

Neo Solar Power Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2014 and 2013 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Neo Solar Power Corporation

By:

A handwritten signature in black ink, appearing to read 'Quincy Lin', is written over a horizontal line.

QUINCY LIN
Chairman

March 17, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Neo Solar Power Corp.

We have audited the accompanying consolidated balance sheets of Neo Solar Power Corp. (NSP) and its subsidiaries (collectively referred to as the "Corporation") as of December 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of NSP's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 4 to the consolidated financial statements, the financial statements of certain subsidiaries as of and for the year ended December 31, 2014 were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of such subsidiaries, is based solely on the report of other auditors. As of December 31, 2014, combined total assets of these subsidiaries was \$4,557,536 thousand, representing 12.21% of the consolidated total assets, and combined total liabilities of these subsidiaries was \$2,581,275 thousand, representing 16.55% of the consolidated total liabilities; for the year ended December 31, 2014, combined comprehensive income of these subsidiaries was \$122,808 thousand, representing 33.57%, of the consolidated total comprehensive income. Also, as disclosed in Note 14 to the consolidated financial statements, we did not audit the financial statements of certain equity-method investees as of and for the year ended December 31, 2014, which were included in the consolidated financial statements referred to in the first paragraph were audited by other auditors. The financial statements have been furnished to us, and our opinion, insofar as it relates to the amounts of investment accounted for using the equity method and share of profit and other comprehensive income for equity-method investees, is based solely on the report of other auditors. As of December 31, 2014, investment accounted for using the equity method was \$71,360 thousand, representing 0.19% of the consolidated total assets; for the year ended December 31, 2014, the share of loss and share of total comprehensive loss of equity-method investees were both \$42,694 thousand, representing 19.23% and 11.67%, respectively, of the consolidated income before income tax and consolidated total comprehensive income.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Neo Solar Power Corp. and its subsidiaries as of December 31, 2014 and 2013, and their consolidated financial performance and cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the separate financial statements of the parent company, Neo Solar Power Corp., as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified opinion with an explanatory paragraph and unqualified report, respectively.

Deloitte & Touche

March 17, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 ,6, 30, 31 and 35)	\$ 8,721,777	23	\$ 6,372,612	18
Financial assets at fair value through profit or loss - current (Notes 4, 5, 7 and 35)	1,514	-	22	-
Notes and accounts receivable, net (Notes 4, 5, 10 and 35)	4,982,697	13	4,078,295	12
Accounts receivable - related parties (Notes 4, 5, 10, 35 and 36)	193,495	1	264,427	1
Finance lease receivables (Notes 4, 5, 11, 15, 35 and 37)	59,368	-	56,335	-
Other receivables (Notes 4, 10, 15 and 35)	76,766	-	61,957	-
Other receivables - related parties (Notes 4, 10, 35 and 36)	652,560	2	-	-
Current tax assets (Notes 4, 5 and 27)	17,108	-	24,420	-
Inventories (Notes 4, 5 and 12)	2,043,721	6	1,520,630	4
Prepayments (Notes 4, 5, 17, 18, 36 and 38)	719,244	2	264,611	1
Noncurrent assets held for sale (Notes 4, 13 and 15)	34,189	-	-	-
Other current assets (Notes 18, 35, 36 and 37)	<u>1,461,213</u>	<u>4</u>	<u>1,593,722</u>	<u>5</u>
Total current assets	<u>18,963,652</u>	<u>51</u>	<u>14,237,031</u>	<u>41</u>
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4, 8 and 35)	159,578	-	222,750	1
Financial assets carried at cost - noncurrent (Notes 4, 9 and 35)	66,983	-	24,448	-
Investment accounted for using the equity method (Notes 4 and 14)	71,360	-	-	-
Property, plant and equipment (Notes 4, 5, 13, 15, 16, 36 and 37)	14,193,490	38	15,606,909	46
Intangible assets (Notes 4, 5, 16 and 30)	534,271	2	557,739	2
Deferred tax assets (Notes 4, 5 and 27)	38,816	-	49,936	-
Finance lease receivables - noncurrent (Notes 4, 5, 11, 15, 35 and 37)	1,113,661	3	1,652,582	5
Prepayments - noncurrent (Notes 16, 17, 18 and 38)	1,175,748	3	1,804,767	5
Refundable deposits (Notes 4, 33 and 35)	247,167	1	63,365	-
Prepayments for lease (Notes 4 and 17)	24,736	-	31,027	-
Other noncurrent assets (Notes 4, 18 and 37)	<u>735,093</u>	<u>2</u>	<u>61,447</u>	<u>-</u>
Total noncurrent assets	<u>18,360,903</u>	<u>49</u>	<u>20,074,970</u>	<u>59</u>
TOTAL	<u>\$ 37,324,555</u>	<u>100</u>	<u>\$ 34,312,001</u>	<u>100</u>

LIABILITIES AND EQUITY	2014		2013	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 19, 35 and 37)	\$ 3,039,296	8	\$ 2,732,789	8
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)	16,812	-	700	-
Notes and accounts payable (Note 35)	1,548,785	4	2,366,092	7
Accounts payable - related parties (Notes 35 and 36)	84,920	-	8,785	-
Bonuses payable to employees and directors (Note 24)	39,716	-	79,095	-
Payables to contractors and equipment suppliers (Notes 16, 35 and 36)	667,156	2	988,011	3
Accrued expenses (Notes 4, 21, 24, 35 and 36)	1,427,360	4	1,524,785	5
Current tax liabilities (Notes 4, 5 and 27)	888	-	10,201	-
Receipts in advance (Note 36)	255,678	1	61,916	-
Current portion of long-term bank loans (Notes 19, 35 and 37)	1,868,726	5	1,757,933	5
Other current liabilities (Notes 4 and 21)	<u>32,598</u>	<u>-</u>	<u>11,991</u>	<u>-</u>
Total current liabilities	<u>8,981,935</u>	<u>24</u>	<u>9,542,298</u>	<u>28</u>
NONCURRENT LIABILITIES				
Bonds payable (Notes 4, 20, 35 and 37)	3,596,810	10	549,004	2
Long-term bank loans (Notes 19, 35 and 37)	1,943,953	5	4,708,754	14
Provisions - noncurrent (Notes 4 and 22)	225,308	1	159,098	-
Deferred tax liabilities (Notes 4, 5 and 27)	100,778	-	140,988	-
Preference share liabilities - noncurrent (Notes 19, 35 and 37)	470,000	1	-	-
Guarantee deposits (Note 36)	1,360	-	1,118	-
Credit balance of investment accounted for using the equity method (Notes 4 and 14)	15,324	-	-	-
Other noncurrent liabilities (Note 21)	<u>265,316</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>6,618,849</u>	<u>18</u>	<u>5,558,962</u>	<u>16</u>
Total liabilities	<u>15,600,784</u>	<u>42</u>	<u>15,101,260</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 24, 29 and 32)				
Common shares	8,562,770	23	7,770,292	23
Capital surplus	12,197,491	33	10,697,569	31
Retained earnings				
Legal reserve	47,566	-	-	-
Special reserve	18,928	-	-	-
Unappropriated earnings	391,744	1	475,664	1
Other equity	<u>37,934</u>	<u>-</u>	<u>(86,508)</u>	<u>-</u>
Total equity attributable to shareholders of the parent	21,256,433	57	18,857,017	55
NONCONTROLLING INTERESTS (Notes 4 and 32)	<u>467,338</u>	<u>1</u>	<u>353,724</u>	<u>1</u>
Total equity	<u>21,723,771</u>	<u>58</u>	<u>19,210,741</u>	<u>56</u>
TOTAL	<u>\$ 37,324,555</u>	<u>100</u>	<u>\$ 34,312,001</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 17, 2015)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
NET SALES (Notes 4, 25, 30, 36 and 38)	\$ 27,580,249	100	\$ 20,084,253	100
COST OF SALES (Notes 4, 5, 12, 26, 36 and 38)	<u>26,000,535</u>	<u>94</u>	<u>18,374,388</u>	<u>91</u>
GROSS PROFIT	1,579,714	6	1,709,865	9
REALIZED GAIN FROM SALES (Note 31)	<u>207,582</u>	<u>1</u>	<u>-</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,787,296</u>	<u>7</u>	<u>1,709,865</u>	<u>9</u>
OPERATING EXPENSES (Notes 26 and 36)				
Selling	519,499	2	342,464	2
General and administrative	605,993	2	506,014	2
Research and development	<u>451,574</u>	<u>2</u>	<u>407,519</u>	<u>2</u>
Total operating expenses	<u>1,577,066</u>	<u>6</u>	<u>1,255,997</u>	<u>6</u>
OTHER INCOME AND EXPENSES (Notes 5, 7, 13, 15 and 26)	<u>37,294</u>	<u>-</u>	<u>(139,511)</u>	<u>(1)</u>
INCOME FROM OPERATIONS	<u>247,524</u>	<u>1</u>	<u>314,357</u>	<u>2</u>
NONOPERATING INCOME AND EXPENSES				
Others (Notes 4, 26 and 36)	154,143	1	41,912	-
Foreign exchange gain, net (Notes 4 and 26)	151,656	-	37,869	-
Interest income (Notes 4 and 26)	21,052	-	19,229	-
Dividend income (Note 4)	-	-	7,200	-
(Loss) gains on disposal of investments (Notes 4, 30 and 31)	(14,072)	-	266,584	2
Profit or loss on financial instruments at fair value through profit or loss (Notes 4 and 7)	(28,360)	-	8,354	-
Share of loss of associates (Notes 4 and 14)	(42,694)	-	(1,582)	-
Finance costs (Notes 20 and 26)	(245,238)	(1)	(189,174)	(1)
Other gains and losses	<u>(22,022)</u>	<u>-</u>	<u>(5,330)</u>	<u>-</u>
Total nonoperating income and expenses	<u>(25,535)</u>	<u>-</u>	<u>185,062</u>	<u>1</u>
INCOME BEFORE INCOME TAX	221,989	1	499,419	3
INCOME TAX BENEFIT (Notes 4, 5 and 27)	<u>22,400</u>	<u>-</u>	<u>16,026</u>	<u>-</u>
NET INCOME FOR THE YEAR	<u>244,389</u>	<u>1</u>	<u>515,445</u>	<u>3</u>

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Years Ended December 31			
	2014		2013	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME OR LOSS (Note 26)				
Exchange differences on translating foreign operations	\$ 161,903	-	\$ 42,451	-
Unrealized loss on available-for-sale financial assets	<u>(40,457)</u>	<u>-</u>	<u>(36,727)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>121,446</u>	<u>-</u>	<u>5,724</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME OR LOSS FOR THE YEAR	<u>\$ 365,835</u>	<u>1</u>	<u>\$ 521,169</u>	<u>3</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 218,562	1	\$ 502,480	3
Noncontrolling interests	<u>25,827</u>	<u>-</u>	<u>12,965</u>	<u>-</u>
	<u>\$ 244,389</u>	<u>1</u>	<u>\$ 515,445</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 332,094	1	\$ 508,204	3
Noncontrolling interests	<u>33,741</u>	<u>-</u>	<u>12,965</u>	<u>-</u>
	<u>\$ 365,835</u>	<u>1</u>	<u>\$ 521,169</u>	<u>3</u>
EARNINGS PER SHARE (Note 28)				
Basic earnings per share	<u>\$ 0.28</u>		<u>\$ 0.86</u>	
Diluted earnings per share	<u>\$ 0.27</u>		<u>\$ 0.85</u>	

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

(With Deloitte & Touche auditors' report dated March 17, 2015)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent																
	Capital Surplus										Retained Earnings						
	Common Shares		Share Premium	Conversion of Bonds	Conversion Option of Bonds	Difference between Consideration and Carrying Amounts Adjusted for Changes in Percentage of Ownership in Subsidiaries	Employee Share Options	Restricted Shares of Employees	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Foreign Currency Translation Reserve	Other Equity Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unearned Employees Benefits	Total	Noncontrolling Interests	Total Equity
	Shares (Thousand)	Common Shares															
BALANCE AT JANUARY 1, 2013	460,677	\$ 4,606,774	\$ 8,814,277	\$ 1,663,320	\$ -	\$ 40,360	\$ -	\$ 17,856	\$ -	\$ -	\$ (4,199,553)	\$ (415)	\$ (24,237)	\$ (36,152)	\$ 10,882,230	\$ 173,348	\$ 11,055,578
Issuance of shares upon exercise of employee share options	460	4,600	3,146	-	-	-	-	-	-	-	-	-	-	-	7,746	-	7,746
Issuance of common shares for business combination	168,508	1,685,075	2,138,922	-	-	-	2,438	28,332	-	-	-	-	-	(32,150)	3,822,617	-	3,822,617
Issuance of common shares for cash	130,000	1,300,000	1,807,000	-	-	-	-	-	-	-	-	-	-	-	3,107,000	-	3,107,000
Reclassification of additional paid-in capital from conversion of bonds	-	-	1,663,320	(1,663,320)	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity component of convertible bonds issued	-	-	-	-	41,427	-	-	-	-	-	-	-	-	-	41,427	-	41,427
Offset of deficit against capital surplus	-	-	(4,173,633)	-	-	-	-	-	-	-	4,173,633	-	-	-	-	-	-
Cancellation of restricted shares for employees	(1,282)	(12,819)	-	-	-	-	-	(16,458)	-	-	-	-	-	29,277	-	-	-
Issuance of restricted shares for employees	3,531	35,305	-	-	-	-	-	45,720	-	-	-	-	-	(81,025)	-	-	-
Conversion of convertible bonds	15,135	151,357	-	278,146	(17,925)	-	-	-	-	-	-	-	-	-	411,578	-	411,578
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	-	-	52,470	52,470	-	52,470
Compensation cost of employee share options	-	-	64,417	-	-	-	584	-	-	-	-	-	-	-	65,001	-	65,001
Additional acquisition of partially owned subsidiaries at a percentage different from its earlier ownership percentage	-	-	-	-	-	(40,360)	-	-	-	-	(896)	-	-	-	(41,256)	167,411	126,155
Net income for the year ended December 31, 2013	-	-	-	-	-	-	-	-	-	-	502,480	-	-	-	502,480	12,965	515,445
Other comprehensive income or loss for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	-	-	-	-	42,451	(36,727)	-	5,724	-	5,724
Total comprehensive income or loss for the year ended December 31, 2013	-	-	-	-	-	-	-	-	-	-	502,480	42,451	(36,727)	-	508,204	12,965	521,169
BALANCE AT DECEMBER 31, 2013	777,029	7,770,292	10,317,449	278,146	23,502	-	3,022	75,450	-	-	475,664	42,036	(60,964)	(67,580)	18,857,017	353,724	19,210,741
Appropriation of 2013 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	47,566	-	(47,566)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	18,928	(18,928)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(236,003)	-	-	-	(236,003)	-	(236,003)
Issuance of common shares for cash	65,000	650,000	1,072,500	-	-	-	-	-	-	-	-	-	-	-	1,722,500	-	1,722,500
Equity component of convertible bonds issued	-	-	-	-	147,536	-	-	-	-	-	-	-	-	-	147,536	-	147,536
Cancellation of restricted shares for employees	(191)	(1,912)	-	-	-	-	-	(2,857)	-	-	-	-	-	4,769	-	-	-
Issuance of restricted shares for employees	2,000	20,000	-	-	-	-	-	39,400	-	-	-	-	-	(59,400)	-	-	-
Conversion of convertible bonds	12,439	124,390	-	229,700	(14,611)	-	-	-	-	-	-	-	-	-	339,479	-	339,479
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	15	-	-	65,541	65,556	-	65,556
Additional acquisition of partially owned subsidiaries at a percentage different from earlier ownership percentage	-	-	-	-	-	13,416	-	-	-	-	-	-	-	-	13,416	92,208	105,624
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,335)	(12,335)
Compensation cost of employee share options	-	-	14,838	-	-	-	-	-	-	-	-	-	-	-	14,838	-	14,838
Net income for the year ended December 31, 2014	-	-	-	-	-	-	-	-	-	-	218,562	-	-	-	218,562	25,827	244,389
Other comprehensive income or loss for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	-	-	-	-	153,989	(40,457)	-	113,532	7,914	121,446
Total comprehensive income or loss for the year ended December 31, 2014	-	-	-	-	-	-	-	-	-	-	218,562	153,989	(40,457)	-	332,094	33,741	365,835
BALANCE AT DECEMBER 31, 2014	856,277	\$ 8,562,770	\$ 11,404,787	\$ 507,846	\$ 156,427	\$ 13,416	\$ 3,022	\$ 111,993	\$ 47,566	\$ 18,928	\$ 391,744	\$ 196,025	\$ (101,421)	\$ (56,670)	\$ 21,256,433	\$ 467,338	\$ 21,723,771

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

(With Deloitte & Touche auditors' report dated March 17, 2015).

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 221,989	\$ 499,419
Adjustments for:		
Depreciation	2,010,938	1,732,639
Amortization	47,688	62,891
Net loss on financial assets and liabilities at fair value through profit or loss	14,620	539
Loss (gain) on disposal of investment	14,072	(266,584)
Reversal of provision for doubtful accounts	(52)	(11,388)
Allowance (reversal of allowance) for loss on inventories	40,698	(189,805)
Share of loss of associates	42,694	1,582
Loss on financial assets	-	88,950
Impairment loss on investment accounted for using the equity method	-	2,044
Realized gain from associates	(207,582)	-
Reclassified from property, plant and equipment to expense	22,470	-
Impairment loss on property, plant and equipment	69,338	50,530
Reversal of impairment loss on property, plant and equipment	(32,699)	-
Gain on disposal of noncurrent assets held for sale	(73,933)	-
Impairment loss on prepayments	-	191,982
Loss on disposal of property, plant and equipment	-	31
Compensation cost of restricted shares for employees	65,556	52,470
Compensation cost of employee share options	14,838	65,001
Interest income	(115,444)	(60,034)
Dividend income	-	(7,200)
Finance costs	245,238	189,174
Net (gain) loss on foreign exchange, net	(10,100)	29,550
Changes in operating assets and liabilities:		
Held for trading financial assets	-	238
Notes and accounts receivable	(685,135)	(1,345,318)
Accounts receivable - related parties	130,346	230,863
Other receivables	(274,915)	20,324
Other receivables - related parties	(679,975)	-
Inventories	(564,812)	(261,438)
Prepayments (including noncurrent)	115,492	429,191
Other current assets	(31,291)	(207,393)
Notes and accounts payable	(888,913)	496,682
Accounts payable - related parties	308,519	(27,191)
Bonuses payable to employees and directors	(39,379)	76,168
Accrued expenses	(40,688)	(626,318)
Deferred revenue	285,704	-
Receipts in advance	193,821	35,413
Other current liabilities	219	(8,716)
Provisions	62,402	21,291
Income taxes paid	(8,696)	(3,361)
Net cash generated from operating activities	<u>253,028</u>	<u>1,262,226</u>

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss upon initial recognition	\$ -	\$ (88,950)
Proceeds from sale of available-for-sale financial assets	12,695	-
Acquisition of financial assets carried at cost	(42,500)	(1,858)
Acquisition of investment accounted for using the equity method	(104,024)	-
Acquisition of property, plant and equipment	(2,123,341)	(2,751,230)
Net cash outflow on acquisition of subsidiaries	(11,995)	-
Net cash inflow on disposal of subsidiaries	451,742	-
Proceeds from sale of noncurrent asset held for sale	410,000	-
Acquisition of intangible assets	(77)	-
Net cash inflows from business combination	-	1,301,754
Increase in restricted deposit	(291,186)	(368,359)
Increase in pledged time deposits	(194,298)	(2,008)
Decrease in finance lease receivables	75,046	7,318
Interest received	115,446	60,023
Dividends received	-	7,200
Increase in refundable deposits	(229,182)	(42,131)
Decrease in refundable deposits	13,649	10,969
Increase in other noncurrent assets	(10,841)	(47,260)
Decrease in other noncurrent assets	41,280	57,627
Net cash used in investing activities	<u>(1,887,586)</u>	<u>(1,856,905)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	15,688,300	18,081,051
Decrease in short-term bank loans	(15,492,318)	(20,022,106)
Proceeds from issuance of bonds	3,496,104	998,830
Proceeds from long-term bank loans	560,605	607,639
Repayments of long-term bank loans	(2,142,579)	(1,554,684)
Issuance of preference share liabilities	470,000	-
Increase in guarantee deposits	49	8
Dividends paid to owners of the Corporation	(236,003)	-
Proceeds from issuance of common shares	1,722,500	3,107,000
Proceeds from the exercise of employee share options	-	7,746
Interest paid	(204,992)	(175,519)
Increase in noncontrolling interests	105,624	126,155
Net cash generated from financing activities	<u>3,967,290</u>	<u>1,176,120</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>16,433</u>	<u>(28,352)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,349,165</u>	<u>553,089</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>6,372,612</u>	<u>5,819,523</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 8,721,777</u>	<u>\$ 6,372,612</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 17, 2015)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATION

Neo Solar Power Corp. (NSP) was incorporated in the Republic of China on August 26, 2005. NSP specializes in manufacturing high-quality solar cells, solar cell modules and wafers. NSP's main business activities include designing, manufacturing and selling solar cells and doing other solar-related businesses. Its common shares have been listed on the Taiwan Stock Exchange (TSE) since January 2009. NSP also issued global depository shares (GDS), which are listed on the Luxembourg Stock Exchange and have been traded on the Euro MTF Market of the Luxembourg Stock Exchange since July 2011. On May 31, 2013 NSP entered into a merger with DelSolar Co., Ltd., with NSP as the survivor entity. For the main business activities of NSP and its subsidiaries (collectively referred to as "the Corporation"), refer to Notes 4 and 41.

