

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month period ended 31 March 2017

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 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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 19.3.1 to the financial statements regarding the Company's receipt of notices of corporate income tax assessment, covering the years 1997 through 2006, and a notice of specific business tax assessment for the year 2005 and year 2006 from the Revenue Department. My conclusion is not qualified in respect of these matters.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 24 April 2017

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2017</u>	<u>31 December 2016</u>	<u>31 March 2017</u>	<u>31 December 2016</u>
		(Unaudited but reviewed)		(Unaudited but reviewed)	
Assets					
Current assets					
Cash and cash equivalents		18,978,868	19,685,363	13,744,000	12,184,018
Current investments		263,331	431,366	-	-
Trade and other receivables	4	8,377,802	10,696,537	8,620,301	8,982,016
Inventories	5	7,374,448	7,296,776	4,436,298	4,448,579
Other current assets	6	838,790	818,347	229,116	132,146
Total		35,833,239	38,928,389	27,029,715	25,746,759
Assets held for sales	15	3,101,470	-	-	-
Total current assets		38,934,709	38,928,389	27,029,715	25,746,759
Non-current assets					
Deposits at bank with restrictions		51,118	54,730	-	-
Investments in subsidiary companies	7	-	-	10,648,213	11,573,121
Advance payment for land		209,400	-	-	-
Investment properties	8	203,955	211,356	-	-
Property, plant and equipment	9	6,040,165	5,965,729	3,570,582	3,452,700
Consolidation goodwill	15	306,758	306,758	-	-
Other intangible assets	10	461,118	487,017	2,283	2,724
Deferred tax assets		189,603	299,128	-	-
Other non-current assets		44,821	66,158	1,365	1,319
Total non-current assets		7,506,938	7,390,876	14,222,443	15,029,864
Total assets		46,441,647	46,319,265	41,252,158	40,776,623

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 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016	31 March 2017 (Unaudited but reviewed)	31 December 2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		-	321.099	-	-
Trade and other payables	11	9,571.316	11,349.106	7,663.854	8,207.850
Income tax payable		43.937	77.131	434	434
Short-term provisions	14	16.020	94.183	-	-
Dividend payable	16	3,742.145	-	3,742.145	-
Other current liabilities	12	428.518	560.554	60.658	131.829
Total		13,801.936	12,402.073	11,467.091	8,340.113
Liabilities directly associated with					
assets held for sales	15	1,616.583	-	-	-
Total current liabilities		15,418.519	12,402.073	11,467.091	8,340.113
Non-current liabilities					
Deferred tax liabilities		71.963	82.417	-	-
Provision for long-term employee benefits	13	1,237.306	1,458.713	264.180	259.426
Long-term provisions	14	460.949	473.816	262.333	265.109
Other non-current liabilities		5.879	11.156	1.146	1.146
Total non-current liabilities		1,776.097	2,026.102	527.659	525.681
Total liabilities		17,194.616	14,428.175	11,994.750	8,865.794
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259.000	1,259.000	1,259.000	1,259.000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247.382	1,247.382	1,247.382	1,247.382
Share premium		1,491.912	1,491.912	1,491.912	1,491.912
Retained earnings					
Appropriated - Statutory reserve		125.900	125.900	125.900	125.900
Unappropriated		28,319.121	30,705.032	26,392.214	29,045.635
Other components of shareholders' equity		(1,474.049)	(1,679.136)	-	-
Equity attributable to owners of the Company		29,710.266	31,891.090	29,257.408	31,910.829
Total		29,710.266	31,891.090	29,257.408	31,910.829
Other components of shareholders' equity					
directly associated with assets held for sales	15	(463.235)	-	-	-
Total shareholders' equity		29,247.031	31,891.090	29,257.408	31,910.829
Total liabilities and shareholders' equity		46,441.647	46,319.265	41,252.158	40,776.623
		-	-	-	-

