	(40,537)	(29,353)	

Table 9-1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015 (\$)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (\$)	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
Delta Electronics Inc.	Delta Green Life Co., Ltd. (Formerly: Vivitek Corporation)	Taiwan	Main business activities Manufacturing of electronic parts, etc.	\$ 135,083	\$ 135,083	23,650,000	100.00	\$ 100,056	30,205		
Delta Electronics Inc.	Delta America Ltd.	U.S.A.	Equity investments	103,065	103,065	2,100,000	10.26	222,740	36,977	(Note m)	
Delta International Holding Ltd.	Delta Electronics International Ltd.	Malaysia	Sales of electronics products	65,650	65,650	2,000,000	100.00	4,705,513	337,213	(Note a and g)	
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments	10,779,634	10,779,634	2,549,297,600	100.00	34,759,082	4,315,136	(Note a)	
Delta International Holding Ltd.	DAC Holding (Cayman) Ltd.	Cayman Islands	Equity investments	529,804	529,804	22,200,000	100.00	353,543	2,376	(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	93,845	93,845	5,600	100.00	273,692	47,772	(Note a)	
Delta International Holding Ltd.	Digital Projection International Ltd.	Britain	Equity investments	375,529	375,529	19,249,667	41.00	289,371	(16,581)	(Note a)	
Delta International Holding Ltd.	PreOptix (HongKong) Co., Ltd.	Hong Kong	Equity investments	262,600	262,600	8,000,000	60.38	328,270	29,536	(Note a)	
Delta International Holding Ltd.	Delta Power Sharp Ltd.	Hong Kong	Operations management and engineering services	42,451	42,451	10,000,000	100.00	63,128	(15)	(Note a)	
Delta International Holding Ltd.	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	16,413	16,413	500,000	100.00	140,584	16,128	(Note a)	
Delta International Holding Ltd.	Ace Pillar Holding Ltd.	Samoa	Equity investments	448,241	448,241	2,858,718	100.00	508,400	25,383	(Note a)	
Delta International Holding Ltd.	Drake Overseas Financial Investment Ltd.	British Virgin Islands	Equity investments	-	5,649,719	-	0.00	-	(13,610)	(Note a)	
Delta International Holding Ltd.	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	5,649,719	-	304,504,306	100.00	6,331,833	319,913	(Note a)	
Delta International Holding Ltd.	Delta Electronics International Mexico SA DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	-	-	1	0.00	-	(5,589)	(Note a)	
Delta International Holding Ltd.	Vivitek Corporation	U.S.A.	Sales of projector products	49,238	49,238	9,000,000	100.00	66,833	(12,185)	(Note a)	
Delta International Holding Ltd.	Delta Greentech SGP Pte Ltd.	Singapore	Equity investments	916,824	916,824	12,175,470	100.00	906,545	53,342	(Note a)	
Delta International Holding Ltd.	Delta Electronics Europe Limited	Britain	Maintenance centre and providing support service	120,140	120,140	500,000	100.00	115,854	4,997	(Note a)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote (Note a)
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value			
Delta International Holding Ltd.	Boom Treasure Limited	Hong Kong	Equity investments	\$ 2,859,743	\$ 2,859,743	1	100.00	\$ 2,801,731	\$ 163,522	\$ 32,993	
Delta International Holding Ltd.	Apex Overseas Financial Investment Limited	British Virgin Islands	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
Delta International Holding Ltd.	Galaxy Star Overseas Financial investment Limited	British Virgin Islands	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
Delta International Holding Ltd.	Jade Overseas Financial Investment Limited	British Virgin Islands	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
Apex Overseas Financial Investment Limited	Apex Investment (HK) Limited	Hong Kong	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
Galaxy Star Overseas Financial investment Limited	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
Jade Overseas Financial Investment Limited	Jade Investment (HK) Limited	Hong Kong	Equity investments	4,147,250	-	1	100.00	2,148,806	160,101	157,403	
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	34,466	34,466	252,002	100.00	2,990	(5,589)	(5,589)	
Drake Overseas Financial Investment Ltd.	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	-	1,281,456	-	0.00	-	-	-	
Delta International Holding Ltd.	Deltronics (Netherlands) B.V.	Netherlands	Sales of electronics products	1	-	260,416,667	0.00	19,556	174,467	18,901	
Delta Networks Holding Ltd.	Delta Networks, Inc.	Cayman Islands	Equity investments	5,838,221	5,838,221	1,196,886,000	100.00	3,153,921	883,921	878,101	
Delta Networks Inc.	Delta Networks (H.K.) Limited	Hong Kong	Equity investments	1,148,875	1,148,875	35,000,000	100.00	2,990,607	476,961	476,961	
Delta Networks Holding Ltd.	Delta Networks, Inc. (Taiwan)	Taiwan	Manufacturing and design of networking system and peripherals	466,816	466,816	50,040,838	100.00	2,307,836	340,637	340,569	
Delta Networks Inc.	Delta Networks International Ltd. (Labuan)	Malaysia	Equity investments	32,825	32,825	1,000,000	100.00	176,613	(42,344)	199,323	
Delta Networks Inc.	DNI Logistics (USA) Corp.	U.S.A	Research, development, design, manufacturing and sales of networking system and peripherals	18,253	18,253	500,000	100.00	61,993	10,586	10,586	
Cyntec Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,112,600	32,740,062	100.00	25,437,019	4,519,266	4,519,266	

