

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

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 26 October 2018

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		16,403,379	17,319,878	10,134,507	11,885,686
Current investments		449,907	215,459	-	-
Trade and other receivables	4	11,267,500	10,468,271	10,522,897	9,197,469
Inventories	5	9,517,789	7,684,004	6,005,284	4,635,795
Other current assets	6	1,044,428	729,869	284,159	159,075
Total current assets		38,683,003	36,417,481	26,946,847	25,878,025
Non-current assets					
Deposits at bank with restrictions		52,341	46,513	-	-
Investments in associated companies	7	739,916	592,673	-	-
Investments in subsidiary companies	8	-	-	11,862,439	10,677,635
Advance payment for land-use rights		-	201,676	-	-
Investment properties	9	180,661	210,034	-	-
Property, plant and equipment	10	7,408,731	7,257,987	4,467,268	4,205,593
Land-use rights	11	213,176	44,034	-	-
Consolidation goodwill	12	442,001	449,875	-	-
Other intangible assets	13	487,753	525,022	1,844	3,172
Deferred tax assets		259,493	226,246	-	-
Other non-current assets		47,222	46,085	1,668	1,533
Total non-current assets		9,831,294	9,600,145	16,333,219	14,887,933
Total assets		48,514,297	46,017,626	43,280,066	40,765,958

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		-	228,666	-	-
Trade and other payables	14	12,898,820	10,480,407	9,964,173	7,930,674
Income tax payable		55,258	77,353	-	-
Short-term provisions	17	80,584	56,929	-	-
Liabilities and provision from tax assessments	24.3.1	239,368	617,306	239,368	617,306
Other current liabilities	15	195,352	238,994	53,620	77,267
Total current liabilities		13,469,382	11,699,655	10,257,161	8,625,247
Non-current liabilities					
Deferred tax liabilities		146,220	113,269	-	-
Provision for long-term employee benefits	16	1,305,138	1,337,174	286,543	271,391
Long-term provisions	17	407,018	388,649	269,471	239,939
Other non-current liabilities		9,348	5,157	1,242	1,101
Total non-current liabilities		1,867,724	1,844,249	557,256	512,431
Total liabilities		15,337,106	13,543,904	10,814,417	9,137,678
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000	1,259,000	1,259,000	1,259,000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247,382	1,247,382	1,247,382	1,247,382
Share premium		1,491,912	1,491,912	1,491,912	1,491,912
Surplus on business combination under					
common control		(1,004,027)	(1,004,027)	-	-
Retained earnings					
Appropriated - Statutory reserve		125,900	125,900	125,900	125,900
Unappropriated		33,386,816	31,998,257	29,600,455	28,763,086
Other components of shareholders' equity		(2,078,384)	(1,400,746)	-	-
Equity attributable to owners of the Company		33,169,599	32,458,678	32,465,649	31,628,280
Non-controlling interests of the subsidiary		7,592	15,044	-	-
Total shareholders' equity		33,177,191	32,473,722	32,465,649	31,628,280
Total liabilities and shareholders' equity		48,514,297	46,017,626	43,280,066	40,765,958
		-	-	-	-

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

Directors

(Unaudited but reviewed)

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

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income		13,733,817	12,147,536	10,713,014	9,117,100
Other income					
Interest income		69,639	50,952	29,341	37,775
Gain on exchange		67,779	7,710	88,231	7,960
Others		97,833	59,694	81,163	38,954
Total revenues		<u>13,969,068</u>	<u>12,265,892</u>	<u>10,911,749</u>	<u>9,201,789</u>
Expenses					
Cost of sales and services		10,376,215	9,047,785	7,940,075	6,686,201
Selling expenses	19	887,836	621,778	587,257	330,973
Administrative expenses		429,812	350,514	277,311	175,272
Research and development expenses	20	523,148	737,805	507,781	760,997
Loss from a fair value adjustment of investments					
in associated companies		-	895	-	-
Loss on sales of investments in subsidiary companies		-	2,729	-	-
Other expenses		87,229	22,592	74,437	29,279
Total expenses		<u>12,304,240</u>	<u>10,784,098</u>	<u>9,386,861</u>	<u>7,982,722</u>
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses					
Share of profit (loss) from investments in associated companies	7	46,828	(2,452)	-	-
Profit before finance cost and income tax expenses		<u>1,711,656</u>	<u>1,479,342</u>	<u>1,524,888</u>	<u>1,219,067</u>
Finance cost		(181)	(3,516)	-	-
Profit before income tax expenses		<u>1,711,475</u>	<u>1,475,826</u>	<u>1,524,888</u>	<u>1,219,067</u>
Income tax expenses for the period	21	(7,748)	(47,925)	-	-
Income tax expenses resulting from tax assessments	24.3.1	(23,486)	(18,732)	(23,486)	(18,732)
Profit for the period		<u>1,680,241</u>	<u>1,409,169</u>	<u>1,501,402</u>	<u>1,200,335</u>

