

เอกสารแนบ 6

เอกสารยืนยันการสนับสนุนเงินทุน

To: The Securities and Exchange Commission

Re: Tender Offer to purchase shares of Delta Electronics (Thailand) Public Company Limited

We, Delta Electronics, Inc. ("DEI"), as the only shareholder of Delta Electronics Int'l (Singapore) Pte. Ltd. (the "Offeror") have been informed that the Offeror is planning to conduct a tender offer to purchase shares of Delta Electronics (Thailand) Public Company Limited from the public.

We are pleased to confirm that we have made an available credit facility of up to Baht 70,025,100,704. As of today, none of the above credit facility has been drawn and therefore, the Offeror has available credit facility of Baht 70,025,100,704 in respect of the proposed Tender Offer for the securities of Delta Electronics (Thailand) Public Company Limited. The credit facility will remain available from the date thereof until the completion of the Tender Offer.

Yours sincerely,


Yancey Hai, Chairman
Delta Electronics Inc.

เอกสารแนบ 7

จดหมายประกาศเจตนาที่จะไม่ขายหุ้นให้กับผู้ทำคำเสนอซื้อในการทำคำเสนอซื้อ

4 December 2018

Subject: Notification of intention of decline to sell any of the shares pursuant to the Conditional Voluntary Tender Offer for ordinary shares in Delta Electronics (Thailand) Public Company Limited made by Delta Electronics International (Singapore) Pte. Ltd.

Attention: Mrs. Wang Su-Lin

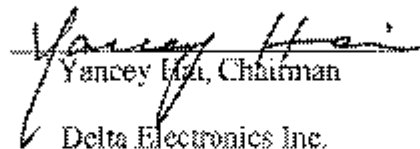
Delta Electronics International (Singapore) Pte. Ltd.

Reference is made to the initiating of the Conditional Voluntary Tender Offer for Ordinary Shares of Delta Electronics (Thailand) Public Company Limited ("DELTA") made by Delta Electronics International (Singapore) Pte. Ltd. ("DEISG") in which, DEISG would like to acquire entire ordinary shares of DELTA, at the offering price of THB [71] per ordinary share during the period of Conditional Voluntary Tender Offer.

We, Delta Electronics, Inc. (the "Company") as of the date of this notification, holding 69,128,140 ordinary shares in DELTA or equivalent to 5.54 percent of the total voting rights in DELTA, would like to notify that the Company has no intention to sell and agrees not to sell any of the aforesaid ordinary shares to DEISG, in any case, during the period of Conditional Voluntary Tender Offer.

Please be informed accordingly.

Yours faithfully,


Yancey Hsu, Chairman
Delta Electronics Inc.

4 December 2018

Subject: Notification of intention of decline to sell any of the shares pursuant to the Conditional Voluntary Tender Offer for ordinary shares in Delta Electronics (Thailand) Public Company Limited made by Delta International (Singapore) Pte. Ltd.

Attention: Mrs. Wang Su-Lin

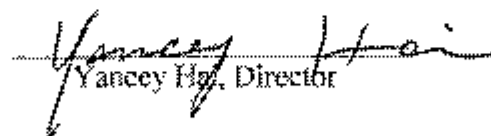
Delta Electronics International (Singapore) Pte. Ltd.

Reference is made to the initiating of the Conditional Voluntary Tender Offer for Ordinary Shares of Delta Electronics (Thailand) Public Company Limited ("DELTA") made by Delta Electronics International (Singapore) Pte. Ltd. ("DEISG") in which, DEISG would like to acquire entire ordinary shares of DELTA, at the offering price of THB 71 per ordinary share during the period of Conditional Voluntary Tender Offer.

We, Delta International Holding Ltd., are a holder of an account at Citi Private Bank, Citibank, N.A. Singapore (the "Citi Private Bank Account") and that the Citi Private Bank Account holds 191,984,450 ordinary shares or equivalent to 15.39 percent of the total voting rights in DELTA (the "Shares"), as of the date of this notification. As Citibank Nominees Singapore Pte Ltd - CBHK - PBOSG - Restricted Shares holds the Shares in our name, we would like to notify that we have no intention to sell and agrees not to sell any of the Shares in the Citi Private Bank Account to DEISG, in any case, during the period of Conditional Voluntary Tender Offer.

Please be informed accordingly.

Yours faithfully,



Yancey Ho, Director

Delta International Holding Ltd.

8 Marina View, #20-01 Tel: 65 6227 9188
Asia Square Tower 1
Singapore 018960

Citi Private Bank



PRIVATE AND CONFIDENTIAL

4 December 2018

Delta International Holding Ltd
186, Ruey Kuang Road, Neihu
Taipei
TAIWAN

Dear Sir/Madam,

RE: Account Number 761807 ("Account")

Pursuant to your request, we hereby confirm that as of 4 December 2018, Delta International Holding Ltd is an account holder at Citi Private Bank, Citibank, N.A. Singapore ("Bank").

As of 3 December 2018, the Account held 191,984,450 shares of DELTA ELECTRONICS (THAILAND) PCL.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Ana Chan".

Ana Chan
Managing Director
Citi Private Bank

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งบการเงินรวมของ Delta Electronics, Inc.

**DELTA ELECTRONICS, INC. AND
SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS**
SEPTEMBER 30, 2018 AND 2017

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.



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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries (the "Group") as of September 30, 2013 and 2017, and the related consolidated statements of comprehensive income for the three-month and the nine-month periods then ended, as well as the related consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standards (IAS) No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on these interim financial statements based on our reviews and the review reports of other independent accountants.

Scope of Review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Generally Accepted Auditing Standards (GAAS) No. 65, "Review of Financial Statements". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3)B and 6(8), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for under equity



method) of \$22,971,297 thousand and \$22,777,757 thousand, constituting 8.98% and 8.82% of the consolidated total assets, and total liabilities of \$8,477,566 thousand and \$8,327,477 thousand, constituting 6.91% and 6.30% of the consolidated total liabilities as of September 30, 2018 and 2017, respectively, and total comprehensive income of \$224,402 thousand and \$430,978 thousand, constituting 4.53% and 7.06% of the consolidated total comprehensive income for the three-month periods then ended, respectively, and \$308,055 thousand and \$418,638 thousand, constituting 2.39% and 4.36% of the consolidated total comprehensive income for the nine-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews and the review reports of other independent accountants, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2018 and 2017, and of its consolidated financial performance for the three-month and the nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the “Rules Governing the Preparation of Financial Reports by Securities Issuers” and IAS No. 34 “Interim Financial Reporting” as endorsed by the FSC.

Other Matter – Review Reports By Other Independent Accountants

We did not review the financial statements of certain consolidated subsidiaries and investment accounted for under the equity method, which statements reflect total assets amounting to \$4,143,755 thousand, constituting 1.62% of the consolidated total assets as of September 30, 2018, and total revenues amounting to \$1,295,582 thousand and \$3,778,757 thousand, constituting 2.04% and 2.19% of total revenues for the three-month and the nine-month periods then ended, respectively. The investment accounted for under the equity method amounted to \$8,049,385 thousand and \$7,180,140 thousand, constituting 3.15% and 2.78% of the consolidated total assets as of September 30, 2018 and 2017, respectively, and the comprehensive income under equity method was \$415,043 thousand and \$376,123 thousand, constituting 8.38% and 6.16% of the consolidated total comprehensive income for the three-month periods then ended, respectively, and \$154,491 thousand and \$699,555 thousand, constituting



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1.20% and 7.28% of the consolidated total comprehensive income for the nine-month periods then ended, respectively. Those financial statements were reviewed by other independent accountants whose reports thereon have been furnished to us, and our conclusion expressed herein, is based solely on the review reports of the other independent accountants.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as of and for the nine-month period ended September 30, 2018 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 \$30.525 to US\$1.00 at September 30, 2018. 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.

Lin, Yu-Kuan

Lin, Yu-Kuan

Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

October 29, 2018

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 review 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 review 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

SEPTEMBER 30, 2018, DECEMBER 31, 2017, AND SEPTEMBER 30, 2017

(EXPRESSED IN THOUSANDS OF DOLLARS)

(THE SEPTEMBER 30, 2018 AND 2017 AMOUNTS ARE UNAUDITED)

Assets	Notes	US Dollars		New Taiwan Dollars	
		September 30, 2018	September 30, 2018	December 31, 2017	September 30, 2017
Current assets					
Cash and cash equivalents	6(1)	\$ 1,921,932	\$ 58,666,961	\$ 57,366,617	\$ 69,058,351
Financial assets at fair value through profit or loss - current	6(2) and 12(4)	24,061	734,469	114,748	78,316
Financial assets at fair value through other comprehensive income - current	6(3)	3,324	101,463	-	-
Available-for-sale financial assets - current	12(4)	-	-	1,141,700	1,460,820
Derivative financial assets for hedging - current	6(4) and 12(4)	-	-	7,061	5,076
Contract assets - current	6(20) and 12(5)	64,852	1,979,603	-	-
Notes receivable, net	6(5)	119,335	3,642,693	4,010,445	3,454,714
Accounts receivable, net	6(5)	1,632,226	49,823,686	49,383,213	48,490,883
Accounts receivable - related parties	7	46,111	1,407,533	1,319,469	1,215,142
Other receivables		33,164	1,012,316	714,556	562,050
Other receivables - related parties	7	2,340	71,416	70,181	69,895
Current income tax assets		13,636	416,238	322,046	489,887
Inventories	6(7)	1,045,777	31,922,350	30,825,402	29,114,684
Prepayments		46,639	1,423,648	1,731,406	2,242,947
Other current assets	8	15,242	465,322	697,034	759,374
Total current assets		4,968,639	151,667,698	147,703,878	157,002,139
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6(2)	\$ 90,580	\$ 2,764,942	\$ -	\$ -
Financial assets at fair value through other comprehensive income - non-current	6(3)	94,283	2,877,989	-	-
Available-for-sale financial assets - non-current	12(4)	-	-	4,720,058	4,807,009
Contract assets - non-current	6(20) and 12(5)	17,142	523,264	-	-
Financial assets carried at cost - non-current	12(4)	-	-	1,147,672	1,082,945
Investments accounted for under equity method	6(8)	303,766	9,272,472	3,434,519	3,260,087
Property, plant and equipment	6(9)	1,488,394	45,439,322	44,338,628	42,974,097
Investment property, net	6(10)	54,393	1,666,462	1,776,411	1,813,596
Intangible assets	6(11)	1,078,522	32,921,873	33,833,648	28,875,254
Deferred income tax assets		202,052	6,167,651	5,836,595	6,134,803
Other non-current assets	6(12) and 8	84,331	2,574,213	2,747,150	7,313,376
Total non-current assets		3,413,863	104,208,188	102,834,681	101,261,167
Total assets		\$ 8,382,502	\$ 255,875,886	\$ 250,538,559	\$ 258,263,306

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2018, DECEMBER 31, 2017, AND SEPTEMBER 30, 2017

(EXPRESSED IN THOUSANDS OF DOLLARS)

(THE SEPTEMBER 30, 2018 AND 2017 AMOUNTS ARE UNAUDITED)

Liabilities and Equity		US Dollars		New Taiwan Dollars	
	Notes	September 30, 2018	September 30, 2018	December 31, 2017	September 30, 2017
Current liabilities					
Short-term borrowings	6(13)	\$	\$	\$	\$
Financial liabilities at fair value through profit or loss -	6(14)				
Contract liabilities - current	6(20) and 12(5)				
Notes payable					
Accounts payable					
Accounts payable - related parties					
Other payables					
Current income tax liabilities					
Other current liabilities					
Total current liabilities					
Non-current liabilities					
Long-term borrowings	6(15)				
Deferred income tax liabilities					
Other non-current liabilities					
Total non-current liabilities					
Total liabilities					
Equity					
Share capital					
Share capital - common stock	6(17)				
Capital surplus	6(18)				
Capital surplus					
Retained earnings	6(19)				
Legal reserve					
Special reserve					
Unappropriated retained earnings					
Other equity interest					
Other equity interest					
Equity attributable to owners of the parent					
Non-controlling interest	4(3)				
Total equity					
Significant contingent liabilities and unrecorded contract commitments	9				
Significant subsequent events	11				
Total liabilities and equity					

The accompanying notes are an integral part of these consolidated financial statements.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

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

(UNAUDITED)

Items	Notes	US Dollars		New Taiwan Dollars		
		Nine months ended September 30, 2018	Three months ended September 30, 2018	2017		2017
Sales revenue	6(20) and 7	\$ 5,647,303	\$ 63,616,800	\$ 59,822,476	\$ 172,383,931	\$ 162,220,465
Operating costs	6(7)(24)(25) and 7	(4,163,334)	(45,842,894)	(43,624,138)	(127,081,865)	(118,023,786)
Gross profit		1,483,969	17,773,906	16,198,338	45,292,066	44,196,679
Operating expenses	6(24)(25)					
Selling expenses		(394,240)	(4,061,099)	(3,845,556)	(12,034,191)	(11,027,841)
General and administrative expenses		(235,628)	(2,628,527)	(2,382,524)	(7,192,535)	(6,928,709)
Research and development expenses		(453,793)	(5,097,332)	(4,511,735)	(13,852,039)	(12,253,924)
Expected credit impairment gain (loss)	12(2)	1,061	(17,371)	-	32,375	-
Total operating expenses		(1,082,600)	(11,804,328)	(10,739,815)	(33,046,390)	(30,210,474)
Operating profit		401,169	5,969,577	5,458,523	12,245,676	13,986,205
Non-operating income and expenses						
Other income	6(21)	98,207	1,196,122	958,548	2,997,775	2,494,507
Other gains and losses	6(22)	(3,280)	6,268	350,408	(100,135)	653,149
Finance costs	6(23)	(12,791)	(150,389)	(52,584)	(390,450)	(242,266)
Share of profit of associates and joint ventures accounted for under equity method	6(8)	24,680	333,754	248,727	753,351	479,744
Total non-operating income and expenses		106,816	1,385,735	1,205,099	3,261,441	3,385,134
Profit before income tax		507,985	7,355,332	6,963,622	15,506,217	17,371,339
Income tax expense	6(26)	(97,647)	(1,124,695)	(1,388,814)	(2,980,662)	(3,519,995)
Profit for the period		\$ 410,338	\$ 6,230,637	\$ 5,574,808	\$ 12,525,555	\$ 13,851,344

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

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

(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars			
		Nine months ended	Three months ended September 30,		Nine months ended September 30,	
		September 30, 2018	2018	2017	2018	2017
Other comprehensive income (loss)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
Gain on remeasurements of defined benefit plans		\$ 1,327	\$ 5,772	\$ 4,132	\$ 40,511	\$ 40,520
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income		(21,884)	5,228	-	(668,019)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will not be reclassified to profit or loss		(81)	496	-	(2,480)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	(328)	1,600	-	(9,966)	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss		(20,966)	13,096	4,132	(639,974)	40,520
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
Financial statements translation differences of foreign operations		30,298	(1,333,903)	606,160	1,333,343	(4,338,920)
Unrealised loss on valuation of available-for-sale financial assets		-	-	(138,018)	-	(343,802)
Hedging instrument gain on effective hedge of cash flow hedges	6(4)	-	-	74,224	-	94,663
Gain on hedging instruments		1,989	128	-	60,702	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method that will be reclassified to profit or loss		(20,517)	91,387	121,526	(626,215)	130,954
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(26)	1,579	(47,992)	(136,883)	48,201	372,889
Components of other comprehensive income (loss) that will be reclassified to profit or loss		33,349	(1,292,180)	527,009	1,017,971	(4,286,216)
Other comprehensive income (loss) for the period		\$ 12,383	(\$ 1,279,084)	\$ 531,141	\$ 371,997	(\$ 4,245,696)
Total comprehensive income for the period		\$ 422,721	\$ 4,951,553	\$ 6,105,949	\$ 12,903,552	\$ 9,605,648

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DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

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

(UNAUDITED)

Items	Notes	US Dollars	New Taiwan Dollars			
			Three months ended September 30,	Nine months ended September 30,		
		Nine months ended September 30, 2018	2018	2017	2018	2017
Profit attributable to:						
Owners of the parent		\$ 397,988	\$ 6,090,310	\$ 5,466,101	\$ 12,148,576	\$ 13,617,732
Non-controlling interest		\$ 12,350	\$ 140,327	\$ 108,707	\$ 376,979	\$ 233,612
Comprehensive income attributable to:						
Owners of the parent		\$ 393,622	\$ 5,356,159	\$ 6,085,988	\$ 12,015,304	\$ 9,846,733
Non-controlling interest		\$ 29,099	(\$ 404,606)	\$ 19,961	\$ 888,248	(\$ 241,085)
Earnings per share (in dollars)	6(27)					
Basic earnings per share		\$ 0.15	\$ 2.35	\$ 2.10	\$ 4.68	\$ 5.24
Diluted earnings per share		\$ 0.15	\$ 2.34	\$ 2.09	\$ 4.65	\$ 5.21

The accompanying notes are an integral part of these consolidated financial statements.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

Equity attributable to owners of the parent													

DELTA ELECTRONICS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF DOLLARS)

(UNAUDITED)

	Equity attributable to owners of the parent												
	Retained earnings					Other equity interest							
		Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements transition differences of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Hedging instrument gain (loss) on effective hedge of cash flow hedges	Gain on hedging instruments	Total	Non-controlling interest	Total equity
2013 US Dollars													
Balance at January 1, 2013	\$ 850,936	\$ 1,387,103	\$ 700,193	\$ 90,672	\$ 1,157,086	\$ 193,672	\$ 155,660	\$ 41,174	\$ 2,638	\$ -	\$ 3,998,142	\$ 301,933	\$ 4,300,075
Effects of retrospective application and retrospective restatement		-	-	-	(36,657)	-	77,830	41,174	(2,638)	2,638	82,347	-	82,347
	Balance after retrospective restatement at January 1, 2018	850,936	1,387,103	90,672	1,120,429	(193,672)	77,830	-	-	2,638	4,080,489	301,933	4,382,422
Profit for the period	-	-	-	-	397,988	-	-	-	-	-	397,988	11,530	410,518
Other comprehensive income (loss) for the period	-	-	-	-	903	15,125	(22,407)	-	-	2,013	(4,366)	16,749	12,383
Comprehensive income (loss) for the period	-	-	-	-	398,891	15,125	(22,407)	-	-	2,013	393,622	28,099	422,721
Distribution of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	60,215	-	(60,215)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	141,536	(141,536)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(425,478)	-	-	-	-	-	(425,478)	-	-	(425,478)
from share of changes in equity of subsidiaries	-	(1,246)	-	(2,053)	-	-	-	-	-	(3,299)	-	(13,282)	(13,282)
Charges in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of equity investment valued at fair value through other comprehensive income	-	-	-	(8)	-	-	3	-	-	-	-	-	-
Balance at September 30, 2018	\$ 850,936	\$ 1,385,857	\$ 700,408	\$ 254,408	\$ 890,040	\$ 1,09,247	\$ 100,229	\$ -	\$ -	\$ 4,051	\$ 4,043,534	\$ 517,720	\$ 4,561,254

The accompanying notes are an integral part of these consolidated financial statements.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars 2018	New Taiwan Dollars 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated profit before tax for the year		\$ 507,985	\$ 15,506,217	\$ 17,371,339
Adjustments to reconcile net income to net cash generated from operating activities				
Income and expenses having no effect on cash flows				
Depreciation	6(9)(10)	222,886	6,803,599	6,035,297
Amortisation	6(11)	54,697	1,669,624	1,377,497
Expected credit impairment (gain) loss	12(2)(4)	(1,061)	(32,375)	234,428
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(22)	5,901	180,138	(161,415)
Interest expense	6(23)	12,814	391,162	242,266
Interest income	6(21)	(18,889)	(576,583)	(433,068)
Dividend income	6(21)	(5,611)	(171,272)	(141,938)
Share-based payment	6(29)	40	1,215	1,540
Share of profit of associates accounted for under the equity method	6(8)	(24,680)	(753,351)	(479,744)
Gain on disposal of property, plant and equipment	6(22)	(7,642)	(233,287)	(100,289)
Gain on disposal of non-current assets held for sales	6(22)	-	-	(373,138)
Loss (gain) on disposal of investments	6(22)	3	81	(243,303)
Impairment loss on financial assets	6(22) and 12(4)	-	-	20,569
Reversal of impairment loss on non-financial assets		-	-	(13)
Changes in assets/liabilities relating to operating activities				
Net changes in assets relating to operating activities				
Financial assets held for trading		-	-	(79,908)
Financial assets mandatorily measured at fair value through profit or loss		3,216	98,182	-
Contract assets	(	( 27,279)	(832,678)	-
Notes receivable		12,048	367,752	98,467
Accounts receivable	(	( 45,152)	(1,378,255)	(794,130)
Accounts receivable - related parties	(	( 2,885)	(88,064)	229,230
Other receivables	(	( 9,755)	(297,760)	177,186
Other receivables - related parties	(	( 40)	(1,235)	34,685
Inventories	(	( 35,936)	(1,096,948)	(3,018,919)
Prepayments		10,082	307,758	450,607
Other current assets		7,432	226,873	(200,338)
Other non-current assets	(	( 3,602)	(109,954)	119,553
Net changes in liabilities relating to operating activities				
Contract liabilities		41,638	1,270,998	-
Notes payable	(	( 67)	(2,045)	6,261
Accounts payable		29,405	897,590	(512,791)
Accounts payable - related parties		4,203	128,311	(115,486)
Other payables	(	( 151,752)	(4,632,224)	(719,364)
Other current liabilities	(	( 26,707)	(815,226)	(741,719)
Other non-current liabilities	(	( 9,637)	(294,179)	(56,143)
Cash generated from operations		541,655	16,534,064	19,710,707
Interest received		17,373	530,297	362,232
Dividends received		23,042	703,361	326,529
Interest paid	(	( 12,709)	(387,929)	(226,822)
Income taxes paid	(	( 133,439)	(4,073,212)	(3,271,782)
Net cash provided by operating activities		435,922	13,306,581	17,400,864

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Notes	US Dollars 2018	New Taiwan Dollars	
		2018	2018	2017
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Disposal of financial assets at fair value through profit or loss		\$ -	\$ -	\$ 55,290
Acquisition of financial assets at fair value through other comprehensive income		(9,474)	(289,199)	-
Disposal of financial assets at fair value through other comprehensive income		3	90	-
Acquisition of available-for-sale financial assets		-	-	(419,778)
Proceeds from disposal of available-for-sale financial assets		-	-	431,861
Proceeds from capital reduction of available-for-sale financial assets		-	-	95,733
Acquisition of investments accounted for under equity method		(6,856)	(209,287)	-
Net cash flow from acquisition of subsidiaries (net of cash acquired)		-	-	(102,907)
Disposal of subsidiaries (net of cash disposed)		-	-	633,010
Increase in prepayment of long-term investment	5(13)	-	-	(4,034,577)
Acquisition of property, plant and equipment	5(9)	(286,191)	(3,735,986)	(9,646,687)
Proceeds from disposal of property, plant and equipment		18,018	550,004	267,717
Acquisition of intangible assets	5(11)	(5,179)	(158,074)	(159,683)
Decrease in other financial assets		159	4,839	39,703
Decrease (increase) in other non-current assets		9,268	282,891	(668,940)
Net cash used in investing activities		(280,252)	(3,554,722)	(13,309,258)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
(Decrease) increase in short-term borrowings		(110,080)	(3,360,202)	7,944,446
Proceeds from long-term debt	5(31)	419,656	12,810,004	17,492,342
Repayment of long-term debt	5(31)	-	-	(32,638)
Cash dividends paid		(425,478)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests		(12,094)	(369,183)	(20,782)
Net cash (used in) provided by financing activities		(127,996)	(3,907,098)	12,345,651
Effects due to changes in exchange rate		14,925	455,583	(2,751,650)
Increase in cash and cash equivalents		42,599	1,300,344	13,485,607
Cash and cash equivalents at beginning of period		1,379,333	57,366,617	55,572,744
Cash and cash equivalents at end of period		\$ 1,921,932	\$ 58,666,961	\$ 69,058,351

The accompanying notes are an integral part of these consolidated financial statements.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANISATION

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 global leaders in power and thermal management solutions and are primarily engaged in the research and development, design, manufacturing and sale of electronic control systems, DC brushless fans, thermal system, and miniaturization key component, industrial automation products, digital display products, communication products, consumer electronics products, energy-saving lighting application, renewable energy applications, EV charging, energy technology services and consulting services of building management and control solutions, etc. The Group's mission statement, to provide innovative, clean and energy-efficient solutions for a better tomorrow, focuses on 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, automation business, and infrastructure business.

