

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2018

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 June 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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*.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 24 July 2018

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		15,607,442	17,319,878	9,569,949	11,885,686
Current investments		658,344	215,459	-	-
Trade and other receivables	4	11,309,672	10,468,271	9,896,951	9,197,469
Inventories	5	8,480,066	7,684,004	5,250,258	4,635,795
Other current assets	6	861,551	729,869	214,207	159,075
Total current assets		36,917,075	36,417,481	24,931,365	25,878,025
Non-current assets					
Deposits at bank with restrictions		49,584	46,513	-	-
Investments in associated companies	7	750,410	592,673	-	-
Investments in subsidiary companies	8	-	-	11,831,372	10,677,635
Advance payment for land-use rights		-	201,676	-	-
Investment properties	9	186,261	210,034	-	-
Property, plant and equipment	10	7,422,475	7,257,987	4,422,464	4,205,593
Land-use rights	11	226,176	44,034	-	-
Consolidation goodwill	12	446,654	449,875	-	-
Other intangible assets	13	518,322	525,022	2,225	3,172
Deferred tax assets		220,481	226,246	-	-
Other non-current assets		55,400	46,085	1,542	1,533
Total non-current assets		9,875,763	9,600,145	16,257,603	14,887,933
Total assets		46,792,838	46,017,626	41,188,968	40,765,958

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		-	228,666	-	-
Trade and other payables	14	12,210,798	10,480,407	9,237,900	7,930,674
Income tax payable		71,821	77,353	-	-
Short-term provisions	17	84,826	56,929	-	-
Liabilities and provision from tax assessments	24.3.1	215,882	617,306	215,882	617,306
Other current liabilities	15	352,526	238,994	221,415	77,267
Total current liabilities		12,935,853	11,699,655	9,675,197	8,625,247
Non-current liabilities					
Deferred tax liabilities		133,104	113,269	-	-
Provision for long-term employee benefits	16	1,323,379	1,337,174	282,047	271,391
Long-term provisions	17	401,721	388,649	266,236	239,939
Other non-current liabilities		5,173	5,157	1,241	1,101
Total non-current liabilities		1,863,377	1,844,249	549,524	512,431
Total liabilities		14,799,230	13,543,904	10,224,721	9,137,678
Shareholders' equity					
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					
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
Surplus on business combination under					
common control		(1,004,027)	(1,004,027)	-	-
Retained earnings					
Appropriated - Statutory reserve		125,900	125,900	125,900	125,900
Unappropriated		31,705,852	31,998,257	28,099,053	28,763,086
Other components of shareholders' equity		(1,581,727)	(1,400,746)	-	-
Equity attributable to owners of the Company		31,985,292	32,458,678	30,964,247	31,628,280
Non-controlling interests of the subsidiary		8,316	15,044	-	-
Total shareholders' equity		31,993,608	32,473,722	30,964,247	31,628,280
Total liabilities and shareholders' equity		46,792,838	46,017,626	41,188,968	40,765,958
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 June 2018**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income		13,143,900	12,296,204	9,759,514	9,116,111
Other income					
Interest income		51,555	44,085	27,840	37,772
Gain on exchange		96,509	5,261	142,397	-
Gain on sales of investments in subsidiary companies		-	427,554	-	-
Others		97,413	126,859	42,462	79,837
Total revenues		13,389,377	12,899,963	9,972,213	9,233,720
Expenses					
Cost of sales and services		10,254,998	9,173,426	7,447,102	6,664,737
Selling expenses	19	819,809	607,815	545,876	313,651
Administrative expenses		410,127	417,594	238,573	226,916
Research and development expenses	20	501,408	655,885	492,052	667,762
Loss from a fair value adjustment of investments in associated companies		-	104,168	-	-
Loss on exchange		-	-	-	12,899
Other expenses		32,013	15,574	8,913	(1,535)
Total expenses		12,018,355	10,974,462	8,732,516	7,884,430
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses					
		1,371,022	1,925,501	1,239,697	1,349,290
Share of profit (loss) from investments in associated companies	7	37,298	(5,594)	-	-
Profit before finance cost and income tax expenses		1,408,320	1,919,907	1,239,697	1,349,290
Finance cost		(4,587)	(1,096)	-	-
Profit before income tax expenses		1,403,733	1,918,811	1,239,697	1,349,290
Income tax expenses for the period	21	(16,378)	(84,289)	-	(2,823)
Income tax expenses resulting from tax assessments		-	(991,903)	-	(991,903)
Profit for the period		1,387,355	842,619	1,239,697	354,564