The consolidated financial statements are presented in NSP's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 17, 2015.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Corporation should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note)
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013
(Concluded)	

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Corporation’s accounting policies:

1) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS

28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

5) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Corporation will retrospectively apply the above amendments starting from 2015. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates and joint ventures accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

6) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

7) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

8) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Corporation and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 is expected to have material effect on the consolidated balance sheet as of January 1, 2014. In preparing the consolidated financial statements for the year ended December 31, 2015, the Corporation would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

b. New IFRSs in issue but not yet endorsed by the FSC

The Corporation has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Corporation's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Corporation's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment loss and impairment loss reversal, and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Corporation may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Corporation takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Corporation or another entity in the same group or the market price of the equity instruments of the Corporation or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Corporation as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Corporation, but also of other entities outside the Corporation.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Corporation is a related party of the Corporation. Consequently, the Corporation is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

5) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Corporation may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

7) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when the Corporation sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Corporation sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when the Corporation loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

9) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Corporation should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Corporation should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of NSP and the entities controlled by NSP (i.e., its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the owners of NSP and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Corporation's ownership interests in existing subsidiaries

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of NSP.

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any noncontrolling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Corporation accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under the cost on initial recognition of an investment in an associate.

2) Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark
			December 31, 2014	December 31, 2013	
NSP	General Energy Solutions Inc. ("General Energy Solutions")	Electronic component manufacturing and selling	76.54%	72.61%	Note 1
	Prime Energy Corp. ("Prime Energy")	Electronic component manufacturing and selling	100.00%	100.00%	-
	V5 Technology Ltd. ("V5 Technology")	Electronic component manufacturing and selling	60.00%	-	Note 2
	New Ray Investment Corp. ("New Ray Investment")	Investment company	100.00%	100.00%	-
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00%	100.00%	Note 3
	DelSolar Holding (Cayman) Ltd. ("DelSolar Cayman")	Investment company	100.00%	100.00%	Note 3
General Energy Solutions	Yong Tang Ltd. ("Yong Tang")	Solar-related business	-	100.00%	Notes 1 and 4
	Yong Liang Ltd. ("Yong Liang")	Solar-related business	100.00%	100.00%	Note 1
	Yong Han Ltd. ("Yong Han")	Solar-related business	100.00%	100.00%	Note 1
	Yong Zhou Ltd. ("Yong Zhou")	Solar-related business	100.00%	100.00%	Note 1
	General Energy Solutions International Co., Ltd. ("GES Samoa")	Investment company	-	100.00%	Notes 1 and 8
	GES JAPAN CORPORATION ("GES JAPAN")	Investment company	100.00%	100.00%	Note 1

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31, 2014	December 31, 2013	
General Energy Solutions	Hashimoto Solar Power Station Co., Ltd ("Hashimoto")	Solar-related business	45.00%	100.00%	Notes 1 and 4
	GES Global Co. Limited. ("GES BVI")	Investment company	-	-	Notes 1 and 5
	General Energy Solutions UK Limited ("GES UK")	Investment company	100.00%	-	Notes 1 and 8
GES Samoa	GES UK	Investment company	-	100.00%	Notes 1, 7 and 8
	General Energy Solutions USA, Inc. ("GES USA")	Investment company	-	-	Notes 1 and 7
GES UK	GES USA	Investment company	100.00%	100.00%	Notes 1 and 7
	GENERAL ENERGY SOLUTIONS PHILIPPENS, INC. ("GES PH")	Solar-related business	100.00%	-	Note 1
GES USA	ET ENERGY SOLUTIONS LLC ("ET ENERGY")	Solar-related business	100.00%	100.00%	Note 1
	TIPPING POINT ENERGY COC PPA SPE-1, LLC ("TIPPING POINT")	Solar-related business	100.00%	100.00%	Note 1
	GES MEGAONE, LLC ("MEGAONE")	Solar-related business	100.00%	-	Notes 1 and 6
	MEGATWO, LLC ("MEGATWO")	Solar-related business	-	-	Notes 1 and 5
	GES MEGATHREE, LLC ("MEGATHREE")	Solar-related business	37.00%	-	Notes 1 and 4
	GES MEGAFOUR, LLC ("MEGAFOUR")	Solar-related business	-	-	Notes 1 and 5
	GES ASSET ONE, LLC ("ASSET ONE")	Solar-related business	-	-	Notes 1 and 5
	GES ASSET TWO, LLC ("ASSET TWO")	Solar-related business	-	-	Notes 1 and 5
	SEC Newco, LLC ("SEC Newco")	Solar-related business	-	-	Notes 1 and 5
GES JAPAN	GES KYUSHU CORPORATION ("GES KYUSHU")	Solar-related business	45.00%	100.00%	Notes 1 and 4
	GES FUKUSHIMA CORPORATION ("GES FUKUSHIMA")	Solar-related business	100.00%	100.00%	Notes 1 and 7
GES BVI	GES ASSET, INC. ("GES ASSET")	Solar-related business	-	-	Notes 1 and 5
DelSolar Singapore	DelSolar India EPC Company Private Ltd. ("DelSolar India")	Solar-related business	100.00%	100.00%	Note 3
DelSolar Cayman	DelSolar (HK) Ltd. ("DelSolar HK")	Investment company	100.00%	100.00%	Note 3
	DelSolar US Holdings (Delaware) Corporation ("DelSolar US")	Investment company	100.00%	100.00%	Note 3
DelSolar US	DelSolar Development (Delaware) LLC ("DelSolar Development")	Solar-related business	100.00%	100.00%	Note 3
DelSolar HK	DelSolar (Wu Jiang) Ltd. ("DelSolar Wu Jiang")	Solar-related business	100.00%	100.00%	Note 3
DelSolar Wu Jiang	XYH (Suzhou) Trading Ltd ("XYH Suzhou")	Trading	-	-	Note 5
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00%	100.00%	Note 3
	DSS-RAL LLC	Solar-related business	100.00%	100.00%	Note 3

(Concluded)

Note 1: The financial statements of General Energy Solutions and its subsidiaries as of and for the year ended December 31, 2014 were audited by other auditors.

Note 2: V5 Technology is an immaterial subsidiary; its financial statements have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of V5 Technology that have not been audited.

Note 3: DelSolar Singapore, DelSolar Cayman, DelSolar India, DelSolar US, DelSolar HK, DelSolar Wu Jiang, DelSolar Development, DSS-USF PHX LLC and DSS-RAL LLC had been acquired because of a business combination that occurred on May 31, 2013.

- Note 4: As of June 30, 2014, General Energy Solutions lost its control over Hashimoto and then lost its control over GES KYUSHU and Yong Tang, as of September 30, 2014, and also lost its control over MEGATHREE as of December 31, 2014; the percentage of ownership decreased from 100% to 37% during 2014, thus Hashimoto, GES KYUSHU, Yong Tang and MEGATHREE were not deemed as a subsidiary of General Energy Solutions as of the date control was lost.
- Note 5: GES BVI, GES ASSET, MEGATWO, MEGAFOUR, ASSET ONE, ASSET TWO, SEC Newco and XYH Suzhou were deemed as subsidiaries of NSP in accordance with SIC 12 “Consolidation - Special Purpose Entities.”
- Note 6: MEGAONE was deemed as special purpose entity of the Corporation in 2013, and invested company in January 2014.
- Note 7: To simplify the organization structure, General Energy Solutions sold its entire shares of GES UK to its 100% owned subsidiary, GES Samoa; and sold GES Samoa’s entire shares of GES USA to its 100% owned subsidiary, GES UK; and sold General Energy Solutions and GES UK’s entire shares of GES FUKUSHIMA to its 100% owned subsidiary, GES JAPAN. The organization restructuring did not result in any gain or loss.
- Note 8: To simplify the organization structure, GES Samoa had been liquidated as of September 30, 2014. Thus, GES Samoa returned its entire share of GES UK to General Energy Solutions as return of capital shares.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When a business combination is achieved in stages, the Corporation’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

f. Foreign currencies

In preparing the financial statements of each group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of nonmonetary items are included in profit or loss for the period. When a gain or loss on a nonmonetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income.

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of NSP and noncontrolling interests as appropriate.

In relation to a partial disposal of a subsidiary that result in the Corporation losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

h. Investments in Associates

An associate is an entity over which the Corporation has significant influence and is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates attributable to the Corporation.

When the Corporation subscribes for additional new shares of the associate at a percentage different from its current ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's earlier proportionate interest in the associate. The Corporation records this difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. If the Corporation's ownership interest is reduced because of the additional subscription for the associate's new shares, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the associate directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation.

i. Property, plant, and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation's cash-generating units (or groups of cash-generating units).

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit is acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first, to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill should not be reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). After initial recognition, intangible assets acquired in a business combination are reported at cost

less accumulated amortization and accumulated impairment loss, on the same basis as intangible assets that have been acquired from a third party.

2) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs, and this CGU is the smallest group of assets that generates independent cash flows. If a portion of the carrying amount of a corporate asset can be allocated on a reasonable and consistent basis to that unit, the Corporation compares the carrying amount of the CGU, including the portion of the carrying amount of the corporate asset allocated to that CGU, with its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the consolidated financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are nonderivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amounts of AFS financial assets are recognized in other comprehensive income and accumulated under other equity-unrealized gain (loss) on available-for-sale financial assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other equity-unrealized gain (loss) on available-for-sale financial assets is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established.

AFS equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income. Any impairment losses are recognized in profit or loss.

iii. Loans and receivables

Loans and receivables (including notes and accounts receivable, cash and cash equivalents and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment. But receivables with insignificant discount effect are measured at their carrying values.

Cash equivalents include time deposits that have original maturities within three months from the date of acquisition, are highly liquid, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are collectively assessed for impairment even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience in collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the impairment loss recognized is 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.

For financial assets measured at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- i. Significant financial difficulty of the issuer or counterparty; or
- ii. Breach of contract, such as a default or delinquency in interest or principal payments; or
- iii. It becoming probable that the borrower will undergo bankruptcy or financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the unrealized gains or losses.

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except in the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the fair value of similar nonconvertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished on conversion or on the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, and the balance recognized in equity will then be transferred to capital surplus - conversion of bonds. When the conversion option remains unexercised on bond maturity, the balance recognized in equity will be transferred to capital surplus – share premium.

The ratios at which the transaction costs of the issue of the convertible bonds are allocated to the liability and equity components of convertible bonds are the same as the ratios to be used in allocating the gross proceeds to the liability and equity components. Transaction costs on the equity component are recognized directly in equity. Transaction costs on the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes, using the effective interest method.

5) Derivative financial instruments

The Corporation enters into foreign exchange forward contracts and interest rate swaps to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, but if the derivative is designated and effective as a hedging instrument, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products and at the Corporation management's best estimate of the expenditure required to settle the obligations.

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- e) The costs incurred or to be incurred can be measured reliably.

The Corporation does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Sale of power facility construction

The sale of power facility construction built by the constructors is recognized as sales according to the accounting principle relevant to sale of goods in IAS 18 "Revenue".

3) Rendering of services

Solar-related service income is recognized as services are completed.

4) The sale of electricity is determined at actual customers' consumption based on meter readings and charge rates.

5) Dividend and interest income

Dividend income from investments is recognized when the Corporation's right to receive payment has been established and if it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued over time by reference to the principal outstanding and the effective interest rate applicable.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Corporation's electricity purchase agreements contained a lease that was classified as finance lease in accordance with IFRIC 4 "Determining whether an Arrangement contains a Lease".

1) The Corporation as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment outstanding on the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease.

2) The Corporation as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents are recognized as expenses in the periods in which they are incurred.

r. Government grants

Government grants are recognized when there is reasonable assurance that the Corporation will comply with the conditions attached to and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants receivable as compensation for expenses or losses already incurred or for immediate financial support, with no future related costs, are recognized as other income in profit or loss in the period in which they become receivable.

s. Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the plan benefits.

t. Share-based payment arrangements

1) Share-based payments granted to employee

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

When employee share options are granted, the grant-date fair value is fully recognized as an expense immediately. The grant-date fair value is expensed on a straight-line basis over the vesting period on the basis of the Corporation's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options.

Restricted shares for employees are measured at fair value on the date of grant, with a corresponding increase in capital surplus - restricted shares of employees. Under certain conditions, some employees who receive restricted shares are required to return their shares to the issuer on their resignation, and these shares will then be recognized as payables. Dividends paid to employees on the restricted shares that do not need to be returned if employees resign in the vesting

period, are recognized as expenses when the dividends are declared, with a corresponding adjustment in capital surplus - restricted shares of employees.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share-based payments expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options or capital surplus - restricted shares of employees.

2) Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Corporation's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The market-based measure of the replacement awards in excess of the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as remuneration cost for post-combination service.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Based on the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the Corporation's expectations, at the end of the reporting period, as to the manner by which the carrying amount of its assets and liabilities will be recovered or settled.

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, but when these taxes pertain to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. If the actual future cash flows are less than expected, a material impairment loss may arise.

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. If the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Estimated impairment of notes and accounts receivable

When there is objective evidence of impairment loss, the Corporation takes into consideration the estimation of future cash flows. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

d. Estimated impairment of assets other than goodwill

In assessing assets for impairment, the Corporation should estimate their future cash flows, useful lives, estimated income on and expenses for the assets, and how the assets are being used as well as economic and industry developments, the way the assets being used and the feature of the industry. Any change of economic condition or of the estimation due to the Corporation's strategy may lead to a material impairment loss in the future.

For 2014 and 2013, the Corporation impairment losses on property, plant and equipment of \$69,338 thousand and \$50,530 thousand, respectively; impairment losses on prepayments of \$0 and \$191,982 thousand, respectively; and loss on financial assets of \$0 and \$88,950 thousand, respectively.

e. Useful lives of property, plant and equipment

As described in Note 4 I. above, the Corporation reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Based on an evaluation report by China Property Appraising Co., Ltd., which used industry meta-analysis, functional analysis and economic analysis, the actual useful lives of NSP's equipment had exceeded their original useful lives. Management thus determined that the useful lives of some machinery and equipment should be extended from 6 years to 8 or 11 years from April 1, 2013.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the consolidated depreciation expense in the period from April 1, 2013 to December 31, 2013 and for the next three years by the following amounts:

April 1, 2013 to December 31, 2013	\$ 544,302
2014	586,140
2015	371,989
2016	155,779

f. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation uses judgment and estimates to determine the net realizable value of inventory at the end of each reporting period.

In light of rapid technological changes, the Corporation estimates the net realizable value of inventories, taking into account obsolescence and unmarketable items, at the end of the reporting period and then writes down the cost of inventories to net realizable value. The estimate of net realizable value of the inventory is mainly based on assumptions of future demand within a specific period.

g. Finance lease receivables

In assessing the amounts of finance lease receivables and revenue, management should consider the estimation of the Corporation's future cash flows and the discount rate used to determine the present value of minimum lease payments. Relevant assumptions include the expected operating rate of certain power-generating facilities and the economic lives and recoverable residual value of these facilities. If actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 11.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Demand deposits	\$ 6,838,774	\$ 5,270,233
Checking accounts	71,776	29,021
Cash on hand	783	641
Cash equivalents		
Bank acceptances	433,294	39,119
Time deposits	<u>1,377,150</u>	<u>1,033,598</u>
	<u>\$ 8,721,777</u>	<u>\$ 6,372,612</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2014	2013
Bank balance	0%-3.00%	0%-2.88%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
<u>Financial assets at FVTPL</u>		
Foreign exchange forward contracts (a)	\$ 1,514	\$ -
Interest swap contracts (b)	-	22
Convertible bonds designated as at FVTPL (c)	<u>-</u>	<u>-</u>
	<u>\$ 1,514</u>	<u>\$ 22</u>
<u>Financial liabilities at FVTPL</u>		
Foreign exchange forward contracts (a)	\$ 16,773	\$ -
Interest swap contracts (b)	<u>39</u>	<u>700</u>
	<u>\$ 16,812</u>	<u>\$ 700</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts consisted of the following:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2014</u>			
Sell	Sell USD/Buy NTD	January 9, 2015	USD 2,000/ NTD 60,921
Sell	Sell USD/Buy NTD	January 12, 2015	USD 2,000/ NTD 60,906
Sell	Sell USD/Buy NTD	February 2, 2015	USD 4,000/ NTD 124,104
Sell	Sell USD/Buy NTD	February 4, 2015	USD 2,000/ NTD 62,050
Sell	Sell USD/Buy NTD	February 11, 2015	USD 1,000/ NTD 31,734

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)	
Sell	Sell USD/Buy NTD	February 13, 2015	USD 2,000/ NTD	63,208
Sell	Sell USD/Buy NTD	February 24, 2015	USD 3,000/ NTD	93,033
Sell	Sell USD/Buy NTD	February 26, 2015	USD 3,000/ NTD	93,030
Sell	Sell USD/Buy NTD	March 2, 2015	USD 2,000/ NTD	62,014
Sell	Sell USD/Buy NTD	March 4, 2015	USD 2,000/ NTD	62,012
Sell	Sell USD/Buy NTD	March 6, 2015	USD 2,000/ NTD	62,010
Sell	Sell USD/Buy NTD	March 12, 2015	USD 2,000/ NTD	63,438
Sell	Sell USD/Buy NTD	March 16, 2015	USD 2,000/ NTD	63,438
Sell	Sell USD/Buy NTD	March 20, 2015	USD 2,000/ NTD	63,426
Sell	Sell USD/Buy NTD	March 27, 2015	USD 2,000/ NTD	63,424
Sell	Sell USD/Buy NTD	March 31, 2015	USD 1,000/ NTD	31,583
Buy	Sell JPY/Buy USD	January 15, 2015	JPY 330,000/ USD	2,793

(Concluded)

The Corporation entered into derivative transactions during 2014 and 2013 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes. Since the foreign exchange forward contracts held by the Corporation did not meet the criteria for hedge effectiveness, these contracts were not subject to hedge accounting.

- b. At the end of the reporting period, outstanding interest swap contracts consisted of the following:

Contract Amount (In Thousands)	Maturity Period	Interest Rates - Payments	Interest Rates - Receipts
<u>December 31, 2014</u>			
\$ 25,700	May 28, 2013- May 28, 2018	1.150%	0.891% (floating)
<u>December 31, 2013</u>			
\$ 117,200	January 30, 2013-January 30, 2018	1.170%	0.896% (floating)
67,100	August 2, 2013-August 2, 2018	1.440%	0.896% (floating)
50,100	December 27, 2012-December 27, 2017	1.085%	0.897% (floating)
35,670	September 24, 2013-September 24, 2018	1.350%	0.897% (floating)
25,700	May 28, 2013-May 28, 2018	1.150%	0.899% (floating)

The Corporation entered into derivative transactions in 2014 and 2013 to manage exposures of assets and liabilities to interest rate changes. Since the interest rate swaps held by the Corporation did not meet the criteria for hedge effectiveness, they were not subjected to hedge accounting.

- c. In May 2013, NSP subscribed the convertible bonds of Conergy AG, with 7% interest rate and face value of EUR2,288 thousand. The bonds are convertible from May 15, 2013 to June 30, 2015. Interest of 7% per annum will be paid by Conergy AG quarterly until the conversion of bonds. Each bond entitles the holder to subscribe for one ordinary share of Conergy AG at a price of EUR1.05 before the settlement date. On July 5, 2013, Conergy AG filed for insolvency due to financial difficulties; the Corporation thus recognized a loss of \$88,950 thousand in 2013.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
<u>Noncurrent</u>		
Domestic quoted shares		
ThinTech Materials Technology Co., Ltd. (TTMC)	\$ 159,578	\$ 222,750

As of December 31, 2014 and 2013, the carrying amount of the Corporation's investment in TTMC's private-placement shares amounted to \$149,450 thousand and \$193,550 thousand, respectively, under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

Except stated above, the available-for-sale financial assets had not been pledged as security or for other purposes.

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2014	2013
<u>Noncurrent</u>		
Domestic unlisted common shares		
EXOJET Technology Corporation ("EXOJET")	\$ 42,500	\$ -
Overseas unlisted common shares		
SUN APPENNINO CORPORATION	22,590	22,590
FICUS CAPITAL CORPORATION	1,259	1,259
TG ENERGY SOLUTIONS LCC	<u>634</u>	<u>599</u>
	<u>\$ 66,983</u>	<u>\$ 24,448</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 66,983</u>	<u>\$ 24,448</u>

Management believed that the above unlisted equity investments held by the Corporation had fair values that could not be reliably measured because the range of reasonable fair value estimates was significant; thus, these investments were measured at cost less impairment at the end of the reporting period.

The financial assets carried at cost had not been pledged as security or for other purposes.

10. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2014	2013
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 4,990,160	\$ 4,085,623
Accounts receivable - related parties	193,495	264,427
Less: Allowance for impairment loss	<u>(7,463)</u>	<u>(7,328)</u>
	<u>\$ 5,176,192</u>	<u>\$ 4,342,722</u>

(Continued)

	December 31	
	2014	2013
<u>Other receivables</u>		
Other receivables - related parties	\$ 652,560	\$ -
Sales tax refund receivable	39,526	59,764
Others	<u>37,240</u>	<u>2,193</u>
	<u>\$ 729,326</u>	<u>\$ 61,957</u>
		(Concluded)

a. Notes and accounts receivable

The credit periods for the sale of goods were (a) 30 to 60 days after the end of the month; (b) 15 to 90 days from the invoice date; and (c) 30 to 120 days for letters of credit. No interest was charged on accounts receivables. For overdue accounts receivables, interest was charged on the basis of management's judgment. In determining the recoverability of accounts receivable, the Corporation considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized on the basis of irrecoverable amounts estimated through aging analysis, reference to past default of the counterparties and an assessment of their current financial position.

For the accounts receivable that were past due at the end of the reporting period, the Corporation did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable. In addition, the Corporation had obtained proper collateral or other credit enhancements for these receivables. As of December 31, 2014 and 2013, the amounts of collaterals or other credit enhancements for these receivables were \$85,019 thousand and \$193,224 thousand, respectively. The Corporation had no legal right to offset the receivables against any amounts owed by the Corporation to the counterparties.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2014	2013
Up to 60 days	\$ 471,624	\$ 261,319
61-90 days	703,077	23,826
91-120 days	44,434	-
More than 120 days	<u>124,647</u>	<u>133,075</u>
	<u>\$ 1,343,782</u>	<u>\$ 418,220</u>

Above analysis was based on the past due date.

