

Delta Electronics (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## **Independent Auditor's Report**

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

### **Opinion**

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

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

### **Basis for Opinion**

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

## **Emphasis of Matter**

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

## **Key Audit Matters**

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

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

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

### *Revenue recognition*

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

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

#### *Provision for diminution in value of inventory*

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

I assessed and tested the Company's internal controls relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls and I also assessed the method and the assumption applied by management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory, and reviewing the consistency of the application of that basis. In addition, I compared the data on inventory aging and inventory movement to identify product lines with indicators of lower than normal inventory turnover. I also compared details of net amount that an entity expects to realise from the sale of inventory after the date of the financial statements with the cost of inventory for each product line.

#### *Impairment of consolidation goodwill and patents*

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

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

### **Other Information**

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

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Narong Puntawong  
Certified Public Accountant (Thailand) No. 3315

EY Office Limited  
Bangkok: 23 February 2018

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

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

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

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

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

Directors

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

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

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

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

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

<b>Consolidated financial statements</b>												
Equity attributable to shareholders of the Company												
	Issued and fully paid		Share premium	Surplus on business combination under common control	Retained earnings		Other component of shareholders' equity					
							Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income		
										Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity	Equity attributable to non-controlling interests of the subsidiary
<b>Balance as at 31 December 2015</b>	1,247,381,614	1,491,912,500	-	-	125,900,000	29,091,127,321	(1,398,557,847)	-	(1,398,557,847)			
Profit for the year	-	-	-	-	-	5,516,290,369	-	-	-	-	5,516,290,369	
Other comprehensive income for the year	-	-	-	-	-	(35,502,851)	(280,577,926)	-	(280,577,926)	-	(316,080,777)	
Total comprehensive income for the year	-	-	-	-	-	5,480,787,518	(280,577,926)	-	(280,577,926)	-	5,200,209,592	
Dividend paid (Note 22)	-	-	-	-	-	(3,866,883,003)	-	-	-	-	(3,866,883,003)	
<b>Balance as at 31 December 2016</b>	<b>1,247,381,614</b>	<b>1,491,912,500</b>	<b>-</b>	<b>-</b>	<b>125,900,000</b>	<b>30,705,031,836</b>	<b>(1,679,135,773)</b>	<b>-</b>	<b>(1,679,135,773)</b>	<b>-</b>	<b>31,891,090,177</b>	
<b>Balance as at 31 December 2016</b>	1,247,381,614	1,491,912,500	-	-	125,900,000	30,705,031,836	(1,679,135,773)	-	(1,679,135,773)	-	31,891,090,177	
Profit for the year	-	-	-	-	-	4,930,976,367	-	-	-	(2,143,568)	4,928,832,799	
Other comprehensive income for the year	-	-	-	-	-	104,393,686	217,726,025	60,664,323	278,390,348	37,171	382,821,205	
Total comprehensive income for the year	-	-	-	-	-	5,035,370,053	217,726,025	60,664,323	278,390,348	(2,106,397)	5,311,654,004	
Effect of change in status of investments (Note 12)	-	-	(1,004,027,399)	-	-	-	-	-	-	-	(1,004,027,399)	
Dividend paid (Note 22)	-	-	-	-	-	(3,742,144,842)	-	-	-	-	(3,742,144,842)	
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	17,150,000	17,150,000	
<b>Balance as at 31 December 2017</b>	<b>1,247,381,614</b>	<b>1,491,912,500</b>	<b>(1,004,027,399)</b>	<b>-</b>	<b>125,900,000</b>	<b>31,998,257,047</b>	<b>(1,461,409,748)</b>	<b>60,664,323</b>	<b>(1,400,745,425)</b>	<b>15,043,603</b>	<b>32,473,721,940</b>	

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

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

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

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

**Cash flow statement**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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

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

**Cash flow statement (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

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

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

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

**1. General information**

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

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

**2. Basis of preparation**

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

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

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

**2.2 Basis of consolidation**

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

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

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

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

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

\* Dissolved and liquidated

\*\* In process of liquidation

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

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

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

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

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

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

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

2.2.2 The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

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

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

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

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

As a result of the sale, the subsidiary's shareholdings in Delta Energy Systems (Switzerland) AG and Delta Greentech Electronics Industry LLC decreased to 49%. The balances of these investments have therefore been recorded as investments in associated companies (as mentioned in Note 11 to the financial statements).