Table 9-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Footnote
				Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership %	Book value			
Cyntec Co., Ltd.	POWER FOREST TECHNOLOGY INC.	Taiwan	Design of power management IC	\$ 55,368	\$ -	3,076,000	21.00	\$ 56,463	\$ 27,254	\$ 1,095	(Note f)
Deltronics (Netherlands) B.V. (DEN)	Elitek Power Systems AS	Norway	Equity investments	16,319,523	-	329,205,923	100.00	16,501,498	665,613	130,197	(Note i)
Deltronics (Netherlands) B.V. (DEN)	Delta America Ltd	U.S.A	Equity investments	754,433	-	8,179,182	39.95	782,524	37,146	13,777	(Note i and m)
Deltronics (Netherlands) B.V. (DEN)	Optovue, Inc.	U.S.A	Research, development, design, manufacturing and sales of medical equipment	984,750	-	3,750,000	24.07	984,750	8,979	-	(Note i)
Elitek Power Systems AS	Elitek AS	Norway	Equity investments, trading, research, development of products and operation of the organization	5,609,280	-	93,531,101	100.00	5,609,280	665,613	130,197	(Note j)
Elitek Power Systems AS	Elitek Energy Holding Inc.	U.S.A	Equity investments	370,774	-	297	9.90	370,774	-	-	(Note j and k)
Delta America Ltd.	Delta Products Corporation	U.S.A	Research, development, design, manufacturing and sales of networking system and peripherals	247,969	247,969	250,000	100.00	803,556	34,865	34,865	
Delta America Ltd.	Delta Solar Solutions LLC	U.S.A	Equity investments	74,513	73,200	-	100.00	73,945	(2,140)	(2,140)	

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

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

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

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

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

Note f: Investment income / loss recognised by Cyntec Co., Ltd.

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

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

Note i: Investment income / loss recognised by Deltronics (Netherlands) B.V.

Note j: Investment income / loss recognised by Elitek Power Systems AS.

Note k: Elitek AS holds 2,703 shares in Elitek Energy Holding Inc. which is 90.1% and the shareholding ratio together with Elitek Power Systems AS is 100.0%.

Note l: On July 28, 2015, Delta Networks Inc. has declared to issue the common stock of Delta Networks, Inc. (Taiwan) to Delta Networks Holding Ltd. The effective date for issuance of dividends was set on November 5, 2015.

The investment gain (loss) in Delta Networks Inc. was recognised by \$203,395 for the year ended December 31, 2015.

Note m: Delta Electronics Inc. holds 2,100,000 shares in Delta America Ltd., which is 10.26% and the shareholding ratio together with Deltronics (Netherlands) B.V. is 50.21%.

Delta Electronics Inc.
Information on investments in Mainland China
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 10

