

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2013

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 June 2013, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2013, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of matter

I draw attention to Note 18.3.1 to the financial statements regarding the Company's receipt of notice of a corporate income tax assessment from the Revenue Department, covering the years 1997 through 2004. My conclusion is not qualified in respect of this matter.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 13 August 2013

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Notes</u>	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>30 June 2013</u>	<u>31 December 2012</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		12,355,271,275	12,781,778,448	6,994,876,835	8,697,360,220
Trade and other receivables	4	7,493,353,845	7,026,770,421	5,185,534,406	4,563,147,818
Inventories	5	5,870,963,727	5,466,383,275	3,295,795,200	3,266,905,390
Other current assets	6	890,144,201	851,605,907	113,357,338	126,994,668
Total current assets		<u>26,609,733,048</u>	<u>26,126,538,051</u>	<u>15,589,563,779</u>	<u>16,654,408,096</u>
Non-current assets					
Deposits at bank with restrictions		120,239,339	151,437,826	-	-
Investment in associated company	1.2.3	186,987,765	-	-	-
Investments in subsidiary companies	1.2.3, 7	-	-	10,750,923,813	9,870,976,026
Other long-term investments	1.2.3, 8	898,035	411,601,908	-	-
Property, plant and equipment	9	4,718,479,782	4,984,384,258	2,685,235,742	2,821,423,476
Consolidation goodwill		306,757,971	306,757,971	-	-
Other intangible assets	10	658,230,100	687,604,760	23,723,983	26,316,767
Deferred tax assets		345,708,070	319,049,149	-	-
Other non-current assets		45,438,658	87,291,643	5,078,555	4,829,169
Total non-current assets		<u>6,382,739,720</u>	<u>6,948,127,515</u>	<u>13,464,962,093</u>	<u>12,723,545,438</u>
Total assets		<u>32,992,472,768</u>	<u>33,074,665,566</u>	<u>29,054,525,872</u>	<u>29,377,953,534</u>

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements			
	<u>Notes</u>	<u>30 June 2013</u>	<u>31 December 2012</u>	<u>30 June 2013</u>	<u>31 December 2012</u>	
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans						
		from financial institutions	687,248,701	660,694,307	-	-
	11	Trade and other payables	8,371,303,440	8,143,951,270	5,554,108,502	5,076,642,819
		Income tax payable	83,099,742	74,547,237	-	-
	14	Short-term provisions	92,688,769	244,690,620	-	-
	12	Other current liabilities	304,828,063	240,691,644	56,102,733	61,645,450
		Total current liabilities	9,539,168,715	9,364,575,078	5,610,211,235	5,138,288,269
Non-current liabilities						
		Deferred tax liabilities	116,797,023	48,946,045	-	-
	13	Provision for long-term employee benefits	884,322,998	866,459,789	121,058,127	116,588,932
	14	Long-term provisions	282,988,761	258,531,053	45,004,550	19,821,278
		Other non-current liabilities	33,198,310	39,521,379	1,065,000	6,766,464
		Total non-current liabilities	1,317,307,092	1,213,458,266	167,127,677	143,176,674
		Total liabilities	10,856,475,807	10,578,033,344	5,777,338,912	5,281,464,943
Shareholders' equity						
Share capital						
Registered						
		1,259 million 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-up						
		1,247 million 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
Retained earnings						
		Appropriated - Statutory reserve	125,900,000	125,900,000	125,900,000	125,900,000
		Unappropriated	21,359,737,342	21,676,381,221	20,411,992,846	21,231,294,477
		Other components of shareholders' equity	(2,088,934,495)	(2,044,943,113)	-	-
		Equity attributable to owners of the Company	22,135,996,961	22,496,632,222	23,277,186,960	24,096,488,591
		Total shareholders' equity	22,135,996,961	22,496,632,222	23,277,186,960	24,096,488,591
		Total liabilities and shareholders' equity	32,992,472,768	33,074,665,566	29,054,525,872	29,377,953,534
			-	-	-	-

