

Delta Electronics (Thailand) Public Company Limited  
and its subsidiaries  
Report and interim consolidated financial statements  
For the three-month and nine-month periods ended  
30 September 2015

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Delta Electronics (Thailand) Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 September 2015, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2015, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

**Emphasis of matter**

I draw attention to Note 19.3.1 to the financial statements regarding the Company's receipt of notices of corporate income tax assessment, covering the years 1997 through 2005, and a notice of specific business tax assessment for the year 2005 from the Revenue Department. My conclusion is not qualified in respect of these matters.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 26 October 2015

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 September 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>30 September 2015</u>	<u>31 December 2014</u>	<u>30 September 2015</u>	<u>31 December 2014</u>
		(Unaudited but reviewed)	(Restated)	(Unaudited but reviewed)	(Restated)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		18,967,827	17,931,328	12,469,586	11,743,380
Trade and other receivables	5	10,388,886	8,370,665	7,522,154	6,020,277
Inventories		6,470,283	5,320,242	3,664,434	3,309,755
Other current assets	7	1,047,781	669,141	171,156	96,451
<b>Total current assets</b>		<b>36,874,777</b>	<b>32,291,376</b>	<b>23,827,330</b>	<b>21,169,863</b>
<b>Non-current assets</b>					
Deposits at bank with restrictions		75,353	76,768	-	-
Investments in subsidiary companies	8	-	-	10,931,864	10,750,924
Investment properties	9	241,432	245,195	-	-
Property, plant and equipment	10	4,801,606	4,361,267	2,626,011	2,341,438
Consolidation goodwill		306,758	306,758	-	-
Other intangible assets	11	580,238	582,985	5,029	8,401
Deferred tax assets		313,204	317,362	-	-
Other non-current assets		60,094	60,101	1,489	2,573
<b>Total non-current assets</b>		<b>6,378,685</b>	<b>5,950,436</b>	<b>13,564,393</b>	<b>13,103,336</b>
<b>Total assets</b>		<b>43,253,462</b>	<b>38,241,812</b>	<b>37,391,723</b>	<b>34,273,199</b>

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

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 30 September 2015**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<b>Note</b>	<b>30 September 2015</b>	<b>31 December 2014</b>	<b>30 September 2015</b>	<b>31 December 2014</b>
		(Unaudited but reviewed)	(Restated)	(Unaudited but reviewed)	(Restated)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions		219,604	249,600	-	-
Trade and other payables	12	11,256,142	8,654,912	7,794,134	5,940,737
Income tax payable		125,795	40,397	760	1,927
Short-term provisions	15	195,998	139,169	-	-
Other current liabilities	13	545,921	302,196	47,368	100,586
<b>Total current liabilities</b>		<b>12,343,460</b>	<b>9,386,274</b>	<b>7,842,262</b>	<b>6,043,250</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		47,240	56,923	-	-
Provision for long-term employee benefits	14	1,439,004	1,334,216	246,732	227,551
Long-term provisions	15	365,472	285,324	224,384	175,623
Other non-current liabilities		11,510	12,874	1,117	1,190
<b>Total non-current liabilities</b>		<b>1,863,226</b>	<b>1,689,337</b>	<b>472,233</b>	<b>404,364</b>
<b>Total liabilities</b>		<b>14,206,686</b>	<b>11,075,611</b>	<b>8,314,495</b>	<b>6,447,614</b>
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000	1,259,000	1,259,000	1,259,000
Issued and fully paid-up					
1,247,381,614 ordinary shares of Baht 1 each		1,247,382	1,247,382	1,247,382	1,247,382
Share premium		1,491,912	1,491,912	1,491,912	1,491,912
Retained earnings					
Appropriated - Statutory reserve		125,900	125,900	125,900	125,900
Unappropriated		27,472,822	26,260,026	26,212,034	24,960,391
Other components of shareholders' equity		(1,291,240)	(1,959,019)	-	-
Equity attributable to owners of the Company		29,046,776	27,166,201	29,077,228	27,825,585
<b>Total shareholders' equity</b>		<b>29,046,776</b>	<b>27,166,201</b>	<b>29,077,228</b>	<b>27,825,585</b>
<b>Total liabilities and shareholders' equity</b>		<b>43,253,462</b>	<b>38,241,812</b>	<b>37,391,723</b>	<b>34,273,199</b>
		-	-	-	-

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

Directors

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries****Statement of comprehensive income**