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency - net of income tax		(493,353)	(146,154)	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(2,713)	(34,500)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(496,066)	(180,654)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(592)	3,783	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(592)	3,783	-	-
Other comprehensive income for the period		(496,658)	(176,871)	-	-
Total comprehensive income for the period		1,183,583	1,232,298	1,501,402	1,200,335
Profit attributable to:					
Equity holders of the Company		1,680,964	1,409,169	1,501,402	1,200,335
Non-controlling interests of the subsidiary		(723)	-	-	-
		<u>1,680,241</u>	<u>1,409,169</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,184,307	1,232,298	1,501,402	1,200,335
Non-controlling interests of the subsidiary		(724)	-	-	-
		<u>1,183,583</u>	<u>1,232,298</u>		
Earnings per share					
22					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.35</u>	<u>1.13</u>	<u>1.20</u>	<u>0.96</u>

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

(Unaudited but reviewed)

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

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

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Sales and service income		39,406,081	36,570,981	29,490,211	26,918,853
Other income					
Interest income		170,100	143,350	93,087	115,723
Gain on exchange		116,401	37,987	161,236	-
Gain on sales of investments in subsidiary companies		-	424,825	-	-
Dividend income from investment in subsidiary company	8	-	-	-	384,472
Others		316,386	262,127	220,222	186,872
Total revenues		40,008,968	37,439,270	29,964,756	27,605,920
Expenses					
Cost of sales and services		30,428,431	27,130,223	22,355,876	19,643,453
Selling expenses	19	2,507,820	2,011,719	1,643,096	981,215
Administrative expenses		1,243,659	1,199,225	729,003	623,640
Research and development expenses	20	1,532,094	2,021,488	1,507,200	2,048,588
Loss from a fair value adjustment of investments					
in associated companies		-	105,063	-	-
Loss on sales of investment in subsidiary company		-	-	-	479,911
Loss on exchange		-	-	-	67,600
Other expenses		160,337	65,252	124,486	65,593
Total expenses		35,872,341	32,532,970	26,359,661	23,910,000
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses					
Share of profit (loss) from investments in associated companies	7	104,820	(8,046)	-	-
Profit before finance cost and income tax expenses		4,241,447	4,898,254	3,605,095	3,695,920
Finance cost		(9,587)	(14,417)	-	-
Profit before income tax expenses		4,231,860	4,883,837	3,605,095	3,695,920
Income tax expenses for the period	21	(86,472)	(272,922)	-	(41,662)
Income tax expenses resulting from tax assessments	24.3.1	(23,486)	(1,010,635)	(23,486)	(1,010,635)
Profit for the period		4,121,902	3,600,280	3,581,609	2,643,623

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

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

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency - net of income tax		(687,457)	373,763	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(7,661)	18,992	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(695,118)	392,755	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax		3,483	-	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	17,442	11,622	-	-
Effect of change in status of investments		-	158,801	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		20,925	170,423	-	-
Other comprehensive income for the period		(674,193)	563,178	-	-
Total comprehensive income for the period		3,447,709	4,163,458	3,581,609	2,643,623
Profit attributable to:					
Equity holders of the Company		4,129,316	3,600,280	3,581,609	2,643,623
Non-controlling interests of the subsidiary		(7,414)	-	-	-
		<u>4,121,902</u>	<u>3,600,280</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		3,455,161	4,163,458	3,581,609	2,643,623
Non-controlling interests of the subsidiary		(7,452)	-	-	-
		<u>3,447,709</u>	<u>4,163,458</u>		
Earnings per share					
	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>3.31</u>	<u>2.89</u>	<u>2.87</u>	<u>2.12</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
	Issued and fully paid		Surplus on business combination under common control	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
						Other comprehensive income					
						Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency			
share capital	Share premium	on translation of financial statements in foreign currency	income from investments in associated companies	components of shareholders' equity							
Balance as at 31 December 2016 (Audited)	1,247,382	1,491,912	-	125,900	30,705,032	(1,679,136)	-	(1,679,136)	31,891,090	-	31,891,090
Profit for the period	-	-	-	-	3,600,280	-	-	-	3,600,280	-	3,600,280
Other comprehensive income for the period	-	-	-	-	158,801	373,763	30,614	404,377	563,178	-	563,178
Total comprehensive income for the period	-	-	-	-	3,759,081	373,763	30,614	404,377	4,163,458	-	4,163,458
Effect of change in status of investments	-	-	(1,004,027)	-	-	-	-	-	(1,004,027)	-	(1,004,027)
Dividend paid (Note 18)	-	-	-	-	(3,742,145)	-	-	-	(3,742,145)	-	(3,742,145)
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	490	490
Balance as at 30 September 2017	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>30,721,968</u>	<u>(1,305,373)</u>	<u>30,614</u>	<u>(1,274,759)</u>	<u>31,308,376</u>	<u>490</u>	<u>31,308,866</u>
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	(1,004,027)	125,900	31,998,257	(1,461,410)	60,664	(1,400,746)	32,458,678	15,044	32,473,722
Profit for the period	-	-	-	-	4,129,316	-	-	-	4,129,316	(7,414)	4,121,902
Other comprehensive income for the period	-	-	-	-	3,483	(687,419)	9,781	(677,638)	(674,155)	(38)	(674,193)
Total comprehensive income for the period	-	-	-	-	4,132,799	(687,419)	9,781	(677,638)	3,455,161	(7,452)	3,447,709
Dividend paid (Note 18)	-	-	-	-	(2,744,240)	-	-	-	(2,744,240)	-	(2,744,240)
Balance as at 30 September 2018	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>33,386,816</u>	<u>(2,148,829)</u>	<u>70,445</u>	<u>(2,078,384)</u>	<u>33,169,599</u>	<u>7,592</u>	<u>33,177,191</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2016 (Audited)	1,247,382	1,491,912	125,900	29,045,635	31,910,829
Profit for the period	-	-	-	2,643,623	2,643,623
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,643,623	2,643,623
Dividend paid (Note 18)	-	-	-	(3,742,145)	(3,742,145)
Balance as at 30 September 2017	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>27,947,113</u>	<u>30,812,307</u>
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	125,900	28,763,086	31,628,280
Profit for the period	-	-	-	3,581,609	3,581,609
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,581,609	3,581,609
Dividend paid (Note 18)	-	-	-	(2,744,240)	(2,744,240)
Balance as at 30 September 2018	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>29,600,455</u>	<u>32,465,649</u>