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

These consolidated financial statements were reported to the Board of Directors on October 29, 2018.

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")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

- (a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

- (b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

- i. Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

- (i) Under IFRS 15, customer contracts whereby services have been rendered but not yet billed are recognised as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance amounted to \$1,670,189.
- (ii) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to \$700,032.
- (iii) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to \$1,693,773.

- ii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

(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 IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and increased sections as below, the significant accounting policies are identical to those disclosed in the consolidated financial statements for the year ended December 31, 2017. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standard 34, “Interim financial reporting” as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2017.

(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) Financial assets/liabilities at fair value through other comprehensive income.
 - (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.
- C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 and the nine months ended September 30, 2017 were not restated. The financial statements for the year ended December 31, 2017 and the nine months ended September 30, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(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 are consistent 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 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
				September 30, 2018	December 31, 2017	September 30, 2017	
1	Delta International Holding Limited (DIH)	Equity investments	Delta Electronics, Inc.	94	94	94	
2	Delta Networks Holding Limited (DNH)	⌘	⌘	100	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	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
4	PreOptix (Hong Kong) Co., Ltd. (PHK)	Equity investments	Delta Electronics, Inc. and DIH	100	100	100	Note 1 Note 2
5	NeoEnergy Microelectronics, Inc. (NEM)	Designing and experimenting on integrated circuit and information software services	Delta Electronics, Inc.	98.17	98.17	98.17	Note 1 Note 2 Note 3
6	Cyntec Co., Ltd. (Cyntec)	Research, development, manufacturing and sales of film optic-electronics devices	⌘	100	100	100	
7	DelBio Inc. (DelBio)	Manufacturing, wholesale and retail of medical equipment	⌘	100	100	100	Note 1 Note 2
8	Delta Electronics Capital Company (Delta Capital)	Equity investments	⌘	100	100	100	
9	Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG)	Sales of electronic products	⌘	100	100	100	
10	Allied Material Technology Corp. (AMT)	Lease services, etc.	⌘	99.97	99.97	99.97	
11	Delta Green Life Co., Ltd. (DGL)	Providing installation and construction of lighting equipment	⌘	-	100	100	Note 2 Note 5
12	Delta America Ltd. (DAL)	Equity investments	Delta Electronics, Inc., DEN, Castle Horizon Limited and Energy Dragon Global Limited	100	100	100	
13	Delta Electronics (H.K.) Ltd. (DHK)	Equity investments, operations management and engineering services	DIH	100	100	100	
14	Delta Electronics International Limited (DEIL-Labuan)	Sales of electronic products	⌘	-	100	100	Note 6

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
15	DEI Logistics (USA) Corp. (ALI)	Warehousing and logistics services	DIH	100	100	100	
16	Delta Electronics (Japan), Inc. (DEJ)	Sales of power products, display solution products, electronic components, industrial automation products and their materials	⌘	100	100	100	Note 1 Note 2
17	DAC Holding (Cayman) Limited (DAC)	Equity investments	⌘	100	100	100	Note 1 Note 2
18	Ace Pillar Holding Co., Ltd. (Ace)	⌘	⌘	100	100	100	
19	Drake Investment (HK) Limited (Drake-HK)	⌘	⌘	100	100	100	
20	Delta Greentech (China) Co., Ltd. (DGC)	Manufacturing and sales of uninterruptible power systems	DIH, Ace, Drake-HK, DGSG and Boom	95.91	95.91	95.91	
21	Vivitek Corporation (Vivitek)	Sales of projector products and their materials	DIH	100	100	100	Note 1 Note 2
22	Delta Greentech SGP Pte. Ltd. (DGSG)	Equity investments	⌘	100	100	100	
23	Delta Electronics Europe Ltd. (DEU)	Repair centre and providing support services	⌘	100	100	100	Note 1 Note 2
24	Boom Treasure Limited (Boom)	Equity investments	⌘	100	100	100	
25	Apex Investment (HK) Limited (Apex-HK)	⌘	⌘	100	100	100	
26	Galaxy Star Investment (HK) Limited (Galaxy Star-HK)	⌘	⌘	100	100	100	
27	Jade Investment (HK) Limited (Jade-HK)	⌘	⌘	100	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
28	Delta Electronics (Dongguan) Co., Ltd. (DDG)	Manufacturing and sales of transformer and thermal products	DHK	100	100	100	
29	Delta Electronics Power (Dongguan) Co., Ltd. (DEP)	Manufacturing and sales of transformer and power supplies	⌘	100	100	100	
30	Delta Electronics (Shanghai) Co., Ltd. (DPEC)	Product design, management consulting service and distribution of electronic products	⌘	100	100	100	
31	Delta Electronics (Jiangsu) Ltd. (DWJ)	Manufacturing and sales of power supplies and transformers	DHK, Apex-HK, Galaxy Star-HK and Jade-HK	100	100	100	
32	Delta Electronics Components (Wujiang) Ltd. (DWC)	Manufacturing and sales of new-type electronic components, variable-frequency drive and others	⌘	100	100	100	
33	Delta Video Display System (Wujiang) Ltd. (DWV)	Manufacturing and sales of various projectors	⌘	100	100	100	
34	Delta Electronics (Wuhu) Co., Ltd. (DWH)	Manufacturing and sales of LED light source, power supplies and others	DHK	100	100	100	
35	Delta Electronics (Chenzhou) Co., Ltd. (DCZ)	Manufacturing and sales of transformers	⌘	100	100	100	
36	Delta Electronics International Mexico S.A. DE C.V. (DEIL-MX)	Sales of power management of industrial automation product and telecommunications equipment	⌘	100	100	100	Note 1 Note 2
37	Delta Electronics (Wujiang) Trading Co., Ltd. (DWT)	Installation, consulting and trading of electronic products	⌘	100	100	100	Note 1 Note 2
38	Delta Green (Tianjin) Industries Co., Ltd. (DGT)	Manufacturing and sales of transformers	⌘	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
39	Delta Electronics (Pingtan) Co., Ltd. (Delta Pingtan)	Wholesale and retail of electronic products and energy-saving equipment	DHK	100	100	100	Note 1 Note 2
40	PreOptix (Jiang Su) Co., Ltd. (PJS)	Manufacturing and sales of lenses and optical engines for projectors	PHK	100	100	100	Note 1 Note 2
41	Addtron Technology (Japan), Inc. (AT Japan)	Trading of networking system and peripherals	DEJ	100	100	100	Note 1 Note 2
42	Delta Electronics (Korea), Inc. (Delta Korea)	Sales of power products, display solution products electronic components, industrial automation products and their materials	≠	100	100	100	Note 1 Note 2
43	Delta Electronics Mexico S.A. DE C.V. (DEM)	Manufacturing and sales of electronic products	DAC	100	100	100	Note 1 Note 2
44	Delta Video Technology Limited (DVT)	Sales of electronic products	≠	100	100	100	Note 1 Note 2
45	Wuhu Delta Technology Co., Ltd. (WDT)	Manufacturing and sales of transformers	DWH	100	100	100	
46	Chenzhou Delta Technology Co., Ltd. (CDT)	Manufacturing and sales of transformers	DCZ	100	100	100	
47	Delta Energy Technology (Dongguan) Co., Ltd. (DET-DG)	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	DDG and DPEC	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
48	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	100	Note 1 Note 2
49	Delta Networks, Inc. (DNI Cayman)	Equity investments	DNH	100	100	100	
50	Delta Networks, Inc. (Taiwan) (DNIT)	Manufacturing and sales of networking system and peripherals	Delta Electronics, Inc.	99.98	99.98	99.98	
51	DNI Logistics (USA) Co. (ALN)	Trading of networking system and peripherals	DNI Cayman	100	100	100	Note 1 Note 2
52	Delta Networks International Limited (DNIL-Labuan)	⌘	⌘	-	100	100	Note 6
53	Delta Networks (H.K.) Limited (DNHK)	Equity investments	⌘	100	100	100	
54	Delta Networks (Dongguan) Ltd. (DII)	Manufacturing and sales of other radio-broadcast receivers and the equipment in relation to broadband access networking system	DNHK	100	100	100	
55	Delta Networks (Shanghai) Ltd. (DNS)	Design of computer software	⌘	100	100	100	Note 1 Note 2
56	Fairview Assets Ltd. (Fairview)	Equity investments	Cyntec	100	100	100	
57	Grandview Holding Ltd. (Grandview)	⌘	Fairview	100	100	100	
58	Cyntec Holding (H.K.) Ltd. (CHK)	⌘	Grandview	100	100	100	
59	Cyntec International Ltd. (CIL-Labuan)	Trading	⌘	100	100	100	

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
60	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	100	
61	DelBio (Wujiang) Co., Ltd.	Manufacturing, wholesale and retail of medical equipment	DelBio	100	100	100	Note 1 Note 2
62	ELTEK AS	Research and sales of power supplies and others	DEN	100	100	100	
63	Castle Horizon Limited	Equity investments	"	100	100	100	
64	Energy Dragon Global Limited	"	"	100	100	100	
65	Delta Controls Inc. (DCI)	Provide resolution of building management and control	"	100	100	100	
66	DELTA ELECTRONICS HOLDING (USA) INC.	Equity investments	"	100	100	100	Note 1 Note 2 Note 7
67	ELTEK PAKISTAN (PRIVATE) LIMITED	Sales of power supplies and others	ELTEK AS	100	100	100	Note 1 Note 2
68	Eltek Deutschland GmbH	Sales of power supplies and others and system installation	"	100	100	100	Note 1 Note 2
69	ELTEK AUSTRALIA PTY LIMITED	"	"	100	100	100	Note 1 Note 2
70	Eltek Egypt for Power Supply S.A.E	Sales of power supplies and others	"	95	95	95	Note 1 Note 2
71	Eltek SGS Pvt Ltd.	Sales of power supplies and others and system installation	"	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
72	Eltek SGS Mechanics Pvt Ltd.	Sales of power supplies and others	ELTEK AS and Eltek SGS Pvt Ltd.	51	51	51	Note 1 Note 2
73	ELTEK POWER PTE. LTD.	Sales of power supplies and others and system installation	ELTEK AS	100	100	100	Note 1 Note 2
74	Eltek Polska Sp. z o. o.	⌘	⌘	51.04	51.04	51.04	Note 1 Note 2
75	ELTEK POWER FRANCE SAS	⌘	⌘	100	100	100	Note 1 Note 2
76	ELTEK LIMITED	Equity investments and trading	⌘	100	100	100	Note 1 Note 2
77	ELTEK MEA FZCO	Closure	⌘	-	-	80	Note 2 Note 9
78	ELTEK MEA DMCC	Sales of power supplies and others	⌘	100	100	100	Note 1 Note 2
79	ELTEK KENYA LIMITED	Sales of power supplies	ELTEK MEA DMCC and ELTEK AS	100	100	100	Note 1 Note 2
80	ELTEK WEST AFRICA LIMITED	⌘	⌘	100	100	100	Note 1 Note 2
81	Eltek Italia S.r.l.	Sales of power supplies and others	ELTEK AS	100	100	100	Note 1 Note 2
82	Eltek Power Sweden AB	Sales of power supplies and others and equity investments	⌘	100	100	100	Note 1 Note 2
83	Eltek Power (UK) Ltd.	Sales of power supplies	⌘	100	100	100	Note 1 Note 2
84	Eltek Power Oy	Sales of power supplies and others	⌘	100	100	100	Note 1 Note 2
85	OOO Eltek	Sales of power supplies and others and system installation	⌘	100	100	100	Note 1 Note 2
86	ELTEK ENERJİ SİSTEMLERİ LİMİTED SİRKETİ	Sales of power supplies and others	⌘	100	100	100	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
87	Eltek Montage GmbH	Installation and maintenance of power supplies	Eltek Deutschland GmbH	100	100	100	Note 1 Note 2
88	E.V.I Electronics Sp. z o. o.	Trading and construction of power supply model	⌘	100	100	100	Note 1 Note 2
89	ELTEK POWER INCORPORATED	Sales of power supplies and others	ELTEK POWER PTE. LTD.	100	100	100	Note 1 Note 2
90	ELTEK POWER CO., LTD.	⌘	⌘	100	100	100	Note 1 Note 2 Note 10
91	ELTEK POWER (CAMBODIA) LTD.	⌘	⌘	100	100	100	Note 1 Note 2
92	ELTEK POWER (MALAYSIA) SDN. BHD.	⌘	⌘	100	100	100	Note 1 Note 2 Note 11
93	ELTEK CVI LIMITED	Equity investments	ELTEK LIMITED	100	100	100	Note 1 Note 2
94	Eltek Energy Technology (Dongguan) Ltd.	Development, manufacturing and sale of intelligent power equipment and system for supporting access networking system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	ELTEK CVI LIMITED	100	100	100	Note 1 Note 2
95	DELTA ELECTRONICS (USA) INC.	Manufacturing and sales of power supplies	DELTA ELECTRONICS HOLDING (USA) INC.	100	100	100	Note 8 Note 13
96	DELTA ELECTRONICS (ARGENTINA) S.R.L.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	100	Note 1 Note 2 Note 27
97	Eltek Sistemas de Energia Industrial e Comercio S.A.	Manufacturing and sales of power supplies	⌘	100	100	100	Note 1 Note 2
98	DELTA ELECTRONICS (PERU) INC. S.R.L.	Sales of power supplies and others	⌘	100	100	100	Note 1 Note 2 Note 14

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
99	DELTA ELECTRONICS (COLDMBIA) S A S	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC.	100	100	100	Note 1 Note 2 Note 4
100	Eltek Energy International I, LLC	Equity investments	≠	100	100	100	Note 1 Note 2
101	Eltek Energy International II, LLC	≠	≠	-	100	100	Note 2 Note 12
102	Eltekenenergy Services, S.A. de C.V.	Sales of power supplies and others	DELTA ELECTRONICS (USA) INC. and DELTA ELECTRONICS HOLDING (USA) INC.	100	100	100	Note 1 Note 2
103	Eltekenenergy International de México, S. de R.L. de C.V.	≠	≠	100	100	100	Note 1 Note 2
104	Delta Electronics (Americas) Ltd.	Sales of electronic components	DAL	100	100	100	Note 1 Note 15
105	Delta Solar Solutions LLC	Equity investments	≠	100	100	100	Note 1 Note 2
106	2009 PPA LLC	Sales of power supplies	Delta Electronics (Americas) Ltd.	100	100	100	Note 1 Note 2
107	DSS-CILLC	Rental of solar power systems	Delta Solar Solution LLC	100	100	100	Note 1 Note 2
108	DSS-USF LLC	≠	≠	100	100	100	Note 1 Note 2
109	Power Forest Technology Corporation	Manufacturing of electronic components	Cyntec	59.03	60.02	60.02	Note 1 Note 2
110	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Energy technology, development and consulting of environmental technical skills, and design and sales of energy saving equipment	Delta Energy Technology (Shanghai) Co., Ltd.	100	100	100	Note 1 Note 2
111	Loy Tec electronics GmbH	Consulting service of building management and control solutions	DEIL-SG	85	85	85	Note 1 Note 2

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
112	LOYTEC Asia Corp., Ltd.	Consulting service of building management and control solutions	Loy Tec electronics GmbH and Delta Electronics, Inc.	-	-	100	Note 2 Note 16 Note 17
113	LOYTEC Americas, Inc.	Consulting service of building management and control solutions	Loy Tec electronics GmbH	100	100	100	Note 1 Note 2
114	Delta Electronics (Beijing) Co., Ltd.	Installation of mechanic, electronic, telecommunication and circuit equipment	DHK	100	100	100	Note 1 Note 2
115	Delta Electronics (Xi'an) Co., Ltd.	Sales of computer, peripheral and software	"	100	100	100	Note 1 Note 2
116	Beijing Industrial Foresight Technology Co., Ltd.	Computer system services and data process	Delta Electronics (Beijing) Co., Ltd.	80	80	80	Note 1 Note 2
117	UNICOM SYSTEM ENG. CORP.	Design and sales of computer, peripheral and information system (software and hardware)	Delta Electronics, Inc.	100	100	100	Note 1 Note 2 Note 18
118	Unicom (Nanjing) System Eng. Corp	"	UNICOM SYSTEM ENG. CORP.	100	100	100	Note 1 Note 2 Note 18
119	Delta Electronics (Switzerland) AG (DES)	Equity investments, research, development and sales of electronic products	DEN	51	51	51	Note 2 Note 18 Note 19
120	Delta Greentech (Brasil) S.A. (DGB)	Manufacturing and sales of electronic products	"	100	100	100	Note 1 Note 2 Note 18
121	Delta Greentech Electronics Industry LLC	Marketing and sales of electronic products	"	51	51	51	Note 1 Note 2 Note 18
122	Delta Greentech (USA) Corporation (DGA)	Sales of electronic products	"	-	100	100	Note 2 Note 8 Note 18

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
123	Delta Electronics (Czech Republic), spol. s.r.o.	Sales of electronic products	DES	100	100	100	Note 2 Note 18 Note 20
124	Delta Electronics (Italy) S.r.l.	"	"	100	100	100	Note 2 Note 18 Note 21
125	Delta Electronics (Poland) Sp. z o. o.	"	"	100	100	100	Note 2 Note 18 Note 22
126	Delta Solutions (Finland) Oy	Manufacturing and sales of electronic products	"	100	100	100	Note 2 Note 18 Note 23
127	Delta Electronics Solutions (Spain) S.L	Sales of electronic products	"	100	100	100	Note 2 Note 18 Note 24
128	Delta Electronics (France) SA	"	"	100	100	100	Note 2 Note 18 Note 25
129	Delta Energy Systems (Sweden) AB	"	"	100	100	100	Note 2 Note 18
130	Vivotek Inc.	Manufacturing and sales of video compression software and encoding, network video server, webcam and its related components	Delta Electronics, Inc.	49.36	48.80	-	Note 18 Note 26
131	Vatics Inc.	Designing and sales of multimedia integrated circuits	Vivotek Inc. and Realwin Investment Inc.	54.41	49.55	-	Note 18
132	Vivotek Holdings, Inc.	Holding company	Vivotek Inc.	100	100	-	Note 18
133	Realwin Investment Inc.	Investment in the network communications industry.	"	100	100	-	Note 18
134	Vivotek Netherlands B.V.	Sales service	"	100	100	-	Note 18
135	Vivotek USA, Inc.	Sales of webcams and related components	Vivotek Holdings, Inc.	100	100	-	Note 18
136	Wellstates Investment, LLC	Investment and commercial lease of real estate	Realwin Investment Inc.	100	100	-	Note 18

No.	Name of Subsidiary	Main Business Activities	Name of Investor	Ownership (%)			Description
				September 30, 2018	December 31, 2017	September 30, 2017	
137	Otus Imaging, Inc.	Sales of webcams and related components	Vivotek Inc. and Realwin Investment Inc.	100	100	-	Note 18
138	Aetek Inc.	"	Realwin Investment Inc.	56.21	56.21	-	Note 18
139	Vivotek Middle East FZCO	"	"	89.99	89.99	-	Note 18
140	Lidlight Inc.	Sale of lighting equipment	"	51	51	-	Note 18
141	Delta Electronics Brasil Ltda	Manufacturing and sales of electronic products	DEN	100	100	-	Note 1 Note 18

Note 1: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as of September 30, 2018 were not reviewed by independent accountants.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as of September 30, 2017 were not reviewed by independent accountants.

Note 3: In the fourth quarter of 2015, the subsidiary company began liquidation process and was dissolved, but has not yet been completed as of September 30, 2018.

Note 4: This company, formerly named Eltek Colombia S.A.S, was renamed as DELTA ELECTRONICS (COLOMBIA) S.A.S.

Note 5: Merged with the Company on August 1, 2018.

Note 6: This company completed liquidation process in April 2018.

Note 7: On March 6, 2018, Eltek Energy Holding Inc. was sold to DEN by ELTEK AS and subsequently renamed as DELTA ELECTRONICS HOLDING (USA) INC..

Note 8: In May 2018, Delta Greentech (USA) Corporation merged with DELTA ELECTRONICS (USA) INC. After combination, ELECTRONICS (USA) INC. was the surviving company and Delta Greentech (USA) Corporation was the dissolved company.

Note 9: This company had been liquidated in November, 2017.

Note 10: 55% of shares are held through others due to local regulations.

Note 11: 71% of shares are held through others due to local regulations.

Note 12: Eltek Energy International II, LLC had been liquidated and dissolved in September 2018.

Note 13: Formerly named Eltek, Inc., and was renamed DELTA ELECTRONICS (USA) INC.

- Note 14: Formerly named Eltek Peru S.R.L., and was renamed DELTA ELECTRONICS (PERU) INC. S.R.L.
- Note 15: Formerly named Delta Products Corporation, and was renamed Delta Electronics (Americas) Ltd.
- Note 16: In the first quarter of 2017, the subsidiary company was dissolved and the dissolution process had been completed in November, 2017.
- Note 17: In February 2017, the Company directly held 46% share ownership of LOYTEC Asia Corp., Ltd. and the comprehensive shareholding ratio was 91.9% if the 45.9% comprehensive share ownership of LOYTEC Asia Corp., Ltd. held by the Company's subsidiary, DEIL-SG, was inclusive.
- Note 18: Companies were established or acquired through merger during 2017.
- Note 19: Formerly named Delta Energy Systems (Switzerland) AG., and was renamed Delta Electronics (Switzerland) AG.
- Note 20: Formerly named Delta Energy Systems (Czech Republic), spol. s.r.o., and was renamed Delta Electronics (Czech Republic), spol. s.r.o.
- Note 21: Formerly named Delta Energy Systems (Italy) S.r.l., and was renamed Delta Electronics (Italy) S.r.l.
- Note 22: Formerly named Delta Energy Systems (Poland) Sp. z.o.o., and was renamed Delta Electronics Systems (Poland) Sp. z.o.o.
- Note 23: Formerly named Delta Energy Systems (Finland) Oy., and was renamed Delta Solutions (Finland) Oy.
- Note 24: Formerly named Delta Energy Systems (Spain) S.L., and was renamed Delta Electronics Solutions (Spain) S.L.
- Note 25: Formerly named Delta Energy Systems (France) S.A., and was renamed Delta Electronics (France) SA.
- Note 26: Because most of the shares were held by the company and other shareholdings are disaggregated, therefore, it was included in the consolidated financial statements.
- Note 27: This company, formerly named Eltek Argentina S.R.L., was renamed as DELTA ELECTRONICS (ARGENTINA) S.R.L.

The financial statements of certain consolidated subsidiaries for the nine months ended September 30, 2018 and 2017 were not reviewed by independent accountants. The total assets of these unreviewed subsidiaries as of September 30, 2018 and 2017 were \$21,748,210 and \$21,697,810, constituting 8.50% and 8.40% of consolidated total assets, respectively, and the total liabilities were \$8,477,566 and \$8,327,477, constituting 6.91% and 6.30% of the consolidated total liabilities, respectively. The total comprehensive income was \$213,609, \$436,848, \$337,951 and \$507,347, constituting 4.31%, 7.15%, 2.62% and 5.28% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2018 and 2017, respectively.