Movements in the allowance for impairment loss recognized on notes receivable and accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2013	\$ 60,603	\$ -	\$ 60,603
Reversal of Impairment loss recognized on receivables	(11,388)	-	(11,388)
Uncollectible amounts written off	(62,292)	-	(62,292)
Acquisitions through business combinations	20,380	-	20,380
Translation adjustments	<u>25</u>	<u>-</u>	<u>25</u>
Balance at December 31, 2013	<u>\$ 7,328</u>	<u>\$ -</u>	<u>\$ 7,328</u>
Balance at January 1, 2014	\$ 7,328	\$ -	\$ 7,328
Reversal of Impairment loss recognized on receivables	(52)	-	(52)
Translation adjustments	<u>187</u>	<u>-</u>	<u>187</u>
Balance at December 31, 2014	<u>\$ 7,463</u>	<u>\$ -</u>	<u>\$ 7,463</u>

Allowance for impairment loss included individually impaired accounts receivables amounting to \$7,463 thousand and \$7,328 thousand as of December 31, 2014 and 2013, respectively. These amounts relate to the Corporation's risk control process involving customers with tight cash flows. The impairment recognized represents the difference between the carrying amount of these accounts receivables and the present value of the expected proceeds received from liquidation. The Corporation did not hold any collateral on these impaired receivables.

The factored accounts receivable are summarized as follows:

Counterparties	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
<u>2013</u>					
Chang Hwa Bank	US\$ 2,367	US\$ 2,367	-	-	US\$ 1,000
BNY Mellon Bank - Taipei Branch	US\$ 6,780	US\$ 6,780	-	-	US\$ 6,780

The above credit lines can be used on a revolving basis.

Based on the factoring agreements, losses from commercial disputes (such as those on sales returns and discounts) should be borne by the Corporation, while losses from credit risk should be borne by the financial institutions. As of December 31, 2013, the Corporation's factoring agreements had all expired.

The Corporation did not have factoring agreements for the year ended December 31, 2014.

b. Other receivables

	December 31	
	2014	2013
Other receivables	\$ 729,326	\$ 61,957
Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 729,326</u>	<u>\$ 61,957</u>

The credit period was basically 60 days after the end of the month. Allowance for impairment loss was recognized on the basis of estimated irrecoverable amounts determined by aging analysis, reference to past default experience of the counterparties and an assessment of their current financial position.

The status of other receivables at the end of the reporting period is presented in the following table, which shows that other receivables had not been impaired.

	December 31	
	2014	2013
Neither past due nor impaired	\$ 404,294	\$ 61,957
Past due but not impaired	<u>325,032</u>	<u>-</u>
	<u>\$ 729,326</u>	<u>\$ 61,957</u>

11. FINANCE LEASE RECEIVABLES

	December 31	
	2014	2013
<u>Gross investment in leases</u>		
Not later than one year	\$ 122,622	\$ 185,568
Over one year to five years	484,217	731,184
Later than five years	<u>1,150,454</u>	<u>2,233,614</u>
	1,757,293	3,150,366
Less: Unearned finance income	<u>584,264</u>	<u>1,441,449</u>
Present value of minimum lease payments	<u>\$ 1,173,029</u>	<u>\$ 1,708,917</u>

The Corporation entered into several electricity purchase agreements (refer to Note 38) for the Corporation to sell all electricity to Taiwan Power Company, Indianapolis Power & Light Company, etc. after the electric generating facilities are operating with distribution system. The average term of finance leases entered into was 20 years. Since these agreements were covered by IFRIC 4 “Determining Whether an Arrangement contains a Lease” and IAS 17 “Leases,” they were accounted for as finance lease.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The effective interest rate contracted was 4.800%-6.918% per annum.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 37.

The finance lease receivables as of December 31, 2014 and 2013 were neither past due nor impaired.

12. INVENTORIES

	December 31	
	2014	2013
Finished goods	\$ 791,525	\$ 533,787
Work in progress	301,913	454,228
Raw materials	742,204	532,615
Power facility construction in progress	<u>208,079</u>	<u>-</u>
	<u>\$ 2,043,721</u>	<u>\$ 1,520,630</u>

Power facility construction in progress is the cost relevant to Power facility construction which will be sold in the near future.

Allowances for inventory losses were \$337,412 thousand and \$294,834 thousand as of December 31, 2014 and 2013, respectively.

In 2014, the cost of sales related to inventories was \$26,000,535 thousand, which included (1) unallocated fixed manufacturing overheads of \$284,059 thousand; (2) income of \$48,601 thousand from the sale of scraps; (3) loss of \$19,618 thousand from the disposal of obsolete inventories; and (4) allowance for losses on inventories amounting to \$40,698 thousand.

In 2013, the cost of sales related to inventories was \$18,374,388 thousand, which included (1) unallocated fixed manufacturing overheads of \$216,542 thousand; (2) income of \$36,584 thousand from the sale of scraps; (3) loss of \$32,302 thousand from the disposal of obsolete inventories and (4) a reversal of allowance for losses on inventories amounting to \$189,805 thousand. The reversal was due to the selling of obsolescent inventory and the decrease in unit cost of products.

The inventories had not been pledged as security or for other purposes.

13. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	December 31, 2014
Machinery and equipment	\$ 23,859
Advance payments	<u>10,330</u>
	<u>\$ 34,189</u>

On June 11, 2014, NSP's Board of Directors approved the disposal of the Corporation's construction in progress, located in Hsin-chu Science Park, to MediaTek Inc. The disposal was completed on September 24, 2014, on which date the control of the construction in progress in the Hsin-chu Science Park was passed to the buyer. No impairment loss was recognized on reclassification of the asset as held for sale for the year ended December 31, 2014.

The Corporation intends to proceeds exchange of assets with some of the machinery and equipment and advance payments and expects to complete the disposal transaction in 2015. The Corporation assessed that there was indications of impairment because their recoverable amount was estimated to be less than their carrying amount; thus, impairment losses of \$40,319 thousand were recognized on the reclassification of the assets held for sale for the year ended December 31, 2014.

14. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2014	2013
<u>Investment in associate</u>		
Overseas unlisted companies		
MEGATHREE (Note 31)	\$ 36,284	\$ -
GES KYUSHU (Note 31)	25,252	-
Hashimoto (Note 31)	9,824	-
Renewable Energies Co., Ltd. (“Renewable”)	-	-
NCH Solar 1 Limited (“NCH”)	<u>(15,324)</u>	<u>-</u>
	56,036	-
Credit balance of investment accounted for using the equity method	<u>15,324</u>	<u>-</u>
	<u>\$ 71,360</u>	<u>\$ -</u>

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Corporation were as follows:

	December 31	
Name of Associate	2014	2013
MEGATHREE	37%	-
GES KYUSHU	45%	-
Hashimoto	45%	-
Renewable	50%	50%
NCH	40%	-

In December 2012, GES Samoa, through GES UK, jointly established with a third party a company, Renewable, which specializes in solar-related business. As of December 31, 2014 and 2013, GES UK had a 50% equity interest in Renewable and had two of five seats of Renewable’s board but did not have the power to govern the financial and operating policies of Renewable; thus, Renewable was accounted for under the equity method.

In 2013, on the basis of the estimated recoverable amount of Renewable, the Corporation recognized an impairment loss of \$2,044 thousand, which was recorded under nonoperating income and expenses - other gains and losses.

The summarized financial information on the Corporation’s associates is set out below:

	December 31	
	2014	2013
Total assets	<u>\$ 1,020,730</u>	<u>\$ 4,768</u>
Total liabilities	<u>\$ 829,573</u>	<u>\$ -</u>
	Years Ended December 31	
	2014	2013
Revenue for the year	<u>\$ 32,038</u>	<u>\$ -</u>
Loss for the year	<u>\$ (109,499)</u>	<u>\$ 3,024</u>

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2014 were based on the associates’ financial

statements audited by the auditors for the same years. The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of these investments for the year ended December 31, 2013 were calculated on the basis of financial statements that have not been audited. Management believes there would have been no material impact on the calculation of the share of profit or loss and other comprehensive income had the equity-method investee's financial statements been audited.

The investments in the associates had not been pledged as collateral for bank loans.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2014	2013
<u>Carrying amounts</u>		
Land	\$ 440,596	\$ 440,596
Buildings	3,576,823	3,812,516
Machinery and equipment	8,847,280	9,290,238
Research and development equipment	39,840	10,277
Office equipment	37,682	55,006
Rental assets	135,717	147,494
Leasehold improvements	276,053	286,716
Miscellaneous equipment	166,516	209,522
Advance payments and construction in progress	<u>672,983</u>	<u>1,354,544</u>
	<u>\$ 14,193,490</u>	<u>\$ 15,606,909</u>

Year Ended December 31, 2013							
	Balance, Beginning of Year	Acquisitions Through Business Combinations	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Year
<u>Cost</u>							
Land	\$ 440,596	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,596
Buildings	2,740,925	1,571,025	-	-	15,016	-	4,326,966
Machinery and equipment	10,431,530	3,903,893	452,010	-	327,951	21,928	15,137,312
Research and development equipment	11,803	4,608	-	-	1,549	-	17,960
Office equipment	14,231	61,268	1,051	(95)	(3,393)	45	73,107
Rental assets	-	164,634	-	-	-	168	164,802
Leasehold improvements	2,632	300,049	1,543	-	-	3,960	308,184
Miscellaneous equipment	173,254	159,105	7,514	(12)	9,204	700	349,765
Advance payments and construction in progress	<u>624,963</u>	<u>153,373</u>	<u>2,924,322</u>	<u>(1,699,563)</u>	<u>(350,327)</u>	<u>(12,797)</u>	<u>1,387,243</u>
	<u>14,439,934</u>	<u>\$ 6,317,955</u>	<u>\$ 3,386,440</u>	<u>\$ (1,699,670)</u>	<u>\$ -</u>	<u>\$ 14,004</u>	<u>22,205,935</u>
<u>Accumulated depreciation</u>							
Buildings	324,283	\$ -	\$ 190,167	\$ -	\$ -	\$ -	514,450
Machinery and equipment	4,296,896	-	1,437,001	-	-	15,663	5,749,560
Research and development equipment	4,426	-	3,257	-	-	-	7,683
Office equipment	7,573	-	12,676	(68)	(2,181)	101	18,101
Rental assets	-	-	17,127	-	-	181	17,308
Leasehold improvements	606	-	18,453	-	-	2,409	21,468
Miscellaneous equipment	<u>83,660</u>	<u>-</u>	<u>53,958</u>	<u>(8)</u>	<u>2,181</u>	<u>452</u>	<u>140,243</u>
	<u>4,717,444</u>	<u>\$ -</u>	<u>\$ 1,732,639</u>	<u>\$ (76)</u>	<u>\$ -</u>	<u>\$ (18,806)</u>	<u>6,468,813</u>
<u>Accumulated impairment</u>							
Machinery and equipment	46,984	\$ -	\$ 50,530	\$ -	\$ -	\$ -	97,514
Advance payments and construction in progress	<u>32,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,699</u>
	<u>79,683</u>	<u>\$ -</u>	<u>\$ 50,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>130,213</u>
	<u>\$ 9,642,807</u>						<u>\$ 15,606,909</u>

Year Ended December 31, 2014						
	Balance, Beginning of Year	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Year
<u>Cost</u>						
Land	\$ 440,596	\$ -	\$ -	\$ -	\$ -	\$ 440,596
Buildings	4,326,966	14	-	(2,800)	-	4,324,180
Machinery and equipment	15,137,312	728,290	(1,918)	360,167	125,377	16,349,228
Research and development equipment	17,960	6,679	-	31,834	-	56,473
Office equipment	73,107	2,003	-	243	804	76,157
Rental assets	164,802	-	-	-	11,860	176,662
Leasehold improvements	308,184	7,528	-	6,101	19,986	341,799
Miscellaneous equipment	349,765	18,469	-	2,534	2,731	373,499
Advance payments and construction in progress	1,387,243	1,340,544	(1,188,124)	(881,134)	14,454	672,983
	<u>22,205,935</u>	<u>\$ 2,103,527</u>	<u>\$ (1,190,042)</u>	<u>\$ (483,055)</u>	<u>\$ 175,212</u>	<u>22,811,577</u>
<u>Accumulated depreciation</u>						
Buildings	514,450	\$ 232,907	\$ -	\$ -	\$ -	747,357
Machinery and equipment	5,749,560	1,631,661	-	(74,160)	68,354	7,375,415
Research and development equipment	7,683	8,950	-	-	-	16,633
Office equipment	18,101	19,649	-	-	725	38,475
Rental assets	17,308	19,588	-	-	4,049	40,945
Leasehold improvements	21,468	33,219	-	-	11,059	65,746
Miscellaneous equipment	140,243	64,964	-	-	1,776	206,983
	<u>6,468,813</u>	<u>\$ 2,010,938</u>	<u>\$ -</u>	<u>\$ (74,160)</u>	<u>\$ 85,963</u>	<u>8,491,554</u>
<u>Accumulated impairment</u>						
Machinery and equipment	97,514	\$ 56,418	\$ -	\$ (27,258)	(\$ 141)	126,533
Advance payments and construction in progress	32,699	12,920	(32,699)	(12,920)	-	-
	<u>130,213</u>	<u>\$ 69,338</u>	<u>\$ (32,699)</u>	<u>\$ (40,178)</u>	<u>(\$ 141)</u>	<u>126,533</u>
	<u>\$ 15,606,909</u>					<u>\$ 14,193,490</u>

On June 11, 2014, NSP's board approved the disposal of construction in progress which located in Hsin-chu Science Park. The related proceeds were \$410,000 thousand. NSP transferred construction in progress \$336,067 thousand to noncurrent assets classified as held for sale and recognized gain on reverse of impairment loss \$32,699 thousand under other gains and expenses.

In the third quarter of 2014, the Corporation intends to proceeds with the exchange of assets with a parcel of machinery and equipment and advance payments. The related proceeds are expected to be \$33,892 thousand. The Corporation transferred machinery and equipment and advance payments \$33,892 thousand to noncurrent assets classified as held for sale and recognized impairment losses of \$40,319 thousand under other gains and expenses.

As of December 31, 2014, NSP resolved to acquire production line of solar module from subsidiary to effectively integrate the Corporation's overall resources. The related proceeds were \$39,628 thousand. The Corporation 29,019 under other gains and expenses. The production line is reported under other segment according to the accounting policies of the reportable segments.

NSP assessed that there was indications of impairment on machinery and equipment, and the recoverable amount of machinery and equipment is estimated to be less than its carrying amount, thus NSP recognized impairment losses on machinery and equipment of \$50,530 thousand as of March 31, 2013.

Property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives of the assets:

Buildings	15-21 years
Machinery and equipment	4-11 years (Note)
Research and development equipment	4-6 years
Office equipment	4 years
Rental assets	10 years
Leasehold improvements	4-11 years
Miscellaneous equipment	4-16 years

Note: NSP extended the useful lives of certain items of machinery and equipment from 6 years to 8 or 11 years from April 1, 2013 (please refer to Note 5).

The major components of the buildings held by the Corporation included plants and electric-powered machinery, etc., which were depreciated over their estimated useful lives of 15 to 21 years.

Refer to Note 37 for the carrying amount of property, plant and equipment pledged by the Corporation to secure borrowings.

For the year ended December 31, 2014, the deduction included \$724,723 thousand for transferred to finance lease receivables and \$465,319 thousand for the disposal of subsidiaries; for the year ended December 31, 2013, the deduction included \$1,708,917 thousand which were transferred to finance lease receivables.

For the year ended December 31, 2014, there were reclassifications from prepayments for equipment of \$24,633 thousand to advance payments and construction in progress; from advance payments and construction in progress of \$624 thousand to other noncurrent assets; from advance payments and construction in progress of \$22,470 thousand to other expenses; and from machinery and equipment of \$23,859 thousand, advance payments and construction in progress of \$10,330 thousand and construction in progress of \$336,067 thousand to noncurrent assets classified as held for sale.

16. INTANGIBLE ASSETS

	December 31	
	2014	2013
<u>Carrying amounts of each class</u>		
Goodwill (Note 30)	\$ 513,332	\$ 512,440
Brands	20,862	45,299
Patents	<u>77</u>	<u>-</u>
	<u>\$ 534,271</u>	<u>\$ 557,739</u>
	Year Ended December 31	
	2014	2013
<u>Brands</u>		
Cost		
Balance at January 1	\$ 109,102	\$ -
Acquired from business combination	23,108	108,800
Translation adjustments	<u>1,499</u>	<u>302</u>
Balance at December 31	<u>133,709</u>	<u>109,102</u>
Accumulated amortization		
Balance at January 1	(63,803)	-
Amortization	(47,688)	(62,891)
Translation adjustments	<u>(1,356)</u>	<u>(912)</u>
Balance at December 31	<u>(112,847)</u>	<u>(63,803)</u>
	<u>\$ 20,862</u>	<u>\$ 45,299</u>

(Continued)

	Year Ended December 31	
	2014	2013
<u>Patents</u>		
Cost		
Balance at January 1	\$ -	\$ -
Additions	<u>77</u>	<u>-</u>
Balance at December 31	<u>\$ 77</u>	<u>\$ -</u>
Carrying amounts at December 31	<u>\$ 77</u>	<u>\$ -</u>
		(Concluded)

The above items of other intangible assets were depreciated on a straight-line basis over one to six year.

The Corporation's goodwill was tested for impairment at the end of the annual reporting period and the recoverable amount was based on value in use. The value in use was calculated on the basis of the cash flow forecast from the financial budgets covering the future five-year period, and the Corporation used the annual discount rate of 6.47% and 6.30% in its test of impairment as of December 31, 2014 and 2013, respectively, to reflect the specific risk in the relevant cash-generating unit.

For 2014 and 2013, the Corporation did not recognize any impairment loss on goodwill.

No intangible assets had been pledged as collateral for the Corporation's bank loans.

17. PREPAYMENTS FOR LEASE

	December 31	
	2014	2013
Current asset	\$ 1,051	\$ 3,415
Noncurrent asset	<u>24,736</u>	<u>31,027</u>
	<u>\$ 25,787</u>	<u>\$ 34,442</u>

Prepayments for lease, which mainly included land use rights paid for power facility construction in the U.S., were amortized on a straight-line basis over 30 years. As of December 31, 2014 and 2013, such land use rights amounted to \$23,150 thousand and \$31,027 thousand, respectively. The Corporation had obtained the certificates of land use rights.

18. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2014	2013
<u>Prepayments</u>		
Prepayments to suppliers	\$ 1,751,260	\$ 1,953,751
Prepayments for equipment	45,005	69,000
Others	<u>98,727</u>	<u>46,627</u>
	<u>\$ 1,894,992</u>	<u>\$ 2,069,378</u>
		(Continued)

	December 31	
	2014	2013
<u>Other assets</u>		
Prepaid sales tax	\$ 1,260,880	\$ 1,166,070
Restricted deposits	633,727	368,359
Pledged time deposits	204,923	10,625
Others	<u>96,776</u>	<u>110,115</u>
	<u>\$ 2,196,306</u>	<u>\$ 1,655,169</u>
<u>Prepayments</u>		
Current	\$ 719,244	\$ 264,611
Noncurrent	<u>1,175,748</u>	<u>1,804,767</u>
	<u>\$ 1,894,992</u>	<u>\$ 2,069,378</u>
<u>Other assets</u>		
Current	\$ 1,461,213	\$ 1,593,722
Noncurrent	<u>735,093</u>	<u>61,447</u>
	<u>\$ 2,196,306</u>	<u>\$ 1,655,169</u>
		(Concluded)

The Corporation recognized impairment loss on prepayments after assessment; please refer to Notes 5 and Note 38.

19. LOANS

a. Short-term bank loans

	December 31	
	2014	2013
Working capital loans - interest at 0.7000%-6.5600% in 2014; 0.9670%-2.9459% in 2013	<u>\$ 3,039,296</u>	<u>\$ 2,732,789</u>

b. Long-term bank loans

	December 31	
	2014	2013
Syndicated loans: lead bank - China Trust Bank		
Repayable in August 2016, with annual floating interest rate at 2.6589%-2.6811% in 2014 and 2.6800% in 2013	\$ 1,000,000	\$ 1,000,000
Repayable semiannually from February 2012 to August 2016, repayment of 50% before February 2013, repayment of 10% for fourth to sixth repayment, and repayment of 40% for the rest of the periods before August 2016, with annual floating interest rate at 2.4821%-2.5221% in 2014 and 2.5232% in 2013	924,000	1,094,667
		(Continued)

	December 31	
	2014	2013
Syndicated loans: lead bank - Taiwan Cooperative Bank		
Repayable semiannually from November 2012 to November 2015, with annual floating interest rates at 1.5337%-1.5453% in 2014 and 1.5442% in 2013	\$ 703,453	\$ 1,413,112
Repayable semiannually from November 2012 to November 2015, repayment of 10% each period before 2015 and 40% on the last payment, with annual floating interest rates at 1.5789%-1.6088% in 2014 and 1.5926%-1.8288% in 2013	556,052	1,755,308
Secured loan from Cathay United Bank		
Repayable quarterly from November 2013 to October 2026; repayment of at least US\$6,500 on the first installment, with annual floating interest at 3.5336%-3.5376% in 2014 and 3.5376% in 2013	545,113	733,775
Secured loans from First Bank		
Repayable quarterly from September 2011 to June 2015, with annual floating interest at 2.08% in 2014 and 2013	25,239	39,661
Repayable monthly from November 2013 to October 2020, with annual floating interest at 3.42% in 2013	-	29,206
Secured loans from EnTie Bank		
Repayable monthly from May 2013 to April 2020, with annual floating interest rate at 3.761%-3.772% in 2014 and 3.782% in 2013	20,817	23,901
Repayable monthly from December 2012 to November 2019, with annual floating interest rate at 3.793% in 2013	-	239,060
Secured loan from Mega Bank		
Repayable monthly from May 2013 to April 2020, with annual floating interest rate at 3.5% in 2013	-	29,870
Other borrowings		
Repayable monthly from January 2014 to December 2015	26,780	-
Repayable monthly from July 2013 to June 2015	11,225	37,307
Repayable monthly from August 2013 to July 2023	-	49,338
Repayable monthly from June 2013 to December 2015	-	21,482
	3,812,679	6,466,687
Current portion	(1,868,726)	(1,757,933)
	<u>\$ 1,943,953</u>	<u>\$ 4,708,754</u>
		(Concluded)

Other borrowings were loans from a finance company. As of December 31, 2014 and 2013, the latest maturity of other borrowings was by January 2016 and August 2023, respectively. The annual effective interest rate was 6.32% to 6.97% and 6.97%, respectively.