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:				
Profit before tax	4,231,860	4,883,837	3,605,095	3,695,920
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	908,696	743,424	716,427	580,150
Amortisation	68,104	60,635	1,328	1,285
Recording of allowance for doubtful accounts	5,495	10,265	6,752	9,326
Reduction of inventory to net realisable value	244,652	96,158	138,980	21,375
Reversal of the reduction of inventory to net realisable value from write-off obsolete and damaged inventories	(104,771)	(139,524)	(55,460)	(91,944)
Increase in provision for long-term employee benefits	54,278	33,568	21,507	21,180
Recording of the increase in provisions	68,788	46,789	32,441	21,404
Gain on sales of investments in subsidiary companies	-	(424,825)	-	-
Dividend income from investment in subsidiary company	-	-	-	(384,472)
Loss from a fair value adjustment of investments in associated companies	-	105,063	-	-
Loss on sales of investment in subsidiary company	-	-	-	479,911
Share of (profit) loss from investments in associated companies	(104,820)	8,046	-	-
(Gain) loss from disposal/written-off of property, plant and equipment	35,345	60	32,099	(340)
Loss from write-off other intangible assets	74	-	-	-
Unrealised gain on exchange	(141,076)	(118,303)	(187,007)	(96,464)
Interest income	(170,100)	(143,350)	(93,087)	(115,723)
Interest expenses	9,587	14,417	-	-
Profit from operating activities before changes in operating assets and liabilities	5,106,112	5,176,260	4,219,075	4,141,608
Decrease (increase) in operating assets:				
Trade and other receivables	(819,550)	(553,389)	(1,351,071)	(479,346)
Inventories	(1,973,666)	(812,956)	(1,453,009)	(202,574)
Other current assets	(240,115)	(355,495)	(73,060)	(99,551)
Other non-current assets	(1,137)	(14,580)	(135)	25
Increase (decrease) in operating liabilities:				
Trade and other payables	2,446,796	1,145,408	2,089,475	960,710
Other current liabilities	(55,328)	(149,197)	(26,111)	(60,518)
Provision for long-term employee benefits	(45,775)	(47,428)	(6,355)	(11,321)
Provisions	(7,921)	(9,841)	(2,427)	-
Other non-current liabilities	4,190	(573)	140	(45)
Cash flows from operating activities	4,413,606	4,378,209	3,396,522	4,248,988
Cash received from interest income	159,992	108,253	91,449	82,116
Cash paid for interest expenses	(9,020)	(18,143)	-	-
Cash paid for income tax resulting from tax assessments	(401,424)	(712,883)	(401,424)	(712,883)
Cash paid for corporate income tax	(154,865)	(4,089)	(1,026)	(39,710)
Net cash flows from operating activities	4,008,289	3,751,347	3,085,521	3,578,511