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 31 March 2017**

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales and service income		12,127,241	11,202,789	8,685,642	8,026,446
Other income					
Interest income		48,313	61,345	40,176	53,782
Gain on exchange		25,016	38,895	-	9,660
Dividend income from investment in subsidiary company	7	-	-	384,472	-
Others		75,574	127,191	33,258	74,166
Total revenues		12,276,144	11,430,220	9,143,548	8,164,054
Expenses					
Cost of sales and services		8,909,012	8,246,636	6,292,515	5,843,335
Selling expenses		782,126	740,454	336,591	321,711
Administrative expenses		431,117	432,924	221,452	212,226
Research and development expenses		627,798	668,986	619,829	607,581
Loss on sales of investment in subsidiary company	7	-	-	479,911	-
Loss on exchange		-	-	62,661	-
Other expenses		27,086	25,205	3,026	1,279
Total expenses		10,777,139	10,114,205	8,015,985	6,986,132
Profit before finance cost and income tax expenses		1,499,005	1,316,015	1,127,563	1,177,922
Finance cost		(9,805)	(8,534)	-	-
Profit before income tax expenses		1,489,200	1,307,481	1,127,563	1,177,922
Income tax expenses	17	(140,708)	(57,886)	(38,839)	-
Profit for the period		1,348,492	1,249,595	1,088,724	1,177,922
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		(258,148)	(140,313)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(258,148)	(140,313)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain (loss) - net of income tax		7,742	(65,680)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		7,742	(65,680)	-	-
Other comprehensive income for the period		(250,406)	(205,993)	-	-
Total comprehensive income for the period		1,098,086	1,043,602	1,088,724	1,177,922

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 31 March 2017

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit attributable to:				
Equity holders of the Company	<u>1,348,492</u>	<u>1,249,595</u>	<u>1,088,724</u>	<u>1,177,922</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>1,098,086</u>	<u>1,043,602</u>	<u>1,088,724</u>	<u>1,177,922</u>
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>1,08</u>	<u>1,00</u>	<u>0,87</u>	<u>0,94</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 three-month period ended 31 March 2017**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:				
Profit before tax	1,489,200	1,307,481	1,127,563	1,177,922
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	233,235	201,277	182,212	150,839
Amortisation of other intangible assets	18,494	20,180	441	1,065
Recording of allowance for doubtful accounts (reversal)	(11,178)	6,473	2,000	3,209
Decrease of inventory to net realisable value (reversal)	(20,543)	41,063	(14,334)	(4,508)
Loss from write-off inventories	51,761	42,896	33,374	22,296
Increase in provision for long-term employee benefits	19,422	19,363	7,060	8,428
Recording of the increase in provisions	33,721	11,451	8,340	10,879
Loss on sales of investment in subsidiary company	-	-	479,911	-
Dividend income from investment in subsidiary company	-	-	(384,472)	-
(Gain) loss from disposal of property, plant and equipment	1,186	(3,661)	795	(4,175)
Loss from write-off other intangible assets	-	9	-	-
Unrealised (gain) loss on exchange	55,147	(32,882)	152,068	8,291
Interest income	(48,313)	(61,345)	(40,176)	(53,782)
Interest expenses	9,805	8,534	-	-
Profit from operating activities before changes in operating assets and liabilities	1,831,937	1,560,839	1,554,782	1,320,464
Decrease (increase) in operating assets:				
Trade and other receivables	629,401	302,965	(922)	(280,383)
Inventories	(459,688)	(145,688)	(6,759)	(60,500)
Other current assets	(162,256)	(39,089)	(1,606)	13,271
Other non-current assets	(12,201)	(381)	(46)	43
Increase (decrease) in operating liabilities:				
Trade and other payables	(634,177)	(232,989)	(411,020)	81,121
Other current liabilities	24,584	(21,627)	(30,886)	(26,471)
Provision for long-term employee benefits	(12,001)	(14,843)	(2,306)	(4,018)
Provisions	(8,587)	(7,984)	-	-
Other non-current liabilities	(90)	(153)	-	29
Cash flows from operating activities	1,196,922	1,401,050	1,101,237	1,043,556
Cash received from interest income	14,390	48,970	6,226	40,831
Cash paid for interest expenses	(9,227)	(17,187)	-	-
Cash paid for corporate income tax	(32,444)	(78,549)	(37,354)	(540)
Net cash flows from operating activities	1,169,641	1,354,284	1,070,109	1,083,847