The Taiwan Cooperative Bank syndicated loan requires the maintenance of certain financial ratios based on NSP's annual and semiannual financial reports according to the loan agreements. The related restrictions are as follows:

- 1) Current ratio (Current assets /Current liabilities): At least 100%;
- 2) Debt to equity ratio (Total financial liabilities/Total shareholders' equity): No more than 110%;

- 3) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) / \text{Interest expense}]$: At least 2. The income before tax should not include the amount of valuation of financial liabilities.
- 4) Tangible net worth: At least \$6,000,000 thousand.

As of December 31, 2014, NSP was in compliance with aforementioned financial covenants.

NSP had acquired syndicated loans, with China Trust Bank as lead bank, because of a business combination. NSP renegotiated the loans with the banking syndicate, resulting in new loan agreements. These agreements require the maintenance of certain financial ratios based on NSP's consolidated annual and semiannual financial reports. The related restrictions are as follows:

- 1) Current ratio (Current assets/Current liabilities): At least 100%;
- 2) Debt to equity ratio (Total liabilities/Total shareholders' equity): No more than 100%;
- 3) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) / \text{Interest expense}]$: At least 3.
- 4) Tangible net worth: At least \$4,000,000 thousand.

NSP did not meet the required debt to equity ratio as of June 30, 2013, thus, lending banks agreed the exemption, the Corporation paid the related exemption fee as required under the loan agreement.

As of December 31, 2014, NSP was in compliance with aforementioned financial covenants.

Secured loan from EnTie Bank:

The loan agreement requires the maintenance of certain financial ratios based on General Energy Solutions's consolidated annual and semiannual financial reports. The related restrictions are as follows:

- 1) Debt to equity ratio (Total liabilities and contingent liabilities/Total shareholders' equity): No more than 300%;
- 2) Debt service coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) / \text{principle and interest paid in current year}]$: At least 1

Secured loan from Cathay United Bank:

The loan agreement requires the maintenance of certain financial ratios based on ET ENERGY's quarterly financial reports. The related restriction is as follows:

Debt service coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) / \text{principle paid in current year}]$: No less than 125%.

For those contracts stated that falling short of the financial ratio, they were not considered breaches of the contract.

The assets pledged as collaterals are shown in Note 37.

c. Preference share liabilities

	December 31	
	2014	2013
First Preference Shares, Series A	\$ 470,000	\$ -

Nonconvertible Nonparticipating Redeemable Fixed Rate Cumulative First Preference Shares, Series A (“First Preference Shares, Series A”):

In their meeting on June 27, 2014, General Energy Solutions’ shareholders proposed to offer First Preference Shares, Series A (“FP Shares”); on October 24, 2014, General Energy Solutions’ Board of Directors approved the issuance of these shares at a premium price of NT\$50 per share, with an aggregate amount of \$470,000 thousand.

The FP Shares are entitled to receive fixed cumulative preferential cash dividends at a rate of 5%, equal to NT\$50 per share per annum. If profit is not sufficient to make distributions on these shares, the shortfall will be carried forward to the next year.

The FP Shares are entitled to preferential cash dividends only, and the shareholders do not have rights to participate or claim for a part in the surplus profits of General Energy Solutions.

The FP shareholders have a claim on liquidation proceeds of a share corporation equal to its par value. This claim has priority over that of common shareholders, who have only a residual claim.

The FP Shares do not have voting rights.

The FP shareholders and the common shareholders have the same pre-emption right when General Energy Solutions increase its capital by offering new common shares.

Within three years after the FP Share issuance date, General Energy Solutions has the option to redeem for cash all of the outstanding FP Shares. If this redemption does not take place, the rights and obligations of outstanding FP shares will be extended till redeemed.

20. BONDS PAYABLE

	December 31	
	2014	2013
Secured overseas convertible bonds	\$ 3,383,393	\$ -
Secured domestic convertible bonds	213,417	549,004
	3,596,810	549,004
Less: Current portion	-	-
	<u>\$ 3,596,810</u>	<u>\$ 549,004</u>

Secured overseas convertible bonds

On July 18, 2014, NSP issued US\$120,000 thousand, 0% 3-year secured overseas convertible bonds, listed on the Singapore Exchange Securities Trading Limited. Each bond entitles the holder to convert into ordinary shares of NSP at a conversion price of \$39.05. Conversion may occur at any time between August 27, 2014 and July 8, 2017 and will be adjusted according to the contracts afterwards. The conversion price was initially set at \$39.05 per share upon issuance, and was adjusted to \$38.29 per share pursuant to the provisions of the trust deed of the bonds. If the bonds are not converted, they will be redeemed on July 18, 2017 in US dollars, at a fixed exchange rate US\$1 equal \$29.89 each, at a time.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of Capital Surplus - Conversion Option of Bonds. The effective interest rate of the liability component was 2.2931% per annum on initial recognition.

Proceeds from issue (less transaction costs \$90,697 thousand)	\$ 3,496,103
Equity component (less transaction costs allocated to the equity component of \$3,827 thousand)	<u>(147,536)</u>
Liability component at the date of issue	3,348,567
Interest charged at an effective interest rate	<u>34,826</u>
Liability component at December 31, 2014	<u>\$ 3,383,393</u>

Secured domestic convertible bonds

On October 1, 2013, NSP issued its first and second 3-year domestic secured convertible bonds, with the total par value of \$500,000 thousand, aggregate principal of \$1,000,000 thousand and par rate of 0%. The bonds are convertible from November 2, 2013 to September 21, 2016 at applicable conversion price. The conversion price was initially set at \$29.35 per share upon issuance, and was adjusted to \$28.16 per share pursuant to the provisions of the trust deed of the bonds. The bonds will be redeemed at 100% of their principal amount on October 1, 2016.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - conversion option of bonds. The effective interest rates for the liability components were 1.3964% and 1.5075% per annum on initial recognition in 2013.

As of December 31, 2014, the outstanding convertible bonds on the first and second issue amounted to \$160,043 thousand and \$53,374 thousand, respectively.

Proceeds from issue (less transaction costs of \$4,170 thousand)	\$ 998,830
Equity component (less transaction costs allocated to the equity component amount of \$173 thousand)	<u>(41,427)</u>
Liability component at the date of issue	957,403
Interest charged at an effective interest rate	3,179
Convertible bonds converted into common shares	<u>(411,578)</u>
Liability component at December 31, 2013	549,004
Interest charged at an effective interest rate	3,892
Convertible bonds converted into common shares	<u>(339,479)</u>
Liability component at December 31, 2014	<u>\$ 213,417</u>

21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>December 31</u>	
	2014	2013
<u>Accrued expenses</u>		
Loss on contracts	\$ 318,157	\$ 499,845
Bonus	262,316	201,950
Salaries	187,719	158,318
Service charge	87,609	83,911
Others	<u>571,559</u>	<u>580,761</u>
	<u>\$ 1,427,360</u>	<u>\$ 1,524,785</u>

(Continued)

	December 31	
	2014	2013
<u>Other current liabilities</u>		
Deferred revenue	\$ 285,704	\$ -
Receipts under custody	9,332	9,021
Advance receipts from customers	2,673	2,483
Others	<u>205</u>	<u>487</u>
	<u>\$ 297,914</u>	<u>\$ 11,991</u>
Current	\$ 32,598	\$ 11,991
Noncurrent	<u>265,316</u>	<u>-</u>
	<u>\$ 297,914</u>	<u>\$ 11,991</u>

(Concluded)

22. PROVISIONS

	December 31	
	2014	2013
<u>Noncurrent</u>		
Warranties	<u>\$ 225,308</u>	<u>\$ 159,098</u>
	Years Ended December 31	
	2014	2013
Balance at January 1	\$ 159,098	\$ 65,368
Acquired from business combination	-	72,439
Additions	67,196	21,737
Use	<u>(986)</u>	<u>(446)</u>
Balance at December 31	<u>\$ 225,308</u>	<u>\$ 159,098</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits on the Corporation's obligations stated in sales agreements. The estimate was based on historical warranty trends and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

The Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages in accordance with the Labor Pension Act, and these contributions are recognized as pension costs.

The employees of the Corporation's subsidiary in People's Republic of China are members of a state-managed retirement benefit plan operated by the government of People's Republic of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Corporation on the retirement benefit plan is to make the specified contributions.

24. EQUITY

a. Common shares

1) Common shares

	December 31	
	2014	2013
Number of shares authorized (in thousands)	<u>1,200,000</u>	<u>800,000</u>
Amount of shares authorized	<u>\$ 12,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>856,277</u>	<u>777,029</u>
Shares issued	\$ 8,562,770	\$ 7,770,292
Share premiums	<u>11,404,787</u>	<u>10,317,449</u>
	<u>\$ 19,967,557</u>	<u>\$ 18,087,741</u>

Fully paid common shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Of NSP's authorized shares, 80,000 thousand shares had been reserved for the issuance of employee share options.

In their special meeting on February 6, 2013 the shareholders proposed the issuance of new shares for a merger with DelSolar at a tentative price of 0.735 the Corporation common shares for each common share of DelSolar. For this merger, NSP proposed an increase in its capital by \$1,686,758 thousand by issuing 168,676 thousand new common shares at a par value of \$10. The merger date was May 31, 2013.

On April 19, 2013, NSP's Board of Directors approved a decrease in the common shares to be issued for the merger with DelSolar from 168,676 thousand shares to 168,508 thousand shares, because of the cancellation of restricted shares of DelSolar's employees.

In their meeting on May 31, 2013, the shareholders approved the private placement of 150,000 thousand common shares at a par value of \$10 per share and increase NSP's capital by issuing up to 150,000 thousand shares. On March 18, 2014 NSP's Board of Directors approved the cancellation of this private placement plan.

On August 7, 2013, NSP's Board of Directors approved an increase its capital by \$3,107,000 thousand through a public offering of 130,000 thousand new common shares at a par value of \$10. The board set October 25, 2013 as the subscription date, and NSP completed the issuance of new shares on this date. The board also approved the public issuance of the first and second secured domestic convertible bonds with total par values of up to \$500,000 thousand each and an aggregate par value of up to \$1,000,000 thousand. The board also approved the issuance to employees of 3,531 thousand restricted shares amounting to \$35,305 thousand. These issuances were approved by the Financial Supervisory Commission (FSC) on September 12, 2013, and actual issuances were on October 1, 2013 and August 28, 2013; more information on the bonds and restricted shares for employees is shown in Notes 20 and 29.

On March 18, 2014, NSP's board approved an increase in its capital (a) by \$2,015,000 thousand by a public offering of 65,000 thousand new common shares at a par value of \$10 (b) by the issue of the second secured overseas convertible bonds with an aggregate par value of up to US\$150,000 thousand; and (c) by an issuance of up to 180,000 thousand shares of capital shares or global

depository shares. The issuance of the second secured overseas convertible bonds was approved by the Financial Supervisory Commission on April 21, 2014 and listed on the Singapore Exchange Securities Trading Limited on July 18, 2014 with an aggregate par value of US\$120,000 thousand; on July 24, 2014, the Corporation's board approved the cancellation of fore mentioned capital increase by public offering of 65,000 thousand new common shares.

On July 24, 2014, NSP's board approved an increase in its capital by a public offering of 65,000 thousand new common shares at a par value of \$10. The issuance was approved by the Financial Supervisory Commission on September 2, 2014, and the grant date is on November 28, 2014.

On March 17, 2015, NSP's board approved an increase in its capital by an issuance of up to 180,000 thousand shares of capital shares or global depository shares.

2) Global depository receipts

On July 14, 2011, NSP offered 100,000 thousand shares of capital share for a 20,000 thousand global depository share (GDS) offering. Each GDS represented five common shares. The GDS issue price was US\$6.62 per share, and a total of US\$132,400 thousand was raised. The GDS was listed on the Luxembourg Stock Exchange on July 20, 2011 and complete the conversion in March 2014.

b. Capital surplus

	December 31	
	2014	2013
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 11,404,787	\$ 10,317,449
Premiums from the conversion of convertible bonds	507,846	278,146
May only be used to offset a deficit (2)		
Arising from changes in percentage of ownership interest in subsidiaries	13,416	-
May not be used for any purpose		
Arising from conversion of bonds	156,427	23,502
Arising from employee share options	3,022	3,022
Arising from employee restricted shares	<u>111,993</u>	<u>75,450</u>
	<u>\$ 12,197,491</u>	<u>\$ 10,697,569</u>

1) Such capital surplus may be used to offset a deficit; in addition, when NSP has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

Under NSP's Articles of Incorporation, upon closing of accounts, if there is profit, NSP should first pay the corporate income tax in accordance with the law, offset a deficit in previous years and then set aside a legal reserve of 10% of the profits left over, and retain special reserve(s) pursuant to applicable laws. Then, NSP will appropriate the remaining earnings as employees' bonus (no less than 3%) and remuneration to directors (no more than 2%). On any remaining balance plus unappropriated earnings of prior years, the Board of Directors will propose an appropriation of shareholders' bonus to be

presented in the shareholders' meeting for approval. NSP may issue profit sharing to employees of an affiliated company who meet the conditions set by the board. The board chairman is authorized to decide the actual amount to be appropriated as employees' bonus. Bonus to shareholders should be paid in cash or shares. Cash bonus shall be more than 10% of the total bonus to shareholders.

For the year ended December 31, 2014, NSP's estimated bonuses payable to employees and directors were \$32,343 thousand and \$4,312 thousand, respectively, and for the year ended December 31, 2013, NSP's estimated bonuses payable to employees and directors were \$69,821 thousand and \$7,000 thousand, respectively. The amounts of bonus to employees and directors were estimated on the basis of statutes, the Corporation's Articles of Incorporation and experience. Material differences between these estimates and the amounts proposed by the Board of Directors on or before the date of annual financial statements had been authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the date of annual financial statements had been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and share dividends) of the shares of the day immediately preceding the shareholders' meeting.

NSP appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs." Distributions can be made out of any subsequent reversal of the debit to other equity items.

Legal reserve should be appropriated from earnings until the legal reserve equals NSP's paid-in capital. Legal reserve may be used to offset deficit. If NSP has no deficit and the legal reserve has exceeded 25% of NSP's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by NSP.

The offset of the 2012 accumulated deficit has been approved in the shareholders' meeting on May 31, 2013, and the appropriations of the 2013 earnings, including bonus to employees and directors, have been proposed by the Board of Directors on June 11, 2014. The appropriations and dividends per share were as follows:

	For Year 2012	For Year 2013	
	Offset of Accumulated Deficit	Appropriation of Earnings	Dividends Per Share (NT\$)
Net loss for the year	\$ (4,173,633)	\$ -	
Legal reserve	-	47,566	
Special reserve	-	18,928	
Cash dividends	-	236,003	\$ 0.3
Share premium	<u>4,173,633</u>	<u>-</u>	
	<u>\$ -</u>	<u>\$ 302,497</u>	
		For the Year Ended 2013	
		Cash Dividends	Stock Dividends
Bonus to employees		\$ 69,821	\$ -
Remuneration of directors		7,000	-

In 2012, NSP had a deficit; thus, there was no appropriation of bonus to employees and directors.

There was no difference between the amounts of the bonus to employees and directors proposed by the Board of Directors on June 11, 2014 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2013.

The appropriations of earnings for 2014 had been proposed by NSP's board of directors on March 17, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 21,856	
Reverse of special reserve	(18,928)	
Cash dividends	<u>171,271</u>	\$ 0.2
	<u><u>\$ 174,199</u></u>	

The appropriations of earnings, the bonus to employees, and the remuneration to directors for 2014 are subject to the resolution of the shareholders' meeting to be held in 2015.

Information on the bonus to employees and directors proposed by NSP's Board of Directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves

	For the Year Ended December 31, 2014
Balance at January 1	\$ -
Appropriation in respect of Debit to other equity items	<u>18,928</u>
Balance at December 31	<u><u>\$ 18,928</u></u>

NSP had a decrease in retained earnings that resulted from all IFRSs adjustments; thus, no special reserve was appropriated.

e. Unrealized gain (loss) on available-for-sale financial instruments

	Years Ended December 31	
	2014	2013
Balance at January 1	\$ (60,964)	\$ (24,237)
Unrealized (loss) gain on revaluation of available-for-sale financial assets	(49,042)	229,857
Cumulative gain (loss) on sale of available-for-sale financial assets reclassified to profit or loss	<u>8,585</u>	<u>(266,584)</u>
Balance at December 31	<u><u>\$ (101,421)</u></u>	<u><u>\$ (60,964)</u></u>

The unrealized gain (loss) on available-for-sale financial assets represents the cumulative gains and losses on the fair value changes of available-for-sale financial assets, which have been recognized in other comprehensive income.

25. REVENUE

The analysis of the Corporation's revenue was as follows:

	Years Ended December 31	
	2014	2013
Revenue from the sale of goods	\$ 26,014,128	\$ 19,094,737
Revenue from the sale of power facility construction	800,489	-
Processing fee revenue	558,531	682,469
Revenue from other activities	<u>207,101</u>	<u>307,047</u>
	<u>\$ 27,580,249</u>	<u>\$ 20,084,253</u>

26. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	Years Ended December 31	
	2014	2013
Gain on disposal of noncurrent assets held for sale	\$ 73,933	\$ -
Gains on reversal of impairment loss on property, plant and equipment	32,699	-
Net loss on disposal of property, plant and equipment	-	(31)
Loss on financial assets	-	(88,950)
Impairment loss on property, plant and equipment	<u>(69,338)</u>	<u>(50,530)</u>
	<u>\$ 37,294</u>	<u>\$ (139,511)</u>

b. Interest income and other income

	Years Ended December 31	
	2014	2013
Interest income		
Bank deposits	\$ 21,030	\$ 18,114
Security deposits	22	31
Convertible bonds	-	785
Tax refund receivable	<u>-</u>	<u>299</u>
	<u>\$ 21,052</u>	<u>\$ 19,229</u>
Other income		
Compensation income	\$ 132,144	\$ 22,967
Government grants	18,156	3,330
Others	<u>3,843</u>	<u>15,615</u>
	<u>\$ 154,143</u>	<u>\$ 41,912</u>

c. Finance costs

	Years Ended December 31	
	2014	2013
Interest on bank loans	\$ 199,441	\$ 183,846
Interest on convertible bonds	38,718	3,179
Other interest expense	<u>7,079</u>	<u>2,149</u>
	<u>\$ 245,238</u>	<u>\$ 189,174</u>

d. Depreciation and amortization

	Years Ended December 31	
	2014	2013
Property, plant and equipment	\$ 2,010,938	\$ 1,732,639
Intangible assets	<u>47,688</u>	<u>62,891</u>
	<u>\$ 2,058,626</u>	<u>\$ 1,795,530</u>
An analysis of depreciation by function		
Operating costs	\$ 1,889,943	\$ 1,635,699
Operating expenses	<u>120,995</u>	<u>96,940</u>
	<u>\$ 2,010,938</u>	<u>\$ 1,732,639</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 47,688</u>	<u>\$ 62,891</u>

e. Employee benefits expense

	Years Ended December 31	
	2014	2013
Post-employment benefits (Note 23)		
Defined contribution plans	\$ 94,557	\$ 65,393
Share-based payments		
Equity-settled share-based payments	80,423	117,471
Other employee benefits	<u>2,559,022</u>	<u>1,855,200</u>
Total employee benefits expense	<u>\$ 2,734,002</u>	<u>\$ 2,038,064</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,059,791	\$ 1,479,662
Operating expenses	<u>674,211</u>	<u>558,402</u>
	<u>\$ 2,734,002</u>	<u>\$ 2,038,064</u>

f. Gain or loss on foreign currency exchange

	Years Ended December 31	
	2014	2013
Foreign exchange gains	\$ 659,698	\$ 348,592
Foreign exchange losses	<u>(508,042)</u>	<u>(310,723)</u>
Net profit	<u>\$ 151,656</u>	<u>\$ 37,869</u>

g. Components of other comprehensive income

	Years Ended December 31	
	2014	2013
Unrealized gain (loss) on available-for-sale financial assets:		
Arising during the year	\$ (49,042)	\$ 229,857
Reclassification adjustments - upon disposal	<u>8,585</u>	<u>(266,584)</u>
	<u>\$ (40,457)</u>	<u>\$ (36,727)</u>
Exchange difference on translating foreign operations:		
Arising during the year	<u>\$ 161,903</u>	<u>\$ 42,451</u>

27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	Years Ended December 31	
	2014	2013
Current tax		
Current year	\$ (8,485)	\$ (340)
Prior periods	<u>(394)</u>	<u>16,366</u>
	<u>(8,879)</u>	<u>16,026</u>
Deferred tax		
Current period	<u>31,279</u>	<u>-</u>
Income tax benefit recognized in profit or loss	<u>\$ 22,400</u>	<u>\$ 16,026</u>

A reconciliation of accounting profit and current income tax benefit is as follows:

	Years Ended December 31	
	2014	2013
Income before tax	<u>\$ 221,989</u>	<u>\$ 499,419</u>
Income tax expense at the 17% statutory rate	\$ (37,738)	\$ (84,901)
Additional income tax under the Alternative Minimum Tax Act	-	(51)
Nondeductible expenses in determining taxable income	(8,600)	(3,906)
Tax-exempt income	2,149	51,863
Effect of different tax rate of group entities operating in other jurisdictions	2,870	(23,983)
Unrecognized loss carryforwards	64,112	60,638
Adjustments for prior years' tax	<u>(393)</u>	<u>16,366</u>
Income tax benefit recognized in profit or loss	<u>\$ 22,400</u>	<u>\$ 16,026</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by group entities operating in the ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivable	\$ 9,820	\$ 15,645
Prepaid income tax	7,288	5,990
Acquisitions through business combinations	<u>-</u>	<u>2,785</u>
	<u>\$ 17,108</u>	<u>\$ 24,420</u>
Current tax liabilities		
Income tax payable	<u>\$ 888</u>	<u>\$ 10,201</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2013

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 14,662	\$ 12,660	\$ 27,322
Loss on inventories	11,245	(868)	10,377
Others	<u>2,847</u>	<u>9,390</u>	<u>12,237</u>
	<u>\$ 28,754</u>	<u>\$ 21,182</u>	<u>\$ 49,936</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Deferred revenue	\$ 17,086	\$ (2,893)	\$ 14,193
Unrealized foreign exchange gain	11,233	(9,716)	1,517
Unrealized investment gain	-	31,882	31,882
Revaluation gain on property, plant and equipment	-	93,296	93,296
Others	<u>435</u>	<u>(335)</u>	<u>100</u>
	<u>\$ 28,754</u>	<u>\$ 112,234</u>	<u>\$ 140,988</u>

For the year ended December 31, 2014

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 27,322	\$ (18,290)	\$ 9,032
Loss on inventories	10,377	(6,756)	3,621
Others	<u>12,237</u>	<u>13,926</u>	<u>26,163</u>
	<u>\$ 49,936</u>	<u>\$ (11,120)</u>	<u>\$ 38,816</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Deferred revenue	\$ 14,193	\$ (14,193)	\$ -
Unrealized foreign exchange gain	1,517	6,492	8,009
Unrealized investment gain	31,882	(21,634)	10,248
Revaluation gain on property, plant and equipment	93,296	(14,655)	78,641
Others	<u>100</u>	<u>3,780</u>	<u>3,880</u>
	<u>\$ 140,988</u>	<u>\$ (40,210)</u>	<u>\$ 100,778</u>

- d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2014	2013
Loss carryforwards		
Expiry in 2016	\$ 1,590,704	\$ 1,945,006
Expiry in 2017	3,340,280	3,294,724
Expiry in 2018	152,401	249,959
Expiry in 2023	150,090	-
Expiry in 2032	-	4,656
Expiry in 2033	<u>-</u>	<u>132,194</u>
	<u>\$ 5,233,475</u>	<u>\$ 5,626,539</u>
Investment credits		
Purchase of machinery and equipment	<u>\$ 6,516</u>	<u>\$ 136,017</u>
Deductible temporary differences	<u>\$ 1,535,103</u>	<u>\$ 1,628,084</u>

- e. Information on unused investment credits, unused loss carryforwards and tax-exemption

NSP applied Article 38 of the Business Mergers And Acquisitions Act, which states that if the survivor company of a merger had a loss within five years before the merger, and this loss had been approved by the authorities to be tax-deductible pro rata by each entity participating in the merger, the survivor entity may deduct this loss from its current year's profit within five years of loss occurrence.

