



2017 | Annual Report

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LTD.



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*Investors will be able to learn more about
the Company from Form 56-1 on the Company's
website www.deltathailand.com/it_form56-1.php*

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DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED

Rising Star Award at the 2017 SET Sustainability Awards
(Listed company with market capitalization higher than
100,000 million baht)

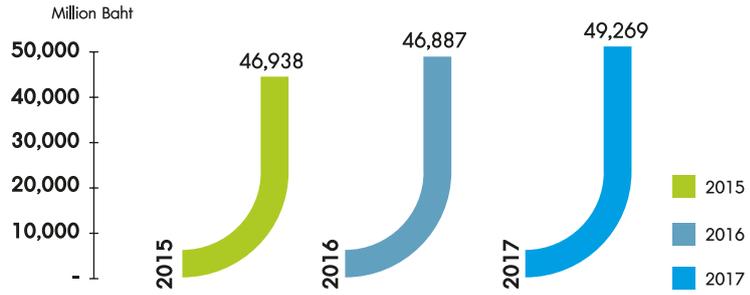


Financial Highlights 2015-2017

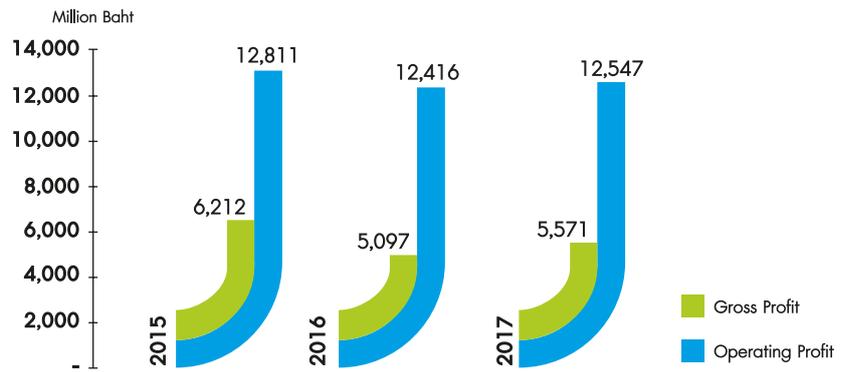
Unit : Million Baht	Consolidated			The Company Only		
	2017	2016	2015	2560	2016	2015
Total Assets	46,154	46,319	43,763	40,766	40,777	38,122
Total Liabilities	13,680	14,428	13,205	9,138	8,866	7,736
Paid-Up Capital	1,247	1,247	1,247	1,247	1,247	1,247
Total Shareholders' Equity	32,474	31,891	30,558	31,628	31,911	30,387
Sales Revenues	49,269	46,887	46,938	35,885	33,856	31,824
Total Revenues	50,330	47,652	47,993	36,633	34,447	32,927
Cost of Sales	36,723	34,471	34,127	26,329	24,389	22,753
Gross Profit	12,547	12,416	12,811	9,556	9,467	9,071
Selling & Admin expense	6,976	7,319	6,599	4,988	4,641	3,819
Operating Profit	5,571	5,097	6,212	4,568	4,826	5,252
Net Profit	4,929	5,516	6,714	3,464	5,371	6,303
Unit : (%)						
Gross Profit Margin	25.47%	26.48%	27.29%	26.63%	27.96%	28.50%
Operating Profit Margin	11.31%	10.87%	13.23%	12.73%	14.25%	16.50%
Net Profit Per total Revenues	9.79%	11.58%	13.99%	9.46%	15.59%	19.14%
ROE	15.32%	17.67%	23.26%	10.90%	17.24%	22.35%
Return On Assets	10.66%	12.25%	16.37%	8.50%	13.61%	17.73%
Unit : Baht						
EPS	3.95	4.42	5.38	2.78	4.31	5.05
Dividend Per Share	2.20*	3.00	3.10	2.20	3.00	3.10
Book Value Per Share	26.04	25.57	24.51	25.36	25.59	24.37

* Pending approval from shareholders' meeting

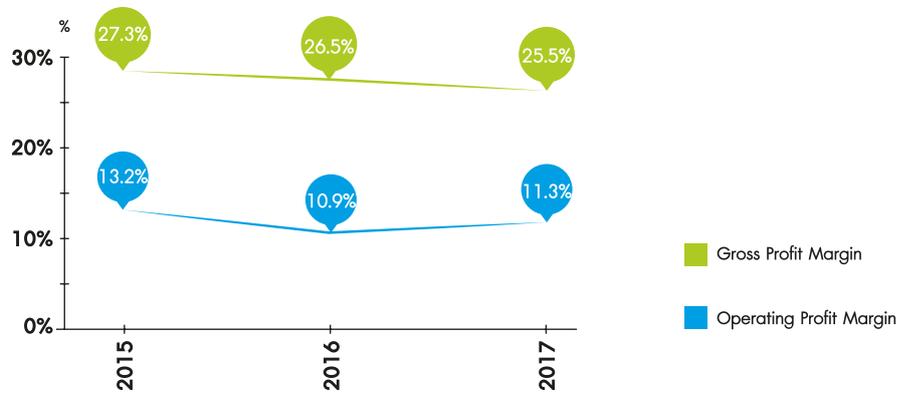
Sales Revenues



Gross Profit Operating VS Profit



Gross Profit Margin VS Operating Profit



EPS VS ROE



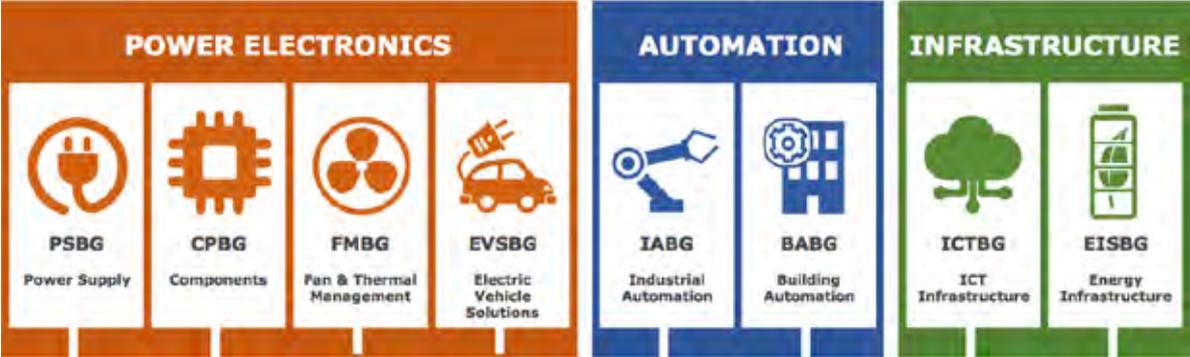


Celebrating 30 Years of Innovation

Message from the Board

As the global electronics industry prepares for the Internet of Things (IoT) era, many people may still wonder when IoT will become a reality. The fact is, IoT is already being implemented around us. Since 2000, Delta Electronics (Thailand) PCL and Delta Group are paving the way for IoT with key infrastructure solutions for telecommunications and data centers. Now many companies develop devices and solutions to apply IoT systems in areas including health and lifestyle, efficient energy consumption, renewable energy sources and environmental conservation.

Delta Thailand and Delta Group’s growing IoT business reflects in our present business structure.



We secured most of the top OEM clients in each of our business areas in the USA and Europe. In the short to long-term, automotive and data center power supplies and fans will be our key growth driver. Our company will supply more world-renowned car makers and offer product bundling for each car model. We will also keep developing alternative energy products as an integral part of future IoT business.

We now use all the Delta Group products for IoT business and we developed IoT solutions businesses in the EMEA, India, Southeast Asia, New Zealand, and Australia regions. Delta was performing well in the Indian market after its demonetization policy until the Goods and Service Tax (GST) issue rocked the market in the second half of the year. Despite the challenges, India still seems a very promising market for our current trading business and for our IoT solutions the future. We have expanded our market share in the EMEA region and our sales in the Southeast Asia market have gained momentum as our regional business develops.

These last few years were another transformation period for Delta Thailand with our aggressive expansion of our R&D and sales team. We will upgrade from traditional production to smart manufacturing and then kick-start e-industry 4.0 in all existing and new factories across regions.

Further, Delta management considers Corporate Governance and Corporate Social Responsibility to be vital areas for our business’s long-term sustainability. Our joint projects with several high-ranked universities in Thailand create opportunities for young people to gain both technical experience and a global vision. We prove our commitment in this area through activities like the Delta Cup and Angel Fund reported on our website.

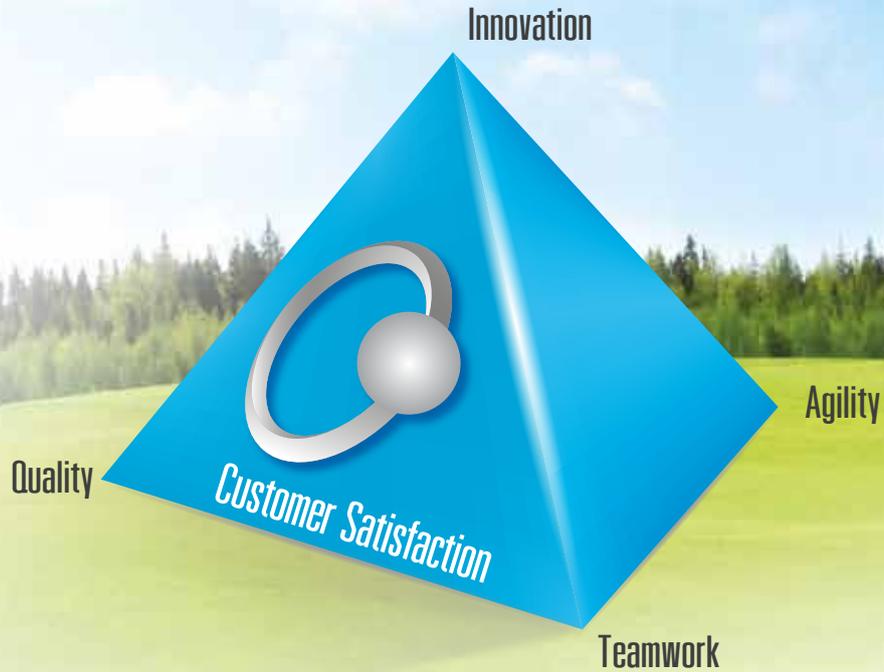
In closing, Delta management and the Board are grateful to our business partners, government institutions, BOI, and our staff for making our company a strong and sustainable business for almost 30 years. We appreciate the trust and faith that our investors have in our companies throughout the years. We will continue to follow our mission and vision to conserve energy while improving the quality of life for a greener future.

Ng Kong Meng
Chairman

Hsieh Shen-yen
President

Mission

To provide innovative, clean and energy-efficient solutions for a better tomorrow



Corporate Culture

Strive for change, and pursue sustainability

Innovation

Create new ideas and take them to success effectively.

Quality

Consistently deliver superior performance and pursue improvement all the time.

Agility

Identify emerging trends and act quickly to capture to capture new opportunities.

Teamwork

Fully leverage global value network and collaborate to achieve mutual goals.

Customer Satisfaction

Anticipate customer needs and exceed expectations.

Delta Overview

Delta Electronics (Thailand) Public Company Limited is a manufacturer and exporter of power supplies and electronics equipment and parts, the company was inaugurated on June 16, 1988, with THB 40 million in initial capital. The company was converted to a public limited company on September 23, 1994, and listed on the Stock Exchange of Thailand on July 24, 1995, under the symbol of "DELTA". As of December 31, 2017, the company has THB 1,259,000 in registered capital with THB 1,247,381,614 in paid-up capital at THB 1 par value per share.

Delta Thailand is one of the world's leading producers of power supplies and electronic components that include cooling fans, EMI filters and solenoids. Our businesses are now mainly involved in power management solutions. Our current power management product line covers various types of power supplies including power systems for information technology, telecommunications, industrial applications, office automation and medical industries; and power supplies for servers, networking and DC-DC converters and adapters. Presently, we are extending our businesses to cover renewable energies such as solar power, wind power, electric vehicle and hybrid-electric vehicles.

Confidence in "DELTA"

- SET50 Index from 2005-2017
- SET High Dividend 30 Index (SETHD) from 2013-2017
- Rising Star Award at the SET Sustainability Awards 2017
- Thailand Sustainability Investment listed for the 3rd consecutive year (2015-2017)
- ESG 100 for the 3rd consecutive year (2015-2017)
- "Excellent" grade on the Corporate Governance Rating (CGR) for the 2nd consecutive year (2016-2017)
- Ranks in the Top 5 of "ITC Electronic Equipment, Instruments & Components" Sector of DJSI in 2017

Investment Structure (as of December 31, 2017)



* On process to close

The company has no certain policy for assigning the businesses to the subsidiaries. It is up to appropriate business and availability of personnel

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
1. DET International Holding Ltd.	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	Business Investment	-	Common Stock	USD 300,000,000	USD 264,357,329	100
1.1 DET Logistics (USA) Corporation	4405 Cushing Parkway Fremont, CA 94538 USA. Tel: +1 510 668 5100 Fax: +1 510 668 0680	Logistic service in USA	-	Common Stock	USD 1,000,000	USD 500,000	100
1.2 DET Video Technology Ltd.	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands (BVI) VG1110	Business Investment	-	Common Stock	USD 100,000	USD 100,000	100
1.3 Delta Energy Systems (Germany) GmbH	Coesterweg 45, D-59494 Soest, Germany Tel: +49 2921 987 0 Fax: +49 2921 987 601	- Marketing & sales - R&D	- Power System - Power Supply - Other Electronics Products	Common Stock	EUR 18,301,000	EUR 18,301,000	100
1.3.1 Delta Energy Systems Prope rty (Germany) GmbH	Coesterweg 45, D-59494 Soest, Germany Tel: +49 2921 987 0 Fax: +49 2921 987 601	Property	-	Common Stock	EUR 25,000	EUR 25,000	100
1.4 Delta Energy Systems (India) Pvt. Ltd.	Plot No. 43, Sector-35, Industrial Estate, Gurgaon, Haryana, India 122001 Tel: +91 124 4874900 Fax: +91 124 4874945	Marketing & Sales	Electronics Products	Common Stock	INR 494,500,000	INR 490,476,020	100
1.5 Delta Electronics (Slovakia) s.r.o	Priemyselna ulica 4600/1, SK - 018 41 Dubnica nad Vahom, Slovakia Tel: +421 42 466 1111 Fax: +421 42 466 1130	Manufacturing & Sales	- Power Supply - Power Systems - OEM Power Systems	Common Stock	EUR 47,120,947	EUR 47,120,947	100
1.6 Delta Energy Systems (Romania) S.R.L.	76 Splaiul Unirii Blvd., Building B, 8th floor, District 4, 040037, Bucharest, Romania Tel: +40 21 305 1770 Fax: +40 21 305	R&D	-	Common Stock	RON 395,200	RON 395,200	100

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
1.7 Delta Greentech International Holding Ltd.	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	Business Investment	Focusing on Telecom Power Systems Products	Common Stock	USD 100,000,000	USD 28,051,850	100
2. Delta Energy Systems (Singapore) Pte.Ltd.	4 Kaki Bukit Avenue 1 #05-04 Singapore 417939 Tel: +65 6747 5155 Fax: +65 6744 9228	- Business Investment - Management and Consultancy Service - Trading	-	Common Stock	AUD 2,529,000	USD 66,053,490	100
2.1 Delta Energy Systems (Australia) Pty.Ltd.	Unit 20-21 , 45 Normanby Road, Notting Hill VIC 3168, Australia Tel: +61 9543 3720 Fax: +61 9544 0606	Marketing & Sales	Renewable Energy Products	Common Stock	AUD 2,529,000	AUD 2,529,000	100
2.2 Delta Electronics India Pvt. Ltd.	1 st floor, ASV Chamiers Square, New Door No.87, old No.48,Chamiers Road, Raja Annamalapuram, Chennai, Tamil Nadu, India, 600028	- Marketing & Sdles - Manufacturing	Non-Telecom Power System & UPS Products	Common Stock	INR 6,070,000,000	INR 3,243,543,250	100
2.3 Delta Power Solutions (India) Pvt. Ltd.	1 st floor, ASV Chamiers Square, New Door No.87, old No.48,Chamiers Road, Raja Annamalapuram, Chennai, Tamil Nadu, India, 600028	- Marketing & Sales - Assembler - R&D	- Telecom Power Systems - UPS	Common Stock	INR 1,700,000,000	INR 1,638,626,520	100
2.4 Delta Electronics (Myanmar) Co., Ltd.	Plot No.91 and 92, Myay Taing Quarter No.25, Shwe Lin Ban Industrial Zone, Hlaing Thar Yar Township, Yangon, Myanmar	Manufacturing	- Mechanical - Electronics Products under CMP system (Cutting, Making and Packaging)	Common Stock	USD 2,350,000	USD 2,350,000	100
2.5 Delta PBA Engineering Solutions Co., Ltd.	714 Moo 4, Tambol Praksa, Amphur Muang Samutprakarn, Samutprakarn 10280, Thailand Tel: +66 2 709 2800 Fax: +66 2 709 2827	Manufacturer/assembler and provider of industrial automation solutions	Industrial Automation	Common Stock	THB 35,000,000	THB 35,000,000	51

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
2.6 Delta Greentech (Netherlands) Cooperatives UA	Zandsteen 15, 2132 MZ Hoofddorp, The Netherlands Tel.: +31 20 655 0900 Fax: +31 20 655 0999	Business Investment	Focusing on Telecom Power Systems Products	Common Stock	No registered	EUR 22,349,697	100
2.6.1 Delta Greentech (Netherlands) B.V.	Zandsteen 15, 2132 MZ Hoofddorp, The Netherlands Tel.: +31 20 655 0900 Fax: +31 20 655 0999	Business Investment	Focusing on Telecom Power Systems Products	Common Stock	EUR 22,289,690	EUR 22,289,690	100
2.6.1.1 Delta Energy Systems LLC	Office 401, Vereyskaya Plaza II, Vereyskaya Street 17, 121357, Moscow, Russia Tel: +7 495 644 3240 Fax: +7 495 644 3241	Marketing & Sales	Power System	Common Stock	RUR 30,000	RUR 30,000	100
2.6.1.2 Ettek s.r.o.	P'alenica 53/79, Liptovsky' Hradok 033 17, Slovakia	Manufacturing	Telecom Power System	Common Stock	EUR 3,326,031	EUR 3,326,031	100
2.6.1.3 Delta Greentech Electronics Industry LLC	Serifali Mevkii Barbaros Bulvari Soyleyisi Sok No. 19/1 34775, Y.Dudullu-Umraniye.Istanbul,Turkey	Marketing and distribution	Electronics Products	Common Stock	TRY 770,000	TRY 770,000	49
2.6.1.4. Delta Energy Systems (Switzerland) AG	Freiburgstrasse 251, CH-3018, Bern-Bümpliz, Switzerland Tel: +41 31 998 5388 Fax: +41 31 998 5485	- Marketing & Sales - R&D	Power System	Common Stock	CHF 20,000,000	CHF 20,000,000	49
2.6.1.4.1 Delta Energy Systems (Czech) spol. s r.o.	Perucka 2482/7, 120 00 Praha 2, Czech Republic Tel: +420 2 7175 18 00 Fax: +420 271 751 799	Marketing & Sales	Power Systems	Common Stock	CZK 8,000,000	CZK 8,000,000	49
2.6.1.4.2 Delta Energy Systems (Finland) Oy	Juvan Teollisuuskatu 15, PL63, FI-02921 Espoo, Finland Tel: +358 9 8496 60 Fax: +358 9 8496 6100	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 269,100.68	EUR 134,550.34	49

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
2.6.1.4.3 Delta Energy Systems (France) S.A.	ZI du Bois Chaland2 - 15 rue des Pyrénées, LISSES, 91056 EVRY CEDEX, France Tel: 33 1 69 77 82 60 Fax: 33 1 64 97 05 77	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 1,000,000	EUR 1,000,000	49
2.6.1.4.4 Delta Energy Systems (Italy) s.r.l.	Piazza Grazioli 18 , 00186 Roma, Italy Tel: +39 06 69941209 Fax: +39 06 69942293	Marketing & Sales	Power Systems	Common Stock	EUR 100,000	EUR 100,000	49
2.6.1.4.5 Delta Energy Systems (Spain) S.L.	Calle Luis I n 60, Nave 1a, P.I. de Vallecas, E-28031 Madrid, Spain Tel: +420 2 7175 18 00 Fax: +420 2 7175 17 99	Marketing & Sales	Power Systems	Common Stock	EUR 200,000	EUR 200,000	49
2.6.1.4.6 Delta Energy Systems (Sweden) AB	Annavägen 3, P.O.Box 3096, S-350 33 Växjö, Sweden Tel: +46 470 70 68 00 Fax: +46 470 70 68 90	Marketing & Sales	Power Systems	Common Stock	SEK 2,010,000	SEK 2,010,000	49
2.6.1.4.7 Delta Energy Systems (Poland) Sp.zo.o	Poleczki 23, Street 02-822 Warsaw, Poland Tel: +48 22 335 2600 Fax: +48 22 335 2601	Integration, Sales/Trading,	Power Systems	Common Stock	PLN 2,500,000	PLN 2,500,000	49
3. Delta Green Industrial (Thailand) Co.,Ltd.	111 Moo 9, Bangwua, Bangkok, Chachoengsao, Thailand Tel: +66 2 709 2800 Fax: +66 2 709 3200	Sales, Installation and Service	- UPS - Solar Inverter - EV Charger - Data Center	Common Stock	THB 200,000,000	THB 200,000,000	100

Nature of Business

Delta and our subsidiaries are manufacturers and distributors of power supplies and electronic equipment and parts. At present, the company has 2 main plants in Thailand, our headquarters in Bangpoo Industrial Estate, Samutprakarn and another plant in Wellgrow Industrial Estate, Chachoengsao. Our overseas plants are in India (Rudrapur and New Delhi), Slovakia (Dubnica nad Váhom and Liptovsky Hradok) and Myanmar (Yangon). Delta divides its products into 3 main business groups as follows:

1. Power Electronics Group
 - 1.1 Embedded Power Solutions (EPSBG) Product Group which can be further divided down into 3 subgroups as follows;
 - DC-DC Power
 - Computer & Networking Power, i.e. power supply for storage, server and networking.
 - Custom Design Power, which offers high-end custom-designed power supplies for information technology, telecommunications and industrial applications.
 - 1.2 Fan & Thermal Management (FMBG) Product Group includes Cooling Fan, EMI filter and Solenoid product categories.
 - 1.3 Electrics Vehicle Solutions (EVSBG) Product Group includes power supplies and electronics for automotive product categories.
 - 1.4 Merchant & Mobile Power (MPBG) Product Group includes adapters for notebooks and power supplies for industrial and consumer electronics.
2. Automation Group supplies automatic equipment for the industrial sector and smart factory including smart sensors and automatic systems for building, lighting and surveillance.
3. Infrastructure Group
 - 3.1 ICT Infrastructure (ICTBG) Product Group which can be further divided down into 2 subgroups as follows;
 - Telecom Power Solutions (TPS)
 - Uninterruptible Power Supplies (UPS)
 - 3.2 Energy Infrastructure Solutions (EISBG) Product Group including renewable energy product and electric vehicle charging solutions
(Please find further product details in the Product Profiles section)

Revenue Structure of Delta and Subsidiaries

Unit : Million Baht

Product Group	2017		2016		2015	
	revenue	%	revenue	%	revenue	%
Power Electronics Group	36,672	74.4%	33,481	71.4%	32,496	69.2%
Embedded Power Solutions (EPSBG)	17,182	34.9%	16,867	36.0%	18,404	39.2%
• DC-DC Power (DCBU)	3,212	6.5%	2,572	5.5%	2,695	5.7%
• Computer & Networking Power (CNBU)	3,072	6.2%	4,160	8.9%	4,837	10.3%
• Custom Design Power (CDBU)	10,898	22.1%	10,135	21.6%	10,872	23.2%
Fan & Thermal Management (FMBG)	7,021	14.3%	7,064	15.1%	6,053	12.9%
Electrics Vehicle Solutions (EVSBG)	5,017	10.2%	2,897	6.2%	2,054	4.4%
Merchant & Mobile Power (MPBG)	7,452	15.1%	6,653	14.2%	5,985	12.8%
Automation Group	1,796	3.6%	1,974	4.2%	1,584	3.4%
Infrastructure Group	10,532	21.4%	11,088	23.6%	12,310	26.2%
ICT Infrastructure (ICTBG)	9,354	19.0%	10,135	21.6%	11,373	24.2%
• Telecom Power Solutions (TPS)	8,364	17.0%	8,998	19.2%	10,321	22.0%
• Uninterruptible Power Supplies (UPS)	990	2.0%	1,137	2.4%	1,052	2.2%
Energy Infrastructure Solutions (EISBG)	1,178	2.4%	953	2.0%	937	2.0%
Others	269	0.5%	344	0.7%	548	1.2%
Total Sales Revenues	49,269	100.0%	46,887	100.0%	46,938	100.0%



Product Profile

“To provide
the most efficient and reliable
energy saving
solutions for customers”

Business Categories



Power Electronics

- Embedded Power Solutions
- Fan & Thermal Management
- Electrics Vehicle Solutions
- Merchant & Mobile Power



Automation

- Industrial Automation
- Building Automation



Infrastructure

- ICT Infrastructure
- Energy Infrastructure



POWER
ELECTRONICS
GROUP

Delta is a leading supplier and provider of switching power supplies and DC brushless fans. We offer a diversified selection of power supplies and thermal management product for use in an extensive range of portable devices, cloud computing equipment, home appliances and medical-device applications. Our design customization services are also the first choice of leading OEMs / ODMs. We provide tailor-made components, devices and related services to help our customers advance their competitiveness in the field power electricity. This following are our 4 power electronics business group.

EMBEDDED POWER SOLUTIONS

As a result of major technological advances, Delta has steadily increased the efficiency of its power supply products and has introduced products with energy-saving features. Important power supply of this group are as follows.



Computer & Networking Power

This subgroup mainly comprises of power supplies for PCs, servers, networking, workstations, storage and other high voltage power supplies that provide power ranging up to 7200W per power module, with efficiency over 90% and power density up to 25W/inch³

DC-DC Power

DC-DC Converter's main application is to supply the stable voltage to microprocessor that generally generates unstable load (Dynamic load) during operation.

Delta offers high voltage DC-DC converters up to 2650W that provide high power density, a low profile and high efficiency.



Custom Design Power

Our custom design provides fully customized innovative solutions/products for the computing (server, networking), office automation, and medical, as well as telecommunications, the automotive industry and industrial applications. As technology leader, our customized solution/products are packed with innovative technologies.



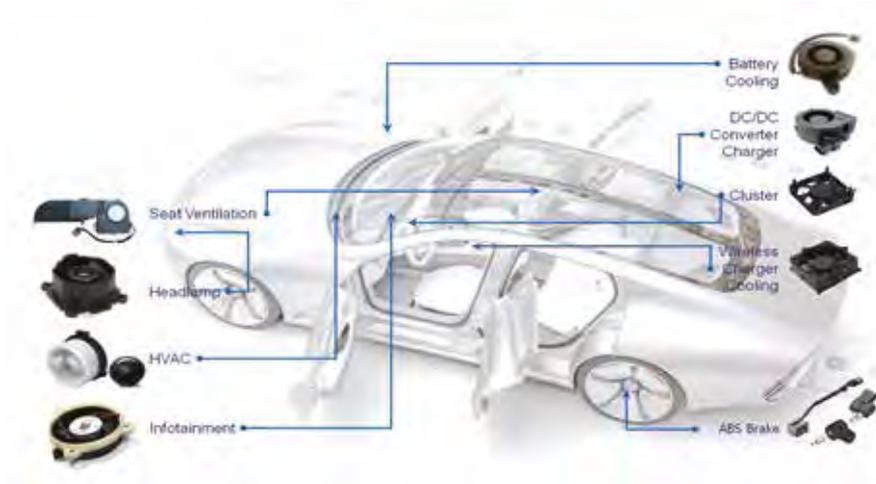
POWER
ELECTRONICS
GROUP



POWER
ELECTRONICS
GROUP

FAN & THERMAL MANAGEMENT

DC Fan



Delta DC fans are custom-designed and produced with cooling, ventilating and circulating functions to be used in many areas for our world-renowned customers' automotive, telecom, IT, household and industrial applications.

EMI Filter



Electromagnetic Interference (EMI) Filters, with its function for noise & interference reduction, are widely used in home appliances, IT, Telecom to Industrial applications

Solenoid



Home appliance and automotive Solenoid are available for our customers' unique requirements, such as applications in the automotive ABS system, refrigerator, ice maker and electric door locks.

ELECTRIC VEHICLE SOLUTIONS



POWER
ELECTRONICS
GROUP

Delta's automotive business provides reliable and efficient EV/HEV powertrain solutions and power electronics components which focused on high power upgrade technology including OBCM of up to 11.0KW, DC/DC converters and APM with an industry-leading 96% energy efficiency of to 3.0KW. The subgroup also develop new traction inverter related products to support the technology requirements of HEV models on the road today and present the future for the automotive business.

MERCHANT & MOBILE POWER

The Merchant & Mobile Power Business Group includes Delta branded industrial power supplies and adaptor for broadband, printing, game, industrial and power tools. We are one of the world's largest producers of AC/DC adapters for portable computers and other external power source applications.

The use of ASIC, hybrid circuits, and thin film technology allow us to produce adapters with industry-leading power density and a broad range of standard power supplies for industrial and medical applications.





AUTOMATION
GROUP

Delta offers high-performance, reliable automation products and solutions with high performance and reliability, including drives, motion control systems, industrial control and communication, power quality improvement, human machine interfaces, sensors, meters, and robot solutions. We also provide information monitoring and management systems such as SCADA and Industrial EMS for complete, smart manufacturing solutions.



Delta is a world-leading developer and supplier of telecom power systems, uninterruptible power supplies, medium-voltage drives, and solar and wind-energy solutions. We are the number one provider of telecom power solutions in India, and Brazil, and the leading supplier in Europe, Americas and the Asia-Pacific regions.

At Delta, we offer an extensive range of energy management products and regularly apply our advanced engineering capabilities to the design and/or customization of systems and solutions for applications in datacenters, renewable energy, electronic vehicles, eco-friendly transportation infrastructure and green buildings.



ICT INFRASTRUCTURE

Telecom Power Solutions

Delta is a pioneer in providing energy saving solutions for Telecom network requirements. Every 2nd telecom site in India is powered by Delta's Power solutions. We leverage our board product portfolio to serve telecom operators, telecom equipment manufacturers & infrastructure companies. With a market share of over 50%, the company provides customized solutions for indoor & outdoor applications. Delta provides solutions for all network layers starting from MSC (Bulk Power), BSC (Medium Power), BTS/Cell Site (Power Sharing-Multi Operator) & Last Mile Connectivity Solutions for 4G/LTE/Wi-Fi application with both DC & AC output. Additionally Delta is actively participating in non-telecom applications like Railways, PGCIL, Smart City Applications & Surveillance Solutions.



Our infrastructure product range includes all capacities of Power Conversion Products (like Rectifiers, Inverters & DC-DC Converters), Power Management Solutions (IPMS-Integrated Power Management Solutions, PIU-Power Interface Units), Energy Storage Solutions (VRLA & Li-Ion Batteries), Hybrid Solutions (DG Battery Hybrid, Solar Hybrid), Cooling Solutions (Fan based, HEX based, DC-Aircon based), DG Cranking solution (battery less) GBM solutions.





Mission Critical Infrastructure Solutions

The Mission Critical Infrastructure Solutions (MCIS) business positions itself as: “The power behind competitiveness”. We fulfil this role by providing highly reliable and efficient power management products and datacenter infrastructure solutions to ensure the continuity of our customers’ mission critical operations while reducing their Total Cost of Ownership (TCO). Delta MCIS is a powerful and trustworthy partner to our customers.



We support our customers in building customised, reliable, flexible and energy-efficient Datacenters with effective power usage. Delta’s InfraSuite Datacenter Infrastructure Solutions products include: power systems, racks and accessories, precision cooling and environment management systems.

The Delta MCIS portfolio covers products from uninterruptible power supplies (UPS) to datacenter infrastructure solutions-InfraSuite, that comes with a comprehensive range of services.





ENERGY INFRASTRUCTURE

Delta's Photovoltaic (PV) systems for Residential, Commercial and Large-scale application ensure independence from rising energy prices and help supply environmentally-friendly and reliable decentralized energy, they also generate consistent income since power is sold to the grid at prices guaranteed by the government.

Solar Inverter Solutions for Residential PV Systems

Delta PV systems for single and multi-family homes help supply green reliable energy to users. Our customers can also generate consistent income by selling excess generated power to the grid.

Solar Inverter Solutions for Commercial PV Systems

Modern companies and facilities actively contribute to protecting our environment by employing rooftop Delta PV systems, which reduce energy cost while also conserving resources.

Solar Inverter Solutions for PV Utility Power Stations

The rugged and high-performance power electronics in Delta solar inverters are compatible with utility scale power plants to guarantee environmentally-friendly power generation for decades.



Production Capacity 2017

1. Embedded Power Solutions (EPSBG)

1.1 DC-DC Power (DCBU)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	6,863 sq.m
No. of operators	:	307
Production line	:	10 lines
Actual production	:	89% of production capacity

1.2 Computer & Networking Power (CNBU)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	5,367 sq.m
No. of operators	:	463
Production line	:	8 lines
Actual production	:	90% of production capacity

1.3 Custom Design Power (CDBU)

Thailand Plant

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	22,000 sq.m
No. of operators	:	1,406
Production line	:	25 lines
Actual production	:	70% of production capacity

Slovakia Plant

Location	:	Dubnica nad Vahom, Slovak Republic
Production area	:	6,500 sq.m
No. of operators	:	136
Production line	:	8 lines
Actual production	:	60% of production capacity

2. Fan & Thermal Management (FMBG)

2.1 DC Fan Product

Auto Fan

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	8,566 sq.m
No. of operators	:	880
Production line	:	39 lines
Actual production	:	80% of production capacity

System Fan

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	2,548 sq.m
No. of operators	:	600
Production line	:	18 lines
Actual production	:	80% of production capacity

2.2 EMI & SOL Product (ESP LOB)

EMI Filter

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	2,620 sq.m
No. of operators	:	450
Production line	:	18 lines
Actual production	:	80% of production capacity

Solenoid/ Magnetic

Location	:	Wellgrow Industrial Estate, Chachoengsao
Production area	:	645 sq.m
No. of operators	:	100
Production line	:	8 lines
Actual production	:	80% of production capacity

3. Electronics Vehicle Solutions (EVSBG)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	16,710 sq.m
No. of operators	:	623
Production line	:	10 line
Actual production	:	70% of production capacity

4. Mobile Power (MPBG)

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	6,516 sq.m
No. of operators	:	1,200
Production line	:	14 lines
Actual production	:	80% of production capacity

5. ICT Infrastructure (ICTBG)

Thailand Plant

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	1,800 sq.m
No. of operators	:	127
Production line	:	TPS 5 lines, System 1 line, Power Distribution Unit (PDU) 1line Medical PDU 1 line.
Actual production	:	TPS 80% of production capacity System 73% of production capacity

India Plant

Location	:	Plot No 38, Phase 1, Sector 5, Integrated Industrial Estate, Pantnagar (Rudrapur), Udhamasingh Nagar, Uttarakhand India -263153
Production area	:	13,500 sq.m
No. of operators	:	250
Production line	:	Telecom Power Systems 10 lines, UPS 2 line
Actual production	:	Telecom Power Systems 70% of production capacity UPS 70% of production capacity

Slovakia Plant

Location	:	Dubnica nad Vahom, Slovak Republic
Production area	:	3,000 sq.m
No. of operators	:	120
Production line	:	Telecom Power Systems 12 lines
Actual production	:	75% of production capacity

Slovakia Liptovsky Eltek Plant

Location	:	Liptovsky Hradok, Slovak Republic
Production area	:	3,500 sq.m
No. of operators	:	300
Production line	:	Telecom Power Systems 12 lines
Actual production	:	80% of production capacity

6. Energy Infrastructure (EISBG) (Solar & Wind power)

India Hosur Plant

Location	:	Krishnagiri Highway, HOSUR - 635109.
Production area	:	402 sq.m
No. of operators	:	10
Production line	:	Solar Inverter 1 line
Actual production	:	37% of Production Capacity

Most of the Company's products manufactured in Thailand are obtained BOI privileges which are listed as follows



Promotional Privileges

The company and a subsidiary in Thailand were granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the company and the subsidiary in Thailand are as follows:

Details		The company				A subsidiary in Thailand				
1.	Certificate No.	1541(2)/2552	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	59-1316-1-00-2-0	1813(2)/2554	1814(2)/2554
2.	Promotional privileges for	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication equipment and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of magnetic products	Manufacturing of DC FAN	Designing of Electronics	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor
3.	The significant privileges are									
3.1	Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	8 years	7 years (Maximum amount Baht 298,170,000)	8 years	7 years (Maximum amount Baht 124,000,000)	5 years (Maximum amount Baht 155,000,000)	7 years (Maximum amount Baht 200,000,000)	8 years	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 199,000,000)
3.2	Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.3	Exemption from import duty on raw materials and significant supplies used in export production.	Granted	Granted	Non - granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4	A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.5	Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.6	Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
4.	Date of first earning operating income	4 January 2010	15 March 2013	10 January 2015	Waiting for approval to commence operation	5 January 201	1 December 2017	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation
5.	Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-

The company's operating revenues for the years ended 31 December 2017 and 2016 divided between promoted and non-promoted operations, are summarised below.