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

	Fair value	Carrying value
		(Unit: Million Baht)
Cash and cash equivalents	40	40
Trade and other receivables	137	137
Inventories	222	222
Other current assets	183	183
Property, plant and equipment	534	278
Intangible assets	132	2
Deferred tax assets	87	87
Trade and other payables	(523)	(523)
Other current liabilities	(217)	(217)
Deferred tax liabilities	(26)	-
Net assets of the subsidiary	<u>569</u>	<u>209</u>
Shareholding percentage (percent)	<u>100</u>	
Share of net assets	569	
Consolidation goodwill (Note 15)	<u>189</u>	
Price of investment in subsidiary	758	
Less: Cash and cash equivalents of the subsidiary at the acquisition date	<u>(40)</u>	
Net cash paid for acquisition of investment in subsidiary company	<u><u>718</u></u>	

Management of the Company and its subsidiary believes that the acquisition of Eltek s.r.o. by Delta Greentech (Netherland) B.V. is a business combination because the assets acquired and liabilities assumed constitute a business and Delta Greentech (Netherland) B.V. has control over Eltek s.r.o., in accordance with the definition specified in TFRS 3 (revised 2016) Business Combinations. During the measurement period, which must not exceed one year from the acquisition date, the management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date and retrospectively adjust the provisional amounts recognised as at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

As at 31 December 2017, the measurement of the assets acquired and liabilities assumed is in the process. During the measurement period, the Company and its subsidiary obtained further information on the fair value of the assets and liabilities. The Company has accordingly restated the fair value of asset and consolidation goodwill as detail above.

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

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

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

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

### **3. New financial reporting standards**

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenue Recognition**

##### ***Sales of goods***

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

##### ***Rendering of services***

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

##### ***Interest income***

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

##### ***Dividends***

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade and other receivables**

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

## **4.4 Inventories**

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

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

## **4.5 Investments**

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

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

## **4.6 Investment properties**

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

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

## **4.7 Property, plant and equipment/Depreciation**

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

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

Depreciation is recognised in profit or loss.

No depreciation is provided for land and construction in progress.

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

#### **4.8 Intangible assets**

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

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

Intangible assets have the following useful lives:

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

#### **4.9 Goodwill**

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

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

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

#### **4.10 Related party transactions**

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

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

#### **4.11 Long-term leases**

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

#### **4.12 Foreign currencies**

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

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

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

#### **4.13 Impairment of assets**

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

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

An impairment loss is recognised in profit or loss.

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

#### **4.14 Employee benefits**

##### ***Short-term employee benefits***

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

##### ***Post-employment benefits***

###### *Defined contribution plans*

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

### *Defined benefit plans*

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

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

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

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

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

#### **4.15 Provisions**

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

#### **4.16 Research and development expenses**

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

#### **4.17 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

#### **4.18 Forward currency contracts**

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

#### **4.19 Fair value measurement**

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

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

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

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

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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

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

### **Leases**

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

### **Allowance for doubtful accounts**

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

### **Allowance for diminution in value of inventory**

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

### **Allowance for impairment loss of investments**

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

### **Property plant and equipment/Depreciation**

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

## Goodwill and intangible assets

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

## Deferred tax assets

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

## Post-employment benefits under defined benefit plans

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

## Tax assessments

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

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	12,975	11,094	With reference to market price
Purchase of raw materials	-	-	121	96	With reference to market price
Commission paid	-	-	218	267	Contract price
Design and engineering fee paid	-	-	1,375	1,237	Contract price
Dividend income	-	-	384	-	As declared
Sales of investments in subsidiary company	-	-	883	-	Contract price

(Unit: Million Baht)

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

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

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

(Unit: Million Baht)

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

**Other payables, related parties (Note 17)**

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

**Directors and management's benefits**

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

(Unit: Million Baht)

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

**7. Cash and cash equivalents**

(Unit: Million Baht)

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

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

## 8. Trade and other receivables

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

## 9. Inventories

(Unit: Million Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	3,577	4,544	(471)	(590)	3,106	3,954
Work in process	772	658	-	-	772	658
Raw materials	2,931	2,498	(388)	(378)	2,543	2,120
Goods in transit	1,263	565	-	-	1,263	565
<b>Total</b>	<b>8,543</b>	<b>8,265</b>	<b>(859)</b>	<b>(968)</b>	<b>7,684</b>	<b>7,297</b>