For the three-month period ended 30 September 2015

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		12,102,734	11,455,544	8,192,935	7,707,899
Other income					
Interest income		56,308	49,798	51,095	43,561
Gain on exchange		188,914	20,338	487,552	35,634
Gain on sales of investment in subsidiary		-	2,712	-	-
Gain on sales of investment in associated company		-	191,871	-	-
Others		91,920	81,030	14,991	56,352
<b>Total revenues</b>		<u>12,439,876</u>	<u>11,801,293</u>	<u>8,746,573</u>	<u>7,843,446</u>
<b>Expenses</b>					
Cost of sales and services		8,944,729	8,192,319	5,835,605	5,495,507
Selling expenses		714,051	668,209	242,959	204,109
Administrative expenses		406,234	457,524	257,256	295,017
Research and development expenses		536,203	495,318	492,531	434,155
Other expenses		71,225	22,977	24,633	833
<b>Total expenses</b>		<u>10,672,442</u>	<u>9,836,347</u>	<u>6,852,984</u>	<u>6,429,621</u>
<b>Profit before share of profit from investment in an associated company, finance cost and income tax expenses</b>		1,767,434	1,964,946	1,893,589	1,413,825
Share of profit from investment in an associated company		-	1,989	-	-
<b>Profit before finance cost and income tax expenses</b>		1,767,434	1,966,935	1,893,589	1,413,825
Finance cost		(12,227)	(15,914)	-	-
<b>Profit before income tax expenses</b>		1,755,207	1,951,021	1,893,589	1,413,825
Income tax expenses	17	(13,720)	(8,803)	(5,691)	-
<b>Profit for the period</b>		<u>1,741,487</u>	<u>1,942,218</u>	<u>1,887,898</u>	<u>1,413,825</u>

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

(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the three-month period ended 30 September 2015**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency - net of income tax	592,840	(287,322)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	592,840	(287,322)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial losses - net of income tax	-	(21,506)	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	(21,506)	-	-
<b>Other comprehensive income for the period</b>	<b>592,840</b>	<b>(308,828)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>2,334,327</b>	<b>1,633,390</b>	<b>1,887,898</b>	<b>1,413,825</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	1,741,487	1,942,218	1,887,898	1,413,825
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	2,334,327	1,633,390	1,887,898	1,413,825
<b>Earnings per share</b>				
Basic earnings per share				
Profit attributable to equity holders of the Company	1.40	1.56	1.51	1.13

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

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries****Statement of comprehensive income (continued)**

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<u>Note</u>	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		34,556,208	33,165,430	23,847,920	22,081,060
Other income					
Interest income		162,074	149,466	139,604	130,512
Gain on exchange		317,755	153,745	706,576	94,660
Gain on sales of investment in subsidiary		-	2,712	-	-
Gain on sales of investment in associated company		-	191,871	-	-
Others		239,010	265,604	101,780	147,582
<b>Total revenues</b>		<u>35,275,047</u>	<u>33,928,828</u>	<u>24,795,880</u>	<u>22,453,814</u>
<b>Expenses</b>					
Cost of sales and services		25,236,177	24,068,684	17,149,764	15,764,208
Selling expenses		2,154,434	2,027,564	679,737	638,258
Administrative expenses		1,170,704	1,330,700	735,209	845,778
Research and development expenses		1,363,944	1,469,562	1,194,830	1,361,547
Other expenses		150,850	102,773	32,497	15,283
<b>Total expenses</b>		<u>30,076,109</u>	<u>28,999,283</u>	<u>19,792,037</u>	<u>18,625,074</u>
<b>Profit before share of profit from investment in an associated company, finance cost and income tax expenses</b>					
		5,198,938	4,929,545	5,003,843	3,828,740
Share of profit from investment in an associated company		-	2,221	-	-
<b>Profit before finance cost and income tax expenses</b>					
		5,198,938	4,931,766	5,003,843	3,828,740
Finance cost		(29,739)	(59,688)	-	-
<b>Profit before income tax expenses</b>					
		5,169,199	4,872,078	5,003,843	3,828,740
Income tax expenses	17	(165,770)	(49,948)	(10,055)	-
<b>Profit for the period</b>		<u>5,003,429</u>	<u>4,822,130</u>	<u>4,993,788</u>	<u>3,828,740</u>

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



(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		(Restated)
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency - net of income tax	667,779	(274,674)	-	-
Net other comprehensive income to be reclassified				
to profit or loss in subsequent periods	667,779	(274,674)	-	-
<i>Other comprehensive income not to be reclassified</i>				
<i>to profit or loss in subsequent periods:</i>				
Actuarial losses - net of income tax	(48,488)	(110,315)	-	-
Net other comprehensive income not to be reclassified				
to profit or loss in subsequent periods	(48,488)	(110,315)	-	-
<b>Other comprehensive income for the period</b>	<b>619,291</b>	<b>(384,989)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>5,622,720</b>	<b>4,437,141</b>	<b>4,993,788</b>	<b>3,828,740</b>
<b>Profit attributable to:</b>				
Equity holders of the Company	5,003,429	4,822,130	4,993,788	3,828,740
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	5,622,720	4,437,141	4,993,788	3,828,740
<b>Earnings per share</b>				
Basic earnings per share				
Profit attributable to equity holders of the Company	4.01	3.87	4.00	3.07

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

(Unaudited but reviewed)