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note aa)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Electronics (Dongguan) Co., Ltd.	Main business activities Manufacturing and sales of transformers and power supplies	\$ 3,210,013	Invested by DHK	\$ 2,206,857	-	\$ -	\$ 2,206,857	\$ 445,886	94.00	\$ 413,995	\$ 4,664,217	\$ 317,090	(Note c and s)
Delta Greentech (China) Co., Ltd.	Manufacturing and sales of uninterruptible power supply	2,872,069	Invested by DHI, Ace, Drake and DGSG	9,582,403	-	-	9,582,403	703,646	90.16	608,157	4,764,051	-	(Note d and t)
Delta Electronics Power (Dongguan) Co., Ltd.	Manufacturing and sales of power supplies	1,381,933	Invested by DHK	555,399	-	-	555,399	601,227	94.00	564,639	3,592,606	441,036	(Note f and s)
Delta Electronics (Shanghai) Co., Ltd.	Product design and management consulting service, etc.	4,010,632	Invested by DHK	-	-	-	-	1,189,531	94.00	1,113,556	7,217,065	-	(Note i and s)
Delta Electronics (Wuhu) Co., Ltd.	Manufacturing and sales of power supplies and transformers	4,398,550	Invested by DHK	185,133	-	-	185,133	397,005	94.00	372,921	4,718,110	-	(Note j and s)
Delta Electronics (Chenzhou) Co., Ltd.	Manufacturing and sales of power supplies and transformers	2,067,975	Invested by DHK	-	-	-	-	240,665	94.00	230,438	2,693,972	-	(Note l and s)
Delta Electronics (Jiangsu) Ltd.	Manufacturing and sales of power supplies	1,313,000	Invested by DHK	678,821	3,712,718	-	4,391,539	950,829	94.00	649,061	4,104,077	-	(Note y)
Delta Electronics Components (Wujiang) Ltd.	Manufacturing and sales of power supplies	3,867,113	Invested by DHK	1,103,084	5,850,276	-	6,953,360	1,379,197	94.00	1,091,795	8,134,817	57,912	(Note g, p and xy)
Delta Electro-Optics (Wujiang) Ltd.	Manufacturing and sales of peripherals and electronic control equipment	-	Invested by DHK	-	-	-	-	-	-	-	-	-	(Note p)
Delta Video Display System (Wujiang) Ltd.	Manufacturing and sales of various projectors	951,925	Invested by DHK	220,617	1,236,432	-	1,457,049	200,108	94.00	136,284	1,564,004	-	(Note h and y)
Delta Electronics (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	65,650	Invested by DHK	12,342	-	-	12,342	18,957	94.00	17,820	245,671	-	(Note o and s)
Delta Green (Tianjin) Industries Co., Ltd.	Manufacturing and sales of transformers and bluetooth module	743,486	Invested by DHK	1,019,229	-	-	1,019,229	(40,803)	94.00	(53,335)	765,506	-	(Note n and s)
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	1,148,875	Invested by DNIHK	1,467,486	-	-	1,467,486	491,081	100.00	491,108	2,892,584	722,150	(Note e and t)
Delta Networks (Shanghai) Ltd.	Design of computer software	65,650	Invested by DNIHK	93,040	-	-	93,040	7,240	100.00	7,240	92,462	-	(Note k and t)

Table 10-1

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note aa)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Investee in Mainland China Delta Networks (Xiamen) Ltd.	Main business activities 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 andouters, with a special program to control a computer or word processor with memory business	\$ 22,978	Invested by DNHK	\$ 22,978	-	-	\$ 22,978	\$ 3,272	100.00	\$ 3,272	\$ 7,097	-	(Note t)
Cynice (Suzhou) Co. Ltd.	Research, development, manufacturing and sales of new-type electronic components and wholesale, import and export of similar products	-	Invested by CHK	-	-	-	-	-	-	-	-	-	(Note z)
Cynice 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	6,630,650	Invested by CHK	6,514,528	-	-	6,514,528	190,734	100.00	190,734	6,936,687	-	(Note u and z)
PreOptix (Jiang Su) Co. Ltd.	Manufacturing and sales of lenses and optical engines for projectors	434,931	Invested by PHK	419,175	-	-	419,175	32,066	96.38	30,422	529,000	-	(Note m and v)
Wuhu Delta Technology Co., Ltd.	Manufacturing and sales of transformers and power supplies	149,166	Invested by DWH	-	-	-	-	697	94.00	655	233,540	-	(Note q)
Delta Energy Technology (Wuhu) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	10,113	Invested by DPEC and DWH	-	-	-	-	661	94.00	621	8,459	-	(Note q)
Chenzhou Delta Technology Co. Ltd.	Manufacturing and sales of transformers and power supplies	128,940	Invested by DCZ	-	-	-	-	88,970	94.00	85,149	349,404	-	(Note q)
Delta Energy Technology (Chenzhou) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	10,113	Invested by DPEC and DCZ	-	-	-	-	205	94.00	193	9,556	-	(Note q)
Delta Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	30,339	Invested by DPEC and DDG	-	-	-	-	9,639	94.00	9,070	158,505	-	(Note q)
Delta Energy Technology (Wujiang) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	20,226	Invested by DPEC and DWO	-	-	-	-	269	94.00	253	19,493	-	(Note q)
Delta Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	50,565	Invested by DPEC and DGC	-	-	-	-	8,918	90.54	8,075	46,856	-	(Note q)
DelBio (Wujiang), Ltd.	Manufacturing, wholesale and retail of medical equipment	131,300	Invested by DelBio	65,650	-	-	131,300	3,465	100.00	3,465	107,013	-	(Note w)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2015 (Note aa)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Electronics (Pingtan) Co., Ltd.	Wholesale of electronic and energy-saving equipment	151,095	Invested by DHK	25,713	128,565	-	154,278 (	6,531)	94.00 (	6,139)	135,979	-	(Note s)
Elitek Energy Technology	Manufacturing and sales of power supplies and others	242,905	Invested by Elitek AS	-	1,230,296	-	1,230,296 (	28,905)	100.00 (	28,905)	348,181	-	(Note x)