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

Directors

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 June 2013**

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit or loss:					
Revenues					
Sales and services income		9,664,967,784	10,355,136,781	6,867,999,342	6,970,256,754
Other income					
Interest income		44,186,798	42,598,361	37,081,457	36,224,913
Gain on exchange rate		94,235,004	63,473,948	204,727,416	111,114,245
Gain on sales of investment in subsidiary	1.2.3	254,052,878	-	-	-
Dividend income from other long-term investmer	8	-	46,059,119	-	-
Others		135,060,878	65,457,932	9,337,383	17,386,109
Total revenues		10,192,503,342	10,572,726,141	7,119,145,598	7,134,982,021
Expenses					
Cost of sales and services		7,133,506,326	7,788,419,165	5,034,459,369	5,065,419,438
Selling expenses		617,875,626	651,824,093	219,856,178	217,776,604
Administrative expenses		423,869,020	446,647,544	305,664,467	317,209,846
Research and development expenses		446,051,335	499,058,538	349,793,949	421,774,959
Other expenses		50,197,927	244,665,664	9,686,468	27,871,440
Total expenses		8,671,500,234	9,630,615,004	5,919,460,431	6,050,052,287
Profit before share of profit from investment in associated company, finance cost and income tax expenses		1,521,003,108	942,111,137	1,199,685,167	1,084,929,734
Share of profit from investment in associated company		19,733,110	-	-	-
Profit before finance cost and income tax expenses		1,540,736,218	942,111,137	1,199,685,167	1,084,929,734
Finance cost		(16,052,497)	(26,484,757)	-	-
Profit before income tax expenses		1,524,683,721	915,626,380	1,199,685,167	1,084,929,734
Income tax expenses	16	(63,339,564)	(16,460,765)	-	-
Profit for the period		1,461,344,157	899,165,615	1,199,685,167	1,084,929,734
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		263,574,330	(53,282,004)	-	-
Other comprehensive income for the period		263,574,330	(53,282,004)	-	-
Total comprehensive income for the period		1,724,918,487	845,883,611	1,199,685,167	1,084,929,734

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Profit attributable to:				
Equity holders of the Company	<u>1,461,344,157</u>	<u>899,165,615</u>	<u>1,199,685,167</u>	<u>1,084,929,734</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>1,724,918,487</u>	<u>845,883,611</u>	<u>1,199,685,167</u>	<u>1,084,929,734</u>
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>1.17</u>	<u>0.72</u>	<u>0.96</u>	<u>0.87</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2013

(Unit: Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit or loss:					
Revenues					
Sales and services income		19,204,892,086	19,076,178,681	13,445,475,077	13,225,329,521
Other income					
Interest income		98,397,528	88,824,575	85,118,174	76,136,752
Gain on exchange rate		102,251,078	93,487,293	176,365,350	115,055,422
Gain on sales of investment in subsidiary	1.2.3	254,052,878	-	-	-
Dividend income from other long-term investmer	8	-	46,059,119	-	-
Others		205,018,848	128,473,779	87,922,623	82,308,405
Total revenues		19,864,612,418	19,433,023,447	13,794,881,224	13,498,830,100
Expenses					
Cost of sales and services		14,097,775,627	14,266,946,941	9,855,406,505	9,595,183,410
Selling expenses		1,210,062,277	1,393,765,924	401,711,134	427,558,160
Administrative expenses		822,141,233	836,291,415	595,785,425	546,005,653
Research and development expenses		875,673,308	976,570,317	745,749,189	803,525,264
Other expenses		105,802,840	277,486,875	21,814,728	32,389,145
Total expenses		17,111,455,285	17,751,061,472	11,620,466,981	11,404,661,632
Profit before share of profit from investment in associated company, finance cost and income tax expenses		2,753,157,133	1,681,961,975	2,174,414,243	2,094,168,468
Share of profit from investment in associated company		19,733,110	-	-	-
Profit before finance cost and income tax expenses		2,772,890,243	1,681,961,975	2,174,414,243	2,094,168,468
Finance cost		(32,186,218)	(51,819,520)	-	-
Profit before income tax expenses		2,740,704,025	1,630,142,455	2,174,414,243	2,094,168,468
Income tax expenses	16	(63,632,030)	(17,606,727)	-	-
Profit for the period		2,677,071,995	1,612,535,728	2,174,414,243	2,094,168,468
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(43,991,382)	(118,149,561)	-	-
Other comprehensive income for the period		(43,991,382)	(118,149,561)	-	-
Total comprehensive income for the period		2,633,080,613	1,494,386,167	2,174,414,243	2,094,168,468