(Unit: Million Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	2,309	2,352	(134)	(169)	2,175	2,183
Work in process	675	584	-	-	675	584
Raw materials	1,793	1,607	(208)	(168)	1,585	1,439
Goods in transit	201	243	-	-	201	243
<b>Total</b>	<b>4,978</b>	<b>4,786</b>	<b>(342)</b>	<b>(337)</b>	<b>4,636</b>	<b>4,449</b>

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

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

## 10. Other current assets

(Unit: Million Baht)

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

## 11. Investments in associated companies

### 11.1 Details of associates:

(Unit: Million Baht)

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

### 11.2 Share of comprehensive income

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

(Unit: Million Baht)

Associates	Consolidated financial statements			
	For the period as from 4 April 2017 to 31 December 2017			
	Share of profit (loss) from investments in associated companies during the year		Share of other comprehensive income from investments in associated companies during the year	
	2017	2016	2017	2016
Delta Energy Systems (Switzerland) AG	62	-	61	-
Delta Greentech Electronics Industry LLC	(3)	-	-	-
Total	59	-	61	-

### 11.3 Summarised financial information about material associates

#### Summarised information about financial position

(Unit: Million Baht)

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

#### Summarised information about comprehensive income

(Unit: Million Baht)

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

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

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

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

## 12. Investments in subsidiary companies

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

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

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

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

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

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

### 13. Investment properties

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

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

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

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

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

## 14. Property, plant and equipment

(Unit: Million Baht)

### Consolidated financial statements

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

## 14. Property, plant and equipment (continued)

(Unit: Million Baht)

	Consolidated financial statements								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Allowance for impairment loss:</b>									
1 January 2016	-	140	11	-	15	-	-	1	167
Reversal allowance for impairment during the year	-	-	(7)	-	-	-	-	-	(7)
31 December 2016	-	140	4	-	15	-	-	1	160
Reversal allowance for impairment during the year	-	(40)	-	-	(6)	-	-	-	(46)
31 December 2017	-	100	4	-	9	-	-	1	114
<b>Net book value:</b>									
As at 31 December 2016	875	2,267	1,805	123	487	139	93	177	5,966
As at 31 December 2017	859	2,835	2,174	108	531	515	85	195	7,302
<b>Depreciation for the year</b>									
Year 2016 (Baht 621 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									852
Year 2017 (Baht 788 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,033

## 14. Property, plant and equipment (continued)

(Unit: Million Baht)

### Separate financial statements

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

## 14. Property, plant and equipment (continued)

(Unit: Million Baht)

	Separate financial statements								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Allowance for impairment loss:</b>									
1 January 2016	-	140	11	-	15	-	-	1	167
Reversal allowance for impairment during the year	-	-	(7)	-	-	-	-	-	(7)
31 December 2016	-	140	4	-	15	-	-	1	160
Reversal allowance for impairment during the year	-	(40)	-	-	(6)	-	-	-	(46)
31 December 2017	-	100	4	-	9	-	-	1	114
<b>Net book value:</b>									
As at 31 December 2016	313	949	1,566	124	331	103	47	20	3,453
As at 31 December 2017	313	1,012	1,907	109	375	374	49	67	4,206
<b>Depreciation for the year</b>									
Year 2016 (Baht 528 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									641
Year 2017 (Baht 663 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									812

As at 31 December 2017, certain items of building, machinery and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 5,577 million (2016: Baht 6,035 million) (The Company only: Baht 4,019 million, 2016: Baht 4,387 million).

## 15. Consolidation goodwill

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

	(Unit: Million Baht)
	Consolidated
	<u>financial statements</u>
<b>Net book value as at 1 January 2016</b>	307
<b>Net book value as at 31 December 2016</b>	307
Increase from acquisition of investment in subsidiary company during the year (Note 2.2.11)	189
Decrease from sales of investments in subsidiary companies during the year (Note 11)	(92)
Translation adjustment	11
<b>Net book value as at 31 December 2017</b>	<u><u>415</u></u>

As at 31 December 2017, the net book value of the consolidation goodwill as above included the net consolidation goodwill of approximately Baht 215 million from the acquisition of Delta Energy Systems (Switzerland) AG in 2003 and the consolidation goodwill of approximately Baht 200 million from Delta Greentech (Netherlands) B.V.'s acquisition of Eltek s.r.o. ("Eltek SK") (as mentioned in note 2.2.11 to the financial statements).