Unit : Million Baht

	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Separate financial statements						
Sales and service income						
Domestic sales	393	356	111	96	504	452
Export sales	35,261	33,300	120	104	35,381	33,404
Total	35,654	33,656	231	200	35,885	33,856

Significant tax privileges which were granted to other subsidiaries of the Company are as follows:

- Delta Electronics (Slovakia) s.r.o. was granted tax privileges by the Government of Slovakia for the manufacture of Power Supply and Solar inverters on 22 December 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 10 years from the year in which the promoted operations commenced, which was 2010. The exemption is capped at EUR 6.2 million and currently available tax relief is approximately EUR 1.2 million.
- Delta Power Solutions (India) Pvt. Ltd. was granted tax privileges by the Government of India for the manufacture of Telecom Power Systems and uninterruptible Power Supplies on 1 April 2008. The privileges include exemption from corporate income tax for a period of 5 years from the date the promoted operations commence generating revenues and a 30% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends and be completed on 31 March 2018.

Raw Material and Suppliers Sourcing

The raw materials used by Delta Thailand are classified into two main categories: Electronics parts and Mechanical parts. Electronics parts are composed of Semiconductors (IC, Diode, MOSFET, PWM etc.) and Passive Components (capacitors, fuse, resistor, relay etc.), the majority of which are imported from Singapore, Hong Kong, Japan, Taiwan, Europe and the United States of America and mainly paid for in US dollars. Mechanical parts compose of metal stamping, die-casting, wire harness, plastic injection, PWB and packaging and are mostly procured from local manufacturers, with some parts imported from China for risk diversification and cost benchmarking purposes. The ratio of imported raw materials to domestic raw materials is approximately 70:30. The company presently procures its direct raw materials from approximately 1,100 vendors (due to the consolidation of our vendor base) with purchase value per vendor not exceeding 6.7% of total procurement value. Vendors are also required to fulfill the requirements of ISO9001, ISO14001, ONSAS18001, TS16949 etc.

As reported previously, the company has conducted an in-depth analysis of its key suppliers' financial status after the global financial crisis. The company also reviewed its supply chain diversification/geographical distribution of its suppliers' production lines. This was in order to reduce the risk of part shortages caused by extreme climate conditions or possible major disasters in the future. In 2017, the supply situation of Semiconductors and Passive Components was tight but through teamwork and close cooperation with its valued suppliers, Delta avoided any serious supply related issues.

Going forward to 2018, the company foresees tightness in supply of Semiconductors and Passive Components to continue at least until the 2nd Quarter. The company will continue to monitor and work closely with its valued suppliers to ensure there is no disruption to operations.

As highlighted last year, the company was certified ISO 13485 for Manufacturing of Power Supply for Active Medical Devices for Diagnostic Imaging. ISO 13485 requires only that the certified organization demonstrate that the quality system is effectively implemented and maintained. Other specific differences include: the promotion and awareness of regulatory requirements as Management responsibility; the Quality System Regulation for medical devices sold in the United States, enforced by the U.S. Food and Drug Administration (FDA); or the Medical Devices Directive, required for doing business in the European Union; controls in the work environment to ensure product safety; focus on risk management activities and design control activities during product development. Compliance with ISO 13485 is often seen as the first step in achieving compliance with European regulatory requirements.

Automotive Business Materials Management

The company purchased material from suppliers that are approved for supply. Suppliers are approved by a positive result from a defined supplier selection procedure, which may include a potential analysis and/or supplier audit according to VDA 6.3. To ensure timely and quality project execution, the supplier is obligated to develop an effective project plan based on ISO/TS16949, VDA 2 etc.

As a D-U-N-S Number is affiliated with a company's business credit profile. Delta Thailand addresses the role of the D-U-N-S Number of related suppliers of EU car manufacturers to produce a D-U-N-S Number list that the company can benefit from when monitoring suppliers' credit profile. With a solid supplier credit profile, the company can grow its business and potentially win more contracts.

(VDA 6.3 is tool for process audits within the automotive industry by German Association of the automotive industry)

Management of Environment-Related Substances (ERS) in Products

The company has introduced the IECQ/QC080000 Quality System and promoted Green Product Management (GPM) systems in its major plants. IECQ was implemented based on the risk classification of materials. The company utilizes the Green Products Management (GPM) system as an environmental information sharing platform for the supply chain. The most recent international environmental requirements, such as the latest controlled substances of EU's RoHS 2.0, REACH SVHC, are simultaneously relayed to supplier partners for their reference and compliance.

Control of Conflict Metals

Delta Thailand implements a policy of banning conflict metals. In addition, the company requests suppliers of power supply products to fill out a "Metal Origin Survey Form" and to sign a "Statement of Non-use of Conflict Metals", the company continuously communicates this policy with major materials suppliers by employing influence on Corporate Social Responsibility, and increasing the opportunities for ore products to receive verification of origin by the "RBA" Responsible Business Alliance (formerly EICC) or a third party.

As of November 2017, around 99% of the company's suppliers have already signed the "Statement of Non-use of Conflict Metals".

RBA Verification Consultation

Delta Thailand started promoting RBA Verification Consultation from 2014, to reduce ESG risks in the supply chain and raise competitiveness. A verification and consultation team was organized jointly by Delta Thailand's human resources, labor safety, plant affairs, and purchasing departments to perform RBA verification and consultation of key suppliers with high ESG risks. Room for improvement in health and safety aspects of the RBA management system was verified with most suppliers. To address these issues, the Delta verification and consultation team shared experience in introducing and promoting the Delta Management System to suppliers. The team also follows up on the supplier's status to ensure continued improvement.

As of November 2017, 96.1% of Delta Thailand's suppliers have signed the "Declaration of Compliance with RBA Code of Conduct". Besides obtaining a high number signees, the company also held an "RBA On-Site Audit" to focus on local suppliers. The audit found that all of the company's local suppliers can comply with RBA Code of Conduct requirements.

Carbon Footprint/Energy Saving and Carbon Reduction Management

In order to fulfill its business commitment, "Care for the Environment, Energy Saving, and Our Green Earth", Delta Thailand continuously works with suppliers to reduce carbon emissions, which not only lowers operation costs for both the company and the supplier but also increases the competitiveness of the entire supply chain.

Embedded CSR in Supply Chain

In 2016 the company set up a platform, via WEB PORTAL, for the Supplier CSR Questionnaire (subjects are: Enterprise Management, Health Safety, Environment & Employee) collection & analysis.

Establish Green Supply Chain

Moving forward to 2018, the company will continue in its "Green Supply Chain" establishment. It will emphasize a Green Policy for its Partners, Processes & Products by implementing the Delta Carbon Emission Reduction Project (GHG water consuming and waste reduction), regularly holding supplier communication and learning activities and ordering allocation to drive suppliers participation in CSR activity.



Research and Development (R&D)

R&D expenses of the past 5 years

	Unit	2013	2014	2015	2016	2017
Total R&D Expenses	USD (millions)	60.96	60.12	58.15	71.52	80.08
R&D Expenses as % of Sales	% of Sales	4.5%	4.4%	4.2%	5.4%	5.5%

R&D headcount per location

R&D Locations	2013	2014	2015	2016	2017
Thailand	359	333	313	353	341
Soest	170	175	175	172	161
Teningen	88	85	83	83	84
Switzerland	20	18	18	16	11
Finland & Poland	22	23	21	25	8
Hangzhou	45	44	49	48	71
Gurgaon	57	64	73	120	154
Romania	16	16	15	15	15
East Kilbride	13	15	15	16	21
Total	790	773	762	848	866

The main focus with high priority in 2017 was the business development and the corresponding products for the electro-mobility. For all the designed products, continued improvement and increasing the efficiency, were the Delta focused targets. Delta has increased the efficiency of its power products by broadening the application of its key technologies. Thus we continue our efforts to reach the Delta set targets in green environment for the energy saving power devices. Delta has invested in its worldwide R&D centers, located in Asia and Europe, to maintain their competitiveness and leadership in energy saving and efficiency of the products and to understand and realize the customer demand.

Delta appreciates further on the cooperation with the renowned universities. This collaboration is a big benefit with innovative and green ideas combined together with the Delta R&D expertise. This is a trustable way to establish a long-term and continuous relationship with young and experienced people, to take care of high-tec, new and sustainable products.

Delta beliefs in its close cooperations with key customers. Our customers are both worldwide market leaders as well as innovators for new technologies, products. Delta welcomes the new customers in new industries, which give the opportunity to drive new processes and implement new technologies for the upcoming market challenges.

Through Delta's continued leadership in the electronic world, realized through its green philosophy, which has been pursued over decades, the company strengthens and follows its wish to reduce world pollution.

Server Storage Networking (SNT)

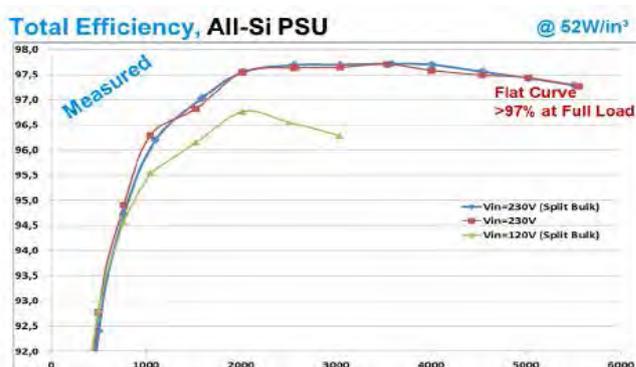
Delta's worldwide R&D team has accumulated decades of experience and knowledge in developing highly sophisticated customized power supplies for well-known companies in the IT domain, networking and telecommunications industry.

We have applied our knowledge into developing new products beyond traditional power supplies which enabled us to become a system solution provider.

In 2017 we were able to get the award of the Power-Shelf for the new open19 community. The Shelf hosts 6 AC/DC PSUs with 3200W and 12V output, which output power is current limited and splitted into 50 separate outputs. Each of the outputs is capable to act like a 400W PSU with all features known from a AC/DC supply, like PMBus monitoring, turn on/off, hot-plug, current limit, short circuit protection, etc.. This system includes 50 PSUs with standard 1U height which are installed in a centralized Rack. The system has the advantages of a modular, distributed power architecture on the one hand and on the other hand the benefits of a high power centralized architecture.



AC/DC Power Shelf for open19.org with 19,2kW 50 fused 12V outputs



Efficiency curve over load of the All-Si PSUs (6000W & 3000W variants) employing cost effective standard Mosfets.

In parallel to this complex design we are developing products with > 98% peak efficiency delivering 3000W and 6000W output power having at the same time a power density of > 60 W/in³. These 54V PSUs still use traditional Si-Mosfet technology and the high efficiency is realized by special control & modulation techniques.

These "base" technology platforms have a high degree of standardization and it can be used very flexibly for our new "rapid customized Standard" PSUs, which program was also successfully.

In addition to only power supply design, R&D's core achievement was the continuous extension of our product offering to additional products used in Datacenters, like complete sever shelves with distribution panel and power distribution units. Our R&D team was able to meet and even surpass our customers' expectations moving forward to solutions offering.

Solutions for Electric Vehicles (EV)

In 2017, Delta R&D has brought additional DC/DC converters and On-Board Charger products to mass production. Delta R&D also improved existing products, like Battery Junction Boxes and Onboard-Chargers, to apply them to additional car platforms. To strengthen the customer relationship and to prepare future awards in 2018, Delta R&D started to develop two DCDC prototypes (2.5kW and 3.7kW) and a measurement unit derived from the Battery Junction Box project, which will become a standard on many different car platforms. Delta is aiming to extend the existing customer base by leveraging and extending the existing technology and adapting it to the customer needs. By integrating different types of applications into one package or (sub-) system, Delta becomes more and more a provider of system solutions.

In 2017, several new projects have been awarded to Delta. This includes the successor project of an existing On-Board-Charger (OBC), which Delta R&D has developed in different variants/ power levels (3.7kW, 9.6kW, 11kW) has been awarded. The largest model is operational at single phase as well as 3-phase, applicable in US, Europe, and Asia. The design is based on the Delta modular technology approach. In addition, Delta develops an 800V variant of the 3.7kW OBC for another customer.



11kW On-Board-Charger with adjustable 1-phase and 3-phase input

Furthermore, a unit to manage the DC charging, supporting all communication standards for the US, Europe, and Asia (CHAdeMO and GB/T) has been awarded to Delta. This DC Charging Box will be developed in different variants to support various voltage and current levels.

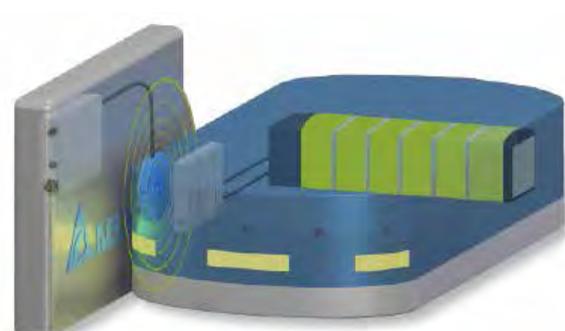
Delta continues to extend its modular technology platform from 3 x 3.7 kW modules to new 3 x 7.4 kW modules allowing 22 kW for fast charging of Battery Electrical Vehicles. These modules incorporate the latest innovations in terms of packaging and component selection to satisfy increased power density requirements based on proven technology.

Custom Designed Power Supplies for Industrial/ Medical (IM) Device Applications and Charger for Industrial Electrical Vehicle (IEV)

Several major innovations have been performed by Delta's R&D team in 2017 to provide our customers with the best-in-class cost-performance ratio for industrial and medical applications, such as factory automation, machinery and robotics, battery charging technology, ultrasound application, artificial respiration and dialysis.

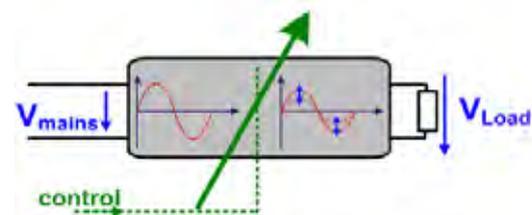
The use of advanced power and control technology has led to products with the best-in-class parameter stability, efficiency, operation flexibility and reliability.

Delta R&D team designed a 1kW wireless charger and will transfer this important product to mass production in 2018. Customer demonstration units are operating successfully and market feedback is extreme positive to this outstanding product. In addition to the 1kW wireless charger solution Delta R&D could win a custom design project for 30 kW and 20kW wireless charging module for fork-lift charging.



Wireless Charger: Vertically mounted primary and secondary coils

The Delta R&D Team has also designed a Sinewave Converter. This Power Supply is able to vary continuously a DC and AC Current. Sinewave Converter offers linear and continuous control characteristic across the complete range between 0-100%, programmable limitations of output voltage range offers the use all over the world. The Sinewave Converter has a High Efficiency up to 98% and high Power density.



The Power Supply is used in applications like, Water Treatment, Wide Format & 3D printing Machines, precise Temperature regulation systems (Blood Dialysis) Motor Drives and others.



Sinewave Converter.

Research and Development India

As part of DET R&D team, Delta India's R&D team has continued its expansion with increased development effort in multiple business areas and in developing new technologies.

The focused development of Megawatt range power converter has now established the India R&D team as leading competence center in this area. The team has designed and developed commercially viable high power Conversion systems deployed in various applications ranging from Renewable Energies like Wind and Solar, power quality, Energy storage Bi directional converter systems.

Leveraging the vast experience of 65MW of 1MW PVI installed base and Delta's continuous strive in developing Customer centric and bankability solutions. The development High performance multi Megawatt Solar power generation business has led to the deployment of D-3000, which is 3MW, 1000V out door IP 65 rated PV inverter in year 2017. With no power de-rating till 55 degrees C, this Inverter has night time rated reactive power compensation, Passive Anti PID features, over load capability, weather station integrations etc.



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Telecom Power Solutions (TPS)

The matured telecom market needs continuous innovation and cost leadership to be competitive and continue to be the market leader. Multiple solutions are delivered to expanding and new 4G market. TPS R&D in India is increasing its investment in Efficient and multiple rectifier range, which caters to the global market.

Delta India R&D has developed combo power solution, which caters to AD/DC and DC /AC in single hybrid conversion. This innovative product reduces the total cost to customer and utilizes the space very optimally.

The New range of telecom inverter has high efficiency and compact footprint. These inverters have a range from 300 VA to 4500 VA catering to various combination of power requirement.



MCIS Solutions

Delta India has now developed Li-Ion integrated multiple range of medium and high power UPS. These solutions provide customers long and reliable power solution within very limited space, especially in datacenters and such application. The integration with BMS enables user to optimally utilize the available battery power with enhanced reliability. Also the solution provides integrated system level monitoring information enabling user to get all views on single UI or data portal.

Industrial Automation Software (SW)

During last few years, the India R&D is expanded to include SW competence. This enabled the team to contribute in developing the state of art SW for our IA product platform. The new SW envisages a unified architecture and platform for entire product range.

The first version of this platform, to be launched in 2018, will provide our customers an integrated environment to design, program, simulate, monitor & diagnose industrial solutions built with Delta parts. In long run, this platform will enable Delta Electronics to evolve from a components supplier to a solution provider for Industrial Automation.

The platform uses industrial standards like OPC-UA, PLCOpen, IIoT, to incorporate interoperability with similar platforms developed & under development from competitors. The framework is designed such that it can integrate with other standard manufacturing process software like MES, PLM & ERP.



Future Outlook

In the coming years, the India team will enhance the product innovation in high power converters, storage and alternate power usage. The team will expand to include significant SW development. The team is investing in the new areas of high power converter application including micro-grid, PCS and related area. The Megawatt range is being now extended to traction power. In the coming year it is expected to have first on board power converter for traction in India, which includes Auxiliary (3x 130kVA) power converter and the main Propulsion converter (4.5MW) for the Indian Railway application. The increased investment in this area will help Delta to be part of expanding business of onboard railway equipment.

India R&D is also planning to develop EV chargers for 48V-120 V to participate in the ambitious program of only EV by 2030. New investment is made in EV traction and SW technologies to cater to the global growth plan. Our Indian R&D team will collaborate with other Delta R&D centers in leveraging technical strengths across groups and providing competencies that add value to Delta globally.

Standard Industrial Power Supplies

In 2017, IPS (Industrial Power Supplies) R&D teams in Thailand and Taiwan successfully delivered many new products and received great responses for them. New product series in Dinrail CliQ M introduction of 24V/40A product has received great response and has provided user a single power supply in one phase to cater their high power system solutions. Addition to this Dinrail Chrome series added model with household approval IEC60335 and has been a great success. A big part of the success in IPS product is attributed to great products. With good design capabilities, IPS is able to serve a wide range of customers from the cost demanding ones to the performance centric ones. This also enables IPS to penetrate many regions in very short time.



Several new standard power supplies released for LED market LNE series with addition of high power models up to 320W gives user a wide choice of models to select from. For LED market another breakthrough product released to cater to high input voltage range LNV series with working voltage from 180Vac to 528Vac connected from (L-L or L-N) suitable for both indoor and outdoor installations adds a great variety in the product basket.

In Medical standard power supplies MEB-1K2A and MEU-600C with size as small as 5"x 8"x 1.59" gives an big added advantage on the medical products portfolio. With many more new products to be released in Dinrail series mainly for Wind Power Solutions, it will be another exciting year in 2018. The panel mount series will see new low profile household products and new open frame LED lighting products PJJ series and PJH series with open frame household approvals in Y2018 with IPS team focus on wind power solutions. As Delta brand becomes more recognizable as a great standard power supply in the channels and with continuing discipline in market and product researches, IPS will continue to gain market share globally in 2018.

2017/2018 Industry Outlook

The following information is extracted from several established market research reports. All quoted sources are clearly defined.

General Economic Outlook

Worldwide

The International Monetary Fund's (IMF) 2017 "World Economic Outlook" (WEO), reported that global pickup activity that began in the second half of 2016 has gained momentum in the first half of 2017. Global pickups in investment, trade and industrial production, coupled with business and consumer confidence, are supporting broad-based growth. In the October WEO IMF raised its 6.6% April growth 2017 forecast for China to 6.8%. This reflects China's stronger outturn in the first half of 2017 and buoyant external demand. The 2017 growth forecasts for emerging Europe were also raised, which reflects stronger growth in Turkey and other regional countries. However, recovery is not complete and the IMF warns that while the baseline outlook is strengthening, growth remains weak in many countries and inflation is below target in most advanced economies. Prospects for many developing economies in sub-Saharan Africa, the Middle East and Latin America are lackluster, with stagnant per capita incomes for many. Commodity exporters, especially of fuel, are especially hard hit by protracted adjustment to lower foreign earnings.

Source: IMF. World Economic Outlook, October 2017 Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges. October, 2017. Accessed January 8, 2018. goo.gl/bTjyMb

In its November 2017 report, *As Good As It Gets*, Goldman Sachs reports that the world economy is outperforming most predictions for the first time since 2010. The report gives a global GDP forecast of 4.0% for 2018, up from 3.7% in 2017. It also forecasts above-trend growth for Developed Markets in 2018, with the exception of the UK. GDP is predicted to grow 2.5%, 2.2% and 1.6% in the US, Euro area and Japan respectively. Among Emerging Markets, India and Russia are expected to rebound from their weak positions while China's GDP growth is forecast to slow gradually from 6.8% in 2017 to 6.1% by 2019.

Source: Goldman Sachs Research. 2018 Global Economic Outlook: As Good As It Gets. November, 2017. Accessed January 10, 2018. goo.gl/c7QaaU

The UN report, *World Economic Situation and Prospects 2018*, expects steady 3.0% GDP growth to carry on in 2018 and 2019. Global trade rebounded in 2017 with world merchandise trade growing at its fastest pace in the post-crisis era in the first eight months. According to the report, the trade rebound was largely due to stronger import demand in East Asia in response to domestic demand and accommodating policy measures. However, recent events like Brexit and the US decision to renegotiate NAFTA and reassess terms of existing trade agreements have raised concerns over potential trade barriers and disputes. While many of the fragilities of the global financial crisis have eased, economic prospects remain vulnerable to trade policy, geopolitical tensions and global financial conditions.

Source: UN. World Economic Situation and Prospects 2018. New York: United Nations Publications, 2018.

Southeast Asia, China and India

Overall growth in Emerging Asia (Southeast Asia, China and India) is expected to continue at a steady pace in 2017, according to the Organization for Economic Cooperation and Development (OECD) report, *Economic Outlook for Southeast Asia, China and India 2017*. The report states that economies of China and ASEAN countries are growing due to a strong trade rebound and resilient domestic consumption. India's growth is predicted to dip slightly as a result of taxation and monetary reforms. Emerging Asian countries are expected to have an average growth of 6.3% per year over 2018-22. China's growth rate is expected to slow to 6.2%, while India is expected to have brisk growth at 7.3% per year for the next five years (Table 1). Southeast Asia is poised to maintain growth momentum, averaging

5.2% per year from 2018-22, due to robust private spending and implementation of infrastructure initiatives. Amongst the ASEAN-5, the Philippines and Viet Nam are expected to remain in the lead. In Emerging Asia, the increased use of ICT in manufacturing and services is affecting business activities, trade and productivity. Over the longer term, technological change and the emergence of the digital economy will remain a major factor in driving economic growth in Emerging Asian countries.

Source: OECD Development Centre. *Economic Outlook for Southeast Asia, China and India 2017- Fostering Growth Through Digitalization*. December 15, 2017. Accessed January 10, 2018 goo.gl/BmgRk5

Table 1. Real GDP Growth in ASEAN, China and India
Annual percentage change

	2016	2017	2018-22 (average)	2011-15 (average)
ASEAN-5 countries				
Indonesia	5.0	5.0	5.4	5.5
Malaysia	4.2	5.5	4.9	5.3
Philippines	8.9	6.6	6.4	5.9
Thailand	3.2	3.8	3.6	2.9
Viet Nam	6.2	6.3	6.2	5.9
Brunei Darussalam and Singapore				
Brunei Darussalam	-2.5	0.0	0.5	-0.1
Singapore	2.0	3.2	2.3	4.1
CLM countries				
Cambodia	6.9	7.1	7.2	7.2
Lao PDR	7.0	6.9	7.1	7.9
Myanmar	5.9	7.2	7.4	7.3
China and India				
China	6.7	6.8	6.2	7.9
India	7.1	6.6	7.3	6.8
Average of ASEAN-10	4.8	5.1	5.2	5.1
Average of Emerging Asia	6.4	6.4	6.3	7.1

Note: The cut-off date is 31 October 2017. ASEAN and Emerging Asia are the weighted averages of those of the individual economies in these groupings. Data for India, Lao PDR and Myanmar follow fiscal years. The projections of China, India and Indonesia for 2017 are based on the results from the OECD Economics Department's Short-Term Economic Prospects (STEP) Meeting in October 2017.
Source: OECD Development Centre, MPF-2018 (Medium-term Projection Framework). For more information on the MPF, please see www.oecd.org/dev/asia-pacific/mpf.htm.

Table 1. OECD Development Centre's Medium-term Projection Framework 2018
Source: OECD Development Centre

Overall, the above reports give a generally positive outlook for 2018. After weathering a series of global economic crises and shocks, from the 2008 financial crisis to the recent global commodity prices realignments, the global economy is now having a modest rebound. Broad-based upwards growth forecast revisions are made for the EU, Japan, emerging Asia and emerging Europe. However, recovery is not complete and while the base outlook is strengthening, growth is still weak in many countries and many risks remain.

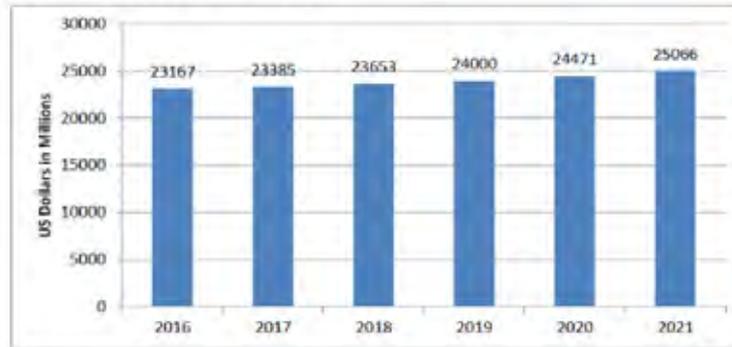
Power Supply Market

Global Merchant AC-DC and DC-DC Power Supply Market

In its report on the power supply industry, Micro-Techno Consultants (MTC) defines a merchant power supply manufacturer as a company that designs, manufactures and sells power supplies as its core business to many OEM customers. In contrast, a captive power supply company produces for its own internal use, does not sell power supplies in the open market and is not in the power supply business. According to MTC, there has been an overall trend from captive to merchant market over the years and the current global power supply industry is overwhelmingly a merchant business. In this industry, Delta Electronics (Thailand) is focused on merchant power supplies for both AC-DC and DC-DC power supplies.

According to MTC's report (Global Switching Power Supply Industry), global consumption of merchant power supplies was worth approximately US\$23.3B in 2017 up from around US\$23.1B in 2016 and 1.6% CAGR is expected from 2016 to 2021 (Figure 1).

**Global Consumption of Merchant Power Supplies
AC-DC Switchers + DC-DC Converters**



**Global Consumption of Merchant Switching Power Supplies
AC-DC Switchers & DC-DC Converters**

WW	2016	2017	2018	2019	2020	2021	16-21 CAGR
Merchant	23167	23385	23653	24000	24471	25066	1.6%

US dollars in millions

Figure 1. Global consumption of AC-DC & DC-DC Merchant Power Supplies 2016-2021

Source: MTC report, "Global Switching Power Supply Industry - 2017"

MTC reports that the top 10 OEM power supply companies in the world accounted for 44.7% of the total global sales in 2016. Delta Group was still the largest merchant power supply company in the world in terms of revenue. According to the report, Delta currently holds a 14.5% share of the merchant global power supply market and its 2016 sales revenue was more than double that of its nearest competitor. MTC forecasts that Delta will remain the largest merchant power company for a long time. Global consumption of merchant power supplies by region is shown below (Figure 2) with the APAC region having the highest forecasted CAGR from 2016 to 2021.

**Global Consumption of Merchant Switching Power Supplies in Different Geographic Regions
Merchant AC-DC Switchers & DC-DC Converters**

WW	2016	2017	2018	2019	2020	2021	16-21 CAGR
Merchant							
AMER	7709	7731	7766	7832	7932	8058	0.9%
EMEA	4674	4715	4764	4828	4906	5003	1.4%
APAC	10630	10792	10985	11208	11508	11886	2.3%
ROW	154	146	139	132	125	119	-5.0%
Total	23167	23385	23653	24000	24471	25066	1.6%

US dollars in millions; totals may not add up due to rounding error

Figure 2. Global Consumption of AC-DC & DC-DC Merchant Power Supplies by Region

Source: MTC Report, "Global Switching Power Supply Industry - 2017"

AC-DC Merchant Power Supply Market

MTC forecasts global consumption of merchant AC-DC power supplies to reach over US\$22.5B in revenue by 2021 with 1.8% CAGR from 2016 to 2021 (Figure 3). During the same period, the three categories of AC-DC switchers: External Power Supplies (EPS), Front End Power Supplies (FES) and Central Power Supplies (CPS) will have 0.7%, 2.5% and 3.2% CAGR respectively. The main drivers for growth for each category are EPS growth in portable applications and emerging EV battery charger market; widespread FES use of distributed power architecture and high growth of CPS in the LED market. LED is the fastest growing segment with global merchant consumption predicted to reach around US\$2.5B by 2021 with 17.6% CAGR from 2016 to 2021.

Global Consumption of Merchant AC-DC Switchers

WW SW	2016	2017	2018	2019	2020	2021	16-21 CAGR
Merchant							
AC-DC	20630	20864	21144	21493	21965	22558	1.8%

US dollars in millions

Figure 3. Global Consumption of Merchant AC-DC Switchers 2016-2021

Source: MTC report, "Global Switching Power Supply Industry - 2017"

DC-DC Converters Market

MTC forecasts -0.2% CAGR in global consumption of merchant DC-DC converters from 2016 to 2021 (Figure 4). Revenue is expected to go down from around US\$2.53B in 2016 to US\$2.50B in 2021. The forecast CAGR for board-mounted converters and box-type converters in the same period is -0.5% and 0.4% respectively. LED is also the fastest growing merchant market for DC-DC converters with 7.2% CAGR predicted from 2016 to 2021.

Source: MTC. *Global Switching Power Supply Industry*. (Santa Rosa: MTC, 2017): 2-100

Global Consumption of Merchant DC-DC Converters							
WW CN	2016	2017	2018	2019	2020	2021	16-21 CAGR
Merchant							
DC-DC	2536	2521	2510	2507	2506	2508	-0.2%

US dollars in millions

Figure 4. Global Consumption of Merchant DC-DC Converters 2016-2021

Source: MTC report, "Global Switching Power Supply Industry - 2017"

Emerging Markets

Industrial Internet of Things (IIoT) Market

In a 2017 article, Bain & Company predicts that B2B IoT segments will generate more than \$300B in revenue annually by 2020 (Figure 5). This is compared to \$150B by 2020 predicted generation from IoT consumer applications. Globally, enthusiasm for the Internet of Things has fueled more than \$80B in merger and acquisition (M&A) investments by major vendors and more than \$30B in venture capital, according to Bain's estimates.

Source: Bain & Company. "Choosing the Right Platform for the Industrial IoT." *Bain Insights*, September 28, 2017. Accessed January 10, 2018. goo.gl/dCf18Q

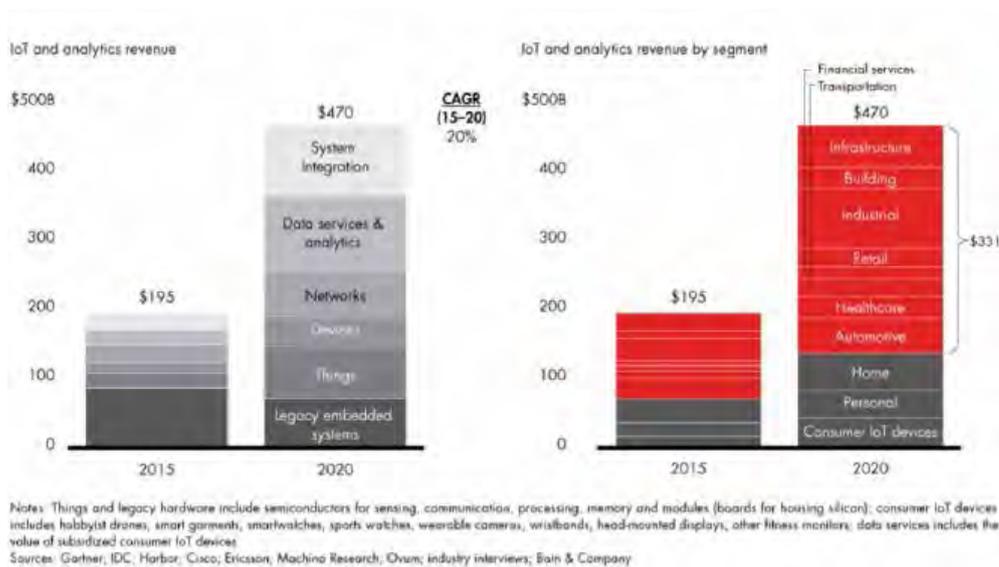


Figure 5. Bain & Company IOT Revenue Forecast by Segment 2015-2020

Source: Bain & Company

Delta Electronics (Thailand) is poised to benefit from this growth trend with its wide range of Industrial IOT products and solutions and the ability to synergize its core industrial competencies with information monitoring and management systems to transform manufacturing facilities into cutting-edge Smart Factories.

Renewable Energy Market

The International Energy Agency (IEA) reports a boom in solar PV deployment in China and around the world, driven by sharp cost reductions and policy support. IEA report, *Renewables 2017*, states that new solar PV capacity around the world grew by 50%, reaching over 74 GW, in 2016. China accounted for almost half of this expansion. For the first time, solar PV additions rose faster than any other fuel, surpassing net growth in coal. The record performance in 2016 forms the bedrock of the IEA's electricity forecast to expand by over 920 GW, an increase of 43%, by 2022. IEA states that solar PV is entering a new era and predicts that PV energy will outperform wind and hydro power to represent the largest annual capacity additions for renewables in the next five years.

Delta stands ready to reap the benefits of this market growth with its cutting-edge renewable energy solutions. Delta wind power solutions are recognized by the world's top 10 wind turbine customers and Delta PV inverters deliver industry-leading efficiency of up to 98.8%.

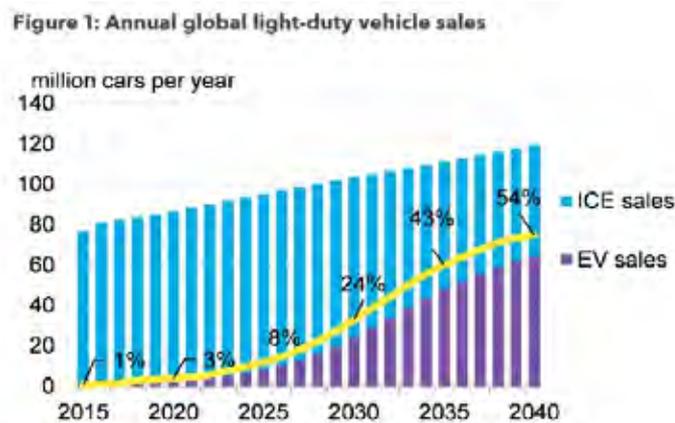
Source: IEA. *Renewables 2017*. France: IEA Publications, 2017.

Electric Vehicles (EV) Market

Bloomberg New Energy Finance (BNEF) updated its forecast of the EV car market to 54% of all new light-duty vehicle sales globally by 2040, up from its 35% forecast made in 2016. The BNEF expects that by 2040, EVs will be displacing 8 million barrels of transport fuel per day and adding 5% to global electricity consumption (Figure 3).

In the 2017 updated report, BNEF predicts that sales of EVs will take-off in the second half of the 2020s when electric cars become cheaper than Internal Combustion Engine (ICE) models (Figure 6). A key factor for this inflection point is the tumbling battery price. "Since 2010, lithium-ion battery prices have fallen 73% per kWh. Manufacturing improvements and more than a doubling in battery energy density are set to cause a further fall of more than 70% by 2030," the report states. BNEF also predicts that EVs will make up 33% of all light-duty vehicles on the road by 2040 and gives the challenges of EV charging as a reason why it did not forecast a much higher figure.

Source: Bloomberg. "Electric Vehicles to Accelerate to 54% of New Car Sales by 2040." Bloomberg New Energy Finance. July 6, 2017. Accessed January 10, 2018. goo.gl/PzZgKg



Source: Bloomberg New Energy Finance

Figure 6. Global annual light-duty vehicle sales projection 2015-2040

Source: Bloomberg 2017 report, "Electric Vehicles to Accelerate to 54% of New Car Sales by 2040"

Delta Electronics (Thailand) is closely following the global trends in the EV market. With the company's manufacturing and R&D capabilities, Delta is well positioned in the Southeast Asia region to meet the growing demand for EV charging solutions. The company is currently supplying to top-tier global car manufacturers. Delta's HEV and EV related products include onboard charger, battery junction box, inverters and a wide array of quiet and energy efficient fans for automotive application.