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Profit attributable to:				
Equity holders of the Company	<u>2,677,071,995</u>	<u>1,612,535,728</u>	<u>2,174,414,243</u>	<u>2,094,168,468</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>2,633,080,613</u>	<u>1,494,386,167</u>	<u>2,174,414,243</u>	<u>2,094,168,468</u>
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>2.15</u>	<u>1.29</u>	<u>1.74</u>	<u>1.68</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2013

(Unit: Baht)

Consolidated financial statements							
Equity attributable to shareholders of the Company							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
			Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	
Balance as at 31 December 2011 (Audited)	1,247,381,614	1,491,912,500	125,900,000	18,825,855,596	(1,831,959,446)	(1,831,959,446)	19,859,090,264
Profit for the period	-	-	-	1,612,535,728	-	-	1,612,535,728
Other comprehensive income for the period	-	-	-	-	(118,149,561)	(118,149,561)	(118,149,561)
Total comprehensive income for the period	-	-	-	1,612,535,728	(118,149,561)	(118,149,561)	1,494,386,167
Dividend paid (Note 15)	-	-	-	(1,496,857,937)	-	-	(1,496,857,937)
Balance as at 30 June 2012	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>18,941,533,387</u>	<u>(1,950,109,007)</u>	<u>(1,950,109,007)</u>	<u>19,856,618,494</u>
Balance as at 31 December 2012 (Audited)	1,247,381,614	1,491,912,500	125,900,000	21,676,381,221	(2,044,943,113)	(2,044,943,113)	22,496,632,222
Profit for the period	-	-	-	2,677,071,995	-	-	2,677,071,995
Other comprehensive income for the period	-	-	-	-	(43,991,382)	(43,991,382)	(43,991,382)
Total comprehensive income for the period	-	-	-	2,677,071,995	(43,991,382)	(43,991,382)	2,633,080,613
Dividend paid (Note 15)	-	-	-	(2,993,715,874)	-	-	(2,993,715,874)
Balance as at 30 June 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>21,359,737,342</u>	<u>(2,088,934,495)</u>	<u>(2,088,934,495)</u>	<u>22,135,996,961</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2013

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2011 (Audited)	1,247,381,614	1,491,912,500	125,900,000	18,321,617,397	21,186,811,511
Total comprehensive income for the period	-	-	-	2,094,168,468	2,094,168,468
Dividend paid (Note 15)	-	-	-	(1,496,857,937)	(1,496,857,937)
Balance as at 30 June 2012	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>18,918,927,928</u>	<u>21,784,122,042</u>
Balance as at 31 December 2012 (Audited)	1,247,381,614	1,491,912,500	125,900,000	21,231,294,477	24,096,488,591
Total comprehensive income for the period	-	-	-	2,174,414,243	2,174,414,243
Dividend paid (Note 15)	-	-	-	(2,993,715,874)	(2,993,715,874)
Balance as at 30 June 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>20,411,992,846</u>	<u>23,277,186,960</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement****For the six-month period ended 30 June 2013**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:				
Profit before tax	2,740,704,025	1,630,142,455	2,174,414,243	2,094,168,468
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	408,958,634	401,982,227	280,987,682	270,343,480
Amortisation of intangible assets	43,474,693	41,806,111	6,073,266	3,034,282
Record allowance for doubtful accounts (reversal)	(21,248,568)	15,210,302	(9,208,077)	2,410,654
Decrease of inventory to net realisable value (reversal)	(95,513,073)	41,310,839	(67,373,119)	(19,016,040)
Increase in provision for long-term employee benefits	37,385,732	32,313,962	4,469,195	22,784,992
Record the increase in provisions (reversal)	103,803,280	160,661,174	25,183,272	(16,576,224)
Share of profit from investment in associated company	(19,733,110)	-	-	-
Dividend income from other long-term investments	-	(46,059,119)	-	-
Gain on sales of investment in subsidiary	(254,052,878)	-	-	-
(Gain) loss from disposal of property, plant and equipment	(2,628,646)	23,117,151	(3,090,431)	21,805,590
Loss on disposal of other intangible assets	4,694,201	3,491,422	-	-
Unrealised gain on exchange rate	(255,080,076)	(18,185,825)	(267,563,250)	(29,842,648)
Interest income	(98,397,528)	(88,824,575)	(85,118,174)	(76,136,752)
Interest expense	32,186,218	51,819,520	-	-
Profit from operating activities before changes in operating assets and liabilities	2,624,552,904	2,248,785,644	2,058,774,607	2,272,975,802
Decrease (increase) in operating assets:				
Trade and other receivable	(191,930,747)	(775,015,940)	(389,313,252)	(772,970,983)
Inventories	(309,067,379)	330,290,244	38,483,309	213,584,846
Other current assets	7,292,110	(63,405,267)	14,439,539	3,499,344
Other non-current assets	43,380,322	(1,854,942)	(249,385)	16,001
Increase (decrease) in operating liabilities:				
Trade and other payable	98,623,529	1,126,968,380	381,080,640	506,814,369
Other current liabilities	63,504,490	(10,517,606)	(6,306,612)	(50,490,910)
Provision for long-term employee benefits	(18,443,703)	(5,672,185)	-	(3,176,840)
Provisions	(233,435,903)	(1,397,957)	-	-
Other non-current liabilities	(6,323,069)	16,399,046	(5,701,464)	972,744
Cash flows from operating activities	2,078,152,554	2,864,579,417	2,091,207,382	2,171,224,373
Cash received from interest income	98,214,676	88,555,881	85,182,911	76,104,352
Cash paid for interest expense	(30,896,695)	(48,462,253)	-	-
Cash paid for corporate income tax	(71,727,669)	(51,991,584)	(866,722)	(774,689)
Net cash flows from operating activities	2,073,742,866	2,852,681,461	2,175,523,571	2,246,554,036