The accompanying notes are an integral part of interim 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 June 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other comprehensive income:					
<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		240,263	778,065	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	<u>(5,422)</u>	<u>53,492</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		234,841	831,557	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	5,610	7,839	-	-
Effect of change in status of investments		<u>-</u>	<u>158,801</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>5,610</u>	<u>166,640</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period		<u>240,451</u>	<u>998,197</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>1,627,806</u>	<u>1,840,816</u>	<u>1,239,697</u>	<u>354,564</u>
Profit attributable to:					
Equity holders of the Company		1,390,287	842,619	<u>1,239,697</u>	<u>354,564</u>
Non-controlling interests of the subsidiary		<u>(2,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,387,355</u>	<u>842,619</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,630,737	1,840,816	<u>1,239,697</u>	<u>354,564</u>
Non-controlling interests of the subsidiary		<u>(2,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,627,806</u>	<u>1,840,816</u>		
Earnings per share					
	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.11</u>	<u>0.68</u>	<u>0.99</u>	<u>0.28</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Statement of comprehensive income****For the six-month period ended 30 June 2018**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income		25,672,264	24,423,445	18,777,197	17,801,753
Other income					
Interest income		100,461	92,398	63,746	77,948
Gain on exchange		48,622	30,277	73,005	-
Gain on sales of investments in subsidiary companies		-	427,554	-	-
Dividend income from investment in subsidiary company	8	-	-	-	384,472
Others		218,553	202,433	99,573	113,095
Total revenues		26,039,900	25,176,107	19,013,521	18,377,268
Expenses					
Cost of sales and services		20,052,216	18,082,438	14,415,801	12,957,252
Selling expenses	19	1,619,984	1,389,941	1,055,839	650,242
Administrative expenses		813,847	848,711	451,692	448,368
Research and development expenses	20	1,008,946	1,283,683	999,419	1,287,591
Loss from a fair value adjustment of investments					
in associated companies		-	104,168	-	-
Loss on sales of investment in subsidiary company		-	-	-	479,911
Loss on exchange		-	-	-	75,560
Other expenses		73,108	42,660	10,563	1,491
Total expenses		23,568,101	21,751,601	16,933,314	15,900,415
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses					
		2,471,799	3,424,506	2,080,207	2,476,853
Share of profit (loss) from investments in associated companies	7	57,992	(5,594)	-	-
Profit before finance cost and income tax expenses		2,529,791	3,418,912	2,080,207	2,476,853
Finance cost		(9,406)	(10,901)	-	-
Profit before income tax expenses		2,520,385	3,408,011	2,080,207	2,476,853
Income tax expenses for the period	21	(78,724)	(224,997)	-	(41,662)
Income tax expenses resulting from tax assessments		-	(991,903)	-	(991,903)
Profit for the period		2,441,661	2,191,111	2,080,207	1,443,288

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the six-month period ended 30 June 2018**

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other comprehensive income:					
<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		(194,104)	519,917	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(4,948)	53,492	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(199,052)	573,409	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax					
		3,483	-	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	18,034	7,839	-	-
Effect of change in status of investments		-	158,801	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		21,517	166,640	-	-
Other comprehensive income for the period					
		<u>(177,535)</u>	<u>740,049</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period					
		<u>2,264,126</u>	<u>2,931,160</u>	<u>2,080,207</u>	<u>1,443,288</u>
Profit attributable to:					
Equity holders of the Company					
		2,448,352	2,191,111	<u>2,080,207</u>	<u>1,443,288</u>
Non-controlling interests of the subsidiary					
		<u>(6,691)</u>	<u>-</u>		
		<u>2,441,661</u>	<u>2,191,111</u>		
Total comprehensive income attributable to:					
Equity holders of the Company					
		2,270,854	2,931,160	<u>2,080,207</u>	<u>1,443,288</u>
Non-controlling interests of the subsidiary					
		<u>(6,728)</u>	<u>-</u>		
		<u>2,264,126</u>	<u>2,931,160</u>		
Earnings per share					
22					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.96</u>	<u>1.76</u>	<u>1.67</u>	<u>1.16</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to shareholders of the Company														
	Issued and fully paid			Surplus on business combination under common control			Other components of shareholders' equity							
							Retained earnings		Other comprehensive income			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
							Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity			
share capital	Share premium	common control	Appropriated	Unappropriated	in foreign currency	associated companies	shareholders' equity	the Company	of the subsidiary	equity				
Balance as at 31 December 2016 (Audited)	1,247,382	1,491,912	-	125,900	30,705,032	(1,679,136)	-	(1,679,136)	31,891,090	-	31,891,090			
Profit for the period	-	-	-	-	2,191,111	-	-	-	2,191,111	-	2,191,111			
Other comprehensive income for the period	-	-	-	-	158,801	519,917	61,331	581,248	740,049	-	740,049			
Total comprehensive income for the period	-	-	-	-	2,349,912	519,917	61,331	581,248	2,931,160	-	2,931,160			
Effect of change in status of investments	-	-	(1,004,027)	-	-	-	-	-	(1,004,027)	-	(1,004,027)			
Dividend paid (Note 18)	-	-	-	-	(3,742,145)	-	-	-	(3,742,145)	-	(3,742,145)			
Balance as at 30 June 2017	1,247,382	1,491,912	(1,004,027)	125,900	29,312,799	(1,159,219)	61,331	(1,097,888)	30,076,078	-	30,076,078			
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	(1,004,027)	125,900	31,998,257	(1,461,410)	60,664	(1,400,746)	32,458,678	15,044	32,473,722			
Profit for the period	-	-	-	-	2,448,352	-	-	-	2,448,352	(6,691)	2,441,661			
Other comprehensive income for the period	-	-	-	-	3,483	(194,067)	13,086	(180,981)	(177,498)	(37)	(177,535)			
Total comprehensive income for the period	-	-	-	-	2,451,835	(194,067)	13,086	(180,981)	2,270,854	(6,728)	2,264,126			
Dividend paid (Note 18)	-	-	-	-	(2,744,240)	-	-	-	(2,744,240)	-	(2,744,240)			
Balance as at 30 June 2018	1,247,382	1,491,912	(1,004,027)	125,900	31,705,852	(1,655,477)	73,750	(1,581,727)	31,985,292	8,316	31,993,608			