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 September 30, 2018, December 31, 2017 and September 30, 2017, the non-controlling interest amounted to \$9,699,324, \$9,216,505 and \$5,028,494, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2018		December 31, 2017	
		Ownership		Ownership	
		Amount	(%)	Amount	(%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,491,931	6%	\$ 3,940,019	6%
Vivotek Inc.	Taiwan	4,023,884	50.64%	4,206,236	51.20%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2017	
		Ownership	
		Amount	(%)
Delta International Holding Ltd. (DIH)	Cayman Islands	\$ 4,061,595	6%

Summarised financial information of the subsidiary:

Balance sheet

	DIH		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	\$ 84,739,776	\$ 82,004,197	\$ 86,865,883
Non-current assets	33,867,760	40,540,530	43,017,222
Current liabilities	(46,418,448)	(44,828,240)	(45,615,343)
Non-current liabilities	(1,918,188)	(2,073,048)	(2,108,966)
Total net assets	\$ 70,270,900	\$ 75,643,439	\$ 82,158,796

	Vivotek Inc.	
	September 30, 2018	December 31, 2017
Current assets	\$ 3,008,471	\$ 3,188,626
Non-current assets	6,304,581	6,446,325
Current liabilities	(1,168,511)	(1,217,494)
Non-current liabilities	(198,482)	(202,154)
Total net assets	\$ 7,946,059	\$ 8,215,303

Statement of comprehensive income

	DIH	
	Three months ended September 30,	
	2018	2017
Revenue	\$ 43,580,113	\$ 42,541,823
Profit before income tax	2,562,157	2,189,113
Income tax expense	(1,067,517)	(464,414)
Profit for the period from continuing operations	1,494,640	1,724,699
Losses attributable to non-controlling interest	(9,615)	(7,958)
Profit for the period	1,485,025	1,716,741
Other comprehensive (loss) income, net of tax	(1,228,208)	1,062,202
Total comprehensive income for the period	\$ 256,817	\$ 2,778,943
Comprehensive income (loss) attributable to non-controlling interest	\$ 15,409	(\$ 28,297)
Dividends paid to non-controlling interest	\$ 21,618	(\$ 166)

	DIH	
	Nine months ended September 30,	
	2018	2017
Revenue	\$ 119,449,075	\$ 115,093,470
Profit before income tax	10,735,345	5,289,504
Income tax expense	(2,137,180)	(1,424,934)
Profit for the period from continuing operations	8,598,165	3,864,570
Gains (losses) attributable to non-controlling interest	27,545	(21,106)
Profit for the period from continuing operations	8,625,710	3,843,464
Other comprehensive (loss) income, net of tax	(1,821,210)	3,645,363
Total comprehensive income for the period	\$ 6,804,500	\$ 7,488,827
Comprehensive income (loss) attributable to non-controlling interest	\$ 408,270	(\$ 31,977)
Dividends paid to non-controlling interest	\$ 21,618	\$ 20,782

Vivotek Inc.		
	Three months ended September 30,	Nine months ended September 30,
	2018	2017
Revenue	\$ 1,295,582	\$ 3,778,757
Profit before income tax	20,652	109,756
Income tax expense	(15,477)	(52,969)
Profit for the period from continuing operations	5,175	56,787
Gains attributable to non-controlling interest	14,221	54,433
Profit for the period	19,396	111,220
Other comprehensive income, net of tax	704	8,184
Total comprehensive income for the period	\$ 20,100	\$ 119,404
Comprehensive income attributable to non-controlling interest	\$ 10,221	\$ 64,871
Dividends paid to non-controlling interest	-	-

Statements of cash flows

DIH		
	Nine months ended September 30,	
	2018	2017
Net cash provided by operating activities	\$ 6,011,770	\$ 5,970,012
Net cash used in investing activities	(3,150,845)	(5,696,268)
Net cash (used in) provided by financing activities	(3,423,696)	1,330,719
Effect of exchange rates on cash and cash equivalents	(641,150)	957,274
(Decrease) increase in cash and cash equivalents	(1,203,921)	2,561,737
Cash and cash equivalents, beginning of period	31,677,068	32,808,625
Cash and cash equivalents, end of period	\$ 30,473,147	\$ 35,370,362

	Vivotek Inc.
	Nine months ended September 30, 2018
Net cash used in operating activities	(\$ 220,110)
Net cash used in investing activities	(79,672)
Net cash used in financing activities	(165,330)
Effect of exchange rates on cash and cash equivalents	6,073
Decrease in cash and cash equivalents	(459,039)
Cash and cash equivalents, beginning of period	1,185,542
Cash and cash equivalents, end of period	\$ 726,503

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(5) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(6) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(7) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

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

- A. Derivatives are categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(9) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.
- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.
- C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in

accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(10) Hedge accounting

- A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.
- B. The Group designates the hedging relationship as follows:
 - (a) Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.
 - (b) Hedge of a net investment in a foreign operation.
- C. Cash flow hedges
 - (a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):
 - i. The cumulative gain or loss on the hedging instrument from inception of the hedge; and
 - ii. The cumulative change in fair value of the hedged item from inception of the hedge.
 - (b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.
 - (c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:
 - i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
 - ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
 - (d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.
- D. Hedges of a net investment in a foreign operation
 - (a) It is accounted for similarly to cash flow hedges.
 - (b) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The ineffective portion is recognised in profit or loss.
 - (c) The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment.

(11) 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 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 and associates, 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.
- G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- H. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(12) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells computers, information technology, electrical machines, power supply and related components products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Sales revenue is recognised based on the price specified in the contract, net of the estimated discounts and allowances. The revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the control was transferred with a credit term of 30 to 90 days, which is consistent with market practice.
- (c) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the control of goods are transferred as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation of software and module services

- (a) The Group provides installation of some software and module services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.
- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification.
- (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

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

Except for the adoption of IFRS 9 for the impairment of financial assets - equity investment, there has been no other significant accounting judgement. For the rest of the information, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2017.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Cash on hand	\$ 6,254	\$ 4,862	\$ 4,410
Checking accounts and demand deposits	38,515,395	29,671,136	39,996,267
Time deposits	20,145,312	27,690,619	29,057,674
	<u>\$ 58,666,961</u>	<u>\$ 57,366,617</u>	<u>\$ 69,058,351</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>Items</u>	<u>September 30, 2018</u>
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 405,476
Emerging stocks	59,323
Derivatives	22,849
Hybrid instrument	50,000
	<u>537,648</u>
Valuation adjustment	196,821
	<u>\$ 734,469</u>
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	\$ 482,358
Emerging stocks	333,000
Unlisted stocks	2,494,040
	<u>3,309,398</u>
Valuation adjustment	(544,456)
	<u>\$ 2,764,942</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended <u>September 30, 2018</u>	Nine months ended <u>September 30, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 36,437)	(\$ 106,895)
Hybrid instrument	3,205	(145)
Derivatives	(33,377)	(60,988)
	<u>(\$ 66,609)</u>	<u>(\$ 168,028)</u>

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

	<u>September 30, 2018</u>		
<u>Financial instruments</u>	<u>Contract amount (nominal principal) (in thousands)</u>	<u>Contract period</u>	
Forward exchange contracts:			
- Sell USD / Buy RMB	USD 166,402	2018.07.31~2018.12.10	
- Sell USD / Buy NTD	USD 2,000	2018.08.15~2018.10.03	
- Sell USD / Buy JPY	USD 5,000	2018.08.14~2018.11.09	
- Sell USD / Buy CZK	USD 370	2018.09.05~2018.10.22	
- Sell JPY / Buy USD	JPY 244,383	2018.07.05~2018.11.19	
- Sell USD / Buy SGD	USD 13,700	2018.09.26~2019.03.04	
- Sell AUD / Buy USD	AUD 9,850	2018.06.05~2018.11.07	
- Sell EUR / Buy USD	EUR 27,500	2018.06.19~2019.01.29	
- Sell EUR / Buy NOK	EUR 3,000	2018.06.19~2018.12.05	
- Sell GBP / Buy USD	GBP 500	2018.09.06~2018.10.05	
- Sell NOK / Buy USD	NOK 36,660	2018.07.05~2018.11.07	
- Sell RUB / Buy USD	RUB 104,790	2018.09.07~2018.11.07	
- Sell SGD / Buy USD	SGD 1,365	2018.09.20~2018.11.28	
- Sell THB / Buy SGD	THB 67,556	2018.09.26~2018.10.26	
- Sell USD / Buy AUD	USD 1,200	2018.09.06~2018.12.05	
- Sell USD / Buy NOK	USD 4,000	2018.06.19~2018.10.03	
- Sell BRL / Buy USD	BRL 39,670	2018.08.06~2018.11.07	
Cross currency swap:			
- Sell EUR / Buy NOK	EUR 10,000	2018.05.04~2019.01.07	
- Sell EUR / Buy SGD	EUR 3,000	2018.08.06~2018.11.07	
- Sell NOK / Buy SGD	NOK 23,880	2018.09.17~2018.10.05	
- Sell RUB / Buy USD	RUB 68,640	2018.09.06~2018.11.07	
- Sell USD / Buy NOK	USD 3,000	2018.09.04~2018.11.07	

The Group entered into forward exchange contracts and cross currency swap to manage exposures to foreign exchange rate fluctuations of import or export sales and dividend distribution between subsidiary and second-tier subsidiary. However, the forward exchange transactions did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

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

D. Information relating to credit risk is provided in Note 12(2) C(b).

E. The information on financial assets at fair value through profit or loss as of December 31, 2017 and September 30, 2017 is provided in Note 12(4).

(3) Financial assets at fair value through other comprehensive income

Items	September 30, 2018
Current items:	
Equity instruments	
Listed stocks	\$ 881,232
Valuation adjustment	(779,769)
	<u>\$ 101,463</u>
Non-current items:	
Equity instruments	
Listed stocks	\$ 4,154,058
Unlisted stocks	<u>1,003,647</u>
	5,157,705
Valuation adjustment	(2,279,716)
	<u>\$ 2,877,989</u>

A. The Group has elected to classify investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,979,452 as at September 30, 2018.

B. In the third quarter of 2018, the Group sold listed stocks whose fair value was \$90 to adjust the stock position, resulting to an accumulated loss on disposal of \$239.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30, 2018
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	\$ <u>5,228</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ -</u>

	Nine months ended September 30, 2018
<u>Equity instruments at fair value through other comprehensive income</u>	
Fair value change recognised in other comprehensive income	(\$ <u>691,801</u>)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(\$ <u>239</u>)

- D. As at September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$2,979,452.
- E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).
- G. The information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 and September 30, 2017 is provided in Note 12(4).

(4) Hedging financial assets and liabilities

- A. As of September 30, 2018, the balance of financial assets and liabilities used for hedging was \$0.
- B. Information on cash flow hedges and hedges of net investments in foreign operations recognised as profit or loss and other comprehensive income:

	<u>Cash flow hedges</u>	<u>Hedges of net investments in foreign operations</u>
<u>Other equity</u>		
At January 1, 2018	\$ 7,061	\$ 73,476
Add: (Loss) gain on hedge effectiveness- amount recognised in other comprehensive income	(7,773)	68,508
Less: Reclassified to profit or loss as the hedged item has affected profit or loss	<u>712</u>	<u>-</u>
At September 30, 2018	\$ <u>-</u>	\$ <u>141,984</u>

- (a) The purpose of hedge accounting is that 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 September 30, 2018 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.

(b) When the hedging instrument expires and the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(c) Hedges of net investments in foreign operations

In the first quarter of 2018, due to the reorganisation of the Group, the risk of USD exchange rate fluctuating by fair value initially designated as hedged items of hedges of net investments in foreign operations was no longer material. Consequently, the hedge relationship did not meet the conditions of hedge accounting. The effective portion of hedges of net investments in foreign operations was accumulated in other equity previously. Since the foreign operations was not disposed, it was not reclassified from equity to profit or loss.

C. The information on December 31, 2017 and September 30, 2017 is provided in Note 12(4).

(5) Notes and accounts receivable

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Notes receivable	\$ 3,642,693	\$ 4,010,445	\$ 3,454,714
Accounts receivable	\$ 50,920,868	\$ 50,549,708	\$ 49,681,427
Less: Allowance for uncollectible accounts	(1,097,182)	(1,166,495)	(1,190,544)
	<u>49,823,686</u>	<u>49,383,213</u>	<u>48,490,883</u>
Overdue receivables (shown as other non-current assets)	199,630	238,283	247,443
Less: Allowance for uncollectible accounts	(199,630)	(238,283)	(247,443)
	<u>\$ 49,823,686</u>	<u>\$ 49,383,213</u>	<u>\$ 48,490,883</u>

A. The ageing analysis of accounts receivable is as follows:

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Not past due	\$ 45,910,235	\$ 45,315,082	\$ 45,208,685
1 to 90 days	3,261,266	3,444,039	2,511,028
91 to 180 days	377,720	214,089	267,886
181 to 365 days	209,960	243,603	301,556
Over 365 days	64,505	166,400	201,728
	<u>\$ 49,823,686</u>	<u>\$ 49,383,213</u>	<u>\$ 48,490,883</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2018, December 31, 2017 and September 30, 2017, there was no notes receivable past due.

C. The Group has no notes receivable and accounts receivable pledged to others as collateral.

D. As at September 30, 2018, December 31, 2017 and September 30, 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$3,642,693, \$4,010,445 and \$3,454,714, and accounts receivable were \$49,823,686, \$49,383,213 and \$48,490,883, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) 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 September 30, 2018, December 31, 2017 and September 30, 2017, the relevant information of unsettled accounts receivable that were sold is set forth below:

September 30, 2018					
<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	\$ 55,546	\$ -	\$ 305,250	\$ -	\$ -

December 31, 2017					
<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	\$ 150,152	\$ -	\$ 297,600	\$ -	\$ -

September 30, 2017					
<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	\$ 174,118	\$ -	\$ 303,150	\$ -	\$ -

(7) Inventories

September 30, 2018			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 13,710,094	(\$ 1,742,259)	\$ 11,967,835
Work in process	2,961,053	(14,823)	2,946,230
Finished goods	19,155,597	(2,388,622)	16,766,975
Inventory in transit	241,310	-	241,310
	<u>\$ 36,068,054</u>	<u>(\$ 4,145,704)</u>	<u>\$ 31,922,350</u>
December 31, 2017			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 9,430,769	(\$ 1,342,968)	\$ 8,087,801
Work in process	2,436,778	-	2,436,778
Finished goods	22,034,497	(2,168,107)	19,866,390
Inventory in transit	434,433	-	434,433
	<u>\$ 34,336,477</u>	<u>(\$ 3,511,075)</u>	<u>\$ 30,825,402</u>
September 30, 2017			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 9,473,039	(\$ 1,418,847)	\$ 8,054,192
Work in process	2,746,674	-	2,746,674
Finished goods	20,174,182	(2,238,237)	17,935,945
Inventory in transit	377,873	-	377,873
	<u>\$ 32,771,768</u>	<u>(\$ 3,657,084)</u>	<u>\$ 29,114,684</u>

The Group recognised as expense or loss:

Three months ended September 30,		
	2018	2017
Cost of goods sold	\$ 44,796,273	\$ 42,181,486
Loss on market value decline and obsolete and slow-moving inventories	65,241	199,416
Others	(122,559)	(78,290)
	<u>\$ 44,738,955</u>	<u>\$ 42,302,612</u>

	Nine months ended September 30,	
	2018	2017
Cost of goods sold	\$ 124,005,246	\$ 114,067,007
Loss on market value decline and obsolete and slow-moving inventories	788,817	743,320
Others	(405,563)	(287,348)
	<u>\$ 124,388,500</u>	<u>\$ 114,522,979</u>

(8) Investments accounted for under the equity method

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

Name of associates	September 30, 2018		December 31, 2017		September 30, 2017	
	Ownership %		Ownership %		Ownership %	
	(Note)	Book value	(Note)	Book value	(Note)	Book value
Delta Electronics (Thailand) Public Co., Ltd. (DET)	20.93	\$ 8,049,385	20.93	\$ 7,418,365	20.93	\$ 7,180,140
Optovue, Inc.	29.50	976,498	23.21	777,126	23.21	794,771
Digital Projection International Ltd. (DPI)	41.00	203,197	41.00	190,787	41.00	233,099
Others		43,392		48,241		52,077
		<u>\$ 9,272,472</u>		<u>\$ 8,434,519</u>		<u>\$ 8,260,087</u>

Note: The shareholding ratio in associates represent the ratio of common shares held by the Group.

- B. For the three months and nine months ended September 30, 2018 and 2017, the share of profit (loss) of associates were \$333,754, \$248,727, \$753,351 and \$479,744, respectively.
- C. The financial statements of investments using equity method were reviewed by other independent accountants. Share of other comprehensive income of associates was \$415,043, \$376,123, \$154,491 and \$699,555 for the three months and nine months ended September 30, 2018 and 2017, respectively, and investments accounted for under equity method was \$8,049,385 and \$7,180,140 as of September 30, 2018 and 2017, respectively.
- D. The financial statements of some of the Group's associates accounted for using equity method were not reviewed by independent accountants. The share of profit (loss) and other comprehensive income (loss) of associates amounted to \$10,793, (\$5,870), (\$29,896) and (\$88,709) for the three months and nine months ended September 30, 2018 and 2017, respectively, and investments accounted for using equity method was \$1,223,087 and \$1,079,947 as of September 30, 2018 and 2017, respectively.
- E. 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>September 30, 2018</u>	<u>December 31, 2017</u>		
DET	Thailand	20.93%	20.93%	Holds more than 20% of voting rights	Equity method

<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>September 30, 2017</u>			
DET	Thailand	20.93%		Holds more than 20% of voting rights	Equity method

Note: The shareholding ratio in associates represent the ratio of common shares held by the Group.

Balance sheet

	<u>DET</u>		
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Current assets	\$ 36,690,828	\$ 33,541,968	\$ 33,395,621
Non-current assets	9,324,982	8,809,093	8,414,459
Current liabilities	(12,775,709)	(10,860,891)	(11,456,469)
Non-current liabilities	(1,771,536)	(1,692,283)	(1,718,522)
Total net assets	<u>\$ 31,468,565</u>	<u>\$ 29,797,887</u>	<u>\$ 28,635,089</u>
Share in associate's net assets	\$ 6,586,371	\$ 6,236,698	\$ 5,993,324
Unrealised upstream and sidestream transactions	(6,033)	(110,193)	(113,267)
Others	<u>1,469,047</u>	<u>1,291,860</u>	<u>1,300,083</u>
Carrying amount of the associate	<u>\$ 8,049,385</u>	<u>\$ 7,418,365</u>	<u>\$ 7,180,140</u>

Statement of comprehensive income

	DET	
	Three months ended September 30,	
	2018	2017
Revenue	\$ 12,917,711	\$ 10,869,780
Profit for the period from continuing operations	\$ 1,554,711	\$ 1,249,490
Loss attributable to non-controlling interests	(666)	-
Other comprehensive loss, net of tax	(459,565)	(151,128)
Total comprehensive income	\$ 1,094,480	\$ 1,098,362
Dividends received from associates	\$ -	\$ -

	DET	
	Nine months ended September 30,	
	2018	2017
Revenue	\$ 37,026,299	\$ 33,224,242
Profit for the period from continuing operations	\$ 3,821,475	\$ 3,190,949
Loss attributable to non-controlling interests	(6,861)	-
Other comprehensive (loss) income, net of tax	(623,932)	499,148
Total comprehensive income	\$ 3,190,682	\$ 3,690,097
Dividends received from associates	\$ 532,089	\$ 684,591

- F. 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 September 30, 2018, December 31, 2017 and September 30, 2017, the carrying amount of the Group's individually immaterial associates amounted to \$1,223,087, \$1,016,154 and \$1,079,947, respectively.

	Three months ended September 30,	
	2018	2017
Profit (loss) for the period from continuing operations	\$ 11,633	(\$ 7,590)
Other comprehensive (loss) income, net of tax	(783)	1,720
Total comprehensive loss	\$ 10,850	(\$ 5,870)

	Nine months ended September 30,	
	2018	2017
Loss for the period from continuing operations	(\$ 30,864)	(\$ 92,907)
Other comprehensive income, net of tax	1,025	4,050
Total comprehensive loss	(\$ 29,839)	(\$ 88,857)

- G. The Group's investment in DET has quoted market price. The fair value of DET as of September 30, 2018, December 31, 2017 and September 30, 2017 was \$17,274,654, \$17,550,474 and \$20,836,484, respectively.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2018</u>							
Cost	\$ 6,200,330	\$ 34,716,148	\$ 32,147,803	\$ 14,124,840	\$ 12,529,075	\$ 1,266,620	\$ 100,984,816
Accumulated depreciation and impairment	(11,617)	(13,243,589)	(22,629,430)	(11,118,300)	(9,643,282)		(56,646,188)
	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
<u>2018</u>							
Opening net book amount	\$ 6,188,713	\$ 21,472,589	\$ 9,518,373	\$ 3,006,540	\$ 2,885,793	\$ 1,266,620	\$ 44,338,628
Additions	3,061,654	158,551	1,982,177	1,085,133	851,118	1,597,353	8,735,986
Disposal	(136,477)	(58,804)	(90,658)	(19,035)	(11,743)		(316,717)
Transfer		321,463	576,066	97,484	244,145	(1,239,158)	
Reclassifications (Note)	6,159	105,843	3,274	11,757	15,708		142,741
Depreciation charge		(1,330,242)	(2,611,366)	(1,355,711)	(1,396,331)		(6,693,650)
Net exchange differences	(5,852)	(185,082)	(119,564)	(4,642)	(52,265)	(409,545)	(767,666)
Closing net book amount	\$ 9,114,197	\$ 20,484,318	\$ 9,258,302	\$ 2,830,810	\$ 2,536,425	\$ 1,215,270	\$ 45,439,322
<u>At September 30, 2018</u>							
Cost	\$ 9,126,038	\$ 34,737,694	\$ 33,276,692	\$ 14,804,860	\$ 12,888,262	\$ 1,215,270	\$ 106,048,816
Accumulated depreciation and impairment	(11,841)	(14,253,376)	(24,018,390)	(11,974,050)	(10,351,837)		(60,609,494)
	\$ 9,114,197	\$ 20,484,318	\$ 9,258,302	\$ 2,830,810	\$ 2,536,425	\$ 1,215,270	\$ 45,439,322

(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.