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 three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	1.389	10.579	-	-
Decrease in current investments	168.035	-	-	-
Increase in investment in subsidiary company	-	-	(438.470)	(51.007)
Proceeds from sales of investment in subsidiary company	-	-	883.467	-
Dividend income from investment in subsidiary company	-	-	384.472	-
Advance payment for land	(209.400)	-	-	-
Acquisition of property, plant and equipment	(355.153)	(512.393)	(301.169)	(195.598)
Proceeds from disposal of property, plant and equipment	359	13.194	280	13.157
Increase in other intangible assets	(15.692)	(2.845)	-	-
Net cash flows from (used in) investing activities	(410.462)	(491.465)	528.580	(233.448)
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(138.000)	6.467	-	-
Net cash flows from (used in) financing activities	(138.000)	6.467	-	-
Decrease in translation adjustments	(241.512)	(110.296)	-	-
Net increase in cash and cash equivalents	379.667	758.990	1.598.689	850.399
Unrealised gain (loss) on exchange for cash and cash equivalents	(59.204)	14.899	(38.707)	30.382
Cash and cash equivalents at beginning of period	19.685.363	20.487.952	12.184.018	12.912.493
Cash and cash equivalents at beginning of period classified as assets held for sales	-1.026.958	-	-	-
Cash and cash equivalents at end of period	18.978.868	21.261.841	13.744.000	13.793.274
	-		-	

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 three-month period ended 31 March 2017

(Unit: Thousand Baht)

Consolidated financial statements							
Equity attributable to shareholders of the Company							
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of shareholders' equity		
			Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income	Total
						Total other components of shareholders' equity	Total shareholders' equity
Balance as at 31 December 2015 (Audited)	1.247.382	1.491.912	125.900	29.091.127	(1.398.557)	(1.398.557)	30.557.764
Profit for the period	-	-	-	1.249.595	-	-	1.249.595
Other comprehensive income for the period	-	-	-	(65.680)	(140.313)	(140.313)	(205.993)
Total comprehensive income for the period	-	-	-	1.183.915	(140.313)	(140.313)	1.043.602
Balance as at 31 March 2016	<u>1.247.382</u>	<u>1.491.912</u>	<u>125.900</u>	<u>30.275.042</u>	<u>(1.538.870)</u>	<u>(1.538.870)</u>	<u>31.601.366</u>
Balance as at 31 December 2016 (Audited)	1.247.382	1.491.912	125.900	30.705.032	(1.679.136)	(1.679.136)	31.891.090
Profit for the period	-	-	-	1.348.492	-	-	1.348.492
Other comprehensive income for the period	-	-	-	7.742	205.087	205.087	212.829
Total comprehensive income for the period	-	-	-	1.356.234	205.087	205.087	1.561.321
Dividend paid (Note 16)	-	-	-	(3.742.145)	-	-	(3.742.145)
Total	<u>1.247.382</u>	<u>1.491.912</u>	<u>125.900</u>	<u>28.319.121</u>	<u>(1.474.049)</u>	<u>(1.474.049)</u>	<u>29.710.266</u>
Other components of shareholders' equity directly associated with assets held for sales (Note 15)	-	-	-	-	(463.235)	(463.235)	(463.235)
Balance as at 31 March 2017	<u>1.247.382</u>	<u>1.491.912</u>	<u>125.900</u>	<u>28.319.121</u>	<u>(1.937.284)</u>	<u>(1.937.284)</u>	<u>29.247.031</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 three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2015 (Audited)	1.247.382	1.491.912	125.900	27.521.365	30.386.559
Profit for the period	-	-	-	1.177.922	1.177.922
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1.177.922	1.177.922
Balance as at 31 March 2016	<u>1.247.382</u>	<u>1.491.912</u>	<u>125.900</u>	<u>28.699.287</u>	<u>31.564.481</u>
Balance as at 31 December 2016 (Audited)	1.247.382	1.491.912	125.900	29.045.635	31.910.829
Profit for the period	-	-	-	1.088.724	1.088.724
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1.088.724	1.088.724
Dividend paid (Note 16)	-	-	-	(3.742.145)	(3.742.145)
Balance as at 31 March 2017	<u>1.247.382</u>	<u>1.491.912</u>	<u>125.900</u>	<u>26.392.214</u>	<u>29.257.408</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 period ended 31 March 2017

1. General information

1.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) 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 2016. However, there were the changes in the composition of the Group during the period as follows.

1. DET SGP Pte. Ltd., a subsidiary in which the Company indirectly held 100% of shares, was dissolved and liquidated.
2. 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.