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2016 (Audited)	1,247,382	1,491,912	125,900	29,045,635	31,910,829
Profit for the period	-	-	-	1,443,288	1,443,288
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,443,288	1,443,288
Dividend paid (Note 18)	-	-	-	(3,742,145)	(3,742,145)
Balance as at 30 June 2017	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>26,746,778</u>	<u>29,611,972</u>
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	125,900	28,763,086	31,628,280
Profit for the period	-	-	-	2,080,207	2,080,207
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,080,207	2,080,207
Dividend paid (Note 18)	-	-	-	(2,744,240)	(2,744,240)
Balance as at 30 June 2018	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>28,099,053</u>	<u>30,964,247</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:				
Profit before tax	2,520,385	3,408,011	2,080,207	2,476,853
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation	592,507	479,639	459,534	374,744
Amortisation of other intangible assets	43,793	40,085	947	863
Recording of allowance for doubtful accounts (reversal)	10,564	(1,298)	9,750	2,698
Reduction of inventory to net realisable value (reversal)	141,710	(22,004)	65,140	(12,585)
Reversal of the reduction of inventory to net realisable value from				
write-off obsolete and damaged inventories	(74,149)	(95,938)	(38,357)	(57,025)
Increase in provision for long-term employee benefits	37,852	27,127	14,338	14,121
Recording of the increase in provisions	44,172	51,736	20,998	15,941
Gain on sales of investments in subsidiary companies	-	(427,554)	-	-
Dividend income from investment in subsidiary company	-	-	-	(384,472)
Loss from a fair value adjustment of investments				
in associated companies	-	104,168	-	-
Loss on sales of investment in subsidiary company	-	-	-	479,911
Share of (profit) loss from investments in associated companies	(57,992)	5,594	-	-
(Gain) loss from disposal of property, plant and equipment	451	(314)	251	(299)
Loss from write-off other intangible assets	111	-	-	-
Unrealised (gain) loss on exchange	(132,254)	(9,299)	(166,501)	54,860
Interest income	(100,461)	(92,398)	(63,746)	(77,948)
Interest expenses	9,406	10,901	-	-
Profit from operating activities before changes in				
operating assets and liabilities	3,036,095	3,478,456	2,382,561	2,887,662
Decrease (increase) in operating assets:				
Trade and other receivables	(346,781)	(1,021,090)	(215,070)	(740,070)
Inventories	(863,623)	(435,577)	(641,246)	54,104
Other current assets	(196,473)	(626)	(109,799)	(22,903)
Other non-current assets	(9,315)	(13,223)	(9)	27
Increase (decrease) in operating liabilities:				
Trade and other payables	1,484,714	578,705	1,095,386	272,997
Other current liabilities	(70,744)	(220,631)	(31,749)	(62,027)
Provision for long-term employee benefits	(33,385)	(26,288)	(3,682)	(5,591)
Provisions	(1,535)	(9,539)	-	-
Other non-current liabilities	15	(523)	139	(46)
Cash flows from operating activities	2,998,968	2,329,664	2,476,531	2,384,153
Cash received from interest income	121,932	93,408	85,758	78,112
Cash paid for interest expenses	(9,435)	(14,704)	-	-
Cash paid for income tax resulting from tax assessments	(401,424)	-	(401,424)	-
Cash paid for corporate income tax	(59,873)	(62,509)	(943)	(41,349)
Net cash flows from operating activities	2,650,168	2,345,859	2,159,922	2,420,916

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement (continued)**

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	(3,071)	6,192	-	-
Decrease (increase) in current investments	(442,885)	275,960	-	-
Increase in investments in subsidiary company	-	-	(1,153,737)	(467,892)
Increase in investments in associated company	(95,237)	-	-	-
Net cash paid for acquisition of investment in subsidiary company	-	(717,736)	-	-
Net cash from outstanding cash of subsidiaries as at the disposal date	-	(170,855)	-	-
Cash received from sales of investments in subsidiary company	-	-	-	883,467
Dividend income from investment in subsidiary company	-	-	-	384,472
Advance payment for land-use rights	-	(208,443)	-	-
Acquisition of property, plant and equipment	(855,624)	(743,565)	(677,207)	(621,519)
Proceeds from disposal of property, plant and equipment	36,464	2,994	551	2,427
Increase in other intangible assets	<u>(34,999)</u>	<u>(20,538)</u>	-	-
Net cash flows from (used in) investing activities	<u>(1,395,352)</u>	<u>(1,575,991)</u>	<u>(1,830,393)</u>	<u>180,955</u>
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(228,666)	(22,457)	-	-
Dividend paid	<u>(2,744,240)</u>	<u>(3,742,145)</u>	<u>(2,744,240)</u>	<u>(3,742,145)</u>
Net cash flows used in financing activities	<u>(2,972,906)</u>	<u>(3,764,602)</u>	<u>(2,744,240)</u>	<u>(3,742,145)</u>
Decrease in translation adjustments	<u>(101,253)</u>	<u>(201,139)</u>	-	-
Net decrease in cash and cash equivalents before effect from currency translation	(1,819,343)	(3,195,873)	(2,414,711)	(1,140,274)
Effect from currency translation of cash and cash equivalents	<u>106,907</u>	<u>18,800</u>	<u>98,974</u>	<u>57,973</u>
Net decrease in cash and cash equivalents	(1,712,436)	(3,177,073)	(2,315,737)	(1,082,301)
Cash and cash equivalents at beginning of period	<u>17,319,878</u>	<u>19,685,363</u>	<u>11,885,686</u>	<u>12,184,018</u>
Cash and cash equivalents at end of period	<u>15,607,442</u>	<u>16,508,290</u>	<u>9,569,949</u>	<u>11,101,717</u>
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Transfer advance payment for land-use rights to land-use rights	170,716	-	-	-
Transfer investment properties to property, plant and equipment	17,116	-	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 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 interim 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 2017. However, there were the changes in the composition of the Group during the period as follows:-