	Land	Buildings and structures	Machinery and equipment	Testing equipment	Others	Unfinished construction and equipment under acceptance	Total
<u>At January 1, 2017</u>							
Cost	\$ 5,636,920	\$ 35,138,305	\$ 28,050,052	\$ 13,001,329	\$ 10,909,238	\$ 804,104	\$ 93,539,948
Accumulated depreciation and impairment	(12,076)	(11,864,436)	(21,716,694)	(10,680,588)	(8,708,017)	()	(52,981,811)
	<u>\$ 5,624,844</u>	<u>\$ 23,273,869</u>	<u>\$ 6,333,358</u>	<u>\$ 2,320,741</u>	<u>\$ 2,201,221</u>	<u>\$ 804,104</u>	<u>\$ 40,558,137</u>
<u>2017</u>							
Opening net book amount	\$ 5,624,844	\$ 23,273,869	\$ 6,333,358	\$ 2,320,741	\$ 2,201,221	\$ 804,104	\$ 40,558,137
Additions	493	300,517	5,332,608	1,601,148	1,044,798	1,367,123	9,646,687
Acquired through business combinations	9,079	5,108	3,434	2,766	17,823	436	38,646
Effect of decrease in consolidated entities	(3,011)	(441,348)	(9,289)	()	(14,800)	()	(468,448)
Disposals	(118)	(27,866)	(72,570)	(42,625)	(24,249)	()	(167,428)
Transfer	38,750	99,184	462,075	161,723	199,217	(960,949)	()
Depreciation charge	()	(1,304,547)	(2,278,483)	(1,175,998)	(1,165,768)	()	(5,924,796)
Reversal of impairment	()	()	()	¹³	()	()	¹³
Net exchange differences	(34,157)	(408,915)	(119,198)	(25,232)	(51,264)	(69,948)	(708,714)
Closing net book amount	<u>\$ 5,635,880</u>	<u>\$ 21,496,002</u>	<u>\$ 9,651,935</u>	<u>\$ 2,842,536</u>	<u>\$ 2,206,978</u>	<u>\$ 1,140,766</u>	<u>\$ 42,974,097</u>
<u>At September 30, 2017</u>							
Cost	\$ 5,647,726	\$ 34,312,527	\$ 32,159,609	\$ 13,783,724	\$ 11,440,039	\$ 1,140,766	\$ 98,484,391
Accumulated depreciation and impairment	(11,846)	(12,816,525)	(22,507,674)	(10,941,188)	(9,233,061)	()	(55,510,294)
	<u>\$ 5,635,880</u>	<u>\$ 21,496,002</u>	<u>\$ 9,651,935</u>	<u>\$ 2,842,536</u>	<u>\$ 2,206,978</u>	<u>\$ 1,140,766</u>	<u>\$ 42,974,097</u>

A. No interest expense was capitalised on property, plant and equipment.

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

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	(2,987,489)	(2,987,489)
	<u>\$ 465,724</u>	<u>\$ 1,310,687</u>	<u>\$ 1,776,411</u>
<u>2018</u>			
Opening net book amount	\$ 465,724	\$ 1,310,687	\$ 1,776,411
Depreciation charge	-	(109,949)	(109,949)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,200,738</u>	<u>\$ 1,666,462</u>
<u>At September 30, 2018</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	(3,097,438)	(3,097,438)
	<u>\$ 465,724</u>	<u>\$ 1,200,738</u>	<u>\$ 1,666,462</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2017</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	(2,839,803)	(2,839,803)
	<u>\$ 465,724</u>	<u>\$ 1,458,373</u>	<u>\$ 1,924,097</u>
<u>2017</u>			
Opening net book amount	\$ 465,724	\$ 1,458,373	\$ 1,924,097
Depreciation charge	-	(110,501)	(110,501)
Closing net book amount	<u>\$ 465,724</u>	<u>\$ 1,347,872</u>	<u>\$ 1,813,596</u>
<u>At September 30, 2017</u>			
Cost	\$ 465,724	\$ 4,298,176	\$ 4,763,900
Accumulated depreciation and impairment	-	(2,950,304)	(2,950,304)
	<u>\$ 465,724</u>	<u>\$ 1,347,872</u>	<u>\$ 1,813,596</u>

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

	Three months ended September 30,	
	2018	2017
Rental revenue from the lease of the investment property	\$ 12,765	\$ 7,721
Direct operating expenses of investment property that generated rental revenue during the period	\$ 16,679	\$ 9,378
Direct operating expenses of investment property that did not generate rental revenue during the period	\$ 27,570	\$ 34,200

	Nine months ended September 30,	
	2018	2017
Rental revenue from the lease of the investment property	\$ 39,323	\$ 26,294
Direct operating expenses of investment property that generated rental revenue during the period	\$ 44,433	\$ 28,884
Direct operating expenses of investment property that did not generate rental revenue during the period	\$ 85,153	\$ 100,522

- B. The fair value of the investment property held by the Group as at September 30, 2018, December 31, 2017 and September 30, 2017 was \$3,143,367, \$3,253,316 and \$3,286,337, respectively, which was revalued by the Group.

(11) Intangible assets

	At January 1, 2018	Customer			Technical		Total
		Trademarks	Patents	Goodwill	Relationship	Skill	
Cost		\$ 2,928,120	\$ 1,138,472	\$ 19,684,246	\$ 9,770,892	\$ 3,713,854	\$ 42,540,313
Accumulated amortisation and impairment		(622,233)	(1,037,322)	(7,291)	(4,548,881)	(776,556)	(8,706,665)
		<u>\$ 2,305,887</u>	<u>\$ 101,150</u>	<u>\$ 19,676,955</u>	<u>\$ 5,222,011</u>	<u>\$ 2,937,298</u>	<u>\$ 33,833,648</u>
2018							
Opening net book amount		\$ 2,305,887	\$ 101,150	\$ 19,676,955	\$ 5,222,011	\$ 2,937,298	\$ 33,833,648
Additions acquired separately			6,431				158,074
Reclassifications (Note)		691,811	379,787	(25,421)	912,736	(2,100,982)	(142,069)
Amortisation		(160,668)	(88,118)	(813,472)	(813,472)	(225,439)	(1,669,624)
Net exchange differences		47,412	37,978	259,617	323,468	272,874	741,844
Closing net book amount		<u>\$ 2,884,442</u>	<u>\$ 437,228</u>	<u>\$ 19,911,151</u>	<u>\$ 5,644,743</u>	<u>\$ 2,984,733</u>	<u>\$ 32,921,873</u>
At September 30, 2018							
Cost		\$ 3,667,343	\$ 1,562,668	\$ 19,918,442	\$ 11,007,096	\$ 3,986,728	\$ 43,298,162
Accumulated amortisation and impairment		(782,901)	(1,125,440)	(7,291)	(5,362,353)	(1,001,995)	(10,776,289)
		<u>\$ 2,884,442</u>	<u>\$ 437,228</u>	<u>\$ 19,911,151</u>	<u>\$ 5,644,743</u>	<u>\$ 2,984,733</u>	<u>\$ 32,921,873</u>







(Note) The reclassifications resulted from the reallocation of the purchase price relative to the acquisition of Vivotek Inc.

	<u>At January 1, 2017</u>						
	Trademarks	Patents	Goodwill	Relationship	Skill	Others	Total
Cost	\$ 3,089,441	\$ 1,127,285	\$ 16,851,610	\$ 10,070,984	\$ 3,985,745	\$ 2,620,949	\$ 37,746,014
Accumulated amortisation and impairment	(407,175)	(1,021,597)	(7,291)	(3,570,182)	(478,762)	(1,342,151)	(6,827,158)
	<u>\$ 2,682,266</u>	<u>\$ 105,688</u>	<u>\$ 16,844,319</u>	<u>\$ 6,500,802</u>	<u>\$ 3,506,983</u>	<u>\$ 1,278,798</u>	<u>\$ 30,918,856</u>
<u>2017</u>							
Opening net book amount	\$ 2,682,266	\$ 105,688	\$ 16,844,319	\$ 6,500,802	\$ 3,506,983	\$ 1,278,798	\$ 30,918,856
Additions acquired separately		8,042				151,641	159,683
Additions acquired through business combinations			532,690	76,551		25,427	634,668
Effect of decrease in consolidated entities		()	(224,856)		()	(1,770)	(226,626)
Amortisation	(161,733)	(11,759)		(737,505)	(224,148)	(242,352)	(1,377,497)
Net exchange differences	(122,974)		(631,614)	(271,947)	(214,615)	(7,320)	(1,233,830)
Closing net book amount	<u>\$ 2,397,559</u>	<u>\$ 101,971</u>	<u>\$ 16,520,539</u>	<u>\$ 5,567,901</u>	<u>\$ 3,068,220</u>	<u>\$ 1,219,064</u>	<u>\$ 28,875,254</u>
<u>At September 30, 2017</u>							
Cost	\$ 2,966,467	\$ 1,135,327	\$ 16,527,830	\$ 9,875,588	\$ 3,771,130	\$ 2,803,567	\$ 37,079,909
Accumulated amortisation and impairment	(568,908)	(1,033,356)	(7,291)	(4,307,687)	(702,910)	(1,584,503)	(8,204,655)
	<u>\$ 2,397,559</u>	<u>\$ 101,971</u>	<u>\$ 16,520,539</u>	<u>\$ 5,567,901</u>	<u>\$ 3,068,220</u>	<u>\$ 1,219,064</u>	<u>\$ 28,875,254</u>

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

	Three months ended September 30,	
	2018	2017
Operating costs	\$ 3,116	\$ 1,754
Selling expenses	342,017	303,420
Administrative expenses	20,780	28,885
Research and development expenses	217,520	121,571
	<u>\$ 583,433</u>	<u>\$ 455,630</u>

	Nine months ended September 30,	
	2018	2017
Operating costs	\$ 7,483	\$ 7,150
Selling expenses	982,798	905,583
Administrative expenses	124,867	87,560
Research and development expenses	554,476	377,204
	<u>\$ 1,669,624</u>	<u>\$ 1,377,497</u>

- B. The Group acquired registered or under-application trademark rights such as  **VIVOTEK**,  **QUMI**,  **vivitek**, **VIVITEK**, 麗訊,  **麗訊**,  **ELTEK** and  **Delta**. Trademarks are assessed to have finite useful lives. The remaining trademarks which have indefinite useful lives shall not be amortised 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>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Goodwill:			
Eltek	\$ 5,259,362	\$ 5,127,578	\$ 5,189,665
Cyntec and its subsidiaries	5,146,053	5,146,053	5,146,053
Vivotek Inc.	3,232,954	3,258,375	-
DCI	2,532,500	2,487,777	2,487,777
DGC	1,769,760	1,725,415	1,746,307
Loy Tec	1,411,892	1,376,514	1,393,899
Others	558,630	555,243	556,838
	<u>\$ 19,911,151</u>	<u>\$ 19,676,955</u>	<u>\$ 16,520,539</u>
Trademarks:			
Automation business	\$ 691,811	\$ -	\$ -
Power electronics business (It belonged to smart green life business before the first quarter of 2017)	386,823	386,823	386,823
	<u>\$ 1,078,634</u>	<u>\$ 386,823</u>	<u>\$ 386,823</u>

Acquisition prices in business combination are calculated based on 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. As of September 30, 2018, the Group's goodwill arose from business combinations amounting to \$19,911,151 in order to improve benefit comprising of potential customer relations and operating revenue in the location of acquired companies. Based on IAS 36, goodwill acquired in a business combination should be tested at least annually for impairment. For the impairment testing of goodwill, goodwill acquired in a business combination is allocated to each of the cash-generating units that are expected to benefit from the synergies of the business combination. Each company may be a cash-generating unit which can generate independent cash flows and the impairment of goodwill is calculated based on value in use and carrying amount of net assets of each company.

For the calculated value of share right based on the analysis report issued by experts hired by the merged company when the business combination occurred, the analyzed information of value in use of each company was evaluated based on financial projections of operating revenue by product for each company. The consolidated financial statements would indicate how much of the projected revenues had been achieved based on the financial statements for the comparative period in 2018 and 2017.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are operating profit margin growth rate and discount rate.

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

(12) Other non-current assets

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Long-term prepaid rent	\$ 1,053,278	\$ 1,085,468	\$ 1,100,431
Prepayments for business facilities	510,643	759,459	1,176,277
Guarantee deposits paid	289,343	262,902	301,514
Prepayments for long-term investments (Note)	78,269	131,193	4,106,900
Cash surrender value of life insurance	61,603	69,195	71,863
Others	581,077	438,933	556,391
	<u>\$ 2,574,213</u>	<u>\$ 2,747,150</u>	<u>\$ 7,313,376</u>

(Note) On September 30, 2017, prepaid long-term investments arose from the acquisition of VIVOTEK Inc.'s 49.22% equity interest in active market.

(13) Short-term borrowings

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Unsecured bank loans	\$ 14,103,307	\$ 17,463,509	\$ 20,858,370
Credit lines	\$ 98,092,856	\$ 95,092,313	\$ 94,046,838
Interest rate per annum	<u>0.40%~18.50%</u>	<u>0.40%~10.00%</u>	<u>0.40%~12.80%</u>

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Current item:			
Valuation adjustment of derivatives	<u>\$ 21,855</u>	<u>\$ 9,746</u>	<u>\$ 52,331</u>

A. Amounts recognised in profit or loss and other comprehensive income in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>Three months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
Net losses recognised in profit or loss:		
Non-hedging derivative	<u>\$ 93,620</u>	<u>(\$ 7,033)</u>
	<u>Nine months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
Net losses recognised in profit or loss:		
Non-hedging derivative	<u>(\$ 12,110)</u>	<u>\$ 179,476</u>

B. As of September 30, 2018, the non-hedging derivative instruments transaction and contract information are provided in Note 6(2)B.

(15) Long-term borrowings

Type of borrowings	September 30, 2018	December 31, 2017	September 30, 2017
Credit loans	\$ 23,895,703	\$ 11,081,754	\$ 25,959,121
Collateral loans	181,989	185,934	-
Less: Current portion (shown as other current liabilities)	(48,635)	(48,752)	(42,853)
	\$ 24,029,057	\$ 11,218,936	\$ 25,916,268
Credit lines	\$ 50,631,452	\$ 46,106,721	\$ 46,488,413
Interest rate per annum	0.37%~6.23%	0.35%~6.23%	0.33%~0.55%

A. As of September 30, 2018, the revolving loans of \$23,413,000 can be drawn down during the period from September 30, 2017 to September 12, 2020 and are payable before the due date under the agreement.

Information in relation to the assets pledged to others as collateral for bank borrowings is provided in Note 8.

(16) 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 and its domestic subsidiaries contribute 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. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

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, 2004. The amount contributed before was archived, and the payment scheme was not changed.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$19,700, \$26,415, \$58,750 and \$77,200 for the three months and nine months ended September 30, 2018 and 2017, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group within one year from September 30, 2018 are \$54,866.

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 three months and nine months ended September 30, 2018 and 2017 were \$104,686, \$85,845, \$308,336 and \$252,094, respectively.
- (b) Other overseas companies have defined contribution plans in accordance with the local regulations.

(17) Share capital

- A. In accordance with the Company's Articles of Incorporation, the total authorised common stock is 4 billion shares (including 100 million shares for stock warrants conversion). As of September 30, 2018, the total issued and outstanding common stock was 2,597,543 thousand shares with par value of \$10 (in dollars) per share.
- B. On December 20, 2004, the Board of Directors of the Company adopted a resolution that allowed certain stockholders to issue 16 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 September 30, 2018, there were 694 thousand units outstanding, representing 3,469 thousand common shares of the Company's common stock.

(18) 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.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation approved by the shareholders on June 8, 2016, 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 remainder along with beginning unappropriated earnings shall be stockholders' bonus. The appropriation of earnings shall be proposed by the Board of Directors and resolved by the shareholders. As the Company is in the growth stage, and taking into consideration the shareholders' benefits, financial health and business development, the amount of bonus distributed to shareholders shall be no less than 60% of the distributable earnings for the current period. Cash dividends shall be at least 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 2017 and 2016 earnings had been approved by the shareholders during their meeting on June 11, 2018 and June 13, 2017, respectively. Details are summarised below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 1,838,056		\$ 1,879,780	
Special reserve appropriated	4,320,394		2,240,193	
Cash dividends	12,987,717	\$ 5.0	12,987,717	\$ 5.0

The appropriations of 2017 earnings had been resolved during the shareholders' meeting. Therefore, the consolidated financial statements had reflected the dividends payable. Information about the distribution of 2017 earnings by the Company as resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(25).

(20) Operating revenue

	Three months ended September 30, 2018	Nine months ended September 30, 2018
Revenue from contracts with customers	<u>\$ 63,616,800</u>	<u>\$ 172,383,931</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major business:

Three months ended September 30, 2018					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 33,506,421	\$ 9,424,602	\$ 20,165,895	\$ 519,882	\$ 63,616,800
Timing of revenue recognition					
At a point in time	33,205,562	7,803,804	18,690,944	521,285	60,221,595
Over time	300,859	1,620,798	1,474,951	(1,403)	3,395,205
	\$ 33,506,421	\$ 9,424,602	\$ 20,165,895	\$ 519,882	\$ 63,616,800
Nine months ended September 30, 2018					
	Power electronics	Automation	Infrastructure	Others	Total
Revenue from external customer contracts	\$ 86,954,827	\$ 28,250,676	\$ 56,087,145	\$ 1,091,283	\$ 172,383,931
Timing of revenue recognition					
At a point in time	86,019,240	24,439,565	52,130,324	1,082,283	163,671,412
Over time	935,587	3,811,111	3,956,821	9,000	8,712,519
	\$ 86,954,827	\$ 28,250,676	\$ 56,087,145	\$ 1,091,283	\$ 172,383,931

B. Contract assets and liabilities

The Group has recognised the revenue-related contract assets primarily from automation equipment contracts and resolution of communication equipment power resource system; contract liabilities primarily pertain to advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.

Revenue recognised that was included in the contract liability balance at the beginning of the period is as follows:

	Three months ended September 30, 2018	Nine months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts, advance receipts for automation equipment contract and resolution of communication equipment power resource system, etc.	\$ -	\$ 1,693,773

C. Related disclosures on operating revenue for the three months and nine months ended September 30, 2017 are provided in Note 12(5) B.

(21) Other income

	Three months ended September 30,	
	2018	2017
Interest income:		
Interest income from bank deposits	\$ 197,901	\$ 118,459
Rental income	27,839	20,380
Dividend income	129,906	111,570
Others	840,476	708,139
	<u>\$ 1,196,122</u>	<u>\$ 958,548</u>

	Nine months ended September 30,	
	2018	2017
Interest income:		
Interest income from bank deposits	\$ 576,583	\$ 433,068
Rental income	86,776	63,699
Dividend income	171,272	141,938
Others	2,163,144	1,855,802
	<u>\$ 2,997,775</u>	<u>\$ 2,494,507</u>

(22) Other gains and losses

	Three months ended September 30,	
	2018	2017
Loss on disposal of property, plant and equipment	(\$ 3,506)	(\$ 6,636)
Gain on disposal of investments	18	47,662
Net currency exchange gain	146,883	90,830
Gain (loss) on financial assets / liabilities at fair value through profit or loss	27,011	(43,906)
Impairment loss	-	(1,045)
Miscellaneous disbursements	(164,138)	(109,635)
Gain on disposal of non-current assets classified as held for sale	-	373,138
	<u>\$ 6,268</u>	<u>\$ 350,408</u>

	Nine months ended September 30,	
	2018	2017
Gain on disposal of property, plant and equipment	\$ 233,287	\$ 100,289
(Loss) gain on disposal of investments	(81)	243,303
Net currency exchange gain	340,752	38,382
(Loss) gain on financial assets / liabilities at fair value through profit or loss	(180,138)	161,415
Impairment loss	-	(20,569)
Miscellaneous disbursements	(493,955)	(242,809)
Gain on disposal of non-current assets classified as held for sale	-	373,138
	<u>(\$ 100,135)</u>	<u>\$ 653,149</u>

(23) Finance costs

	Three months ended September 30,	
	2018	2017
Interest expense	\$ 148,739	\$ 52,584
Gains on hedging instrument	1,650	-
	<u>\$ 150,389</u>	<u>\$ 52,584</u>

	Nine months ended September 30,	
	2018	2017
Interest expense	\$ 391,162	\$ 242,266
Losses on hedging instrument	(712)	-
	<u>\$ 390,450</u>	<u>\$ 242,266</u>

(24) Expenses by nature

	Three months ended September 30,	
	2018	2017
Employee benefit expense	\$ 11,809,475	\$ 11,266,163
Depreciation charges on property, plant and equipment	2,240,210	2,089,100
Amortisation charges on intangible assets	583,433	455,630
	<u>\$ 14,633,118</u>	<u>\$ 13,810,893</u>

	Nine months ended September 30,	
	2018	2017
Employee benefit expense	\$ 34,584,772	\$ 31,235,824
Depreciation charges on property, plant and equipment	6,693,650	5,924,796
Amortisation charges on intangible assets	1,669,624	1,377,497
	<u>\$ 42,948,046</u>	<u>\$ 38,538,117</u>

(25) Employee benefit expense

	Three months ended September 30,	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 172,318	\$ 155,313
Defined benefit plans	19,700	26,415
	<u>192,018</u>	<u>181,728</u>
Other employee benefits	11,617,457	11,084,435
	<u>\$ 11,809,475</u>	<u>\$ 11,266,163</u>

	Nine months ended September 30,	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 553,040	\$ 448,376
Defined benefit plans	58,750	77,200
	<u>611,790</u>	<u>525,576</u>
Other employee benefits	33,972,982	30,710,248
	<u>\$ 34,584,772</u>	<u>\$ 31,235,824</u>

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 3% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the three months and nine months ended September 30, 2018 and 2017, employees' compensation was accrued at \$876,373, \$940,701, \$1,679,006 and \$2,484,494, respectively; while directors' remuneration was accrued at \$14,778, \$8,850, \$34,350 and \$26,550, respectively. The aforementioned amounts were recognised in salary expenses.

For the nine months ended September 30, 2018, the employees' compensation and directors' remuneration were estimated and accrued based on profit of current year distributable as of the end of reporting period as prescribed by the Company's Articles of Incorporation.

The employees' compensation of \$1,746,152 and directors' remuneration of \$35,400 for 2017 were resolved by the Board of Directors on March 8, 2018.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2018	2017
Current tax:		
Current tax on profits for the period	\$ 806,912	\$ 908,495
Prior year income tax underestimation (overestimation)	300,239 (	142,096)
Tax on undistributed surplus earnings	(39,174)	-
Total current tax	<u>1,067,977</u>	<u>766,399</u>
Deferred tax:		
Origination and reversal of temporary differences	56,718	622,415
Impact of change in tax rate	-	-
Total deferred tax	<u>56,718</u>	<u>622,415</u>
	<u>\$ 1,124,695</u>	<u>\$ 1,388,814</u>

	Nine months ended September 30,	
	2018	2017
Current tax:		
Current tax on profits for the period	\$ 2,542,534	\$ 2,363,848
Prior year income tax underestimation (overestimation)	295,045 (	194,398)
Tax on undistributed surplus earnings	<u>2,735</u>	<u>188,522</u>
Total current tax	<u>2,840,314</u>	<u>2,357,972</u>
Deferred tax:		
Origination and reversal of temporary differences	(476,097)	1,162,023
Impact of change in tax rate	<u>616,445</u>	<u>-</u>
Total deferred tax	<u>140,348</u>	<u>1,162,023</u>
	<u>\$ 2,980,662</u>	<u>\$ 3,519,995</u>

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

	Three months ended September 30,	
	2018	2017
Currency translation differences	(\$ 48,182)	(\$ 125,922)
Cash flow hedges	(27)	(10,961)
Remeasurement of defined benefit obligations	1,817	-
Impact of change in tax rate	-	-
	<u>(\$ 46,392)</u>	<u>(\$ 136,883)</u>

	Nine months ended September 30,	
	2018	2017
Currency translation differences	(\$ 178,610)	\$ 387,325
Cash flow hedges	7,917	(14,436)
Remeasurement of defined benefit obligations	1,599	-
Unrealised gain or loss on financial assets at fair value through other comprehensive income	(18,762)	-
Impact of change in tax rate	226,071	-
	<u>\$ 38,215</u>	<u>\$ 372,889</u>

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

	Latest year assessed by Tax Authority
The Company, NEM, Cyntec, DNIT and UNICOM SYSTEM ENG. CORP., Power Forest Technology Corporation, Vatics Inc., Realwin Investment Inc., Otus Imaging, Inc. and Aetek	2015
AMT, Delta Capital, Vivotek Inc. and DelBio	2016
Lidlight Inc.	It was newly established in 2017, which has not yet been assessed by the Tax Authority.