2018 Business Directions

Delta Thailand Operation Review

At the end of Delta's second year of the Delta Smart Manufacturing five-year strategy, the company has successfully set up two smart manufacturing production lines. The smart lines were designed according to the Industrial 4.0 concept with machine-to-machine link and machine-to-human link functions for real-time problem detection and machine self-adjustment that minimizes labor. The company started implementing an MES system to monitor the entire manufacturing process and collect production information for product tracking and future big data analysis purposes. In 2018, standardized smart machines will be deployed.

Meanwhile, regular improvement activities such as Lean Manufacture, Kaizen Improvement and an Innovation Project were carried out as scheduled. This boosted the company's productivity improvement 5.25% compared with 2016 and saved 10% in cost. Delta initiated the "Quality Diagnosis" activity in 2015 and over three consecutive years the company has identified quality improvement opportunities in daily operational processes. Starting from 2018, Delta will conduct an annual quality audit to ensure that the quality system is running properly.

To pursue its CSR commitments, Delta continues to devote efforts to energy saving and recycling. In 2017, Delta Thailand (Bangpoo) plant 5 has been certified a Green Building LEED Gold. The company completed a rooftop solar panel installation in the Bangpoo plant's main buildings and partially on the Wellgrow plant's building, which can generate 3MKh per year; and invested 4.3M THB in a Burn-In Energy Recycle project, which can save 1.5MKh electricity per year. In 2018 Delta will complete the rooftop solar system and the Burn-In Energy Recycle project at the Wellgrow plant and will initiate a new energy saving project while recycling heat generated during the production process. Processes such as reflow, wave soldering, and oven require heat up to 270 degrees C in a non-stop heating process. This power consumption constitutes more than 37% of total electricity usage in the plants. Heat recycling will save about 40-50% in energy usage. In 2018, the company plans to modify more than 100 machines for energy saving, and complete modification of all plant machines in 2019.

Delta Standard Industrial Power Supply

2017 has been an exciting year for the Industrial Power Supply (IPS) team. Revenue and profitability continued to achieve double-digit growth compared to 2016. To meet rising demand for standard power supplies in the medical and industrial control segments, Delta IPS increased its R&D resources and regional sales force and successfully capitalized on this demand. One of the results of our bolstered effort, was the release of the highly anticipated DRM-24V960W1PN, MEU-600C24 and MEB-1K2A24 models. These models have among the smallest form factors in their class and are up to 95% efficient. Further developments in our model's small form factor and medically certified products will continue in the short to medium term.

In 2017, many electrical component manufacturers turned their focus on the automotive and ICT segments, shifting away from industrial customers. This had a negative impact on material lead times and capacity which is expected to continue into 2018. Delta is maintaining close communication with all suppliers to ensure their continued support.

With a rapidly expanding product portfolio, Delta's participation in exhibitions and industry events worldwide has more than doubled. Online marketing activities via website and other social media platforms will also increase to raise brand awareness. 2018 is expected to be yet another year of steady growth globally for us.

Server, Networking and Telecom Business (SNT)

Delta SNT business experienced a recovery in 2017. Telecommunication business had been struggling throughout most of the year due to the maturity of 4G deployment. The company's datacenter business started to ramp up when major datacenter customers continued to buildout. On one hand, traditional high-end server business sales have been flat in 2017 as markets shift more to cloud services and medium to entry-level servers. However, this will still be a key high-end niche market. Networking product sales continued at a healthy level and are expected to move along the same trend for the next few years. Besides traditional customers, Delta SNT has been able to develop multiple new customers with its highly technical and competitive datacenter solutions. New products have been launched and more will come to the market in 2018 to expand business opportunities. The company's highly competent business and engineering teams will continue on new products and new market area to create more business success.

Industrial & Medical Business

Delta IM business has surpassed both revenue and net profit targets for 2017. The company's DIN Rail power supply market continues to have strong performance with new applications being targeted for future sustainability. The growth surge in the 3D printing market has been a welcome surprise with stronger than expected volume in this sector. The company's medical business is growing due to a second major ultrasound customer entering into mass production coupled with penetration of the Delta IMA series into a broad array of end applications. Excitement is brewing for our charging products in the Industrial Electric Vehicle segment. This segment had one major customer in 2017 and has the potential to bring several more models into production in 2018. All Delta team members from development, production, sales and quality have made the effort necessary to achieve great results in 2017. The New Year will bring a new set of challenges from the market which in turn will require our teams to evolve through continuous improvement to achieve maximum potential.

Automotive Business

2017 has been a very successful year for Delta automotive business as its target was exceeded by over 40%. Increasing customer demand and new product launches in 2017 boosted sales revenue as the electrical vehicle market grew quarter by quarter. While demand in 2016 was mainly driven by product sales to the plug-in hybrid (PHEV) market, the second half of 2017 saw a strong boost from fully electrical vehicles (BEV) as well.

On-board chargers (OBC) at power levels of 3.3kW and 7.2kW were already widely-launched Delta products in 2017 and design activities are ongoing for 11kW OBC that will be launched in the coming years for a large variety of leading automotive customers throughout Europe. Besides OBC, business in DC/DC converters and battery connection units was ramped up in 2017. Significant new business awards will secure a visible growth trend for the Delta automotive business in 2018 and the years to come. These new awards will not only secure Delta's position in the AC charging product portfolio but also increase our product base to DC charging products.

Southeast Asia (SEA), Australia and New Zealand (ANZ) Market Industrial Automation (IA)

2017 is an exciting year for Delta Industrial Automation team. Delta IA has enhanced its competencies by successfully transforming existing businesses into system integration (SI) and solution business. Delta IA has formed a new solution development company called Delta PBA Engineering (DPE) in Thailand to offer the market the full integration of in-machine and factory automation. In addition, Delta IA has reached a global agreement with one of the most prestigious contract manufacturing companies from Taiwan that has been the major vendor of multinational giants like Nike and Adidas for Industry 4.0 initiatives.

Furthermore, Delta has established a good ground base in HVAC and WWW verticals with fan/pump specific VFDs and new IP55 VFD (up to 90KW). Multiple project references such as the Poko Sena water site in Malaysia or the MK13 Business Park in Singapore are built to aim for better results in the coming years. In Australia, Delta has reached more than 45% business growth by forming a holistic channel strategy. The company's partners include well-known companies such as NHP and SAGE Automation. The alliance takes Delta to a new level in the automation business, and we intend to continue to mature and strengthen our business alliances.

Mission Critical Infrastructure Solution (MCIS)

Delta MCIS Business Unit continues to position itself as a leading industry player in power management and energy efficiency by providing highly reliable and market-leading efficient Uninterruptible Power Supplies (UPS). Delta accessories and Data Center Infrastructure Management (DCIM) solutions ensure continuity of customers' mission-critical operations while exceeding customers' Total Cost of Ownership (TCO) objectives.

Year-on-year, Delta has had another great growth spurt of nearly 60% increase in business. Delta has won several prestigious government projects in Thailand, Singapore, Philippines and Australia and passed notable milestones in the Telecommunications, High-tech Manufacturing and Hospitality fields.

In 2018, Delta MCIS will embark on country-based depth expansion with a particular focus on Thailand, Singapore, Indonesia, Philippines, Vietnam and Australia while maintaining a relentless pursuit of business with the global/regional Data Center and Colocation operators/owners. Added modules in DCIM solutions will prime Delta MCIS as the industry's leading Data Center management and monitoring player. The company will also kick-start the next lap of growth by developing competencies for regional/global clientele via vertical integration with various Delta Business Units, in particularly Delta Renewable Energy BU. With continued engagement with the right brand/value proposition, channel and key account management, the Delta MCIS SEA team continues to gain traction, particularly in the IT computing, high-tech manufacturing and healthcare industries. Delta will continue to expand its market breadth through its valued partners and the value chain within the power supply industry.

India Market

Telecom Power Business

India now has the second largest subscriber base for voice telecom and the second largest number of internet users in the world. The Indian telecom market is highly competitive resulting in users enjoying some of the lowest tariffs in the world. With the entry of Reliance JIO with its 4G offering, there has been a further steep drop in tariffs. The industry also witnessed major consolidation and now only three major private operators and a government-run entity are in operation. A similar consolidation trend has been witnessed amongst the tower companies.

However, the volume of data usage has gone up driven by falling tariffs and handset prices. Among this surge, 4G has contributed to 60% of incremental data volume. Foreign investment in the Indian telecom sector also had quadrupled in FY2016-17. Growth in the market's Passive Infrastructure (including Telecom Power System) is expected to slow down slightly in Y2018 due to heavy M&A and consolidations which are expected to be settled this year. The next phase of growth is expected to be driven by 5G rollouts that are planned for 2020. This will mean massive investments in infrastructure expansion and modernization.

Going forward, Delta will focus on product innovation to cater to the evolving telecom needs of 4G and 5G. This includes small capacity power systems, for powering Picocells and Wi-Fi solutions, and Li-Ion storage. Currently, Delta is making headway into the non-telecom segment and this will be an area that the company will keep focusing on to compensate for the drop of TAM in Telecom. Some non-telecom applications with huge potential that have been identified are Smart City and Surveillance, Railways, Metros, DTH and Broadband. These applications will contribute significantly to Delta business by Y2019-2020.

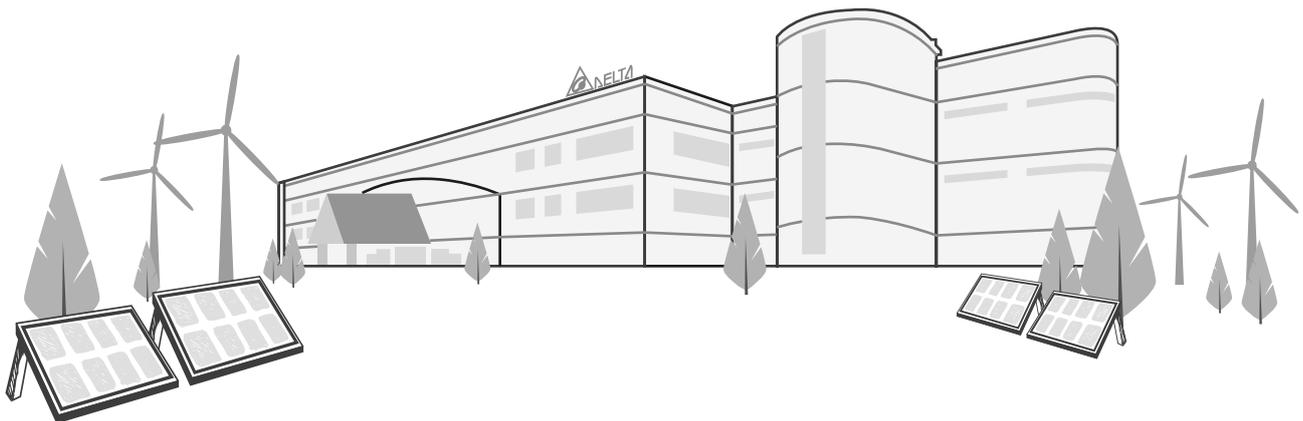
Solar Inverter Business

The Indian solar market is on a roll. New capacity addition in 2017 is expected to reach 8.8GW, a rise of 76% over 2016. India has become the third biggest solar market worldwide. About 12.4GW of projects have already closed bidding and are in the execution stages. Seven developers have built up project portfolios exceeding the 1GW mark. However, there are speed bumps ahead for the solar market. The pace of new tender announcements and completed auctions has slowed down significantly in the last year (-68% and -59% respectively). India's southern states have front-loaded capacity buildout - Karnataka (installed plus tendered capacity of 69% as against March 2022 target); Andhra Pradesh (74%) and Telangana (70%) - and are bound to slow down. Amongst other large states, Maharashtra and Gujarat and others, have surplus power availability and remain unenthusiastic to new solar power.

The slow down provides much-needed breathing room for developers and investors to consolidate and focus on raising capital and on-site execution. Meanwhile, the pace of fundraising transactions - IPO's, bond offerings and M&A's - has picked up and is bound to accelerate in the coming years.

Longer term, if prices continue to fall at the same rate, solar plus storage will be a genuine alternative to thermal baseload sources in the next 3-4 years. The carbon-free world is approaching fast and the Indian government could commit fully to exploiting its potential to transform the shape of India's economy.

Focusing on Delta PVI business, currently, Delta is the market leader with a 30.7% Indian market share. Delta also holds the top position in India for Rooftop Inverters. As of date, Delta has supplied 800+ MW Inverters, 17,000+ String Inverters and 2,000+ PV Plants across India. By 2020, the Delta PVI team is targeting over \$50 Million.



Risk Management

Risk is inherent in all business and administrative activities and becoming more complex with highly dynamic business environment change. The company has continuously raised risk management awareness throughout the organization, as we believed risk management is one of the most effective tools to ensure the good management practice and facilitate the achievement of organization's objectives. The Board of Directors has appointed a Risk Management Committee to prescribe risk management policy that covers the entire organization and its extended networks to ensure that risk management procedures or systems are in place to appropriately mitigate impacts on the organization.

Risk Management Committee

The Risk Management Committee's Chairman is the President of the company and one of the members of the Board of Director. The Committee comprises of not less than five members who are the head of the major functions and/or the person assigned by Board of Directors or Chairman of the Committee. The Committee may, when necessary, invite other persons, who are involved with or responsible for any matters related to the meeting agenda, to participate in the Risk Management Committee meeting.

Duties and Responsibilities of Risk Management Committee:

1. Establish risk management procedures
2. Implement risk management, to delegate the risk management to their respective managers
3. Develop and review strategic risk management plans
4. Semi-Annually and/or any time that is necessary report to the Audit Committee and at least once a year report to the Board
5. Monitor and continuously improve risk management
6. The Committee may seek advice from relevant professional consultant in some cases

Risk Management Committee Organization



Risk Management Process

In order to put the risk management framework into practice, the Risk Management Committee has set up the risk assessment and risk policy to the management and the information is documented in the "Risk Management Committee Charter". The Committee has advised the management to perform risk management according to the Risk Management Policy with the support from Risk Management Manager who acts as the focal point for each department. The management and head of the major functions need to identify the risks and how the risks happen, risk foundation, the area which risks occurred; measure the risks, ranked them, and prioritized them, then form the risk management strategies and processes. Risk Management Manger will summarize the information and documentation from relevant departments and present it to the Committee.

The Committee will review the documentation, allocate priorities, develop and review of strategic risk management plans proposed by each function (if any), and ensure the compliance with risk assessment and management procedures. Finally, submit a report on the status of the risk management to the Audit Committee or the Board at least 2 times a year.

Key Risks and Management Strategies

1. Financial Risk Management

Risks Arising from Fluctuations in the Global Economy

Global economy in 2017 was showing significant improvement compare with previous year; however, still clouded by increasing political risks from North Korea, Middle East and Latin Americas. The company believes that the world economy will continue vulnerable and it still remains cautious over the economic situation and adopts two measures to help lessen the above-mentioned risk. One is to continue developing the products and services to correspond market demands and the other one is to focus on the improvement in its internal operations to ensure its profitability.

Exchange Rate Risk

World economic growth has improved steadily in 2017 due to the continued expansion of the global economy, the concerns over US trade barriers did not so serious action against major trading nations. European political risk has fallen after the election results in France as expected. China real estate bubbled and China's outflows are at a manageable level. These are all indications that the recovery of the global economy is likely to be stronger.

Thailand's economic growth projection for the year 2017 is projected to increase to 3.5% from the previous year due to the recovery of the export sector, as a result of the global economic recovery. Main economy countries, such as US, Euro zone, Japan and China, have also benefited from government stimulus measures that stimulate employment and consumption included the recovery of tourism sector.

The US dollar depreciated by 9% from 35.80 baht per US dollar early this year to 32.60 baht per US dollar at the year ended. The USA political uncertainty leads capital inflow into the Asian market. As the euro strengthened by more than 11% against the US dollar from USD 1.05 to USD 1.19 last year, the Eurozone economy continued to grow and the risk of the European political concerns fell after the results of the French election were in line with expectations.

The company continues adopting the hedging policy to mitigate the foreign exchange risk by using natural hedging for the company's assets and liabilities in foreign currencies, minimize cash balance maintained in USD currency. In addition, the company also uses the foreign currency forward contracts to entirely protect net position of each currency. This policy is effective in minimizing risk from fluctuations of exchange rates or interest rates. In managing foreign exchange rate risk, the company aims mainly to lessen the risks and avoid speculation with some reasonable costs incurred from hedging transactions.

Apart from managing the risk on US dollar currency, the company also deals with other currencies in relation to the countries where subsidiaries are located such as India Rupee and others. Risk management for each currency is varying in accordance with the situation in each country. It is therefore necessary to monitor closely and regularly.

Accounts Receivable Collections

Despite the signs of recovery of global economy, the company still closely monitor and constantly evaluate the situation if there will be any factors affecting the company's operations and the customers' financial position to ensure collection of receivables. The company also utilizes credit insurance to mitigate the trading risk.

With the efficient and experienced accounts receivable management, credit control system and experienced personnel, the company, even it has encountered various challenges, has managed the accounts receivable and collections satisfactorily during the past years. This can be seen from the amount of the past due trade receivables of 6 months and over which were accounted for around 1.3% of total trade receivables. This has helped ensure the sufficient and smooth cash flows to support the business operations.

2. Corporate Investment Risk Management

Investments and financial assistances given to the subsidiaries are generally risk inherent transactions. Risk management practices that the company adopts are close monitoring and control of treasury, accounts receivable and some other significant financial and administrative activities. The executives of subsidiaries are from time to time gathering at the company, either for training, meeting or performance review which is regularly done through video conference. Not only efficiency in administration towards the same business direction can be assured, working morale and cooperation among the group also builds up.

3. Supply Chain Risk Management

The company assesses the major risk factors throughout the supply chain, this is because any misalignment in the supply chain management would affect the confidence of customers and other stakeholders as well as impact future operations. In 2017, the supply situation of Semiconductors and Passives components was tight but through great teamwork and close cooperation with our valued suppliers, we did not encounter any serious supply related impact. Going forward to 2018, we foresee the tight supply of Semiconductors and Passive components to continue at least until 2nd Quarter. The company also does not foresee any serious supply related impact and will continue to monitor and work closely with our valued suppliers to ensure no disruption to our operations.

To ensure good quality and continuity of supply, the company always places strong emphasis on managing "Key/Critical Suppliers" and "Key/Critical Parts" in our supplier management framework. Apart from evaluating the technology, quality, responsiveness, delivery performance and price of the supplier, the company also focuses on managing the supply and demand of critical parts by utilizing end customers demand forecast, system integrators and suppliers inventory level. Generally, local suppliers are preferable as they offer an advantage in delivery time and responsiveness but they are also required to meet our standards for technology, quality and price.

The company also conducts in-depth analysis of key suppliers' financial status after the global financial crisis as well as reviewing the supply chain diversification/ geographical distribution of suppliers' production lines in order to reduce the risk of material shortage caused by extreme climate conditions or possible major disasters in the future.

In addition, to lower ESG risks in the supply chain and improve competitiveness, Delta Thailand started promoting RBA Verification Consultation since 2014. A verification and consultation team has been organized jointly by Delta's human resources, labor

safety, plant affairs, and purchasing departments to perform RBA verification and consultation of key suppliers with high ESG risks. Room for improvement has been verified for most suppliers in health and safety aspects of the RBA management system. Excessive work hours are common managerial problems in the industry. Addressing these findings, the Delta verification and consultation team provided experience in introducing and promoting Delta's Management System for reference to suppliers, with continuous follows up to ensure continued improvement.

Up to now, there are 96.1% of suppliers signed in "Declaration of Compliance with RBA Code of Conduct". Besides of the high percentage of the signed 'RBA Declaration', The company held the "RBA On Site Audit" focus on local suppliers, all of those local suppliers can comply with RBA Code of Conduct requirement.

4. Information Risk Management

The company believes a sound and highly secured corporate IT management system can provide the management with fast, effective and transparent information for decision making and reduce the IT security threats.

For Application management, awareness programs and regular audits are prepared and implemented by IT department together with the cooperation of vendors, to improve the software compliance. There are also Software Development Process & Control Procedures to manage the in-house software development and bugs deductions.

For Infrastructure management, the company engaged with professional contractors and service providers to build up firewall, hardware redundancy, maintenance service and proactive care service, to reduce risks of hardware failure, data loss and improve the information security.

Ransomware and hackers continued their relentless march across the cyberspace, cyber-attack become common threat to any operations worldwide. The company conducted various trainings to increase employees' awareness and vulnerability scanning to avoid cyber-attacks, review administrative rights to limit users to install software in computers, installed Data Lost Prevention system to block access to unauthorized personal electronics devices, external cloud storage or USB and proactively update the software patches and review software installed to manage and mitigate the risks.

5. Legal and Intellectual Property Rights Risk Management

Intellectual Property refers to legal rights over creation by human intellect in form of invention. Intellectual property includes copyright, patent, trademark, petty patent, trade secret and layout-designs of integrated circuit, etc.

Intellectual property has values both beneficially and commercially which results from intellect ability, knowledge, monetary investment and time in creation of an intellectual property. Therefore, inventors and authors' rights should be protected and maintained from any kind of infringement, while the intellectual property of the others should be respected and legally used. In recognition of the importance of intellectual property, the company makes the policy to guard and protect the intellectual property owned by the company from violation and unauthorized uses, while also maintaining strict respect for the intellectual property of the others.

When using, duplicating, adapting, disclosing or disseminating copyrighted materials to the public, whether in whole or in part, executives and employees should proceed only after being granted approval or permission from the copyright owners. In the case of any doubt in dealing with such copyrighted materials, prior to proceeding - it is the duty of the employees to consult on such matters with the legal department.

When using legally registered logos or trademarks of the company or Delta Group, executives and employees should take into account appropriateness of use, and apply it prudently only for the benefit of the company or Delta Group.

Any invention and design, new product or any discovery which results in an improved or new and innovative improved product or service, which has not yet been registered for a patent or petty patent, must be safely guarded and protected from intellectual property infringement.

When duplicating, adapting, disclosing and disseminating copyrighted works or other people's trade secrets to a third party or the public, either in whole or in part, permission or consent must first be legally granted from the copyright owners.

Employees who have access to trade secrets (for example, trade information, production cost information, production formulas, product pricing formulas, patterns, software, technical methods, production procedures, business management information, product price details, customer lists and advertising strategies) are required to safely guard such information and comply with company Code of Conduct.

6. Environmental Risk Management

From Climate Change Report of United Nations IPCC points out average global warming of 0.2°C is expected for each of the next two decades, longer-term warming is expected in the range of 2°C - 4.5°C, Sea level rise of between 18 cm and 59 cm is expected by the end of the 21st century - a conservative estimate according to recent science.

The company is promoting carbon-reduction technologies and reduce carbon emissions to response to this risk by following activities and operations:

Green Business: The company is building and enhancing its R&D capabilities to develop green energy / energy saving products and solutions, by having lower carbon footprint and lower environmental impact designs and develop new products and services with Green Innovation.

Green Operations: Participated in Ministry of Industry's "Green Industry" and "ECO Factory" program to showcase its serious commitment to the environmental-friendly practice. The company's two plants at Bangpoo Industrial Estate and Wellgrow Industrial Estate are certified Green System, which is a level for industries with systematic environmental management processes, which include monitoring, evaluation and improvement.

The company set energy management goal for major production sites and implemented annual energy-saving projects. The company is the first in Thailand being certified ISO14064-1 (Standard of Management System for Quantification and Reporting of Greenhouse Gas Emissions) and ISO50001 (Standard of Energy Management System) and remains committed to the standards in order to further enhance company's competency towards the future.

The company also promoting renewable energy by installing solar PV systems at Bangpoo and Wellgrow plants. Along with the several projects of Energy Saving and Carbon Reduction, the company has developed a SCADA (Supervisory control and data acquisition) system and in-house software which integrated with digital metering technology at main sites including Thailand factories to monitor, gather and process data. The real-time monitoring and analysis functions provided by the system help identify more opportunities for energy saving and carbon reduction.

Green Buildings: The company committed itself new buildings will be green buildings since 2006. The company's head office in Bangpoo, Samutprakarn has received the LEED (Leadership in Energy and Environmental Design) Gold certification in the EBOM (Existing Buildings: Operations and Maintenance) category. It is also the first factory in Thailand to have received the certification under the EBOM category.

Green Supply Chain: The company's Green Supply Chain Management Committee continue to develop and improve supplier for three supporting tools (eq. agreement, training, audit) and GHG emission reduction and energy saving is one of major topic in Electronic Industry Citizenship Coalition (EICC) or Responsible Business Alliance (RBA)

- i) Supplier must fully comply with local statutory regulations and define its own risk control mechanism.
- ii) Supplier must establish management systems regarding to environmental protection, energy saving and GHG emission reduction.
- iii) Compliance with relevant Delta standards on managing of EICC / RBA.

Green Society (Employee & Community): The company promotes Energy Volunteer and Education (DEEP & SEED), offering scholarships, products and trainings to schools and universities in carbon reductions. The company also sharing its experience in building energy-efficient and low-carbon green buildings and green factory-office buildings through the open house activity to green building programs. This includes working with local environmental protection groups to promote environmental education programs and the energy-saving ideas of green buildings with the government, school, media, communities and the public. For carbon disclosure, we engaged carbon disclosure via CDP, DJSI, IR-related and NGO's questionnaires, and published GHG management measurement and result in SD report and annual report.

7. Occupational Health and Safety (OHS) Risk Management

The company carries out the OHS risk management through the following activities:

1. Provide basic safety training program such as Basic Fire, First Aid Responder, Safety Officer at Supervision and Management Level, Basic Safety Training to employees, sub-contractors and vendors, Safety in Electrical Work, Safety Radiation, Fork lift, Ergonomic, Machine safety, Emergency Response Team, Fire/Chemical drill and Confined Space Training.
2. Set up Safety Committee to carry out regular audits and improvements on workplace environment such as; Monitoring environment quality at work place, Emission Measurement, Drinking water and Waste water inspection, Radiation monitoring from X-Ray machine, etc.
3. Identifying, evaluating and managing the risks associated with the environment as well as with the health and safety of our employees, contractors, customers and those living in our community from time to time such as; Safety Week Campaign, Corporate Social Responsibility (CSR) Safety Project etc.



Company General Information

Delta Electronics (Thailand) Public Company Limited

Company Registration Number	0107537002559
Contact Address	909 Soi 9, Moo 4, E.P.Z., Bangpoo Industrial Estate, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn Province 10280, Thailand
Tel	(662) 709-2800 Fax : (662) 709-2833
Nature of Business	Manufacturing and exporting of power supplies and other electronic equipment and components
Home Page	www.deltathailand.com
Registered Share Capital	1,259,000,000 ordinary shares at par value of Baht 1
Paid up Capital	1,247,381,614 ordinary shares at par value of Baht 1 (As of 18 January 2018)
Juristic persons which Company holds more than 10%	Please find details in the section of “Investment Structure”

References

1. Auditor

EY Office Limited (Formerly know as Ernst & Young Office Limited)
33rd Floor, Lake Rajada Office Complex, 193/136-137, Rajadapisek Road,
Klongtoey, Bangkok 10110, Thailand

Tel. : (662) 264-0777

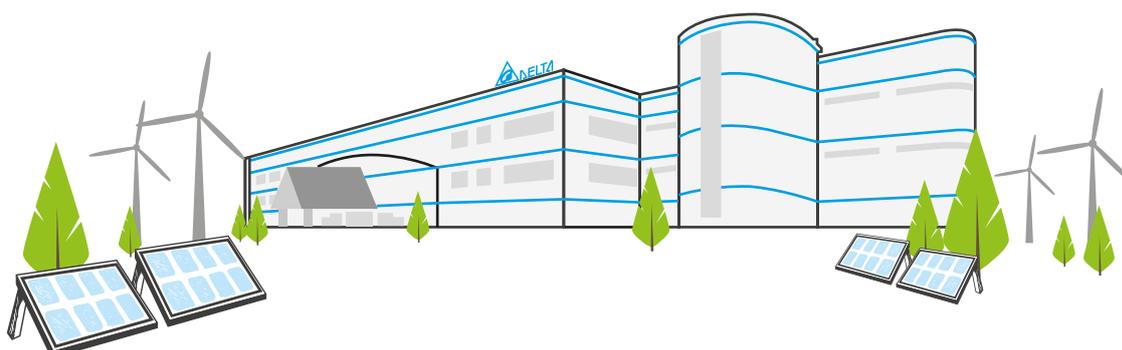
Fax : (662) 264-0789

2. Share Registrar

Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand
Building, 14th Floor, 93 Ratchadapisek Road, Dindaeng, Bangkok
10400, Thailand

Tel. : (662) 009-9000

Fax : (662) 009-9991



Capital Structure

Registered and Paid up Share Capital (31 December 2017)

Type of Equity	No. of Shares	Par value (Baht)	Total Value (Baht)
1. Registered Share Capital (Common share)	1,259,000,000	1	1,259,000,000
2. Paid up Capital (Common share)	1,247,381,614	1	1,247,381,614

Top 10 Shareholders (as of 1 March 2017)

No.	Name	Holding	%
1	Citibank Nominees Singapore Pte Ltd-CBHK-PBGSG-Restricted Shares	718,158,350	57.6%
2	Thai NVDR Co., Ltd.	71,027,647	5.7%
3	Delta Electronics Inc.	69,128,140	5.5%
4	UBS AG Singapore, Branch	53,172,220	4.3%
5	State Street Bank Europe Limited	36,872,777	3.0%
6	Chase Nominees Limited	31,352,876	2.5%
7	RBC Investor Services Trust	23,134,640	1.9%
8	HSBC Bank PLC - HSBC Institutional TST SVS(IRE) LTD First State Global Umbrella Fund PLC - First State Asian EQU	21,985,500	1.8%
9	The Bank of New York (Nominees) Limited	12,955,901	1.0%
10	J.P. Morgan Bank Luxembourg S.A. Lend	9,388,800	0.7%
11	Others	200,204,763	16.0%
	Total	1,247,381,614	100.0%

Minor Shareholders

As of March 1, 2017, total number of Minor Shareholders (Free float) is 3,899, equivalent to 36.88%

Shareholding Agreement with Major Shareholders

Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

Other Types of Shares

The company does not issue other types of shares, except from ordinary shares.

Dividend Policy

The company has a policy to pay dividend at least 30% of its net profits. However, the dividend payout ratio would be subject to change depending on the investment plan and/or other capital requirements the Company may have in the future.

The company's Board of Directors' Meeting No. 1/2018 held on 23 February 2018 resolved to pay dividend for the year 2017 at Baht 2.20 per share, representing a payout ratio of 55.70%. This is subject to the 2018 Annual General Meeting of Shareholders' approval. (The dividend paid in 2017 was Baht 3.00 per share, representing a payout ratio of 67.8%).

Dividend Payment of the Subsidiaries

Dividend payment of the subsidiaries would be determined based on the profitability and reinvestment opportunities of each subsidiary. In addition, the relevant laws, regulations, tax and foreign exchange control of the country where the subsidiary is located at will also be taken into consideration for greatest benefits of the company and shareholders.

Year	EPS	Dividend/Share (Baht)	%Payout Ratio
2013	4.34	2.70	62.2%
2014	4.78	3.00	62.8%
2015	5.38	3.10	57.6%
2016	4.42	3.00	67.8%
2017*	3.95	2.20	55.7%

* Pending for approval from the 2018 Annual General Meeting of Shareholders' on April 2, 2018 to approve the dividend distribution for the year 2017



Profiles Of Board Of Directors

1 Mr. Kong Meng Ng (James)
Chairman of the Board

3 Mr. Hsieh Shen-yen (Dick)
Director of the Board

5 Mr. Hsieh Heng-hsien (Henry)
Director of the Board

7 Mr. Boonsak Chiempricha
Independent Director

2 Mr. Ming-Cheng Wang (Stronger)
Vice Chairman of the Board

4 Mr. Chu Chih-yuan (Roger)
Independent Director

6 Mr. Anusorn Muttaraid
Director of the Board

8 Dr. Witoon Simachokedee
Independent Director

Profiles of Board of Directors

Mr. Kong Meng Ng

Age : 71

Shareholding in the Company
As of 31 Jan 18

None

Position Chairman of the Board (Authorized Director) (Appointment Date : 3 May 1990)

- Education**
- M. Sc (Electronic Engineering), University of Southampton, UK
 - Bachelor Degree in Electrical Engineering, National Taiwan University, Taiwan
 - Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2007
 - Director Certification Program (DCP), Thai Institute of Directors Association, Year 2009
 - Financial Statements Demystified for Directors (FDD), Thai Institute of Directors Association, Year 2009

Work Experience

Listed Company

- | | |
|--------------|---|
| 1990-Present | Chairman of the Board Delta Electronics (Thailand) PCL. |
| 2004-2008 | Executive Committee Member, Delta Electronics (Thailand) PCL. |
| 1990-2006 | President, Delta Electronics (Thailand) PCL. |

Non-Listed Company

- | | |
|---------------|--|
| 2007- Present | Director, Delta Greentech SGP Pte.,Ltd |
| 2012-Dec 2016 | Director, Delta Electronics International (Singapore) Pte.,Ltd |

Mr. Ming-Cheng Wang

Age : 72

Shareholding in the Company
As of 31 Jan 18

None

Position Vice Chairman of the Board (Authorized Director) (Appointment Date : 3 May 1990)

- Education**
- EMBA, National Taipei University of Technology, Taiwan
 - Industrial Engineering (Diploma), National Taipei Institute of Technology, Taiwan
 - Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2015

Work Experience

Listed Company

- | | |
|----------------|--|
| 1990-Present | Vice Chairman of the Board, Delta Electronics (Thailand) PCL. |
| 2009-Dec 2013 | Risk Management Committee Vice Chairman, Delta Electronics (Thailand) PCL. |
| 1999- Dec 2013 | Executive Committee Member, Delta Electronics (Thailand) PCL. |
| 1990- Dec 2013 | Vice President, Delta Electronics (Thailand) PCL. |

Mr. Hsieh Shen-yen

Age : 66

Shareholding in the Company
As of 31 Jan 18

None

- Position**
- Director of the Board (Authorized Director) (Appointment Date : 13 Aug 2013)
 - President
 - Executive Committee Chairman
 - Risk Management Committee Chairman
 - Sustainability Development Committee Chairman

- Education**
- EMBA, National Taipei University of Technology, Taiwan
 - B.A. Navigation, China Maritime College.
 - Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2014

Work Experience

Listed Company

- | | |
|--------------|--|
| 2013-Present | Director of the Board, Delta Electronics (Thailand) PCL. |
| 2014-Present | <ul style="list-style-type: none"> • President, Delta Electronics (Thailand) PCL. • Executive Committee Chairman/Risk Management Committee Chairman, Delta Electronics (Thailand) PCL. |
| 2015-Present | Sustainability Development Committee Chairman, Delta Electronics (Thailand) PCL. |
| 2013-2014 | Executive Committee Member, Delta Electronics (Thailand) PCL. |

Non-Listed Company

- | | |
|-----------|---|
| 2013-2016 | Director, Taiwan Powder Technologies Co.,Ltd. |
| 2012-2013 | Director, Delta Greentech (China) Co.,Ltd. |
| 2003-2016 | Executive Vice President, Delta Electronics (Dongguan) Co.,Ltd. |

Mr. Chu Chih-yuan

Age : 71

- Position**
- Independent Director (Appointment Date : 30 Apr 1988 and appointment be Independent director on 27 Oct 2015)
 - Audit Committee Member
 - Nomination & Compensation Committee Member

- Education**
- B.A in Economics, Chinese Culture University (Taipei), Taiwan
 - Executive Program of Graduate School of Business Administration, Chung Yuan Christian University, Taiwan
 - Director Accreditation Program (DAP) Thai Institute of Directors Association, Year 2007

Work Experience

Listed Company

- | | |
|------------------|---|
| 1988-Present | Director of the Board, Delta Electronics (Thailand) PCL.
(appointment to Independent director on October 2015) |
| Oct 2015-Present | <ul style="list-style-type: none">• Audit Committee Member, Delta Electronics (Thailand) PCL.• Nomination & Compensation Committee Member, Delta Electronics (Thailand) PCL. |
| Jun 2016-Present | Independent director, C Sun Manufacturing Ltd. |
| 1986-Sep 2013 | Senior Vice President and Corporate CFO, Delta Electronics, Inc. (Taiwan) |

Non-Listed Company

- | | |
|---------------|---|
| 2011-Present | Director, Digital Projection International Holding Ltd. |
| 2010-Aug 2016 | Supervisor, Delta Electronics Capital Company |
| 2009-Jun 2015 | Supervisor, NeoEnergy Microelectronics |
| 2012-Mar 2014 | Supervisor, Delta Green Life Co., Ltd. |
| 2004-Mar 2014 | <ul style="list-style-type: none">• Director, Delta Electronics International Ltd. (Labuan)• Supervisor, Delta Electronics (Korea), Inc. |
| 2002-Mar 2014 | Supervisor, Delta Greentech (China) Co., Ltd. |
| 1998-Mar 2014 | Supervisor, Addtron Technology (Japan) Co., Ltd. |
| 1995-Mar 2014 | Director, Delta Power Sharp Ltd. |
| 1991-Mar 2014 | Supervisor, Delta Electronics (Japan), Inc. |
| 2012-Mar 2013 | Supervisor, Allied Material Technology Corp. |

Shareholding in the Company

As of 31 Jan 18

None

Mr. Hsieh Heng-hsien

Age : 54

Position Director of the Board (Authorized Director) (Appointment Date : 30 Mar 2006)

- Education**
- MBA, California Miramar University, USA
 - MBA, Pacific Western University, USA
 - Electrical Engineering (Diploma), National Taipei University of Technology, Taiwan
 - Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2006

Work Experience

Listed Company

- | | |
|---------------|---|
| 2006-Present | Director of the Board, Delta Electronics (Thailand) PCL. |
| 2009-Mar 2014 | <ul style="list-style-type: none">• Executive Committee Chairman, Delta Electronics (Thailand) PCL.• Risk Management Committee Chairman, Delta Electronics (Thailand) PCL. |
| 2007-Mar 2014 | President, Delta Electronics (Thailand) PCL. |
| 2004-2008 | Executive Committee Member, Delta Electronics (Thailand) PCL. |

Non-Listed Company

- | | |
|---------------|---|
| 2004-Mar 2014 | President of Delta Energy Systems (DES) group |
|---------------|---|

Shareholding in the Company

As of 31 Jan 18

None

Mr. Anusorn Muttaraid

Age : 64

Position

- Director of the Board (Authorized Director) (Appointment Date : 22 Aug 1994)
- Executive Committee Member
- Nomination & Compensation Committee Member
- Risk Management Committee Member
- Sustainability Development Committee Member
- Human Resources & Administration/ Public Relations Director

Education

- B. Sc, Kasetsart University
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2004

Work Experience

Listed Company

1994-Present	Director of the Board, Delta Electronics (Thailand) PCL.
1999-Present	Executive Committee Member, Delta Electronics (Thailand) PCL.
2015-Present	<ul style="list-style-type: none">• Nomination & Compensation Committee Chairman/• Sustainability Development Committee Member, Delta Electronics (Thailand) PCL.
2009-Present	Risk Management Committee Member, Delta Electronics (Thailand) PCL.
1993-Present	Human Resources & Administration/ Public Relations Director, Delta Electronics (Thailand) PCL.
2007-Oct 2015	Compensation Committee Member, Delta Electronics (Thailand) PCL.