1.3 New financial reporting standards

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2016), and the 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's financial statements.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

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 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	3,335	2,365	With reference to market prices
Purchase of raw materials	-	-	24	18	With reference to market prices
Commission paid	-	-	69	68	Contract prices
Design and engineering fee	-	-	305	285	Contract prices
<u>Transactions with related parties</u>					
Sales of goods and raw materials	391	339	360	326	With reference to market prices
Purchase of goods and raw materials	1,129	982	65	83	With reference to market prices
Commission paid	131	136	131	136	Contract prices
Design and engineering fee	167	155	167	155	Contract prices
Commission received	47	54	-	-	Contract prices
Services income	113	98	-	-	Contract prices
Services paid	45	44	45	44	Contract prices

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	4,204	4,213
Other related companies (under common control)	516	588	340	375
Total trade receivables, related parties	<u>516</u>	<u>588</u>	<u>4,544</u>	<u>4,588</u>
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	32	31
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>32</u>	<u>31</u>
<u>Trade payables, related parties (Note 11)</u>				
Subsidiary companies	-	-	19	21
Other related companies (under common control)	1,051	1,128	63	91
Total trade payables, related parties	<u>1,051</u>	<u>1,128</u>	<u>82</u>	<u>112</u>
<u>Amounts due to related parties (Note 11)</u>				
Subsidiary companies	-	-	201	201
Other related companies (under common control)	258	309	229	194
Total amounts due to related parties	<u>258</u>	<u>309</u>	<u>430</u>	<u>395</u>

Directors and management's benefits

For the three-month periods ended 31 March 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	
	2017	2016	2017	2016
Short-term employee benefits	37	41	11	13
Post-employment benefits	4	4	1	2
Total	<u>41</u>	<u>45</u>	<u>12</u>	<u>15</u>

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
	(Audited)	(Audited)	(Audited)	
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	499	581	3,916	4,027
Past due				
Up to 3 months	17	6	628	560
3 - 6 months	-	1	-	1
Total	516	588	4,544	4,588
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,060	8,821	3,582	3,878
Past due				
Up to 3 months	832	978	284	320
3 - 6 months	53	123	7	6
6 - 12 months	93	47	3	-
Over 12 months	85	85	-	-
Total	9,123	10,054	3,876	4,204
Total trade receivables	9,639	10,642	8,420	8,792
Less: Allowance for doubtful accounts	(171)	(182)	(6)	(4)
Total trade receivables - net	9,468	10,460	8,414	8,788
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	32	31
Other receivables	247	237	174	163
Total other receivables	247	237	206	194
Total trade and other receivables	9,715	10,697	8,620	8,982
Assets held for sales (Note 15)	(1,337)	-	-	-
Trade and other receivables - net	8,378	10,697	8,620	8,982

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventory account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	968	337
Add: Reduce cost to net realisable value of inventories during the period	16	-
Less: Reversal of reduce cost to net realisable value of inventories during the period	(37)	(14)
Balance as at 31 March 2017	<u>947</u>	<u>323</u>

6. Other current assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016 (Audited)	31 March 2017	31 December 2016 (Audited)
Input tax refundable	405	314	75	81
Advance payments	147	153	26	32
Prepaid expenses	153	83	28	8
Prepaid tax	190	234	-	-
Forward contracts receivable (Note 21)	118	6	56	-
Others	73	28	44	11
Total	<u>1,086</u>	<u>818</u>	<u>229</u>	<u>132</u>
Assets held for sales (Note 15)	(247)	-	-	-
Total other current assets	<u>839</u>	<u>818</u>	<u>229</u>	<u>132</u>

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	
	31 March 2017	31 December 2016
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Energy Systems (Switzerland) AG	-	2,415
Delta Green Industrial (Thailand) Company Limited	200	200
Delta Energy Systems (Singapore) Pte. Ltd.	2,143	1,704
Subtotal	11,793	13,769
Less: Allowance for impairment loss of investments in subsidiary companies	(1,145)	(2,196)
Investments in subsidiary companies - net	10,648	11,573

A meeting of the Board of Directors of the Company held on 25 July 2016 passed a resolution to increase its investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 12 million, to purchase land for factory in a subsidiary in India, Delta Electronics India Pvt. Ltd.. There is no impact on the structure of the Group as a result of this additional investment.