As of December 31, 2014, profits attributable to the following expansion projects were exempted from income tax for five years under the Statute for Upgrading Industries:

Statute for Upgrading Industries	Period
Second expansion of the manufacturing plant	January 1, 2010 - December 31, 2014
Expansion of the manufacturing plant acquired through business combination	January 1, 2014 - December 31, 2018
Third expansion of the manufacturing plant	January 1, 2015 - December 31, 2019
Fourth expansion of the manufacturing plant	January 1, 2016 - December 31, 2020

- f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2014 and 2013, the taxable temporary difference associated with investment in subsidiary for which no deferred tax liabilities have been recognized was \$0 and \$3,185 thousand.

- g. Integrated income tax

	December 31	
	2014	2013
NSP's unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 391,744</u>	<u>\$ 475,664</u>
NSP's imputation credit accounts	<u>\$ 187,013</u>	<u>\$ 251,559</u>

The creditable ratio for distribution of earnings of 2014 was 20.48% (expected ratio); for 2013, the creditable ratio for distribution of earnings was 20.48%.

- h. Income tax assessments

NSP's income tax returns through 2012 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	Years Ended December 31	
	2014	2013
Basic earnings per share	<u>\$ 0.28</u>	<u>\$ 0.86</u>
Diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.85</u>

The income and weighted average number of common shares outstanding (in thousand shares) in the computation of earnings per share were as follows:

Net income for the year

	Years Ended December 31	
	2014	2013
Income for the year attributable to owners of the Corporation	\$ 218,562	\$ 502,480
Effect of dilutive potential common share:		
Interest on convertible bonds (after tax)	<u>-</u>	<u>2,639</u>
Income used in the computation of diluted income per share	<u>\$ 218,562</u>	<u>\$ 505,119</u>

Weighted average number of common shares outstanding (in thousand shares):

	Years Ended December 31	
	2014	2013
Income used in the computation of diluted earnings per share	<u>\$ 218,562</u>	<u>\$ 505,119</u>
Weighted average number of common shares used in the computation of basic earnings per share	789,121	581,468
Effect of dilutive potential common shares:		
Convertible bonds	-	4,315
Restricted share options of employee	4,169	3,419
Employee bonus	1,922	1,585
Employee share options	<u>193</u>	<u>328</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>795,405</u>	<u>591,115</u>

If NSP decides to settle the bonuses paid to employees by cash or shares, NSP will assume that the entire amount of the bonus be settled in shares; if the effect of the resulting potential shares is dilutive, these shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. This dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

If the outstanding convertible bonds issued by NSP were converted to ordinary shares, they were anti-dilutive and excluded from the computation of diluted earnings per share.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Issuance of shares reserved for employees to subscribe

On July 24, 2014 and August 7, 2013, NSP's board resolved to increase its capital by public offering 65,000 thousand and 130,000 thousand new common shares. The issuance was approved by the Financial Supervisory Commission on September 2, 2014 and September 12, 2013, and the subscription base dates were on November 28, 2014 and October 25, 2013.

Part of the new shares issued for cash is reserved for subscription by NSP's employees. The grant date of 2014 issuance was on November 14, 2014 and the grant date of 2013 issuance was on September 27, 2013.

NSP used the Black-Scholes model to determine the fair value of the options related to the aforementioned new shares issued. The valuation assumptions were as follows:

	2014	2013
Grant-date share price (\$/Per Share)	\$ 28.65	\$ 28.80
Exercise price (\$/Per Share)	\$ 26.50	\$ 23.90
Expected volatility	42.16%	44.24%
Expected life (years)	0.03	0.06
Expected dividend yield	-	-
Risk-free interest rate	0.87%	0.87%

The expected volatility was calculated using the historical rate of return based on NSP's share price.

The compensation cost of the issuance of shares for cash reserved for the year ended December 31, 2014 and 2013 was \$14,838 thousand and \$64,423 thousand, respectively.

On February 5 and September 27, 2013, General Energy Solutions ("GES")'s board resolved to increase its capital by public offering 30,000 thousand and 23,200 thousand new common shares, respectively. A portion of the new shares issued for cash was reserved for GES's employees to subscribe, and the grant date for the share issuance to employees was on February 5 and November 22, 2013, respectively. The subscription base date was on March 8 and December 6, 2013, respectively.

On March 14 and September 25, 2014, GES's board resolved to increase its capital by public offering 38,666 thousand and 44,000 thousand new common shares, respectively. A portion of the new shares issued for cash was reserved for GES's employees to subscribe, and the grant date for the share issuance to employees was on March 14 and September 25, 2014, respectively. The subscription base date was on April 28, 2014 and January 16, 2015, respectively.

GES used the Black-Scholes model to determine the fair value of the options related to the aforementioned new shares issued. The valuation assumptions were as follows:

	2013	
	Plan 1	Plan 2
Grant-date share price (\$/Per Share)	\$ 10.57	\$ 11.85
Exercise price (\$/Per Share)	\$ 15.00	\$ 15.00
Expected volatility	50.54%	50.38%
Expected life (years)	0.05	0.04
Expected dividend yield	-	-
Risk-free interest rate	0.67%	0.47%

	2014	
	Plan 1	Plan 2
Grant-date share price (\$/Per Share)	\$ 10.80	\$ 8.83
Exercise price (\$/Per Share)	\$ 15.00	\$ 15.00
Expected volatility	31.84%	35.44%
Expected life (years)	0.11	0.29
Expected dividend yield	-	-
Risk-free interest rate	0.50%	0.46%

GES's expected volatility was calculated using the historical rate of return based on comparable companies' historical volatility of daily return.

GES's compensation cost of the issuance of shares for cash reserved for the years ended December 31, 2014 and 2013 was zero.

Employee share option plan

a. Information on employee share options issued by NSP was as follows:

On December 30, 2005 and July 28, 2006, NSP's Board of Directors approved employee share option plans, hereinafter referred to as the "2005 Plan" and "2006 Plan," respectively. On November 22, 2007 the FSC approved another NSP employee share option plan, hereinafter referred to as the "2007 Plan". Reserved for the 2005 Plan, 2006 Plan and 2007 Plan were option units numbering 6,000 thousand, 3,000 thousand and 4,800 thousand, respectively, with each unit representing one share of NSP's common share. The 2005 Plan and the 2006 Plan are valid for 10 years and exercisable at certain percentages from 1 year after the grant date, while the 2007 plan granted is valid for 6 years and exercisable at certain percentages from 2 years after the date of grant. For any subsequent changes in NSP's common shares, the exercise price and the number of options are adjusted accordingly.

Other information on the share option plan is as follows:

	2007 Plan		2006 Plan		2005 Plan	
	Number of Options (In Thousands)	Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Average Exercise Prices (NT\$/ Per Share)	Number of Options (In Thousands)	Average Exercise Price (NT\$ Per Share)
<u>For year ended December 31, 2013</u>						
Beginning balance	571	\$16.84	100	\$10.00	175	\$10.00
Options exercised	(460)	16.84	-	-	-	-
Options canceled	(111)	16.84	-	-	-	-
Ending balance	<u>-</u>	-	<u>100</u>	10.00	<u>175</u>	10.00
Options exercisable, end of year	<u>-</u>	-	<u>100</u>	10.00	<u>175</u>	10.00
<u>For year ended December 31, 2014</u>						
Beginning balance	-	\$ -	100	\$10.00	175	\$10.00
Options exercised	-	-	-	-	-	-
Options canceled	-	-	-	-	-	-
Ending balance	<u>-</u>	-	<u>100</u>	10.00	<u>175</u>	10.00
Options exercisable, end of year	<u>-</u>	-	<u>100</u>	10.00	<u>175</u>	10.00

At the end of the reporting period, the information about the outstanding share options is as follows:

December 31, 2014		December 31, 2013	
Exercise Price (\$/Per Share)	Weighted Average Remaining Contractual Life (In Years)	Exercise Price (\$/Per Share)	Weighted Average Remaining Contractual Life (In Years)
\$ 10.00	1.00	\$ 10.00	2.00
10.00	1.58	10.00	2.58

- b. NSP replaced DelSolar's employee share options (the "replaced ESOs") because of a business combination with DelSolar on May 31, 2013. Qualified employees of DelSolar were granted options in 2007 to 2010. The options granted are exercisable at certain percentages after the second anniversary year from the grant date. The options of Plan 2 granted in 2007 are valid for six years and the options of Plan 3 granted in 2007 to Plan 7 granted in 2010 are valid for seven years. For any subsequent changes in NSP's common shares, the exercise price and the number of options are adjusted accordingly.

Other information on the replaced ESOs is as follows:

	Number of Issued Share Option Rights (In Thousands)	Number of Outstanding Share Option Rights on the Acquisition Date (In Thousands)	Number of Share Option Rights Adjusted for Conversion Percentage on the Acquisition Date (In Thousands)
<u>Employee Share Option Plan</u>			
Plan 2 in 2007	1,500	78	57
Plan 3 in 2007	4,000	832	611
Plan 4 in 2009	2,000	498	366
Plan 5 in 2009	1,470	296	218
Plan 6 in 2010	730	284	209
Plan 7 in 2010	2,100	1,080	794

Other information on the share options is as follows:

	<u>Plan 2 in 2007</u>		<u>Plan 3 in 2007</u>		<u>Plan 4 in 2009</u>	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)
<u>For the year ended December 31, 2013</u>						
Balance at combination date	57	\$38.50	611	\$108.44	366	\$53.06
Options canceled	-	-	(16)	108.44	(6)	53.06
Options expired	(57)	38.50	-	-	-	-
Ending balance	-	-	595	108.44	360	53.06
Options exercisable, end of year	-	-	595	108.44	270	53.06
<u>For the year ended December 31, 2014</u>						
Beginning balance	-	\$ -	595	\$108.44	360	\$53.06
Options canceled	-	-	(28)	108.44	(35)	46.50
Options expired	-	-	(567)	108.44	-	-
Ending balance	-	-	-	-	325	46.50
Options exercisable, end of year	-	-	-	-	325	46.50

	Plan 5 in 2009		Plan 6 in 2010		Plan 7 in 2010	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)
For the year ended December 31, 2013						
Balance at combination date	218	\$57.55	209	\$68.44	794	\$83.95
Options canceled	(3)	57.55	(8)	68.44	(191)	83.95
Ending balance	<u>215</u>	57.55	<u>201</u>	68.44	<u>603</u>	83.95
Options exercisable, end of year	<u>161</u>	57.55	<u>101</u>	68.44	<u>301</u>	83.95
For the year ended December 31, 2014						
Beginning balance	215	\$57.55	201	\$68.44	603	\$83.95
Options canceled	(27)	49.90	(81)	58.20	(77)	70.10
Ending balance	<u>188</u>	49.90	<u>120</u>	58.20	<u>526</u>	70.10
Options exercisable, end of year	<u>188</u>	49.90	<u>90</u>	58.20	<u>394</u>	70.10

As of balance sheet date, the information about the succeeded employee stock options due to business combination was as follows:

December 31, 2014		December 31, 2013	
Exercise Price (\$)	Weighted Average Remaining Contractual Life (In Years)	Exercise Price (\$)	Weighted Average Remaining Contractual Life (In Years)
\$ -	-	\$ 108.44	0.88
46.50	1.62	53.06	2.62
49.90	1.82	57.55	2.82
58.20	2.31	68.44	3.31
70.10	2.80	83.95	3.80

NSP adjusted the number of outstanding share option rights on the replaced ESOs on the basis of the share exchange ratio on the acquisition date. NSP recalculated the compensation cost, which was recognized at \$578 thousand for 2013.

All outstanding vested share options on the replaced ESOs were measured using the market-based method at the acquisition date. Options were priced using the Black-Scholes model. The inputs to the model were as follows:

	Plan 2 in 2007	Plan 3 in 2007	Plan 4 in 2009
Acquisition date share price (NT\$)	\$ 25.60	\$ 25.60	\$ 25.60
Exercise price (NT\$)	38.50	108.44	53.06
Expected volatility	39.7%	49.6%	48.4%
Option life	0.29 years	1.47 years	3.20 years
Dividend yield	-	-	-
Risk-free interest rate	0.6%	1.0%	0.9%

	Plan 5 in 2009	Plan 6 in 2010	Plan 7 in 2010
Acquisition date share price (NT\$)	\$ 25.60	\$ 25.60	\$ 25.60
Exercise price (NT\$)	57.55	68.44	83.95
Expected volatility	48.9%	49.7%	49.7%
Option life	3.41 years	3.89 years	3.64 years
Dividend yield	-	-	-
Risk-free interest rate	0.9%	0.9%	0.8%

c. Employee share option plan of V5 Technology:

Qualified employees of V5 Technology were granted option units numbering 80 thousand in November 2014. Each option entitles the holder to subscribe for one common share of V5 Technology. The options granted are valid for 5 years and exercisable at certain percentages after the first anniversary from the grant date. The option was granted at an exercise price equal to the closing price of the V5 Technology's common shares on the grant date. For any subsequent changes in the V5 Technology's common shares, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	2014	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	<u>80</u>	24.00
Balance at December 31	<u>80</u>	24.00
Options exercisable, end of period	<u>-</u>	-

Information about outstanding options as of December 31, 2014 was as follows:

	December 31, 2014
Range of exercise price (NT\$)	\$24.00
Weighted-average remaining contractual life (years)	3.73

Option granted in November 2014 was priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	2014
Grant-date share price (\$)	\$22.63
Exercise price (\$)	\$24.00
Expected volatility	35.79%
Expected life (years)	3.25 years
Expected dividend yield	-
Risk-free interest rate	0.86%

V5 Technology's expected volatility was calculated using the historical rate of return based on comparable companies' historical volatility of daily return.

V5 Technology's compensation cost recognized was \$29 thousand for year ended December 31, 2014.

Restricted share plan for employees

On August 7, 2013 NSP's Board of Directors approved the second restricted share plan amounting to \$35,515 thousand, consisting of 3,552 thousand shares at a par value of \$10 without consideration to be paid by the employee, which were granted on August 14, 2013 and issued on August 28, 2013. On the grant day, 3,531 thousand shares amounting to \$35,305 thousand were issued, and fair value was \$22.95 per share.

On March 18, 2014, NSP's Board of Directors approved another restricted share plan amounting to \$40,000 thousand, consisting of 4,000 thousand shares with a par value of \$10. Such plan may require consideration to be paid by employees at \$10 or \$0 per share.

On June 11, 2014, the shareholder's meeting proposed to offering restricted stock plan for employees with a total amount of 4,000 thousand shares in several times and the issuance was approved by the Financial Supervisory Commission on September 2, 2014; NSP's Board of Directors approved the first restricted share plan in 2014 to offering up to 2,000 thousand of 4,000 thousand shares on July 24, 2014.

The first offering was amounting to \$20,000 thousand, consisting of 2,000 thousand shares with a par value of \$10 per share and distributed out of earnings, which was granted on September 5, 2014 and issued on September 18, 2014. On the granted day, an actual amount of \$20,000 thousand was issued, which consisting of 2,000 thousand shares with fair value of \$29.70 per share.

Information on issued employee restricted shares was as follows:

	Shares (Thousand)	
	Years Ended December 31	
	2014	2013
Beginning balance	6,945	2,880
Additions (Note)	2,000	5,347
Canceled	<u>(191)</u>	<u>(1,282)</u>
Ending balance	<u><u>8,754</u></u>	<u><u>6,945</u></u>

Note: The issuance of restricted share for employees was due to a business combination with DelSolar on May 31, 2013. The original issuance number of restricted shares for employees was increased to 1,816 thousand shares to reflect NSP's share issuance, which was calculated on the basis of share exchange ratio on the acquisition date. The grant-date share price was \$25.6, with a total share amount of \$46,494 thousand.

To meet the vesting conditions, an employee has to meet performance conditions over the vesting period, as follows:

- Still on service one year after the grant date and a high rating based on the current year's performance appraisal - vesting of 50% of restricted shares;
- Still on service two years after the grant date and a high rating based on the prior year's performance appraisal - vesting of 50% of restricted shares.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- a. In addition to those disclosed in the restricted share plan, the employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- b. On behalf of employees, NSP signed a trust contract on the restricted shares with a trust institution; thus, based on this contract, the rights of attendance, proposal, speech and voting have all been entrusted to the trust institution.

If an employee fails to meet the vesting conditions, NSP will buy back the restricted shares at the offering price and have them canceled but not the share and cash dividends during the period of noncompliance with vesting conditions.

Compensation cost recognized was \$65,556 thousand and \$52,470 thousand for years ended December 31, 2014 and 2013, respectively.

30. BUSINESS COMBINATION

- a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Percentage of Voting Equity Interests Acquired (%)	Consideration Transferred
DelSolar	Solar-related business	May 31, 2013	100	\$ 4,606,253
V5 Technology	Electronic component manufacturing and selling	June 1, 2014	60	<u>18,000</u>
				<u>\$ 4,624,253</u>

DelSolar was acquired to effectively integrate the Corporation's overall resources, expand operating scale, and enhance operating performance and boost competitiveness. V5 Technology was acquired to diversify the Corporation's business and boost competitiveness. In December 2012 and May 2013, the Corporation acquired DelSolar in stages.

- b. Considerations transferred

	V5 Technology	DelSolar
Cash	\$ 18,000	\$ -
Equity instruments issued		
Issuance of common share	-	3,805,835
Issuance of employee share options	-	2,438
Issuance of restricted share for employees	<u>-</u>	<u>14,344</u>
	<u>\$ 18,000</u>	<u>\$ 3,822,617</u>

c. Assets acquired and liabilities assumed at the date of acquisition (at fair value)

	V5 Technology	DelSolar
Current assets	\$ 6,905	\$ 4,481,589
Property, plant and equipment	-	6,317,955
Intangible assets	23,108	108,800
Other assets	-	307,543
Current liabilities	(905)	(5,511,288)
Noncurrent liabilities	-	(1,426,667)
Other liabilities	<u>-</u>	<u>(184,119)</u>
	<u>\$ 29,108</u>	<u>\$ 4,093,813</u>

The tax bases of V5 Technology and DelSolar's assets were required to be reset on the basis of market values of the assets. The initial accounting for the acquisition of V5 Technology and DelSolar had been completed as of the balance sheet date and the figures have been restated as if the initial accounting was completed on the acquisition date.

The receivables (mainly accounts receivable) of DelSolar and its subsidiaries acquired in these transactions had a fair value of \$921,878 thousand and gross contractual amounts of \$942,258 thousand as of the acquisition date. The best estimate of the contractual cash flows not expected to be collected as at the acquisition date was \$20,380 thousand.

d. Noncontrolling interests

The noncontrolling interest (40% ownership interest in V5 Technology) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$12,000 thousand. This fair value was estimated by applying an market approach.

e. Goodwill recognized on acquisition

	V5 Technology	DelSolar
Consideration transferred	\$ 18,000	\$ 3,822,617
Plus: Fair value of the acquirer's previously held equity interest	-	783,636
Plus: Non-controlling interests	12,000	-
Less: Fair value of identifiable net assets acquired	<u>(29,108)</u>	<u>(4,093,813)</u>
Goodwill recognized on acquisition	<u>\$ 892</u>	<u>\$ 512,440</u>

Goodwill arose in the acquisition of V5 Technology and DelSolar because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of V5 Technology and DelSolar. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow (inflow) on the acquisition of subsidiaries

	V5 Technology	DelSolar
Consideration paid in cash during the year	\$ 18,000	\$ -
Less: Cash balances acquired	<u>(6,005)</u>	<u>(1,301,754)</u>
	<u>\$ 11,995</u>	<u>\$ (1,301,754)</u>

g. Impact of acquisition on the results of the Corporation

The following results of the acquirees since the acquisition date were included in the consolidated statements of comprehensive income:

	From June 2 to December 31, 2014	From June 1 to December 31, 2013
Revenue		
DelSolar and its subsidiaries	\$ -	\$ 5,589,705
V5 Technology	<u>21,732</u>	<u>-</u>
	<u>\$ 21,732</u>	<u>\$ 5,589,705</u>
Profit		
DelSolar and its subsidiaries	\$ -	\$ 280,541
V5 Technology	<u>4,375</u>	<u>-</u>
	<u>\$ 4,375</u>	<u>\$ 280,541</u>

Had the business combination of DelSolar and its subsidiaries been in effect at the beginning of the annual reporting period, the Corporation's revenue would have been \$22,478,904 thousand, and the loss would have been \$143,241 thousand for the year ended December 31, 2013. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Corporation that would actually have been achieved had the acquisition been completed on January 1, 2013, nor is it intended to be a projection of future results.