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the six-month period ended 30 June 2013**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	31,198,487	2,502,108	-	-
Increase in investments in subsidiary companies	-	-	(879,947,787)	(333,237,810)
Dividend received from other long-term investments	-	46,059,119	-	-
Cash received from sales of investment in subsidiary	439,141,581	-	-	-
Acquisition of property, plant and equipment	(203,550,377)	(666,132,854)	(149,587,089)	(380,214,913)
Proceeds from disposal of property, plant and equipment	15,350,265	9,366,308	7,877,572	2,464,625
Increase in other intangible assets	(12,081,577)	(42,821,533)	(3,480,482)	(34,324,630)
Net cash flows from (used in) investing activities	<u>270,058,379</u>	<u>(651,026,852)</u>	<u>(1,025,137,786)</u>	<u>(745,312,728)</u>
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	23,094,883	(230,559,423)	-	-
Dividend paid (Note 15)	(2,993,715,874)	(1,496,857,937)	(2,993,715,874)	(1,496,857,937)
Net cash flows used in financing activities	<u>(2,970,620,991)</u>	<u>(1,727,417,360)</u>	<u>(2,993,715,874)</u>	<u>(1,496,857,937)</u>
Increase (decrease) in translation adjustments	<u>68,171,350</u>	<u>(80,429,070)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(558,648,396)</u>	<u>393,808,179</u>	<u>(1,843,330,089)</u>	<u>4,383,371</u>
Unrealised gain on exchange for cash and cash equivalents	132,141,223	40,927,201	140,846,704	39,446,842
Cash and cash equivalents at beginning of period	<u>12,781,778,448</u>	<u>9,512,594,932</u>	<u>8,697,360,220</u>	<u>6,009,434,156</u>
Cash and cash equivalents at end of period	<u>12,355,271,275</u>	<u>9,947,330,312</u>	<u>6,994,876,835</u>	<u>6,053,264,369</u>
	-	-	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2013

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2012. However, there were the following changes in the composition of the Group during the current period:

1.2.1 On 14 March 2013 the meeting of the Board of Directors of Delta Greentech International Holding Limited passed a resolution to enter into an agreement to sell its investment in Delta Greentech (Netherlands) Cooperatie U.A. to Delta Energy Systems (Singapore) Pte. Ltd. at a price of approximately USD 29.7 million. The sale was now completed. However, the resulting change in the composition of the Group has no impact on the Company's proportionate interests in this group of subsidiary companies.

1.2.2 The meeting of the Board of Directors of the Company, held on 11 May 2012, passed a resolution approving the dissolution of Delta Greentech (Hong Kong) Limited and this company registered its dissolution on 4 January 2013.