Non-Listed Company

2011-Present	Member of sub-committee of Comprehensive Economic Partnership in East Asia (ASEAN+6), Board of Trade of Thailand
2010-Present	Managing Partner, Anupong Globalize Limited Partnership
2009-Present	Chairman of Committee on Indian Affairs, The Thai Chamber of Commerce and Board of Trade of Thailand
2007-Present	<ul style="list-style-type: none">• Chairman of Thailand-India Business Council, The Thai Chamber of Commerce and Board of Trade of Thailand• Managing Partner, Anusorn Globalize Limited Partnership
2017	Corporate Governance Committee Chairman/Chairman of the Executive Consultant/ Advisory of Information Technology Committee, The Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2015-2017	Nomination & Compensation Committee Chairman/Relation Affair Committee Chairman/ Information Technology Committee Chairman, The Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2011-2017	Director/Executive Director, The Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2011-2015	Risk Committee Chairman, The Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2011-2014	Director of Advisory Board, Department of Trade Negotiations Ministry of Commerce

Shareholding in the Company

As of 31 Jan 18

None

Mr. Boonsak Chiempricha

Age : 69

- Position**
- Independent Director (Appointment Date : 5 April 2016)
 - Audit Committee Chairman
- Education**
- MBA the University of Santa Clara, San Jose, CA., U.S.A.
 - Bachelor of Accounting Chulalongkorn University
 - Diploma, National Defence College, (NDC 4111) ,The Joint State-Private Sector
 - Director Certification Program (DCP), Thai Institute of Directors year 2003
 - Director Accreditation Program (DAP), Thai Institute of Directors Association Year 2004
 - Role of the Chairman Program (RCP), Thai Institute of Directors Association Year 2007
 - Corporate Governance for Capital Market Intermediaries (CGI) Thai Institute of Directors Association Year 2014

Work Experience

- Listed Company**
- 2016–Present Independent Director/ Audit Committee Chairman, Delta Electronics (Thailand) PCL.
- 2010–Present
- Independent Director/Audit Committee Member/Risk Management Committee Chairman, President Bakery PCL.
 - Chairman of the board, G Capital PCL.
 - Chairman of the board /Executive Chairman, Indara Insurance PCL.
- 2012–Present Director/ Audit Committee Member, CIMB–Principal Asset Management Company
- Non–Listed Company**
- 2017–Present
- Director of Audit & Evaluation Sub–Committee of special government
 - Consultant of Financial Management program, The Comptroller General’s Department
- 2015–Present Expert, Election Commission of Thailand Independent Entity
- 2014–Present Commission, Court of Judicial Service Government Sector
- 2013–Present Financial Director, The Thai Bar Under the Royal Patronage Government Sector
- 2012–Present Honorary Council Member and Audit Committee Chairman, Mahasarakham University Council Committee

Shareholding in the Company
As of 31 Jan 18

13,000 shares
(0.001% of paid up capital)

Dr. Witoon Simachokedee

Age : 64

- Position**
- Independent Director (Appointment Date : 30 Mar 2015)
 - Audit Committee Member
 - Nomination & Compensation Committee Chairman
- Education**
- Honorary Doctorate of Engineering, Safety Engineering, Kasetsart University
 - Doctor of Philosophy Public Administration (Management of public and private sector), Ramkhamhaeng University
 - Honorary Doctorate of Science, Safety Technology Occupational Health, Rajabhat Suan Sunanta University
 - Master’s degree of Business Administration, Faculty of Commerce and Accountancy, Thammasat University
 - Bachelor of Laws degree, Thammasat University
 - Bachelor of Engineering (The Electrical Engineering), Kasetsart University
 - Director Certification Program (DCP), Thai Institute of Directors year 2009
 - Financial Statements for Directors (FSD), Thai Institute of Directors year 2009

Work Experience

- Listed Company**
- 2015–Present Independent Director/Audit Committee Member/Nomination & Compensation Committee Member, Delta Electronics (Thailand) PCL.
- 2017–Present Independent Director/Audit Committee Member, Sakol Energy PCL.
- Non–Listed Company**
- 2013–Present President of Foundation for Business and Industrial Development
- 2014 Acting Industry Minister, Ministry of Industry
- 2009–2014 Permanent Secretary, Ministry of Industry

Shareholding in the Company
As of 31 Jan 18

None

Profiles of Management Team

Mr. Hsieh Shen-yen

President

(For further details, please refer to his profile in the Board of Directors)

Mr. Anusorn Muttaraid

Human Resources & Administration/ Public Relations Director

(For further details, please refer to his profile in the Board of Directors)

Mr. Vichai Saksuriya

Operations Vice President

Age : 55

Education

- EMBA, National Taiwan University of Technology, Taiwan
- B.E. Electrical Engineering, National Taipei Institute of Technology, Taiwan
- Director Accreditation Program (DAP) Thai Institute of Directors Association Year 2014

Shareholding in the Company

As of 31 Jan 18

None

Work Experience

- | | |
|--------------|--|
| 2011-Present | Operations Vice President, Delta Electronics (Thailand) PCL. |
| 2015-Present | Sustainability Development Committee Member, Delta Electronics (Thailand) PCL. |
| 2010-2011 | Sr. Operation Director, Delta Electronics (Thailand) PCL. |
| 2008-2010 | Operation Director PSBG, Delta Electronics (Thailand) PCL. |

Mrs. Aruwan Sangrungarun

Chief Financial Officer (CFO)

Age : 54

Education

B.A (Accounting), Ramkhamhaeng University

Shareholding in the Company

As of 31 Jan 18

1,000 shares (0.00008% of paid up capital)

Work Experience

- | | |
|--------------|---|
| 2016-Present | <ul style="list-style-type: none">• Chief Financial Officer (CFO), Delta Electronics (Thailand) PCL.• Sustainability Development Committee Member, Delta Electronics (Thailand) PCL. |
| 2013-Present | Accounting Director, Delta Electronics (Thailand) PCL. |
| 1999-2013 | Accounting Manager, Delta Electronics (Thailand) PCL. |

Mr. Chen Chin-ming

Chief Information Officer (CIO)

Age : 47

Education

- EMBA, National Taipei University of Technology, Taiwan
- EMBA, Information Management, National Taiwan University of Science and Technology
- Industrial Management, National United University

Shareholding in the Company

As of 31 Jan 18

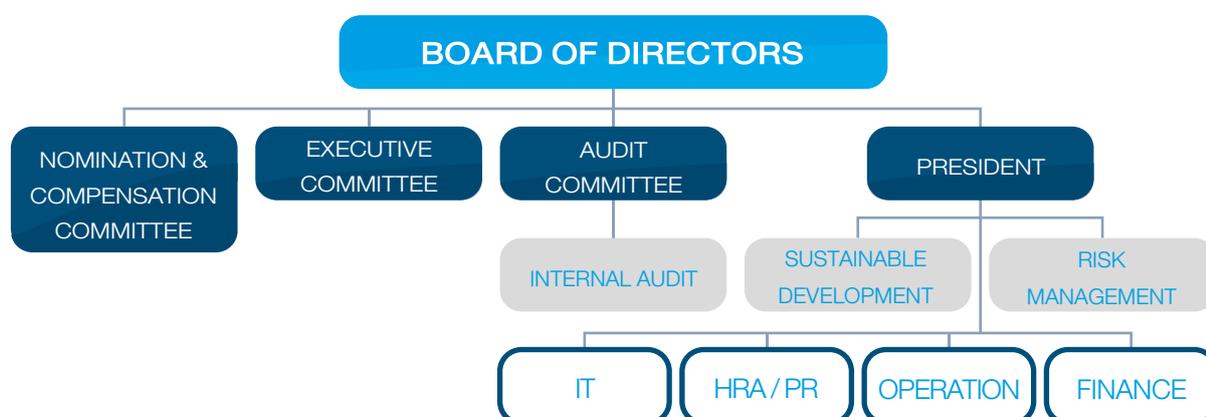
None

Work Experience

- | | |
|--------------|--|
| 2011-Present | Chief Information Officer (CIO), Delta Electronics (Thailand) PCL. |
| 1999-2011 | Business IT, Delta Electronics, Inc. (Taiwan) |

Managerial Structure

The company's managerial structure as of 31 December 2017



Board of Directors

The company's Board of Directors is now composed of 8 members, 2 executive directors, 6 non-executive directors. As reported in the Ministry of Commerce's certification dated January 18, 2018, list of the members of the Board of

Name	Position	Appointment Date	Attendance Meeting
1. Mr. Ng Kong Meng	Chairman of the Board	3 May 1990	6/6
2. Mr. Ming-Cheng Wang	Vice Chairman	3 May 1990	6/6
3. Mr. Hsieh Shen-yen*	Director and President	13 Aug 2013	6/6
4. Mr. Hsieh Heng-hsien	Director	30 Mar 2006	5/6
5. Mr. Anusorn Muttaraid*	Director	22 Aug 1994	6/6
6. Mr. Chu Chih-yuan	Independent Director	30 Apr 1988	6/6
7. Mr. Boonsak Chiempricha	Independent Director	5 Apr 2016	6/6
8. Dr. Witoon Simachokedee	Independent Director	30 Mar 2015	5/6

Director is shown below.

Ms. Wilailak Fungthanakun is Company Secretary and Secretary to the Board of Directors

* Executive director

Authorized Directors

The following 5 directors are authorized to act on behalf of the company under following conditions. "Mr. Ng Kong Meng or Mr. Ming-Cheng Wang or Mr. Anusorn Muttaraid, either one of these directors jointly sign with Mr. Hsieh Heng-hsien or Mr. Hsieh Shen-yen to be two directors and affixes the company seal."

Scope of Responsibilities of the Board of Directors

1. To manage the business of the company faithfully and prudently and comply with the laws and the company's objectives, Articles of Association as well as the resolution of the shareholders' meeting, for the benefits of the company.
2. To determine the vision, mission or business strategies of the company and reviewed every year
3. To determine/approve policies, business plan and budget of the company, and to supervise the administration and management including monitor the implementation. Follow up the operation result performed by the Executive Management and reported to the Board of Directors regularly in order to ensure that it is in line with the policies, plan and budget.

4. To review the company's internal control systems and risk management to be correctly and efficiently conducted.
5. To ensure that the company complies with the Securities and Exchange Act and other securities and exchange laws e.g. SEC rules and regulations and the SET regulations, for instance, regulations concerning the entry into connected transactions and regulations concerning the substantial acquisition of assets, including any law governing the company's business.
6. To arrange for the preparation and submission of the audited balance sheet and profit and loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval.
7. To monitor on the adequacy and timely of the company's disclosure of information.
8. To authorise any other person to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such person to perform any action as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such power-of-attorney as the Board of Directors may think fit.

For this purpose, no authorization will be enable the grantee under the power-of-attorney to consider and approve the transaction which may cause a conflict of interest between himself or any related person or interested person as the one party and the company as the other party, unless it is granted following the approved policies and criteria previously set out by the Board of Directors.

Responsibilities of the Chairman of the Board

1. To be the leader in policy establishment to oversee the operation performed by the executive committee in order to ensure the achievement as planned
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting.
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.
4. Perform the duty specified by law as the duty to be performed by the Chairman

Management Team

The management team of the company consists of 5 members as follows:

Name	Position
1. Mr. Hsieh Shen-yen	President
2. Mr. Anusorn Muttaraid	Human Resources & Administration/Public Relations Director
3. Mr. Vichai Saksuriya	Operation Vice President
4. Mrs. Aruwan Sangrungarun	Chief Financial Officer
5. Mr. Chen Chin-ming	Chief Information Officer

Scope of Responsibilities of the President:

1. To manage, control and responsible for the operation of the company in accordance with the directions set out in the company's budget as approved by the Board of Directors and/or the executive committee of the company including taking care, advising and improving the operation continuously.
2. To propose policies, strategy of the company and of the business unit of the company to the Board of Directors for acknowledgement and approval and to be responsible for applying such strategy with its operation.
3. To be jointly responsible with the executive committee for preparation of the annual budget and the operational plan of the company, reviewing the annual budget quarterly and proposing the amended budget to the Board of Directors.
4. To report the operational result to the Board of Directors quarterly.

5. To have the authorization to approve the payment in accordance with the Approval Authorization Instruction of the company, which had already been copied to all directors for consideration. However, with respect to the matters other than the normal course of business, the president shall have the authorization to approve such payment only upon receipt of the Board's approval
6. Undertakes its duties and responsibilities to ensure that systems are established, supports are provided and supervision of good corporate governance and anti-corruption is carried out to ensure that all employees and concerned parties' practices are fully in compliance with policy. Also include reviews on suitability of the systems and measures to accommodate changes in business, regulations and Law requirements.
7. To be eligible in appointing and managing any working groups or any persons for benefit of the company and efficient management, transparency, or empowering to any person or assigning any person to do any specific tasks in such authorization complies must be within the scope of the power-of-attorney and/or regulations, notifications or orders as determined or approved by the Board of Directors and/or the company.

For this purpose, no authorization will be enable the president to approve the transaction which may cause a conflict of interest between himself/his assignee and any related person (as defined in the SEC Notification) as the one party and the company or its subsidiary as the other party, unless it is granted in accordance with the company's normal course of business as clearly identified.

8. To do any acts as assigned by the Board of Directors.

Company Secretary

The Board of Directors appointed Ms. Wilailak Fungthanakun the Company Secretary. The main responsibilities are: to prepare meetings, inform and advise on relevant law and regulations, take care of the Board's activities, and coordinate to ensure that the Board's resolutions are put into practice. All are to facilitate efficiency of the Board's administration in order to comply with good corporate governance principle and other responsibilities as required by law.

Remuneration of Director and Management

The Nomination & Compensation Committee will determine remuneration of directors, sub-committee members, the President and the management, and propose to seek approval from the Board of Directors. For compensation of the Board of Director and sub-committee, it requires approval from the Shareholders' meeting. Follows are some key guidelines:

1. Policy and guidelines for director and sub-committee remuneration

- 1.1 Remuneration package must be reasonable in order to attract and retain competence director. Major factors to determine director remuneration include
 - Scope of works and responsibilities
 - Current market rate
 - The company's overall performances
 - Others specified by the Nomination & Compensation Committee or the Board
- 1.2 Chairman of the Board and Chairman of sub-committees would receive higher remuneration in accordance with their responsibilities
- 1.3 Non-executive director would receive a competitive remuneration which would be higher than that of executive director. This is to attract the knowledgeable and capable person to be non-executive director or independent director
- 1.4 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives

2. Policy and guidelines for the top executives remuneration

- 2.1 The Nomination & Compensation Committee is assigned to determine the compensation principle and structure for the President and the executive level (11 and up) in accordance with the policies given by the Board of Directors and to be in line with the company's operating result and individual performances.
- 2.2 Remuneration package must be reasonable in order to attract, retain, and motivate the executive to work at their best.
- 2.3 The Nomination & Compensation Committee must define Key Performance Indicators (KPI) to help assess performance of the executives and propose to the Board for approval before end of each fiscal year.
- 2.4 Compensation including annual salary increment, bonus and other compensation (if any) of the management is to be considered by the president based on each individual KPI achievement.
- 2.5 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments. Determination of remuneration should take into account the current market rate. Market survey or advice from human resource professional may be used in consideration and at the expense of the company.

Remunerations of Directors and Management in 2017 are listed as follows;

1. Remuneration

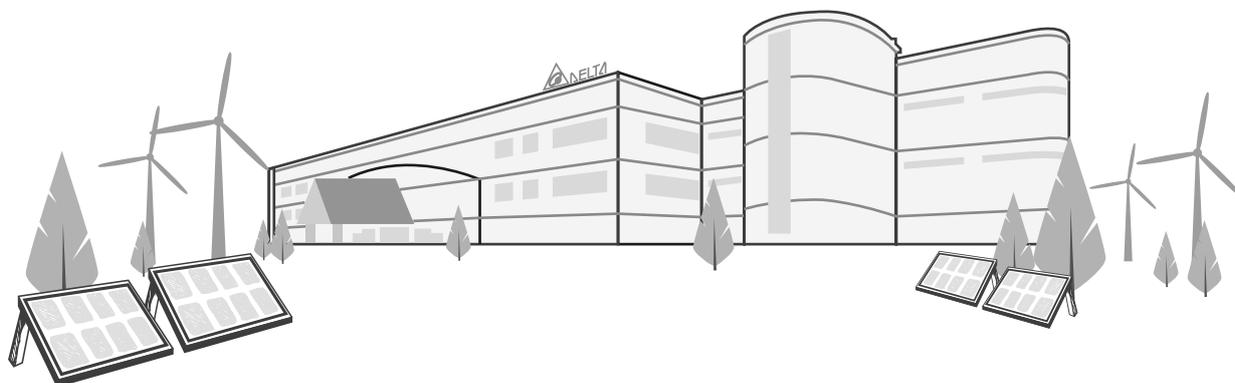
1.1 *Remuneration of Directors*

The Annual General Meeting of Shareholders approved the remuneration of the directors for the year 2017 with details shown below;

(Unit: Baht)	Annual Remuneration	Attendance Fee
Chairman of the Board	1,650,000	10,000
Non-Executive Director	1,150,000	10,000
Executive Director	500,000	-
Independent Director/AC Chairman	1,250,000	10,000
Independent Director/NCC Chairman	1,250,000	10,000
Independent Director/Audit Committee	1,150,000	10,000

Remark : 1. Meeting attendance fee are for Chairman of the Board and Independent Director for their participation in every committee meeting and Shareholders' meeting

2. Other remuneration : None



The remuneration of the directors for the year 2017 as follow;

Name of Director	Remuneration		Meeting fee		Other		Total Amount	
	Unit : Baht		2017	2016	2017	2016	2017	2016
Mr.Ng Kong Meng	1,650,000	1,650,000	70,000	60,000	-	-	1,720,000	1,710,000
Mr.Ming-Cheng Wang	1,150,000	1,150,000	70,000	60,000	-	-	1,220,000	1,210,000
Mr.Hsieh Shen-yen	500,000	500,000	-	-	-	-	500,000	500,000
Mr.Hsieh Heng-hsien	1,150,000	1,150,000	60,000	60,000	-	-	1,210,000	1,210,000
Mr.Anusorn Muttaraid	500,000	500,000	-	-	-	-	500,000	500,000
Mr.Chu Chih-yuan	1,150,000	1,150,000	150,000	120,000	-	-	1,300,000	1,270,000
Mr.Boonsak Chiempricha	1,250,000	1,250,000	110,000	90,000	-	-	1,360,000	1,340,000
Dr.Witton Simachokedee	1,250,000	1,250,000	120,000	110,000	-	-	1,370,000	1,360,000
Total	8,600,000	8,600,000	580,000	500,000	-	-	9,180,000	9,100,000

Remarks: The company has no other remuneration such as bonuses, pension and other benefits

1.2 Remuneration of the Management

Remuneration of the 5 members of the management team including salary and bonus in 2017 amounted to 40,829,950 baht as compared to that of last year (2016) of 46,284,931 baht.

2. Other remuneration

- None -

Share/Warrant Holdings of Directors

Name of Director	Holding DELTA (Shares)					
	Self			Spouse & Minor Child		
	31 Jan 18	31 Jan 17	Inc/Dec	31 Jan 18	31 Jan 17	Inc/Dec
Mr.Ng Kong Meng	-	-	-	-	-	-
Mr.Ming-Cheng Wang	-	-	-	-	-	-
Mr.Hsieh Shen-yen	-	-	-	-	-	-
Mr.Hsieh Heng-hsien	-	-	-	-	-	-
Mr.Chu Chih-yuan	-	-	-	-	-	-
Mr.Anusorn Muttaraid	-	-	-	-	-	-
Mr.Boonsak Chiempricha	13,000	17,000	(4,000)	-	-	-
Dr.Witton Simachokedee	-	-	-	-	-	-
Mr.Vichai Saksuriya	-	-	-	-	-	-
Mrs.Aruwan Sangrungsarun	1,000	1,000	-	4,000	5,000	(1,000)
Mr.Chen Chin-ming	-	-	-	-	-	-

Human Resource

In 2017, the company and its subsidiaries had a total number of employees of 12,965 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 7,501 million. In Thailand, there were 10,624 employees with Baht 4,521 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided as follows.

1. Production	No. of Employees (31 Dec 17)
EPSBG Product Group	3,644
MPBG Product Group	1,501
FMBG Product Group	3,388
EVSBG Product Group	1,073
2. Administration and others	1,018
Total	10,624

Human Resource Development

The company committed and gave priority to develop its personnel in terms of both education and quality. There was cooperative program with various educational institutions to enhance employees’ knowledge continuously.

© Educational Support Project

Program to improve potential of employees, in particular on English language and Thai language by Huachiew Chalermprakiet University to enhance knowledge and skill on language communication for daily life to employees.

© Human Resource Development

The company has policy to provide training courses for both new-comers exist employees with clear written scheme of each training course. These training courses aim to continuously develop employees’ performance in the view of their efficiency as well as quality. In 2017, the company’s internal training courses hours can be projected as followings:

- Consolidated training hours 27,027 hours had scheduled for 3,155 staffs; average 8.6 hours/ person
- Consolidated training hours 81,501 hours had scheduled for 6,926 operators; average 11.8 hours/ person



Corporate Governance

The Board of Directors realizes the importance of operating company business under good corporate governance. The company corporate governance policy has been prepared and implemented since 2007. Regarding the Board of Directors Meeting no. 5/2015 dated 26 October 2015, the Board of Directors has resolved to approve the 4th revision of the corporate governance policy. Further details of the company's Corporate Governance Policies can be found on the company website: http://www.deltathailand.com/about_corp.php (for public access) and internally on the Delta intranet (for employee access).

Our commitment and strict compliance with good corporate governance has earned the company high evaluation grades and awards in 2017 as follows;

- Rising Star Award at the SET Sustainability Awards 2017.
- Thailand Sustainability Investment (THSI) 2017 from The Stock Exchange of Thailand for the 3rd consecutive year.
- Ranked among the Top 5 on "ITC Electronic Equipment, Instruments & Components" Sector of DJSI.
- "Excellent" grade on the 2017 Corporate Governance Rating Survey (CGR) conducted by Thai Institute of Directors Association (IOD) for the 2nd consecutive year.
- "Excellent" grade for the standard of its annual general meeting of shareholders (AGM Assessment) conducted in the year 2017 from the Thai Investors Association for the 3rd consecutive year.
- ESG100 for 2017, rating by Thaipat Institute for the 3rd consecutive year.

The implementation of our good corporate governance policy during the year 2017 can be summarized as follows.

1. Rights of Shareholders

The company acknowledges and emphasizes our shareholders' rights with a policy to support, promote and facilitate every shareholder, including institutional investors. This policy is to ensure that shareholders are entitled to all basic legal rights and obtain adequate business information, including updated important information, via the SET and the company's website. In addition, all shareholders, including institutional shareholders, are encouraged to participate and vote in the shareholders meeting regarding matters that may affect their rights and interests. The company shall not obstruct or cause obstacles to communication opportunities among shareholders. When a shareholders agreement is to be executed by any shareholder, the company shall endeavor to ensure that such shareholders agreement will not materially affect the company or other shareholders.

The company generally holds an Annual General Meeting of Shareholders (AGM) once a year, within four months from the end of each fiscal year. In 2017, the AGM was held on March 31, 2017, at the company head office located at Bangpoo Industrial Estate, Samutprakarn province. The meeting was conducted in accordance with Delta good governance principles. There were no extraordinary general shareholders' meeting held during the year 2017.

In addition to the above mentioned fundamental rights, the company supports and facilitates the shareholders' rights as follows:

Prior to the Meeting

A fixed meeting date was used to determine the shareholders who were entitled to attend the meeting. The company entrusted Thailand Securities Depository Co., Ltd. (TSD), who acted as registrar, to send out invitations for the meeting in both Thai and English together with other supporting information and documents to all shareholders on March 15, 2017, over 14 days prior to the AGM date. At the same time, it announced the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All meeting related documents were also made available to the shareholders on the company website for 30 days in advance (from February 28, 2017). All information was made available and easily accessible to provide shareholders adequate

time to review the agenda. The meeting invitation clearly indicated the matters to be tabled at the meeting, for acknowledgment, approval or consideration. In addition, it enclosed the Board's opinions and supporting documents to ensure that shareholders had sufficient information to consider all issues. To be well prepared for the meeting day, the company provided a list of necessary documents that attendees were required to present to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate shareholders who could not attend the meeting and thus wished to appoint as proxy an Independent director or another representative.

In addition, the company informed and invited institutional investors to join the meeting and facilitated them by arranging proxy and related document collection in the case of nonparticipation..

On the Meeting Date

The company provided shuttle services at The Stock Exchange of Thailand building for shareholders who wished to attend the Meeting. On the meeting day, attendance registration commenced not less than one hour before the meeting began. Shareholders who arrived late were allowed to vote for the remaining agenda and constituted part of the quorum, starting from the agenda item for which they were in attendance, unless stated otherwise. A barcode system was used to facilitate attendance registration and vote count. Duty stamps were made available to shareholders without charge.

In the meeting, all eight directors of the Board were in attendance. As in the previous year, the Chairman of the Board, Chairman of Audit Committees, the President and other key management members such as Chief Financial Officer (CFO) and the external auditor were present to listen to the shareholders' opinions or suggestions and also answer any questions. The company implemented its registration and vote count systems which could display results immediately. Before the meeting started, the company announced the number of shareholders who attended the meeting in person and by proxy and clarified the voting procedures and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority of votes (except when voting on a special resolution, the meeting must comply with the company's Articles of Association and/or relevant laws). Votes are not allowed for shareholders who have interests related to any particular agenda item. For the election of directors, individual votes are required. In order to expedite the voting process, only the ballots voting for objections and abstentions were collected and deducted from the total votes of shareholders who attended the meeting and were eligible to vote. With regards to the agenda on compensation to directors, the company notified shareholders the amount that each director received in the form of remuneration and meeting allowances.

There was no any objection or request for re-inspection from shareholders on such arrangements. The meeting proceeded according to the agenda with no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from, the Capital Law Office Limited, was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions during appropriate times. In fact, shareholders were permitted to submit their questions by e-mail to info@deltathailand.com, mail or fax before the meeting date. This year, the company disseminated an invitation to shareholders to send their questions or opinions on the company website from 15 November-31 December, 2017. Generally, the company secretary will review and gather the questions before submission to the Board of Directors for their consideration. However, in the meeting, the Board principally attends to the questions that relate to the company's operations or are considered to cause material impact on the operating results. There were no questions proposed in the 2017 Annual General Meeting of Shareholders.

After the Meeting Date

Meeting minutes recorded every resolution and showed the number of approval, objection and abstention votes for each agenda point. Questions, responses and opinions which arose during the meeting were documented for future examination. A report of the meeting was disclosed on the SET and the company's website within 14 days after the meeting date (Please find further details in the 2017 Minutes of Annual General Meeting of Shareholders posted on the company website)

2. Equitable Treatment of Shareholders

With consideration for all shareholders to equally enjoy basic rights, the company encourages the equitable treatment of shareholders as follows:

Appoint a proxy to attend and vote at the meeting

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the company's nominated independent directors to attend the meeting and vote on his/her behalf. This is done by completing and sending to the company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the company website.

Proposing additional agenda and nominating directors

In addition, the company opened the floor for shareholders to propose additional agenda items and to nominate candidates to be directors of the company in advance. Procedures and details were disclosed on the company website http://www.deltathailand.com/ir_share.php during 18 October-31 December, 2016. Generally, the company secretary will review and gather the additional agenda items and director nominations before submission to the Board of Directors for consideration. In 2017, no shareholders exercised their right to propose agenda items or nominate directors. The company provided the opportunity to shareholders to submit proposals for the upcoming 2018 Annual General Meeting of Shareholders during the period of 15 November-31 December, 2017.

Insider Information Policy

Under the company's policy, insider information is restricted to executives from the middle to the top levels. All employees are prohibited from taking the company's documents or information for personal use, or to bring them outside the company. Use of inside information without permission or that leads to any damage is deemed serious wrongful conduct with regards to the equitable treatment and protection of shareholders. The policy and prohibition of usage of inside information for securities trading are formally written in the company's Code of Conduct Guideline to ensure employee's awareness. This also includes the prohibition of trading activity by a director within one month prior to the public announcement of the company's operating results through the SET.

Moreover, The company has a policy that its directors and executives must disclose information on the securities held by themselves (including their spouses and minor children) to the Office of the Securities and Exchange Commission (the Office of the SEC) within 3 days after the change of ownership of securities has taken place and inform the company's secretary to report the Board of Directors accordingly.

In 2017, there was no offense by directors, management or employees concerning insider information.

Prevention of Conflict of Interest

In general practice, decision making by the directors and executives must ultimately be done in a way that benefits the company. In the case of a conflict of interest, the directors or executives shall submit the issue to the Board or the shareholders' meeting to consider the necessity of executing such a transaction and the potential impact on the company if the matter is approved. At the time of voting on the issue, a person with a conflict of interest is not allowed to vote. In accordance with the recent Securities and Exchange Act, the directors and executives of the company have filed both their personal and their related persons' report on personal interests

regarding the company, with an extra copy for the Chairman and Audit Committee Chairperson of the company, through the company's secretary. Such reports are required to be updated annually and submitted to the company.

In addition, the company also deals with related party transactions as regulated by the Capital Market Supervisory Board and also disclosed inter-transactions with its affiliates in the company's financial statements and in the annual information disclosure form (Form 56-1).

Major Inter-Company Transactions

The Board of Directors' meeting No.1/2017 held on February 14, 2017 approved Delta Greentech (Netherlands) B.V. ("DGN BV"), a subsidiary with 100 percent paid-up capital indirectly held by the company, to dispose of investments in four of its subsidiaries to Delta Electronics (Netherlands) BV ("DEN"), a subsidiary of Delta Electronics Inc. which is a major shareholder of the company a total value of USD 24.85 million (equivalent to THB 874.26 million). The disposed shares of DGN BV subsidiaries acquired by DEN are listed as follows:

1. 10,200 ordinary shares of Delta Energy Systems (Switzerland) AG, equivalent to 51 percent of the total issued shares;
2. 15,708 ordinary shares of Delta Greentech Electronics Industry LLC, equivalent to 51 percent of the total issued shares;
3. 1,500,000 ordinary shares of Delta Greentech (USA) Corporation, equivalent to 100 percent of the total issued shares;
4. 4,315,657 ordinary shares of Delta Greentech (Brasil) S.A., equivalent to 100 percent of the total issued shares.

DEN paid for its acquisition with cash and with the transfer of its equity right in 100% paid up capital of its subsidiary Eltek, s.r.o. to DGN BV.

The Board of Directors has considered that the sales transaction of the above four DGN BV subsidiary companies will help strengthen the company's current core business and also develop new promising businesses to serve future market demands. In addition, the disposed and acquired shares are based on the indicative range of fair market value assessed by an independent party and the management's long-term business view.

The Board is of the opinion that the transactions of the above subsidiary companies have proceeded in all fairness at the proposed price, payment terms, and conditions. No differing opinion is held by any director or audit committee member.

3. Role of Stakeholders

Delta has contributed extensively to the rights of all stakeholder groups such as shareholders, customers, employees, business partners, competitors, creditors and society in accordance with laws or agreements with the company. The company has opened various channels to accept suggestions or complaints from all stakeholders. The company also has other guidelines on how to treat each specific stakeholder group as follows:

Shareholders :

The company aims to bring long-term sustainable growth to its business, thereby enhancing the company's value and ultimately providing favorable returns to its shareholders and consistent paid dividends at a satisfactory rate. In fact, from 2010 to 2017, dividend payout ratio averaged over 50% of net profits per annum.

Customers :

The company is committed to its mission of providing products, services and solutions under short to long-term contracts that fulfill customer's requirements. In addition, the company has a policy to produce quality products in accordance with international standards to increase customer confidence and satisfaction. The company has established a Customer Satisfaction Procedure survey and the Customer Feedback Process. The results are improved development and satisfaction for our customers in the long term.

Employees :

The company considers human resources to be our greatest asset. Competitive compensation and equal career opportunities are provided on the basis of aptitude and capability. In addition, all employees have the right to join any assembly or social group. Domestic and international trainings are organized regularly to enhance skills. The relevant policies for employees have been determined as follows.

- Safety, Health, Hygiene & Environment Policy
- Labor Relations Policy
- Employee's Remuneration Policy
- Human Resources Management Policy
- Activities Misconduct, Harassment and Unfair Treatment Policy

(for details of the above policies, please see the Corporate Governance policy from the company's website: www.deltathailand.com/about_corp.php)

Business Partners :

The company will respect the rights of business partners and treat them equally and fairly while performing operations according to agreement or conditions. Rules and regulations have been determined in the Antitrust Law and Competition Law Policy of the Corporate Governance Policy of the company.

The company has held the 2017 Delta Annual Partner Meeting to recognize our vendors for improving quality and maintaining their standard of services and products. The company has a policy to arrange this partner meeting every year.

Competitor :

The company has a policy of promoting free competition under fair rules which are also respected on a professional basis under the rules of sound competition defined in the company's Code of Conduct. This policy complies with Responsible Business Alliance (RBA).

Creditors :

The company will strictly comply with agreements and agreed on conditions. In the case of non-compliance with any conditions, it shall inform creditors promptly in order to jointly solve problems in a reasonable manner. The company will conduct business with efficiency and effectiveness to maintain sustainable growth and financial stability and ensure creditor confidence. During the past year, the company and its subsidiaries have had a good relationship with financial institutions in full compliance with borrowing obligations, both in terms of debt repayment and other agreed conditions.

Society and Environment :

The company is committed to conducting business according to our Corporate Social Responsibility Policy. The policy shall provide guidelines for the directors, management and employees to operate our business ethically with transparency, accountability and with respect for human rights and fair treatment to all stakeholders.

As a global corporate citizen, we support international standards such as the Responsible Business Alliance (RBA), the Universal Declaration of Human Rights, the International Labor Office Tripartite Declaration of Principles and Global Reporting Initiative (GRI).

Please find further information regarding activities with stakeholders in the SD report section

Whistle Blowing and Complaints

The company has a policy to support and encourage employees and stakeholders to make complaints about misconduct. With the policy, complainants can provide information concerning wrongful acts including any unlawful activity or any behavior against the company rules and/or Code of Conduct to the management or Board of Directors. This is to ensure the company's transparent and efficient operations. The company has established the following communication channels to allow all employees and stakeholders to provide feedback or file complaints concerning this issue.

- Communication channel for Delta employees
 - (1) Head of the unit the employee belongs to.
 - (2) Head of audit department, head of human resources department or head of legal department.
 - (3) Local external opinion box.
 - (4) Email: whistleblow@deltathailand.com
- Communication channel for other stakeholders
 - (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280);
 - (2) Email: whistleblow@deltathailand.com
 - (3) Website: www.deltathailand.com

Depending on the relevance of the complaints, the Board's Secretary will gather and submit the complaints to the Executive Committee, the Audit Committee or the Board. The details of the complaint will be kept confidential in order to avoid an infringement of privacy.

At the Board of Directors Meeting No. 1/2018, the company secretary informed the meeting that in the year 2017, the company received 2 complaints regarding code of conduct, 1 complaint about anti-corruption and no complaint for anti-trust or fair competition.

Action Against Corruption

The Board of Directors has approved the adoption of an Anti-Corruption Policy in order to establish principles, set practice guidelines, arrange communication and provide training in the area of anti-corruption. The policy aims to clarify the company's goal to combat all forms of corruption and open channels for all stakeholders' suggestions and complaints via whistleblow@deltathailand.com

The company initiated an agreement between the purchasing department and suppliers (The Procurement and Supplier Covenants) in 2001 to build a healthy procurement system and avoid the negative influence of human factors on normal business. The agreement is an acknowledgment by both parties to do business with integrity and without bribery or any unwarranted returns. During the Delta Annual Partner Meeting 2017, the company covered the topic of anti-corruption to educate suppliers about our anti-corruption policies and stance against corruption.