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 March 2016: No dividend received).

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 (as mentioned in Note 1.2 to financial statements) 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 is the sale of an investment within a group of companies under common control.

(Unaudited but reviewed)

8. Investment properties

Movements of the investment property account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Office building		Total
	Land for rent	for rent	
Net book value as at 1 January 2017	36	175	211
Depreciation for the period	-	(2)	(2)
Translation adjustment	-	(5)	(5)
Net book value as at 31 March 2017	<u>36</u>	<u>168</u>	<u>204</u>

9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	5,966	3,453
Acquisitions during period - cost	355	301
Disposals during period - net book value at disposal date	(2)	(1)
Depreciation for the period	(231)	(182)
Translation adjustment	(24)	-
Total	<u>6,064</u>	<u>3,571</u>
Assets held for sales (Note 15)	(24)	-
Net book value as at 31 March 2017	<u>6,040</u>	<u>3,571</u>

(Unaudited but reviewed)

10. Other intangible assets

Movements of the other intangible asset account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements				Separate
					financial statements
	Patent rights	Computer software	Others	Total	Computer software
Net book value as at 1 January 2017	467	14	6	487	3
Increase during period	-	16	-	16	-
Amortisation for the period	(14)	(4)	-	(18)	(1)
Translation adjustment	(18)	(1)	-	(19)	-
Total	435	25	6	466	2
Assets held for sales (Note 15)	-	-	(5)	(5)	-
Net book value as at 31 March 2017	435	25	1	461	2

11. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	1,051	1,128	82	112
Trade payables - unrelated parties	5,831	6,259	4,814	5,180
Amount due to related parties (Note 3)	258	309	430	395
Other payables	670	954	578	858
Accrued expenses	2,489	2,499	1,663	1,582
Advance received	263	200	97	81
Total	10,562	11,349	7,664	8,208
Liabilities directly associated with assets held for sales (Note 15)	(991)	-	-	-
Total trade and other payables	9,571	11,349	7,664	8,208

(Unaudited but reviewed)

12. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Forward contracts payable (Note 21)	14	99	-	40
Withholding tax payable	143	176	43	81
Value added tax payable	154	89	-	-
Others	190	197	18	11
Total	501	561	61	132
Liabilities directly associated with assets held for sales (Note 15)	(72)	-	-	-
Total other current liabilities	429	561	61	132

13. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the three-month period ended 31 March 2017 are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2017	1,459		259	
Add: Recognition during period	24		7	
Less: Decrease during period	(12)		(2)	
Less: Reversal during period	(13)		-	
Translation adjustment	(29)		-	
Total	1,429		264	
Liabilities directly associated with assets held for sales (Note 15)	(192)		-	
Balance as at 31 March 2017	1,237		264	

(Unaudited but reviewed)

14. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Restructuring costs	Warranty	Other provisions	Total	Warranty	Total
Balance as at 31 December 2016 (Audited)	4	510	54	568	265	265
Recognition during period	1	46	16	63	16	16
Decrease during period	-	(4)	(5)	(9)	-	-
Reversal during period	-	(26)	(3)	(29)	(8)	(8)
Translation adjustment/unrealised gain on exchange rate	(1)	(15)	-	(16)	(11)	(11)
Total	4	511	62	577	262	262
Liabilities directly associated with assets held for sales (Note 15)	-	(84)	(16)	(100)	-	-
Balance as at 31 March 2017	4	427	46	477	262	262
Short-term provisions	4	82	8	94	-	-
Long-term provisions	-	428	46	474	265	265
Balance as at 31 December 2016 (Audited)	4	510	54	568	265	265
Short-term provisions	4	-	12	16	-	-
Long-term provisions	-	427	34	461	262	262
Balance as at 31 March 2017	4	427	46	477	262	262

15. Net assets held for sales

On 14 February 2017, the meeting of the Board of Directors passed a resolution to dispose of its 51% equity interest in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC and its 100% equity interest in Delta Greentech (USA) Corporation and Delta Greentech (Brazil) SA to a related company. The dispose of these investments has now been completed on 4 April 2017 (as mentioned in Note 22 to financial statements). Therefore, as at 31 March 2017, the Company classified those investments in subsidiary companies as assets held for sale. The details of assets and liabilities related to the assets held for sale as at 31 March 2017 are as follows:

	(Unit: Million Baht)
	<u>As at 31 March 2017</u>
Assets	
Cash and cash equivalents	1,027
Trade and other receivables (Note 4)	1,337
Inventories	351
Other current assets (Note 6)	247
Deposits at bank with restrictions	2
Property, plant and equipment (Note 9)	24
Other intangible assets (Note 10)	5
Deferred tax assets	75
Other non-current assets	33
Total assets held for sales	<u>3,101</u>
Liabilities	
Bank overdrafts and short-term loans from financial institutions	183
Trade and other payables (Note 11)	991
Income tax payable	73
Short-term provisions (Note 14)	69
Other current liabilities (Note 12)	72
Deferred tax liabilities	2
Provision for long-term employee benefits (Note 13)	192
Long-term provisions (Note 14)	31
Other non-current liabilities	4
Total liabilities directly associated with assets held for sales	<u>1,617</u>
Total net assets held for sales	<u><u>1,484</u></u>

(Unaudited but reviewed)

(Unit: Million Baht)

As at 31 March 2017

Other components of shareholders' equity directly associated with assets held for sales

Other components of shareholders' equity - exchange differences on translation of financial statements in foreign currency

Total

(463)

(463)

The Company is in the process of valuing the consolidation goodwill, which needs to be written off when the Company disposes of these investments and as a result of the disposal of those investments, the subsidiary's shareholdings in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC will be decreased to 49 percent. The Company therefore record the remaining balances of these investments as investments in associated companies.

16. 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

17. Income tax

Income tax expenses for the three-month periods ended 31 March 2017 and 2016 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	(116)	(27)	(39)	-
Deferred tax:				
Decrease in deferred tax assets	(34)	(29)	-	-
Decrease in deferred tax liabilities	8	-	-	-
Translation adjustment	1	(2)	-	-
Income tax expenses reported in the statement of comprehensive income	<u>(141)</u>	<u>(58)</u>	<u>(39)</u>	<u>-</u>

18. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month periods ended 31 March 2017 and 2016 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 31 March									
	Power electronics segment		Energy management segment		Smart green life segment		Others		Consolidated financial statements	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue										
Revenue from external customers	8,178	7,887	3,678	3,180	119	101	152	35	12,127	11,203
Total revenue	<u>8,178</u>	<u>7,887</u>	<u>3,678</u>	<u>3,180</u>	<u>119</u>	<u>101</u>	<u>152</u>	<u>35</u>	<u>12,127</u>	<u>11,203</u>
Segment profit (loss)	1,379	1,322	286	103	(2)	(17)	(286)	(293)	1,377	1,115
Unallocated income (expenses):										
Interest income									48	61
Gain on exchange rate									25	39
Other income									76	127
Other expenses									(27)	(25)
Finance cost									(10)	(9)
Profit before income tax expenses									1,489	1,308
Income tax expenses									(141)	(58)
Profit for the period									<u>1,348</u>	<u>1,250</u>

19. Commitments and contingent liabilities**19.1 Capital commitments and operating lease commitments**

19.1.1 As at 31 March 2017, the Company and its subsidiaries had significant capital commitments amounting to Baht 31 million and INR 9 million or approximately Baht 5 million in respect of the building construction (31 December 2016: INR 13 million or approximately Baht 7 million), amounting to INR 396 million or approximately Baht 209 million in respect of the purchase of land (31 December 2016: INR 415 million or approximately Baht 218 million) and amounting to Baht 431 million, EUR 1 million or approximately Baht 35 million and INR 12 million or approximately Baht 6 million in respect of the purchase of machinery and equipment (31 December 2016: Baht 301 million, EUR 1 million or approximately Baht 46 million and INR 16 million or approximately Baht 9 million).

(Unaudited but reviewed)

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

(Unit: Million Baht)

		As at 31 March 2017		
		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	1	20	-
Swiss franc	1	20	2	-
Indian rupee	69	13	16	7
Euro	2	62	27	1
	Total	96	65	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

19.2 Guarantee obligations

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

19.2.1 Outstanding letters of guarantee totaling approximately Baht 1,336 million (31 December 2016: Baht 1,336 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,308 million (31 December 2016: Baht 1,308 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 19.3.1 to the financial statements).