- C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(27) Earnings per share

Three months ended September 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,090,310	2,597,543	\$ 2.35
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,090,310	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	9,269	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 6,090,310	2,606,812	\$ 2.34

Three months ended September 30, 2017			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,466,101	2,597,543	\$ 2.10
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,466,101	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	12,327	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 5,466,101	2,609,870	\$ 2.09
Nine months ended September 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 12,148,576	2,597,543	\$ 4.68
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 12,148,576	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	12,397	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 12,148,576	2,609,940	\$ 4.65

Nine months ended September 30, 2017			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 13,617,732	2,597,543	\$ 5.24
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 13,617,732	2,597,543	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	16,206	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 13,617,732	2,613,749	\$ 5.21

(28) Business combinations

- A. In January 2017, the Group acquired 100% share ownership of UNICOM SYSTEM ENG. CORP. for cash of \$351,014. In the third quarter, the acquisition price decreased by \$9,320 based on the adjustment rule in the contract.
- B. In April 2017, the Group acquired 51% equity interest of DES, 100% of DGB, 51% of Delta Greentech Electronics Industry LLC and 100% of DGA by cash in the amount of \$755,090 (USD 24,850 thousand).
- C. 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:

	<u>September 30, 2017</u>
Purchase consideration	
Cash	\$ 1,096,784
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	<u>394,923</u> <u>1,491,707</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	993,877
Other current assets	1,885,834
Property, plant and equipment	38,646
Intangible assets	101,978
Other non-current assets	133,661
Current liabilities	(1,949,708)
Non-current liabilities	(242,893)
Deferred tax liabilities	(2,378)
Total identifiable net assets	<u>959,017</u>
Goodwill	<u>\$ 532,690</u>

(29) Share-based payment

A. For the nine months ended September 30, 2018 and 2017, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Power Forest - Employee stock options	2017.3.3	1,000,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
Power Forest - Employee stock options	2018.3.30	500,000	6 years	1 year's service: 40% vested 2 years' service: 70% vested 3 years' service: 100% vested
Vatics Inc. - Employee stock options	2016.11.8	2,116,000	3 years	1~3 years' service
Vivotek Inc. - Plan of restricted stocks to	2017.11.20	700,000	2 years	1~2 years' performance

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

(a) Employee share options

	2018		2017	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	2,742,000	\$ 15.95	-	\$ -
Options granted	500,000	15.00	1,000,000	15.00
Options forfeited	(95,000)	15.00	-	-
Options exercised	(242,000)	15.00	-	-
Options expired	(668,000)	16.50	-	-
Options outstanding at September 30	<u>2,237,000</u>	<u>\$ 15.72</u>	<u>1,000,000</u>	<u>\$ 15.00</u>
Options exercisable at September 30	<u>657,000</u>	<u>16.23</u>	<u>-</u>	<u>-</u>

(b) Restricted stocks to employees

	2018
	No. of shares
January 1	\$ 700,000
Vested during the period	(280,412)
Expired during the period	(74,088)
September 30	<u>\$ 345,500</u>

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

		September 30, 2018	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 8, 2019	1,074,000	\$ 16.50
March 3, 2017	March 3, 2023	663,000	15.00
March 3, 2018	March 30, 2024	500,000	15.00
		December 31, 2017	
Issue date approved	Expiry date	No. of shares	Exercise price (in dollars)
November 8, 2016	November 8, 2019	1,742,000	\$ 16.50
March 3, 2017	March 3, 2023	1,000,000	15.00

Issue date approved	Expiry date	September 30, 2017	
		No. of shares	Exercise price (in dollars)
March 3, 2017	March 3, 2023	1,000,000	\$ 15.00

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (years)	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Power Forest- Employee stock options	2017.3.3	\$ 18.38	\$ 15.00	32.08%~ 33.22% (Note)	3.5~4.5	5%	0.79%~ 0.88%	\$ 4.0053~ 4.0960
Power Forest- Employee stock options	2018.3.30	16.42	15.00	32.43%~ 33.08% (Note)	3.5~4.5	5%	0.63%~ 0.68%	3.0262~ 3.0767
Vatics Inc.- Employee stock options	2016.11.8	14.60	16.50	36.37%~ 37.25% (Note)	2.5~3.5	0%	0.57%~ 0.67%	2.7995~ 3.3727
Vivotek Inc.- Plan of restricted stocks to employees	2017.11.20	97.20	-	Not applicable	1~2	Not applicable	Not applicable	97.2000

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:

	Three months ended September 30,	
	2018	2017
Equity-settled	(\$ 15,359)	\$ 665
	Nine months ended September 30,	
	2018	2017
Equity-settled	(\$ 5,750)	\$ 1,540

(30) Supplemental cash flow information

The Group sold 100% of shares in the subsidiary – Eltek s.r.o on April 1, 2017 and therefore lost control over the subsidiary. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	<u>April 1, 2017</u>
Consideration received	
Cash	\$ 668,490
Total consideration	<u>668,490</u>
Carrying amount of the assets and liabilities of the subsidiary - Eltek s.r.o.	
Cash	35,480
Accounts receivable	22,882
Accounts receivable - related parties	98,412
Inventories	195,628
Prepayments	161,308
Other current assets	114
Deferred income tax assets	76,806
Property, plant and equipment	468,448
Intangible assets	226,626
Other non-current assets	2,523
Accounts payable	(143,383)
Accounts payable - related parties	(69,612)
Other payables	(431,753)
Current income tax liabilities	(244)
Other current liabilities	(3,992)
Deferred income tax liabilities	(86,267)
Total net assets	<u>\$ 552,976</u>

Gain on disposal of subsidiary, Eltek s.r.o, had deferred 20.01%, please refer to Note 6(8)E.

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1, 2018	\$ 17,463,509	\$ 11,267,688	\$ 28,731,197
Changes in cash flow from financing activities	(3,360,202)	12,810,004	9,449,802
At September 30, 2018	<u>\$ 14,103,307</u>	<u>\$ 24,077,692</u>	<u>\$ 38,180,999</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names and relationship of related parties</u>	<u>Relationship with the Group</u>
Delta Electronics (Thailand) Public Company Limited	Associates
Delta Power Solutions (India) Pvt Ltd.	"
Delta Electronics (Slovakia) s.r.o.	"
Delta Electronics India Pvt Ltd.	"
Delta Energy Systems (Singapore) PTE. LTD.	"
Delta Energy Systems (Australia) PTY. LTD.	"
Digital Projection Ltd.	"
Digital Projection Inc.	"
Eltek s.r.o.	It was a subsidiary before April 1, 2017, and became an associate since April 1, 2017.
Delta Electronics (Switzerland) AG	It was an associate before April 1, 2017, and became a subsidiary since April 1, 2017.
Delta Electronics (Italy) S.r.l	"
Delta Greentech (Brasil) S.A.	"
Delta Greentech (USA) Corporation	It was an associate before April 1, 2017, and became a subsidiary since April 1, 2017. On May 1, 2018, it merged with DELTA ELECTRONICS (USA) INC.

(2) Significant transactions and balances with related parties

A. Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2018</u>	<u>2017</u>
Sales of goods:		
Associates	\$ 1,184,366	\$ 1,152,512
Sales of services:		
Associates	375,616	335,685
	<u>\$ 1,559,982</u>	<u>\$ 1,488,197</u>

	Nine months ended September 30,	
	2018	2017
Sales of goods:		
Associates	\$ 3,415,373	\$ 3,444,448
Sales of services:		
Associates	1,098,799	871,842
	<u>\$ 4,514,172</u>	<u>\$ 4,316,290</u>

The sales terms, including prices and collections, were negotiated based on cost, market, competitors and other factors. Sales of services are negotiated with related parties on a cost-plus basis.

B. Purchases of goods

	Three months ended September 30,	
	2018	2017
Purchases of goods:		
Associates	<u>\$ 1,708,870</u>	<u>\$ 1,477,081</u>

	Nine months ended September 30,	
	2018	2017
Purchases of goods:		
Associates	<u>\$ 5,210,881</u>	<u>\$ 3,245,580</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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Receivables from related parties:			
Associates	<u>\$ 1,407,533</u>	<u>\$ 1,319,469</u>	<u>\$ 1,215,142</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 75 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Period-end balances arising from purchases of goods

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Payables to related parties:			
Associates	<u>\$ 1,334,508</u>	<u>\$ 1,206,197</u>	<u>\$ 981,102</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>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Other receivables-related parties			
Associates	<u>\$ 71,416</u>	<u>\$ 70,181</u>	<u>\$ 69,895</u>

The above pertain mainly to payments on behalf of others.

F. Property transactions:

(a) Acquisition of financial assets:

	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Nine months ended September 30, Consideration</u>
Delta Greentech (Netherlands) B.V.	Investments accounted for using equity method	10,200	Delta Electronics (Switzerland) AG	\$ 388,940
"	"	4,315,657	Delta Greentech (Brasil) S.A.	216,044
"	"	15,708	Delta Greentech Electronics Industry LLC	24,309
"	"	1,500,000	Delta Greentech (USA) Corporation	<u>125,797</u>
Total				<u>\$ 755,090</u>

The Group has not acquired financial assets from related parties for the nine months ended September 30, 2018.

(b) Disposal of financial assets:

	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Nine months ended September 30, 2017</u>	
Delta Greentech (Netherlands) B.V.	Investments accounted for using equity method	-	Eltek s.r.o.	<u>\$ 668,490</u>	<u>\$ 115,514</u>

A. As of September 30, 2017, all proceeds have been collected, and gains on disposal of financial assets are deferred based on shareholding ratio.

B. For the nine months ended September 30, 2018, the Group has not disposed financial assets to related parties.

(3) Key management compensation

	Three months ended September 30,	
	2018	2017
Salaries and other short-term employee benefits	\$ 132,630	\$ 91,009

	Nine months ended September 30,	
	2018	2017
Salaries and other short-term employee benefits	\$ 298,456	\$ 288,567

8. PLEGDED ASSETS

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

Pledged assets	Book value			Pledge purpose
	September 30, 2018	December 31, 2017	September 30, 2017	
Demand deposits (shown as other current assets)	\$ 109,962	\$ 96,349	\$ 95,921	Performance bonds
Time deposits (shown as other current assets)	165,171	183,623	156,369	Performance bonds, customs deposits and other guarantee deposits
Property, plant and equipment	314,217	399,957	-	Long-term borrowings and credit line
	<u>\$ 589,350</u>	<u>\$ 679,929</u>	<u>\$ 252,290</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:

	September 30, 2018	December 31, 2017	September 30, 2017
Property, plant and equipment	\$ 873,197	\$ 352,348	\$ 186,360
Costs of computer software	\$ -	\$ -	\$ 175,350

B. Operating lease commitments

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Not later than one year	\$ 150,587	\$ 342,577	\$ 269,992
Later than one year but not later than five years	225,287	600,593	611,425
Later than five years	<u>238,362</u>	<u>115,309</u>	<u>102,061</u>
	<u>\$ 614,236</u>	<u>\$ 1,058,479</u>	<u>\$ 983,478</u>

C. The subsidiary, Delta Electronics Int'l (Singapore) Pte. Ltd., plans to acquire associate, Delta Electronics (Thailand) Public Co., Ltd., through a conditional voluntary tender offer, with the maximum number of common shares to be acquired set at 986,269,024 shares. The offer price is expected to be THB 71 per share.

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. Financial instruments by category

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,499,411	\$ -	\$ -
Financial assets held for trading	-	114,748	78,316
	<u>\$ 3,499,411</u>	<u>\$ 114,748</u>	<u>\$ 78,316</u>
Financial assets at fair value through other comprehensive income			
Selected designated investments in equity instruments	\$ 2,979,452	\$ -	\$ -
Available-for-sale financial assets			
Available-for-sale financial assets	\$ -	\$ 5,861,758	\$ 6,267,829
Financial assets at cost	-	1,147,672	1,082,945
	<u>\$ -</u>	<u>\$ 7,009,430</u>	<u>\$ 7,350,774</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 58,666,961	\$ 57,366,617	\$ 69,058,351
Notes receivable	3,642,693	4,010,445	3,454,714
Accounts receivable	51,231,219	50,702,682	49,706,025
Other receivables	1,083,732	784,737	631,945
	<u>\$ 114,624,605</u>	<u>\$ 112,864,481</u>	<u>\$ 122,851,035</u>

	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities designated as at fair value through profit or loss	<u>\$ 21,855</u>	<u>\$ 9,746</u>	<u>\$ 52,331</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 14,103,307	\$ 17,463,509	\$ 20,858,370
Notes payable	7,747	9,792	6,261
Accounts payable	38,940,922	37,915,021	37,605,057
Other accounts payable	20,577,259	25,209,483	22,596,958
Long-term borrowings (including current portion)	<u>24,077,692</u>	<u>11,267,688</u>	<u>25,959,121</u>
	<u>\$ 97,706,927</u>	<u>\$ 91,865,493</u>	<u>\$ 107,025,767</u>

B. Financial risk management policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(14)).

C. 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, foreign exchange swap contracts and options, 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:

September 30, 2018			
(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,031,648	0.1453	\$ 4,576,091
USD:RMB (Note)	402,368	6.8816	12,282,283
USD:NTD	101,164	30.5250	3,088,031
EUR:NOK (Note)	39,976	9.4834	1,418,348
EUR:USD (Note)	56,481	1.1623	2,003,946
<u>Non-monetary items</u>			
USD:NTD	\$ 4,067,889	30.5250	\$ 124,172,603
THB:NTD	1,625,785	0.9485	1,542,057
RMB:USD (Note)	6,860,246	0.1453	30,430,060
THB:USD (Note)	6,860,652	0.0311	6,507,328
EUR:USD (Note)	61,672	1.1623	2,188,128
NOK:USD (Note)	3,344,337	0.1226	12,512,133
CAD:USD (Note)	109,325	0.7686	2,564,756
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,773,905	0.1453	\$ 7,868,528
USD:RMB (Note)	317,122	6.8816	9,680,149
USD:NTD	295,031	30.5250	9,005,821
EUR:NOK (Note)	45,291	9.4834	1,606,925

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

December 31, 2017			
(Foreign currency: functional currency)	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,306,689	0.1536	\$ 5,972,706
USD:RMB (Note)	374,463	6.5108	11,144,019
USD:NTD	366,890	29.7600	10,918,646
USD: NOK (Note)	55,435	8.2224	1,649,746
EUR:NOK (Note)	52,568	9.8276	1,869,844
EUR:USD (Note)	39,844	1.1952	1,417,251
<u>Non-monetary items</u>			
USD:NTD	\$ 3,639,718	29.7600	\$ 108,318,012
THB:NTD	9,486,456	0.9170	8,704,772
RMB:USD (Note)	6,575,994	0.1536	30,058,012
THB:USD (Note)	(1,401,926)	0.0308	(1,286,407)
EUR:USD (Note)	58,244	1.1952	2,071,730
NOK:USD (Note)	4,146,750	0.1216	15,008,748
CAD:USD (Note)	104,037	0.7967	2,446,714
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD (Note)	\$ 1,866,439	0.1536	\$ 8,531,250
USD:RMB (Note)	313,273	6.5108	9,323,004
USD:NTD	286,275	29.7600	8,519,544
USD:CAD (Note)	98,108	1.2552	2,919,694
USD: NOK (Note)	91,127	8.2224	2,711,940
EUR:NOK (Note)	41,218	9.8276	1,466,124

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

(Foreign currency: functional currency)	September 30, 2017		
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB : USD (Note)	\$ 966,327	0.1506	\$ 4,412,210
USD : RMB (Note)	383,063	6.6394	11,612,555
USD : NTD	375,066	30.3150	11,370,126
USD : NOK (Note)	52,025	7.9485	1,577,138
EUR : NOK (Note)	51,217	9.3762	1,831,520
EUR : USD (Note)	42,585	1.1796	1,522,840
<u>Non-monetary items</u>			
USD : NTD	\$ 3,892,816	30.3150	\$ 118,010,716
THB : NTD	9,283,336	0.9146	8,490,539
RMB : USD (Note)	6,382,403	0.1506	29,141,797
THB : USD (Note)	(1,432,761)	0.0302	(1,310,399)
EUR : USD (Note)	58,741	1.1796	2,100,565
NOK : USD (Note)	3,885,197	0.1258	14,838,732
CAD : USD (Note)	107,128	0.8052	2,614,985
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB : USD (Note)	\$ 1,658,341	0.1506	\$ 7,571,919
USD : RMB (Note)	352,670	6.6394	10,691,191
USD : NTD	329,684	30.3150	9,994,370
USD : CAD (Note)	99,278	1.2419	3,009,613
USD : NOK (Note)	75,529	7.9485	2,289,662
EUR : NOK (Note)	46,540	9.3762	1,664,270

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

- v. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2018 and 2017 amounted to \$146,883, \$90,830, \$340,752 and \$38,382, respectively.

Nine months ended September 30, 2018				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 45,761	\$	-
USD : RMB (Note)	1%	122,823		-
USD : NTD	1%	30,880		-
EUR : NOK (Note)	1%	14,183		-
EUR : USD (Note)	1%	20,039		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 78,685	\$	-
USD : RMB (Note)	1%	96,801		-
USD : NTD	1%	90,058		-
EUR : NOK (Note)	1%	16,069		-

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

Nine months ended September 30, 2017				
Sensitivity analysis				
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on comprehensive income	
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 44,122	\$	-
USD : RMB (Note)	1%	116,126		-
USD : NTD	1%	113,701		-
USD : NOK (Note)	1%	15,771		-
EUR : NOK (Note)	1%	18,315		-
EUR : USD (Note)	1%	15,228		-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB : USD (Note)	1%	\$ 75,719	\$	-
USD : RMB (Note)	1%	106,912		-
USD : NTD	1%	99,944		-
USD : CAD (Note)	1%	30,096		-
USD : NOK (Note)	1%	22,897		-
EUR : NOK (Note)	1%	16,643		-

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

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. 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 nine months ended September 30, 2018 and 2017 would have increased/decreased by \$34,231 and \$442, 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 \$29,795 and \$61,969 for the nine months ended September 30, 2018 and 2017, as a result of other comprehensive income for financial assets at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group primarily borrowed at fixed rate and floating rate. During the nine months ended September 30, 2018 and 2017, the Group's borrowings at variable rate were denominated in NTD, USD, JPY 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 \$2,881 and \$1,070 for the nine months ended September 30, 2018 and 2017, 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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments which were settled in accordance with trading conditions.
- ii. 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.
- iii. 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.
- iv. For banks and financial institutions, only well rated parties are accepted.

- v. The Group adopts the assumption under IFRS 9, that if the contract payments are past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group adopts the assumption under IFRS 9, that the default occurs when the contract payments are not expected to be recovered and are transferred to overdue receivables.
- vii. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.
- viii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On September 30, 2018, the provision matrix is as follows:

	Not past due	1-90 days past due	91-180 days past due
<u>At September 30, 2018</u>			
Expected loss rate	0.00%	1.47%	18.72%
Total book value	\$ 45,911,586	\$ 3,309,944	\$ 464,719
Loss allowance	\$ 1,351	\$ 48,678	\$ 86,999
	181-365 days past due	Over 365 days past due	Total
Expected loss rate	44.31%	92.48%	
Total book value	\$ 377,046	\$ 857,573	\$ 50,920,868
Loss allowance	\$ 167,086	\$ 793,068	\$ 1,097,182

- ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable, accounts receivable, contract assets and overdue receivables are as follows:

	Nine months ended September 30, 2018				
	Notes receivable	Accounts receivable	Contract assets	Overdue receivables	Total
At January 1_IAS 39	\$ -	\$ 1,166,495	\$ -	\$ 238,283	\$ 1,404,778
Adjustments under new standards	-	-	-	-	-
At January 1_IFRS 9	-	1,166,495	-	238,283	1,404,778
(Reversal of) provision for impairment loss	-	8,093	-	(40,468)	(32,375)
Effect of exchange rate changes	-	(77,406)	-	1,815	(75,591)
At September 30	\$ -	\$ 1,097,182	\$ -	\$ 199,630	\$ 1,296,812

For provisioned loss for the nine months ended September 30, 2018, the reversal gain of impairment arising from customers' contracts amounted to \$32,375.

- x. Credit risk information for 2017 is provided in Note 12(4).

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities (including non-current disposal group classified as held for sale) 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:

September 30, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 14,103,307	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	38,948,669	-	-	-
Other payables	20,577,259	-	-	-
Long-term borrowings (including current portion)	48,635	23,570,253	86,263	372,541

December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 17,463,509	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	37,924,813	-	-	-
Other payables	25,209,483	-	-	-
Long-term borrowings (including current portion)	48,752	10,730,741	102,195	386,000

September 30, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	\$ 20,858,370	\$ -	\$ -	\$ -
Notes and accounts payable (including related parties)	37,611,318	-	-	-
Other payables	22,596,958	-	-	-
Long-term borrowings (including current portion)	42,853	25,485,776	184,388	246,104

Derivative financial liabilities:

As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group's derivative financial liabilities 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 to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. 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.

- B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion), current portion are approximate to their fair values.

- 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 is as follows:

<u>September 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 1,363,084	\$ -	\$ 2,059,978	\$ 3,423,062
Debt securities	53,500	-	-	53,500
Derivative instruments	-	22,849	-	22,849
Financial assets at fair value				
through other comprehensive				
income				
Equity securities	<u>1,975,806</u>	<u>-</u>	<u>1,003,646</u>	<u>2,979,452</u>
	<u>\$ 3,392,390</u>	<u>\$ 22,849</u>	<u>\$ 3,063,624</u>	<u>\$ 6,478,863</u>
Liabilities				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial liabilities at fair				
value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 21,855</u>	<u>\$ -</u>	<u>\$ 21,855</u>

<u>December 31, 2017</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	\$ 30,911	\$ -	\$ -	\$ 30,911
Derivative instruments	-	83,837	-	83,837
Available-for-sale financial assets				
Equity securities	4,209,730	-	1,580,428	5,790,158
Convertible bonds	71,600	-	-	71,600
Derivative financial assets for hedging	-	7,061	-	7,061
	<u>\$ 4,312,241</u>	<u>\$ 90,898</u>	<u>\$ 1,580,428</u>	<u>\$ 5,983,567</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 9,746</u>	<u>\$ -</u>	<u>\$ 9,746</u>
<u>September 30, 2017</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	\$ 44,160	\$ -	\$ -	\$ 44,160
Derivative instruments	-	34,156	-	34,156
Available-for-sale financial assets				
Equity securities	4,490,162	-	1,706,767	6,196,929
Convertible bonds	70,900	-	-	70,900
Derivative financial assets for holding	-	5,076	-	5,076
	<u>\$ 4,605,222</u>	<u>\$ 39,232</u>	<u>\$ 1,706,767</u>	<u>\$ 6,351,221</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>\$ 52,331</u>	<u>\$ -</u>	<u>\$ 52,331</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 the 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 nine months ended September 30, 2018 and 2017, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the nine months ended September 30, 2018 and 2017:

	2018	2017
	Equity securities	Equity securities
At January 1	\$ 1,580,428	\$ 1,582,140
Acquired in the year	370,153	403,178
Effect of IFRS 9 adjustment	1,147,672	-
Losses recognised in profit or loss	(14,215)	(20,569)
Proceeds from capital reduction	(12,930)	(95,733)
Disposals in the period	(89,940)	(49,500)
Transfers out from level 3	-	(94,275)
Transferred from prepayments for investment	58,869	-
Net exchange differences	23,587	(18,474)
At September 30	\$ 3,063,624	\$ 1,706,767

- G. During the nine months ended September 30, 2017, certain Level 3 equity securities became listed on the exchange or as emerging stock, resulting in the availability of sufficient observable market information for these securities. These equity securities were transferred from Level 3 into Level 1 at the end of the month in which they were listed.
- 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 ensures 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 September 30, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 3,063,624	Net asset value	Not applicable	-	Not applicable

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,580,428	Net asset value	Not applicable	-	Not applicable
	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,706,767	Net asset value	Not applicable	-	Not applicable

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

			September 30, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ 20,600	(\$ 20,600)	\$ 10,036	(\$ 10,036)
			December 31, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 15,804	(\$ 15,804)

			September 30, 2017			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Equity instrument	Net asset value	± 1%	\$ -	\$ -	\$ 17,068	(\$ 17,068)

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in the third quarter of 2017:

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

- i. They 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:
 - (i) Hybrid (combined) contracts; or
 - (ii) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (iii) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- iii. Financial liabilities at fair value through profit or loss are initially recognised at fair value. 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. 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 at cost'.