Had the business combination of V5 Technology been in effect at the beginning of the annual reporting period, the Corporation's revenue would have been \$27,580,249 thousand and the gain would have been \$244,389 thousand for the year ended December 31, 2014. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Corporation that would actually have been achieved had the acquisition been completed on January 1, 2014, nor is it intended to be a projection of future results.

In determining the Corporation's pro forma revenue and profit had DelSolar and its subsidiaries and V5 Technology been acquired at the beginning of the current reporting period, management:

- 1) Calculated the depreciation of plant and equipment acquired on the basis of the fair values arising from the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements; and
- 2) Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Corporation after the business combination.

31. DISPOSAL OF SUBSIDIARIES

The Corporation loss control of the composition of the Board of Directors of Hashimoto and GES KYUSHU due to acquisition at a percentage different from its earlier ownership percentage; hence, the Corporation loss control of Hashimoto in the second quarter in 2014 and GES KYUSHU in the third quarter of 2014. The Corporation's equity interests in MEGATHREE decreased from 100% to 37% due to received capital US\$1,919 thousand (\$58,188 thousand) from MEGATHREE's noncontrolling shareholder ; hence, the Corporation lost control of MEGATHREE in 2014.

On September 30, 2014, the Corporation entered into a sale agreement to dispose of Yong Tang, which carried out part of the Corporation's solar-related business. The disposal was completed on September 30, 2014, on which date control of Yong Tang passed to the acquirer.

a. Consideration received from the disposal

	MEGATHREE	Yong Tang
Consideration received in cash and cash equivalents	\$ 58,188	\$ 445,000
Proceeds receivable from disposal of investments	<u>-</u>	<u>-</u>
Total consideration received	<u>\$ 58,188</u>	<u>\$ 445,000</u>

b. Analysis of asset and liabilities on the date control was lost

	MEGATHREE	Yong Tang	GES KYUSHU	Hashimoto
Current assets				
Cash	\$ -	\$ 11,204	\$ 27,258	\$ 12,984
Accounts receivable	1,517	20,260	64,169	-
Financial lease receivables	-	34,380	-	-
Other receivables	-	261,532	19,879	-
Others	9	40,878	209	27,360
Noncurrent assets				
Financial lease receivables - noncurrent	-	1,290,643	-	-
Property, plant and equipment rent	95,637	92,253	190,458	177,882
Others	-	30,141	4,404	4,383
Current liabilities				
Payables to contractors and equipment suppliers	-	(215,595)	-	-
Accrued expense	-	(3,302)	(22,377)	(206,945)
Accounts payable	-	-	(232,533)	-
Others	-	(64,882)	(59)	-
Noncurrent liabilities	-	-	-	-
Borrowings	<u>-</u>	<u>(1,038,329)</u>	<u>-</u>	<u>-</u>
Net assets disposed of	<u>\$ 97,163</u>	<u>\$ 459,183</u>	<u>\$ 51,408</u>	<u>\$ 15,664</u>

c. Loss on disposal of subsidiary

	For the Year Ended December 31, 2014
Consideration received	\$ 503,188
Fair value of equity held	90,408
Net assets disposed of	(623,418)
Noncontrolling interests	<u>24,335</u>
Loss on disposal	<u>\$ (5,487)</u>

The unrealized gain on the transactions with Yong Tang, GES KYUSHU and Hashimoto, which was reclassified to realized gain from sales through disposal of subsidiaries, was \$209,620 thousand.

d. Net cash inflow on disposal of subsidiary

	For the Year Ended December 31, 2014
Consideration received in cash and cash equivalents	\$ 503,188
Less: Cash and cash equivalent balances disposed of	<u>(51,446)</u>
	<u>\$451,742</u>

32. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

On April 28, 2014, GES issued shares for cash, NSP acquired 23,050 thousand GES shares for \$345,750 thousand. NSP's equity interests in GES were decreased from 72.61% to 69.20%. NSP's equity interests in GES were increased from 69.20% to 76.54% because NSP acquired shares from GES's resigned employees and noncontrolling shareholder. In February 2014, Hashimoto issued shares for cash, but GES acquired none of Hashimoto's shares. Due to the acquisition of Hashimoto at a percentage different from its earlier ownership percentage, GES's equity interests in Hashimoto were decreased from 100% to 45%. As of December 31, 2014, NSP's capital surplus increased by a total of \$13,416 thousand because of recorded changes in its equity in the investee's net assets.

On August 31, 2012, GES's board proposed an increase in its capital by issuing common shares at a par value of \$10 and issuance price of \$15 per share at a premium. The issuance of between 25,000 thousand shares and 40,000 thousand shares was expected to raise \$375,000 thousand to \$600,000 thousand, and the issuance of between 80,334 thousand shares to 95,334 thousand shares was expected to raise \$803,335 thousand to \$953,335 thousand. On February 5, 2013, GES's board proposed the completion of the issuance of common share by the end of April 2013 in line with potential investors' investment preference and in light of GES's meeting of its fund-raising schedule. On March 8, 2013, GES issued 30,000 thousand shares for cash and registered on April 2, 2013 its capital share increase to \$853,335 thousand. NSP acquired 22,743 thousand GES shares for \$341,144 thousand. In December 2013, GES's board proposed a second increase in its capital by issuing 23,200 thousand common shares at a par value of \$10 and issuance price of \$15 per share at a premium; the subscription date was December 6, 2013. NSP acquired 21,898 thousand GES shares for \$328,464 thousand. NSP's equity interests in GES were increased from 66.69% to 72.61% because NSP's subscription subscribes for GES's shares was at a percentage higher than its earlier percentage of ownership in GES and because of GES's buyback of shares from resigned employees. As of December 31, 2013, GES's capital surplus decreased by a total of \$41,256 thousand because of recorded changes in its equity in the investee's net assets.

The above transactions were accounted for as equity transactions since the Corporation did not cease to have control over the subsidiary.

	General Energy Solutions	
	For the Years Ended	
	December 31	
	2014	2013
Cash consideration received	\$ 105,624	\$ 126,155
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	<u>(92,208)</u>	<u>(167,411)</u>
<u>Line items adjusted for equity transaction</u>		
Capital surplus - difference between consideration and carrying amounts adjusted for changes in percentage of ownership in subsidiaries	<u>\$ 13,416</u>	<u>\$ (41,256)</u>

33. OPERATING LEASE ARRANGEMENTS

The Corporation as lessee

NSP leases lands, module plants and offices from the Science-Based Industrial Park Administration and Mustek Systems, Inc. under renewable agreements expiring in December 2026, December 2028 and June 2015, respectively, with annual rentals of \$9,277 thousand, \$5,544 thousand and \$5,300 thousand, respectively.

DelSolar (Wu Jiang) and GES leased plants and dormitories from Delta Electronics (Jiangsu) Ltd. and Hsin Lung Accessories Co., Ltd. under renewable agreements expiring in December 2015 and December 2019, with annual rentals of \$36,428 thousand and \$6,798 thousand, respectively.

Yong Liang had signed 20-year operating lease contracts with unrelated third parties on the use of property such as agricultural and livestock farms for the installation of power plants; these contracts are renewable and will expire in August 2034, with annual rentals of \$1,218 thousand.

ET ENERGY had signed 15-year operating lease contracts with Indianapolis International Airport on the use of property for the installation of power plants; these contracts are renewable and will expire in December 2028.

As of December 31, 2014 and 2013, refundable deposits paid under operating leases were \$3,498 thousand and \$3,344 thousand, respectively.

The future minimum lease payments for operating lease commitments were as follows:

	December 31	
	2014	2013
Up to 1 year	\$ 96,572	\$ 39,226
Over 1 year and up to 5 years	168,797	165,549
Over 5 years	<u>376,603</u>	<u>338,941</u>
	<u>\$ 641,972</u>	<u>\$ 543,716</u>

The lease payments recognized as expenses were as follows:

	For the Years Ended December 31	
	2014	2013
Minimum lease payment	<u>\$ 101,446</u>	<u>\$ 73,885</u>

34. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Corporation review the capital structure periodically. For this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. On the basis of the recommendations of the key management personnel on balancing the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes that either the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Finance lease receivables (including current and noncurrent portion)	\$ 1,173,029	\$ 1,173,639	\$ 1,708,917	\$ 1,711,817
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	3,596,810	3,587,163	549,004	549,373

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured after the initial recognition at fair value and grouped into Levels 1 to 3 on the basis of the degree at which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- c) Level 3 fair value measurements are those derived through valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	<u>\$ 10,128</u>	<u>\$ 149,450</u>	<u>\$ -</u>	<u>\$ 159,578</u>
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 1,514</u>	<u>\$ -</u>	<u>\$ 1,514</u>
Financial liabilities at fair value through profit or loss				
Interest swap contracts	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 39</u>
Foreign exchange forward contracts	<u>-</u>	<u>16,773</u>	<u>-</u>	<u>16,773</u>
	<u>\$ -</u>	<u>\$ 16,812</u>	<u>\$ -</u>	<u>\$ 16,812</u>

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	<u>\$ 29,200</u>	<u>\$ 193,550</u>	<u>\$ -</u>	<u>\$ 222,750</u>
Financial assets at fair value through profit or loss				
Interest swap contracts	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 22</u>
Financial liabilities at fair value through profit or loss				
Interest swap contracts	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ 700</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Valuation techniques and assumptions applied in measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial instruments (including listed shares) with standard terms and conditions and traded in active markets are determined by referring to quoted market prices. The Corporation's investments in available-for-sale financial assets, which included private-placement shares, have quoted prices in an active market but cannot be traded during a lock-up period; their fair values were determined using market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, valuation methods are used to determine fair value. The estimates and assumptions used by the Corporation are consistent with those that market participants would use in setting prices for financial instruments.

The Corporation's foreign exchange forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The Corporation's interest swap contracts are measured using forward interest swap rates revealed by bank quotation system and discounted value of cash flows.

The fair value of finance lease receivables was estimated on the basis of interest rate of the sales with buyback agreements with similar terms.

The fair value of the liability component of convertible bonds was determined assuming redemption on September 21, 2016 and July 18, 2017 which using interest rate based on loans with similar terms.

b. Categories of financial instruments

	December 31	
	2014	2013
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 1,514	\$ 22
Loans and receivables (Note 1)	15,663,767	11,159,877
Available-for-sale financial assets (Note 2)	226,561	247,198
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	16,812	700
Measured at amortized cost (Note 3)	13,393,047	13,742,768

Note 1: The loans and receivables included cash and cash equivalents, accounts receivable and notes receivable, pledged time deposits, restricted deposits, other receivables, etc. and were carried at amortized cost.

Note 2: The amounts included available-for-sale financial assets carried at cost.

Note 3: The financial liabilities included short-term loans, accounts payable and notes payable, other payable, long-term loans and bonds payable, etc. and were carried at amortized cost.

c. Financial risk management objectives and policies

The Corporation's major financial instruments included equity, accounts receivable, accounts payable, bonds payable and borrowings. The Corporation's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports, which are tools for analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation seeks to minimize the effects of these risks by using derivative financial instruments to hedge against risk exposures. The use of financial derivatives is governed by the Corporation's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and nonderivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by

the internal auditors continually. The Corporation does not enter into financial instrument contracts or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Corporation's Board of Directors and Audit Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of exchange rate changes (see [a] below) and interest rates see [b] below). The Corporation used a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risks.

There had been no change in the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation had foreign currency-denominated sales and purchases, which exposed the Corporation to exchange rate risk. The Corporation entered into foreign exchange forward contracts and cross-currency swap contracts, etc. to manage exposures due to exchange rate and interest rate fluctuations. These instruments help to reduce, but do not eliminate, the impact of adverse exchange rate movements.

The Corporation also holds short-term bank loans in foreign currencies in proportion to its expected future cash flows. This allows foreign-currency-denominated bank loans to be serviced with expected future cash flows and provides a partial hedge against transaction translation exposure.

Sensitivity analysis

The Corporation was mainly exposed to US dollar and JPY.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency. The sensitivity analysis included only outstanding foreign currency-denominated monetary items; their translation at the end of the reporting period is adjusted for a 5% change in exchange rates. The sensitivity analysis included cash, accounts receivable, other receivables, short-term bank loans, accounts payable, other payables and long-term bank loans. A positive number below indicates an increase in profit and other equity associated with the New Taiwan dollar's strengthening 5% against a foreign currency. For a 5% weakening of the New Taiwan dollar against a foreign currency, there would be an equal and opposite impact on profit and other equity and the balances below would be negative.

	US Dollar Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2014	2013	2014	2013
Profit or loss	\$ 64,660	\$ 57,080	\$ 7,852	\$ 2,117

The Corporation's sensitivity to USD exchange rates rose in the current period mainly because of the decrease in liabilities recorded in US dollars. The Corporation's sensitivity to JPY exchange rates rose in the current period mainly because of the increase in assets recorded in JPY.

b) Interest rate risk

Long-term and short-term bank loans mainly bear floating interest rates. Thus, the fluctuations of market interest rates will result in changes in the effective interest rates for long-term and short-term bank loans and the fluctuation of future cash flows.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2014	2013
Fair value interest rate risk		
Financial assets	\$ 2,050,132	\$ 1,383,107
Financial liabilities	(5,608,408)	(2,808,218)
Cash flow interest rate risk		
Financial assets	7,436,959	5,338,827
Financial liabilities	(4,840,377)	(6,940,262)

Sensitivity analysis

The sensitivity analysis below was based on the Corporation's exposure to interest rates for both derivative and nonderivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year.

Had interest rates been 1% higher and all other variables been held constant, the Corporation's profit for 2014 and 2013 would have increased by \$25,966 thousand and decreased \$16,014 thousand, respectively, mainly because of the Corporation's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

The Corporation's sensitivity to interest rates increased during the current period mainly because of the decrease in variable-rate debt instruments and increase in demand deposits.

c) Other price risk

The Corporation is exposed to equity price risk on available-for-sale financial assets, which are not held for trading.

Sensitivity analysis

The sensitivity analysis below was based on the exposure to equity price risks at the end of the reporting period.

Had equity prices been 5% lower, profit for 2014 and 2013 would have decreased by \$7,979 thousand and \$11,138 thousand, respectively, as a result of the changes in fair value of impaired available-for-sale investments.

The Corporation's sensitivity to price decreased in the current period mainly because of the decrease in available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which will cause a financial loss to the Corporation due to failure

to discharge an obligation by the counterparties and financial guarantees provided by the Corporation, could arise from:

- a) The carrying amounts of the consolidated financial assets recognized in the balance sheets; and
- b) The amount of contingent liabilities on financial guarantees issued by the Corporation.

To minimize credit risk, the Corporation's management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each account receivable at the end of the reporting period to ensure that adequate allowances are set aside for irrecoverable amounts. Thus, the Corporation's management considers the Corporation's credit risk as significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Accounts receivable pertained to a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of account receivables and, where appropriate, credit guarantee insurance is purchased.

The Corporation did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Corporation's concentrations of credit risk of 33% and 24% in total account receivables as of December 31, 2014 and 2013, respectively, were related to the Corporation's three largest customers.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank loans and ensures compliance with loan covenants. The Corporation relies on bank loans as a significant source of liquidity.

a) Liquidity and interest risk rate tables (nonderivative financial liabilities)

The following table shows the Corporation's remaining contractual maturity for its nonderivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

Bank loans with a repayment on demand clause were included in the first column of the table below regardless of the probability of the banks choosing to exercise their rights to repayment. The maturity dates for other nonderivative financial liabilities were based on the agreed-upon repayment dates.

To the extent that interest flows refer to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2014

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Nonderivative financial liabilities</u>				
Non-interest bearing	\$ 1,283,800	\$ 937,028	\$ 689,134	\$ 3,631,110
Variable interest rate liabilities	65,245	623,167	2,285,609	1,978,786
Fixed interest rate liabilities	<u>224,227</u>	<u>904,740</u>	<u>897,408</u>	<u>-</u>
	<u>\$ 1,573,272</u>	<u>\$ 2,464,935</u>	<u>\$ 3,872,151</u>	<u>\$ 5,609,896</u>

December 31, 2013

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Nonderivative financial liabilities</u>				
Non-interest bearing	\$ 2,041,307	\$ 1,001,357	\$ 862,310	\$ 638,318
Variable interest rate liabilities	6,951,259	6,954,766	6,474,279	4,798,286
Fixed interest rate liabilities	<u>2,261,797</u>	<u>787,614</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,254,363</u>	<u>\$ 8,743,737</u>	<u>\$ 7,336,589</u>	<u>\$ 5,436,604</u>

As of December 31, 2014 and 2013, the Corporation believes there was no bank loan on which immediate repayment will be demanded.

The amounts included above for variable interest rate instruments for nonderivative financial assets and liabilities were subject to change if changes in variable interest rates differed from the interest rates estimated at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table shows the Corporation's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2014

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Interest rate swaps	\$ -	\$ -	\$ -	\$ 39
Foreign exchange forward contracts	<u>4,821</u>	<u>11,952</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,821</u>	<u>\$ 11,952</u>	<u>\$ -</u>	<u>\$ 39</u>

December 31, 2013

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Interest rate swaps	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 700</u>

c) Financing facilities

	December 31	
	2014	2013
Secured long-term bank loan facilities (installment credit):		
Amount used	\$ 9,308,492	\$ 5,717,698
Amount unused	<u>235,000</u>	<u>158,502</u>
	<u>\$ 9,543,492</u>	<u>\$ 5,876,200</u>
Unsecured long-term bank loan facilities (revolving credit):		
Amount used	\$ 3,494,448	\$ 3,494,448
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 3,494,448</u>	<u>\$ 3,494,448</u>
Secured short-term bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 294,402	\$ 373,096
Amount unused	<u>128,598</u>	<u>19,904</u>
	<u>\$ 423,000</u>	<u>\$ 393,000</u>
Secured bank loan facilities(cannot be extended):		
Amount used	\$ 589,848	\$ 1,000,000
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 589,848</u>	<u>\$ 1,000,000</u>
Unsecured short-term bank loan facilities (revolving credit):		
Amount used	\$ 3,084,830	\$ 3,886,925
Amount unused	<u>8,677,584</u>	<u>7,504,753</u>
	<u>\$ 11,762,414</u>	<u>\$ 11,391,678</u>
Unsecured short-term bank loan facilities (installment credit):		
Amount used	\$ 316,258	\$ 101,670
Amount unused	<u>-</u>	<u>18,130</u>
	<u>\$ 316,258</u>	<u>\$ 119,800</u>

36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between NSP and its subsidiaries (NSP's related parties) had been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Corporation and its related parties are disclosed below.

a. Trading transactions

	Sale of goods For the Years Ended December 31	
	2014	2013
Related parties in substance (Note 2)	\$ 736	\$ 940
Investors with significant influence on certain group entities	318	42
Associates (Note 1)	287,923	-
Other related parties (Note 3)	<u>805,172</u>	<u>2,028,654</u>
	<u>\$ 1,094,149</u>	<u>\$ 2,029,636</u>
	Other Income For the Years Ended December 31	
	2014	2013
Related parties in substance (Note 2)	\$ 20	\$ 61
Investors with significant influence on certain group entities	<u>5</u>	<u>17</u>
	<u>\$ 25</u>	<u>\$ 78</u>
	Purchase of goods For the Years Ended December 31	
	2014	2013
Related parties in substance (Note 2)	\$ 3,516	\$ 87,968
Investors with significant influence on certain group entities	377	-
Associates (Note 1)	<u>26,555</u>	<u>-</u>
	<u>\$ 30,448</u>	<u>\$ 87,968</u>
	Other Expenses For the Years Ended December 31	
	2014	2013
Investors with significant influence on certain group entities	\$ 4,568	\$ 802
Related parties in substance (Note 2)	-	3,596
Other related parties (Note 3)	<u>5,145</u>	<u>5,330</u>
	<u>\$ 9,713</u>	<u>\$ 9,728</u>

	Rental Expense For the Years Ended December 31	
	2014	2013
Other related parties (Note 3)	\$ <u>44,674</u>	\$ <u>24,447</u>

	Utilities For the Years Ended December 31	
	2014	2013
Other related parties (Note 3)	\$ <u>123,943</u>	\$ <u>71,219</u>

Purchases and sales of goods between the Corporation and related parties were made at normal commercial prices and terms.

The Corporation rents plants from other related parties under rental terms not different from similar transactions in the market.

- b. The following accounts receivable from related parties were outstanding at the end of the reporting period:

	Accounts Receivable December 31	
	2014	2013
Associates (Note 1)	\$ 160,611	\$ 264,427
Investors with significant influence on certain group entities	54	-
Other related parties (Note 3)	<u>32,830</u>	<u>-</u>
	\$ <u>193,495</u>	\$ <u>264,427</u>

	Other Receivable December 31	
	2014	2013
Associates (Note 1)	\$ <u>652,560</u>	\$ <u>-</u>

- c. The following trade payables from related parties were outstanding at the end of the reporting period:

	Accounts Payable December 31	
	2014	2013
Associates (Note 1)	\$ 84,485	\$ -
Related parties in substance (Note 2)	226	8,723
Investors with significant influence on certain group entities	144	-
Other related parties (Note 3)	<u>65</u>	<u>62</u>
	\$ <u>84,920</u>	\$ <u>8,785</u>

	Receipts in Advance	
	December 31	
	2014	2013
Other related parties (Note 3)	\$ <u>12</u>	\$ <u>12</u>

	Payables to Contractors and Equipment Suppliers	
	December 31	
	2014	2013
Investors with significant influence on certain group entities	\$ <u>121,394</u>	\$ <u>52,681</u>

	Other Accrued Expenses	
	December 31	
	2014	2013
Investors with significant influence on certain group entities	\$ 16,468	\$ 498
Related parties in substance (Note 2)	-	503
Other related parties (Note 3)	<u>59,408</u>	<u>58,114</u>
	<u>\$ 75,876</u>	<u>\$ 59,115</u>

	Guarantee Deposits	
	December 31	
	2014	2013
Related parties in substance (Note 2)	\$ <u>-</u>	\$ <u>2</u>

Note 1: Hahsimoto and GES KYUSHU deemed associates since April 1, 2014 and August 1, 2014, the Corporation discloses the trading transactions from April 1, 2014 and August 1, 2014, and the remained amounts as of December 31, 2014.