19.2.2 Outstanding letters of guarantee for totals of approximately INR 773 million or approximately Baht 408 million, EUR 1 million or approximately Baht 36 million and USD 0.9 million or approximately Baht 31 million have been issued by banks to meet requirements of its subsidiaries (31 December 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).

19.3 Tax assessment

- 19.3.1 a. In 2006, the Company received a corporate income tax assessment notice from the Revenue Department, covering the years 1997 through 2000, and assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department (“the Committee”), and 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. The appeal is currently under the consideration of the Supreme Court.
- 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. The appeal is currently under the consideration of the Supreme Court.

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

- c. 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.

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

- 19.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 94 million or approximately Baht 49 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 239 million or approximately Baht 126 million, covering the years 2005 - 2015, 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.

20. Financial derivatives

As at 31 March 2017 and 31 December 2016, 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	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	173	182	148	155	34.4501	35.8307
Euro	11	11	2	2	36.7904	37.7577
Japanese yen	81	70	293	391	0.3077	0.3080
Czech koruna	12	15	-	-	1.3546	1.3912
Polish zloty	4	4	-	1	8.7309	8.5295

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate. As at 31 March 2017 and 31 December 2016, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

As at 31 March 2017						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	149	million	34.50000 - 36.06000	THB/USD	April - July 2017
Forward contracts to "Buy"						
USD/INR	USD	16	million	65.14000 - 67.06000	INR/USD	April 2017
EUR/USD	EUR	9	million	1.05770 - 1.08195	USD/EUR	April 2017
USD/AUD	USD	1	million	0.75690 - 0.76540	USD/AUD	April 2017
JPY/THB	JPY	60	million	0.30830 - 0.31120	THB/JPY	April - May 2017

As at 31 December 2016						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	141	million	34.66000 - 36.06500	THB/USD	January - April 2017
USD/CHF	USD	18	million	1.00420 - 1.02310	CHF/USD	January 2017
EUR/SEK	EUR	1	million	9.70630	SEK/EUR	January 2017
USD/TRY	USD	2	million	3.51030	TRY/USD	January 2017
EUR/TRY	EUR	1	million	3.60950	TRY/EUR	January 2017
PLN/CHF	PLN	2	million	4.11450 - 4.12750	PLN/CHF	January 2017
Forward contracts to "Buy"						
USD/INR	USD	12	million	67.77670 - 69.04000	INR/USD	January 2017
EUR/CHF	EUR	2	million	1.07230 - 1.07796	CHF/EUR	January 2017
EUR/USD	EUR	13	million	1.04670 - 1.07740	USD/EUR	January 2017
USD/AUD	USD	2	million	0.72880 - 0.74802	USD/AUD	January 2017
USD/BRL	USD	2	million	3.36900 - 3.47460	BRL/USD	January 2017
JPY/THB	JPY	110	million	0.31460 - 0.33950	THB/JPY	January - February 2017

21. Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

(Unaudited but reviewed)

As of 31 March 2017 and 31 December 2016, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different levels inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	118	-	118
Liabilities measured at fair value				
Foreign currency forward contracts (Note 12)	-	14	-	14

(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 6)	-	6	-	6
Liabilities measured at fair value				
Foreign currency forward contracts (Note 12)	-	99	-	99

(Unit: Million Baht)

	Separate financial statements			
	As at 31 March 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	56	-	56

(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 12)	-	40	-	40

Valuation techniques and inputs to Level 2 valuation

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

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

22. Events after the reporting period

On 4 April 2017, Delta Greentech (Netherlands) B.V. sold 51 percent interests in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC and its 100% interests in Delta Greentech (USA) Corporation and Delta Greentech (Brazil) SA to a related company at a price of approximately USD 24.85 million, or approximately Baht 874 million, which is close to price assessed by an independent valuer. The related company sold all of its 100% investment in Eltek, s.r.o. ("Eltek SK") at a price of approximately USD 22 million, in part payment for the purchase of these subsidiaries. The remaining purchase price of USD 2.85 million is payable in cash.

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 percent. The balances of these investments have therefore been recorded as investments in associated companies. The Company is currently in the process of assessing the fair value of the investments in these associated companies.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 April 2017.