This year the company arranged training about Code of Conduct and Anti-Corruption during October and November. All staff are required to attend these courses. The purpose of the training is to establish a common understanding of the standard of behavior expected of all employees. The Code places an obligation on all of us to take responsibility for our own conduct and work with colleagues cooperatively to establish a consultative and collaborative workplace where people are happy and proud to work. The training scope includes Anti-Corruption as part of the Code of Conduct and covers bribery, gifts & hospitality. The aim of the Anti-Corruption training is to increase awareness and understanding among employees of corruption risks businesses may face. To enhance Anti-Corruption operations.



Code of Conduct and Anti-Corruption training on Oct - Nov 2017

More details on practice guidelines can be found on the company website http://www.deltathailand.com/about_corp_anti_corruption.php.

4. Disclosure and Transparency

The company has a policy to disclose data and information accurately, adequately and in a timely manner to allow stakeholders the opportunity to know about our operating performance, financial position, key developments and important information such as financial statements, annual report and disclosure Form 56-1, in both Thai and English language. Such information is available on the websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the Company's website www.deltathailand.com. Interested persons may telephone or email the company to request for more information at info@deltathailand.com. The company also has an investor relations unit to provide information to shareholders, investors, securities analysts and other parties, which can be reached at ir@deltathailand.com.

Since 2009, with support from SET, the company has organized a quarterly press conference to announce and explain each quarter's consolidated financial data, business performance and future plans to securities analysts, reporters and general investors. The meeting is also a chance for stakeholders to meet with our top management and build confidence in the company. Analyst meetings are arranged every quarter. In addition, private meetings upon investor's requests are also arranged by our Investor Relations unit to establish a better understanding of the company's operation and its business strategies. In 2017, the company arranged factory visits for both local and overseas institutional investors at our Bangpoo factory in Samutprakarn and Wellgrow factory in Chachoengsao. The company hosted eight factory visits and had five overseas roadshows to promote understanding of the processes in our company.

The IR manager represents our management in regional conferences several times a year to provide updated information on the company's operation and business outlook.

5. Responsibilities of the Board

Structure of the Board

The Board of Directors comprises of eight directors; two of whom are executive directors. The remaining six are non-executive directors, including three independent directors, and comprise over one-third of the Board. Qualifications of independent directors have been set to meet the SEC criteria. Currently, the Chairman of the Board and the President positions are held by two individuals with clearly separated responsibilities. The roles and responsibilities of the Board and management are also clearly defined so as to ensure management transparency. (Please find the Board member's details and scope of duties in the Managerial Structure section).

Director's Term of Office

At the annual general meeting of shareholders, one-third of the directors or close to one-third must vacate their office. A director who vacates their office by rotation is eligible for re-election. The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation with a vote by no less than three-fourths (3/4) of the number of

shareholders attending the meeting who have the right to vote and hold shares in aggregate of no less than half of the total voting shares held by attending shareholders. Shareholders may limit the number of terms which an individual may serve as an independent director to a maximum of three consecutive terms.

The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by law, the company's Articles of Association and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this, is the defining of target operating results, following up and assessing operating results and overseeing capital expenditure, merger and acquisition, corporate spin-off and joint venture deals.

Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinions on various matters. At present, there are five sub-committees under the Board of Directors totally 3 committees including Executive Committee, Audit Committee, Compensation and Nomination Committee and under the President 2 committees including Risk Management Committee and Sustainable Development Committee with details as described below.

Executive Committee

The Executive Committee of the company consists of five members as follows:

Name	Position
1. Mr. Hsieh Shen-yen	Executive Committee Chairman
2. Mr. Anusorn Muttaraid	Executive Committee Member
3. Mr. Vichai Saksuriya	Executive Committee Member
4. Mr. Sim Kuik-keong	Executive Committee Member
5. Mr. Chung Chia-long	Executive Committee Member

Scope of Responsibilities of Executive Committee

1. To operate and manage the business of the company in compliance with the company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the Board of Directors and/or shareholders' meeting.
2. To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the company including the organization chart in order to propose to the Board of Directors for its consideration and approval as well as to monitor and follow up the results of company operations to be in accordance with policies.
3. To be eligible to do the following bank transactions and to report these transactions to the Board of Directors at the next board meeting following execution.
 - (a) Open or close bank accounts.
 - (b) Enter into any contract which is part of the company's normal course of business and/or any other transactions with banks or other financial institution for a total combined amount not exceeding USD 50 million or the equivalent in any other currencies per bank. In cases where there is a need to use any company assets as collateral to support banking facilities, approval by the Board of Directors must be obtained.
 - (c) Issue corporate guarantee to support banking facilities granted to subsidiaries for a total amount not exceeding USD 50 million or the equivalent in any other currencies per company.
 - (d) Renew banking facilities without any limit.

4. To be eligible to approve investment in subsidiary companies for amounts not exceeding USD 5 million or the equivalent in any other currencies per company, per project. Approvable aggregate investment amount, after combining all investments, will not exceed USD 20 million or equivalent in any other currencies within a calendar year. Such investment transactions are required to be reported to the Board of Directors at the next board meeting.
5. To be eligible to appoint, promote, transfer or discharge directors and/or executives of the subsidiary companies.
6. To authorize any one or more persons to perform any action under the supervision of the Executive Committee, or granting the power-of-attorney to such person (s) to perform any action within the specified time as the executive committee may think fit; provided, however, that the executive committee has the sole discretion to revoke or modify such designated person or power-of-attorney as the executive committee may think fit.

For this purpose, no authorization will be enable a member of the executive committee under the power-of-attorney and/or his sub power-of-attorney to approve the transaction which may cause a conflict of interest between such attorney or any related person (as defined in the SEC Notification) as the one party and the company or its subsidiary as the other party, unless it is granted in accordance with the company's normal course of business as clearly identified.

7. To perform any other duties assigned by the Board of Directors.

Audit Committee

The Audit Committee of the company consists of 3 members and all members are independent directors. Term of office shall follow the annual director election and qualifications and responsibilities of the Committee are prescribed by the SET. The list of Audit Committee members is shown below.

Name	Position
1. Mr. Boonsak Chiempricha*	Audit Committee Chairperson
2. Mr. Chu Chih-yuan*	Audit Committee member
3. Dr. Witoon Simachokedee	Audit Committee member

Remark: * a director who is knowledgeable and experienced in reviewing the company's financial statements

Qualifications of the Audit Committee :

1. All members must be independent directors.
2. Not a director who is authorized by the Board of Directors to make decisions relating to the operations of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company or a person with a potential conflict of interest.
3. Not a director of a parent company, subsidiary or parallel subsidiary company which is a listed company.
4. Have duties and responsibilities according to the SET's rules.
5. Have sufficient knowledge and experience to perform his/her duties as a member of the Audit Committee.
At least one member of the Audit Committee must have sufficient knowledge and experience to review the reliability of the financial statements.
6. Be appointed by the Board or shareholders meeting.

Scope of Responsibilities of Audit Committee :

1. To review the company's financial reporting to ensure that it is accurate and disclosure is adequate;
2. To review that the company employs appropriate and an efficient internal control system and internal audit.
To determine the independence of the internal audit unit as well as to approve the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of the internal audit;
3. To review that the company complies to the law on securities and exchange, the regulations of the SET and other laws related to the company business;
4. To consider the capability and independence of an external auditor and propose an external auditor to be appointed as the company's auditor with an included audit fee. To attend a non-management meeting with the auditor at least once a year;

5. To review any related transactions or transactions that may lead to conflicts of interests to ensure that they comply with the SEC laws and regulations, are reasonable and yield the highest benefit for the company;
6. To report the governance activities of the Audit Committee in the company annual report, which must be signed by the chairman of the Audit Committee. The report must consist of at least the following information
 - (a) An opinion on the accuracy, completeness and reliability of the company financial reports.
 - (b) An opinion on the adequacy of the company's internal control system.
 - (c) An opinion on the company's compliance with related laws i.e. the Securities and Exchange Act, the SET regulations, or laws relating to company business.
 - (d) An opinion on the suitability of the external auditor.
 - (e) An opinion on the related transactions or transactions that may lead to conflicts of interest.
 - (f) The number of Audit Committee meetings and attendance of such meetings by each committee member.
 - (g) An overall opinion or comment regarding the Audit Committee's performance of duties as specified in the audit committee charter.
 - (h) Other transactions that the Audit Committee believes should be known to shareholders and general investors, under the scope of duties and responsibilities assigned by the company Board of Directors.
7. To do any other agreed upon matters assigned by the Board of Directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee consists of three members, two independent directors and one executive director. Term of office shall follow the annual director election. The member list of the Compensation Committee is shown below.

Name	Position
1. Dr. Witoon Simachokedee	Compensation Committee Chairman (Independent Director)
2. Mr. Anusorn Muttaraid	Compensation Committee Member
3. Mr. Chu Chih-yuan	Compensation Committee Member (Independent Director)

Scope of Responsibilities of Nomination and Compensation Committee :

1. Appraise the performances of the President and Executives in Level 11 and up annually.
2. Determine the remuneration and package structure of the company directors and sub-committee members with fair and reasonable principles and submit it to the Board of Directors and shareholders for approval. This would include monthly remuneration, meeting allowance, annual bonus and other financial and non-financial benefits.
3. Determine the remuneration policy and package structure of the company's president and Executives in Level 11 and up with fair and reasonable principles and submit it to the Board of Directors for approval. This includes short-term and long-term remuneration such as salary, annual bonus and other financial or non-financial benefits.
4. Review the remuneration policy of directors, committee President and Executives in Level 11 and up based on personal performance, the company's performance and best practice in the market and/or among listed companies in Thailand's stock exchange.

The Committee shall have the following duties and responsibilities regarding nomination:

5. Define the qualifications of that the Board members, Sub-committee and Top management must have and aid in identifying and attracting qualified candidates for the Board of Directors' consideration.
6. Assess the structure, size and composition of the Board of Directors/Sub-committee and recommend any improvements to the Board of Directors.
7. Conduct an annual evaluation of the performance and achievements of the Board of Directors, Sub-committee and individual members and report the evaluation to the Board of Directors.
8. Assist in the establishment of a succession plan and/or talent management pool development in order to fulfill the requirements for medium to top key management positions.

9. Perform any other duties assigned by the Board. The Nomination and Compensation Committee may seek advice or opinion from relevant independent professionals as necessary and appropriate to perform the assigned job. The Committee may also need to attend company sponsored training or seminar to enhance knowledge and capability in performing their job.

Risk Management Committee

The Risk Management Committee consists of 10 members as follows;

Name	Position
1. Mr. Hsieh Shen-yen	Risk Management Committee Chairman
2. Mr. Anusorn Muttaraid	Risk Management Committee
3. Mr. Vichai Saksuriya	Risk Management Committee
4. Mr. Sim Kuik-keong	Risk Management Committee
5. Mrs.Aruwan Sangrungarun	Risk Management Committee
6. Mr. Fann Chao-ching	Risk Management Committee
7. Mr. Chen Chin-ming	Risk Management Committee
8. Mr. Basile Margaritis	Risk Management Committee
9. Mr. See Kai Mun	Risk Management Committee
10. Mr. Chung-I Tam	Risk Management Committee

Scope of Responsibilities of the Risk Management Committee :

1. Establish risk management procedures.
2. Implement risk management and delegate risk management to respective managers.
3. Develop and review strategic risk management plans.
4. Report to the Board or the Audit Committee quarterly, annually and/or any time that is necessary as assigned by the Board.
5. Monitor and continuously improve risk management.
6. The committee may seek advice from relevant professional consultants in certain cases.

Sustainable Development Committee

The Sustainable Development Committee consists of four members as follows

Name	Position
1. Mr. Hsieh Shen-yen	Sustainable Development Committee Chairman
2. Mr. Anusorn Muttaraid	Sustainable Development Committee Member
3. Mr. Vichai Saksuriya	Sustainable Development Committee Member
4. Mrs.Aruwan Sangrungarun	Sustainable Development Committee Member

Scope of Responsibilities of the Sustainable Development Committee :

1. The Committee shall annually review the SD Policy and associated frameworks, processes and practices of the company and make appropriate recommendations to the Board.
2. The Committee shall ensure that the company is taking the appropriate measures to undertake and implement SD projects successfully and shall monitor the SD Policy from time to time.
3. The Committee will coordinate with the company for implementing programs and executing initiatives as per SD policy and shall review the performance of each SD project at least once per quarter.
4. The Committee shall provide counsel and support appropriate resources and persons to promote the sustainable development strategy to the entire organization in the same direction.
5. The Committee may form and delegate authority to subcommittees or working groups when appropriate.
6. The Committee shall review and reassess the adequacy of its responsibilities annually and recommend any proposed changes to the Board for approval.

Selection of Directors and Independent Directors

The Board of Directors assigned the Nomination and Compensation Committee to search, select and nominate qualified candidates to be a director or member of any committee. The committee selections are considered on the basis of whether that person is knowledgeable and experienced in areas such as accounting, finance, management, strategy and possess individual skill and expertise in line with the company's business and strategies without restrictions on gender, race or nationality. This is in order to have board diversity and a solid company structure to achieve business objectives under management according to the principles of good corporate governance standards. Currently, the company has provided the opportunity to the shareholder to nominate candidates to be company directors with basic qualifications set forth on the company website. The Board will consider and approve the selected candidate by majority votes of the board meeting. After selection, the Board shall nominate such candidate to the shareholders' meeting for approval.

Qualifications of a Director

1. A director shall have qualifications and shall not have characteristics prohibited in the law on public limited companies, or characteristics indicating a lack of appropriateness in respect to trust in managing a business with public shares as specified in the notification of SEC.
2. Professional ethics and excellent career profile.
3. Knowledge or experience in business administration, especially in electronics; telecommunications, finance and accounting or any other areas, as the board deems appropriate.
4. Able to participate in all Board meetings and shareholders' meetings (except in the case of an emergency).
5. Other qualifications that the Board may later consider appropriate or are required by law.

Qualifications of Independent Director

Qualifications of an independent director (ID) have been defined based on the requirements of the Office of Securities and Exchange Commission as follows :

1. Not holding shares exceeding 1% of the total voting right shares of the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest with any shares held by Related Persons taken into account.
2. Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company. A person with a potential conflict of interest with the company. An exception would be if he/she has no such status for at least two years before becoming an independent director.
3. Not a person related by blood or by registration under the law as father, mother, spouse, sibling or child. This includes the spouse of a child of an executive, major shareholder, controlling person, or person who will be nominated to be an executive or controlling person of the company or its subsidiary.
4. Not having nor having had any business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest that may interfere with his/her use of independent discretion. This includes not being nor having been a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the company, its parent company, its subsidiary, its associated company. A person with a potential conflict of interest. An exception would be if he/she has no such status for at least two years before becoming an independent director. Details of business relations are summarized as follows:
 - 4.1 Professional advisor
 - 4.1.1 An auditor for any related case.
 - 4.1.2 Advisor (such as legal advisor, financial advisor, appraiser) for transactions with a value of over 2 million Baht per year.
 - 4.2 Other business relationship
 - 4.2.1 Scope of business covers normal business transactions, rental or lease of immovable property transactions, asset or service transactions, and financial assistance transactions.

- 4.2.2 Having business relationships with either the transaction value of 20 million Baht or more, or 3% or more of its net tangible assets, whichever is lower (including transactions with the same person within 6 months).
 - 4.2.3 The Board of Directors may exempt any transaction by an independent director with a unanimous resolution which exceeds the above value if the case is deemed to be necessary, appropriate and irregular. In such a case, the business transaction is required to be disclosed in the registration statement (Form 56-1) and the annual report. If the independent director will be re-appointed for another term, such relationship or transaction must also be disclosed in the notice of meetings.
5. Not a director who is not appointed as a representative to safeguard the interests of the company's directors, majority shareholders or shareholders who are related to the company's major shareholders.
 6. Having any other characteristics which make it impossible to express an independent opinion with regards to the company's operations.
 7. An independent director who satisfies the qualifications specified in 1 to 6 above may be empowered by the Board to make decisions in normal business operations, provided that the decision process is collective.

Appointment of Directors

After the Nomination and Compensation Committee considers and selects a qualified director, they will propose the candidate to the Board of Directors. After that, the Board of Directors will nominate the candidate to the shareholders' meeting for approval based on the Article of Association of the company. An appointment of a director is made through a majority vote at the shareholders meeting. One share shall count for one vote and each shareholder shall exercise all the votes he has to appoint the nominated person or nominated persons to be a director on a person-by-person basis or en-bloc basis. Shareholders cannot divide votes for any person. The person obtaining the most votes in descending order shall be elected as directors equal to the number of directors required. In the event that persons receiving votes in respective order receive equal votes and the number of position exceed the positions required, the Chairman of the meeting shall have a casting vote.

Dismissal of Directors

The meeting of shareholders may pass a resolution to remove any director prior to retirement by rotation by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and having shares in aggregation not less than a half of the number of shares held by shareholders attending the meeting and having the voting rights.

The Orientation for New Director

The meeting of shareholders may pass a resolution to remove any director, prior to retirement by rotation, by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting with voting rights and who hold shares in aggregation of over half of total shares held by attending shareholders with voting rights.

Directorship in other Companies

To ensure the director's efficient performance and compliance with Corporate Governance Principles, the Board of Directors requires that

1. Apart from the company, each director may retain the office of director in a maximum of three other listed companies.
2. The President is not permitted to be the director of other listed companies except the director of subsidiaries. Moreover, before participating as a board director of any other company the President must first seek approval from the Board of Directors.

The company's executive directors and top management are encouraged to be the directors of subsidiaries to ensure the group's work efficiency and policy consistency.

The Board's Meeting

The company schedules the Board meeting at least four times a year or on a quarterly basis with minimum of attendance for all members of the Board of Director at least 90%. An extraordinary meeting may be arranged when there is an issue to consider. Regular meeting dates will be set in advance for the entire year at least seven days prior to the meeting date (not less than five days). The company will send out invitation letters with the agenda to all directors. In case of emergency, the invitation letters may be sent less than seven days prior to the meeting. Each director is free to propose items for the agenda. The company secretary has the duty to arrange the meeting, take care and give suggestions to ensure that the meeting is in compliance with all relevant laws and regulations. Minutes of the meeting will be put in writing and those endorsed by the Board will be put in writing and those endorsed by the Board will be kept as evidence at the company's office.

Meeting Attendance of directors in 2017 was as follows;

Unit : Times

Name	Board of Directors	Audit Committee	Compensation Committee	AGM
No. of total meetings held	6	4	4	1
Mr. Ng Kong Meng	6/6	n/a	n/a	1/1
Mr. Ming-cheng Wang	6/6	n/a	n/a	1/1
Mr. Hsieh Shen-yen	6/6	n/a	n/a	1/1
Mr. Hsieh Heng-hsien	5/6	n/a	n/a	1/1
Mr. Anusorn Muttaraid	6/6	n/a	3/4	1/1
Mr. Boonsak Chiempriha	6/6	4/4	n/a	1/1
Mr. Chu Chih-yuan	6/6	4/4	4/4	1/1
Dr. Witoon Simachokedee	5/6	3/4	3/4	1/1

The Quorum for Voting

The Board of Directors considered additional policy concerning the quorum for voting at the Board of Director's meeting by requiring the quorum be not less than two-thirds of the total number of directors. This includes cases when a director is not able to attend the meeting in person. A conference call is allowed to constitute the quorum. However, the meeting quorum is still required to comply with the company's Articles of Association that state that at the meeting of the Board of Directors there shall be not less than one half of the total number of directors attending in order to constitute a quorum.

The Meeting without Attendance of Management

The independent directors may hold a meeting without the attendance of management as it sees appropriate. Normally, meetings of the Audit Committee is held without executive participation. The company's auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request an executive to clarify an issue as it sees fit.

Board Self-assessment

The Board generally arranges four assessment forms once a year, namely; Assessment of the Board, Assessment of Individual Directors (self-assessment), Audit Committee's self-assessment and Nomination and Compensation Committee's self-assessment. Upon completion of the mentioned assessments, the Evaluation Forms will be submitted to the Company Secretary team for tabulation and the results will be presented to the Nomination and Remuneration Committee together with agreed action plans to address the gaps, if any, for deliberation and onward submission to the Board.

The assessments forms stipulate the percentages that correspond to the level of performance achieved in each of area as detailed below (with exception to the Audit Committee's self-assessment).

Over 85% = Excellent Over 75% = Very good Over 65% = Good
Over 50% = Fair Below 50% = Need improvement

The findings from the self-assessments were as follows

Overall Board Self-Assessment consists of 6 items as below;

- 1) Board structure and qualifications
- 2) Roles, duties and responsibilities of the board
- 3) Board meetings
- 4) Duties of directors
- 5) Relationship with management
- 6) Director's self-improvement and management training

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Individual Board Self-Assessment consists of 3 items as below;

- 1) Board structure and qualifications
- 2) Board meetings
- 3) Roles, duties and responsibilities of the board

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Sub Committee Self-assessment

Executive Committee Assessment consists of 2 items as below;

- 1) Committee structure and qualifications
- 2) The committee meeting

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Audit Committee Assessment consists of 5 items as below;

- 1) Understanding
- 2) Work Performance
- 3) Meeting
- 4) Self development
- 5) Performance evaluation

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Compensation Committee Assessment consists of 4 items as below;

- 1) Committee structure and qualifications
- 2) The committee meeting
- 3) Assumption of responsibility for content of the published report
- 4) Gives priority and devotes sufficient time

The results indicated excellent/ most suitable overall performance, with an average score of 100%.

Performance Assessment of the President

The Board assigns the Nomination and Compensation Committee to determine and propose Key Performance Indicators (KPI) of the President. The KPI must be approved by the Board and be reviewed annually.

Training for the Board and Management

The company has a policy to encourage directors, executives and the company secretary to continuously train on good corporate governance. Training is both organized internally or externally by relevant institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD).

In 2017, Mr. Hsieh Shen-yen attended the IOD Breakfast Briefing 3/2017 "Corporate Disclosures: What are investor looking for beyond financial measures?" Dr. Witoon Simachokedee attended the Audit Committee Forum 2017 "The Audit Committee's Role in Compliance and Ethical Culture Oversight" arranged by Thai Institute of Directors Association and Green Technology and Sustainable Development Training Course arranged by China Productivity Center (CPC)

Succession plan/ Talent Pool Management

The company adopts Talent Pool Management for succession planning as it not only offers flexibility in recruiting suitable personnel but also supports a dynamic business strategy rather than a traditional plan that tends to be more biased towards specific individuals. With talent pool management, candidates can be selected from both internal and external sources. This project has continued to show progress in obtaining sufficient qualified candidates.

The Board of Directors has established a Talent Pool Management Committee to select, groom, and develop the potential candidates for key positions that align with the company's five-year strategic and operational plans. At present, the company is in the process of planning the development of potential recruited personnel.

Supervision of Subsidiary and Associated Companies

The Board of Directors has assigned the Executive Committee to supervise the operations of subsidiary and associated companies. The Executive Committee has a certain authority to make investments in subsidiaries and associates and may assign some directors or top executives of the companies and/or appoint some local personnel to participate in the Board of Directors or management of its subsidiaries or associates to support management and determine business policies and direction. After appointment, the Executive Committee will report such appointment to the Board of Directors for their acknowledgment. However, if the investment amount exceeds the granted authority, the Executive Committee is required to seek for Board's approval.

Further supervision and monitoring are done through the implementation of ERP solutions, which effectively gathers and provides important information including finance, accounting and other data, to support the management, controlling and monitoring of subsidiaries and associates operations. Furthermore, the Treasury and Investment Section of the company also actively participates in monitoring and supporting the sourcing of funds, capital increase and reduction. It seeks approval from the Executive Committee or Board of Directors for these transactions. Almost all of the companies in the Delta group are wholly owned subsidiaries so there would be no connected transactions occurring. In case that there might be some transactions with other related companies in Delta group, the subsidiaries have been instructed that prior approval from the company's Executive Committee or Board of Directors is required and relevant SET or SEC's requirements must also be complied with.

Auditor Remuneration

Audit Fee

The audit fee paid in the year 2017 to the company auditor was Thai Baht 4,620,000, excluding all actual out of pocket expenses (the Audit fee in 2016 was Thai Baht 4,620,000 and actual out of pocket amount Thai Baht 224,162). In addition, 5 subsidiaries paid their audit fees to the same auditing firm for a total amount of Thai Baht 1,530,000

The company and some of its subsidiaries hire the same international audit firm but as all of the company's subsidiaries are based abroad, different branch offices in various countries are hired. Some Delta subsidiaries (mainly in Europe) use services provided by Pricewaterhouse Coopers (PwC) and the rest of our subsidiaries employ alternative audit firms. Selection criteria of Delta auditors are principally based on the auditor's service quality and charge rate.

Other Fee

None

Tax Assessment

1. 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 during 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 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.

On 26 June 2017, the Supreme Court judgement dismissed the company's petition to consider revoking the tax assessments made by the Revenue Department, and as a result the company has to pay corporate income tax, penalties and surcharges totaling approximately Baht 734 million to the Revenue Department. During the year, the Company completed payment of this amount.

2. In 2012, the company received notice of 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.

Note that the Company has recorded provision in the accounts since Q2/2017, for more information, please see note of financial statement item 28.3

Corporate Social Responsibility Report



Delta President, Mr. Hsieh Shen-yen presenting Delta's SD alignment with UN Sustainable Development Goals (UNSDG) during the Annual Supplier Conference 2016

As an active corporate citizen participant, Delta Electronics (Thailand) PCL. is guided by our corporate mission "To provide innovative, clean and energy-efficient solutions for a better tomorrow" in every aspect of our business. Although the company aspires to contribute to all 17 UNSDG, there are six that are of top priorities for Delta. This is because of the locations and type of businesses that Delta can contribute more significantly to those goals. Some of the targets are:

- Maintaining innovation with approx. 5% R&D budget of revenue
- Reduce electricity intensity by 30% in 2020
- Zero accident in daily operation
- Reduce Greenhouse Gas intensity 30% in 2020
- Increase ratio of renewable energy used in daily operation to 10% by 2020



Delta's Environmental Projects

Delta Environmental Policy

Delta Electronics (Thailand) Public Company Limited is committed to support the protection and conservation of our environment according to the following guiding principles:

Law and Regulation

Strictly observe and comply with national and international environmental laws and regulations.

Minimize Environmental Impact

Ensure sustainable practice in daily operation, material sourcing and material usage.

Always Listen and Improve

Listen and respond to constructive feedback so as to continuously improve the conservation of our environment.

Minimize Pollution

Drive effective pollution reduction and waste management programs.

Education and Information

Promote environmental conservation education; and disseminate useful and updated information to every employee.

Delta Green Building



Target:

- Another 30% energy consumption reduction by 2020
- 100% suppliers signing on to Inte-grity Sement and RBA

portfolio:

- 23% energy saving based on LEED (Gold) Green building project
- 78 SRI Heat Reduction
- 100% RoHS compliance for products

Disposable Plastic Water Bottle Ban



portfolio:

- 9.43 metric tonnes 742,500 wasted plastic bottles reduced to environment a year
- 5,250 Baht saving/ headcount/ year for 1.5 litre drinking water daily
- 1.5 litre/ Person/ day sufficient quan-tity of clean drinking water for each employee

Delta's Social Projects

Startup Angel Fund 2016-2017



Developing Thai ICT Industry and Sourcing Business Opportunity.
Delta + Government + SME = ICT Industry Development

- 1 Bank 2 Governmental sectors
- 254 Startup teams
- 459 Participants
- 13 SMEs Pass the final round to create more jobs & innovation

Delta Automation Academy



- 220 future engineering pillars trained in 2016 in advanced technology for ITC Industry
- 24 students and instructors travel abroad for knowledge exchange With foreign students and experts
- Accumulated 166 headcounts recruited through Delta Academy Program
- Accumulated 5 Thai universities joined the program

Breastfeeding Corner



- 17.2 months adequate natural milk for the children of the participating staff.
- 61 kg per month of breast milk help our employees to healthily grow their kids without any spending on powder milk.
- 4,890 baht / person / month saved in average for employees and their fami-lies on buying cow's milk
- Up to 2,500 cubic meters per year of water reduced for the production of milk powder

Delta's Governance Projects



Symbolic act performed by suppliers and Delta employees from different functions for Anti-Corruption.

Creating Value through Products/ Services

2016-2017 Achivement in ESG Revenue Enhancement



Target:

Sustainable product and solution innovation management drives innovations for energy environmental conservation

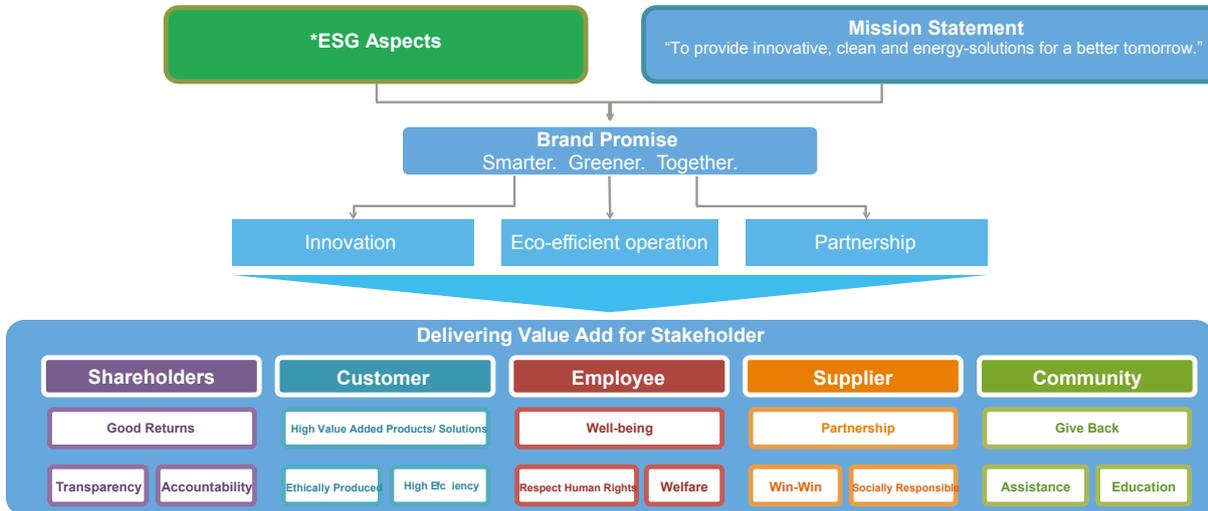
- Launch market leading new technology every 2 years
- Continuous average power efficiency improvement annually
- Continuously reduce carbon footprint in product development through CFR tracking
- Maintain high R&D budget above industry average



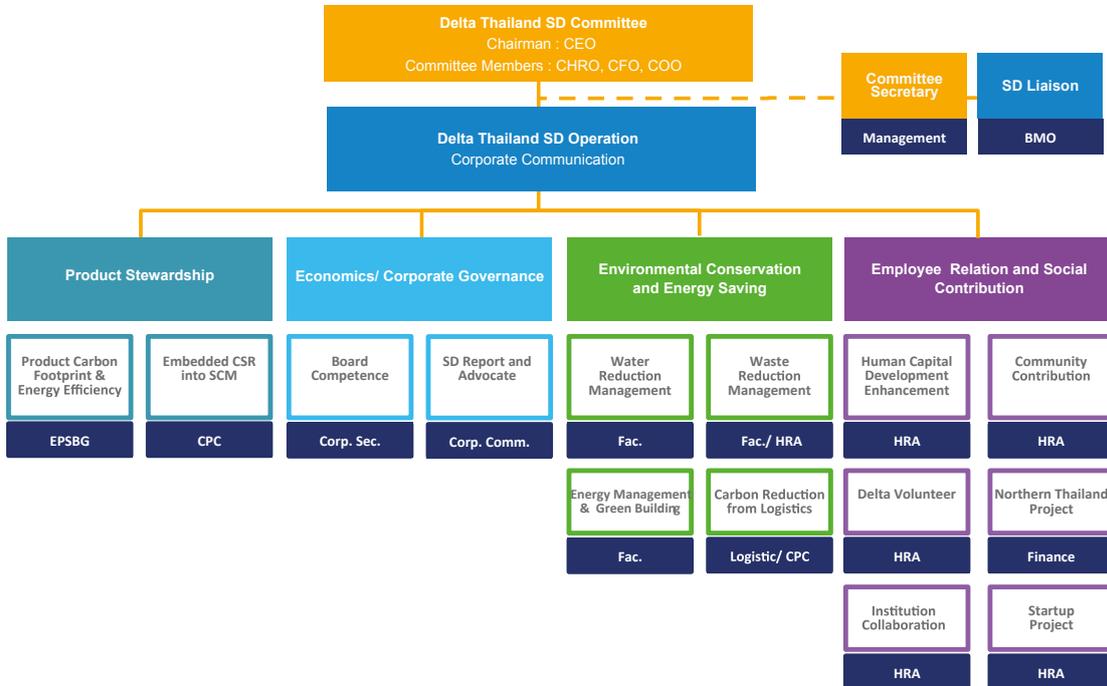
Delta attained "Excellent" for Corporate Governance (CG) score and is reconized as a Top Quartile Companies with market capitalization higher than 10,000 Million Baht. The score was officially reported by The Thai Institute of Directors Association (IOD) CG Report (CGR) from the Stock Exchange of Thailand (SET). Based on the assessment system of the National Committee on Corporate Governance, among 620 assessed companies, Delta Electronics (Thailand) PCL. scored 90 percent or above - corresponding to the "Excellent" recognition level

Our Sustainable Development Strategy

The company's brand promise of "Smarter. Greener. Together." aptly reflects the essence of Delta's SD direction by combining three key aspects of SD- Environmental, Social and Governance and the company's mission statement. The brand promise highlights Delta's three most critical areas to ensure sustainability so as to delivers added values to our stakeholders continuously.



Our Sustainable Development Organization



Corporate Social Responsibility Implementation

The company operates CSR with emphasize on issues affecting its stakeholders in accordance with the principles set by the Stock Exchange of Thailand as listed below.

1. Corporate Governance

The Board of Directors of Delta Electronics (Thailand) Public Company Limited recognizes and continues carry business operation with good corporate governance in an attempt to promote sustainable growth and development. Details of these policies can be found on the company's website www.deltathailand.com, and on its Intranet. Commitment and strict compliance to the good corporate government policy made the company rated "Excellent" on the 2017 Corporate Governance Rating Survey for the 2nd consecutive year, conducted by Thai Institute of Directors Association (IOD) in collaboration with The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). Details of the company's corporate governance policies are disclosed on the company's website www.deltathailand.com and report on compliance with good corporate governance each year are also published in the company's annual reports.

2. Corporate Ethics

The company operates business in an ethical, transparent and responsible manner. In this regards, the Board of Directors has developed the company's Code of Conduct, in which integrates the Responsible Business Alliance (RBA) formerly the EICC, as an operational standards for its directors, management and employees to follow. The company's Code of Conduct has been published on its Intranet and company's website http://www.deltathailand.com/th/about_corp_code.php. New employees will receive training to understand company's Code of Conduct. Human Resources Department is responsible for ensuring that all employees are aware of and comply with the company's Code of Conduct while Internal Audit Department is responsible for monitoring and reporting significant non-compliance incidents to the company's management.

Additionally, the company has established the following communication channels to allow all stakeholders to provide their feedback or file complaints concerning this issue

Communication channels for employees

- (1) Head of the unit the employee belongs to
- (2) Head of Internal Audit department, head of Human Resources department or head of Legal department
- (3) Opinion box
- (4) E-mail : whistleblow@deltathailand.com

Communication channels for other stakeholders

- (1) Opinion Box (PO Box 50, Bangpoo, Samutprakarn 10280)
- (2) E-mail: whistleblow@deltathailand.com
- (3) Website : www.deltathailand.com

Incident reports and complaints are collected by the company's Secretary and escalated to the company's management or Audit Committee or Board of Directors for further investigation on a case by case basis. To date, no compliant or dispute has been reported.

3. Anti-Corruption

To affirm the company's genuine commitment to transparent and auditable business dealings, in the meeting of the company's Board of Directors No.4/2013 held on 6 November 2013, the company approved in principle an anti-corruption measures and assigned the company's Audit Committee to establish or review policy, set procedures and follow-up mechanism in accordance with the anti-corruption policy. In 2014, the company's Board of Directors approved signing participation with the Thailand's Private Sector Collective Action Coalition against Corruption. The company has officially declared intention to operate business with integrity and indicate intention to against all kinds of corruptions. The employee will not only be trained on operational code of conducts but also this anti-corruption policy.

4. Human Rights Protection

The company sets policy in regards to respect human rights by defining wrong doing practices and mistreatment. It has introduced a non-discrimination policy which governs equitable treatment towards all genders, races, physical disabilities including immunodeficiency, HIV/AIDS and tuberculosis (TB). The company strictly acts on this policy and made known to employees by means of training so that all employees adopt a positive attitude towards their co-workers with respect and equitable. The company awards a Gold Standard of ASO-T Thailand for best TB-HIV/AIDS Prevention and Management in Workplace Program issued by the Department of Labour Protection and Welfare, Ministry of Labour, in corporation with Department of Disease Control, Ministry of Public Health, and the Thailand Business Coalition on AIDS. There is mechanism available for feedback and filing complaints concerning human rights issues. To date, no complaint has been filed.