The Company and its subsidiaries determined the recoverable amount of the cash generating units based on value in use, with the cash flow projections derived from financial budgets approved by management. The projections cover a five-year period.

Key assumptions used in the value in use calculation of each group of the cash generating units are summarised below:

	(Unit: Percent per annum)	
	Power electronics segment related to	
	<u>DES products</u>	<u>Eltek s.r.o.</u>
Growth rates	3	2
Pre-tax discount rates	16	15

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

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

## 16. Other intangible assets

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

(Unit: Million Baht)

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

## 16. Other intangible assets (continued)

(Unit: Million Baht)

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

## 17. Trade and other payables

(Unit: Million Baht)

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

## 18. Other current liabilities

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

## 19. Provision for long-term employee benefits

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

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

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

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

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

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

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

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

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

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

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

Significant actuarial assumptions are summarised below:

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

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

## 20. Provisions

(Unit: Million Baht)

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

### Warranty

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

## 21. Statutory reserve

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

## 22. Dividends

Dividends declared in 2017 and 2016 consisted of the followings:

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2016	Annual General Meeting of the shareholders on 31 March 2017	3,742	3.00
Final dividend for year 2015	Annual General Meeting of the shareholders on 5 April 2016	3,867	3.10

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

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

## 24. Income tax

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

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

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

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

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

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

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

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

## 25. Promotional privileges

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

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

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

(Unit: Million Baht)

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

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

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

## 26. Earnings per share

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

## 27. Segment information

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

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

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

									(Unit: Million Baht)	
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment <sup>2)</sup>		segment <sup>3)</sup>				financial	
	segment <sup>1)</sup>								statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue										
Revenue from external customers	36,672	33,481	10,496	11,088	1,809	1,985	292	333	49,269	46,887
Total revenue	<u>36,672</u>	<u>33,481</u>	<u>10,496</u>	<u>11,088</u>	<u>1,809</u>	<u>1,985</u>	<u>292</u>	<u>333</u>	<u>49,269</u>	<u>46,887</u>
Segment profit (loss)	5,706	5,674	734	401	42	2	(911)	(980)	5,571	5,097
Unallocated income (expenses):										
Interest income									193	197
Gain on exchange rate									64	183
Gain on sales of investments in subsidiary companies									425	-
Other income									379	384
Loss from a fair value adjustment of investments in associated companies									(105)	-
Other expenses									(102)	(130)
Share of profit from investments in associated companies									59	-
Finance cost									<u>(20)</u>	<u>(45)</u>
Profit before income tax expenses									6,464	5,686
Income tax expenses for the year									(276)	(170)
Income tax expenses resulting from tax assessments									<u>(1,259)</u>	<u>-</u>
Profit for the year									<u>4,929</u>	<u>5,516</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) Infrastructure segment is a business segment which designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. The main products are Telecommunication system, Renewable energy, Energy storage and High power etc.
- 3) Automation segment is a business segment which designs, manufactures, and installations of industrial and building automation. The main products are Machine automation, Industrial motion system, Smart sensor system and Lighting automation for building etc.

## Geographic information:

### Revenue from external customers is based on locations of the customers

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

### Non-current assets

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

### Major customer

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

## 28. Provident fund

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

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

## 29. Commitments and contingent liabilities

### 29.1 Capital commitments and operating lease commitments

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

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

## 29.2 Guarantee obligations

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

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

## 29.3 Tax assessment

- 29.3.1 a. In 2006, the Company received a corporate income tax assessment notice from the Revenue Department, covering the years 1997 through 2000, and assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department (“the Committee”), and during 2011, the Committee decided to reduce the assessment to approximately Baht 734 million (including penalties and surcharges). However, the Company petitioned the Central Tax Court to consider revoking this tax assessment and during 2012, the Central Tax Court ordered a 50% reduction of the penalties (reduced to Baht 121 million from the amount of Baht 241 million previously calculated by the Revenue Department), while the Company’s remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court’s judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court.