1. Delta Greentech International Holding Limited and DET Video Technology Limited, subsidiaries in which the Company indirectly held 100% of shares, were dissolved and liquidated.
2. On 4 April 2017, Delta Greentech (Netherlands) B.V. acquired 100% interests in Eltek s.r.o. at a price of approximately USD 22 million and the Company has included the financial statements of Eltek s.r.o. in the consolidated financial statements since 4 April 2017. Management of the Company and its subsidiary believes that the acquisition of Eltek s.r.o. by Delta Greentech (Netherlands) B.V. is a business combination because the assets acquired and liabilities assumed constitute a business and Delta Greentech (Netherlands) B.V. has control over Eltek s.r.o., in accordance with the definition specified

(Unaudited but reviewed)

in TFRS 3 Business Combinations. During the measurement period, which must not exceed one year from the acquisition date, the management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date and retrospectively adjust the provisional amounts recognised as at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

During the first quarter of the current year, the fair value measurement of the identifiable assets acquired and liabilities assumed at the acquisition date, which was 4 April 2017, has been completed. The fair value of businesses acquired as at the acquisition date were summarised below.

	(Unit: Million Baht)	
	Fair value	Carrying value*
Cash and cash equivalents	40	40
Trade and other receivables	137	137
Inventories	222	222
Other current assets	183	183
Property, plant and equipment	534	278
Intangible assets	132	2
Deferred tax assets	54	87
Trade and other payables	(523)	(523)
Other current liabilities	(217)	(217)
Deferred tax liabilities	(26)	-
Net assets of the subsidiary	<u>536</u>	<u>209</u>
Shareholding percentage (percent)	<u>100</u>	
Share of net assets	536	
Consolidation goodwill	<u>222</u>	
Price of investment in subsidiary	<u>758</u>	

* Management of the Company and its subsidiary estimated that the values of the assets and liabilities of Eltek s.r.o. as at 31 March 2017 were not materially different from those as at 4 April 2017 (the acquisition date), and therefore considered the values of the identifiable assets acquired and the liabilities assumed of Eltek s.r.o. at the acquisition date to be equal to those as at 31 March 2017.

During the measurement period, the Company and its subsidiary obtained further information on the fair value of the assets and liabilities. The Company has accordingly restated the consolidated financial statements of financial position as at 31 December 2017, as presented herein for comparative purposes.

(Unaudited but reviewed)

The amounts of adjustments affecting the consolidated statements of financial position as at 31 December 2017 were summarised below.

(Unit: Million Baht)

Increase (decrease) in consolidated statements of financial position

Deferred tax assets	5)
Consolidation goodwill (Note 12)	5

The adjustments do not affect the consolidated statement of financial position as at 1 January 2017 because Delta Greentech (Netherlands) B.V. assumed control over Eltek s.r.o. on 4 April 2017.

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 2017.