(b) Available-for-sale financial assets

- i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.
- ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- iii. They 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 at cost'.

(c) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

- i. 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.
- ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (i) Significant financial difficulty of the issuer or debtor;
 - (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (iii) 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;
 - (iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (v) The disappearance of an active market for that financial asset because of financial difficulties;
 - (vi) 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;

- (vii) 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;
 - (viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- iii. 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:

(i) Financial assets 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.

(ii) Financial assets 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.

(iii) 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, 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.

(e) Derivative financial instruments and hedging activities

- i. 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.
- ii. The Group designates certain derivatives as either:
 - (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
 - (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
 - (iii) Hedges of a net investment in a foreign operation (net investment hedge).
- iii. 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.
- iv. 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.
- v. Fair value hedge
 - (i) 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.
 - (ii) 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.
- vi. Cash flow hedge
 - (i) For fair value changes in derivative instruments that designated as and meet with cash flow hedges, the effective portion is recognised in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within 'other gains and losses'.
 - (ii) 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.

vii. Net investment hedge

- (i) Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.
- (ii) Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.
- (iii) Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of or sold.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, are as follows:

	IAS 39	Available- for-sale-equity	Available- for-sale-liability	Measured at cost	Effects	
					Retained earnings	Other equity
IFRS 9						
Transferred into and measured at fair value through profit or loss	\$	3,126,535	\$ 71,600	\$ 434,369	\$ -	\$ -
Transferred into and measured at fair value through other comprehensive income						
-equity		2,663,623	-	713,303	-	-
Impairment loss adjustment		-	-	-	626,735	(626,735)
Fair value adjustment		-	-	-	492,181	(492,181)

- (a) Under IAS 39, as the cash flows of debt instruments which were classified as available-for-sale financial assets without active market, amounting to \$71,600, do not meet the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at fair value through profit or loss", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$6,600 and \$6,600 on initial application of IFRS 9, respectively.
- (b) Under IAS 39, as the equity instruments which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$2,663,623 and \$713,303, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$626,735 and \$626,735 on initial application of IFRS 9, respectively.

- (c) Under IAS 39, the equity instruments, which were classified as available-for-sale financial assets and financial assets at cost, amounting to \$3,126,535 and \$434,369, respectively, were reclassified as "financial assets at fair value through profit or loss (equity instruments)", which resulted to an increase in retained earnings and decrease in other equity interest in the amounts of \$485,581 and \$485,581 under IFRS 9, respectively.
- C. The significant accounts as of December 31, 2017, September 30, 2017 and the third quarter of 2017 are as follows:

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

<u>Items</u>	<u>December 31, 2017</u>	<u>September 30, 2017</u>
Current items:		
Financial assets held for trading		
Listed stocks	\$ 29,341	\$ 44,422
Convertible bonds	-	226
Valuation adjustment	85,407	33,668
	<u>114,748</u>	<u>78,316</u>
Non-current items:		
Convertible bonds	94,512	94,512
Valuation adjustment	(94,512)	(94,512)
	<u>-</u>	<u>-</u>
	<u>\$ 114,748</u>	<u>\$ 78,316</u>

- i. The Group recognised net loss amounting to \$36,873 and \$18,061 on financial assets held for trading for the three months and nine months ended September 30, 2017, respectively. No net profit was recognised on financial assets at fair value through profit or loss for the three months and nine months ended September 30, 2017.
- ii. 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.
- iii. The non-hedging derivative instruments transaction and contract information are as follows:

December 31, 2017

Financial instruments	Contract amount		Contract period
	(Notional principal, in thousands)		
Forward exchange contracts			
- Sell AUD / buy NOK	AUD	3,000	2017.11.28~2018.02.05
- Sell AUD / buy USD	AUD	2,500	2017.08.25~2018.05.29
- Sell BRL / buy USD	BRL	5,716	2017.11.28~2018.02.05
- Sell EUR / buy NOK	EUR	8,000	2017.11.16~2018.04.05
- Sell EUR / buy USD	EUR	22,800	2017.08.25~2018.05.29
- Sell INR / buy USD	INR	130,241	2017.11.28~2018.02.05
- Sell JPY / buy USD	JPY	834,001	2017.08.25~2018.04.26
- Sell THB / buy SGD	THB	131,018	2017.12.20~2018.01.22
- Sell THB / buy USD	THB	28,500	2017.12.20~2018.01.22
- Sell USD / buy RMB	USD	110,571	2017.10.25~2018.02.09
- Sell USD / buy JPY	USD	1,500	2017.11.06~2018.01.10
- Sell USD / buy NOK	USD	3,000	2017.12.04~2018.03.05
- Sell USD / buy SGD	USD	25,200	2017.01.25~2018.11.02
- Sell USD / buy NTD	USD	3,000	2017.10.25~2018.01.03
- Sell USD / buy EUR	USD	5,934	2017.11.15~2018.02.02
- Sell USD / buy HKD	USD	6,200	2017.11.03~2018.02.02
- Sell USD / buy CZK	USD	350	2017.12.08~2018.01.23
- Sell RMB / buy USD	RMB	31,000	2017.11.06~2018.02.09

September 30, 2017

Financial instruments	Contract amount		Contract period
	(Notional principal, in thousands)		
Forward exchange contracts:			
- Sell USD / Buy CZK	USD	580	2017.09.12~2017.10.23
- Sell USD / Buy EUR	USD	5,948	2017.08.04~2017.11.02
- Sell USD / Buy HKD	USD	4,900	2017.08.04~2017.12.04
- Sell USD / Buy JPY	USD	3,500	2017.09.13~2017.11.10
- Sell USD / Buy SGD	USD	23,300	2016.10.31~2018.09.04
- Sell AUD / Buy USD	AUD	4,700	2017.06.09~2018.02.26
- Sell EUR / Buy USD	EUR	25,200	2017.05.25~2018.02.26
- Sell JPY / Buy USD	JPY	921,549	2017.07.25~2018.02.26
- Sell USD / Buy RMB	USD	135,850	2017.07.27~2017.12.11
- Sell USD / Buy NTD	USD	14,000	2017.03.14~2017.12.04
- Sell EUR / Buy NOK	EUR	9,000	2017.03.14~2017.12.22
- Sell USD / Buy NOK	USD	1,000	2017.06.21~2017.10.31
- Sell INR / Buy USD	INR	196,761	2017.08.10~2017.10.31
- Sell THB / Buy SGD	THB	152,207	2017.08.24~2017.10.30
- Sell THB / Buy USD	THB	35,030	2017.09.26~2017.10.30
- Sell AUD / Buy NOK	AUD	1,500	2017.08.16~2017.10.31
Cross currency swap:			
Sell NOK / Buy USD	NOK	7,813	2017.09.18~2017.10.31
Sell SGD / Buy NOK	SGD	4,000	2017.09.28~2017.10.31
Sell USD / Buy AUD	USD	479	2017.09.18~2017.10.31
Sell USD / Buy RUB	USD	2,053	2017.09.08~2017.10.31
Sell USD / Buy SEK	USD	2,000	2017.09.08~2017.10.31
Sell NOK / Buy SGD	NOK	23,387	2017.09.28~2017.10.31

The Group entered into forward foreign exchange contracts to sell (buy) to hedge exchange rate risk of (import) export proceeds. However, these forward foreign exchange contracts did not meet with the condition of hedge accounting and were not accounted for under hedge accounting.

- iv. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(b) Available-for-sale financial assets

Items	December 31, 2017	September 30, 2017
Current items:		
Listed stocks	\$ 1,197,724	\$ 1,239,400
Emerging stocks	58,943	262,525
Convertible bonds	<u>65,000</u>	<u>65,000</u>
	1,321,667	1,566,925
Valuation adjustment	446,768	(106,105)
Accumulated impairment	(<u>626,735</u>)	<u>-</u>
	<u>\$ 1,141,700</u>	<u>\$ 1,460,820</u>
Non-current items:		
Listed stocks	\$ 4,468,722	\$ 4,453,731
Emerging stocks	585,308	112,503
Unlisted shares	<u>1,593,527</u>	<u>1,972,172</u>
	6,647,557	6,538,406
Valuation adjustment	(1,695,776)	(1,499,674)
Accumulated impairment	(<u>231,723</u>)	(<u>231,723</u>)
	<u>\$ 4,720,058</u>	<u>\$ 4,807,009</u>

- i. The Group recognised loss of \$80,538 and \$187,820 in other comprehensive income for fair value change and reclassified \$47,737 and \$148,240 from equity to profit or loss for the three months and nine months ended September 30, 2017, respectively.
- ii. At period end, there was a significant decline in the net value of stock investment held by the Group below its original cost. For the nine months ended September 30, 2017, the Group recognised impairment loss of \$20,569.
- iii. The Group has no available-for-sale financial assets pledged to others as collateral.

(c) Financial assets at cost

Items	December 31, 2017	September 30, 2017
Non-current items:		
Unlisted shares	\$ 1,181,036	\$ 1,101,305
Accumulated impairment	(<u>33,364</u>)	(<u>18,360</u>)
	<u>\$ 1,147,672</u>	<u>\$ 1,082,945</u>

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

(d) Hedge accounting

	<u>December 31, 2017</u>	<u>September 30, 2017</u>
<u>Items</u>	<u>Assets (Liabilities), net</u>	<u>Assets (Liabilities), net</u>
Current items:		
Cash flow hedges - forward exchange contracts	<u>\$ 7,061</u>	<u>\$ 5,076</u>

- i. The Group entered into derivative financial instruments contracts with financial institutions with good credit quality.
- ii. Cash flow hedges

	<u>Hedged items</u>	<u>Derivative instruments designated as hedges</u>	<u>Fair value designated as hedging instruments</u>	<u>Period of anticipated cash flow</u>	<u>Period of gain (loss) expected to be recognised in profit or loss</u>
December 31, 2017	Accounts payable in foreign currency	Forward foreign exchange contracts	<u>\$ 7,061</u>	2017.9.30 ~2018.3.31	2017.9.30 ~2018.3.31
September 30, 2017	Accounts payable in foreign currency	Forward foreign exchange contracts	<u>\$ 5,076</u>	2017.9.30 ~2018.3.31	2017.9.30 ~2018.3.31

- (i) 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 September 30, 2017 are recycled into profit or loss in the period or periods when the hedged item affects profit or loss.
- (ii)

<u>Items</u>	<u>Three months ended September 30, 2017</u>	<u>Nine months ended September 30, 2017</u>
Amount of gain or loss adjusted in other comprehensive	<u>\$ 5,846</u>	<u>(\$ 2,632)</u>

ii.v. Hedges of net investments in foreign operations

		<u>Designated as hedging instruments</u>	
	<u>Derivative instruments designated as hedges</u>	<u>Fair value</u>	
<u>Hedged items</u>		<u>December 31, 2017</u>	<u>September 30, 2017</u>
Net investments in foreign operations	Borrowings in US dollars	<u>\$ 1,339,199</u>	<u>\$ 1,364,174</u>
"	Borrowings in Euro	<u>426,840</u>	<u>429,120</u>
		<u>\$ 1,766,039</u>	<u>\$ 1,793,294</u>

As of December 31, 2017 and September 30, 2017, the Group designated borrowings in USD and EUR as hedges of a net investment in a foreign operation in the amount of \$1,339,199 (USD 45 million), \$426,840 (EUR 12 million) and \$1,364,174 (USD 45 million), \$429,120 (EUR 12 million), respectively. The fair value of this portion of borrowings at September 30, 2017 was \$1,793,294. The foreign exchange gain of \$58,635 and \$87,552 on translation of this portion of borrowing to NTD currency for the three months and nine months ended September 30, 2017 was recognised in other comprehensive income.

(e) Accounts receivable and overdue receivables

Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	\$ 256,516	\$ 907,072	\$ 1,163,588
Acquired from business combinations	50,626	44,589	95,215
Provision for (reversal of) impairment	(29,820)	264,248	234,428
Write-offs during the period	(17,757)	(11,204)	(28,961)
Effects of foreign exchange	(12,122)	(14,161)	(26,283)
At September 30	\$ 247,443	\$ 1,190,544	\$ 1,437,987

D. Credit risk information on December 31, 2017 , September 30, 2017 and the third quarter of 2017 are as follows:

(a) 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:

- i. 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.
- ii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the manager of credit control. The utilisation of credit limits is regularly monitored.
- iii. For banks and financial institutions, only well rated parties are accepted.
- iv. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transaction.

- (b) For the year ended December 31, 2017 and third quarter of 2017, the management does not expect any significant losses from non-performance by these counterparties.
- (c) 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, 2017</u>	<u>September 30, 2017</u>
Group 1	\$ 22,112,811	\$ 23,059,701
Group 2	<u>23,203,271</u>	<u>22,148,984</u>
	<u>\$ 45,316,082</u>	<u>\$ 45,208,685</u>

Group 1: Medium to low risk customers: These customers include large enterprise groups which are operating well, and in which 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.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 and the third quarter of 2017 are set out below:

(a) Sales of goods

The Group is mainly engaged in manufacturing and sales of information, electric machinery, power supply, industrial automation, networking and communication equipment and components and its related products. Revenue is measured at the fair value of the consideration received or receivable taking into account of 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 installation of certain software and module and energy technology services. Revenue is recognised if all of the following conditions are met and the cost incurred shall be recognised as the cost in the current period. If loss is expected to incur on the transaction, loss shall be recognised immediately.

- i. The amount of the revenue can be measured reliably;
- ii. It is probable that the economic benefits related to the transaction will flow to the enterprise;
- iii. The costs incurred and to be incurred associated with the transaction can be measured reliably; and
- iv. The degree of completion of the transaction can be measured reliably at the balance sheet date.

B. The revenue recognised by using above accounting policies for the three months and nine months ended September 30, 2017 are as follows:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Sales revenue	\$ 58,140,287	\$ 157,712,477
Service revenue	806,908	2,130,393
Other operating income	<u>875,281</u>	<u>2,377,595</u>
	<u>\$ 59,822,476</u>	<u>\$ 162,220,465</u>

C. The effects and description on current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies are as follows:

	September 30, 2018		
<u>Balance sheet items</u>	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	\$ 49,823,686	\$ 51,040,133	(\$ 1,216,447)
Contract assets-current	1,979,603	-	1,979,603
Contract assets-non-current	523,264	-	523,264
Other non-current assets	2,574,213	3,097,477	(523,264)
Contract liabilities-current	(2,964,771)	-	(2,964,771)
Other current liabilities	(4,598,493)	(6,800,108)	2,201,615

There is no effect on comprehensive income.

- (a) Customer contracts where services were rendered but not yet billed, were previously presented as accounts receivable on that balance sheet, and are recognised as contract assets in accordance with IFRS 15 'Revenue from contracts with customers'.
- (b) Expected sales discounts and allowances were previously presented as accounts receivable - allowance, and reclassified as refund liabilities (shown as 'other current liabilities') under IFRS 15 'Revenue from contracts with customers'.
- (c) Advance sales receipts in relation to customer contracts under IFRS 15 'Revenue from contracts with customers' are recognised as contract liabilities.

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(4), 6(14), 12(2) and 12(4).
- 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 China: Please refer to table 6, 7 and 8 for significant transactions of purchases, sales, receivables and payables of investee companies in the Mainland China, and transactions between the Company indirectly through investees in a third area, Delta Electronics Int'l (Singapore) Pte. Ltd. (DEIL-SG) and Cyntec International Ltd. (CIL-Labuan), with investee companies in the Mainland China, for the nine months ended September 30, 2018.

14. OPERATING SEGMENT INFORMATION

(1) General information

The Group's management has determined the reportable segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group considers the business from a product perspective. The Group's business is segregated into power electronics business,

automation business and infrastructure business. Breakdown of the revenue from all sources is as follows:

- A. Power electronics: Component, Embedded Power, Fans and Thermal Management, Automotive Electronics, Merchant & Mobile Power and Vivitek Projectors.
- B. Automation: Industrial Automation and Building Automation.
- C. Infrastructure: ICT Infrastructure and Energy Infrastructure.

Because of the change of product classification, the Group's internal business segment restructured accordingly. 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:

Nine months ended September 30, 2018				
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 86,954,827	\$ 28,250,676	\$ 56,087,145	\$ 171,292,648
Segment income (Note)	\$ 7,621,148	\$ 3,522,894	\$ 4,461,784	\$ 15,605,826
Nine months ended September 30, 2017				
	Power electronics business	Automation business	Infrastructure business	Total
Revenue from external customers	\$ 86,718,011	\$ 23,819,503	\$ 50,368,241	\$ 160,905,755
Segment income (Note)	\$ 9,591,072	\$ 4,006,798	\$ 3,686,622	\$ 17,284,492

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

(4) Reconciliation information for segment income (loss)

- A. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that of the statement of comprehensive income.

B. A reconciliation of reportable segments income or loss to income (loss) before tax from continuing operations for the nine months ended September 30, 2018 and 2017 is provided as follows:

	Nine months ended September 30,	
	2018	2017
Reportable segments income	\$ 15,605,826	\$ 17,284,492
Other segments' loss	(3,360,150)	(3,298,287)
Non-operating income and expenses	3,260,541	3,385,134
Income before tax from continuing operations	<u>\$ 15,506,217</u>	<u>\$ 17,371,339</u>

Each card is worth one of New Taiwan dollars, except as noted otherwise.

Table 2-1

Delta Electronics, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2018

Table 3 Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2018				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Delta Electronics, Inc.	Swisray Global Healthcare Holding Limited common stock	None	Financial assets at fair value through other comprehensive income-current	8,052,600	\$ 101,462	18.93	\$ 101,463	
Delta Electronics, Inc.	United Renewable Energy Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	167,145,851	1,755,031	7.65	1,755,031	
Delta Electronics, Inc.	Others	None	-	-	345,606	-	345,606	
Delta International Holding Limited	Solarflare Communications, Inc. preferred shares	None	Financial assets at fair value through profit or loss-non-current	9,547,235	291,429	3.60	291,429	
Delta International Holding Limited	Mentis Technology, Inc., etc	None	Financial assets at fair value through profit or loss-non-current	-	91,575	-	91,575	
Delta Electronics (Japan), Inc.	Macy (Cayman) Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	74,000,000	33,429	19.79	33,429	
Delta Electronics (Pingtan) Co., Ltd.	Pingtai Hi Tech Investment Development Shares Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	-	33,268	15.00	33,268	
Delta Electronics Capital Company	Rusheng Precision Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-non-current	1,800,000	288,450	1.52	288,450	
Delta Electronics Capital Company	Tong Hsing Electronic Industries, Ltd. common stock	None	Financial assets at fair value through profit or loss-non-current	2,374,000	229,091	1.44	229,091	
Delta Electronics Capital Company	Nien Made Enterprise Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	673,043	160,857	0.23	160,857	
Delta Electronics Capital Company	Globalwafers Co., Ltd. common stock	None	Financial assets at fair value through profit or loss-current	496,650	167,123	0.11	167,123	
Delta Electronics Capital Company	Buding Technology Limited preferred shares	None	Financial assets at fair value through profit or loss-non-current	1,059,047	148,075	2.95	148,075	
Delta Electronics Capital Company	TaskEasy, Inc. common stock	None	Financial assets at fair value through profit or loss-non-current	2,633,872	141,008	7.77	141,008	
Delta Electronics Capital Company	EBM Technologies, Inc. common stock, etc.	None	-	-	1,531,593	-	1,531,593	
Delta America Ltd.	VPT, Inc. common stock	None	Financial assets at fair value through other comprehensive income-non-current	-	5,342	-	5,342	
Cyntec Co., Ltd.	SUSUMU Co., Ltd. common stock	None	Financial assets at fair value through other comprehensive income-non-current	200,000	104,081	11.53	104,081	
Cyntec Co., Ltd.	LUXTERA, INC. common stock, etc.	None	Financial assets at fair value through other comprehensive income-non-current	55,029,284	336,195	3.46	336,195	
Cyntec Co., Ltd.	GaN Systems Inc. preferred stock	None	Financial assets at fair value through other comprehensive income-non-current	1,454,193	89,874	3.31	89,874	
Delta Electronics Intl (Singapore) Pte. Ltd.	PBA International Pte. Ltd. common stock	None	Financial assets at fair value through profit or loss-non-current	1,900	349,974	19.00	349,974	
Delta Electronics Intl (Singapore) Pte. Ltd.	Ascend Solution Pte Ltd. preferred shares	None	Financial assets at fair value through other comprehensive income-non-current	33,795	45,419	4.65	45,419	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2018				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
UNICOM SYSTEM ENG. CORP.	Digi-Hua System Co., Ltd. common stock, etc.	None	Financial assets at fair value through profit or loss-non-current	-	\$ 3,273	-	\$ 3,273	
Delta Electronics (Netherlands) B.V.	Noda RF Technologies Co., Ltd. common stock, etc.	None	Financial assets at fair value through other comprehensive income-non-current	-	55,920	-	55,920	
Delta Electronics (Netherlands) B.V.	ZENTERA SYSTEMS, Inc. preferred shares	None	Financial assets at fair value through other comprehensive income-non-current	1,838,235	152,625	10.46	152,625	

Table 3-2

Delta Electronics, Inc. and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Nine months ended September 30, 2018
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investee	Balance as at January 1, 2018		Addition		Disposal				Balance as at September 30, 2018		Footnote
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
EL TEK AS	DELTA ELECTRONICS HOLDING (USA) INC.	Investments accounted for using equity method	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	-	\$ 1,464,014	-	(\$ 82,253) (Note 2)	-	\$ 1,989,285	\$ 1,381,761 (Note 2)	(Note 1)	-	-	Note 3

Note 1: The transaction resulted from the Group's adjustment in investment structure. There was no gain or loss on disposal pursuant to related ordinances.

Note 2: It reflected the movement in the adjustments in the profit (loss) and net value of investments recognised in this period.

Note 3: Only sales transactions are disclosed.