## Delta Electronics (Thailand) Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2015

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>							
Equity attributable to shareholders of the Company							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity		Total shareholders' equity
			Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total other component of shareholders' equity	
<b>Balance as at 31 December 2013 - as previously reported</b>	1,247,382	1,491,912	125,900	24,098,351	(1,637,864)	(1,637,864)	25,325,681
Cumulative effect of change in accounting policy	-	-	-	(269,008)	-	-	(269,008)
<b>Balance as at 31 December 2013 - as restated</b>	1,247,382	1,491,912	125,900	23,829,343	(1,637,864)	(1,637,864)	25,056,673
Profit for the period	-	-	-	4,822,130	-	-	4,822,130
Other comprehensive income for the period	-	-	-	(110,315)	(274,674)	(274,674)	(384,989)
Total comprehensive income for the period	-	-	-	4,711,815	(274,674)	(274,674)	4,437,141
Dividend paid (Note 16)	-	-	-	(3,367,930)	-	-	(3,367,930)
<b>Balance as at 30 September 2014</b>	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>25,173,228</u>	<u>(1,912,538)</u>	<u>(1,912,538)</u>	<u>26,125,884</u>
<b>Balance as at 31 December 2014 - as previously reported</b>	1,247,382	1,491,912	125,900	26,692,071	(1,959,019)	(1,959,019)	27,598,246
Cumulative effect of change in accounting policy (Note 3)	-	-	-	(432,045)	-	-	(432,045)
<b>Balance as at 31 December 2014 - as restated</b>	1,247,382	1,491,912	125,900	26,260,026	(1,959,019)	(1,959,019)	27,166,201
Profit for the period	-	-	-	5,003,429	-	-	5,003,429
Other comprehensive income for the period	-	-	-	(48,488)	667,779	667,779	619,291
Total comprehensive income for the period	-	-	-	4,954,941	667,779	667,779	5,622,720
Dividend paid (Note 16)	-	-	-	(3,742,145)	-	-	(3,742,145)
<b>Balance as at 30 September 2015</b>	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>27,472,822</u>	<u>(1,291,240)</u>	<u>(1,291,240)</u>	<u>29,046,776</u>

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

(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity (continued)**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

**Separate financial statements**

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 31 December 2013 - as previously reported</b>	1,247,382	1,491,912	125,900	23,223,078	26,088,272
Cumulative effect of change in accounting policy	-	-	-	(83,494)	(83,494)
<b>Balance as at 31 December 2013 - as restated</b>	1,247,382	1,491,912	125,900	23,139,584	26,004,778
Profit for the period	-	-	-	3,828,740	3,828,740
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,828,740	3,828,740
Dividend paid (Note 16)	-	-	-	(3,367,930)	(3,367,930)
<b>Balance as at 30 September 2014</b>	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>23,600,394</u>	<u>26,465,588</u>
<b>Balance as at 31 December 2014 - as previously reported</b>	1,247,382	1,491,912	125,900	25,038,522	27,903,716
Cumulative effect of change in accounting policy (Note 3)	-	-	-	(78,131)	(78,131)
<b>Balance as at 31 December 2014 - as restated</b>	1,247,382	1,491,912	125,900	24,960,391	27,825,585
Profit for the period	-	-	-	4,993,788	4,993,788
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,993,788	4,993,788
Dividend paid (Note 16)	-	-	-	(3,742,145)	(3,742,145)
<b>Balance as at 30 September 2015</b>	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>26,212,034</u>	<u>29,077,228</u>

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

(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries****Cash flow statement****For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Cash flows from operating activities:</b>				
Profit before tax	5,169,199	4,872,078	5,003,843	3,828,740
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	580,639	590,826	431,800	412,052
Amortisation of other intangible assets	61,630	68,504	5,490	10,732
Recording of allowance for doubtful accounts (reversal)	24,895	16,673	9,016	(9,969)
Decrease of inventory to net realisable value (reversal)	(91,726)	(12,785)	(100,812)	(29,131)
Loss from write-off inventories	176,167	157,739	137,131	98,487
Increase in provision for long-term employee benefits	65,604	81,357	23,386	21,157
Recording of the increase in provisions (reversal)	136,291	(62,455)	36,022	18,720
Share of profit from investment in an associated company	-	(2,221)	-	-
Gain on sales of investment in subsidiary	-	(2,712)	-	-
Gain on sales of investment in associated company	-	(191,871)	-	-
(Gain) loss from disposal of property, plant and equipment	(1,090)	3,527	(698)	(1,777)
Allowance for impairment loss on assets	4,142	-	4,142	-
Loss on disposal of other intangible assets	3	172	-	-
Unrealised (gain) loss on exchange	(297,152)	89,163	(366,871)	83,243
Interest income	(162,074)	(149,466)	(139,604)	(130,512)
Interest expenses	29,739	59,688	-	-
Profit from operating activities before changes in operating assets and liabilities	5,696,267	5,518,217	5,042,845	4,301,742
(Increase) decrease in operating assets:				
Trade and other receivables	(1,762,352)	(654,365)	(1,245,519)	470,921
Inventories	(1,234,482)	(176,030)	(390,998)	(535,530)
Other current assets	(374,227)	42,854	(74,866)	18,501
Other non-current assets	7	(20,441)	1,084	(422)
Increase (decrease) in operating liabilities:				
Trade and other payables	2,422,307	856,453	1,707,043	152,791
Other current liabilities	241,472	(249,537)	(54,038)	(66,476)
Provision for long-term employee benefits	(34,580)	(23,932)	(4,205)	(8,160)
Provisions	(16,160)	(26,195)	-	-
Other non-current liabilities	(1,364)	4,250	(73)	142
Cash flows from operating activities	4,936,888	5,271,274	4,981,273	4,333,509
Cash received from interest income	147,838	132,624	123,066	114,833
Cash paid for interest expenses	(26,625)	(52,473)	-	-
Cash paid for corporate income tax	(115,963)	(52,152)	(15,156)	(2,033)
<b>Net cash flows from operating activities</b>	<b>4,942,138</b>	<b>5,299,273</b>	<b>5,089,183</b>	<b>4,446,309</b>