3. 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 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	3,702	3,426	With reference to market prices
Purchase of raw materials	-	-	34	29	With reference to market prices
Commission paid	-	-	45	50	Contract prices
Design and engineering fee paid (Note 20)	-	-	301	287	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	110	393	8	2	With reference to market prices
Purchase of goods and raw materials	4	1	-	-	With reference to market prices
Commission paid	8	2	8	2	Contract prices
Design and engineering fee paid (Note 20)	30	29	30	29	Contract prices
Commission received	-	16	-	-	Contract prices
Services income	2	7	-	-	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,571	1,103	538	526	With reference to market prices
Purchase of goods and raw materials	1,192	1,034	106	142	With reference to market prices
Commission paid	124	129	124	129	Contract prices
Royalty paid (Note 19)	190	-	190	-	Contract prices
Design and engineering fee paid	-	194	-	194	Contract prices
Commission received	12	45	-	-	Contract prices
Services income	39	77	-	-	Contract prices
Services paid	19	43	19	43	Contract prices
Sale of investments in subsidiary companies	-	874	-	-	Contract price
Purchase of investments in subsidiary company	-	758	-	-	Contract price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	6,671	6,761	With reference to market prices
Purchase of raw materials	-	-	80	53	With reference to market prices
Commission paid	-	-	88	119	Contract prices
Design and engineering fee paid (Note 20)	-	-	619	592	Contract prices
Dividend income	-	-	-	384	As declared
Sales of investments in subsidiary company	-	-	-	883	Contract price
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	350	393	9	2	With reference to market prices
Purchase of goods and raw materials	4	1	-	-	With reference to market prices
Commission paid	16	2	16	2	Contract prices
Design and engineering fee paid (Note 20)	61	29	61	29	Contract prices
Commission received	-	16	-	-	Contract prices
Services income	2	7	-	-	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	3,090	1,494	1,244	886	With reference to market prices
Purchase of goods and raw materials	2,160	2,163	194	207	With reference to market prices
Commission paid	246	260	246	260	Contract prices
Royalty paid (Note 19)	386	-	386	-	Contract prices
Design and engineering fee paid	-	361	-	361	Contract prices
Commission received	29	92	-	-	Contract prices
Services income	83	190	-	-	Contract prices
Services paid	57	88	57	88	Contract prices
Sale of investments in subsidiary companies	-	874	-	-	Contract price
Purchase of investments in subsidiary company	-	758	-	-	Contract price

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2018 and 31 December 2017 between the Company, its subsidiaries and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	4,387	4,230
Associated companies	87	480	4	1
Other related companies (under common control)	1,408	716	536	439
Total trade receivables, related parties	1,495	1,196	4,927	4,670
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	2	4
Other related companies (under common control)	1	-	-	-
Total amounts due from related parties	1	-	2	4
<u>Trade payables, related parties (Note 14)</u>				
Subsidiary companies	-	-	13	18
Associated companies	4	6	-	-
Other related companies (under common control)	1,034	792	101	72
Total trade payables, related parties	1,038	798	114	90
<u>Other payables, related parties (Note 14)</u>				
Subsidiary companies	-	-	162	279
Associated companies	29	33	28	33
Other related companies (under common control)	229	180	193	159
Total other payables, related parties	258	213	383	471
<u>Accrued expenses (Note 14)</u>				
Other related companies (under common control)	73	-	73	-
Total accrued expenses, related parties	73	-	73	-

(Unaudited but reviewed)

Directors and management's benefits

For the three-month and six-month periods ended 30 June 2018 and 2017, 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 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	31	26	14	12
Post-employment benefits	1	1	2	2
Total	<u>32</u>	<u>27</u>	<u>16</u>	<u>14</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	64	63	27	23
Post-employment benefits	3	5	3	3
Total	<u>67</u>	<u>68</u>	<u>30</u>	<u>26</u>

(Unaudited but reviewed)

4. Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,427	1,163	4,574	3,929
Past due				
Up to 3 months	61	17	334	725
3 - 6 months	7	16	19	16
Total	1,495	1,196	4,927	4,670
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,552	7,816	4,278	3,845
Past due				
Up to 3 months	789	975	375	354
3 - 6 months	78	101	4	16
6 - 12 months	60	41	20	8
Over 12 months	42	29	3	-
Total	9,521	8,962	4,680	4,223
Total trade receivables	11,016	10,158	9,607	8,893
Less: Allowance for doubtful accounts	(110)	(99)	(23)	(13)
Total trade receivables - net	10,906	10,059	9,584	8,880
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	1	-	2	4
Other receivables	403	409	311	313
Total other receivables	404	409	313	317
Trade and other receivables - net	11,310	10,468	9,897	9,197

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventory account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	859	342
Add: Reduce cost to net realisable value of inventories during the period	171	65
Less: Reversal of reduce cost to net realisable value of inventories during the period	(29)	-
Less: Reversal of reduce cost to net realisable value from write off obsolete and damaged inventories during the period	(74)	(38)
Balance as at 30 June 2018	<u>927</u>	<u>369</u>

6. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Input tax refundable	301	184	135	65
Advance payments	302	262	61	25
Prepaid expenses	109	58	4	8
Prepaid tax	107	116	-	-
Forward contracts receivable (Note 26)	11	61	2	30
Others	32	49	12	31
Total other current assets	<u>862</u>	<u>730</u>	<u>214</u>	<u>159</u>

(Unaudited but reviewed)

7. Investments in associated companies

7.1 Details of associates:

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
			(Audited)		(Audited)		(Audited)	
			(%)	(%)				
Delta Energy Systems (Switzerland) AG (owned by Delta Greentech (Netherlands) B.V.)	Holding business, trading, research and development of electronic products	Switzerland	49	49	448	448	638	571
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	21	118	18
Translation adjustment					(5)	3	(6)	4
Total					560	472	750	593

7.2 Share of comprehensive income

During the period, the Company has recognised its share of profit (loss) and share of other comprehensive income from investments in associated companies in the consolidated financial statements as follows:

(Unit: Million Baht)

Associates	Consolidated financial statements							
	For the three-month periods ended 30 June				For the six-month periods ended 30 June			
	Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies		Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies	
	2018	2017	2018	2017	2018	2017	2018	2017
Delta Energy Systems (Switzerland) AG	36	(4)	-	61	54	(4)	13	61
Delta Greentech Electronics Industry LLC	1	(2)	-	-	4	(2)	-	-
Total	37	(6)	-	61	58	(6)	13	61