Note a: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollars at the average exchange rate of RMB 6.4917 to US\$1 and RMB 5.0565 to NT\$1.
Note b: The accumulated remittance as of January 1, 2015, remitted or collected this period, accumulated remittance as of December 31, 2015 and investment income remitted back as of December 31, 2015 was translated into New Taiwan Dollars at the average exchange rate of NTD 32.825 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\$291,924 permitted by Investment Commission, the capitalization of earnings of US\$980 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note e: Except for the facility of US\$44,706 permitted by Investment Commission, the capitalization of earnings of US\$11,312 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note f: Except for the facility of US\$16,920 permitted by Investment Commission, the capitalization of earnings of US\$22,654 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note g: Except for the facility of US\$112,004 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\$44,388 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 i: The capitalization of earnings of US\$110,401 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note j: 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 k: Except for the facility of US\$2,834 permitted by Investment Commission, the capitalization of earnings of US\$928 permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.
Note l: The earnings transferred to investment in Delta Electronics (Chenzhou) Co., Ltd. is US\$59,220 thousand approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is not included in the Company's investments in Mainland China.
Note m: 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 n: 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 o: 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 p: Delta Electro-optics (Wujiang) Ltd. was merged into Delta Electronics Components (Wujiang) Ltd. in 2015. Under the merger, Delta Electro-optics (Wujiang) Ltd. was the dissolved company and the effective date was set on December 28, 2015.
Note q: According to the regulations of the Investment Commission, the reinvestment of the investee companies in Mainland China is not required to obtain the approval of the Investment Commission, thus the investment amounts are excluded from the calculation of the Company's ceiling of investment amount in Mainland China.
Note r: Jointly invested through Delta International Holding Ltd., Ace Pillar Holding Co., Ltd., Drake Investment (H.K.) Ltd., Delta Greentech SGP Pte Ltd and Boom Treasure Limited.
Note s: Invest through Delta Electronics (H.K.) Ltd.
Note t: Invest through Delta Networks (H.K.) Ltd.
Note u: Invest through Cyntec Holding (H.K.) Ltd.
Note v: Invest through PreOptix (Hong Kong) Co., Ltd.
Note w: Invest through DelBio Inc.
Note x: Invest through Deltronics (Netherlands) B.V.
Note y: Invest through Delta Electronics (H.K.) Ltd. and Delta International Holding Ltd.
Note z: Cyntec (Suzhou) Co. Ltd was merged into Cyntec Electronics(Suzhou) Co., Ltd in 2015. Under the merger, Cyntec (Suzhou) Co. Ltd was the dissolved company and the effective date was set on December 24, 2015.
Note aa: The Company recognized investment income / loss based on the reviewed financial statements.

Company name	Accumulated amount remitted from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of Ministry of Economic Affairs (MOEA)	Ceiling of investments in Mainland China imposed by the Investment Commission of MOEA
Delta Electronics Inc. (Note b and e)	\$ 28,269,064	\$ 28,865,033	-
Cyntec Co., Ltd.	6,514,528	6,514,528	14,632,018
DelBio Inc. (Note d)	131,300	131,300	52,292

Table 10-3



- a. The accumulated amount remitted out of Taiwan to Mainland China and investment amount approved by the investment commission was translated into New Taiwan Dollars at the average exchange rate of NTD 32.825 to US\$1 at the balance sheet date.
- b. The investment income of US\$22,000, US\$18,000, US\$10,509 and US\$14,351 were remitted back on March 11, 2011, June 27, 2012, August 14, 2012, June 24, 2009 and December 29, 2005, respectively, from the investee companies in Mainland China and was permitted by Investment Commission on August 3, 2012, August 28, 2012, July 17, 2009 and January 6, 2006, respectively, which are deductible from the Company's accumulated amount remitted out of Taiwan to Mainland China.
- c. According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company and Cytotec Co., Ltd. obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.
- d. Ceiling of \$52,292 is calculated based on DelBio Inc.'s net assets as of December 31, 2015. However, ceiling was \$131,300 at the time when applying for investments.

significant purchases, sales, accounts payable and accounts receivable that the Company directly conducted with investee companies in Mainland China as well as those that the Company indirectly conducted with investee companies in Mainland China through Delta Electronics International Ltd. (DIEL-Labuan), Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG), Delta Networks International Ltd. (DNIL-Labuan) and Cytotec International Ltd. (CIL-Labuan) for the year ended December 31, 2015 are shown in Table 5 and 6.



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