Delta Electronics, Inc. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Nine months ended September 30, 2018

Table 5 Expressed in thousands of NTD
(Except as otherwise indicated)

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 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.	Land in Taoyuan	May 2, 2018 and June 5, 2018	\$ 2,049,970	Acquired by cash	Gi-Jin construction co. Ltd and natural persons	None	-	-	-	-	Appraisal report	For development of future business	None
Delta Electronics, Inc.	Land in Neihu	August 21, 2018	1,011,684	Acquired by cash	9 natural persons	None	-	-	-	-	Appraisal report	For development of future business	None

Delta Electronics, Inc. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2018
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		Notes/Accounts receivable		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.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	Sales and other operating revenue	\$ 8,161,183	29.98	70 days	\$ -	-	\$ 1,257,827	18.15	
Delta Electronics, Inc.	Cytec Electronics (Suzhou) Co., Ltd.	Subsidiary	Sales	762,799	2.80	70 days	-	-	1,140	0.02	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	Sales	352,554	1.30	70 days	-	-	207,330	2.99	
Delta Electronics, Inc.	Unicom System Eng. Corp.	Subsidiary	Other operating revenue	138,449	0.51	70 days	-	-	98,697	1.42	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales and other operating revenue	570,883	2.10	70 days	-	-	142,777	2.06	
Delta Electronics, Inc.	Delta Energy Systems (Singapore) PTE LTD	Associate	Sales and other operating revenue	215,113	0.79	70 days	-	-	75,647	1.09	
Delta Electronics, Inc.	Delta Electronics (Japan), Inc.	Subsidiary	Purchases	121,978	1.75	70 days	-	-	(66,407)	(0.85)	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales	11,975,797	7.15	70 days	-	-	6,395,428	11.40	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	4,990,498	2.97	70 days	-	-	1,332,108	2.37	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	11,319,520	6.74	70 days	-	-	3,250,941	5.79	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	Sales	12,690,439	7.56	70 days	-	-	2,807,094	5.00	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	9,292,843	5.54	70 days	-	-	947,481	1.69	

Table 6-1

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		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 Video Display System (Wujiang) Ltd.	Affiliated enterprise	Sales	\$ 5,114,729	1.86	70 days	\$ -	-	\$ 550,065	0.94	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	Sales	4,174,030	2.49	70 days	-	-	777,747	2.07	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	2,138,723	1.29	70 days	-	-	921,426	1.64	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Chenzhou Delta Technology Co., Ltd.	Affiliated enterprise	Sales	250,938	0.15	70 days	-	-	65,929	0.12	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	Sales	2,128,849	1.27	70 days	-	-	729,683	1.30	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	14,965,666	8.92	70 days	-	-	6,992,981	12.46	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	Sales	12,893,768	7.68	70 days	-	-	4,198,072	7.48	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	Sales	4,29,367	0.26	70 days	-	-	105,611	0.19	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	7,343,214	4.37	70 days	-	-	2,837,593	5.06	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	Sales	400,957	0.24	70 days	-	-	191,423	0.34	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	Sales	2,123,201	1.26	70 days	-	-	681,288	1.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	Sales	994,815	0.59	70 days	-	-	556,186	0.60	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	Sales	2,166,125	1.29	70 days	-	-	932,376	1.66	

Table 6-2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		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 (USA) INC.	Affiliated enterprise	Sales	\$ 1,571,389	0.94	70 days	\$ -	-	\$ 396,022	1.06	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Korea), Inc.	Affiliated enterprise	Sales	180,967	0.11	70 days	-	-	53,493	0.10	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics International Mexico SA de CV	Affiliated enterprise	Sales	122,342	0.07	70 days	-	-	18,019	0.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Vimtek Corporation	Affiliated enterprise	Sales	220,440	0.13	70 days	-	-	83,063	0.15	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	Sales	616,087	0.37	70 days	-	-	299,177	0.53	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	Sales	367,182	0.22	70 days	-	-	143,023	0.25	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Australia) PTY LTD.	Affiliated enterprise	Sales	186,787	0.11	70 days	-	-	104,314	0.19	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc	Associate	Sales	273,081	0.16	70 days	-	-	122,605	0.22	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	Sales	158,398	0.09	70 days	-	-	116,049	0.21	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	Sales	690,677	0.41	70 days	-	-	201,093	0.36	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	Sales	685,926	0.41	70 days	-	-	272,632	0.49	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Slovakia) s.r.o.	Associate	Sales	273,913	0.16	70 days	-	-	28,935	0.03	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales	211,633	0.13	70 days	-	-	86,375	0.15	

Table 6-3

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
De'ha Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Ltd.	Associate	Sales	\$ 177,950	0.11	70 days	\$ -	-	\$ 82,077	0.15	
De'ha Electronics Int'l (Singapore) Pte. Ltd.	Pre Optix (Jiang Su) Co. Ltd.	Affiliated enterprise	Purchases	248,527	0.26	70 days	-	-	-	-	
De'ha Electronics Int'l (Singapore) Pte. Ltd.	De'ha Electronics (Japan), Inc.	Affiliated enterprise	Purchases	570,346	0.59	70 days	-	-	(195,228)	(0.51)	
De'ha Electronics Int'l (Singapore) Pte. Ltd.	De'ha Electronics (Slovakia) s.r.o.	Associate	Purchases	784,088	0.81	70 days	-	-	(330,383)	(0.86)	
De'ha Electronics Int'l (Singapore) Pte. Ltd.	De'ha Electronics (Thailand) Public Company Limited	Associate	Purchases	234,304	0.24	70 days	-	-	(94,283)	(0.24)	
De'ha Networks, Inc. (Taiwan)	De'ha Electronics, Inc.	Ultimate parent company	Sales	797,576	14.83	70 days	-	-	245,803	17.89	
De'ha Networks, Inc. (Taiwan)	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	328,986	6.12	70 days	-	-	403,135	29.33	
De'ha Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	Sales	2,581,150	44.26	70 days	-	-	660,954	48.09	
De'ha Networks (Dongguan) Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	14,620,014	89.09	70 days	-	-	3,324,844	93.29	
De'ha Electronics (Dongguan) Co., Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	6,412,348	77.50	70 days	-	-	1,925,499	73.32	
De'ha Electronics (Dongguan) Co., Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,005,099	12.15	70 days	-	-	344,195	13.11	
De'ha Electronics Power (Dongguan) Co., Ltd.	De'ha Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	116,718	0.72	70 days	-	-	60,942	1.74	

Table 6-4

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
De'ha Electronics Power (Dongguan) Co., Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 14,179,738	88.24	70 days	\$ -	-	\$ 2,801,728	77.25	
De'ha Electronics (Jiangsu) Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,336,652	8.26	70 days	-	-	558,849	15.94	
De'ha Electronics (Jiangsu) Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	4,109,603	13.31	70 days	-	-	736,948	13.67	
De'ha Electronics (Jiangsu) Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	26,130,247	84.62	70 days	-	-	4,471,224	82.92	
De'ha Electronics (Jiangsu) Ltd.	De'ha Electronics (Wuhan) Co., Ltd.	Affiliated enterprise	Sales	359,192	1.16	70 days	-	-	117,342	2.18	
De'ha Electronics (Jiangsu) Ltd.	De'ha Electronics Components (Wujiang) Ltd.	Affiliated enterprise	Sales	134,707	0.44	70 days	-	-	52,885	0.98	
De'ha Electronics Components (Wujiang) Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	8,244,151	41.47	70 days	-	-	2,110,851	57.38	
De'ha Electronics Components (Wujiang) Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	11,587,014	57.28	70 days	-	-	1,450,542	58.89	
De'ha Electronics Components (Wujiang) Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	1,667,145	34.62	70 days	-	-	759,587	64.24	
De'ha Video Display System (Wujiang) Ltd.	De'ha Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	2,778,472	57.69	70 days	-	-	309,963	26.21	

Table 6-5

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
De'ha Electronics (Wuhan) Co., Ltd.	De'ha Electronics Intl (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	\$ 7,499,865	98.00	70 days	\$ -	-	\$ 2,886,495	97.95	
De'ha Electronics (Wuhan) Co., Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	153,227	2.00	70 days	-	-	47,832	2.05	
De'ha Electronics (Chenzhou) Co., Ltd.	De'ha Electronics Intl (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	3,228,039	88.63	70 days	-	-	697,767	84.85	
De'ha Electronics (Chenzhou) Co., Ltd.	De'ha Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	Sales	414,244	11.37	70 days	-	-	124,632	15.15	
Chenzhou De'ha Technology Co., Ltd.	De'ha Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	Sales	1,298,457	71.89	70 days	-	-	416,845	74.53	
Chenzhou De'ha Technology Co., Ltd.	De'ha Electronics Intl (Singapore) Pte. Ltd.	Affiliated enterprise	Sales	372,294	20.61	70 days	-	-	99,645	17.82	
Chenzhou De'ha Technology Co., Ltd.	De'ha Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	Sales	123,200	6.82	70 days	-	-	40,585	7.26	
De'ha Electronics (Shanghai) Co., Ltd.	De'ha Greentech (China) Co., Ltd.	Affiliated enterprise	Sales and other operating revenue	11,676,477	49.95	70 days	-	-	2,196,414	55.78	
De'ha Electronics (Shanghai) Co., Ltd.	De'ha Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	Sales	1,404,102	6.57	70 days	-	-	518,394	8.45	
De'ha Electronics (Shanghai) Co., Ltd.	De'ha Electronics Intl (Singapore) Pte. Ltd.	Affiliated enterprise	Other operating revenue	554,732	2.59	70 days	-	-	314,686	5.13	

Table 6-6

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		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 (Shanghai) Co., Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	\$ 817,497	4.61	70 days	\$ -	-	\$ (169,517)	(3.51)	
Cyrotec Co., Ltd.	Cyrotec International Ltd-Labuan	Affiliated enterprise	Sales and other operating revenue	530,613	21.55	Note 1	Note 1	Note 1	117,669	12.74	
Cyrotec Co., Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	Sales	217,389	8.83	Note 2	Note 2	Note 2	50,255	5.44	
Cyrotec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	Sales and other operating revenue	674,807	27.41	Note 2	Note 2	Note 2	324,844	35.18	
Cyrotec Electronics(Suzhou) Co., Ltd.	Cyrotec International Ltd-Labuan	Affiliated enterprise	Sales	3,048,382	37.98	Note 3	Note 3	Note 3	530,757	33.79	
Cyrotec Electronics(Suzhou) Co., Ltd.	Delta Electronics Int'l(Singapore)Pte. Ltd.	Affiliated enterprise	Sales	4,977,389	62.02	Note 4	Note 4	Note 4	1,039,765	66.15	
Cyrotec International Ltd - Labuan	Cyrotec Co., Ltd.	Affiliated enterprise	Sales	738,668	17.90	Note 1	Note 1	Note 1	208,410	10.84	
Cyrotec International Ltd - Labuan	Delta Electronics Int'l(Singapore)Pte. Ltd.	Affiliated enterprise	Sales	106,083	2.57	Note 2	Note 2	Note 2	58,762	2.06	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	Sales	477,380	13.85	90 days	-	-	172,145	21.89	
ELTEK AS	Etek s.r.o.	Associate	Sales	443,150	4.40	70 days	-	-	134,094	7.22	
ELTEK AS	Etek s.r.o.	Associate	Purchases	2,009,243	22.80	70 days	-	-	(226,431)	(20.59)	

Table 6-7

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction term		Notes/Accounts receivable		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
ELTEK AS	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	Sales	\$ 741,887	12.5%	70 days	\$ -	-	\$ 159,014	8.5%	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	Sales	257,482	7.66	70 days	-	-	155,676	17.15	
Delta Electronics (Switzerland) AG	Delta Electronics (Slovakia) s.r.o.	Associate	Purchases	360,521	26.20	70 days	-	-	(70,539)	(17.51)	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Sales and other operating revenue	291,247	5.74	70 days	-	-	11,037	1.34	
Delta Electronics (Americas) Ltd.	Delta Electronics (Thailand) Public Company Limited	Associate	Purchases	457,935	16.99	70 days	-	-	(178,812)	(15.55)	

Note 1: 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 2: Sales price was available to third party, the collection term for related parties is 75 days from next month, the credit terms to the third parties is 30-120 days after monthly billings.

Note 3: For the sales transactions, the amount is calculated by adding costs, fees and all necessary processing costs. 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 4: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Delta Electronics, Inc. and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
September 30, 2018

Table 7

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Subsidiary	\$ 1,648,605	4.01	\$ -		\$ 1,448,335	
Delta Electronics, Inc.	DEI Logistics (USA) Corp.	Subsidiary	309,812	1.99	-		136,100	
Delta Electronics, Inc.	Delta Electronics (Thailand) Public Company Limited	Associate	142,777	5.20	-		2,663	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	Ultimate parent company	6,612,834	2.48	-		565,895	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	Affiliated enterprise	1,332,108	4.85	449,266		307,997	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	3,250,941	5.22	657,531		1,129,425	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	Affiliated enterprise	2,807,094	8.55	-		2,350,392	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	Affiliated enterprise	947,481	11.73	-		929,782	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	Affiliated enterprise	530,065	8.14	422		417,876	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	777,747	6.62	37		471,212	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	Affiliated enterprise	921,426	3.48	334,647		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	Affiliated enterprise	729,683	3.69	-		222,151	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	Affiliated enterprise	6,992,981	3.03	1,127,953		1,341,108	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Co., Ltd.	Affiliated enterprise	4,198,072	4.34	629,863		1,221,000	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks, Inc. (Taiwan)	Affiliated enterprise	105,611	3.31	-		28,526	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	Affiliated enterprise	2,837,593	3.71	5,535		666,050	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AUSTRALIA PTY LIMITED	Affiliated enterprise	191,423	4.75	-		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	681,288	4.39	-		37,364	
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK AS	Affiliated enterprise	336,188	4.57	-		76,328	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	Affiliated enterprise	932,376	4.03	359		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	DELTA ELECTRONICS (USA) INC.	Affiliated enterprise	596,022	5.49	1,062		138,705	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Switzerland) AG	Affiliated enterprise	299,177	4.72	-		138,726	

Table 7-1

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics Int'l (Singapore) Pte. Ltd.	ELTEK POWER PTE. LTD.	Affiliated enterprise	\$ 143,023	3.55	\$ -		\$ -	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Energy Systems (Australia) PTY LTD.	Affiliated enterprise	104,314	3.36	30,926		30,901	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Digital Projection Inc.	Affiliated enterprise	122,603	2.44	6,655		22,131	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Greentech (Brasil) S.A.	Affiliated enterprise	116,049	1.60	29,382		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Power Solutions (India) Pvt Ltd.	Associate	201,093	4.13	-		-	
Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics India Pvt Ltd	Associate	272,632	3.15	70,235		68,964	
Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	Affiliated enterprise	660,954	1.50	-		121,020	
Delta Networks, Inc. (Taiwan)	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	403,135	0.14	-		203,785	
Delta Networks, Inc. (Taiwan)	Delta Electronics, Inc.	Ultimate parent company	245,803	6.87	-		3,003	
Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	3,324,844	6.03	-		-	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,925,499	3.78	-		124,460	
Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	344,195	3.55	-		-	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,707,728	6.95	-		-	
Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	558,849	3.25	-		159,197	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	736,948	9.64	-		310,500	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	4,471,224	13.56	-		1,708,685	
Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Wuhu) Co., Ltd.	Affiliated enterprise	117,342	5.87	-		40,697	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	2,110,851	5.80	-		798,428	
Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,430,542	16.36	-		1,345,173	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	759,587	4.08	-		242,227	
Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	309,963	2.38	-		309,963	
Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	2,286,493	4.62	-		659,340	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	697,767	6.40	-		-	
Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics (Shanghai) Co., Ltd.	Affiliated enterprise	124,632	5.53	-		-	
Chenzhou Delta Technology Co. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	Affiliated enterprise	416,845	4.20	-		-	

Table 7-2

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	Affiliated enterprise	\$ 2,196,414	3.54	\$ -		\$ -	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics (Pingtan) Co., Ltd.	Affiliated enterprise	518,394	2.70	4,181		179,276	
Delta Electronics (Shanghai) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Associate	314,686	3.53	-		-	
Cyntec Co., Ltd.	Cyntec International Ltd-Labuan	Affiliated enterprise	117,669	5.81	-		-	
Cyntec Co., Ltd.	Delta Electronics, Inc.	Ultimate parent company	324,844	3.16	-		-	
Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	Affiliated enterprise	530,757	7.92	-		-	
Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	1,039,765	7.52	-		-	
Delta Electronics (Japan), Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	195,228	1.47	-		-	
Cyntec International Ltd. - Labuan	Cyntec Co., Ltd.	Affiliated enterprise	208,410	5.06	-		-	
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Affiliated enterprise	155,676	3.31	-		-	
ELTEK AS	Eltek s.r.o.	Associate	134,094	4.48	-		-	
ELTEK AS	DELTA ELECTRONICS(USA) INC.	Affiliated enterprise	159,014	5.52	-		-	
Vivotek Inc.	Vivotek USA, Inc.	Affiliated enterprise	172,145	4.10	-		-	
Delta Networks Holding Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	6,724,081	-	-		-	
Delta Networks (HK) Ltd.	Delta Networks (Dongguan) Ltd.	Affiliated enterprise	420,482	-	-		-	
DNI Logistics (USA) Co.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Affiliated enterprise	165,931	-	-		-	
Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	7,631,250	-	-		-	
Fairview Assets Ltd.	Delta Controls Inc.	Affiliated enterprise	2,481,683	-	-		-	

Table 7-3

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2018 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Delta Electronics (H.K.) Ltd.	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	\$ 854,700	-	\$ -		\$ -	
Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	Affiliated enterprise	3,021,975	-	-		-	

Note 1: Including other receivables in excess of \$100,000.

Note 2: The amount represents collections subsequent to September 30, 2018 up to October 29, 2018.

Delta Electronics, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Nine months ended September 30, 2018
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	1	Sales	\$ 3,161,185	(Note 4)	4.73
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Sales	11,973,797	(Note 4)	6.95
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Dongguan) Co., Ltd.	3	Sales	4,990,498	(Note 4)	2.89
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Sales	11,319,520	(Note 4)	6.57
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Sales	12,690,439	(Note 4)	7.36
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Components (Wujiang) Ltd.	3	Sales	9,292,845	(Note 4)	5.39
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Video Display System (Wujiang) Ltd.	3	Sales	3,114,729	(Note 4)	1.81
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Wuhu) Co., Ltd.	3	Sales	4,174,030	(Note 4)	2.42
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Chenzhou) Co., Ltd.	3	Sales	2,158,723	(Note 4)	1.25
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Japan), Inc.	3	Sales	2,128,849	(Note 4)	1.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Sales	14,965,666	(Note 4)	8.68
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Sales	12,893,768	(Note 4)	7.48
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Sales	7,343,214	(Note 4)	4.26
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Netherlands) B.V.	3	Sales	2,123,201	(Note 4)	1.23
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Americas) Ltd.	3	Sales	2,166,125	(Note 4)	1.26
2	Delta Networks, Inc. (Taiwan)	DNI Logistics (USA) Co.	3	Sales	2,381,150	(Note 4)	1.38

Table 8-1

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	\$ 14,620,014	(Note 4)	8.48
4	Delta Electronics (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	6,412,348	(Note 4)	3.72
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	14,279,758	(Note 4)	8.28
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	4,109,603	(Note 4)	2.38
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	26,130,247	(Note 4)	15.16
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics (Shanghai) Co., Ltd.	3	Sales	3,244,151	(Note 4)	4.78
7	Delta Electronics Components (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	11,387,014	(Note 4)	6.61
8	Delta Video Display System (Wujiang) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	2,778,472	(Note 4)	1.61
9	Delta Electronics (Wuhu) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	7,499,863	(Note 4)	4.35
10	Delta Electronics (Chenzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	3,228,039	(Note 4)	1.87
11	Delta Electronics (Shanghai) Co., Ltd.	Delta Greentech (China) Co., Ltd.	3	Sales	10,676,477	(Note 4)	6.19
12	Cyntec Electronics (Suzhou) Co., Ltd.	Cyntec International Ltd. - Labuan	3	Sales	3,048,582	(Note 6)	1.77
12	Cyntec Electronics (Suzhou) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Sales	4,977,589	(Note 7)	2.89
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics, Inc.	2	Accounts receivable	6,393,428	(Note 4)	2.50
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics Power (Dongguan) Co., Ltd.	3	Accounts receivable	3,250,941	(Note 4)	1.27
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Electronics (Jiangsu) Ltd.	3	Accounts receivable	2,807,094	(Note 4)	1.10
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DEI Logistics (USA) Corp.	3	Accounts receivable	6,992,981	(Note 4)	2.73
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	Delta Networks (Dongguan) Ltd.	3	Accounts receivable	4,198,072	(Note 4)	1.64

Table 8-2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	Delta Electronics Int'l (Singapore) Pte. Ltd.	DNI Logistics (USA) Co.	3	Accounts receivable	\$ 2,837,593	(Note 4)	1.11
3	Delta Networks (Dongguan) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	3,324,844	(Note 4)	1.30
5	Delta Electronics Power (Dongguan) Co., Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	2,707,728	(Note 4)	1.06
6	Delta Electronics (Jiangsu) Ltd.	Delta Electronics Int'l (Singapore) Pte. Ltd.	3	Accounts receivable	4,471,224	(Note 4)	1.75
13	Delta Networks Holding Ltd.	Delta Electronics (Netherlands) B.V.	3	Other receivables	6,724,081	(Note 5)	2.63
14	Fairview Assets Ltd.	Delta Electronics (Netherlands) B.V.	3	Other receivables	7,631,250	(Note 5)	2.98
15	Delta International Holding Limited	Delta Electronics (Netherlands) B.V.	3	Other receivables	3,021,975	(Note 5)	1.18

Note 1: 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 2: 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 3: 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 4: There is no similar transaction to compare with. It will follow the agreed price and transaction terms and all the credit terms are 70 days.

Note 5: Lending of capital

Note 6: Selling price was calculated based on the cost plus handling charges and necessary processing costs. 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 7: Sales revenue is cost plus necessary profit, the collection term for related parties is 75 days from next month.