Note 2: eBsuccess Solutions Inc. ceased to be the Corporation's related party in substance on July 1, 2014; thus, the Corporation stopped disclosing the related trading transactions and remaining amounts in 2014.

Note 3: Other related parties were entities of the investor who has significant influence over NSP.

Other receivable were temporary debits of project fee that the Corporation paid for its associates and reclassifies from overdue accounts receivable.

The outstanding receivables from related parties were unsecured. No guarantees had been given or received for payables to related parties, and these payables would be settled in cash. No receivables had been impaired; no impairment allowance for these receivables was recognized.

d. Other transactions

	Acquisition of Property, Plant and Equipment	
	For the Year Ended December 31	
	2014	2013
Investors with significant influence on certain group entities	\$ <u>122,604</u>	\$ <u>50,486</u>

e. Compensation of key management personnel

The compensation of directors and other members of key management personnel for 2014 and 2013 were as follows:

	For the Years Ended December 31	
	2014	2013
Short-term benefits	\$ 78,309	\$ 82,406
Share-based payments	20,124	19,767
Post-employment benefits	<u>1,447</u>	<u>1,156</u>
	<u>\$ 99,880</u>	<u>\$ 103,329</u>

The compensation of directors and other key management personnel was determined by the Compensation Committee on the basis of individual performance and market trends.

37. PLEDGED OR MORTGAGED ASSETS

The following assets had been pledged or mortgaged as collaterals for long-term and short-term bank loans, bonds payable and deposit for government:

	December 31	
	2014	2013
Property, plant and equipment	\$ 7,411,028	\$ 5,534,373
Finance lease receivables (including current and noncurrent portions)	1,018,860	1,618,335
Restricted assets (classified as other current and noncurrent assets)	633,727	368,359
Pledged time deposits (classified as other current and noncurrent assets)	<u>204,923</u>	<u>10,625</u>
	<u>\$ 9,268,538</u>	<u>\$ 7,531,692</u>

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation were as follows:

a. Significant commitments

1) Long-term purchase contracts:

- a) In December 2006, March 2007 and September 2008, NSP entered into long-term materials supply agreements with Company J. Under the agreements, NSP should make the nonrefundable payments from January 1, 2006 to December 31, 2018. In return, Company J should provide an agreed-upon quantity of raw materials.

On July 19, 2013, Company J claimed in a letter that NSP made insufficient purchases, contrary to the contract signed in December 2006; thus, NSP's prepayment of US\$557 thousand as of December 31, 2011 will be forfeited. Both parties reached an agreement in August 2013 to adjust the purchase quantity monthly and make deductions from the prepayment accordingly. The agreement was performed completely in June 2014.

In January 2011, NSP entered into a long-term materials supply agreement with Company J. Under the agreement, NSP should make payments from January 1, 2011 to December 31, 2015. In return, Company J should provide an agreed-upon quantity of raw materials. The prepayment is refundable even if the agreed-upon quantity is not bought.

As of December 31, 2014, amounts of US\$11,720 thousand (\$379,118 thousand) and \$127,658 thousand were recorded under prepayment. Earlier, in November 2009, NSP renegotiated the purchase price with Company J. Both parties agreed to adjust the purchase quantity and price monthly from December 2009.

- b) In June 2007, NSP entered into a long-term materials supply agreement with Company I. Under the agreement, NSP should make the nonrefundable payments from January 1, 2010 to December 31, 2017. In return, Company I should provide an agreed-upon quantity of raw materials. The purchase price would be adjusted yearly in a manner agreed upon by both parties. However, because of market changes, NSP failed to buy the agreed-upon quantity. On June 29, 2012, Company I sent a letter, claiming its right on the contracted purchase. In December 2012, NSP made a business proposal to Company I. In January 2013, both parties entered into an agreement to amend the original supply agreement. If the amended agreement is breached, the original supply agreement would apply. NSP accrued a potential loss in 2012 and resumed purchases in the first quarter of 2013. The agreement was performed completely and terminated in June 2014.
- c) In August 2007 and January 2008, NSP entered into long-term materials supply agreements with Company G. Under the agreements, NSP should make payments from January 1, 2009 to December 31, 2018. In return, Company G should provide an agreed-upon quantity of raw materials. As of December 31, 2014, an amount of US\$7,381 thousand (\$244,386 thousand) was recorded under prepayment. In May 2009, NSP and Company G revised the agreements. Under the new agreements, Company G should provide an agreed-upon quantity of raw materials from 2009 to December 31, 2018. Within this period, deductions could be made from the prepayments, and the purchase price would be adjusted on the basis of market price. The last agreement revision by NSP and Company G was in September 2013. The purchase price would be adjusted monthly in accordance with the pricing mechanism agreed upon by both parties. On February 24, 2014, Company G's parent company which listed overseas announced it would undergo a financial restructuring. Although Company G indicated the financial restructuring would not affect its operation and the creditors' rights, NSP accrued a potential loss in 2013 considering prepayment might not be collected.
- d) In February 2008, DelSolar entered into a long-term materials supply agreement with Company AH. Based on this supply agreement, Company AH guaranteed to provide an agreed-upon quantity of raw materials to DelSolar during January 2009 to December 31, 2015, and in return DelSolar would make some prepayments by installments during this period of time. In April 2013, Company AH stopped supplying materials because of its financial difficulties, and both parties entered into the negotiation process. On May 31, 2013, NSP merged with DelSolar, with NSP as the survivor entity. Considering prepayments to Company AH might not be able to be fully collected, NSP had accrued a potential loss in the second quarter of 2013. On March 12, 2015, NSP received an arbitration notice of Company AH. NSP believes there are unsolved issues on the long-term materials supply agreement which will need further clarification from both parties. Therefore NSP has engaged an attorney to assist on the process and will make necessary adjustments according to the result of arbitration.
- e) In March 2008 and August 2008, NSP entered into long-term materials supply agreements with Company BM. Under the agreements, NSP should make payments from January 1, 2008 to December 31, 2016. In return, Company BM should provide an agreed-upon quantity of raw materials. As of December 31, 2014, an amount of US\$1,825 thousand (\$59,172 thousand) was recorded under prepayment. Earlier, in August 2010, NSP renegotiated the agreement with Company BM. Both parties agreed to adjust the purchase price and refund amount of

prepayment in accordance with market prices from August 2010.

- f) In October 2008, NSP entered into a long-term materials supply agreement with Company K. Under the agreement, NSP should make payments from January 2009 to December 31, 2016. In return, Company K should provide an agreed-upon quantity of raw materials. In December 2010, NSP renegotiated the agreement with Company K. Both parties agreed that Company K would provide NSP with an agreed-upon quantity of raw materials at its purchase price plus a markup of a certain percentage from January 2011 to December 31, 2016. As of December 31, 2014, an amount of US\$16,240 thousand (\$487,678 thousand) was recorded under prepayment.
- g) In August 2010 and December 2013, NSP entered into long-term materials supply agreements with Company Y. Under the agreements, Company Y should provide an agreed-upon quantity of raw materials from October 2010 to December 31, 2016. NSP should make payments during this period. As of December 31, 2014, an amount of US\$2,499 thousand (\$79,341 thousand) was recorded under prepayment. Earlier, both parties agreed to adjust the purchase price monthly from October 2010 in accordance with a price adjustment mode agreed upon by both parties. Under the agreement, if NSP fails to complete the purchase of the required quantity or delays its payments, Company Y is entitled to request compensation.
- h) In November 2010, NSP entered into a long-term materials supply agreement with Company X. Under the agreement, NSP should make payments from January 2011 to December 31, 2017. In return, Company X should provide an agreed-upon quantity of raw materials. As of December 31, 2014, an amount of US\$3,918 thousand (\$115,561 thousand) was recorded under prepayment. Earlier, both parties agreed to adjust the purchase price monthly since 2012. However, in three months ended March 31, 2012, both parties failed to reach an agreement on purchase price and quantity. Under the agreement, NSP was entitled to end the contract unconditionally, and Company X should return the remaining balance of prepayment. Both parties agreed to deduct the remaining prepayment before March 31, 2013. Because Company X announced it would undertake financial restructuring, NSP considered the remaining prepayments might not be collected due to Company X's going concern; thus, NSP accrued potential losses for 2012 and 2013. NSP resumed purchase after October 2014.
- i) In March 2011, NSP entered into a long-term materials supply agreement with Company AD. Under the agreement, Company AD should provide an agreed-upon quantity of raw materials. Based on the agreement, the purchase price will be adjusted quarterly. In return, NSP should make the payment from January 2012 to December 31, 2018. As of December 31, 2014, an amount of US\$7,997 thousand (\$233,115 thousand) was recorded under prepayment. Under the agreement, if NSP delays the payments, Company AD is entitled to request an interest on the delayed payment at a rate already agreed on by both parties.
- j) In May 2013, NSP entered into a long-term materials supply agreement with Company BN. Under the agreement, Company BN should provide an agreed-upon quantity of raw materials from June 2013 to June 30, 2015, which the purchase price is being adjusted in accordance with market prices. In May 2013, NSP provided Company BN a promissory note of US\$1,500 thousand, due on June 30, 2015, as performance guarantee. Under the agreement, if NSP fails to complete the purchase of the required quantity, Company BN is entitled to request compensation within the amount of the promissory note. In the first quarter of 2014, NSP had reached the agreed-upon quantity; Company BN returned the promissory note in April 2014.

2) Long-term sales contracts:

Under several long-term sales contracts with customers, NSP should deliver its products at an agreed-upon quantity from 2006 to 2016. Some of these contracts state that guarantee deposits should be received, which could be in the form of cash payment, irrevocable letter of credit, a bank guarantee or a warranty provided by the parent company of the buyers. These deposits will be deducted from customers' payments as the products are delivered or will be transferred as guarantee

deposits on new contracts.

Yong Tang entered into several electricity purchase agreements with Taiwan Power Company (“TaiPower”), which is valid for 20 years from the first day of the connection of Yong Tang’s electricity-generating facilities to TaiPower’s distribution system for parallel operations. TaiPower permitted the private use by Yong Tang of the power generated but disallowed Yong Tang’s sale of electricity to third parties without Taipower’s prior permission. Yong Tang was sold to new owner in the third quarter of 2014, however some of the facilities have not obtained the registration certificate of power generation facilities and some flaws in the rental agreement need to be supplemented and corrected; therefore guarantee deposits of \$136,012 thousand was submitted by GES to Yong Tang’s new owner. The above matters need to be supplemented and corrected by March 31, 2015, otherwise the buyer could request the buyback of the sold facilities.

Yong Liang entered into electricity purchase agreement with TaiPower, which is valid for 20 years from the first day Yong Liang’s electricity-generating facilities are connected to TaiPower’s distribution system for parallel operations. TaiPower permitted the private usage by Yong Liang of power generated but disallowed Yong Liang’s sale of electricity to third parties without prior permission.

TIPPING POINT entered into an electricity purchase agreement with the government of the City of Columbus, Ohio, USA, which is valid for 20 years from the first day TIPPING POINT’s electricity-generating facilities are connected to the distribution system of the government of the City of Columbus for parallel operations. TIPPING POINT agreed to sell 100% of the energy it will generate to the government of City of Columbus.

ET ENERGY entered into electricity purchase agreement with Indianapolis Power & Light Company (IP&LC), which is valid for 15 years from the first day ET ENERGY’s electricity-generating facilities are connected IP&LC’s distribution system for parallel operations. ET ENERGY agreed to sell 100% of the electricity it will produce to IP&LC.

On September 17, 2014, GES USA signed a 100% equity transfer agreement with Company A for the transfer of Houghton and the expected amount is US\$6,500 thousand.

- 3) Unused letters of credit amounted to approximately EUR\$931 thousand and US\$4,620 thousand as of December 31, 2014.

b. Contingencies

- 1) The Taiwan High Court ruled on the lawsuit filed by SilRay Inc. for NSP to pay the plaintiff US\$1,269 thousand and a compensation interest of 5% per annum from October 9, 2008 to the case discharge date. NSP has retained lawyers, who filed an appeal with the Taiwan Supreme Court on January 5, 2011. Based on the Taiwan Supreme Court’s judgment, the lawsuit was remanded to the Taiwan Superior Court on May 7, 2012. On June 25, 2013 Taiwan High Court declared that NSP lost the lawsuit; thus, NSP appealed to the court in accordance with applicable law. On September 12, 2014, Taiwan High Court declared that NSP lost the lawsuit, NSP then applied for retrial, and the lawsuit is under the examination of Taiwan High Court now. NSP had accrued related compensation accordingly.
- 2) In the controversy between NSP and Sun Q Solar Corporation (“Sun Q”), NSP requested the help of the Hsin-chu district court, a common pleas court, on July 7, 2010 to request Sun Q to return US\$3,507 thousand to NSP. On June 25, 2013, Hsin-chu district court ordered Sun Q to pay US\$3,507 thousand and interest calculated at 5% per year from September 18, 2010 until the settlement date. Sun Q appealed to a higher court. However high court declared that NSP lost the lawsuit on November 19, 2014, NSP then applied for retrial, and the lawsuit is under the examination of high court now.

- 3) In December 2010, NSP and the M+W Group (M+W) entered into a construction agreement and materials purchase agreement, with a total amount of \$510,000 thousand. On April 22, 2013, M+W claimed the construction had been completed and requested for a payment of \$191,165 thousand (including \$49,344 thousand for additional works). On September 4, 2013, M+W requested the help of the Hsin-chu district court, a common pleas court, to request NSP to return \$200,723 thousand, which included \$191,165 thousand and interest calculated at 5% per year. NSP already filed a plea and counterplea on this case.

As of December 31, 2014, the amount of \$368,179 thousand had been paid; except the \$49,344 thousand for the additional works. NSP had accrued construction contract payables of \$141,821 thousand accordingly.

- 4) In December 2013, the group led by SolarWorld AG's United States subsidiary, the Coalition for American Solar Manufacturing (CASM), has filed an antidumping complaint against Chinese solar modules in the United States Department of Commerce (DOC) and the United States International Trade Commission (ITC), alleging that Chinese solar module producers dodged those duties by using cells manufactured in Taiwan.

On February 14, 2014, ITC issued its affirmative preliminary determination that the subject imports cause or threaten to cause injury to the United States industry. On July 25, 2014, DOC announced its preliminary determination of dumping margin, the Corporation received a cash deposit dumping margin of 19.5%. Such cash deposit dumping margin will be finalized in subsequent annual review. The tariffs in general to be covered by the importer itself; hence, there will be no significant impact on the Corporation.

39. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31			
	2014		2013	
	Foreign Currencies (In Thousands)	Exchange Rate	Foreign Currencies (In Thousands)	Exchange Rate
<u>Financial assets</u>				
Monetary assets				
USD	\$ 186,862	31.72	\$ 175,511	29.95
USD	4,715	6.2245	15,872	6.0560
EUR	5,287	38.45	9,187	41.04
EUR	-	7.5442	630	8.3327
JPY	858,228	0.2641	492,554	0.2837
JPY	-	0.0518	25,405	0.0576
RMB	7,333	5.0960	7,207	4.9236
GBP	11,356	49.2195	-	-
Nonmonetary assets				
USD	62	30.53	62	29.97
EUR	600	37.65	600	37.65

(Continued)

	December 31			
	2014		2013	
	Foreign Currencies (In Thousands)	Exchange Rate	Foreign Currencies (In Thousands)	Exchange Rate
<u>Financial liabilities</u>				
Monetary liabilities				
USD	\$ 135,279	31.72	\$ 140,877	29.95
USD	14,000	6.2245	10,860	6.0560
USD	1,529	63.22	1,529	61.89
EUR	1,991	38.45	8,933	41.04
EUR	210	7.5442	222	8.3327
JPY	203,388	0.2641	315,931	0.2837
JPY	60,211	0.0518	52,800	0.0576
GBP	4	49.2195	-	-
				(Concluded)

40. SEPARATELY DISCLOSED ITEMS

Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation:

- a. Financings provided: Table 1 (attached)
- b. Endorsements/guarantees provided: Table 2 (attached)
- c. Marketable securities held (which does not include invested subsidiaries, associates, and joint ventures): Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: No.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: Table 5 (attached)
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 7 (attached)
- i. Trading in derivative instruments: Please see Note 7.
- j. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 8 (attached)
- k. Investments in Mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the

period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 9 (attached)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 6 (attached)

1. Intercompany relationships and significant intercompany transaction: Table 10 (attached)

41. OPERATING SEGMENT INFORMATION

Financial information reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on revenue from each type of products. The accounting policies of the reportable segments are the same as the Corporation's accounting policies. The Corporation's main reportable segment is solar cell, which mainly manufactures and sells solar cells.

- a. Segment revenue and results

	Segment Revenue			
	For the Year Ended December 31			
	2014		2013	
	From External Customer	Inter-segment Sales	From External Customer	Inter-segment Sales
Solar cell	\$ 23,342,524	\$ 2,081,985	\$ 16,758,637	\$ 1,867,571
Others	<u>4,237,725</u>	<u>1,531,066</u>	<u>3,325,616</u>	<u>1,369,280</u>
Total	<u>\$ 27,580,249</u>	<u>\$ 3,613,051</u>	<u>\$ 20,084,253</u>	<u>\$ 3,236,851</u>

	Segment Profit or Loss	
	For the Years Ended December 31	
	2014	2013
Solar cell	\$ 1,545,565	\$ 1,409,474
Others	<u>243,659</u>	<u>300,693</u>
Reportable segments gross profit	1,789,224	1,710,167
Unrealized intercompany profit	<u>(1,928)</u>	<u>(302)</u>
	1,787,296	1,709,865
Unallocated amount		
Operating expenses	(1,577,066)	(1,255,997)
Other income and expenses	37,294	(139,511)
Nonoperating income and expenses	<u>(25,535)</u>	<u>185,062</u>
Income before income tax	<u>\$ 221,989</u>	<u>\$ 499,419</u>

Segment profit or loss represents profit or loss created by each segment without the allocation of operating expenses, nonoperating income and gains, and nonoperating expenses and losses. This is the measure reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

- b. Segment assets

The Corporation does not regularly provide information on assets to the Corporation's chief operating decision maker; thus, the measure of assets-is zero.

c. Revenue from major products and services

The following is an analysis of the Corporation's revenue from its major products and services.

	For the Year Ended December 31	
	2014	2013
Solar cell	\$ 23,342,524	\$ 16,758,637
Others	<u>4,237,725</u>	<u>3,325,616</u>
	<u>\$ 27,580,249</u>	<u>\$ 20,084,253</u>

d. Geographical information

The Corporation's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are shown below.

	Revenue from External Customers		Noncurrent Assets	
	Year Ended December 31		December 31	
	2014	2013	2014	2013
China	\$ 11,066,162	\$ 5,689,762	\$ 2,013,012	\$ 2,138,926
Taiwan	6,111,187	4,665,482	11,926,593	13,096,307
USA	3,721,611	1,264,341	217,520	189,317
Japan	2,430,842	6,082,765	36,365	182,359
Germany	2,107,253	1,350,962	-	-
Others	<u>2,143,194</u>	<u>1,030,941</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,580,249</u>	<u>\$ 20,084,253</u>	<u>\$ 14,193,490</u>	<u>\$ 15,606,909</u>

Noncurrent assets exclude investments accounted for using the equity method, prepaid investments in shares, financial instruments, deferred tax assets, goodwill, brands and other assets.

e. Major customers

Single customers that each contributed 10% or more to the Corporation's revenue were as follows:

	For the Year Ended December 31	
	2014	2013
Custom H	\$ 4,960,006	\$ 2,942,697
Custom BL	3,355,084	NA (Note)
Custom BS	2,801,901	NA (Note)
Custom AE	NA (Note)	2,022,787

Note: Revenue less than 10% of the Corporation's revenue.

TABLE 1

NEO SOLAR POWER CORP. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Financing Company	Counterparty	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Actual Provided	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limit	Note
											Item	Value			
General Energy Solutions	Yong Tang	Other receivables from related parties	\$ 150,000	\$ -	\$ -	2.233%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 790,504 (Notes 2, 3, 4 and 5)	\$ 790,504	2, 7
	GES USA	Other receivables from related parties	105,000	105,000	-	2.233%	2	-	Operating capital	-	-	-	197,626 (Notes 2, 3, 4 and 5)	395,252	2
	GES JAPAN	Other receivables from related parties	100,000	100,000	72,060	2.233%	2	-	Operating capital	-	-	-	197,626 (Notes 2, 3, 4 and 5)	395,252	2
	Yong Liang	Other receivables from related parties	50,000	50,000	32,000	2.233%	2	-	Operating capital	-	-	-	790,504 (Notes 2, 3, 4 and 5)	790,504	2
GES KYUSHU	General Energy Solutions	Other receivables from related parties	3,065	-	-	-	2	-	Operating capital	-	-	-	22,446 (Notes 2, 3, 4 and 5)	22,446	2, 8
GES USA	ET ENERGY	Other receivables from related parties	130,529	-	-	2.233%	2	-	Operating capital	-	-	-	673,630 (Notes 2, 3, 4 and 5)	673,630	2
	TIPPING POINT	Other receivables from related parties	24,096	24,096	6,777	2.233%	2	-	Operating capital	-	-	-	673,630 (Notes 2, 3, 4 and 5)	673,630	2

Note 1: Nature of Financing:
1) For business;
2) For short-term financing.

Note 2: The financing company's total financing amount for one counterparty should not exceed 40% of the financing company's net asset value.