2. New accounting standards issued during the period and not yet effective

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the current period, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows:

		<u>Effective date</u>
Financial Reporting Standard:		
TFRS 4	Insurance Contracts	1 January 2016
Accounting Standard Interpretation:		
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under <i>TAS 29 Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company and its subsidiaries has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company and its subsidiaries, except TFRIC 4, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	2,477	2,487	With reference to market prices
Purchase of raw materials	-	-	9	26	With reference to market prices
Commission paid	-	-	93	58	Contract prices
Marketing fee	-	-	59	78	Contract prices
Design and engineering fee	-	-	206	286	Contract prices
Service income	-	-	3	-	Contract prices
<u>Transactions with related parties</u>					
Sales of goods and raw materials	403	381	401	376	With reference to market prices
Purchase of goods and raw materials	715	553	35	113	With reference to market prices
Commission paid	66	84	66	84	Contract prices
Commission received	11	21	-	-	Contract prices
Services income	44	29	-	-	Contract prices

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policies
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	4,537	4,768	With reference to market prices
Purchase of raw materials	-	-	44	90	With reference to market prices
Commission paid	-	-	174	109	Contract prices
Marketing fee	-	-	144	143	Contract prices
Design and engineering fee	-	-	459	545	Contract prices
Service income	-	-	3	-	Contract prices

Transactions with related parties

Sales of goods and raw materials	728	643	724	632	With reference to market prices
Purchase of goods and raw materials	1,263	808	67	163	With reference to market prices
Commission paid	132	166	132	166	Contract prices
Commission received	29	37	-	-	Contract prices
Services income	71	45	-	-	Contract prices

The balances of the accounts as at 30 June 2013 and 31 December 2012 between the Company, its subsidiaries and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Audited)		(Audited)
<u>Trade accounts receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	2,257	1,915
Other related companies (under common control)	468	362	410	311
Total trade accounts receivables, related parties	<u>468</u>	<u>362</u>	<u>2,667</u>	<u>2,226</u>
<u>Amounts due from related parties (Note 4)</u>				
Other related companies (under common control)	1	-	-	-
Total amounts due from related parties	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
		(Audited)		(Audited)
<u>Trade accounts payables, related parties (Note 11)</u>				
Subsidiary companies	-	-	15	63
Other related companies (under common control)	917	1,008	36	48
Total trade accounts payables, related parties	917	1,008	51	111
<u>Amounts due to related parties (Note 11)</u>				
Subsidiary companies	-	-	143	154
Other related companies (under common control)	118	215	101	73
Total amounts due to related parties	118	215	244	227

Directors and management's benefits

For the six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	112	130	44	35
Post-employment benefits	8	12	1	1
Termination benefits	2	-	-	-
Total	122	142	45	36

(Unaudited but reviewed)

4. Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
		(Audited)		(Audited)
<u>Trade receivables, related parties</u>				
Aged on the basis of due dates				
Current	460	354	2,569	2,048
Past due 1 - 3 months	8	8	98	178
Total	468	362	2,667	2,226
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Current	6,297	5,750	2,405	2,139
Past due 1 - 3 months	680	846	116	199
Past due 3 - 6 months	55	69	-	3
Past due 6 - 12 months	62	19	-	-
Past due over 12 months	15	32	-	-
Total	7,109	6,716	2,521	2,341
Total trade accounts receivables	7,577	7,078	5,188	4,567
Less: Allowance for doubtful accounts	(120)	(141)	(3)	(12)
Total trade receivables - net	7,457	6,937	5,185	4,555
<u>Other receivables</u>				
Amounts due from related parties	1	-	-	-
Other receivables	35	90	1	8
Total other receivables	36	90	1	8
Trade and other receivables - net	7,493	7,027	5,186	4,563

5. Reduce cost to net realisable value of inventories

Movement in the reduce cost to net realisable value of inventory account during the six-month period ended 30 June 2013 is summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2013	1,021	502
Add: Reduce cost to net realisable value of inventories increase during the period	83	-
Less: Reversal of reduce cost to net realisable value of inventory account during the period	(179)	(67)
Balance as at 30 June 2013	<u>925</u>	<u>435</u>

6. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
		(Audited)		(Audited)
Input tax refundable	507	494	59	71
Prepaid expenses	64	65	30	27
Prepaid tax	192	174	-	-
Forward contracts receivable	5	24	-	10
Others	122	95	24	19
Total other current assets	<u>890</u>	<u>852</u>	<u>113</u>	<u>127</u>

(Unaudited but reviewed)

7. Investments in subsidiary companies

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

Company's name	(Unit: Million Baht)	
	Cost	
	30 June 2013	31 December 2012
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Energy Systems (Switzerland) AG	2,415	2,415
Delta Green Industrial (Thailand) Company Limited	190	190
Delta Energy Systems (Singapore) Private Limited	892	12
Subtotal	12,947	12,067
Less: Loss on impairment of investments in subsidiary companies	(2,196)	(2,196)
Investments in subsidiary companies - net	10,751	9,871

No dividend was received from the above subsidiary companies during the six-month periods ended 30 June 2013 and 2012.