Note 8: 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. and Subsidiaries

Information on investees

Nine months ended September 30, 2018

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 September 30, 2018			Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Footnote
				Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta International Holding Limited	Cayman Islands	Equity investments	\$ 8,922,118	\$ 8,922,118	67,080,000	94.00	\$ 62,046,091	\$ 4,284,207	\$ 3,881,087	(Note 6)
Delta Electronics, Inc.	Delta Networks Holding Ltd.	Cayman Islands	Equity investments	29,581	29,581	83,800,000	100.00	11,721,697	367,467	422,294	(Note 6)
Delta Electronics, Inc.	Pre Optic (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	162,376	162,376	5,250,000	39.62	168,742	(119,962)	(47,529)	
Delta Electronics, Inc.	Cyntec Co., Ltd.	Taiwan	Research, development, manufacturing and sales of thin film optic-electronic devices	12,067,931	12,067,931	2,232,290,862	100.00	33,993,325	1,511,841	1,307,623	(Note 6)
Delta Electronics, Inc.	Delta Electronics Capital Company	Taiwan	Equity investments	3,253,241	2,900,000	350,000,000	100.00	3,905,191	(105,618)	(105,618)	
Delta Electronics, Inc.	Delta Electronics Int'l (Singapore) Pte. Ltd.	Singapore	Sales of electronics products	7,270	7,270	300,000	100.00	12,638,632	5,108,995	5,017,928	(Note 6)
Delta Electronics, Inc.	DelBio Inc.	Taiwan	Manufacturing, wholesale and retail of medical equipment	900,000	900,000	90,000,000	100.00	196,000	5,012	4,959	(Note 6)
Delta Electronics, Inc.	Allied Material Technology Corp.	Taiwan	Manufacturing and sales of color filter and lease services, etc.	2,113,978	2,113,978	211,400,909	99.97	1,898,668	(86,742)	(86,716)	
Delta Electronics, Inc.	UNICOM SYSTEM ENG. CORP.	Taiwan	Sales of computer and peripherals, software and hardware	341,695	341,695	570,000	100.00	408,868	33,193	31,668	
Delta Electronics, Inc.	NeoEnergy Microelectronics, Inc.	Taiwan	Design and testing of integrated circuits and information software services	462,442	462,442	14,313,530	98.17	45,751	7	7	
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	1,542,057	3,820,340	203,181	(Notes 6 and 13)
Delta Electronics, Inc.	Delta Electronics (Netherlands) B.V.	Netherlands	Sales of electronics products	4,247,073	4,247,073	120,219,545	100.00	5,061,169	386,511	428,687	(Note 6)
Delta Electronics, Inc.	Delta Green Life Co., Ltd.	Taiwan	Manufacturing of electronic parts, etc.	-	135,083	-	-	-	(27,657)	(27,666)	(Notes 6 and 15)
Delta Electronics, Inc.	Delta Networks, Inc. (Taiwan)	Taiwan	Research, development, design, manufacturing and sales of networking system and peripherals	2,490,390	2,490,390	50,040,838	99.98	1,360,801	266,299	222,864	(Note 6)

Table 9-1

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2018			Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Footnote
				Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Delta Electronics, Inc.	Delta America Ltd.	U.S.A.	Equity investments	\$ 105,065	\$ 105,065	2,100,000	10.26	\$ 304,579	\$ 169,264	\$ 25,186	(Notes 6 and 9)
Delta Electronics, Inc.	Wrotek Inc.	Taiwan	Manufacturing and sales of communication machinery, electronic components and telecom equipment	3,981,828	3,945,383	41,685,423	49.36	3,879,222	248,756	49,878	
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd.	Hong Kong	Equity investments	10,024,321	10,024,321	2,549,297,600	100.00	33,011,111	2,653,952	2,648,891	(Note 1)
Delta International Holding Ltd.	DAU Holding (Cayman) Ltd.	Cayman Islands	Equity investments	492,681	492,681	22,200,000	100.00	463,935	155,470	155,470	(Note 1)
Delta International Holding Ltd.	Delta Electronics (Japan), Inc.	Japan	Sales of power products, display solution products, electronic components, industrial automation products and their materials	87,270	87,270	5,600	100.00	462,537	46,043	46,043	(Note 1)
Delta International Holding Ltd.	Digital Projection International Ltd.	Britain	Equity investments	349,217	349,217	19,249,667	41.00	203,197	15,387	6,391	(Note 1)
Delta International Holding Ltd.	Pre Optik (Hong Kong) Co., Ltd.	Hong Kong	Equity investments	244,200	244,200	8,000,000	60.38	240,614	(119,962)	(72,784)	(Note 1)
Delta International Holding Ltd.	DEI Logistics (USA) Corp.	U.S.A.	Warehousing and logistics services	15,263	15,263	300,000	100.00	185,060	11,201	11,201	(Note 1)
Delta International Holding Ltd.	Ace Pillar Holding Ltd.	Samoa	Equity investments	416,834	416,834	2,858,718	100.00	376,841	22,605	13,294	(Note 1)
Delta International Holding Ltd.	Drake Investment (H.K.) Ltd.	Hong Kong	Equity investments	5,253,851	5,253,851	304,304,306	100.00	4,663,992	287,832	169,282	(Note 1)
Delta International Holding Ltd.	Delta Electronics International Mexico S.A. DE C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	-	-	1	-	-	(19,959)	-	(Note 1)
Delta International Holding Ltd.	Wrotek Corporation	U.S.A.	Sales of projector products	45,788	45,788	9,000,000	100.00	99,741	29,847	29,847	(Note 1)
Delta International Holding Ltd.	Delta Greentech SGP Pte Ltd.	Singapore	Equity investments	852,383	852,383	12,175,470	100.00	718,025	48,515	20,600	(Note 1)
Delta International Holding Ltd.	Delta Electronics Europe Limited	Britain	Maintenance centre and providing support service	111,722	111,722	300,000	100.00	45,240	(760)	(760)	(Note 1)
Delta International Holding Ltd.	Boom Treasure Limited	Hong Kong	Equity investments	2,639,365	2,639,365	1	100.00	2,068,739	145,121	52,867	(Note 1)

Table 9-2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2018			Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Footnote
				Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Delma International Holding Ltd.	Apex Investment (HK) Limited	Hong Kong	Equity investments	\$ 5,856,658	\$ 5,856,658	2,000,001	100.00	\$ 1,417,939	\$ 151,154	\$ 154,154	(Note 1)
Delma International Holding Ltd.	Galaxy Star Investment (HK) Limited	Hong Kong	Equity investments	3,856,658	3,856,658	2,000,001	100.00	1,417,939	151,154	154,154	(Note 1)
Delma International Holding Ltd.	Jade Investment (HK) Limited	Hong Kong	Equity investments	3,856,658	3,856,658	2,000,001	100.00	1,417,939	151,154	154,154	(Note 1)
Delma International Holding Ltd.	Delma Electronics (Netherlands) B.V.	Netherlands	Sales of electronics products	1	1	260,416,667	-	18,186	386,511	-	(Note 1)
Delma International Holding Ltd.	Delma Electronics (Thailand) Public Co., Ltd.	Thailand	Manufacturing and sales of electronic products	4,369,728	4,369,728	191,984,430	15.39	6,507,328	3,820,340	587,417	(Note 13)
Delma Electronics (H.K.) Ltd.	Delma Electronics International Mexico S.A.D.E.C.V.	Mexico	Sales of power management system of industrial automation product and telecommunications equipment	184,676	32,051	252,002	100.00	146,904	(19,959)	(19,959)	(Note 2)
Delma America Ltd.	Delma Electronics (Americas) Ltd.	U.S.A.	Research, development, design, manufacturing and sales of networking system and peripherals	230,594	230,594	250,000	100.00	1,095,024	162,181	162,181	
Delma America Ltd.	Delma Solar Solutions LLC	U.S.A.	Equity investments	69,292	69,292	-	100.00	62,151	(920)	(920)	
Delma Electronics Int'l (Singapore) Pte. Ltd.	Loy Tec electronics GmbH	Austria	Consulting services of building management and control solutions	2,109,513	2,109,513	-	85.00	2,188,128	84,874	39,304	(Note 7)
Loy Tec electronics GmbH	LOYTEC Americas, Inc	U.S.A.	Consulting services of building management and control solutions	305	305	9,978	100.00	10,409	3,410	3,410	
Delma Networks Holding Ltd.	Delma Networks, Inc.	Cayman Islands	Equity investments	5,429,145	5,429,145	1,196,886,000	100.00	4,296,522	538,884	538,884	(Note 3)
Delma Networks, Inc.	Delma Networks (HK) Ltd.	Hong Kong	Equity investments	1,068,375	1,068,375	35,000,000	100.00	3,969,455	314,717	314,717	(Note 4)
Delma Networks, Inc.	DNI Logistics (USA) Co.	U.S.A.	Research, development, design, manufacturing and sales of networking system and peripherals	16,974	16,974	300,000	100.00	79,469	4,784	4,784	(Note 4)
Cyrtac Co., Ltd.	Fairview Assets Ltd.	Cayman Islands	Equity investments	1,116,521	1,116,521	32,740,062	100.00	28,675,386	1,193,842	1,193,842	(Note 5)

Table 9-3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2018			Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Footnote
				Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Cytec Co., Ltd.	Power Forest Technology Corporation	Taiwan	IC design of power management	\$ 179,161	\$ 179,161	8,022,954	59.05	\$ 170,698	\$ 1,184	(\$ 6,440)	(Note 5)
Delta Electronics (Netherlands) B.V.	ELTEK AS	Norway	Research, development and sales of power supplies and others	15,176,037	15,176,037	93,531,101	100.00	12,512,133	2,166,798	(130,678)	(Note 8)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS HOLDING (USA) INC.	U.S.A.	Equity investments	2,084,549	-	1,000,000	100.00	1,873,053	514,256	515,508	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta America Ltd.	U.S.A.	Equity investments	701,571	701,571	8,179,182	39.95	904,690	169,264	66,206	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Optomus, Inc.	U.S.A.	Research, development, design, manufacturing and sales of medical equipment	1,129,425	915,750	5,190,330	29.30	976,498	(102,222)	(33,575)	
Delta Electronics (Netherlands) B.V.	Delta Controls Inc.	Canada	Consulting services of building management and control solutions	2,289,375	2,289,375	75,000,000	100.00	2,564,756	52,518	52,518	(Note 8)
Delta Electronics (Netherlands) B.V.	Energy Dragon Global Limited	British Virgin Islands	Equity investments	148,390	148,390	10,001	100.00	200,204	14,647	14,647	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Castle Horizon Limited	Republic of Seychelles	Equity investments	692,074	692,074	471,800	100.00	933,830	68,321	68,321	(Notes 8 and 9)
Delta Electronics (Netherlands) B.V.	Delta Electronics (Switzerland) AG	Switzerland	Equity investments, research and development and sales of electronic products	390,720	390,720	10,200	51.00	573,219	186,706	92,864	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech Electronics Industry LLC	Turkey	Marketing and sales of electronic products	117,847	24,420	479,750	51.00	75,554	15,498	8,064	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (Brasil) S.A.	Brazil	Manufacturing and sales of electronic products	217,033	217,033	4,315,657	100.00	102,812	(59,808)	(59,808)	(Note 8)
Delta Electronics (Netherlands) B.V.	Delta Greentech (USA) Corporation	U.S.A.	Sales of electronics products	-	126,574	-	-	-	15,966	15,207	(Notes 8 and 10)
Delta Electronics (Netherlands) B.V.	DELTA ELECTRONICS BRASIL LTDA	Brazil	Sales of electronics products	338,335	241,148	37,000,000	100.00	231,510	(40,048)	(40,048)	(Note 8)
Vivotek Inc.	Watix Inc.	Taiwan	Design and sales of Multimedia Integrated Circuit	205,651	210,758	20,245,849	50.55	58,208	(118,634)	(55,666)	(Note 11)
Vivotek Inc.	Vivotek Holdings, Inc.	U.S.A.	Holding company	31,555	31,555	1,050	100.00	174,307	(181)	(181)	(Note 11)
Vivotek Inc.	Realwin Investment Inc.	Taiwan	Venture capital company	173,696	200,000	17,369,635	100.00	64,614	(14,199)	(14,335)	(Note 11)
Vivotek Inc.	Vivotek Netherlands B.V.	Netherlands	Sales service	11,418	11,418	3,000	100.00	9,135	494	494	(Note 11)
Vivotek Inc.	Onix Imaging, Inc.	Taiwan	Sales of webcam and its related components	44,294	17,991	6,000,000	100.00	17,740	(17,918)	(17,918)	(Note 11)

Table 9-4

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2018			Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018	Footnote
				Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value			
Virotek Holdings, Inc.	Virotek USA, Inc.	U.S.A.	Sales of webcam and its related components	\$ 50,530	\$ 50,530	10,000,000	100.00	\$ 259,157	(\$ 179)	(\$ 179)	(Note 10)
Realvin Investment Inc.	Skywatch INC.	Taiwan	Wholesale of electronic equipment	6,211	6,211	412,070	13.64	-	1,679	-	(Note 12)
Realvin Investment Inc.	Wellstates Investment, LLC	U.S.A.	Investment and commercial lease of real estate	34,859	34,859	-	100.00	46,004	1,538	1,538	(Note 12)
Realvin Investment Inc.	Aetek Inc.	Taiwan	Sales of webcam and its related components	34,045	34,045	3,372,500	56.21	28,469	1,636	919	(Note 12)
Realvin Investment Inc.	Virotek Middle East FZCO	United Arab Emirates	Sales of webcam and its related components	11,242	11,242	1,322	89.99	(20,112)	(8,789)	(7,910)	(Note 12)
Realvin Investment Inc.	Aicasa Incorporated	Cayman Islands	Venture capital company	-	10,275	-	-	-	(655)	(239)	(Notes 13 and 14)
Realvin Investment Inc.	Lidlight Inc.	Taiwan	Sales of lighting equipment	10,200	10,200	1,020,000	51.00	2,942	(7,487)	(3,818)	(Note 12)
Realvin Investment Inc.	Vatics Inc.	Taiwan	Design and sales of Multimedia Integrated Circuit	51,125	-	1,556,142	5.88	6,639	(118,634)	(4,608)	(Note 12)

Note 1: Investment income / loss recognised by Delta International Holding Limited

Note 2: Investment income / loss recognised by Delta Electronics (H.K.) Ltd.

Note 3: Investment income / loss recognised by Delta Networks Holding Limited

Note 4: Investment income / loss recognised by Delta Networks, Inc.

Note 5: Investment income / loss recognised by Cyntec Co., Ltd.

Note 6: The investment income / loss is net of the elimination of intercompany transactions.

Note 7: Investment income / loss and adjustments in net value recognised by Delta Electronics Int'l (Singapore) Pte. Ltd.

Note 8: Investment income / loss recognised by Delta Electronics (Netherlands) B.V.

Note 9: The Company indirectly acquired 39.95% and 49.79% equity shares of Delta America Ltd. through Delta Electronics (Netherlands) B.V. and its subsidiaries, Castle Horizon Limited and Energy Dragon Global Limited, respectively, considering 10.26% equity shares of DAL held by the Company, the total ownership are 100%.

Note 10: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Virotek Holdings, Inc.

Note 11: The Company's second-tier subsidiary, which was recognised as investment gains/losses through Virotek Inc.

Note 12: The Company's third-tier subsidiary, which was recognised as investment gains/losses through Realvin Investment Inc.

Note 13: The weighted average combined ownership percentage of 20.01%.

Note 14: In May 2018, Aicasa Incorporated dissolved after approval, and Aicasa Incorporated had been liquidated.

Note 15: The investee merged with the Company on August 1, 2018.

Note 16: The investee merged with DELTA ELECTRONICS (USA) INC. in May 2018.

Dahua Electronic, Inc. and Subsidiaries
Information on Investments in Mainland China
Nine months ended September 30, 2018

Table 10

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

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, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Net income of investee for the nine months ended September 30, 2018	Ownership held by Company (director or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2018 (Note 27)	Book value of investment in Mainland China as of September 30, 2018	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dahua Electronic (Dongguan) Co., Ltd.	Manufacturing and sale of transformer and thermal products	\$ 2,983,450	Invested by DHR	\$ 2,032,224	\$ -	\$ -	\$ 2,032,224	\$ 41,799	94.00	\$ 11,780	\$ 3,471,947	\$ 294,872	(Notes 3 and 19)
Dahua Electronic Power (Dongguan) Co., Ltd.	Manufacturing and sale of power supplies	1,283,103	Invested by DHR	314,483	-	-	314,483	413,422	94.00	388,848	2,394,388	410,133	(Notes 4 and 19)
Dahua Electronic (Shanghai) Co., Ltd.	Product design, management consulting service and distribution of electronic products	3,318,272	Invested by DHR	-	-	-	-	1,334,584	94.00	1,238,310	3,104,843	-	(Notes 9 and 19)
Dahua Electronic (Wuxi) Co., Ltd.	Manufacturing and sale of LED light source, power supplies and others	4,050,330	Invested by DHR	132,141	-	-	132,141	233,331	94.00	219,404	4,232,61	-	(Notes 10 and 19)
Dahua Electronic (Changshu) Co., Ltd.	Manufacturing and sale of transformers	1,923,033	Invested by DHR	-	-	-	-	42,302	94.00	40,333	1,777,941	-	(Notes 12 and 19)
Dahua Electronic (Jiangsu) Ltd.	Manufacturing and sale of power supplies and transformers	1,221,000	Invested by DHR, Agate HK, Galaxy Star HK and Jasic HK	4,083,830	-	-	4,083,830	292,133	94.00	28,544	2,204,803	-	(Note 25)
Dahua Electronic Component (Wujiang) Ltd.	Manufacturing and sale of new-type electronic components, variable frequency drive and others	3,394,130	Invested by DHR, Agate HK, Galaxy Star HK and Jasic HK	4,444,143	-	-	4,444,143	883,490	94.00	798,341	4,144,800	33,804	(Notes 7 and 25)
Dahua Video Display System (Wujiang) Ltd.	Manufacturing and sale of various projectors	883,223	Invested by DHR, Agate HK, Galaxy Star HK and Jasic HK	1,334,934	-	-	1,334,934	32,044	94.00	67,377	1,204,439	-	(Notes 8 and 25)
Dahua Electronic (Wujiang) Trading Co., Ltd.	Installation, consulting and trading of electronic products	41,030	Invested by DHR	11,477	-	-	11,477	-	94.00	-	97,944	-	(Notes 13 and 19)
Dahua Green (Nanjing) Industries Co., Ltd.	Manufacturing and sale of transformers	691,391	Invested by DHR	947,813	-	-	947,813	(19,330)	94.00	(18,170)	370,232	-	(Notes 14 and 19)
Dahua Electronic (Fuzhou) Co., Ltd.	Wholesale and retail of electronic products and energy-saving equipment	133,031	Invested by DHR	143,448	-	-	143,448	34,343	94.00	34,183	133,083	-	(Note 19)
ProOptix (Jiang Su) Co., Ltd.	Manufacturing and sale of laser and optical engines for projectors	404,434	Invested by PER	389,804	-	-	389,804	(119,814)	94.38	(94,829)	243,073	-	(Notes 13 and 22)
Wuhan Dahua Technology Co., Ltd.	Manufacturing and sale of transformers	130,833	Invested by DWH	-	-	-	-	(1,397)	94.00	(1,314)	134,473	-	(Note 17)
Changshu Dahua Technology Co., Ltd.	Manufacturing and sale of transformers	113,111	Invested by DCZ	-	-	-	-	41,124	94.00	38,342	178,777	-	(Note 17)
Dahua Energy Technology (Dongguan) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	133,071	Invested by DEEC and LULU	-	-	-	-	2,489	94.00	2,327	130,402	-	(Note 17)
Dahua Energy Technology (Shanghai) Co., Ltd.	Research and development of energy-saving technology, energy-saving equipment, energy management system and technology consulting service, etc.	44,333	Invested by DHEU and DGC	-	-	-	-	(1,198)	90.34	(1,083)	33,342	-	(Note 17)
Dahua GreenTech (China) Co., Ltd.	Manufacturing and sale of unidirectional power systems	2,313,483	Invested by LHH, Poca, Boom, Diale and DG-EG	8,910,938	-	-	8,910,938	433,324	90.14	384,438	4,694,343	-	(Notes 4 and 18)

Table 10-1

Investee in Mainland China	Main business activities	Head-office city	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Net income of investee for the nine months ended September 30, 2018	Ownership held by Company (director indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2018 (Note 11)	Book value of investment in Mainland China as of September 30, 2018	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Delta Energy Technology Pkman (Shanghai) Co., Ltd.	Energy technology development and consulting for electronic components, and design and sale of energy-saving equipment	+++	Invested by DELT-SH	\$	\$	\$		\$ 3,344	90.34	\$ 3,047	\$ 4,344	\$	(Note 17)
Cyonic Electronics (Shenzhen) Co., Ltd.	Research, development, manufacturing and sale of new type electronic components (chip components, sensing elements, hybrid integrated circuit) and wholesale of similar products	1,180,144	Invested by CHER	1,058,044	-	-	1,058,044	424,249	100.00	424,249	7,157,382	-	(Note 21)
Delta Networks (Dongguan) Ltd.	Manufacturing and sale of the radio-frequency access router and the equipment in relation to broadband access networking system	1,048,375	Invested by INHR	1,344,441	-	-	1,344,441	314,297	100.00	314,297	2,042,730	671,550	(Notes 5 and 20)
Delta Networks (Shanghai) Ltd.	Design of computer software	41,050	Invested by INHR	84,521	-	-	84,521	593	100.00	593	43,497	-	(Notes 11 and 20)
Delta Networks (Shenzhen) Ltd.	Operation of radio transmission apparatus, and automatic data processing reception, transmission and transmission regeneration of voice, image or other data of the machine, including variables and routes, with a special program to control a computer or word processor or with a memory device	43,419	Invested by INHR	21,348			21,348	(14,525)	30.00	(6,394)	13,434		(Note 20)
Delta Energy Technology (Dongguan) Ltd.	Development, manufacturing and sale of intelligent power equipment and system for supporting access network system, and manufacturing and sale of intelligent power equipment for supporting renewable energy	221,883	Invested by Delta CMI LIMITED	1,144,091			1,144,091	19,134	100.00	19,134	221,819		(Note 24)
Delta Bio (Wuzhong), Ltd.	Manufacturing, wholesale and retail of medical equipment	122,100	Invested by Delta Bio	122,100	-	-	122,100	11,755	100.00	11,755	134,993	-	(Note 25)
Delta Electronics (Beijing) Co., Ltd.	Installation of mechanical, electronic, telecommunication and control equipment	221,784	Invested by DHR	-	-	-	-	(24,821)	94.00	(24,893)	170,921	-	(Notes 14 and 19)
Delta Electronics (Shanghai) Co., Ltd.	Sale of computer peripheral equipment and software	243,944	Invested by DHR	239,475	-	-	239,475	(909)	94.00	(855)	230,293	-	(Note 19)
Beijing Industrial Research Technology Co., Ltd.	Computer system services and data process	28,832	Invested by Delta Electronics (Beijing) Co., Ltd.	-	-	-	-	(29,494)	75.30	(22,321)	15,572	-	(Note 17)
Unicom (Nanjing) System Eng. Corp	Design and sale of computer peripheral and information system (software and hardware)	9158	Invested by UNICOM SYSTEM ENG. CORP	9,158	-	-	9,158	14,354	100.00	14,354	50,843	-	(Note 24)

Note 1: The capital was translated based on the capital certified report of the investee companies into New Taiwan Dollar at the average exchange rate of RMB 6.88143 to US\$1 and NYD 4.43571 to RMB\$1.

Note 2: The accumulated remittance as of January 1, 2018, remitted or collected this period, accumulated remittance as of September 30, 2018 and investment income remitted back as of September 30, 2018 was translated into New Taiwan Dollar at the average exchange rate of NYD 30.5230 to US\$1 at the balance sheet date.

Note 3: Except for the facility of US\$47,231 the loan permitted by Investment Commission, the capitalization of earnings of US\$27,081 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 4: Except for the facility of US\$191,944 the loan permitted by Investment Commission, the capitalization of earnings of US\$980 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 5: Except for the facility of US\$44,704 the loan permitted by Investment Commission, the capitalization of earnings of US\$11,312 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 6: Except for the facility of US\$14,920 the loan permitted by Investment Commission, the capitalization of earnings of US\$22,434 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 7: Except for the facility of US\$211,361 the loan permitted by Investment Commission, the capitalization of earnings of US\$27,303 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 8: Except for the facility of US\$44,368 the loan permitted by Investment Commission, the capitalization of earnings of US\$8,272 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 9: The capitalization of earnings of US\$110,401 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 10: Except for the facility of US\$1,440 the loan permitted by Investment Commission, the capitalization of earnings of US\$120,320 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 11: Except for the facility of US\$2,834 the loan permitted by Investment Commission, the capitalization of earnings of US\$298 flows and permitted by Investment Commission is excluded from the Company's amount of investment in Mainland China.

Note 12: The earnings transferred to investment in Delta Electronics (Changzhou) Co., Ltd.'s US\$59,770 thousand approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) is not included in the Company's investment in Mainland China.

Note 14: Expenditure for the Supply of US\$31,050 thousand terminated by Inmate-transit Commission in the calendar of 2007; US\$255 thousand terminated by Inmate-transit Commission is excluded from the Commission's amount of fines; transit in Mainland China.

Note 14: The certificate is not evidence of US\$ 1,438 thousand permitted by Investment Commission, as explained from the Commission's amount of investment in Maryland China.

Note 18: Jointly invested through Delta International Holding Limited, Ace Pillar Holding Co., Ltd., Drake Investment (HK.) Ltd., Delta Greentech SGP Pte Ltd and Boom Insurance Limited

Note 20: Image† through Delta Network; (H.K.) Ltd.

Note 11: *hongfeng zhonghe* hongfeng (Hong Kong) Co., Ltd.

Note 24: *housen* *thun* *neth* *hells* *h* *ec* *to* *rac* (Netherlands) E.W.

Note 26: Inset through JUNE.COM SYSTEM ENG CORP

[illegible]

Note 1: The accumulated amount remitted out of Taiwan to Mainland China and most of it amount approved by the main-land government was transferred into New Taiwan dollars at the average exchange rate of NT\$30.00 to US\$1 at the balance sheet date.

NOTE 5: According to "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China", the Company obtained the approval of operation headquarters from Industrial Development Bureau of Ministry of Economic Affairs. There is no ceiling of investment amount.

Note 3: The limitation pursuant to the regulation is NY \$80 million or 10% of net value or consolidated net assets, whichever is higher.