The ongoing war in the Democratic Republic of the Congo which appeared to be deteriorating is believed to be majority funded by mining of precious metals including tantalum, gold, zinc, and tungsten. Those rare metals are key raw materials for production of electronic devices. Given their availability in the country of human rights violations such as Congo and Rwanda, they are consequently known as Conflict Minerals/Metals. The company realizes the importance of human rights and therefore responds to such conflicts by examining the sources of minerals and seeks for procurement from location outside the conflict areas. The company laid out Conflict Minerals/Metals-free Policy to address prohibits usage of minerals from the Democratic Republic of the Congo and adjoining countries, either directly or indirectly. Implementation of this policy had also been extended to all supply chains. All Suppliers were required to sign up for acknowledgement on the "Minerals/Metals Source Survey" and "Declaration on Non-use of Conflict Minerals/Metals". The signing is hold as part of managerial process of company's business.

5. Equitable Treatments to Employees

Occupational Health, Safety and Work Environment

Safety, occupational health and work environment are equally importance among other operational business goals of the company. Management of each division will be responsible for keeping effective implementation of this policy. Every operational unit is to be assessed of impact and its staff is to be consistently trained.

An environmental committee is also established to ensure compliance of occupational health and safety in accordance with the Standards of environmental management system - ISO14001 and Standards of occupational health and safety - OHSAS18001. The company has been certified with these two standards consecutive years.

Promoting Zero Accident campaign in workplace is one of the key goals that the company aims to achieve and consistently perform towards. In 2017, there are 12 injury cases, from 15 cases in 2016. The company strives to reduce accidents to zero to meet our "Zero Accident" campaign. Although work-related accidents are on a downward trend, the company still actively runs a Safety Week event in a bid to achieve zero accident. This event promotes and educates employee to have safety awareness through a variety of activities.

Employee Welfare

The company set up a welfare committee to take care the benefits of employees. Labor Relations policy is also established to ensure fair treatment to all employees. As concrete evidence of its achievement, the company has been awarded Outstanding Entrepreneur on Labor Relations and Labor Welfare Awards for twelve consecutive years from Department of Labor Protection and Welfare, Ministry of Labor.

Breastfeeding Corner

As 84% of the company's employees are female, it pays special attention to pregnant employees by setting up working corners for pregnant staff and providing them with antenatal training. Breastfeeding corner was established in 2008 to facilitate expressing and storing breast milk during work hours. This is regarded as a way to improve the quality of life of the company's employees and their families.

Happy Workplace

The company involves in various activities to help promote well-being and quality of life for employees. For example, the company has participated in the “Happy 8 Workplace” program initiated to help create balance family life, work and social life to employees. The program has been carried in coordination with the Thai Health Promotion Foundation and the Association of Thai Electrical & Electronic Industries. This program has positively enhanced quality of life of employees and, as a results, the company had been selected by the program’s runner to supervise another four operational agents. The company had also been recognized as role model for another work place to adopt “Happy 8 Workplace” program.

6. Responsibility to Consumers

The company strives to bring the highest level of satisfaction to its customers by offering high quality products and impressive services. In this connection, the company applies various international standards to its operations to raise consumer confidence and it is certified to a number of internationally-recognized standards as follows;

- ISO9001: 2008 - International Standard of quality management system
- IATF16949 - International Automotive Task Force
- TL9000 - International Standard of quality management system for telecommunications Industry
- ISO/IEC17025 - Standard of quality laboratory system
- IEC-61340-5-1 and ANSI / ESD S20.20 - Standards of Electrostatic Discharge Control Program
- Authorised economic operator (AEO) Certificate - European commission declared by The Customs department, Thailand
- ISO 27001- Information security management certification
- ISO 13485: 2003 - Quality management system for medical device

The company also concerns about consumer safety and has in place procedures to properly manage environmental -related substances to control and prevent the use of hazardous chemicals in production processes. This effort is to assure consumers that the company’s products contain no toxic substances that are harmful to them.

The company actively communicates with customers of every segment to ensure maximum reach as well as help fulfill their needs. Customers can learn more about the company and the products from www.deltathailand.com. Feedback can also be emailed to info@deltathailand.com as displayed on the company’s website. Feedback and comments will be presented to the company’s management for analysis and solution findings for further development.

7. Environmental Protection

The company also focuses on importance in setting up an environmental management system in order to drive business operation on the back of PDCA principle (Plan / Do / Check / Action). The system determines to cope with various context of social and environmental management that employees at all level can continue applying as part of their daily activities. At present, the company has been certified with various standards, both national and international level, as follows;

- ISO14001 - Standard of Environmental Management System
- ISO14067 - Standard of Product Carbon Footprint Assessment
- ISO14064-1 - Standard of Management System for Quantification and Reporting of Greenhouse Gas Emissions.
- IECQ QC08000 - Standard of Hazardous Substance Process Management
- ISO50001 - Standard of Energy Management System
- OHSAS18001 - Standard of Occupational Health and Safety Management

The company is the first in Thailand being certified ISO14064-1 and ISO50001 and remains commitment to the standards in order to further enhance company’s competency towards the future. The company has organized a variety of activities to raise environmental and energy efficiency awareness of its employees, such as drawing contest and reforestation campaign.

Green Industry

The company has participated in Ministry of Industry’s “Green Industry” program to showcase its serious commitment to following environmentally-friendly practice by shaping up its production and environmental management processes

to be greener as well as displaying greater social responsibility internally and externally throughout its supply chain to arrive at sustainable development. The company's two plants at Bangpoo Industrial Estate and Wellgrow Industrial Estate are certified to Green Culture, Level 4. The company has also received a number of awards and certification relating to environmental management and will keep improving its operations to reach the levels of Green Culture and Green Network.

Energy Management

The company valued energy conservation and promoted efficient usage of resources and therefore established an energy management policy with commitment for ongoing elaboration and communication to employee at all levels within organization. The company outlined procedures to monitor, follow-up, improve all the related projects, and sponsored training for employees to obtain more knowledge and be aware of importance of energy conservation. Some energy management concepts have been implemented for improving air conditioning system and lighting system. Solar panels have been installed to generate electricity for usage inside factories and this program has been carried on with gradual development.

8. Participation in Community or Social Development

The company has been involved in various joint-community development projects to promote activities among educations, religion related, public health and other community developments such as signing MOU with the University to help develop student's working skills and facilitating the employees for blood donation to the Thai Red Cross every quarter.

9. Innovations and Its Dissemination

One of the company's missions is "to provide innovative, clean and energy-efficient solutions for a better tomorrow." Therefore, the company works to develop clean and energy-efficient products. Its key lines of green products are listed below.

1. Products of energy-efficient or reduce losing of energy - such as high efficiency power supplies with energy efficiency of 90% especially telecom power supplies energy efficiency of 98%, and other products such as DC fans and LED lamps.
2. Energy saving solutions products which most are parts or industrial automation of add-on devices that help the equipment to efficiently use energy
3. Clean energy products or product that reduces environmental impact such as solar inverters, power supplies and charging station for hybrid vehicles and inverters for wind turbines

These three product lines are not only create economic growth to the company as being key revenue generator, they are also conserve environment

Dissemination of Innovations

The company promotes and supports production operation under Green Label standards that emphasizes environmentally -friendly processes embracing waste management, pollution reduction and efficient usage of resources. Production activities are recorded and measured for a monthly assessment on environmental impact. Employee training is also arranged to enrich knowledge of employees.

The company's products and packaging are unique and comply with international environmental standards, such as EU RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment). Those measures provide guidelines to control pollution and waste from electronic products. On company's products, there are labels informing environmental certification obtained such as Energy Star and 80 PLUS. The company is the first in Thailand certified ISO50001 standard on energy management and has continuingly successful in carrying out energy conservation campaigns in the factories. It also organized Delta Green Sharing Day to disseminate knowledge about energy conservation innovations, best practices and latest technologies which can be applied in different organizations and communities.

More information please find 2017 Sustainability Development Report or www.deltathailand.com/about_csr.php

Internal Control

The company set up its Internal Audit Department under the supervision of the Audit Committee since 1999 to handle internal audit matters and review its own performance. The Internal Audit has been supporting by and reporting to Audit Committee whom was assigned by the Board of directors to take account of internal audit in order to evaluate company's sufficiency and efficiency of its internal control systems including managing any possible risk which may affect the firm. Presently, the internal audit function leads by Ms. Neythiya Peethong. For the time being, the company's internal control system is up to a satisfactory level.

The company realizes the importance of the risk management which may influence to the business operations, from the organization's both internal and external factors. Since 2010 the company has organized the Risk Management Committee (RMC) to monitor the organization's risk management to achieve goals according to the organization's acceptance level. RMC then sets a policy on risk management in order the company can operate well in the long term for the benefit of all stakeholders.

For better Corporate Governance, the Audit Committee proposed "Whistle - Blow Misconduct Claim Process" to the Board of Director in 2012 and proposed to set up Anti - Corruption policy and include specified terms / procedures in the company's Code of Conduct in 2013. The policy has been implemented continuously and properly.

According to the Board of Director Meeting No.1/2018 held on 23 February 2018, the Audit committee reported the audit result and evaluation that current company's internal control system is sufficient and efficient.

Policy for the Related Party Transactions

The company and its subsidiaries still need to do the business with the related parties in the future as it is considered normal course of business. Moreover, supports from the group's network help strengthen the company's business and improve its competitiveness in the world market and will utmost benefit the company. The company shall comply with rules, regulations and notifications of the Capital Market Supervisory Board and other relevant authorities re Connected Transactions and also adequately disclose the transaction in the company's quarterly and annual financial statements.

Procedures for Related Party Transactions

Procedures for related party transactions are principally based on the notification of the Capital Market Supervisory Board re Connected Transactions. According to the said notification, business transactions are generally classified into 6 major categories:

1. Normal business transactions
2. Supporting normal business transactions
3. Rent or lease of immovable property (< 3 years)
4. Sale/purchase of asset or service
5. Offer or receipt of financial assistance
6. Transactions other than 1-5

Procedures for each business category are established and summarized as follows:

1. In case of normal business and supporting normal business transactions, the Board of Directors has approved in principle that such transactions can be done under normal/general business terms and conditions which the company and/or its subsidiaries performs with other general parties without any control or influences from the related parties.
2. In case of other business categories, the related party transactions shall be classified by its transaction size and are required to follow below procedures.
 - Small sized transaction, being the transaction with the size of not more than THB 1 million or 0.03% of net tangible assets (NTA), whichever is higher, requires the management's approval.
 - Medium sized transaction, being the transaction with the size of greater than THB 1 million but less than THB 20 million, or greater than 0.03% but less than 3% of NTA, whichever is higher (except Item 5: Financial assistance that its size is less than THB 100 million or 3% of NTA, whichever is lower), requires board of directors' approval and information disclosure.
 - Large sized transaction, being the transaction with the size of THB 20 million and higher or 3% of NTA and higher, whichever is higher (except Item 5: Financial assistance that its size is equal to THB 100 million and higher or 3% of NTA or higher, whichever is lower), requires board of directors' approval, shareholders' approval and information disclosure.

For other details and definitions, the company will perform according to the relevant notification as mentioned above.

Related Party Transaction Control

For regular transaction which most of transactions are among the company's group, the company's management will set pricing policy to ensure buying and selling price based on market price or normal trading conditions. In case, of any irregular transaction, the company's Chief Financial Officer (CFO), for the company's management, will conduct the transactions with the company secretary's collaboration to ensure the implementation of transaction in line with related policies and regulations.

In addition, the Audit Committee generally reviews and discusses about the related party transactions with the company's external auditor in order to help protect conflicts of interest and see if the related party transactions are adequately and properly disclosed.

The company and its subsidiaries have engaged into business transactions with their related companies in Delta group. The major transactions and reasons for having such related party transactions can be summarized as follows.

1. Sales of Goods/Raw Materials

In order to manage trade constraints in certain countries for either the company or its customers e.g. local content requirements, Delta group has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price. Sales of raw material are normally due to the urgent need of some raw materials from the related companies and the selling prices are based on the market price or cost of the materials sold.

2. Purchase of Goods/Raw Materials

Currently Delta Thailand has also expanded its trade network through its subsidiaries which are located in major regions. To offer a full range of products, those subsidiaries may have to purchase some products from related companies to serve their clients. However, the transactions are made based on certain trade agreement which may also include their operating costs, or with reference to market price.

Delta group has set up material network in order to create bargaining power for better price and availability for the group members. Purchase price of raw material is generally charged based on cost plus other actual out of pocket expenses such as insurance, freight and others. Handling fee is charged based on value of purchase/sale transaction and considered general business condition.

3. Commissions

Since various services are generally required to serve the global clients, the company needs to offer such services to customers in the area where they are located in. This makes Delta group to establish business network which enables the company to have customer relations offices worldwide to provide effective marketing and after sales services to its clients at the competitive costs. Commissions are normally charged based on transaction size (e.g. sales or purchase amount) and considered general business condition.

4. Service Fee

Currently the operations of the company's subsidiaries, have covered in several regions, especially Europe. Some related companies, therefore, occasionally request for supports from DES group to provide some services such as reworking, tooling service and others. Service fees are generally based on the estimated man hour used for each service.

The Nomination and Compensation Committee Report

The Nominating and Compensation Committee (NCC) consists of 3 member: Dr.Witton Simachokedee as Chairman, Mr.Anusorn Muttaraid, Mr.Chu Chih-yuan as committee members and Ms.Wilawan Srinak as Secretary.

The Nominating and Compensation Committee held 4 meetings and carried out its duties as assigned by the Board of Directors as follows:

1. Monitoring and reviewing the KPIs of the President during the year 2017.
2. Considering and reviewing the Leadership Development Program.
3. Considering the director remuneration of the year 2017
4. Monitoring the CSR activities of the company.

The Nomination and Compensation Committee acknowledged with appreciation that the company has taken up the Leadership Development Program actively. It has been permanently set up and working effectively.



Dr. Witton Simachokedee
Chairman

The Audit Committee Report

The Audit Committee consists of three independent directors in 2017: Mr. Boonsak Chiempricha, Mr. Roger Chu and Dr. Witoon Simachokedee as Committee member with the Internal Audit Manager as its secretary.

During the year 2017, the Audit Committee held 4 meetings, of which Mr. Boonsak Chiempricha and Mr. Roger Chu attended 4 meetings and Dr. Witoon Simachokedee attended 3 meetings respectively.

The Audit committee performed its work during the year according to the Audit Committee Charter, which complies with the guidelines of the Stock Exchange of Thailand. The Audit Committee also fulfilled the matters assigned by the Board of Directors which can be summarized as follows:

1. Reviewed the quarterly and year-end financial statements independently with the external auditors to ensure that the financial statements and the disclosures were accurate, appropriate, and reliable, and then submitted them to the Board of Directors. The Audit Committee also received reports from the external auditor that there was no any irregularity that should be investigated.
2. Reviewed and evaluated the company internal control whether it is adequate and appropriate. The committee has not been reported that the company internal control has any significant deficiency.
3. Reviewed the risks and the risks management of the company so that all the risks were properly managed. This year, the Audit Committee reviewed the operation of Risk Management Committee and was of the opinion that the company should set up relevant procedures to manage any potential risk that may impact the company.
4. Acknowledged the internal audit reports and having some suggestions to the Management, also evaluated the performance of the Chief Audit Executive as well.
5. Acknowledged with some suggestions the semi-annual compliance report and the progress of tax assessments.
6. Reviewed the transfer pricing contract for the transaction of related parties and the conflict of interest transactions together with the external auditors that these transactions were reasonable, proper and fully disclosed, including reviewing the internal control of these transactions.
7. Reviewed the related party transactions or the conflict of interest transactions together with the external auditors that these transactions were reasonable, proper and fully disclosed, including reviewing the internal control of these transactions
8. Completed the Audit Committee self-assessment for 2016 and submitted to the Board of Directors.
9. Considered the proficiency and the independence of the external auditor and propose to the Board of Directors including the audit fee in order to propose for approval in the Annual General Shareholder Meeting. The Audit Committee proposed to reappoint EY Office Limited as the Company's auditor for the accounting period ended December 31st, 2017 by Mr. Narong Puntawong C.P.A. Registration No. 3315, or Mr. Preecha Arunnara C.P.A. Registration No. 5800, or Miss Supanee Triyanantakul C.P.A. Registration No. 4498 from EY Office Limited with the audit fee for separated of financial statement DET amount THB 4,910,000 plus some out-of- pocket expenses

In summary, the Audit Committee performed its duties as specified in the charter with high caliber, prudence and adequate independence. In the opinion of the committee, Delta's financial reports were accurately prepared in all material aspects under generally accepted accounting principles. Delta commanded adequate risk management practices, appropriate internal control and internal audit systems, compliance with good corporate governance, legislation, requirements, and obligations relevant to its businesses.



Mr.Boonsak Chiempricha
Chairman

Management's Discussion and Analysis

The following Management's Discussion and Analysis should be read in conjunction with the consolidated financial statements and notes to financial statements. If not defined otherwise, all financial information presented in this document are in Thai Baht. The company presented financial statements in accordance with Thai Financial Reporting of Thailand (TFRS) which is adjusted to conform to International Financial Reporting Standards (IFRS). All financial information to be discussed further herein is the fiscal year ending 31 December 2017, 2016, and 2015 and has been prepared on consolidated basis.

Consolidated financial information		2017	2016	2015
Total assets	million baht	46,154	46,319	43,763
Total liabilities	million baht	13,680	14,428	13,205
Total shareholders' equity	million baht	32,474	31,891	30,558
Registered capital	million baht	1,259	1,259	1,259
Paid-up capital	million baht	1,247	1,247	1,247
Key financial ratios				
Liquidity ratios				
Current ratio	times	3.09	3.14	3.31
Quick ratio	times	2.35	2.47	2.67
Cash ratio	times	0.37	0.45	0.68
Receivable turnover	times	4.71	4.67	5.23
Average collection period	days	76	77	69
Inventory turnover	times	4.90	5.13	5.96
Average inventory turnover period	days	73	70	60
Account payable turnover	times	5.22	5.00	5.70
Average payment period	days	69	72	63
Cash Conversion Cycle	days	81	75	66
Financial data and profitability ratios				
Sales revenues	million baht	49,269	46,887	46,938
% change	(%)	5.1%	(0.11%)	6.51%
Gross profit	million baht	12,547	12,416	12,811
Gross profit margin	(%)	25.47%	26.48%	27.29%
Operating expense (include Research and Development)	million baht	6,976	7,319	6,599
Operating expenses to sales	(%)	14.16%	15.61%	14.06%
Operating profit margin	(%)	11.31%	10.87%	13.23%
Other income to total revenues	(%)	2.22%	1.60%	2.20%
Net profit	million baht	4,929	5,516	6,714
% change of net profit	(%)	(10.65%)	(17.84%)	12.97%
Net profit margin	(%)	10.00%	11.77%	14.30%
Net profit to total revenues	(%)	9.78%	11.58%	13.99%
Return on Equity	(%)	15.32%	17.67%	23.26%
Operating efficiency ratios				
Return on assets	(%)	10.66%	12.25%	16.37%
Return on fixed assets	(%)	89.99%	116.94%	161.08%
Asset turnover	times	1.09	1.06	1.17
Financial policy ratios				
Debt to Equity	times	0.42	0.45	0.43
Interest coverage	times	227.59	95.03	249.18
Dividend payout	(%)	55.68%	67.84%	57.6%

* Pending for approval from the 2018 annual shareholders' meeting

Operating results for the year 2017, 2016, and 2015

	2017	%	2016	%	Increased (Decrease)	%	2015	%	Increased (Decrease)	%
Revenue from sales and services	49,269.3	100.00	46,887.3	100.00	2,382.0	5.1%	46,938.2	100.00	2,331.1	5.0%
Cost of sales and services	36,722.5	74.53	34,471.5	73.52	2,251.1	6.5%	34,127.2	72.71	2,595.3	7.6%
Gross profit	12,546.7	25.47	12,415.8	26.48	130.9	1.1%	12,811.0	27.29	(264.3)	(2.1%)
Operating expenses	6,975.7	14.16	7,319.0	15.61	(343.3)	(4.7%)	6,599.4	14.06	376.3	5.7%
Operating profit	5,571.0	11.31	5,096.8	10.87	474.2	9.3%	6,211.6	13.23	(640.6)	(10.3%)
Other income	1,120.2	2.27	764.5	1.63	355.7	46.5%	1,055.0	2.25	65.2	6.2%
Other expenses	207.2	0.42	129.9	0.28	77.4	59.6%	238.6	0.51	(31.4)	(13.1%)
Finance cost	19.6	0.04	45.2	0.10	(25.5)	(56.5%)	39.4	0.08	(19.8)	(50.2%)
Profit before income tax	6,464.3	13.12	5,686.2	12.13	778.1	13.7%	6,988.6	14.89	(524.3)	(7.5%)
Income tax expenses	1,535.5	3.12	169.9	0.36	1,365.6	803.6%	274.8	0.59	1,260.7	458.8%
Net profit for the period	4,928.8	10.00	5,516.3	11.77	(587.5)	(10.6%)	6,713.8	14.30	(1,785.0)	(26.6%)

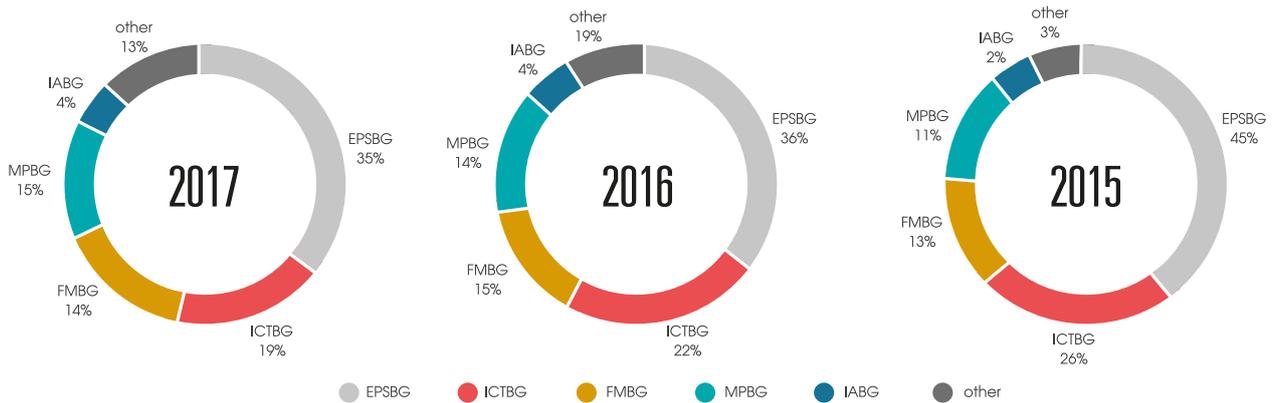
Breakdown of sales revenues by business group

Product Group	2017		2016		2015	
	Revenue	%	Revenue	%	Revenue	%
Power Electronics Group	36,672	74.4	33,481	71.4	32,496	69.2
Embedded Power Supplies (EPSBG)	17,182	34.9	16,867	36.0	18,404	39.2
- DC-DC Power	3,212	6.5	2,572	5.5	2,695	5.7
- Power Supply for Computer & Networking	3,072	6.2	4,160	8.9	4,837	10.3
- Custom Design Power	10,898	22.1	10,135	21.6	10,872	23.2
Electric Vehicle Solutions (EVSBG)	5,017	10.2	2,897	6.2	2,054	4.4
Merchant Power (MPBG)	7,452	15.1	6,653	14.2	5,985	12.8
Fan & Thermal Management (FMBG)	7,021	14.3	7,064	15.1	6,053	12.9
Infrastructure Group	10,532	21.4	11,088	23.6	12,310	26.2
Information Communication Technology infrastructure (ICTBG)	9,354	19.0	10,135	21.6	11,373	24.2
- Telecom Power Solutions (TPS)	8,364	17.0	8,998	19.2	10,321	22.0
- Uninterruptible Power Supplies (UPS)	990	2.0	1,137	2.4	1,052	2.2
Energy Infrastructure Solution (EISBG)	1,178	2.4	953	2.0	937	2.0
- PV Inverter BU	1,172	2.4	949	2.0	881	1.9
- Medium Voltage Drive BD	3	0.0	2	0.0	5	0.0
- Wind Power	3	0.0	2	0.0	51	0.1
Automation Group	1,796	3.6	1,974	4.2	1,584	3.4
Industrial Automation (IABG)	1,778	3.6	1,974	4.2	1,584	3.4
Building Automation (BABG)	18	0.0	-	-	-	-
Others	269	0.5	344	0.7	548	1.2
Total sales Revenues	49,269	100.0	46,887	100.0	46,938	100.0

Note

- Power Electronics business comprises 1) EPSBG Product Group (e.g. Power Supply for storage devices in Computer and Networking system, Customized design Power supplies and DC-DC converter) 2) Electric Vehicle Solutions (e.g. Power Supply for Automobile); 3) MPBG Product Group (e.g. charger/adaptor for both industrial and personal use, broadband, and printer); and 4) FMBG Product Group (e.g. cooling fan, EMI filter and Solenoid)
- Infrastructure business are designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. Major products are Power Systems for Telecom Power Solutions (TPS), Mission Critical Infrastructure Solutions (MCIS), and Renewable product.
- Automation business are designs, manufactures, and installations of industrial and building automation. The main products are Machine automation, Industrial motion system, Smart sensor system and Lighting automation for building

Sales revenue structure by BU/BG

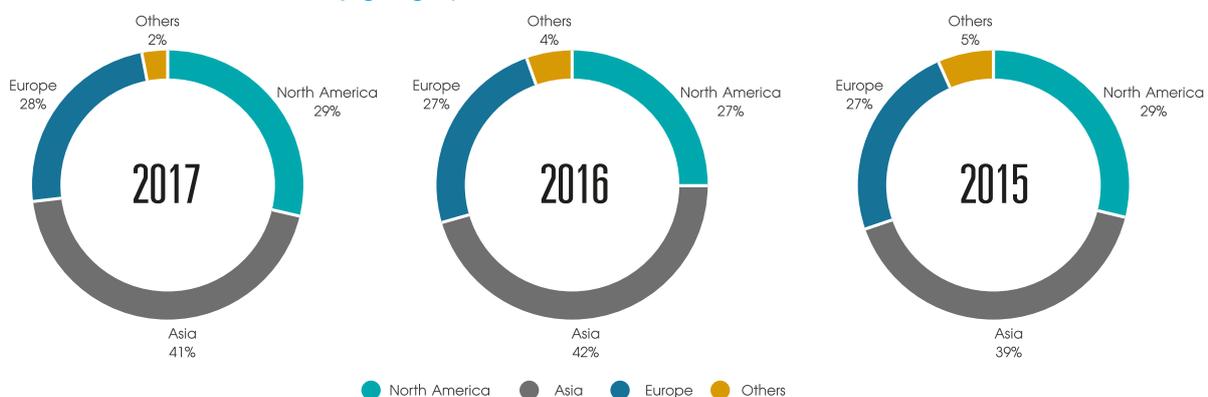


In 2017, consolidated sales revenues were slightly increased, 5.1% from those of last year, to 49,269 million baht. This was mainly due to an increase in sales of Power Electronic business group, especially sales of power supplies for automotive (Electric Vehicle Solutions) sector which rose 73.2% from those of previous year and 1.4 times from those of 2015. This was caused by the increasing demands in Asia and Europe markets following the recovery in EU economy and the start of mass production of this product this year to serve Asia market. In addition, Merchant Power (MPBG) sales rose 12.0% from 2016 and 24.5% from 2015. The company has developed more variety of products to meet clients' requirements, the demand of the products therefore continuously increased, especially power tools which are generally used in construction or home renovation.

However, sales of storage and networking power supplies (Computer & Networking Power) have seen consecutive drop in revenue at 26.2% and 36.5% for year 2016 and 2015, respectively. This is due to the rapid shift towards solid state drive (SSD) technology whereby much lesser power supplies are needed to power SSD as compared to storage devices like the hard disk drives in the past. Consequently, demand for such power supply has fallen drastically over the years. Nevertheless, the company is relentlessly developing new products that meet current market needs while securing and developing new customer accounts base on the new products. For Telecom Power System (TPS) products, even with the expectation that its sales revenues would get affected significantly by the disposal of investment in subsidiaries*, its sales revenues dropped only 5.0% from the same period last year. This was because of the increase in TPS sales in India and Eltek, s.r.o., the new subsidiary located in Slovakia.

**The Company disposed 51% of investments in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC and 100% of investments in Delta Greentech (USA) and Delta Greentech (Brasil) S.A. in April 2017 (according to the resolution of the board of directors' meeting no. 1/2017 held on 14 February 2017). Main business of the disposed group is the distribution of Telecom Power Systems (TPS) in Europe market.*

Sales revenues breakdown by geographic location



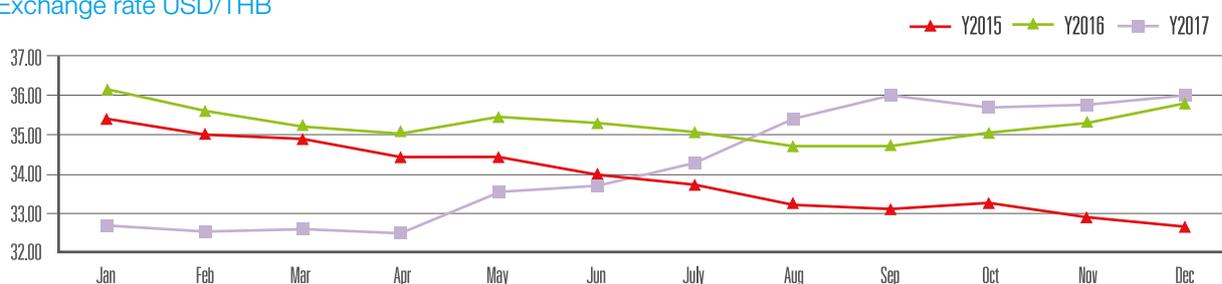
In 2017, sales revenues in Asia market represents the highest proportion, 41% of total sales, but reduced marginally from the contribution of 42% in 2016. North America and Europe markets contribute 29% and 28% to the total sales respectively and slightly increased from those of 2016 and 2015.

Other income

Other income worth 1,120 million baht in 2017 consists of the following key items;

- Interest income of 193 million baht, slightly reduced, about 5 million baht, from 2016, in relation to the lower cash on hand of 2,365 million baht as compared to that of previous year. Even having generated cash flow from operation of 4,475 million baht, the company and its subsidiaries had spent its cash on investments in land, building and machines in the company and the subsidiaries totaling 1,808 million baht.
- The Company has booked gain on sale of investments in subsidiaries of Baht 425 million. This was caused by the disposal of 51% of investments in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC and 100% of investments in Delta Greentech (USA) and Delta Greentech (Brasil) S.A., as mentioned earlier.
- Foreign exchange gains worth 64.0 million baht, lower from 119 million baht in previous year and 348 million baht in 2015 following the recent baht appreciation. Thai baht/USD had moved in a range of 32.7 to 35.4 in 2017 and 34.7 to 36.2 in 2016. However, the company has no policy to speculate on the exchange rate but continues its prudent policy in the full hedging on net position of each currency's exposure to minimize potential impact from exchange rate fluctuation.

Exchange rate USD/THB



Source : Bank of Thailand

Cost of sales and expenses

Cost of sales

In 2017, cost of sales accounted for 74.5% of total sales, slightly higher than that of in 2016 and 2015 of 73.5% and 72.7%, respectively. However, the cost structure is quite similar to that of the previous year with high proportion of raw material cost being accounted for 80% of cost of sales, compared to that of the previous year of 78%. This was attributed to the slight change in product mix by having more sales contribution from Automotive products that have comparatively high cost of raw materials when compared to others, increasing costs of some electrical parts and higher depreciation caused by the investments in new machineries for replacements and a launch of the production automation under the scheme of Delta Smart Manufacturing. The company believes that it would benefit the company by enhancing energy saving and improving the productivity both in short and long term.

Selling and administrative expenses

Selling and administrative expenses (including research and development - R&D) in 2017 reduced 4.7% from the previous year even the R&D expenses rose by 2.3% which was mainly caused by the continuous development of the automotive products which now has played more important role to the company. However, with the significant drop in selling and administrative expenses of 7.0% from the past year, the overall selling and administrative including R&D expenses/sales in 2017 went down from 15.6% to 14.2% in 2016.

Financial costs or interest expenses of 20 million baht in 2017 increased 25.5 million baht or 56.6% from previous year. This is because of a decrease in short term loans from financial institutions. The current outstanding balance is incurred by subsidiary in India to support its working capital.

Income tax expenses resulting from tax assessments totaling 1,536 million baht included a major expense item of tax assessment totaling 1,359 million baht which consists of:

- 1) Baht 741 million of tax assessment (including penalties and surcharges) during the year 1997-2000. The company has already paid this amount to the Revenue Department according to the judgement of the Supreme Court announced on 26 June 2017,
- 2) Baht 401 million of tax assessment (including penalties and surcharges) for the year 2001-2004. The Supreme Court announced the judgement on 23 January 2017. The company has set a provision in full amount of 401 million baht,
- 3) Baht 217 million of tax assessment (including penalties and surcharges) for the year 2005-2006. 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 set a provision in full amount of 217 million baht.

Net profit

The company's operating margin in 2017 was 11.3%, rose from 10.9% in previous year because effect with corporate income tax from tax assessment amounted to 1,359 million baht. Consequently, net profit in 2017 was down to 4,929 million baht, a decrease of 10.6% and 26.6% from 2016 and 2015 respectively. Earnings per share decreased to 3.95 baht in 2017, from 4.42 baht in 2016 and 5.38 baht in 2015.

Assets and Liabilities

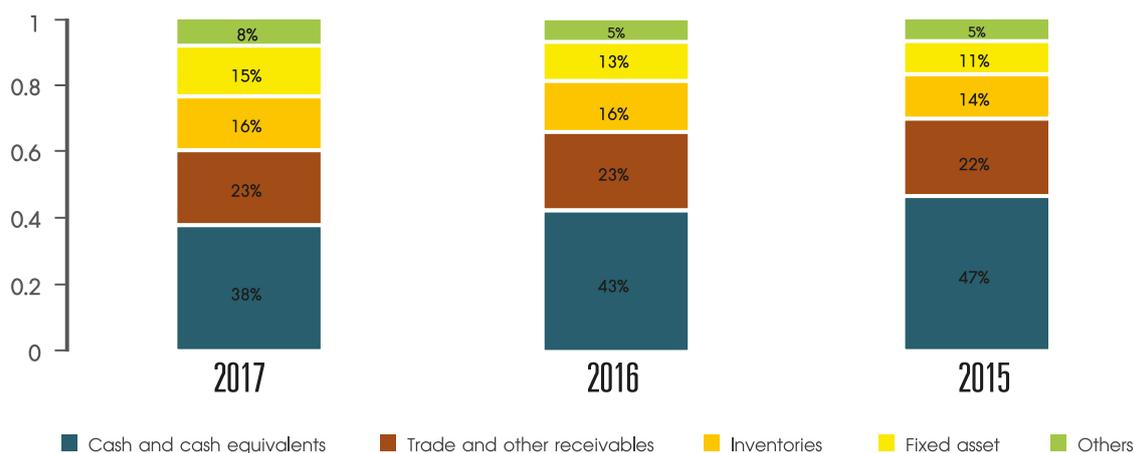
Assets

As at 31 December 2017, the company had total assets worth 46,154 million baht, a decrease of 0.4% from 2016 but increased 5.5% from 2015. Following the lower net profit due to the full provisions set for the tax assessments as mentioned above and with the higher investments in land, building and machines, return on assets was down to 10.7%, from 12.3% and 16.4% in 2016 and 2015 respectively.