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

(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the nine-month period ended 30 September 2015**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Cash flows from investing activities:</b>				
Decrease in deposits at bank with restrictions	1,415	22,611	-	-
Increase in investments in subsidiary company	-	-	(180,940)	-
Net cash from sales of investment in subsidiary	-	(2,512)	-	-
Cash received from sales of investment in associated company	-	418,607	-	-
Acquisition of property, plant and equipment	(974,782)	(490,132)	(724,945)	(361,481)
Proceeds from disposal of property, plant and equipment	12,157	10,215	5,128	6,360
Increase in other intangible assets	(7,950)	(26,632)	(2,118)	(2,324)
<b>Net cash flows used in investing activities</b>	<b>(969,160)</b>	<b>(67,843)</b>	<b>(902,875)</b>	<b>(357,445)</b>
<b>Cash flows from financing activities:</b>				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(29,996)	(401,274)	-	-
Dividend paid	(3,742,145)	(3,367,930)	(3,742,145)	(3,367,930)
<b>Net cash flows used in financing activities</b>	<b>(3,772,141)</b>	<b>(3,769,204)</b>	<b>(3,742,145)</b>	<b>(3,367,930)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>602,294</b>	<b>(160,361)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>803,131</b>	<b>1,301,865</b>	<b>444,163</b>	<b>720,934</b>
Unrealised gain on exchange for cash and cash equivalents	233,368	16,029	282,043	26,511
<b>Cash and cash equivalents at beginning of period</b>	<b>17,931,328</b>	<b>14,952,793</b>	<b>11,743,380</b>	<b>9,591,930</b>
<b>Cash and cash equivalents at end of period</b>	<b>18,967,827</b>	<b>16,270,687</b>	<b>12,469,586</b>	<b>10,339,375</b>
	-	-	-	-

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

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month and nine-month periods ended 30 September 2015**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014.

**1.3 New financial reporting standards**

**(a) Financial reporting standard that became effective in the current period**

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company and its subsidiaries. However, some of these standards involve changes to key principles, which are summarised below:

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from a gradual recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions and restated the prior period's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 3 to the financial statements.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of *TAS 27 Consolidated and Separate Financial Statements* dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the financial statements of the Company and its subsidiaries.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes *TAS 31 Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the financial statements of the Company and its subsidiaries.

#### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the financial statements of the Company and its subsidiaries.

#### **(b) Financial reporting standard issued during the period and not yet effective**

During the period, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when it is initially applied.

### **2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in Note 1.3 to the financial statements.

### **3. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 1.3 and Note 2 to the financial statements, during the current period, the Company and its subsidiaries have changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards. The cumulative effect of the change has been separately presented in the statements of changes in shareholders' equity.



(Unaudited but reviewed)

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Million Baht)

As at 31 December 2014

	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>		
Increase in provision for long-term employee benefits	432	78
Decrease in unappropriated retained earnings	(432)	(78)

(Unit: Million Baht)

For the three-month period ended  
30 September 2014

	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease (increase) in actuarial losses	(4)	1
Increase (decrease) in profit	(4)	1
<b>Other comprehensive income:</b>		
Increase in actuarial losses	(21)	-
Decrease in other comprehensive income	(21)	-
<b>Earnings per share (Baht):</b>		
Increase (decrease) in basic earnings per share	(0.003)	0.001

(Unit: Million Baht)

For the nine-month period ended  
30 September 2014

	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease (increase) in actuarial losses	(14)	4
Increase (decrease) in profit	(14)	4
<b>Other comprehensive income:</b>		
Increase in actuarial losses	(110)	-
Decrease in other comprehensive income	(110)	-
<b>Earnings per share (Baht):</b>		
Increase (decrease) in basic earnings per share	(0.011)	0.003