8. Other long-term investments

Company's name	(Unit: Million Baht)			
	Shareholding percentage		Consolidated financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	%	%		(Audited)
IP Fund One, L.P. (owned by DET International Holding Limited)	3.84	3.84	241	241
Delta Greentech (China) Company Limited (owned by Delta Greentech SGP Pte. Ltd., Note 1.2.3)	-	8.21	-	457
Total other long-term investments			241	698
Less: Allowance for diminution in value of investments in other long-term investments			(178)	(178)
Translation adjustment			(62)	(108)
Other long-term investments - net			1	412

(Unaudited but reviewed)

No dividend was received from the above Company during the six-month period ended 30 June 2013 (the six-month period ended 30 June 2012: received dividend amounting to approximately USD 1.49 million or equivalent to Baht 46 million).

9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2013	4,984	2,821
Acquisitions during period - cost	204	150
Disposals during period - net book value at disposal date	(12)	(5)
Depreciation for the period	(409)	(281)
Translation adjustment	(49)	-
Net book value as at 30 June 2013	<u>4,718</u>	<u>2,685</u>

10. Other intangible assets

Movement of the other intangible asset account during the six-month period ended 30 June 2013 are summarised below.

	Consolidated financial statements				Separate
	Computer				financial statements
	Patent rights	software	Others	Total	Computer software
Net book value as at 1 January 2013	600	86	2	688	26
Increase during period	-	12	-	12	4
Disposals during period - net book value at disposal date	-	(5)	-	(5)	-
Amortisation for the period	(24)	(19)	-	(43)	(6)
Translation adjustment	9	(3)	-	6	-
Net book value as at 30 June 2013	<u>585</u>	<u>71</u>	<u>2</u>	<u>658</u>	<u>24</u>

(Unaudited but reviewed)

11. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
		(Audited)		(Audited)
Trade payables - related parties	917	1,008	51	111
Trade payables - unrelated parties	4,730	4,407	3,738	3,407
Amount due to related parties	118	215	244	227
Other payables	358	484	296	400
Accrued expenses	2,014	1,840	1,114	810
Advance received	234	190	111	122
Total trade and other payables	8,371	8,144	5,554	5,077

12. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
		(Audited)		(Audited)
Forward contracts payable	110	4	36	-
Withholding tax payable	38	89	5	51
Value added tax payable	116	70	-	-
Others	41	78	15	11
Total other current liabilities	305	241	56	62

(Unaudited but reviewed)

13. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2013	866	117
Add: Recognition during period	42	13
Less: Decrease during period	(18)	-
Less: Reversal during period	(5)	(9)
Translation adjustment	(1)	-
Balance as at 30 June 2013	<u>884</u>	<u>121</u>

(Unaudited but reviewed)

14. Provisions

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements	
	Restructuring		Other			
	costs	Warranty	provisions	Total	Warranty	Total
Balance as at 31 December 2012 (Audited)	153	260	91	504	20	20
Recognition during period	89	158	72	319	46	46
Decrease during period	(223)	(1)	(9)	(233)	-	-
Reversal during period	(1)	(171)	(43)	(215)	(21)	(21)
Translation adjustment	3	(2)	-	1	-	-
Balance as at 30 June 2013	21	244	111	376	45	45
Short-term provisions	152	23	70	245	-	-
Long-term provisions	1	237	21	259	20	20
Balance as at 31 December 2012 (Audited)	153	260	91	504	20	20
Short-term provisions	20	26	47	93	-	-
Long-term provisions	1	218	64	283	45	45
Balance as at 30 June 2013	21	244	111	376	45	45

(Unaudited but reviewed)

15. Dividends

Dividends declared in 2013 and 2012 consisted of the followings:

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2012	Annual General Meeting of the shareholders on 29 March 2013	2,994	2.40
Final dividend for year 2011	Annual General Meeting of the shareholders on 30 March 2012	1,497	1.20

16. Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2013 and 2012 are made up as follows:

	(Unit: Million Baht)	
	For the three-month periods ended 30 June	
	<u>2013</u>	<u>2012</u>
Current income tax:		
Current income tax charge	(19)	(41)
Deferred tax:		
Increase (decrease) in deferred tax assets	(2)	6
(Increase) decrease in deferred tax liabilities	(43)	10
Translation adjustment	1	8
Income tax expenses reported in the statement of comprehensive income	(63)	(16)

	(Unit: Million Baht)	
	For the six-month periods ended 30 June	
	<u>2013</u>	<u>2012</u>
Current income tax:		
Current income tax charge	(28)	(50)
Deferred tax:		
Increase in deferred tax assets	27	14
(Increase) decrease in deferred tax liabilities	(68)	10
Translation adjustment	5	8
Income tax expenses reported in the statement of comprehensive income	(64)	(18)

17. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month and six-month periods ended 30 June 2013 and 2012 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	For the three-month periods ended 30 June								Consolidated financial statements	
	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>		
Revenue										
Revenue from external customers	6,952	7,165	2,384	2,827	118	67	211	296	9,665	10,355
Total revenue	<u>6,952</u>	<u>7,165</u>	<u>2,384</u>	<u>2,827</u>	<u>118</u>	<u>67</u>	<u>211</u>	<u>296</u>	<u>9,665</u>	<u>10,355</u>
Segment profit (loss)	1,252	1,366	97	(77)	15	(28)	(321)	(291)	1,043	970
Unallocated income (expenses):										
Interest income									44	43
Gain on exchange rate									94	63
Gain on sales of investment in subsidiary									254	-
Dividend income from other long-term investments									-	46
Other income									135	65
Other expenses									(50)	(245)
Finance cost									(16)	(26)
Share of profit from investment in associated company									20	-
Profit before income tax expenses									1,524	916
Income tax expenses									(63)	(17)
Profit for the period									<u>1,461</u>	<u>899</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June									
	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenue										
Revenue from external customers	13,653	13,658	4,956	4,886	272	153	324	379	19,205	19,076
Total revenue	<u>13,653</u>	<u>13,658</u>	<u>4,956</u>	<u>4,886</u>	<u>272</u>	<u>153</u>	<u>324</u>	<u>379</u>	<u>19,205</u>	<u>19,076</u>
Segment profit (loss)	2,564	2,602	176	(504)	46	(55)	(586)	(439)	2,200	1,604
Unallocated income (expenses):										
Interest income									98	89
Gain on exchange rate									102	93
Gain on sales of investment in subsidiary									254	-
Dividend income from other long-term investments									-	46
Other income									205	128
Other expenses									(106)	(277)
Finance cost									(32)	(52)
Share of profit from investment in associated company									20	-
Profit before income tax expenses									2,741	1,631
Income tax expenses									(64)	(18)
Profit for the period									<u>2,677</u>	<u>1,613</u>

- 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) The energy management segment is a business segment which designs, manufactures, and sales of power supplies/converters and electromechanical products applied to communication, information, network and renewable energy. The main products are Telecom Power System, Industrial Power System, Uninterruptible Power Supplies (UPS), Photovoltaic Inverter (PIV) and Industrial automation product etc.
- 3) The smart green life segment is a business segment which designs, manufactures, and sales of LED lighting product and display solutions.

18. Commitments and contingent liabilities

18.1 Capital commitments and operating lease commitments

18.1.1 As at 30 June 2013, the Company and its subsidiaries had significant capital commitments amounting to Baht 36 million and EUR 0.2 million in respect of the purchase of machinery and equipment (31 December 2012: Baht 95 million and INR 3 million).

18.1.2 As at 30 June 2013, the subsidiaries had significant operating lease commitments amounting to CHF 0.7 million, EUR 5 million, INR 167 million, SEK 2 million and PLN 1 million (31 December 2012: CHF 0.8 million, EUR 5 million and INR 145 million).

18.2 Guarantee obligations

As at 30 June 2013, the Company and its subsidiaries had the following outstanding significant letters of guarantee required in the ordinary course of their businesses:

18.2.1 Outstanding letters of guarantee totaling approximately Baht 1,161 Million (31 December 2012: Baht 1,161 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,135 million (31 December 2012: Baht 1,135 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 18.3.1 to the financial statements).

18.2.2 Outstanding letters of guarantee for totals of approximately INR 171 million, EUR 1 million and USD 1 million have been issued by banks to meet requirements of its subsidiaries (31 December 2012: INR 142 million, EUR 2 million and USD 2 million).