Major assets and the changes in the assets are summarized as follows:

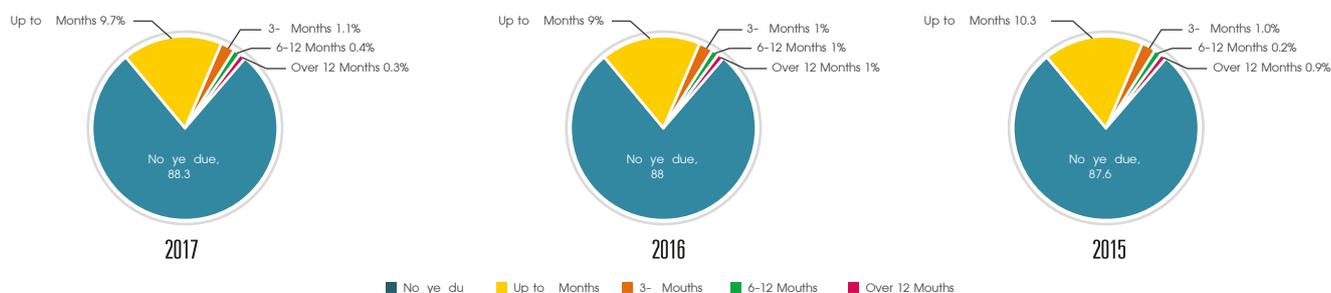
	Major assets and the changes in the assets are summarized as follows:			2017 VS 2016	2017 VS 2015
	31 December 2017	31 December 2016	31 December 2015	% Increase (Decrease)	% Increase (Decrease)
Cash and cash equivalents	17,319.9	19,685.4	20,488.0	(12.0%)	(16.1%)
Current investments (Fixed deposit over 3 months)	215.5	431.4	-	(50.1%)	49.9%
Trade and other receivables	10,468.3	10,696.5	9,815.4	(2.1%)	6.1%
Inventories	7,684.0	7,296.8	6,141.3	5.3%	21.1%
Investments in associated companies	592.7	-	-	-	-
Consolidation goodwill	415.3	306.8	-	123.8%	223.8%
Property, plant and equipment	7,302.0	5,965.7	4,941.9	17.9%	35.0%
Other assets	2,156.5	2,368.2	2,376.3	(8.9%)	(9.3%)
Tota Assets	46,154.2	46,319.3	43,762.9	(0.4%)	5.2%

Breakdown of assets in 2017, 2016 and 2015



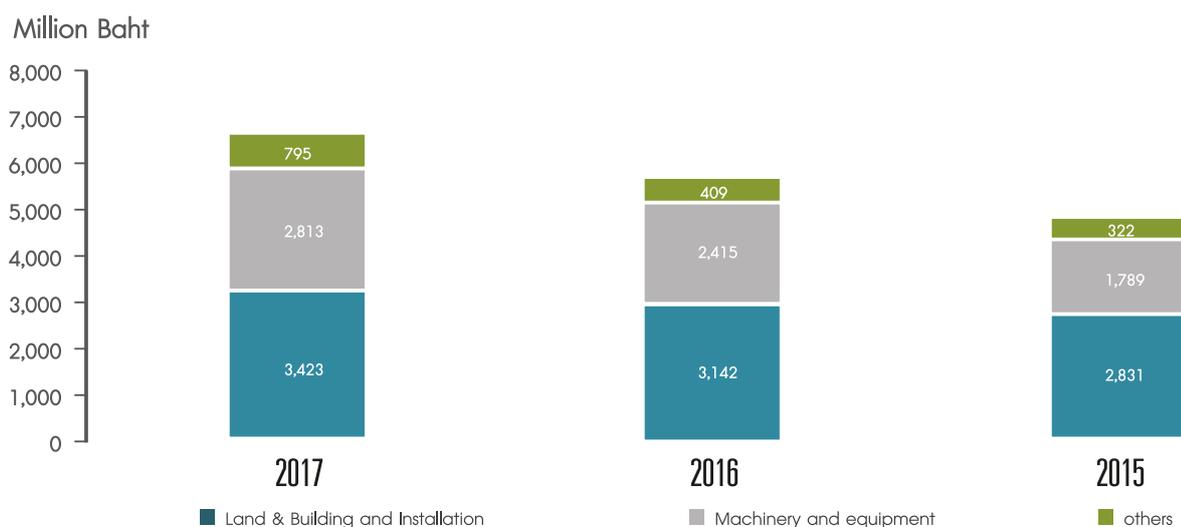
- **Cash and bank deposits (Including current investment)** as at 31 December 2017 amounted to 17,535 million baht, a decrease of 12.8% and 14.4% from 2016 and 2015 respectively, in relation to the significant investment amount in land, building and machinery totaling 1,808 million baht, mainly in the subsidiary in India and also the purchase of machines of the company, corporate income tax expenses mainly incurred by the tax assessment of Baht 713 million and a decrease in net cash of the disposed subsidiaries. However, the company has generated cash from its operations in 2017 of Baht 4,475 million.
- **Net trade receivables** as at 31 December 2017 of 10,468 million baht dropped 2.1% from 2016 but increased 6.7% from 2015. Most of the receivables, 89.3% of total receivables, are the accounts under due. Average collection period in 2017 is 76 days, compared to 77 days in 2016 and 69 days in 2015. The longer period of collection is primarily due to higher proportion of sales contributions from the branding business which its collection period in general is longer than others. As at 31 December 2017, the company and its subsidiaries recorded allowance for doubtful accounts totaling 99.0 million baht, increased from 2016 and 2015 of 182.1 million baht and 157.2 million baht, respectively, largely caused by the exclusion of the allowance for doubtful receivable of the disposed subsidiaries. At end of 2017, net trade receivables and other receivables represented 23% of the total assets which is close to that of the past 2 years.

Breakdown of trade receivable aging during 2015 to 2017



- **Inventories** as at 31 December 2017 amounted to 7,684 million baht, increased 5.3% and 25.1% from 2016 and 2015, respectively. The inventories are mainly composed of goods in transit and finished goods which have been prepared to promptly deliver to customers. Following the higher inventories in 2017, the inventory turnover days increased to 73 days, from 70 and 60 days in 2016 and 2015, respectively. With prudent control, the company set aside provisions for obsolete inventory aging more than three months and higher for the older. The allowance for obsolete inventories in 2017 amounted to 859 million baht, down from 968 million baht in 2016 and 887 million baht in 2015.
- **Investments in associated companies** as of 31 December 2017 were booked at Baht 593 million for the remaining 49% investment in Delta Energy Systems (Switzerland) AG and Delta Electronics Industry LLC. The amount is based on the fair market value assessed in the second quarter this year.
- **Advance payment for land** as at 31 December 2017, an India's subsidiary had paid advance payment for a purchase of a plot of land amounting 396 million Rupee or equivalent to 202 million baht. This plot of land is planned for a manufacturing site to support business expansion in India.
- **Consolidation goodwill** as of 31 December 2017 were Baht 415 million, an increase of Baht 109 million as compared to that of 31 December 2016. This is caused by the acquisition of the new subsidiary in Slovakia, Eltek s.r.o, in Q2-17.
- **Property, plant and equipment** amounted to 7,302 million baht, increased 22.4% from 2016 and 47.8% from 2015. During the year 2017, the company and its subsidiaries gradually invested 1,808 million baht in plant and equipment. In Thailand, the company has invested in plant and equipment steadily from 1,014 million baht, 1,366 million baht, and 1,528 million baht, during 2015-2017 respectively. Investments in equipment are mostly for replacements and improvement of production capacity and efficiency aiming for a production automation under the scheme of "Delta Smart Manufacturing".

Comparison of net book value of property, plant and equipment during 2015 to 2017



Liabilities and Liquidity

As at 31 December 2017, the Company's total liabilities amounted 13,680 million baht, decreased 5.2% from 2016 but increased 3.6% from 2015. Debt to Equity ratio of 0.42 times in 2017, dropped from 2016 and 2015 of 0.45 times and 0.43 times, respectively, the level at which signified reasonable capital structure and low financial risk. Major change of liabilities is provision on tax assessments amounting 617 million baht with details provided above. Bank over drafts and short-term loans from financial institutions and trade and other payables decreased 92 million baht and 769 million baht respectively, mainly caused by the exclusion of those items of the above mentioned disposed subsidiaries. Average payable period in 2017 is 69 days, down from 72 days in 2016 but up from 63 days in 2015.

Breakdown of major liabilities

	31 December 2017	31 December 2016	31 December 2015	2017 VS 2016 % Increase (Decrease)	2017 VS 2015 % Increase (Decrease)
Bank overdrafts and short-term loans from financial institutions	229	321	190	(28.8%)	20.4%
Trade and other payables	10,480	11,404	10,273	(9.4%)	(0.7%)
Liabilities and provision from tax assessments	617	100	0	517.3%	-
Other current liabilities	510	577	808	8.4%	(1.8%)
Provision for long-term employee benefit	1,337	1,459	1,449	(8.3%)	(7.7%)
Other non-current liabilities	507	567	485	(10.6%)	4.5%
Total liabilities	13,680	14,428	13,205	(5.2%)	3.6%

Return on equity

As at 31 December 2017, shareholders' equity amounted to 32,474 million baht, rose 1.8% from 2016 and 6.3% from 2015, in relation to the profit generated during the year. However, with lower profit generated in 2017, return on equity in 2017 is down to 15.3%, from 17.7% and 23.3% in 2016 and 2015 respectively.

Responsibility of the Board of Directors to the Financial Statements

The Board of Directors of Delta Electronics Public Company Limited is responsible for the financial statements of the company and its subsidiaries which have been prepared in accordance with Thailand's generally accepted accounting standards. The appropriate accounting policies are applied consistently with adequate disclosure of material information in the notes to the financial statements.

The Board of Directors has assigned the Audit Committee which is composed of all independent directors to review the quality of financial statements and the effectiveness of the internal control system to ensure that accounting records are booked properly and accurately in order to safeguard the company's assets. The opinions of the Audit Committee have been reported in the annual report. Furthermore, the company's external auditor has also provided their opinions on the financial statements of the Company and its subsidiaries in the auditor's report which has also been disclosed in the annual report.



Ng Kong Meng (James)

Chairman of the Board
On behalf of Board of Directors

Report and Financial Statements

Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 29.3.1 to the financial statements regarding the Company's receipt of notices of corporate income tax assessment from the Revenue Department, covering the years 1997 through 2007. With regards to income tax assessments for the years 1997 to 2004, on 26 June 2017 and 23 January 2018, the Supreme Court handed down the judgement ordering the Company to pay corporate income tax amounting to Baht 1,135 million (including penalties and surcharges) to the Revenue Department. In view of this, the Company has recognized income tax resulting from the court judgement, together with contingent income tax relating to the income tax assessments for the years 2005 through 2007, totaling Baht 1,259 million, in statement of comprehensive income for the year ended 31 December 2017. My opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales of goods is one of the Company's significant accounts because the amounts of revenue recorded would directly affect the Company's profit or loss for the year. Moreover, the Company has a large number of customers with a variety of different commercial terms. There are therefore risks with respect to the amount and timing of revenue recognition. For this reason, I have paid particular attention to the Company's recognition of revenue from sales of goods in order to ensure that the revenue is recorded correctly and in accordance with the relevant accounting standards.

I have examined the Company's revenue recognition by gaining an understanding and evaluating the effectiveness of the Company's internal controls with respect to revenue cycle. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period. In addition, I reviewed credit notes issued by the Company to its customers after the period-end and performed analytical review procedures on the sales account to identify possible irregularities in sales transactions throughout the period.

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 9 to the financial statement, is an area of significant management judgement, and the inventories of the Company are high technology products, which become obsolete faster than some other products. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the Company's internal controls relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls and I also assessed the method and the assumption applied by management in determining such provision by gaining an understanding of the basis applied in determining the

provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory aging and inventory movement to identify product lines with indicators of lower than normal inventory turnover. I also compared details of net amount that an entity expects to realise from the sale of inventory after the date of the financial statements with the cost of inventory for each product line.

Impairment of consolidation goodwill and patents

As at 31 December 2017, the Company and its subsidiaries had consolidation goodwill and patents amounting to Baht 415 million and Baht 372 million respectively. I have focused on the consideration of the impairment of the consolidation goodwill and patents because the assessment of impairment of consolidation goodwill and patents is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risks with respect to the amounts of consolidation goodwill and patents.

In auditing the impairment of consolidation goodwill and patents, I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate applied, making enquiry of responsible executives and comparing details with sources of information about the Company and the industry.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

EY Office Limited
Bangkok: 23 February 2018

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	17,319,877,762	19,685,363,416	11,885,686,251	12,184,017,823
Current investments		215,458,623	431,366,380	-	-
Trade and other receivables	8	10,468,270,562	10,696,536,754	9,197,469,440	8,982,015,612
Inventories	9	7,684,004,263	7,296,775,898	4,635,795,309	4,448,579,319
Other current assets	10	866,408,382	818,347,036	159,073,864	132,146,295
Total current assets		36,554,019,592	38,928,389,484	25,878,024,864	25,746,759,049
Non-current assets					
Deposits at bank with restrictions		46,513,084	54,729,708	-	-
Investments in associated companies	11	592,673,210	-	-	-
Investments in subsidiary companies	12	-	-	10,677,634,888	11,573,120,772
Advance payment for purchase of land		201,676,379	-	-	-
Investment properties	13	210,034,363	211,356,198	-	-
Property, plant and equipment	14	7,302,020,487	5,965,729,101	4,205,592,828	3,452,699,568
Consolidation goodwill	15	415,331,263	306,757,971	-	-
Other intangible assets	16	525,021,987	487,017,028	3,172,076	2,723,926
Deferred tax assets	24	260,790,483	299,128,028	-	-
Other non-current assets		46,084,012	66,158,068	1,533,008	1,319,327
Total non-current assets		9,600,145,268	7,390,876,102	14,887,932,800	15,029,863,593
Total assets		46,154,164,860	46,319,265,586	40,765,957,664	40,776,622,642

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 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		228,666,054	321,099,118	-	-
Trade and other payables	17	10,480,407,061	11,404,170,930	7,930,674,163	8,107,849,863
Income tax payable		77,352,656	77,130,958	-	433,800
Short-term provisions	20	56,928,960	94,183,510	-	-
Liabilities and provision from tax assessments	29.3.1	617,305,703	100,000,000	617,305,703	100,000,000
Other current liabilities	18	375,533,172	405,488,790	77,266,781	131,828,567
Total current liabilities		11,836,193,606	12,402,073,306	8,625,246,647	8,340,112,230
Non-current liabilities					
Deferred tax liabilities	24	113,268,829	82,416,793	-	-
Provision for long-term employee benefits	19	1,337,174,258	1,458,713,064	271,390,974	259,426,435
Long-term provisions	20	388,648,507	473,815,793	239,939,012	265,109,340
Other non-current liabilities		5,157,720	11,156,453	1,100,662	1,145,222
Total non-current liabilities		1,844,249,314	2,026,102,103	512,430,648	525,680,997
Total liabilities		13,680,442,920	14,428,175,409	9,137,677,295	8,865,793,227
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Surplus on business combination under common control					
	12	(1,004,027,399)	-	-	-
Retained earnings					
Appropriated - Statutory reserve	21	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		31,998,257,047	30,705,031,836	28,763,086,255	29,045,635,301
Other components of shareholders' equity		(1,400,745,425)	(1,679,135,773)	-	-
Equity attributable to owners of the Company		32,458,678,337	31,891,090,177	31,628,280,369	31,910,829,415
Non-controlling interests of the subsidiary		15,043,603	-	-	-
Total shareholders' equity		32,473,721,940	31,891,090,177	31,628,280,369	31,910,829,415
Total liabilities and shareholders' equity		46,154,164,860	46,319,265,586	40,765,957,664	40,776,622,642
		-	-	-	-

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 year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales and service income		49,269,276,906	46,887,261,042	35,885,291,072	33,856,257,882
Other income					
Interest income		192,897,387	197,443,546	152,942,365	172,198,985
Gain on exchange		64,184,386	183,014,793	-	249,980,271
Gain on sales of investments in subsidiary companies	2.2.11	425,224,121	-	-	-
Dividend income from investment in subsidiary company	12	-	-	384,472,400	-
Others		378,580,086	384,037,205	210,693,621	168,578,798
Total revenues		50,330,162,886	47,651,756,586	36,633,399,458	34,447,015,936
Expenses					
Cost of sales and services		36,722,545,005	34,471,471,186	26,328,993,817	24,389,468,897
Selling expenses		2,686,735,778	3,104,092,018	1,299,339,983	1,302,084,085
Administrative expenses		1,596,692,924	1,691,402,709	871,479,586	869,398,676
Research and development expenses		2,692,297,148	2,523,525,436	2,817,615,211	2,469,515,024
Loss from a fair value adjustment of investments					
in associated companies	11	105,318,247	-	-	-
Loss on sales of investments in subsidiary company	2.2.10	-	-	479,910,724	-
Loss on exchange		-	-	61,658,230	-
Other expenses		101,921,187	129,872,774	9,626,103	32,892,724
Total expenses		43,905,510,289	41,920,364,123	31,868,623,654	29,063,359,406
Profit before share of profit from investments in associated companies, finance cost and income tax expenses					
		6,424,652,597	5,731,392,463	4,764,775,804	5,383,656,530
Share of profit from investments in associated companies	11	59,310,360	-	-	-
Profit before finance cost and income tax expenses		6,483,962,957	5,731,392,463	4,764,775,804	5,383,656,530
Finance cost		(19,634,449)	(45,160,564)	-	-
Profit before income tax expenses		6,464,328,508	5,686,231,899	4,764,775,804	5,383,656,530
Income tax expenses	24	(276,368,659)	(169,941,530)	(41,662,285)	(12,885,157)
Income tax expenses resulting from tax assessments	29.3.1	(1,259,127,050)	-	(1,259,127,050)	-
Profit for the year		4,928,832,799	5,516,290,369	3,463,986,469	5,370,771,373

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 year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
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		217,763,196	(280,577,926)	-	-
Share of other comprehensive income from investments					
in associated companies - net of income tax	11	22,613,744	-	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		240,376,940	(280,577,926)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gains (losses) - net of income tax		(54,407,334)	(35,502,851)	(4,390,673)	20,381,761
Share of other comprehensive income from					
investments in associated companies - net of income tax	11	38,050,579	-	-	-
Effect of change in status of investments		158,801,020	-	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		142,444,265	(35,502,851)	(4,390,673)	20,381,761
Other comprehensive income for the year		382,821,205	(316,080,777)	(4,390,673)	20,381,761
Total comprehensive income for the year		5,311,654,004	5,200,209,592	3,459,595,796	5,391,153,134
Profit attributable to:					
Equity holders of the Company		4,930,976,367	5,516,290,369	3,463,986,469	5,370,771,373
Non-controlling interests of the subsidiary		(2,143,568)	-	-	-
		<u>4,928,832,799</u>	<u>5,516,290,369</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		5,313,760,401	5,200,209,592	3,459,595,796	5,391,153,134
Non-controlling interests of the subsidiary		(2,106,397)	-	-	-
		<u>5,311,654,004</u>	<u>5,200,209,592</u>		
Earnings per share					
26					
Basic earnings per share					
Profit attributable to equity holders of the Company		3.95	4.42	2.78	4.31

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
Other component of shareholders' equity											
	Issued and fully paid share capital	Share premium	Surplus on business combination under common control	Retained earnings		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	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity	
				Appropriated	Unappropriated						
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	-	29,091,127,321	-	(1,398,557,847)	-	(1,398,557,847)	-	30,557,763,588	
Profit for the year	-	-	-	5,516,290,369	-	-	-	-	-	5,516,290,369	
Other comprehensive income for the year	-	-	-	(35,502,851)	-	(280,577,926)	-	(280,577,926)	-	(316,080,777)	
Total comprehensive income for the year	-	-	-	5,480,787,518	-	(280,577,926)	-	(280,577,926)	-	5,200,209,592	
Dividend paid (Note 22)	-	-	-	(3,866,883,003)	-	-	-	-	-	(3,866,883,003)	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	-	30,705,031,836	-	(1,679,135,773)	-	(1,679,135,773)	-	31,891,090,177	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	-	30,705,031,836	-	(1,679,135,773)	-	(1,679,135,773)	-	31,891,090,177	
Profit for the year	-	-	-	4,930,976,367	-	-	-	-	(2,143,566)	4,928,832,799	
Other comprehensive income for the year	-	-	-	104,393,686	-	217,726,025	60,664,323	278,390,348	37,171	382,821,205	
Total comprehensive income for the year	-	-	-	5,035,370,053	-	217,726,025	60,664,323	278,390,348	(2,106,397)	5,311,654,004	
Effect of change in status of investments (Note 12)	-	-	(1,004,027,399)	-	-	-	-	-	-	(1,004,027,399)	
Dividend paid (Note 22)	-	-	-	(3,742,144,842)	-	-	-	-	-	(3,742,144,842)	
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	17,150,000	17,150,000	
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	(1,004,027,399)	31,996,257,047	-	(1,461,409,748)	60,664,323	(1,400,745,425)	15,043,603	32,473,721,940	

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid share capital	Share premium	Appropriated	Retained earnings	Unappropriated	
Balance as at 31 December 2015	1,247,381,614	1,491,912,500	125,900,000	27,521,365,170	30,386,559,284	
Profit for the year	-	-	-	5,370,771,373	5,370,771,373	
Other comprehensive income for the year	-	-	-	20,381,761	20,381,761	
Total comprehensive income for the year	-	-	-	5,391,153,134	5,391,153,134	
Dividend paid (Note 22)	-	-	-	(3,866,883,003)	(3,866,883,003)	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	125,900,000	29,045,635,301	31,910,829,415	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	125,900,000	29,045,635,301	31,910,829,415	
Profit for the year	-	-	-	3,463,986,469	3,463,986,469	
Other comprehensive income for the year	-	-	-	(4,390,673)	(4,390,673)	
Total comprehensive income for the year	-	-	-	3,459,595,796	3,459,595,796	
Dividend paid (Note 22)	-	-	-	(3,742,144,842)	(3,742,144,842)	
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	125,900,000	28,763,086,255	31,628,280,369	

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities:				
Profit before tax	6,464,328,508	5,686,231,899	4,764,775,804	5,383,656,530
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,041,229,836	861,197,339	812,081,827	641,252,902
Amortisation of other intangible assets	81,417,396	76,981,115	1,720,016	3,328,339
Recording of allowance for doubtful accounts	20,585,908	24,939,857	8,539,143	1,169,316
Decrease of inventory to net realisable value	191,538,730	251,688,226	134,923,431	115,845,693
Reversal of the decrease of inventory to net realisable value from write-off obsolete and damaged inventories	(167,242,563)	(170,316,617)	(129,765,448)	(108,591,302)
Increase in provision for long-term employee benefits	68,695,754	99,289,104	28,241,269	33,712,214
Recording of the increase in provisions	45,031,655	55,619,223	28,296,991	34,176,789
Gain on sales of investments in subsidiary companies	(425,224,121)	-	-	-
Dividend income from investment in subsidiary company	-	-	(384,472,400)	-
Loss from a fair value adjustment of investments in associated companies	105,318,247	-	-	-
Loss on sales of investment in subsidiary company	-	-	479,910,724	-
Share of profit from investments in associated companies	(59,310,360)	-	-	-
Loss from disposal of property, plant and equipment	7,975,747	13,136,579	5,267,989	15,236,546
Reversal of the allowance for impairment loss on assets	(46,078,081)	(7,207,578)	(46,078,081)	(7,207,578)
Unrealised (gain) loss on exchange	25,470,858	(250,493,511)	91,883,446	(246,432,033)
Interest income	(192,897,387)	(197,443,546)	(152,942,365)	(172,198,985)
Interest expenses	19,634,449	45,160,564	-	-
Profit from operating activities before changes in operating assets and liabilities	7,180,474,576	6,488,782,654	5,642,382,346	5,693,948,431
Decrease (increase) in operating assets:				
Trade and other receivables	(1,363,662,179)	(829,179,335)	(490,885,866)	(1,755,394,873)
Inventories	(540,756,609)	(1,236,829,281)	(192,373,973)	(790,315,411)
Other current assets	(93,055,416)	97,973,432	6,917,183	22,401,556
Other non-current assets	(13,452,307)	2,377,953	(213,681)	43,717
Increase (decrease) in operating liabilities:				
Trade and other payables	167,632,431	1,076,878,473	(81,062,735)	1,074,721,788
Other current liabilities	(60,350,292)	(19,028,152)	(14,434,733)	(3,225,147)
Provision for long-term employee benefits	(77,602,409)	(74,724,317)	(20,667,403)	(16,539,997)
Provisions	(39,058,698)	(39,470,109)	(27,329,387)	-
Other non-current liabilities	(551,356)	(268,583)	213,297	29,820
Cash flows from operating activities	5,159,617,741	5,466,512,735	4,822,545,048	4,225,669,884
Cash received from interest income	165,883,218	195,968,950	131,088,434	170,951,940
Cash paid for interest expenses	(23,399,269)	(59,660,235)	-	-
Cash paid for income tax resulting from tax assessments	(712,882,948)	-	(712,882,948)	-
Cash paid for corporate income tax	(113,858,547)	(273,972,206)	(40,210,222)	(17,397,699)
Net cash flows from operating activities	4,475,360,195	5,328,849,244	4,200,540,312	4,379,224,125

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	5,993,747	17,975,429	-	-
Decrease (increase) in current investments	215,907,757	(431,366,380)	-	-
Increase in investments in subsidiary company	-	-	(467,892,130)	(92,845,989)
Net cash paid for acquisition of investment in subsidiary company	(717,733,684)	-	-	-
Net cash from outstanding cash of subsidiaries as at the disposal date	(170,854,911)	-	-	-
Cash received from sales of investments in subsidiary companies	-	-	883,467,290	-
Dividend income from investment in subsidiary company	-	-	384,472,400	-
Advance payment for purchase of land	(201,676,379)	-	-	-
Acquisition of property, plant and equipment	(1,807,815,792)	(2,059,330,378)	(1,527,865,815)	(1,365,991,356)
Proceeds from disposal of property, plant and equipment	18,808,393	103,966,380	3,700,820	31,664,986
Increase in other intangible assets	(23,575,441)	(10,074,973)	(2,168,166)	(530,000)
Net cash flows used in investing activities	(2,680,946,310)	(2,378,829,922)	(726,285,601)	(1,427,702,359)
Cash flows from financing activities:				
Increase in bank overdrafts and short-term loans from financial institutions	90,666,086	131,168,354	-	-
Dividend paid	(3,742,144,842)	(3,866,883,003)	(3,742,144,842)	(3,866,883,003)
Increase in non-controlling interests of the subsidiary	17,150,000	-	-	-
Net cash flows used in financing activities	(3,634,328,756)	(3,735,714,649)	(3,742,144,842)	(3,866,883,003)
Decrease in translation adjustments	(464,821,928)	(246,360,291)	-	-
Net decrease in cash and cash equivalents before effect from currency translation	(2,304,736,799)	(1,032,055,618)	(267,890,131)	(915,361,237)
Effect from currency translation of cash and cash equivalents	(60,748,855)	229,467,400	(30,441,441)	186,886,405
Net decrease in cash and cash equivalents	(2,365,485,654)	(802,588,218)	(298,331,572)	(728,474,832)
Cash and cash equivalents at beginning of year	19,685,363,416	20,487,951,634	12,184,017,823	12,912,492,655
Cash and cash equivalents at end of year	17,319,877,762	19,685,363,416	11,885,686,251	12,184,017,823
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Settle liabilities from tax assessments with input tax refundable	28,938,399	-	28,938,399	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2017

1. General information

Delta Electronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Delta Electronics Inc., which is incorporated in Taiwan. The registered office of the Company is at 714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn.

The Company and its subsidiaries are principally engaged in the manufacture and distribution of electronic products, together with related research and development.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

2.2.1 The consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Energy Systems (Switzerland) AG*	Holding business, trading, research and development of electronic products	Switzerland	-	100
Delta Green Industrial (Thailand) Company Limited	Manufacture and trading of electronic products	Thailand	100	100
Delta Energy Systems (Singapore) Pte. Ltd.	Holding business and trading of electronic products	Singapore	100	100

* Change status from a subsidiary to an associate on 4 April 2017

The subsidiaries which the Company owns through DET International Holding Limited are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2017	2016
			Percent	Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited **	Holding business	The British Virgin Islands	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH	Research, development, marketing and trading of electronic products	Germany	100	100
Delta Energy Systems Property (Germany) GmbH (owned by Delta Energy Systems (Germany) GmbH)	Property rental	Germany	100	100
Delta Energy Systems (India) Pvt. Ltd.	Manufacture and trading of electronic products	India	100	100
Delta Energy Systems (Romania) S.R.L.	Research and development of electronic products	Romania	100	100
DET SGP Pte. Ltd.*	Holding business and marketing and after sales services	Singapore	-	100
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Greentech International (Singapore) Pte. Ltd.* (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	-	100

* Dissolved and liquidated

** In process of liquidation

The subsidiaries which the Company owns through Delta Energy Systems (Switzerland) AG before change status from a subsidiary to an associate on 4 April 2017 are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
Delta Energy Systems (Czech Republic), spol.s.r.o.	Trading of electronic products	Czech Republic	-	100
Delta Energy Systems (Spain) S.L.	Trading of electronic products	Spain	-	100
Delta Energy Systems (France) S.A.	Trading of electronic products	France	-	100
Delta Energy Systems (Italy) s.r.l.	Trading of electronic products	Italy	-	100
Delta Energy Systems (Sweden) AB	Trading of electronic products	Sweden	-	100
Delta Energy Systems (Finland) Oy	Manufacture and trading of electronic products	Finland	-	100
Delta Energy Systems (Poland) Sp.zo.o	Trading of electronic products	Poland	-	100
Delta Energy Systems LLC	Trading of electronic products	Russia	-	100

After the change in the status of the investment in Delta Energy Systems (Switzerland) AG from a subsidiary company to an associated company, as mentioned in Note 2.2.11 to the financial statements, Delta Greentech (Netherlands) B.V., a subsidiary of the Company, owns 49% interests of the above investments through Delta Energy Systems (Switzerland) AG (except Delta Energy Systems LLC which is directly held 100% of shares by Delta Greentech (Netherlands) B.V., as mentioned in Note 2.2.9 to the financial statements).

The subsidiaries which the Company owns through Delta Energy Systems (Singapore) Pte. Ltd. are as follow:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
Delta Energy Systems (Australia) Pty. Ltd.	Marketing and after sales services	Australia	100	100
Delta Greentech (Netherlands) Cooperaties UA	Holding business	The Netherlands	100	100
Delta Greentech (Netherlands) B.V. (owned by Delta Greentech (Netherlands) Cooperaties UA)	Holding business	The Netherlands	100	100
Delta Greentech Electronics Industry LLC* (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	100
Delta Greentech (USA) Corporation (owned by Delta Greentech (Netherlands) B.V.)	Trading of electronic products	USA	-	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
Delta Greentech (Brazil) S/A (owned by Delta Greentech (Netherlands) B.V.)	Manufacture and trading of electronic products	Brazil	-	100
Delta Greentech (Curitiba) Limited (owned by Delta Greentech (Brazil) S/A)	Engineering	Brazil	-	100
Delta Energy Systems LLC (owned by Delta Greentech (Netherlands) B.V.)	Trading of electronic products	Russia	100	-
Eltek s.r.o. (owned by Delta Greentech (Netherlands) B.V.)	Manufacture and trading of electronic products	Slovakia	100	-
Delta Power Solutions (India) Pvt. Ltd.	Manufacture, research and development and trading of electronic products	India	100	100
Delta Electronics India Pvt. Ltd.	Manufacture, marketing and trading of electronic products	India	100	100
Delta Electronics (Myanmar) Co., Ltd.	Manufacture and trading of electronic products	Myanmar	100	100
Delta PBA Engineering Solutions Co., Ltd.	Manufacture, assembly and provision of automation	Thailand	51	-

* Change status from a subsidiary to an associate on 4 April 2017

2.2.2 The Company is deemed to have control over an investee or subsidiaries 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.

2.2.3 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

2.2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

2.2.5 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

- 2.2.6 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.7 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.2.8 DET SGP Pte. Ltd. and Delta Greentech International (Singapore) Pte. Ltd., subsidiaries in which the Company indirectly held 100% of shares, were dissolved and liquidated.
- 2.2.9 On 25 January 2017, Delta Energy Systems (Switzerland) AG sold its 100% equity interest in Delta Energy Systems LLC at a price of approximately USD 0.65 million, or approximately Baht 21 million, to Delta Greentech (Netherlands) B.V. which is a subsidiary company of Delta Energy Systems (Singapore) Pte. Ltd. and had a loss on the sale of approximately USD 4.9 million, or Baht 169 million. The Company did not recognise loss on the sale of this investment under the equity method in the consolidated financial statements because it was the sale of an investment in a subsidiary within a group of companies under common control.
- 2.2.10 On 14 February 2017, a meeting of the Board of Directors of the Company passed a resolution to dispose of its 100% equity interest in Delta Energy Systems (Switzerland) AG for a total consideration of USD 25 million, or approximately Baht 883 million, to Delta Greentech (Netherlands) B.V. which is a subsidiary company of Delta Energy Systems (Singapore) Pte. Ltd.. The sale of this investment has now been completed and the loss on sale of investment under the cost method, amounting to approximately Baht 480 million, recorded in the separate statement of comprehensive income. The Company did not recognise a gain or loss on the sale of this investment under the equity method in the consolidated financial statements because it was the sale of an investment within a group of companies under common control.
- 2.2.11 On 4 April 2017, Delta Greentech (Netherlands) B.V. sold 51% interests in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC and 100% interests in Delta Greentech (USA) Corporation and Delta Greentech (Brazil) S/A to a related company at a total price of approximately USD 24.85 million, or approximately Baht 874 million, which was close to the price assessed by an independent valuer. This related company sold its 100% investment in Eltek s.r.o. ("Eltek SK") at a price of approximately USD 22 million to Delta Greentech (Netherlands) B.V., in part payment for the purchase of these investment in subsidiaries. The remaining USD 2.85 million of the purchase price was paid in cash. A gain on the sale of these investments under the equity method, amounting to approximately USD 14 million or approximately Baht 425 million, was recorded in the consolidated statement of comprehensive income.
- As a result of the sale, the subsidiary's shareholdings in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC decreased to 49%.

The balances of these investments have therefore been recorded as investments in associated companies (as mentioned in Note 11 to the financial statements).

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. Details are as follows:

	(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	87	87
Trade and other payables	(523)	(523)
Other current liabilities	(217)	(217)
Deferred tax liabilities	(26)	-
Net assets of the subsidiary	<u>569</u>	<u>209</u>
Shareholding percentage (percent)	<u>100</u>	
Share of net assets	569	
Consolidation goodwill (Note 15)	<u>189</u>	
Price of investment in subsidiary	758	
Less: Cash and cash equivalents of the subsidiary at the acquisition date	<u>(40)</u>	
Net cash paid for acquisition of investment in subsidiary company	<u>718</u>	

Management of the Company and its subsidiary believes that the acquisition of Eltek s.r.o. by Delta Greentech (Netherland) B.V. is a business combination because the assets acquired and liabilities assumed constitute a business and Delta Greentech (Netherland) B.V. has control over Eltek s.r.o., in accordance with the definition specified in TFRS 3 (revised 2016) 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.

As at 31 December 2017, the measurement of the assets acquired and liabilities assumed is in the process. 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 fair value of asset and consolidation goodwill as detail above.

- 2.2.12 On 31 March 2017, a meeting of the Company's Board of Directors passed a resolution to proceed with the incorporation of a subsidiary, Delta PBA Engineering Solutions Co., Ltd., to engage in the manufacture, assembly and provision of industrial automation solutions in Thailand. The subsidiary was incorporated in Thailand on 14 September 2017 with a registered capital of Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each). A subsidiary of the Company is Delta Energy Systems (Singapore) Pte. Ltd. held 51% of the new subsidiary's shares capital.

Delta PBA Engineering Solutions Co., Ltd. called up 100 percent of the par value and received payment of the share capital of Baht 1 million.

On 9 October 2017, an extraordinary meeting of the shareholders of Delta PBA Engineering Solutions Co., Ltd. passed a resolution to approve an increase in the registered share capital from Baht 1 million (100,000 ordinary shares of Baht 10 each) to Baht 35 million (3,500,000 ordinary shares of Baht 10 each), through the issuance of 3,400,000 additional ordinary shares with a par value of Baht 10 each. On 9 October 2017, Delta PBA Engineering Solutions Co., Ltd. called up 100 percent of the share value, or approximately Baht 34 million and it has received payment for the ordinary shares.

- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost and net realisable value and are charged to production costs whenever consumed. The cost of inventories is measured using the standard cost method, which approximates actual cost.

4.5 Investments

- a) Investments in associated companies are accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiary companies are accounted for in the separated financial statements using the cost method net of allowance for impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 3-32 years. Depreciation of the investment properties is recognised in profit or loss.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building	10 - 50 years
Land improvement	5 - 10 years
Machinery and equipment	3 - 7 years
Molds	2 - 5 years
Installation	5 years
Furniture, fixtures and office equipment	5 - 7 years
Computer	3 - 5 years
Motor vehicles	5 years

Depreciation is recognised in profit or loss.

No depreciation is provided for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets have the following useful lives:

	<u>Useful lives</u>
Patents	20 years
Computer software	3 years
Customer relationship	10 years

4.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel and directors with authority in the planning and direction of the operations of the Company and its subsidiaries.

4.11 Long-term leases

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are charged to profit or loss.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established the provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments, they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

The liabilities under the defined benefit plan consist of the present value of the defined benefit obligation less fair value of plan assets.

Net interest recognised in profit or loss consists of the interest cost on the defined benefit obligation net with the interest income on plan assets which calculated using the same rate as the discount rate applying for the post-employment benefit obligation.

Actuarial gains and losses from determining the measurement of the defined benefit obligation and return of plan assets net from interest income on plan assets are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Research and development expenses

The Company and its subsidiaries record research and development costs as expenses when incurred.

4.17 Income tax

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

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

4.18 Forward currency contracts

Forward currency contracts are presented in the financial statements at fair value. Any gains or losses arising from changes in the fair value of those forward currency contracts are recorded in profit or loss.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement 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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and

liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, debt collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

Allowance for impairment loss of investments

The Company treats investment in subsidiaries as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that

their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which these deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Tax assessments

The Company and its subsidiaries have contingent liabilities as the result of tax assessments. The management were required to exercise judgement to assess of the results of the tax assessments and estimate the liabilities that might be incurred as at the end of the reporting period.