#### 4. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	2,775	2,338	With reference to market prices
Purchase of raw materials	-	-	25	11	With reference to market prices
Commission paid	-	-	44	60	Contract prices
Marketing fee	-	-	61	64	Contract prices
Design and engineering fee	-	-	202	263	Contract prices
<b><u>Transactions with related parties</u></b>					
Sales of goods and raw materials	607	340	269	337	With reference to market prices
Purchase of goods and raw materials	1,500	861	146	43	With reference to market prices
Commission paid	112	87	112	87	Contract prices
Commission received	10	10	-	-	Contract prices
Service income	87	71	-	-	Contract prices
Service paid	24	13	24	13	Contract prices

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	7,993	6,602	With reference to market prices
Purchase of raw materials	-	-	42	41	With reference to market prices
Commission paid	-	-	144	203	Contract prices
Marketing fee	-	-	164	215	Contract prices
Design and engineering fee	-	-	556	841	Contract prices

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	2015	2014	2015	2014	
<b>Transactions with related parties</b>					
Sales of goods and raw materials	1,279	1,030	930	909	With reference to market prices
Purchase of goods and raw materials	3,790	2,539	334	138	With reference to market prices
Commission paid	317	265	317	265	Contract prices
Commission received	33	43	-	-	Contract prices
Service income	242	197	-	-	Contract prices
Service paid	55	41	55	41	Contract prices

The balances of the accounts as at 30 September 2015 and 31 December 2014 between the Company, its subsidiaries and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
		(Audited)	(Audited)	
<b>Trade receivables - related parties (Note 5)</b>				
Subsidiary companies	-	-	3,002	2,464
Other related companies (under common control)	753	420	282	343
Total trade receivables - related parties	753	420	3,284	2,807
<b>Trade payables - related parties (Note 12)</b>				
Subsidiary companies	-	-	30	27
Other related companies (under common control)	1,417	810	179	28
Total trade payables - related parties	1,417	810	209	55
<b>Amounts due to related parties (Note 12)</b>				
Subsidiary companies	-	-	125	112
Other related companies (under common control)	208	66	157	25
Total amounts due to related parties	208	66	282	137

(Unaudited but reviewed)

**Directors and management's benefits**

For the three-month and nine-month periods ended 30 September 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	39	34	14	13
Post-employment benefits	5	4	2	1
Total	<u>44</u>	<u>38</u>	<u>16</u>	<u>14</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	110	122	43	40
Post-employment benefits	13	16	6	5
Total	<u>123</u>	<u>138</u>	<u>49</u>	<u>45</u>

(Unaudited but reviewed)

## 5. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 4)</u>				
Aged on the basis of due dates				
Not yet due	748	418	3,143	2,745
Past due				
Up to 3 months	3	1	110	59
3 - 6 months	2	1	31	3
Total	753	420	3,284	2,807
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,466	7,003	3,984	2,965
Past due				
Up to 3 months	1,069	881	250	247
3 - 6 months	90	55	11	-
6 - 12 months	34	61	2	1
Over 12 months	87	44	-	-
Total	9,746	8,044	4,247	3,213
Total trade receivables	10,499	8,464	7,531	6,020
Less: Allowance for doubtful accounts	(156)	(131)	(10)	(1)
Total trade receivables - net	10,343	8,333	7,521	6,019
<u>Other receivables</u>				
Other receivables	46	38	1	1
Total other receivables	46	38	1	1
Trade and other receivables - net	10,389	8,371	7,522	6,020

(Unaudited but reviewed)

## 6. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventory account during the nine-month period ended 30 September 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2015</b>	932	386
Add: Reduce cost to net realisable value of inventories increase during the period	100	-
Less: Reversal of reduce cost to net realisable value of inventory account during the period	(192)	(101)
<b>Balance as at 30 September 2015</b>	<u>840</u>	<u>285</u>

## 7. Other current assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2015	31 December 2014 (Audited)	30 September 2015	31 December 2014 (Audited)
Input tax refundable	451	310	69	65
Advance payments	247	64	46	14
Prepaid expenses	129	100	12	6
Prepaid tax	148	126	-	-
Forward contracts receivable (Note 21)	11	15	8	-
Others	62	54	36	11
Total other current assets	<u>1,048</u>	<u>669</u>	<u>171</u>	<u>96</u>

(Unaudited but reviewed)

## 8. Investments in subsidiary companies

Details of investments in subsidiaries at cost as presented in separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Cost	
	30 September 2015	31 December 2014
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Energy Systems (Switzerland) AG	2,415	2,415
Delta Green Industrial (Thailand) Company Limited	190	190
Delta Energy Systems (Singapore) Pte. Ltd.	1,073	892
<b>Subtotal</b>	<b>13,128</b>	<b>12,947</b>
Less: Allowance for impairment loss of investments in subsidiary companies	(2,196)	(2,196)
<b>Investments in subsidiary companies - net</b>	<b>10,932</b>	<b>10,751</b>

The meeting of the Board of Directors of the Company held on 27 July 2015 passed a resolution to increase its investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 5 million, to enable the latter to invest in Delta India Electronics Pvt. Ltd. which needs the fund for acquiring office space. There is no impact on the structure of the Group as a result of this additional investment.