8. Investments in subsidiary companies

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

Company's name	(Unit: Million Baht)	
	Cost	
	30 June 2018	31 December 2017
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	206	200
Delta Energy Systems (Singapore) Pte. Ltd.	3,319	2,172
Subtotal	12,975	11,822
Less: Allowance for impairment loss of investments in subsidiary companies	(1,144)	(1,144)
Investments in subsidiary companies - net	11,831	10,678

On 5 January 2018, an Executive Committee meeting of the Company, passed a resolution to increase the Company's investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 2.9 million, or approximately Baht 95 million, to enable the latter to invest in Delta Greentech Electronics Industry LLC, which is an associated company, to support business expansion.

On 4 April 2018, an extraordinary meeting of the shareholders of Delta Green Industrial (Thailand) Company Limited passed a resolution to approve an increase in its registered share capital from Baht 200 million (20,000,000 ordinary shares of Baht 10 each) to Baht 206 million (20,600,000 ordinary shares of Baht 10 each), through the issuance of 600,000 additional ordinary shares with a par value of Baht 10 each, for offer to existing shareholders. On 4 April 2018, the Company made payment of these ordinary shares.

On 25 July 2016, a meeting the Company's Board of Directors' passed a resolution to increase the Company's investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 32 million, or approximately Baht 1,052 million, to enable the latter to invest in Delta Electronics India Pvt. Ltd., to fund construction of a design lab and office. The Company made payment for the additional investment in the current quarter.

The above additional investments had no impact on the structure of the Group.

No dividend was received from the above subsidiary companies during the six-month period ended 30 June 2018 (30 June 2017: the Company received dividend amounting to approximately Baht 384 million from Delta Energy Systems (Switzerland) AG before sold its 51% investment to a related company).

(Unaudited but reviewed)

9. Investment properties

Movements of the investment property account during the six-month period ended 30 June 2018 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Office building		Total
	Land for rent	for rent	
Net book value as at 1 January 2018	37	173	210
Depreciation for the period	-	(4)	(4)
Transfer out due to change in type of use of assets (Note 10)	(4)	(13)	(17)
Translation adjustment	-	(3)	(3)
Net book value as at 30 June 2018	33	153	186

10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2018 are summarised below.

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	7,258	4,206
Acquisitions during period - cost	856	677
Disposals during period - net book value at disposal date	(36)	(1)
Depreciation for the period	(589)	(460)
Transfer in due to change in type of use of assets (Note 9)	17	-
Translation adjustment	(84)	-
Net book value as at 30 June 2018	7,422	4,422

13. Other intangible assets

Movements of the other intangible asset account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	525	3
Increase from purchase during period	35	-
Amortisation for the period	(44)	(1)
Translation adjustment	2	-
Net book value as at 30 June 2018	518	2

14. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	1,038	798	114	90
Trade payables - unrelated parties	7,145	5,886	6,238	5,060
Other payables - related parties (Note 3)	258	213	383	471
Other payables - unrelated parties	802	923	740	871
Accrued expenses - related parties (Note 3)	73	-	73	-
Accrued expenses - unrelated parties	2,383	2,024	1,622	1,289
Advance received	512	636	68	150
Total trade and other payables	12,211	10,480	9,238	7,931

(Unaudited but reviewed)

15. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Forward contracts payable (Note 26)	176	5	176	-
Withholding tax payable	58	116	20	65
Value added tax payable	61	63	-	-
Others	58	55	25	12
Total other current liabilities	353	239	221	77

16. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the six-month period ended 30 June 2018 are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2018		1,337		271
Add: Recognition during period		35		14
Less: Decrease during period		(33)		(3)
Translation adjustment		(16)		-
Balance as at 30 June 2018		1,323		282

(Unaudited but reviewed)

17. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements	
	Other		Total	Warranty	Total
	Warranty	provisions			
Balance as at 1 January 2018	410	36	446	240	240
Recognition during period	160	6	166	40	40
Decrease during period	-	(2)	(2)	-	-
Reversal during period	(115)	(7)	(122)	(19)	(19)
Translation adjustment/unrealised Loss on exchange rate	(1)	-	(1)	5	5
Balance as at 30 June 2018	<u>454</u>	<u>33</u>	<u>487</u>	<u>266</u>	<u>266</u>
Short-term provisions	49	8	57	-	-
Long-term provisions	361	28	389	240	240
Balance as at 31 December 2017 (Audited)	<u>410</u>	<u>36</u>	<u>446</u>	<u>240</u>	<u>240</u>
Short-term provisions	80	5	85	-	-
Long-term provisions	374	28	402	266	266
Balance as at 30 June 2018	<u>454</u>	<u>33</u>	<u>487</u>	<u>266</u>	<u>266</u>

Warranty

The Company and its subsidiaries recognised a provision for the expected warranty claims on products based on past experience of the level of repairs and returns with current sales by the types of products under current warranty.