18.3 Tax assessment

18.3.1 In 2006, the Company received notice of corporate income tax assessment by the Revenue Department, covering the years 1997 through 2000, and assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department (“the Committee”), and in 2011, the Committee decided to reduce the assessment to approximately Baht 734 million (including penalties and surcharges). However, the Company petitioned the Central Tax Court to consider revoking this tax assessment and, during the year 2012, the Central Tax Court ordered a 50% reduction of the penalties, while the Company’s remaining petitions were dismissed. The Company therefore submitted a letter appealing the judgment of the Central Tax Court to the Tax Division of the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

(Unaudited but reviewed)

In addition, during the year 2012, the Company received notice of corporate income tax assessment covering the years 2001 through 2004 from the Revenue Department, assessing tax amounting to approximately Baht 401 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. During the current period, the Committee rejected the Company's appeal and the Company is now considering a petition to the Central Tax Court to overturn this tax assessment.

However, the independent legal counselor of the Company believes that no significant losses will be incurred by the Company and the Company has therefore not recorded provision for these tax assessments.

18.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 88 million, covering the years 2003 - 2012, and sales tax and excise duties of approximately INR 166 million, covering the years 2005 - 2010, against the overseas subsidiaries. The subsidiaries have submitted a letter appealing the assessments. However, as at 30 June 2013, those subsidiaries had recorded prepaid tax amounting to approximately INR 266 million and income tax payable amounting to INR 93 million in their books of accounts. The management of the Company and the subsidiaries believe that no significant losses will be incurred as a result of this matter and the subsidiaries have therefore not recorded provision for this tax assessment.

19. Financial derivatives

As at 30 June 2013 and 31 December 2012, the significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	192	133	128	120	31.1271	30.6316
Euro	23	14	5	7	40.6169	40.5563
Japanese yen	63	47	120	76	0.3152	0.3545
Czech koruna	14	-	-	-	1.5554	-

(Unaudited but reviewed)

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate. As at 30 June 2013 and 31 December 2012, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

							As at 30 June 2013		
							Amount	Forward rate	Maturity date
Forward contracts to "Sell"									
USD/THB	USD	105	million	28.86200	-	31.36000	THB/USD	July - September 2013	
USD/CHF	USD	9	million	0.91750	-	0.94077	CHF/USD	July 2013	
EUR/USD	EUR	5	Million	1.30285	-	1.33980	USD/EUR	July 2013	
USD/TRY	USD	3	million	1.86090	-	1.93390	TRY/USD	July 2013	
EUR/CHF	EUR	3	million	1.22400	-	1.23300	CHF/EUR	July 2013	
PLN/CHF	PLN	3	million	3.46570	-	3.50950	PLN/CHF	July 2013	
USD/BRL	USD	2	million	2.18000	-	2.20600	BRL/USD	July 2013	
EUR/SEK	EUR	1	Million	8.58700	-	8.74220	SEK/EUR	July 2013	
Forward contracts to "Buy"									
USD/RUB	USD	5	million	31.94710	-	33.06600	RUB/USD	July 2013	
USD/INR	USD	8	million	57.05000	-	60.97000	INR/USD	July - August 2013	
USD/AUD	USD	2	Million	0.95340			AUD/USD	August 2013	
							As at 31 December 2012		
							Amount	Forward rate	Maturity date
Forward contracts to "Sell"									
USD/THB	USD	101	million	30.71000	-	31.19500	THB/USD	January - April 2013	
USD/CHF	USD	3	million	0.93140	-	0.93210	CHF/USD	January 2013	
USD/TRY	USD	5	million	1.78770	-	1.81250	TRY/USD	January 2013	
EUR/CHF	EUR	8	million	1.20375	-	1.21142	CHF/EUR	January 2013	
PLN/CHF	PLN	4	million	3.38870	-	3.50000	PLN/CHF	January 2013	
USD/BRL	USD	4	million	2.04900	-	2.09750	BRL/USD	January 2013	
Forward contracts to "Buy"									
USD/RUB	USD	5	million	31.09110	-	32.01540	RUB/USD	January 2013	
USD/INR	USD	2	million	54.60000	-	55.17000	INR/USD	January 2013	
EUR/USD	EUR	2	million	1.28165	-	1.31060	USD/EUR	January 2013	
USD/CHF	USD	2	million	0.91140	-	0.91150	CHF/USD	January 2013	

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2013.