No dividend was received from the above subsidiary companies during the nine-month periods ended 30 September 2015 and 2014.

## 9. Investment properties

Movements of the investment property account during the nine-month period ended 30 September 2015 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building for rent	Total
<b>Net book value as at 1 January 2015</b>	39	206	245
Depreciation for the period	-	(8)	(8)
Translation adjustment	1	3	4
<b>Net book value as at 30 September 2015</b>	<b>40</b>	<b>201</b>	<b>241</b>

**10. Property, plant and equipment**

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2015 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2015</b>	4,361	2,341
Acquisitions during period - cost	975	725
Disposals during period - net book value at disposal date	(11)	(4)
Depreciation for the period	(573)	(432)
Loss on impairment for the period	(4)	(4)
Translation adjustment	54	-
<b>Net book value as at 30 September 2015</b>	<u>4,802</u>	<u>2,626</u>

**11. Other intangible assets**

Movements of the other intangible asset account during the nine-month period ended 30 September 2015 are summarised below.

	Consolidated financial statements				Separate financial statements
	Computer			Total	Computer
	Patent rights	software	Others		software
<b>Net book value as at 1 January 2015</b>	538	39	6	583	8
Increase during period	-	8	-	8	2
Amortisation for the period	(42)	(19)	(1)	(62)	(5)
Translation adjustment	53	(1)	(1)	51	-
<b>Net book value as at 30 September 2015</b>	<u>549</u>	<u>27</u>	<u>4</u>	<u>580</u>	<u>5</u>



(Unaudited but reviewed)

## 12. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Trade payables - related parties (Note 4)	1,417	810	209	55
Trade payables - unrelated parties	5,525	4,750	4,403	3,838
Amount due to related parties (Note 4)	208	66	282	137
Other payables	616	458	557	379
Accrued expenses	3,146	2,232	2,140	1,366
Advance received	344	339	203	166
Total trade and other payables	11,256	8,655	7,794	5,941

## 13. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Forward contracts payable (Note 21)	162	43	19	6
Withholding tax payable	40	117	7	64
Value added tax payable	187	73	-	-
Others	157	69	21	31
Total other current liabilities	546	302	47	101

## 14. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the nine-month period ended 30 September 2015 are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
<b>Balance as at 1 January 2015</b>	1,334		228	
Add: Recognition during period	122		23	
Less: Decrease during period	(35)		(4)	
Less: Reversal during period	(8)		-	
Translation adjustment	26		-	
<b>Balance as at 30 September 2015</b>	<b>1,439</b>		<b>247</b>	

(Unaudited but reviewed)

**15. Provisions**

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements	
	Restructuring costs	Warranty	Other provisions	Total	Warranty	Total
<b>Balance as at 31 December 2014 (Audited)</b>	15	318	91	424	176	176
Recognition during period	3	275	220	498	36	36
Decrease during period	(3)	-	(13)	(16)	-	-
Reversal during period	(4)	(181)	(177)	(362)	-	-
Translation adjustment/unrealised loss on exchange rate	-	14	3	17	12	12
<b>Balance as at 30 September 2015</b>	<b>11</b>	<b>426</b>	<b>124</b>	<b>561</b>	<b>224</b>	<b>224</b>
Short-term provisions	15	81	43	139	-	-
Long-term provisions	-	237	48	285	176	176
<b>Balance as at 31 December 2014 (Audited)</b>	<b>15</b>	<b>318</b>	<b>91</b>	<b>424</b>	<b>176</b>	<b>176</b>
Short-term provisions	11	118	67	196	-	-
Long-term provisions	-	308	57	365	224	224
<b>Balance as at 30 September 2015</b>	<b>11</b>	<b>426</b>	<b>124</b>	<b>561</b>	<b>224</b>	<b>224</b>

(Unaudited but reviewed)

## 16. Dividends

Dividends declared in 2015 and 2014 consisted of the followings:

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2014	Annual General Meeting of the shareholders on 30 March 2015	3,742	3.00
Final dividend for year 2013	Annual General Meeting of the shareholders on 31 March 2014	3,368	2.70

## 17. Income tax

Income tax expenses for the three-month and nine-month periods ended 30 September 2015 and 2014 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	(57)	(7)	(6)	-
<b>Deferred tax:</b>				
Increase (decrease) in deferred tax assets	42	(16)	-	-
Increase in deferred tax liabilities	(4)	(7)	-	-
Translation adjustment	5	21	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>(14)</u>	<u>(9)</u>	<u>(6)</u>	<u>-</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	(197)	(40)	(10)	-
<b>Deferred tax:</b>				
Decrease in deferred tax assets	(4)	(6)	-	-
(Increase) decrease in deferred tax liabilities	10	(23)	-	-
Translation adjustment	25	19	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>(166)</u>	<u>(50)</u>	<u>(10)</u>	<u>-</u>

(Unaudited but reviewed)