18. Dividends

Dividends declared in 2018 and 2017 consisted of the followings:

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2017	Annual General Meeting of the shareholders on 2 April 2018	<u>2,744</u>	<u>2.20</u>
Final dividend for year 2016	Annual General Meeting of the shareholders on 31 March 2017	<u>3,742</u>	<u>3.00</u>

19. Royalty

During the current period, the Company entered into the Intellectual Property & Technology License Agreement with Delta Electronics Inc. (“Licensor”), a related company, whereby the Licensor granted the Company the right to manufacture and sell products that apply the Licensor’s patents and technology, including improvements thereof. In consideration for the rights, the Company agrees to pay a royalty to the Licensor at a percentage of sales revenue from the licensed products, with that percentage determined on the arm’s length basis in the applicable transfer pricing benchmarking report. The agreement is effective as from 1 January 2018 and shall remain in effect until terminated by either party. The Company has recorded the related expense as “Royalty expenses” and presented under the caption of “Selling expenses” in the statements of comprehensive income.

20. Research and development expenses with subsidiary company and associated company

The Company entered into research and development service agreements with Delta Energy Systems (Germany) GmbH, a subsidiary company, and Delta Energy Systems (Switzerland) AG, an associated company. Under these agreements, the subsidiary company and associated company provide research and development services (design and engineering) to the Company and charge fees equal to the local operational costs incurred on product research and development plus margin on the arm’s length basis. This agreements mature annually.

The Company has recorded design and engineering fees as “Research and development expenses” in the statements of comprehensive income.

(Unaudited but reviewed)

21. Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(32)	(32)	-	-
Adjustment in respect of income tax of previous year	-	(3)	-	(3)
Deferred tax:				
Increase (decrease) in deferred tax assets	13	(30)	-	-
Decrease (increase) in deferred tax liabilities	2	(3)	-	-
Net increase in deferred tax assets from acquisition of investment in subsidiary company during the period	-	61	-	-
Decrease in deferred tax assets from sales of investments in subsidiary companies during the period	-	(69)	-	-
Net decrease in deferred tax assets from change in status of investments	-	(5)	-	-
Translation adjustment	1	(3)	-	-
Income tax expenses reported in the statement of comprehensive income	<u>(16)</u>	<u>(84)</u>	<u>-</u>	<u>(3)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(58)	(148)	-	(39)
Adjustment in respect of income tax of previous year	-	(3)	-	(3)
Deferred tax:				
Decrease in deferred tax assets	(6)	(64)	-	-
Decrease (increase) in deferred tax liabilities	(20)	5	-	-
Net increase in deferred tax assets from acquisition of investment in subsidiary company during the period	-	61	-	-
Decrease in deferred tax assets from sales of investments in subsidiary companies during the period	-	(69)	-	-
Net decrease in deferred tax assets from change in status of investments	-	(5)	-	-
Translation adjustment	5	(2)	-	-
Income tax expenses reported in the statement of comprehensive income	(79)	(225)	-	(42)

22. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

23. 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 six-month periods ended 30 June 2018 and 2017 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 June								Consolidated financial statements	
	Power electronics segment		Infrastructure segment		Automation segment		Others			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue										
Revenue from external customers	9,788	9,259	2,775	2,598	475	406	106	33	13,144	12,296
Total revenue	<u>9,788</u>	<u>9,259</u>	<u>2,775</u>	<u>2,598</u>	<u>475</u>	<u>406</u>	<u>106</u>	<u>33</u>	<u>13,144</u>	<u>12,296</u>
Segment profit (loss)	1,264	1,521	145	193	(28)	16	(223)	(289)	1,158	1,441
Unallocated income (expenses):										
Interest income									52	44
Gain on exchange rate									97	5
Gain on sales of investments in subsidiary companies									-	428
Other income									97	127
Loss from a fair value adjustment of investments in associated companies									-	(104)
Other expenses									(33)	(16)
Share of profit (loss) from investments in associated companies									37	(6)
Finance cost									(5)	(1)
Profit before income tax expenses									1,403	1,918
Income tax expenses for the period									(16)	(84)
Income tax expenses resulting from tax assessments									-	(992)
Profit for the period									<u>1,387</u>	<u>842</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
Revenue from external										
customers	19,064	17,556	5,510	5,786	927	920	171	161	25,672	24,423
Total revenue	<u>19,064</u>	<u>17,556</u>	<u>5,510</u>	<u>5,786</u>	<u>927</u>	<u>920</u>	<u>171</u>	<u>161</u>	<u>25,672</u>	<u>24,423</u>
Segment profit (loss)	2,418	2,899	267	469	(6)	28	(502)	(577)	2,177	2,819
Unallocated income (expenses):										
Interest income									100	92
Gain on exchange rate									49	30
Gain on sales of investments in subsidiary companies									-	428
Other income									219	203
Loss from a fair value adjustment of investments in associated companies									-	(104)
Other expenses									(73)	(43)
Share of profit (loss) from investments in associated companies									58	(6)
Finance cost									(9)	(11)
Profit before income tax expenses									2,521	3,408
Income tax expenses for the period									(79)	(225)
Income tax expenses resulting from tax assessments									-	(992)
Profit for the period									<u>2,442</u>	<u>2,191</u>

24. Commitments and contingent liabilities

24.1 Capital commitments and operating lease commitments

24.1.1 As at 30 June 2018, the Company and its subsidiaries had significant capital commitments amounting to Baht 112 million, EUR 1 million or approximately Baht 38 million and INR 27 million or approximately Baht 13 million in respect of the building construction, purchase of machinery and equipment (31 December 2017: Baht 171 million, EUR 2 million or approximately Baht 75 million and INR 19 million or approximately Baht 9 million) (The Company only: Baht 112 million, 31 December 2017: Baht 171 million).