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

- b. In 2012, the Company received notice of corporate income tax assessment covering the years 2001 through 2004 from the Revenue Department, assessing tax amounting to approximately Baht 401 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. During 2013, the Committee rejected the Company's appeal. The Company therefore petitioned the Central Tax Court to consider revoking this tax assessment. On 24 June 2014, the Central Tax Court ordered a reduction of the penalties and surcharges to Baht 201 million from the amount of Baht 270 million previously calculated by the Revenue Department, while the Company's remaining petitions were dismissed. However, the Company did not agree with the Central Tax Court's judgement and therefore submitted a letter appealing the judgement of the Central Tax Court to the Supreme Court.

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

- c. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 169 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

- d. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, in the above 3 cases (mentioned in b, c and d) the Company has recorded provisions for the tax assessments, amounting to approximately Baht 617 million (including penalties and surcharges), under the captions of “Liabilities and provision from tax assessments” in the statement of financial position and amounting to approximately Baht 1,259 million (including penalties and surcharges), under the captions of “Income tax expenses resulting from tax assessments” in the statement of comprehensive income.

- 29.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 148 million or approximately Baht 75 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 158 million or approximately Baht 81 million, covering the years 2005 - 2017, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

### 30. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different level inputs (as mentioned in Note 4.19 to the financial statements) as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Foreign currency forward contracts (Note 10)	-	61	-	61
<b>Liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 18)	-	5	-	5
<b>Assets for which fair value are disclosed</b>				
Investment properties (Note 13)	-	-	210	210

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Foreign currency forward contracts (Note 10)	-	6	-	6
<b>Liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 18)	-	99	-	99
<b>Assets for which fair value are disclosed</b>				
Investment properties (Note 13)	-	-	211	211

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Foreign currency forward contracts (Note 10)	-	30	-	30

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 18)	-	40	-	40

## 31. Financial instruments

### 31.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade receivables, other receivables, investments, short-term loans, trade payables and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

## **Credit Risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables and other receivables as stated in the statement of financial position.

## **Interest rate risk**

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans. However, since most of the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2017						
	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	2,113	-	-	14,340	867	17,320	0.00 - 5.25
Current investments	215	-	-	-	-	215	0.00 - 4.50
Trade and other receivables	-	-	-	-	10,468	10,468	-
Deposits at bank with restrictions	-	43	-	-	4	47	0.00 - 8.75
<b>Total</b>	<b>2,328</b>	<b>43</b>	<b>-</b>	<b>14,340</b>	<b>11,339</b>	<b>28,050</b>	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2017

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
<b>Financial liabilities</b>							
Bank overdraft and short-term							
loans from financial institutions	229	-	-	-	-	229	8.40
Trade and other payables	-	-	-	-	10,480	10,480	-
<b>Total</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,480</b>	<b>10,709</b>	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
<b>Financial assets</b>							
Cash and cash equivalents	776	-	-	16,467	2,442	19,685	0.01 - 6.79
Current investments	431	-	-	-	-	431	0.01 - 0.40
Trade and other receivables	-	-	-	-	10,697	10,697	-
Deposits at bank with restrictions	55	-	-	-	-	55	0.01 - 4.00
<b>Total</b>	<b>1,262</b>	<b>-</b>	<b>-</b>	<b>16,467</b>	<b>13,139</b>	<b>30,868</b>	
<b>Financial liabilities</b>							
Bank overdraft and short-term							
loans from financial institutions	185	-	-	-	136	321	2.70 - 8.90
Trade and other payables	-	-	-	-	11,404	11,404	-
<b>Total</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,540</b>	<b>11,725</b>	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2017

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	11,866	20	11,886	0.10 - 1.75
Trade and other receivables	-	-	-	-	9,197	9,197	-
<b>Total</b>	-	-	-	11,866	9,217	21,083	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	7,931	7,931	-
<b>Total</b>	-	-	-	-	7,931	7,931	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	12,167	17	12,184	0.10 - 1.75
Trade and other receivables	-	-	-	-	8,982	8,982	-
<b>Total</b>	-	-	-	12,167	8,999	21,166	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	8,108	8,108	-
<b>Total</b>	-	-	-	-	8,108	8,108	

### **Foreign currency risk**

The exposure of the Company and its subsidiaries to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the balances of the financial assets and liabilities denominated in foreign currencies are summarised below:

(Unit: Million)

Foreign currency	As at 31 December							
	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
US dollar	172	182	153	155	288	268	144	139
Euro	2	11	2	2	2	1	6	5
Japanese yen	139	70	320	391	139	69	320	391
Czech koruna	26	15	-	-	26	15	-	-
Swiss franc	-	-	1	-	-	-	1	1

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 December	
	<u>2017</u>	<u>2016</u>
US dollar	32.6809	35.8307
Euro	39.0273	37.7577
Japanese yen	0.2898	0.3080
Czech koruna	1.5260	1.3912
Swiss franc	33.4067	35.1571

As at 31 December 2017 and 2016, the outstanding forward contracts are summarised below:

Consolidated financial statements						
As at 31 December 2017						
	Amount			Forward rate		Maturity date
<b>Forward contracts to "Sell"</b>						
USD/THB	USD	155	million	32.5220 - 33.5250	THB/USD	January - April 2018
EUR/RUB	EUR	1	million	69.3625	RUB/EUR	January 2018
<b>Forward contracts to "Buy"</b>						
USD/INR	USD	13	million	64.3700 - 65.1253	INR/USD	January 2018
EUR/USD	EUR	12	million	1.1785 - 1.1933	USD/EUR	January 2018
USD/AUD	USD	1	million	0.7526 - 0.7590	USD/AUD	January - February 2018
JPY/THB	JPY	45	million	0.2918 - 0.2919	THB/JPY	January - February 2018
Consolidated financial statements						
As at 31 December 2016						
	Amount			Forward rate		Maturity date
<b>Forward contracts to "Sell"</b>						
USD/THB	USD	141	million	34.6600 - 36.0650	THB/USD	January - April 2017
USD/CHF	USD	18	million	1.0042 - 1.0231	CHF/USD	January 2017
EUR/SEK	EUR	1	million	9.7063	SEK/EUR	January 2017
USD/TRY	USD	2	million	3.5103	TRY/USD	January 2017
EUR/TRY	EUR	1	million	3.6095	TRY/EUR	January 2017
PLN/CHF	PLN	2	million	4.1145 - 4.1275	PLN/CHF	January 2017
<b>Forward contracts to "Buy"</b>						
USD/INR	USD	12	million	67.7767 - 69.0400	INR/USD	January 2017
EUR/CHF	EUR	2	million	1.0723 - 1.0780	CHF/EUR	January 2017
EUR/USD	EUR	13	million	1.0467 - 1.0774	USD/EUR	January 2017
USD/AUD	USD	2	million	0.7288 - 0.7480	USD/AUD	January 2017
USD/BRL	USD	2	million	3.3690 - 3.4746	BRL/USD	January 2017
JPY/THB	JPY	110	million	0.3146 - 0.3395	THB/JPY	January - February 2017
Separate financial statements						
As at 31 December 2017						
	Amount			Forward rate		Maturity date
<b>Forward contracts to "Sell"</b>						
USD/THB	USD	116	million	32.5220 - 33.1600	THB/USD	January - April 2018
<b>Forward contracts to "Buy"</b>						
JPY/THB	JPY	45	million	0.2918 - 0.2919	THB/JPY	January - February 2018

Separate financial statements						
As at 31 December 2016						
	Amount			Forward rate		Maturity date
<b>Forward contracts to “Sell”</b>						
USD/THB	USD	55	million	34.6600 - 35.7400	THB/USD	January - April 2017
<b>Forward contracts to “Buy”</b>						
JPY/THB	JPY	110	million	0.3146 - 0.3395	THB/JPY	January - February 2017

### 31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

### 32. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.42:1 (2016: 0.45:1) and the Company's was 0.29:1 (2016: 0.28:1).

### 33. Events after the reporting period

33.1 On 5 January 2018, an executive committee meeting, passed a resolution to increase the Company's investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 2.9 million, or approximately Baht 95 million, to enable the latter to invest in Delta Greentech Electronics Industry LLC, which is an associated company of a subsidiary of the Company, to support business expansion. The additional investment had no impact on the structure of the Group.

33.2 On 23 February 2018, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 2.2 per share, a total of Baht 2,744 million. The dividend will be paid from the Company's operating results for the year 2017.

### 34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.