## 18. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2015 and 2014 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	For the three-month periods ended 30 September								Consolidated financial statements  (Restated)	
	Power electronics segment		Energy management segment		Smart green life segment		Others			
	2015	2014	2015	2014	2015	2014	2015	2014		
Revenue										
Revenue from external customers	8,198	7,787	3,192	3,217	62	133	651	319	12,103	11,456
Total revenue	<u>8,198</u>	<u>7,787</u>	<u>3,192</u>	<u>3,217</u>	<u>62</u>	<u>133</u>	<u>651</u>	<u>319</u>	<u>12,103</u>	<u>11,456</u>
Segment profit (loss)	1,668	1,665	187	344	(22)	16	(332)	(383)	1,501	1,642
Unallocated income (expenses):										
Interest income									56	50
Gain on exchange rate									189	20
Gain on sales of investment in subsidiary									-	3
Gain on sales of investment in associated company									-	192
Other income									92	81
Other expenses									(71)	(23)
Share of profit from investment in associated company									-	2
Finance cost									(12)	(16)
Profit before income tax expenses									1,755	1,951
Income tax expenses									(14)	(9)
Profit for the period									<u>1,741</u>	<u>1,942</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Power electronics segment		Energy management segment		Smart green life segment		Others		Consolidated financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Restated)									
Revenue										
Revenue from external customers	24,021	22,672	9,007	9,311	200	388	1,328	794	34,556	33,165
Total revenue	<u>24,021</u>	<u>22,672</u>	<u>9,007</u>	<u>9,311</u>	<u>200</u>	<u>388</u>	<u>1,328</u>	<u>794</u>	<u>34,556</u>	<u>33,165</u>
Segment profit (loss)	4,921	4,535	600	863	(52)	2	(838)	(1,131)	4,631	4,269
Unallocated income (expenses):										
Interest income									162	149
Gain on exchange rate									318	154
Gain on sales of investment in subsidiary									-	3
Gain on sales of investment in associated company									-	192
Other income									239	266
Other expenses									(151)	(103)
Share of profit from investment in associated company									-	2
Finance cost									(30)	(60)
Profit before income tax expenses									5,169	4,872
Income tax expenses									(166)	(50)
Profit for the period									<u>5,003</u>	<u>4,822</u>

## 19. Commitments and contingent liabilities

### 19.1 Capital commitments and operating lease commitments

19.1.1 As at 30 September 2015, the Company and its subsidiaries had significant capital commitments amounting to Baht 11 million and INR 20 million or approximately Baht 11 million in respect of the building construction (31 December 2014: Baht 6 million) and amounting to Baht 65 million, EUR 0.2 million or approximately Baht 7 million and INR 28 million or approximately Baht 15 million in respect of the purchase of machinery and equipment (31 December 2014: Baht 108 million, EUR 0.1 million or approximately Baht 4 million and INR 5 million or approximately Baht 2 million).

19.1.2 As at 30 September 2015, the subsidiaries had significant operating lease commitments amounting to SEK 2 million or approximately Baht 8 million, PLN 0.7 million or approximately Baht 7 million, CHF 0.8 million or approximately Baht 28 million, INR 36 million or approximately Baht 19 million and EUR 2 million or approximately Baht 66 million (31 December 2014: SEK 2 million or approximately Baht 7 million, PLN 1 million or approximately Baht 8 million, CHF 1 million or approximately Baht 28 million, INR 36 million or approximately Baht 19 million and EUR 2 million or approximately Baht 94 million).

## **19.2 Guarantee obligations**

As at 30 September 2015, the Company and its subsidiaries had the following outstanding letters of guarantee required in the ordinary course of their businesses:

19.2.1 Outstanding letters of guarantee totaling approximately Baht 1,164 million (31 December 2014: Baht 1,162 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,137 million (31 December 2014: Baht 1,135 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 19.3.1 to the financial statements).

19.2.2 Outstanding letters of guarantee for totals of approximately INR 583 million or approximately Baht 319 million, EUR 1 million or approximately Baht 45 million, USD 1 million or approximately Baht 33 million, PLN 0.5 million or approximately Baht 5 million and CHF 0.2 million or approximately Baht 7 million have been issued by banks to meet requirements of its subsidiaries (31 December 2014: INR 466 million or approximately Baht 240 million, EUR 1 million or approximately Baht 56 million, USD 0.9 million or approximately Baht 30 million, BRL 0.7 million or approximately Baht 9 million, AUD 0.07 million or approximately Baht 2 million and PLN 0.6 million or approximately Baht 6 million).