6. Related party transactions

During the years, 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)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	12,975	11,094	With reference to market price
Purchase of raw materials	-	-	121	96	With reference to market price
Commission paid	-	-	218	267	Contract price
Design and engineering fee paid	-	-	1,375	1,237	Contract price
Dividend income	-	-	384	-	As declared

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2017	2016	2017	2016	
Sales of investments in subsidiary company	-	-	883	-	Contract price
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	1,157	-	5	-	With reference to market price
Design and engineering fee paid	66	-	66	-	Contract price
Commission received	43	-	-	-	Contract price
Services income	23	-	-	-	Contract price
<u>Transactions with related companies</u>					
Sales of goods and raw materials	3,553	1,636	1,757	1,560	With reference to market price
Purchase of goods and raw materials	4,273	4,378	425	425	With reference to market price
Commission paid	511	494	511	494	Contract price
Design and engineering fee paid	743	616	743	616	Contract price
Commission received	172	127	-	-	Contract price
Services income	266	448	-	-	Contract price
Services paid	174	168	174	168	Contract price
Sale of investments in subsidiary companies	874	-	-	-	Contract price
Purchase of investments in subsidiary company	758	-	-	-	Contract price

The balances of the accounts as at 31 December 2017 and 2016 between the Company, its subsidiaries and those related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade receivables, related parties (Note 8)</u>				
Subsidiary companies	-	-	4,230	4,213
Associated companies	480	-	1	-
Other related companies (under common control)	716	588	439	375
Total trade receivables, related parties	<u>1,196</u>	<u>588</u>	<u>4,670</u>	<u>4,588</u>
<u>Amounts due from related parties (Note 8)</u>				
Subsidiary companies	-	-	4	31
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>4</u>	<u>31</u>

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade payables, related parties (Note 17)</u>				
Subsidiary companies	-	-	18	21
Associated companies	6	-	-	-
Other related companies (under common control)	792	1,128	72	91
Total trade payables, related parties	<u>798</u>	<u>1,128</u>	<u>90</u>	<u>112</u>

Other payables, related parties (Note 17)

Subsidiary companies	-	-	279	201
Associated companies	33	-	33	-
Other related companies (under common control)	180	309	159	194
Total other payables, related parties	<u>213</u>	<u>309</u>	<u>471</u>	<u>395</u>

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	97	144	45	53
Post-employment benefits	10	18	5	8
Total	<u>107</u>	<u>162</u>	<u>50</u>	<u>61</u>

7. Cash and cash equivalents

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash on hand	1	1	-	-
Current accounts	848	2,350	2	4
Saving accounts	14,358	17,073	11,884	12,180
Fixed deposits with maturity not over 3 months	2,113	261	-	-
Total	<u>17,320</u>	<u>19,685</u>	<u>11,886</u>	<u>12,184</u>

As at 31 December 2017, the above bank deposits in saving accounts and fixed deposits carried interests between 0.00 and 5.25 percent per annum (2016: between 0.01 and 6.79 percent per annum) (The Company only: between 0.10 and 1.75 percent per annum, 2016: between 0.10 and 1.75 percent per annum).

8. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables, related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,163	581	3,929	4,027
Past due				
Up to 3 months	17	6	725	560
3 - 6 months	16	1	16	1
Total	<u>1,196</u>	<u>588</u>	<u>4,670</u>	<u>4,588</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,856	8,821	3,885	3,878
Past due				
Up to 3 months	975	978	354	320
3 - 6 months	101	123	16	6
6 - 12 months	41	47	8	-
Over 12 months	29	85	-	-
Total	<u>9,002</u>	<u>10,054</u>	<u>4,263</u>	<u>4,204</u>
Total trade receivables	10,198	10,642	8,933	8,792
Less: Allowance for doubtful accounts	(99)	(182)	(13)	(4)
Total trade receivables - net	<u>10,099</u>	<u>10,460</u>	<u>8,920</u>	<u>8,788</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	-	-	4	31
Other receivables	369	237	273	163
Total other receivables	<u>369</u>	<u>237</u>	<u>277</u>	<u>194</u>
Trade and other receivables - net	<u>10,468</u>	<u>10,697</u>	<u>9,197</u>	<u>8,982</u>

9. Inventories

(Unit: Million Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Finished goods	3,577	4,544	(471)	(590)	3,106
Work in process	772	658	-	-	772	658
Raw materials	2,931	2,498	(388)	(378)	2,543	2,120
Goods in transit	1,263	565	-	-	1,263	565
Total	8,543	8,265	(859)	(968)	7,684	7,297

(Unit: Million Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Finished goods	2,309	2,352	(134)	(169)	2,175
Work in process	675	584	-	-	675	584
Raw materials	1,793	1,607	(208)	(168)	1,585	1,439
Goods in transit	201	243	-	-	201	243
Total	4,978	4,786	(342)	(337)	4,636	4,449

Details movement of reduce cost to net realisable value of inventories are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance at beginning of year	(968)	(886)	(337)	(330)
Increase during the year	(217)	(268)	(135)	(116)
Reversal of the decrease of inventory to net realisable value from write off obsolete and damaged inventories during the year	167	170	130	109
Reversal during the year	25	16	-	-
Increase from acquisition of investment in subsidiary company during the year	(19)	-	-	-
Decrease from sales of investments in subsidiary companies during the year	105	-	-	-
Decrease from change in status of investments	48	-	-	-
Balance at end of year	(859)	(968)	(342)	(337)

10. Other current assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Input tax refundable	320	314	65	81
Advance payments	262	153	25	32
Prepaid expenses	58	83	8	8
Prepaid tax	116	234	-	-
Forward contracts receivable (Note 30)	61	6	30	-
Others	49	28	31	11
Total other current assets	866	818	159	132

11. Investments in associated companies

11.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Carrying amounts based on equity method
			2017 (%)	2016 (%)	2017	2016	
Delta Energy Systems (Switzerland) AG (owned by Delta Greentech (Netherlands) B.V.)	Holding business, trading, research and development of electronic products	Switzerland	49	-	448	-	571
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	-	21	-	18
Translation adjustment					3	-	4
Total					472	-	593

(Unit: Million Baht)

11.2 Share of comprehensive income

During the year, 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:

Associates	Consolidated financial statements		Share of other comprehensive income from investments in associated companies during the year
	2017	2016	
Delta Energy Systems (Switzerland) AG	62	-	61
Delta Greentech Electronics Industry LLC	(3)	-	-
Total	59	-	61

(Unit: Million Baht)

For the period as from 4 April 2017 to 31 December 2017

11.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	Delta Energy Systems (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Current assets	2,067	-	231
Non-current assets	107	-	1	-
Current liabilities	(1,098)	-	(194)	-
Non-current liabilities	(93)	-	-	-
Net assets	983	-	38	-
Shareholding percentage (%)	49	-	49	-
Share of net assets	482	-	19	-
Goodwill	92	-	-	-
Carrying amounts of associates based on equity method	574	-	19	-

Summarised information about comprehensive income

(Unit: Million Baht)

For the period as from 4 April 2017 to 31 December 2017

	Delta Energy Systems (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Revenue	2,886	-	81
Profit (loss)	126	-	(6)	-
Other comprehensive income	124	-	-	-
Total comprehensive income	250	-	(6)	-

As mentioned in Note 2.2.11 to the financial statements, on 4 April 2017, Delta Greentech (Netherlands) B.V. sold 51% interests in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC to a related company. As a result of the sales, the subsidiary's shareholdings in these companies decreased to 49% and the balances of the investments are recorded as investments in associated companies. The Company wrote off consolidation goodwill related to Delta Energy Systems (Switzerland) AG amounting to approximately Baht 92 million, and part of the consolidation goodwill was recognised as cost of investment in Delta Energy Systems (Switzerland) AG at the date the investment was sold, while the remaining amount is recognised as cost of investments in associated companies at the date the fair value of the investments was assessed.

The Company undertook the process of assessing the fair value of these investments in associated companies in the current year and a loss from fair value adjustment of investments in associated companies of approximately EUR 2 million or approximately Baht 105 million, and presented under the caption of "Loss from a fair value adjustment of investments in associated companies" in the consolidated statements of comprehensive income.

12. Investments in subsidiary companies

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

Company's name	Paid-up capital		(Unit: Million Baht) Cost		
	Foreign		2017	2016	
	currency	2017 (Million)			2016 (Million)
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Energy Systems (Switzerland) AG	CHF	-	20	-	2,415
Delta Green Industrial (Thailand) Company Limited	THB	200	200	200	200
Delta Energy Systems (Singapore) Pte. Ltd.	USD	66	53	2,172	1,704
Subtotal				11,822	13,769
Less: Allowance for impairment loss of investments in subsidiary companies				(1,144)	(2,196)
Investments in subsidiary companies - net				<u>10,678</u>	<u>11,573</u>

During the year, the Company invested an additional amount of approximately USD 13 million, or approximately Baht 468 million, in Delta Energy Systems (Singapore) Pte. Ltd.. The purpose of the investment was to fund investment in the subsidiaries of Delta Energy Systems (Singapore) Pte. Ltd. for use as working capital of the subsidiary in Myanmar and to purchase land for the factory of a subsidiary in India. The additional investment had no impact on the structure of the Group.

On 10 February 2017, the Company received dividend amounting to approximately CHF 11 million or approximately Baht 384 million from Delta Energy Systems (Switzerland) AG (31 December 2016: No dividend received).

During 2006, a subsidiary of the Company, DET International Holding Limited, acquired some of subsidiaries from Delta Energy Systems (Switzerland) AG. As a result, Delta Energy Systems (Switzerland) AG had gains from disposal of its investments in subsidiaries totaling approximately of USD 25 million or Baht 1,004 million and the difference between the costs of business combination under common control and the sum of the net book values in assets and liabilities of these subsidiaries as at the business combination date, totaling approximately of USD 25 million or Baht 1,004 million, was recognised as "Surplus on business combination under common control" in the financial statements of DET International Holding Limited. The acquisition of these subsidiaries had no impact on the Company's consolidated financial statements as it was considered to be an acquisition of investments in subsidiaries under common control.

However, as mentioned in note 2.2.11 to the financial statements, during the year, the Group sold its 51% equity interest in Delta Energy Systems (Switzerland) AG to a related company. As a result of the disposal of investment, the subsidiary's shareholding in Delta Energy Systems (Switzerland) AG decreased to 49%, and as the Group lost control over Delta Energy Systems (Switzerland) AG, the difference resulting from the business combination under common control recognised in the financial statements of DET International Holding Limited, amounting to approximately USD 25 million or approximately Baht 1,004 million was now presented as "Surplus on business combination under common control" in shareholders' equity when preparing the consolidated financial statements of the Company.

13. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building for rent	Total
31 December 2017:			
Cost	44	247	291
Less: Accumulated depreciation	-	(42)	(42)
Translation adjustment	(7)	(32)	(39)
Net book value (Note 30)	<u>37</u>	<u>173</u>	<u>210</u>
31 December 2016:			
Cost	44	247	291
Less: Accumulated depreciation	-	(34)	(34)
Translation adjustment	(8)	(38)	(46)
Net book value (Note 30)	<u>36</u>	<u>175</u>	<u>211</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Book value at beginning of year	211	230
Depreciation charged	(8)	(9)
Translation adjustment	7	(10)
Book value at end of year	<u>210</u>	<u>211</u>

The Company and its subsidiaries believe that the book value of investment properties as at 31 December 2017 as stated in the financial statements is closed to the fair value.

14. Property, plant and equipment

(Unit: Million Baht)

	Consolidated financial statements							Total	
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer		Others
Cost:									
1 January 2016	516	3,145	6,165	1,145	1,332	110	526	494	13,433
Purchase/transfer in	366	138	1,095	135	129	553	64	213	2,693
Disposal/write-off/transfer out	-	(68)	(844)	(71)	(88)	(523)	(82)	(151)	(1,827)
Translation adjustment	(7)	(64)	(48)	-	(12)	(1)	(9)	(9)	(150)
31 December 2016	875	3,151	6,368	1,209	1,361	139	499	547	14,149
Purchase/transfer in	-	65	991	102	144	732	65	183	2,282
Disposal/write-off/transfer out	(7)	-	(633)	(92)	(78)	(355)	(41)	(144)	(1,350)
Increase from acquisition of investment in subsidiary	4	534	11	-	7	-	-	10	566
Decrease from sales of investments in subsidiary companies during the year	-	-	(29)	-	(4)	-	(15)	(36)	(84)
Decrease from change in status of investments	-	-	(39)	(2)	(11)	(1)	(60)	(17)	(130)
Translation adjustment	(13)	16	26	-	6	-	1	(6)	30
31 December 2017	859	3,766	6,695	1,217	1,425	515	449	537	15,463
Accumulated depreciation:									
1 January 2016	-	690	4,901	1,059	867	-	444	363	8,324
Depreciation for the year	-	70	514	97	84	-	52	35	852
Depreciation - disposal/write-off	-	(5)	(811)	(70)	(87)	-	(82)	(22)	(1,077)
Translation adjustment	-	(11)	(45)	-	(5)	-	(8)	(7)	(76)
31 December 2016	-	744	4,559	1,086	859	-	406	369	8,023
Depreciation for the year	-	85	624	116	108	-	65	35	1,033
Depreciation - disposal/write-off	-	-	(629)	(91)	(73)	-	(40)	(15)	(848)
Decrease from sales of investments in subsidiary companies during the year	-	-	(25)	-	(4)	-	(14)	(31)	(74)
Decrease from change in status of investments	-	-	(38)	(2)	(7)	-	(54)	(15)	(116)
Translation adjustment	-	2	26	-	2	-	1	(2)	29
31 December 2017	-	831	4,517	1,109	885	-	364	341	8,047

14. Property, plant and equipment (continued)

(Unit: Million Baht)

	Separate financial statements								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
1 January 2016	313	1,421	4,875	1,131	1,012	84	221	114	9,171
Purchase/transfer in	-	114	930	135	127	363	30	125	1,824
Disposal/write-off/transfer out	-	-	(765)	(67)	(59)	(344)	(19)	(139)	(1,393)
31 December 2016	313	1,535	5,040	1,199	1,080	103	232	100	9,602
Purchase/transfer in	-	64	872	102	134	570	33	163	1,938
Disposal/write-off/transfer out	-	-	(608)	(92)	(78)	(299)	(25)	(120)	(1,222)
31 December 2017	313	1,599	5,304	1,209	1,136	374	240	143	10,318
Accumulated depreciation:									
1 January 2016	-	421	3,777	1,044	729	-	180	85	6,236
Depreciation for the year	-	25	426	97	64	-	24	5	641
Depreciation - disposal/write-off	-	-	(733)	(66)	(59)	-	(19)	(11)	(888)
31 December 2016	-	446	3,470	1,075	734	-	185	79	5,989
Depreciation for the year	-	41	528	116	91	-	31	5	812
Depreciation - disposal/write-off	-	-	(605)	(91)	(73)	-	(25)	(9)	(803)
31 December 2017	-	487	3,393	1,100	752	-	191	75	5,998

The management of the Company and its subsidiaries determined growth rates based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to each cash generating units.

The Company and its subsidiaries performed impairment tested on consolidation goodwill by comparing the recoverable amount of the cash generating units (calculated by independent appraiser) with their carrying value. The recoverable amount of the cash generating units was higher than the carrying value. The management of the Company and its subsidiaries believes that consolidation goodwill is not impaired.

16. Other intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

	Consolidated financial statements					Separate financial statements
	Patent rights	Computer software	Customer relationship	Others	Total	Computer software
	(Unit: Million Baht)					
Cost:						
1 January 2016	1,185	243	-	23	1,451	83
Purchase	-	7	-	3	10	-
Disposals	-	(5)	-	-	(5)	-
Translation adjustment	(9)	(7)	-	4	(12)	-
31 December 2016	1,176	238	-	30	1,444	83
Purchase	-	23	-	1	24	2
Disposals	-	(2)	-	-	(2)	-
Increase from acquisition of investment in subsidiary company during the year	-	2	130	-	132	-
Decrease from sales of investments in subsidiary companies during the year	-	(1)	-	(28)	(29)	-
Decrease from change in status of investments	-	(5)	-	-	(5)	-
Translation adjustment	(103)	5	8	-	(90)	-
31 December 2017	1,073	260	138	3	1,474	85

16. Other intangible assets (continued)

(Unit: Million Baht)

	Consolidated financial statements					Separate financial statements
	Patent rights	Computer	Customer	Others	Total	Computer
		software	relationship			software
Accumulated amortisation:						
1 January 2016	655	218	-	19	892	77
Amortisation for the year	58	17	-	2	77	3
Disposals	-	(5)	-	-	(5)	-
Translation adjustment	(4)	(6)	-	3	(7)	-
31 December 2016	709	224	-	24	957	80
Amortisation for the year	55	15	10	1	81	2
Disposals	-	(2)	-	-	(2)	-
Decrease from sales of investments in subsidiary companies during the year	-	(1)	-	(23)	(24)	-
Decrease from change in status of investments	-	(5)	-	-	(5)	-
Translation adjustment	(63)	5	-	-	(58)	-
31 December 2017	701	236	10	2	949	82
Net book value:						
31 December 2016	467	14	-	6	487	3
31 December 2017	372	24	128	1	525	3

17. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties (Note 6)	798	1,128	90	112
Trade payables - unrelated parties	5,886	6,259	5,060	5,180
Other payables - related parties (Note 6)	213	309	471	395
Other payables - unrelated parties	923	954	871	858
Accrued expenses	2,024	2,399	1,289	1,482
Advance received	636	355	150	81
Total trade and other payables	<u>10,480</u>	<u>11,404</u>	<u>7,931</u>	<u>8,108</u>

18. Other current liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Forward contracts payable (Note 30)	5	99	-	40
Withholding tax payable	116	176	65	81
Value added tax payable	200	89	-	-
Others	55	41	12	11
Total other current liabilities	376	405	77	132

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation	(1,373)	(2,431)	(271)	(259)
Fair value of plan assets	36	972	-	-
Provisions for long-term employee benefits as at 31 December	(1,337)	(1,459)	(271)	(259)

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation at beginning of year	(2,431)	(2,458)	(259)	(263)
Included in profit or loss:				
Current service cost	(48)	(66)	(22)	(23)
Interest cost	(27)	(43)	(7)	(11)
Past service costs and gains or losses on settlement	1	-	-	-
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	(4)	6	(4)	13
Financial assumptions changes	(38)	20	-	41
Experience adjustments	(12)	(63)	-	(33)
Effect of change in status of investments	8	-	-	-
Contribution by plan participants	(3)	(13)	-	-
Benefits paid during the year	75	99	21	17
Decrease from change in status of investments	1,117	-	-	-
Translation adjustments	(11)	87	-	-
Defined benefit obligation at end of year	<u>(1,373)</u>	<u>(2,431)</u>	<u>(271)</u>	<u>(259)</u>

The change in the fair value of plan assets is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Fair value of plan assets at beginning of year	972	1,009	-	-
Included in profit or loss:				
Interest income on plan assets	5	10	-	-
Included in other comprehensive income:				
Return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset)	-	(1)	-	-
Contributions by employer	15	18	-	-
Contribution by plan participants	3	13	-	-
Benefits paid during the year	(12)	(42)	-	-
Decrease from change in status of investments	(926)	-	-	-
Translation adjustments	(21)	(35)	-	-
Fair value of plan assets at end of year	<u>36</u>	<u>972</u>	<u>-</u>	<u>-</u>

The amount of each major category constitutes of the fair value of the total plan assets are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Debt securities	-	209	-	-
Equity securities	-	211	-	-
Properties	-	403	-	-
Others	36	149	-	-

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current service cost	48	66	22	23
Interest cost	27	43	7	11
Less: Interest income on plan assets	(5)	(10)	-	-
Past service costs and gains or losses on settlement	(1)	-	-	-
Total expenses recognised in profit or loss	69	99	29	34
Line items in profit or loss under which such expenses are included				
Cost of sales	19	21	16	19
Selling, administrative and research and development expenses	50	78	13	15

The Company and its subsidiaries expect to pay Baht 60 million of long-term employee benefits during the next year (The Company only: Baht 8 million) (2016: Baht 81 million, the Company only: Baht 9 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries is 9-22 years (The Company only: 14 years) (2016: 9-23 years, the Company only: 14 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	1.5 - 7.7	0.5 - 7.1	2.6	2.6
Interest rate	-	1.0	-	-
Future salary increase rates (depending on age)	3.0 - 9.0	0.8 - 9.0	3.0 - 9.0	3.0 - 9.0
Pension increase rate	1.5	1.5	-	-
Turnover rate	0.5 - 13.0	0.5 - 28.5	13.0	13.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%-10%	Decrease 0.5%-10%	Increase 1%-10%	Decrease 1%-10%
Discount rate	Decrease 94	Increase 136	Decrease 19	Increase 52
Future salary increase rates (depending on age)	Increase 45	Decrease 12	Increase 42	Decrease 9
Pension increase rate	Increase 65	Decrease 60	-	-
Turnover rate	Decrease 5	Increase 35	Decrease 5	Increase 35

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.25%-10%	Decrease 0.25%-10%	Increase 1%-10%	Decrease 1%-10%
Discount rate	Decrease 146	Increase 154	Decrease 30	Increase 26
Interest rate	Increase 11	Decrease 10	-	-
Future salary increase rates (depending on age)	Increase 28	Decrease 35	Increase 25	Decrease 29
Pension increase rate	Increase 61	Decrease 55	-	-
Turnover rate	Decrease 17	Increase 10	Decrease 17	Increase 10

20. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements	
	Other			Warranty	Total
	Warranty	provisions	Total		
Balance as at 1 January 2016	501	60	561	235	235
Recognition during year	335	118	453	69	69
Decrease during year	(15)	(24)	(39)	-	-
Reversal during year	(301)	96	(397)	(35)	(35)
Translation adjustment/unrealised gain on exchange rate	(10)	-	(10)	(4)	(4)
Balance as at 31 December 2016	510	58	568	265	265
Recognition during year	157	40	197	62	62
Decrease during year	(32)	(7)	(39)	(27)	(27)
Reversal during year	(113)	(39)	(152)	(34)	(34)
Increase in investment in subsidiary company during year	1	-	1	-	-
Decrease from sales of investments in subsidiary companies during year	(75)	(12)	(87)	-	-
Decrease from change in status of investments	(9)	(3)	(12)	-	-
Translation adjustment/unrealised gain on exchange rate	(29)	(1)	(30)	(26)	(26)
Balance as at 31 December 2017	410	36	446	240	240
Short-term provisions	82	12	94	-	-
Long-term provisions	428	46	474	265	265
Balance as at 31 December 2016	510	58	568	265	265
Short-term provisions	49	8	57	-	-
Long-term provisions	361	28	389	240	240
Balance as at 31 December 2017	410	36	446	240	240

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.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

22. Dividends

Dividends declared in 2017 and 2016 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 2016	Annual General Meeting of the shareholders on 31 March 2017	3,742	3.00
Final dividend for year 2015	Annual General Meeting of the shareholders on 5 April 2016	3,867	3.10

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries, wages and other employee benefits	7,501	8,035	4,521	4,429
Raw materials used and purchase of finished goods	29,482	28,508	20,771	19,741
Changes in inventories of finished goods and work in progress	853	(866)	(48)	(558)
Depreciation	1,041	861	812	641
Amortisation of intangible assets	81	77	2	3
Commission expenses	671	671	802	862
Marketing fee	15	12	13	9
Design and engineering fee	915	730	2,184	1,853
Services paid	174	168	174	168

24. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	(209)	(146)	(39)	(5)
Adjustment in respect of income tax of previous year	(2)	(12)	(3)	(8)
Deferred tax:				
Increase (decrease) in deferred tax assets	(49)	6	-	-
Increase in deferred tax liabilities	(7)	(13)	-	-
Net increase in deferred tax assets from acquisition of investment in subsidiary company during the year	61	-	-	-
Decrease in deferred tax assets from sales of investments in subsidiary companies during the year	(68)	-	-	-
Net decrease in deferred tax assets from change in status of investments	(5)	-	-	-
Translation adjustment	3	(5)	-	-
Income tax expenses reported in the statement of comprehensive income	(276)	(170)	(42)	(13)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	6,464	5,686	4,765	5,384
Income tax at Thai corporate income tax rate of 20%	(1,293)	(1,137)	(953)	(1,077)
Adjust in respect to current income tax of previous years	(2)	(12)	(3)	(8)
Tax savings from the tax privileges granted by the government	1,016	1,140	967	1,071
Tax effect of:				
Difference in tax rates of subsidiaries in overseas countries	(126)	(41)	-	-
Loss for the current year	(21)	(13)	-	-
Non-deductible expenses	(55)	(44)	(53)	-
Exemption of income	152	-	-	-
Others	53	(63)	-	1
Total	3	(161)	(53)	1
Income tax expenses reported in the statement of comprehensive income	(276)	(170)	(42)	(13)

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries are 0% to 40%.

As of 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Allowance for doubtful accounts	18	30	-	-
Allowance for diminution in value of inventories	92	121	-	-
Bonus payable	24	26	-	-
Provision for warranty	13	18	-	-
Tax savings from promotional privileges	47	53	-	-
Tax loss brought forward	4	5	-	-
Others	63	46	-	-
Total	261	299	-	-
Deferred tax liabilities				
Difference depreciation for tax purpose	113	82	-	-
Total	113	82	-	-

As at 31 December 2017 the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,315 million, INR 1,029 million or approximately Baht 523 million, EUR 50 million or approximately Baht 1,939 million, RUB 31 million or approximately Baht 18 million and MMK 639 million or approximately Baht 15 million (2016: Baht 3,789 million, INR 978 million or approximately Baht 513 million, EUR 55 million or approximately Baht 2,062 million, CHF 20 million or approximately Baht 688 million and RUB 59 million or approximately Baht 34 million). No deferred tax assets have been recognised on these amounts as the Company has been granted tax privileges by the Board of Investment and the subsidiaries have determined that they may not be able to utilise the deductible temporary difference and unused tax losses because they do not yet have any taxable profits and they are unable to estimate the benefit they would generate from utilisation of such deductible temporary difference and unused tax losses.

25. Promotional privileges

The Company and a subsidiary in Thailand were granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the Company and the subsidiary in Thailand are as follows:

Details	The Company								A subsidiary in Thailand	
	1541(2)/2552	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	59-1316-1-00-2-0	1813(2)/2554	1814(2)/2554	
1. Certificate No.	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication equipment and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Designing of Electronics	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor	
2. Promotional privileges for	8 years	7 years (Maximum amount Baht 298,170,000)	8 years	7 years (Maximum amount Baht 124,000,000)	5 years (Maximum amount Baht 155,000,000)	7 years (Maximum amount Baht 200,000,000)	8 years	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 199,000,000)	
3. The significant privileges are	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Non - granted	Granted	Granted	Granted	Granted	Granted	Granted	
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	
4. Date of first earning operating income	4 January 2010	15 March 2013	10 January 2015	Waiting for approval to commence operation	5 January 2017	1 December 2017	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	
5. Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-	

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Separate financial statements</u>						
Sales and service income						
Domestic sales	393	356	111	96	504	452
Export sales	<u>35,261</u>	<u>33,300</u>	<u>120</u>	<u>104</u>	<u>35,381</u>	<u>33,404</u>
Total Sales and service income	<u>35,654</u>	<u>33,656</u>	<u>231</u>	<u>200</u>	<u>35,885</u>	<u>33,856</u>

Significant tax privileges which were granted to other subsidiaries of the Company are as follows:

- Delta Electronics (Slovakia) s.r.o. was granted tax privileges by the Government of Slovakia for the manufacture of Power Supply and Solar inverters on 22 December 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 10 years from the year in which the promoted operations commenced, which was 2010. The exemption is capped at EUR 6.2 million and currently available tax relief is approximately EUR 1.2 million.
- Delta Power Solutions (India) Pvt. Ltd. was granted tax privileges by the Government of India for the manufacture of Telecom Power Systems and Uninterruptible Power Supplies on 1 April 2008. The privileges include exemption from corporate income tax for a period of 5 years from the date the promoted operations commence generating revenues and a 30% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends and be completed on 31 March 2018.

26. Earnings per share

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

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as president of the group.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.

	(Unit: Million Baht)								Consolidated financial statements	
	Power electronics segment ¹⁾		Infrastructure segment ²⁾		Automation segment ³⁾		Others			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
Revenue from external customers	36,672	33,481	10,496	11,088	1,809	1,985	292	333	49,269	46,887
Total revenue	36,672	33,481	10,496	11,088	1,809	1,985	292	333	49,269	46,887
Segment profit (loss)	5,706	5,674	734	401	42	2	(911)	(980)	5,571	5,097
Unallocated income (expenses):										
Interest income									193	197
Gain on exchange rate									64	183
Gain on sales of investments in subsidiary companies									425	-
Other income									379	384
Loss from a fair value adjustment of investments in associated companies									(105)	-
Other expenses									(102)	(130)
Share of profit from investments in associated companies									59	-
Finance cost									(20)	(45)
Profit before income tax expenses									6,464	5,686
Income tax expenses for the year									(276)	(170)
Income tax expenses resulting from tax assessments									(1,259)	-
Profit for the year									4,929	5,516

1) The power electronics segment is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and automotive electronic products. The main products are DC-DC Converter, Power supply for Computer & Server, DES product, Automotive electronic product, Fan and thermal product, Adaptor product for industrial and private consumer, Solenoid and EMI filters etc.

2) Infrastructure segment is a business segment which designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. The main products are Telecommunication system, Renewable energy, Energy storage and High power etc.

3) Automation segment is a business segment which designs, manufactures, and installations of industrial and building automation. The main products are Machine automation, Industrial motion system, Smart sensor system and Lighting automation for building etc.

Geographic information:

Revenue from external customers is based on locations of the customers

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
United States	14,011	11,923
China	8,486	6,759
India	7,386	6,804
Netherlands	4,608	823
Germany	2,236	5,428
Taiwan	603	2,442
Others	11,939	12,708
Total	<u>49,269</u>	<u>46,887</u>

Non-current assets

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
(Other than financial instruments, deferred tax assets and net defined benefit assets)		
Thailand	4,210	3,458
Slovakia	1,609	1,032
India	1,383	1,236
Germany	499	398
Others	538	540
Total	<u>8,239</u>	<u>6,664</u>

Major customer

For the year 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at rates of 7 percent of basic salary (2016: 7 percent of basic salary). The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination or when employees are promoted to a manager post, in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 90 million (2016: Baht 76 million) were recognised as expenses.

The provident funds of the subsidiaries and their employees have been established in accordance with each subsidiary's policies and the law of its country of domicile.

29. Commitments and contingent liabilities

29.1 Capital commitments and operating lease commitments

29.1.1 As at 31 December 2017, the Company and its subsidiaries had significant capital commitments amounting to Baht 171 million, EUR 2 million or approximately Baht 75 million and INR 19 million or approximately Baht 9 million in respect of the purchase of machinery and equipment (2016: Baht 301 million, EUR 1 million or approximately Baht 46 million and INR 16 million or approximately Baht 9 million) (The Company only: Baht 171 million, 2016: Baht 284 million).

29.1.2 As at 31 December 2017 and 2016, future minimum lease payments required under these operating lease commitments were as follows.

(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

(Unit: Million Baht)

		As at 31 December 2016		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
		(Million)		
Polish zloty	2	-	21	-
Swiss franc	1	19	2	-
Indian rupee	58	13	10	7
Euro	3	74	33	1
	Total	106	66	8

29.2 Guarantee obligations

As at 31 December 2017, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 29.2.1 Outstanding letters of guarantee totaling approximately Baht 684 million (2016: Baht 1,336 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 656 million (2016: Baht 1,308 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 29.3.1 to the financial statements).
- 29.2.2 Outstanding letters of guarantee for totals of approximately INR 810 million or approximately Baht 412 million, EUR 0.3 million or approximately Baht 14 million have been issued by banks to meet requirements of the subsidiaries (2016: INR 740 million or approximately Baht 388 million, EUR 0.9 million or approximately Baht 33 million and USD 0.9 million or approximately Baht 32 million).

29.3 Tax assessment

- 29.3.1 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 during 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 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.

On 26 June 2017, the Supreme Court judgement dismissed the Company’s petition to consider revoking the tax assessments made by the Revenue Department, and as a result the Company has to pay corporate income tax, penalties and surcharges totaling approximately Baht 734 million to the Revenue Department. During the year, the Company completed payment of this amount.

- b. 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.

- c. 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.

- d. 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 3 cases (mentioned in b, c and d) the Company has recorded provisions for the tax assessments, amounting to approximately Baht 617 million (including penalties and surcharges), under the captions of “Liabilities and provision from tax assessments” in the statement of financial position and amounting to approximately Baht 1,259 million (including penalties and surcharges), under the captions of “Income tax expenses resulting from tax assessments” in the statement of comprehensive income.

- 29.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 148 million or approximately Baht 75 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 158 million or approximately Baht 81 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.

30. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different level inputs (as mentioned in Note 4.19 to the financial statements) as follows:

(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 10)	-	61	-	61
Liabilities measured at fair value				
Foreign currency forward contracts (Note 18)	-	5	-	5
Assets for which fair value are disclosed				
Investment properties (Note 13)	-	-	210	210

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 10)	-	6	-	6
Liabilities measured at fair value				
Foreign currency forward contracts (Note 18)	-	99	-	99
Assets for which fair value are disclosed				
Investment properties (Note 13)	-	-	211	211

(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 10)	-	30	-	30

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Foreign currency forward contracts (Note 18)	-	40	-	40

31. Financial instruments

31.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade receivables, other receivables, investments, short-term loans, trade payables and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans. However, since most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						Interest rate (% p.a.)
	As at 31 December 2017						
	Fixed interest rates			Floating		Total	
	Within	Over		interest	Non-interest		
1 year	1-5 years	5 years	rate	bearing			
Financial assets							
Cash and cash equivalents	2,113	-	-	14,340	867	17,320	0.00 - 5.25
Current investments	215	-	-	-	-	215	0.00 - 4.50
Trade and other receivables	-	-	-	-	10,468	10,468	-
Deposits at bank with restrictions	-	43	-	-	4	47	0.00 - 8.75
Total	2,328	43	-	14,340	11,339	28,050	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
Financial liabilities							
Bank overdraft and short-term loans from financial institutions	229	-	-	-	-	229	8.40
Trade and other payables	-	-	-	-	10,480	10,480	-
Total	229	-	-	-	10,480	10,709	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
Financial assets							
Cash and cash equivalents	776	-	-	16,467	2,442	19,685	0.01 - 6.79
Current investments	431	-	-	-	-	431	0.01 - 0.40
Trade and other receivables	-	-	-	-	10,697	10,697	-
Deposits at bank with restrictions	55	-	-	-	-	55	0.01 - 4.00
Total	1,262	-	-	16,467	13,139	30,868	

Financial liabilities

Bank overdraft and short-term

loans from financial

institutions 185 - - - 136 321 2.70 - 8.90

Trade and other payables - - - - 11,404 11,404 -

Total 185 - - - 11,540 11,725

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over	interest	Non-interest			
	1 year				1-5 years		
Financial assets							
Cash and cash equivalents	-	-	-	11,866	20	11,886	0.10 - 1.75
Trade and other receivables	-	-	-	-	9,197	9,197	-
Total	-	-	-	11,866	9,217	21,083	
Financial liabilities							
Trade and other payables	-	-	-	-	7,931	7,931	-
Total	-	-	-	-	7,931	7,931	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over	interest	Non-interest			
	1 year				1-5 years		
Financial assets							
Cash and cash equivalents	-	-	-	12,167	17	12,184	0.10 - 1.75
Trade and other receivables	-	-	-	-	8,982	8,982	-
Total	-	-	-	12,167	8,999	21,166	
Financial liabilities							
Trade and other payables	-	-	-	-	8,108	8,108	-
Total	-	-	-	-	8,108	8,108	

Foreign currency risk

The exposure of the Company and its subsidiaries to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the balances of the financial assets and liabilities denominated in foreign currencies are summarised below:

(Unit: Million)

Foreign currency	As at 31 December							
	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
US dollar	172	182	153	155	288	268	144	139
Euro	2	11	2	2	2	1	6	5
Japanese yen	139	70	320	391	139	69	320	391
Czech koruna	26	15	-	-	26	15	-	-
Swiss franc	-	-	1	-	-	-	1	1

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 December	
	<u>2017</u>	<u>2016</u>
US dollar	32.6809	35.8307
Euro	39.0273	37.7577
Japanese yen	0.2898	0.3080
Czech koruna	1.5260	1.3912
Swiss franc	33.4067	35.1571

As at 31 December 2017 and 2016, the outstanding forward contracts are summarised below:

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
Consolidated financial statements						
As at 31 December 2016						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	141	million	34.6600 - 36.0650	THB/USD	January - April 2017
USD/CHF	USD	18	million	1.0042 - 1.0231	CHF/USD	January 2017
EUR/SEK	EUR	1	million	9.7063	SEK/EUR	January 2017
USD/TRY	USD	2	million	3.5103	TRY/USD	January 2017
EUR/TRY	EUR	1	million	3.6095	TRY/EUR	January 2017
PLN/CHF	PLN	2	million	4.1145 - 4.1275	PLN/CHF	January 2017
Forward contracts to "Buy"						
USD/INR	USD	12	million	67.7767 - 69.0400	INR/USD	January 2017
EUR/CHF	EUR	2	million	1.0723 - 1.0780	CHF/EUR	January 2017
EUR/USD	EUR	13	million	1.0467 - 1.0774	USD/EUR	January 2017
USD/AUD	USD	2	million	0.7288 - 0.7480	USD/AUD	January 2017
USD/BRL	USD	2	million	3.3690 - 3.4746	BRL/USD	January 2017
JPY/THB	JPY	110	million	0.3146 - 0.3395	THB/JPY	January - February 2017
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

Separate financial statements						
As at 31 December 2016						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	55	million	34.6600 - 35.7400	THB/USD	January - April 2017
Forward contracts to “Buy”						
JPY/THB	JPY	110	million	0.3146 - 0.3395	THB/JPY	January - February 2017

31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

For derivatives, their fair value 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. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

32. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.42:1 (2016: 0.45:1) and the Company's was 0.29:1 (2016: 0.28:1).

33. Events after the reporting period

33.1 On 5 January 2018, an executive committee meeting, 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 of a subsidiary of the Company, to support business expansion. The additional investment had no impact on the structure of the Group.

33.2 On 23 February 2018, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 2.2 per share, a total of Baht 2,744 million. The dividend will be paid from the Company's operating results for the year 2017.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.