Note 3: The financing company's total financing should not exceed 20% of its net asset value. A single financing should not exceed the transaction amount between financing company and counterparty within one year and should not exceed the highest amount of purchases or sales.

Note 4: The total amount of financing for short-term financing need should not exceed 20% of net asset value and the financing for a counterparty should not exceed 10% of net asset value.

Note 5: Domestic subsidiaries with over 75% of voting shares owned directly or indirectly over 75% by General Energy Solution are not subject to Notes 3 and 4.

Note 6: Overseas subsidiaries wholly owned directly or indirectly by General Energy Solution are not subject to Note 2.

Note 7: Formerly subsidiary, loss control and significant influence in the third quarter of 2014.

Note 8: Formerly subsidiary, loss control in the third quarter of 2014. But has remaining significant influence; hence, it was deemed an associate.

TABLE 2**NEO SOLAR POWER CORP. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty		Limits on Endorsement/ Guarantee Amount Provided to Each Counter-party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Actual Provided	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Amount Provided to Subsidiary	Endorsement/ Guarantee Amount Provided to the Parent Company	Endorsement/ Guarantee Amount Provided to Mainland China
		Name	Nature of Relationship										
0	NSP	General Energy Solutions	Subsidiary	\$ 4,251,287	\$ 400,000	\$ 400,000	\$ 262,178	\$ -	1.88	\$ 10,628,217	YES	-	-
1	General Energy Solutions	Yong Tang	Subsidiary (Note 4)	1,976,261	1,250,000	-	-	-	-	3,952,522	NO	-	-
		ET ENERGY	Subsidiary	1,976,261	735,000	-	-	-	-	3,952,522	YES	-	-
		Yong Liang	Subsidiary	1,976,261	330,000	330,000	85,817	-	16.70	3,952,522	YES	-	-
		Hashimoto	Associate (Note 3)	1,976,261	81,000	81,000	-	-	4.10	3,952,522	NO	-	-
		MEGAFOUR	Subsidiary	1,976,261	17,890	17,890	17,890	-	0.91	3,952,522	YES	-	-
		MEGAONE	Subsidiary	1,976,261	67,500	67,500	-	-	3.42	3,952,522	YES	-	-
		MEGATHREE	Subsidiary (Note 5)	1,976,261	67,500	67,500	-	-	3.42	3,952,522	NO	-	-
		GES USA	Subsidiary	1,976,261	681,432	679,626	679,626	-	34.39	3,952,522	YES	-	-

Note 1: In accordance with the “Rules of Guarantees by NSP,” the ceiling for total guaranteed amount was 50% of NSP’s net asset value, and the limit on the guaranteed amount for a single party was 20% of NSP’s net asset value. But for business purposes, the limit of guaranteed amount was the total of the purchase from or sale to NSP within the most recent year.

Note 2: Based on the “Rules of Guarantees by General Energy Solutions,” the ceiling for total guaranteed amount was 200% of General Energy Solutions’ (GES) net asset value, and the limit of guaranteed amount for a single party was 100% of GES’s net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchase from or sale to GES within the most recent year. GES’s net asset value is based on its latest financial statements.

Note 3: Formerly subsidiary, loss control in the second quarter of 2014. But has remaining significant influence; hence, it was deemed an associate.

Note 4: Formerly subsidiary, loss control and significant influence in the third quarter of 2014.

Note 5: Formerly subsidiary, loss control in the fourth quarter of 2014. But has remaining significant influence; hence, it was deemed an associate.

TABLE 3

NEO SOLAR POWER CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares (Thousands/ Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
NSP	<u>Stock</u>	Investee	Available-for-sale financial assets - noncurrent	4,000	\$ 85,400	5.44	\$ 85,400	Note 2
	TTMC		Financial assets carried at cost - noncurrent	-	22,590	26.09	22,590	Note 1
	SUN APPENNINO CORPORATION		Financial assets carried at cost - noncurrent	-	1,259	28.07	1,259	Note 1
Prime Energy	<u>Stock</u>	Investee	Available-for-sale financial assets - noncurrent	422	10,128	0.57	10,128	Note 2
	TTMC		Financial assets carried at cost - noncurrent	5,000	42,500	17.36	42,500	Note 1
	EXOJET							
New Ray Investment	<u>Stock</u>	Investee	Available-for-sale financial assets - noncurrent	3,000	64,050	4.08	64,050	Note 2
	TTMC							
GES USA	<u>Stock</u>	Investee	Financial assets carried at cost - noncurrent	-	634	10.00	634	Note 1
	TG ENERGY SOLUTIONS LLC							

Note 1: The above amount is based on book value.

Note 2: The above amount is based on fair value; for those pertaining to private-placement shares, based on quoted market prices; and for those that cannot be traded during the lock-up period, on relevant market prices.

Note 3: The above marketable securities had not been pledged or mortgaged. TTMC’s shares held by NSP and New Ray Investment through private equity placement were restricted under Article 43-8 of the Securities and Exchange Act as of December 31, 2014.

TABLE 4

NEO SOLAR POWER CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares (Thousands/ Units)	Amount	Shares (Thousands/ Units)	Amount	Shares (Thousands/ Units)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (Thousands/ Units)	Amount
NSP	General Energy Solutions	Investments accounted for using the equity method	-	-	78,808	\$ 937,424	33,861	\$ 497,343	-	\$ -	\$ -	\$ -	112,669 (Note 1)	\$ 1,524,378 (Note 2)
General Energy Solutions	GES Samoa	Investments accounted for using the equity method	-	-	15,950	460,833	2,000	59,850	17,950	519,720	519,720	-	-	-
	Young Tang	Investments accounted for using the equity method	-	-	-	254,430	-	200,000	-	445,000	459,183	(14,183) (Note 3)	-	-
	GES UK	Investments accounted for using the equity method	-	-	-	-	23,198	677,524	-	-	-	-	23,198	760,688
GES USA	Indy IIA	Investments accounted for using the equity method	-	-	-	-	-	690,498	-	800,489	681,009	119,480	-	-

Note 1: On March 14, 2014, General Energy Solutions' (GES) Board of Directors proposed a capital increase of \$386,666 thousand, and NSP increased its holding of GES shares by 23,050 thousand, and NSP increased its holding of GES shares by 225 thousand and 10,586 thousand, respectively; in October 2014 and December 2014 from GES's employees who had quit their jobs and non-controlling interest.

Note 2: The ending balance included the recognition of the investment net profit of \$52,087 thousand, cumulative translation adjustments of \$25,819 thousand, unrealized intercompany profit of \$(1,711) thousand and the adjustment for changes in investee's equity amounting to \$13,416 thousand.

Note 3: Includes unrealized gain on the transactions with Yong Tang, which reclassified to realized gain from sales through disposal of subsidiaries \$119,359 thousand, aggregated \$105,176 thousand.

TABLE 5

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**DISPOSAL OF REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date or Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
NSP	Construction in progress	June 11, 2014	\$ 410,000	\$ 410,000	\$ 410,000	\$ -	MediaTek Inc.	-	-	Contract	None

TABLE 6

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchase/ Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total (Note 1)	
NSP	DelSolar Wu Jiang	Subsidiary	Purchase	\$ 2,773,287	14.24	Open account 7 days	\$ -	-	\$ (1,313)	0.09	-
			Sale	319,253	1.28	Open account 30 day	-	-	-	-	-
	Delta Electronic (Japan) Inc. General Energy Solutions	Other related party	Sale	761,814	3.06	Open account 60 days	-	-	20,970	0.48	-
			Sale	258,550	1.04	Invoice 30-90 days	-	-	86,059	1.95	-
		Subsidiary	Manufacturing expenses	235,499	1.21	Open account 7 day	-	-	(13,218)	0.93	-
General Energy Solutions	Yong Tang	Associate (Note 2)	Sale	190,551	12.66	Open account 30 days	-	-	-	-	-

Note 1: The amounts were based on total notes or accounts receivable (payable) or total purchase (sale) amounts of the buyer (seller).

Note 2: Formerly subsidiary, loss control and significant influence in the third quarter of 2014.

TABLE 7

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Receivable from Related Parties Amounts	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
General Energy Solutions	GES KYUSHU	Associate(Note 1)	\$ 349,033	-	\$ 245,538	Will collect in consideration of the associate’s capital and liquidity situation	-	-
	NCH Hashimoto	Associate	282,161	-	-	-	-	-
		Associate (Note 1)	159,675	-	159,675	Will collect in consideration of the associate’s capital and liquidity situation	-	-
GES USA	SEC Newco	Associate (Note 2)	169,272	-	-	-	-	-

Note 1: Formerly subsidiary, loss control in the second quarter of 2014. But has remaining significant influence; hence, it was deemed an associate.

Note 2: On February 28, 2014, the shareholders’ meeting of GES USA resolved the transfer of accounts receivable to capital.

NEO SOLAR POWER CORP. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE YEAR ENDED DECEMBER 31, 2014
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2014			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2014	December 31, 2013	Shares (Thousands)	% of Ownership	Carrying Value			
NSP	DelSolar Cayman	Cayman Islands	Investment company	\$ 3,967,870	\$ 3,966,341	125,400	100.00	\$ 3,693,740	\$ (123,767)	\$ (126,088)	Note 1
	General Energy Solutions	Hsin-chu, Taiwan	Electronic component manufacturing and selling	1,629,996	1,132,653	112,669	76.54	1,524,378	89,076	52,087	Note 1
	New Ray	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100.00	74,449	(141)	(141)	Note 1
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	50,000	9,000	100.00	74,876	(8,724)	(8,724)	Note 1
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	30,000	-	600	60.00	26,252	2,129	(3,748)	Note 2
General Energy Solutions	DelSolar Singapore	Singapore	Investment company	-	-	310	100.00	(44,335)	(1,171)	(1,171)	Note 1
	GES UK	London, UK	Investment company	660,897	-	23,198	100.00	760,686	105,926	105,926	Note 1
	GES JAPAN	Fukuoka, Japan	Investment company	211,614	121,340	71	100.00	96,912	(61,216)	(61,216)	Note 1
	Yong Liang	Hsin-chu, Taiwan	Solar related business	59,000	15,000	-	100.00	43,905	(1,415)	(1,415)	Note 1
	Hashimoto	Hashimoto, Japan	Solar related business	32,954	32,954	2	45.00	9,824	(39,570)	(17,024)	Notes 1 and 4
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	20,000	1,000	-	100.00	16,963	(2,949)	(2,949)	Note 1
	Yong Han	Hsin-chu, Taiwan	Solar related business	1,000	1,000	-	100.00	645	(165)	(165)	Note 1
	GES Samoa	Samoa	Investment company	-	471,214	-	-	-	(38,054)	(38,054)	Note 1
	Yong Tang	Hsin-chu, Taiwan	Solar related business	-	230,000	-	-	-	19,690	19,690	Note 1
	GES BVI	Virgin Islands	Investment company	-	-	-	-	-	236	236	Notes 1 and 3
GES Samoa	GES UK	London, UK	Investment company	-	455,653	-	-	-	(38,224)	(38,224)	Note 1
GES UK	GES USA	Delaware, US	Investment company	557,200	445,654	18,780	100.00	658,726	73,645	73,645	Note 1
GES USA	NCH	London, UK	Solar related business	7,230	-	143	40.00	(15,324)	760	304	Note 1
	GES PH	Manila, Philippines	Solar related business	6,029	-	-	100.00	6,253	(87)	(87)	Note 1
	Renewable	Hokkaido, Japan	Solar related business	3,570	3,570	-	50.00	-	-	-	Note 1
	ET ENERGY	Indiana, US	Solar related business	247,759	247,759	-	100.00	233,254	4,792	4,792	Note 1
	MEGATHREE	Delaware, US	Solar related business	38,606	-	-	37.00	36,284	(4,255)	(4,255)	Notes 1
	TIPPING POINT	Ohio, US	Solar related business	29,605	29,605	-	100.00	21,324	388	388	Note 1
	MEGAONE	California, US	Solar related business	28,608	-	-	100.00	13,501	(3,242)	(3,242)	Note 1
	MEGATWO	California, US	Solar related business	-	-	-	-	(14,169)	(13,222)	(13,222)	Notes 1 and 3
	MEGAFOUR	Delaware, US	Solar related business	-	-	-	-	(3,517)	(3,361)	(3,361)	Notes 1 and 3
	SEC Newco	New York, US	Solar related business	-	-	-	-	(13,190)	(4,592)	(4,592)	Notes 1 and 3
GES BVI	ASSET ONE	California, US	Solar related business	-	-	-	-	(152)	(145)	(145)	Notes 1 and 3
	ASSET TWO	California, US	Solar related business	-	-	-	-	(26)	(25)	(25)	Notes 1 and 3
	GES ASSET	California, US	Investment company	-	-	-	-	-	236	236	Notes 1 and 3
	GES JAPAN	GES KYUSHU	Fukuoka, Japan	76,116	76,116	25	45.00	25,252	(84,215)	(41,912)	Notes 1 and 5
	GES FUKUSHIMA	Fukuoka, Japan	Solar related business	34,580	8,354	2	100.00	28,936	(1,382)	(1,382)	Note 1
DelSolar Cayman	DelSolar US	Delaware, US	Investment company	US\$ 5,800	US\$ 5,800	-	100.00	US\$ 5,050	US\$ (600)	US\$ (600)	Note 1
	DelSolar HK	Hong Kong	Investment company	US\$120,100	US\$120,100	120,100	100.00	US\$111,897	US\$ (3,471)	US\$ (3,471)	Note 1
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	US\$120,000	US\$120,000	-	100.00	US\$111,833	US\$ (3,467)	US\$ (3,467)	Note 2
Delsolar Wu Jiang	XYH Suzhou	Jiangsu, China	Trading company	US\$ -	US\$ -	-	-	US\$ -	US\$ -	US\$ -	Notes 1 and 3
DelSolar US	DelSolar Development	Delaware, US	Solar related business	US\$ 4,850	US\$ 4,850	-	100.00	US\$ 4,942	US\$ (417)	US\$ (417)	Note 1
DelSolar Development	DSS-RAL LLC	US	Solar related business	US\$ 2,555	US\$ 2,555	-	100.00	US\$ 3,401	US\$ (247)	US\$ (247)	Note 1
	DSS-USF PHX LLC	US	Solar related business	US\$ 1,370	US\$ 1,370	-	100.00	US\$ 1,707	US\$ (194)	US\$ (194)	Note 1
DelSolar Singapore	DelSolar India	India	Solar related business	US\$ 300	US\$ 300	1,435	100.00	US\$ (1,393)	US\$ (38)	US\$ (38)	Note 1

Note 1: Recognized on the basis of audited financial statements as of December 31, 2014.

Note 2: Recognized on the basis of unaudited financial statements as of December 31, 2014.

Note 3: The Corporation's special-purpose entities.

Note 4: On April 1, 2014, the Corporation lost its control over Hashimoto. The net loss of Hashimoto was based on Hashimoto's net loss for the year ended December 31, 2014; the related net investment loss was based on net loss generated from April 1, 2014 to December 31, 2014.

Note 5: On August 1, 2014, the Corporation lost its control over GES KYUSHU. The net loss on GES KYUSHU was based on GES KYUSHU's net loss for the year ended December 31, 2014; the related net investment loss was based on net loss generated from August 1, 2014 to December 31, 2014.

Note 6: For the investment in Mainland China, refer to Table 9.

TABLE 9

NEO SOLAR POWER CORP. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Percentage of Ownership in Investment	Investment Gain (Loss) (Note)	Carrying Value as of December 31, 2014 (Note)	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow					
DelSolar Wu Jiang	Solar related business	US\$ 120,000	Indirect investments through the Corporation's 100% subsidiaries	US\$ 120,000	\$ -	\$ -	US\$ 120,000	100%	US\$ (3,467)	US\$ 111,833	\$ -

Accumulated Investment in Mainland China as of December 31, 2014 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Limit on the Corporation's Investment in Mainland China
US\$ 120,000	US\$ 120,000	\$ 12,753,860

Note: Amount was recognized on the basis of audited financial statements.

TABLE 10

NEO SOLAR POWER CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
0	NSP	General Energy Solutions					
			1	Sales	\$ 258,549	Note 2	1%
			1	Purchase	3,947	Note 2	-
			1	Manufacturing expenses	235,499	Note 2	1%
			1	Accounts receivable	86,059	Note 2	-
			1	Accounts payable	13,218	Note 2	-
			1	Accrued expenses	26	Note 2	-
			1	Indirect material expense	1	Note 2	-
		V5 Technology	1	Purchase property, plant and equipment	9,882	Note 2	-
			1	Payables to contractors and equipment suppliers	9,882	Note 2	-
		Prime Energy New Ray Investment DeSolar Wu Jiang	1	Other receivable	66	Note 2	-
			1	Rental income	62	Note 2	-
			1	Other income	8	Note 2	-
			1	Rental income	60	Note 2	-
			1	Rental income	60	Note 2	-
			1	Sales	319,253	Note 2	1%
			1	Purchase	2,773,287	Note 2	10%
			1	Sell property, plant and equipment	20,347	Note 2	-
			1	Purchase property, plant and equipment	31,463	Note 2	-
			1	Sales return property, plant and equipment	865	Note 2	-
			1	Other receivables	4,015	Note 2	-
			1	Payments in advance	246,842	Note 2	1%
			1	Accounts payable	1,313	Note 2	-
			1	Accrued expenses	80	Note 2	-
			1	Repaired expense	240	Note 2	-
		DeSolar India	1	Other receivables	48,516	Note 2	-
			1	Refundable deposits	103	Note 2	-
1	General Energy Solutions	Yong Tang Yong Liang	3	Sales	190,551	Note 2	1%
			3	Sales	50,934	Note 2	-
			3	Account receivables	11,924	Note 2	-
			3	Other receivables	32,000	Note 2	-
		GES FUKUSHIMA GES JAPAN MEGAONE MEGATWO	3	Sales	5,680	Note 2	-
			3	Other receivables	66,124	Note 2	-
			3	Prepaid legal and other expenses	11,419	Note 2	-
			3	Other receivables	20,033	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
1	GES USA	SEC Newco	3	Other receivables	\$ 169,272	Note 2	-
		ET ENERGY	3	Other receivables	5,828	Note 2	-
		TIPPING POINT	3	Other receivables	15,407	Note 2	-
		MEGAONE	3	Other receivables	11,743	Note 2	-
		MEGATWO	3	Other receivables	49,717	Note 2	-
		MEGAFOUR	3	Other receivables	46,781	Note 2	-
0	<u>For the year ended December 31, 2013</u>						
	NSP	General Energy Solutions	1	Sales	\$ 28,471	Note 2	-
			1	Purchase	9	Note 2	-
			1	Manufacturing expenses	492,029	Note 2	2%
			1	Research and development expenses	450	Note 2	-
			1	Interest income	123	Note 2	-
			1	Other income	6,352	Note 2	-
			1	Accounts payable	11,576	Note 2	-
			1	Accrued expenses and other current liabilities	84	Note 2	-
		Prime Energy	1	Rental income	60	Note 2	-
		New Ray Investment	1	Rental income	60	Note 2	-
			1	Dividend income	280	Note 2	-
		DelSolar Wu Jiang	1	Sales	3,013	Note 2	-
			1	Sell fixed assets	46,198	Note 2	-
			1	Purchase property, plant and equipment	12,989	Note 2	-
			1	Purchase	2,773,787	Note 2	14%
			1	Accounts payable	425,524	Note 2	1%
			1	Other receivables	51,006	Note 2	-
		DelSolar India	1	Other receivables	45,809	Note 2	-
		DelSolar Cayman	1	Other receivables	156	Note 2	-
1	DSS-RAL LLC	DelSolar Development	3	Other receivables	3,361	Note 2	-
1	General Energy Solutions	Yong Tang	3	Sales	194,325	Note 2	1%
			3	Interest income	1,363	Note 2	-
			3	Rental income	70	Note 2	-
			3	Accounts receivable	117,361	Note 2	-
			3	Other receivables	101,227	Note 2	-
		Yong Liang	3	Interest income	261	Note 2	-
			3	Rent income	70	Note 2	-
		GES JAPAN	3	Other payables	2,842	Note 2	-
		GES KYUSHU	3	Sales	168,784	Note 2	1%
			3	Interest expense	35	Note 2	-
			3	Accounts receivable	171,762	Note 2	1%
			3	Prepaid legal and other expenses	4,737	Note 2	-
		Hashimoto	3	Sales	73,501	Note 2	-
			3	Accounts receivable	74,170	Note 2	-
			3	Prepaid legal and other expenses	40,062	Note 2	-
		GES FUKUSHIMA	3	Interest income	40	Note 2	-
		GES USA	3	Interest income	933	Note 2	-
		TIPPING POINT	3	Sales	66	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
1	General Energy Solutions	GES ASSET	3	Prepaid legal and other expenses	\$ 33	Note 2	-
		MEGAONE	3	Prepaid legal and other expenses	11,172	Note 2	-
			3	Advance receipts	791	Note 2	-
		MEGATWO	3	Prepaid legal and other expenses	18,915	Note 2	-
1	GES USA	MEGAONE	3	Other receivables	8,414	Note 2	-
		MEGATWO	3	Other receivables	17,561	Note 2	-
		GES ASSET	3	Other receivables	210	Note 2	-
		TIPPING POINT	3	Interest income	320	Note 2	-
			3	Interest receivable	320	Note 2	-
			3	Other receivables	31,610	Note 2	-
		ET ENERGY	3	Interest income	974	Note 2	-
			3	Interest receivable	332	Note 2	-
			3	Other receivables	109,996	Note 2	1%
1	Yong Tang	Yong Liang	3	Interest expense	7	Note 2	-
1	GES FUKUSHIMA	GES KYUSHU	3	Other receivables	1,325	Note 2	-
		Hashimoto	3	Other receivables	330	Note 2	-
1	GES JAPAN	Hashimoto	3	Other receivables	23,186	Note 2	-
		GES KYUSHU	3	Other receivables	3,728	Note 2	-
1	GES KYUSHU	Hashimoto	3	Other receivables	242	Note 2	-

Note 1: No. 1 represents the transaction from parent company to subsidiary; No. 2 represents the transaction from subsidiaries to parent company; No. 3 represents the transactions between subsidiaries.

Note 2: At normal commercial prices and terms. (Concluded)