### 19.3 Tax assessment

- 19.3.1 a. In 2006, the Company received a corporate income tax assessment notice from the Revenue Department, covering the years 1997 through 2000, and assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department (“the Committee”), and in 2011, the Committee decided to reduce the assessment to approximately Baht 734 million (including penalties and surcharges). However, the Company petitioned the Central Tax Court to consider revoking this tax assessment and, during the year 2012, the Central Tax Court ordered a 50% reduction of the penalties (reduced to Baht 121 million from the amount of Baht 241 million previously calculated by the Revenue Department), while the Company’s remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court’s judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.
- b. During the year 2012, the Company received notice of corporate income tax assessment covering the years 2001 through 2004 from the Revenue Department, assessing tax amounting to approximately Baht 401 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. During 2013, the Committee rejected the Company’s appeal. The Company therefore petitioned the Central Tax Court to consider revoking this tax assessment. On 24 June 2014, the Central Tax Court ordered a reduction of the penalties and surcharges to Baht 201 million from the amount of Baht 270 million previously calculated by the Revenue Department, while the Company’s remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court’s judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

However, the independent legal counselor of the Company believes that eventually the Company will win the above 2 cases and therefore the Company has not recorded provision for the tax assessments in the accounts.

- c. During the current period, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, the Company believes that the assessments will have no significant impact to the Company and therefore provision for the tax assessments has not been recorded in the accounts.

- 19.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 78 million or approximately Baht 43 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 373 million or approximately Baht 204 million, covering the years 2005 - 2014, against the overseas subsidiaries. The subsidiaries have submitted a letter appealing the assessments. However, as at 30 September 2015, those subsidiaries had recorded prepaid tax amounting to approximately INR 139 million or approximately Baht 76 million and income tax payable amounting to INR 119 million or approximately Baht 65 million in their books of accounts. The management of the Company and the subsidiaries believe that no significant losses will be incurred as a result of this matter and the subsidiaries have therefore not recorded provision for the tax assessment.

## 20. Financial derivatives

As at 30 September 2015 and 31 December 2014, the significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September	31 December	30 September	31 December	30 September	31 December
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	181	157	137	112	36.3696	32.9630
Euro	21	23	5	3	40.9052	40.0530
Japanese yen	64	124	293	247	0.3034	0.2738
Polish zloty	2	5	-	1	9.6554	9.3164



(Unaudited but reviewed)

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate. As at 30 September 2015 and 31 December 2014, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

							As at 30 September 2015		
							Amount	Forward rate	Maturity date
<b>Forward contracts to "Sell"</b>									
USD/THB	USD	147	million	33.88000 - 36.78500	THB/USD	October 2015 - January 2016			
USD/CHF	USD	16	million	0.96505 - 0.97435	CHF/USD	October 2015			
EUR/CHF	EUR	5	million	1.08725 - 1.09416	CHF/EUR	October 2015			
EUR/TRY	EUR	2	million	3.38800 - 3.43150	TRY/EUR	October 2015			
<b>Forward contracts to "Buy"</b>									
USD/INR	USD	10	million	66.63000 - 66.95000	INR/USD	October 2015			
USD/BRL	USD	1	million	3.90710	BRL/USD	October 2015			
EUR/USD	EUR	2	million	1.12015 - 1.12160	USD/EUR	October 2015			
USD/AUD	USD	3	million	0.69850 - 0.71120	USD/AUD	October 2015			
USD/THB	USD	10	million	35.74000 - 35.79000	THB/USD	November 2015			
							As at 31 December 2014		
							Amount	Forward rate	Maturity date
<b>Forward contracts to "Sell"</b>									
USD/THB	USD	117	million	32.38000 - 33.44000	THB/USD	January - April 2015			
USD/CHF	USD	11	million	0.95760 - 0.98180	CHF/USD	January 2015			
EUR/CHF	EUR	7	million	1.20080 - 1.20300	CHF/EUR	January 2015			
USD/TRY	USD	3	million	2.25150	TRY/USD	January 2015			
EUR/TRY	EUR	2	million	2.80900 - 2.86300	TRY/EUR	January 2015			
PLN/CHF	PLN	2	million	3.55600 - 3.63000	PLN/CHF	January 2015			
EUR/USD	EUR	1	million	1.22050 - 1.25410	USD/EUR	January 2015			
<b>Forward contracts to "Buy"</b>									
USD/INR	USD	7	million	62.02000 - 64.45000	INR/USD	January - February 2015			
USD/BRL	USD	6	million	2.57720 - 2.70400	BRL/USD	January 2015			
EUR/USD	EUR	6	million	1.22510 - 1.25220	USD/EUR	January - February 2015			
USD/AUD	USD	3	million	0.83840 - 0.87030	USD/AUD	January 2015			
USD/TRY	USD	2	million	2.24300 - 2.33650	TRY/USD	January 2015			
USD/CHF	USD	1	million	0.98510	CHF/USD	January 2015			

**21. Fair value of financial instruments**

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of 30 September 2015, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Foreign currency forward contracts (Note 7)	-	11	-	11
<b>Financial liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 13)	-	162	-	162

(Unit: Million Baht)

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Foreign currency forward contracts (Note 7)	-	8	-	8
<b>Financial liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 13)	-	19	-	19

Valuation techniques and inputs to Level 2 valuation

The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves.

During the current period, there were no transfers within the fair value hierarchy.

**22. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 October 2015.