(Unaudited but reviewed)

24.1.2 As at 30 June 2018 and 31 December 2017, future minimum lease payments required under these operating lease commitments were as follows.

(Unit: Million Baht)

		As at 30 June 2018		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million)			
Indian rupee	51	12	6	6
Euro	3	66	29	1
	Total	78	35	7

(Unit: Million Baht)

		As at 31 December 2017		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million)			
Indian rupee	60	12	12	7
Euro	4	84	55	1
	Total	96	67	8

24.2 Guarantee obligations

As at 30 June 2018, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

24.2.1 Outstanding letters of guarantee totaling approximately Baht 282 million (31 December 2017: Baht 684 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 255 million (31 December 2017: Baht 656 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 24.3.1 to the financial statements).

24.2.2 Outstanding letters of guarantee for totals of approximately INR 1,026 million or approximately Baht 494 million, EUR 0.3 million or approximately Baht 13 million have been issued by banks to meet requirements of the subsidiaries (31 December 2017: INR 810 million or approximately Baht 412 million, EUR 0.3 million or approximately Baht 14 million).

24.3 Tax assessment

24.3.1 a. In 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.

On 23 January 2018, a Supreme Court judgement dismissed the Company's petition to consider revoking the tax assessments made by the Revenue Department, covering the years 2001 through 2004. As a result, the Company has to pay corporate income tax, penalties and surcharges totaling approximately Baht 401 million to the Revenue Department. During the current period, the Company completed payment of this amount.

b. In 2015, 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. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 169 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 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.

(Unaudited but reviewed)

- c. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million and specific business tax amounting to approximately Baht 3 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, in the above 2 cases (mentioned in b and c) the Company has recorded provisions for the tax assessments, amounting to approximately Baht 216 million (including penalties and surcharges), under the captions of “Liabilities and provision from tax assessments” in the statement of financial position.

24.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 145 million or approximately Baht 70 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 281 million or approximately Baht 136 million, covering the years 2005 - 2017, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

25. Financial derivatives

As at 30 June 2018 and 31 December 2017, the significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
US dollar	188	172	182	153	309	288	169	144
Euro	4	2	2	2	3	2	5	6
Japanese yen	161	139	406	320	123	139	406	320
Czech koruna	15	26	-	-	15	26	-	-
Swiss franc	-	-	1	1	-	-	1	1

(Unaudited but reviewed)

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate	
	30 June 2018	31 December 2017
US dollar	33.1672	32.6809
Euro	38.4926	39.0273
Japanese yen	0.2999	0.2898
Czech koruna	1.4793	1.5260
Swiss franc	33.3027	33.4067

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate. As at 30 June 2018 and 31 December 2017, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

Consolidated financial statements						
As at 30 June 2018						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	142	million	31.0800 - 32.9220	THB/USD	July - October 2018
USD/EUR	USD	5	Million	1.1545 - 1.1825	USD/EUR	July 2018
Forward contracts to "Buy"						
USD/INR	USD	24	million	67.4700 - 68.9000	INR/USD	July 2018
USD/AUD	USD	2	million	0.7366 - 0.7610	USD/AUD	July 2018
JPY/THB	JPY	222	million	0.2901 - 0.2991	THB/JPY	July - September 2018

Consolidated financial statements						
As at 31 December 2017						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	155	million	32.5220 - 33.5250	THB/USD	January - April 2018
EUR/RUB	EUR	1	million	69.3625	RUB/EUR	January 2018
Forward contracts to "Buy"						
USD/INR	USD	13	million	64.3700 - 65.1253	INR/USD	January 2018
EUR/USD	EUR	12	million	1.1785 - 1.1933	USD/EUR	January 2018
USD/AUD	USD	1	million	0.7526 - 0.7590	USD/AUD	January - February 2018
JPY/THB	JPY	45	million	0.2918 - 0.2919	THB/JPY	January - February 2018

(Unaudited but reviewed)

Separate financial statements						
As at 30 June 2018						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	142	million	31.0800 - 32.9220	THB/USD	July - October 2018
Forward contracts to “Buy”						
JPY/THB	JPY	222	million	0.2901 - 0.2991	THB/JPY	July - September 2018

Separate financial statements						
As at 31 December 2017						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	116	million	32.5220 - 33.1600	THB/USD	January - April 2018
Forward contracts to “Buy”						
JPY/THB	JPY	45	million	0.2918 - 0.2919	THB/JPY	January - February 2018

26. 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

(Unaudited but reviewed)

As of 30 June 2018 and 31 December 2017, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different levels inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	11	-	11
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	176	-	176

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	61	-	61
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	5	-	5

(Unit: Million Baht)

	Separate financial statements			
	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	2	-	2
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	176	-	176

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	30	-	30

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.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 July 2018.