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

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	(5,828)	5,663	-	-
Decrease (increase) in current investments	(234,448)	210,505	-	-
Increase in investments in subsidiary companies	-	-	(1,184,804)	(467,892)
Increase in investments in associated company	(95,237)	-	-	-
Dividend received from investments in associated company	41,115	-	-	-
Net cash paid for acquisition of investment in subsidiary company	-	(717,736)	-	-
Net cash from outstanding cash of subsidiaries as at the disposal date	-	(170,855)	-	-
Cash received from sales of investments in subsidiary company	-	-	-	883,467
Dividend income from investment in subsidiary company	-	-	-	384,472
Advance payment for land-use rights	-	(202,074)	-	-
Acquisition of property, plant and equipment	(1,325,330)	(1,187,091)	(1,010,778)	(1,010,820)
Proceeds from disposal of property, plant and equipment	56,402	4,470	577	3,636
Increase in land-use rights	(4,041)	-	-	-
Increase in other intangible assets	(37,877)	(19,406)	-	(225)
Net cash flows used in investing activities	(1,605,244)	(2,076,524)	(2,195,005)	(207,362)
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(228,666)	126,758	-	-
Dividend paid	(2,744,240)	(3,742,145)	(2,744,240)	(3,742,145)
Increase in non-controlling interests of the subsidiary	-	490	-	-
Net cash flows used in financing activities	(2,972,906)	(3,614,897)	(2,744,240)	(3,742,145)
Decrease in translation adjustments	(455,313)	(325,822)	-	-
Net decrease in cash and cash equivalents before effect from currency translation	(1,025,174)	(2,265,896)	(1,853,724)	(370,996)
Effect from currency translation of cash and cash equivalents	108,675	114,992	102,545	159,191
Net decrease in cash and cash equivalents	(916,499)	(2,150,904)	(1,751,179)	(211,805)
Cash and cash equivalents at beginning of period	17,319,878	19,685,363	11,885,686	12,184,018
Cash and cash equivalents at end of period	16,403,379	17,534,459	10,134,507	11,972,213
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Settle liabilities from tax assessments with input tax refundable	-	28,938	-	28,938
Transfer advance payment for land-use rights to land-use rights	170,716	-	-	-
Transfer investment properties to property, plant and equipment	17,116	-	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 Basis of preparation of interim financial statements

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

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

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

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. However, there were the changes in the composition of the Group during the period as follows:-

1.2.1 Delta Greentech International Holding Limited and DET Video Technology Limited, subsidiaries in which the Company indirectly held 100% of shares, were dissolved and liquidated.

1.2.2 On 4 April 2017, Delta Greentech (Netherlands) B.V. acquired 100% interests in Eltek s.r.o. at a price of approximately USD 22 million and the Company has included the financial statements of Eltek s.r.o. in the consolidated financial statements since 4 April 2017. Management of the Company and its subsidiary believes that the acquisition of Eltek s.r.o. by Delta Greentech (Netherlands) B.V. is a business combination because the assets acquired and liabilities assumed constitute a business and Delta Greentech (Netherlands) B.V. has control over Eltek s.r.o., in accordance with the definition specified in TFRS 3 Business Combinations. During the measurement period,

(Unaudited but reviewed)

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

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

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

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

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

Increase (decrease) in consolidated statements of financial position

Deferred tax assets	(35)
Consolidation goodwill (Note 12)	35

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

1.2.3 A meeting of the Company's Board of Directors held on 2 April 2018 approved the incorporation of Delta Energy Systems (UK) Limited, registered in Scotland with a registered capital of GBP 700,000 that is 100% held by Delta Energy Systems (Singapore) Pte. Ltd.. The incorporation of this subsidiary was completed during the current quarter.

1.3 New financial reporting standards

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

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

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

TFRS 15 Revenue from Contracts with Customers

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

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

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	3,958	3,110	With reference to market prices
Purchase of raw materials	-	-	37	33	With reference to market prices
Commission fee paid	-	-	27	57	Contract prices
Design and engineering fee paid (Note 20)	-	-	309	337	Contract prices
Distribution fee paid	-	-	16	29	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	89	364	13	2	With reference to market prices
Purchase of goods and raw materials	2	1	-	-	With reference to market prices
Commission paid	9	1	9	1	Contract prices
Design and engineering fee paid (Note 20)	31	33	31	33	Contract prices
Commission received	-	14	-	-	Contract prices
Services income	-	8	-	-	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,751	1,070	761	471	With reference to market prices
Purchase of goods and raw materials	1,057	1,130	136	116	With reference to market prices
Commission paid	127	128	127	128	Contract prices
Royalty paid (Note 19)	226	-	226	-	Contract prices
Design and engineering fee paid	-	226	-	226	Contract prices
Commission received	23	40	-	-	Contract prices
Services income	32	74	-	-	Contract prices
Services paid	20	58	20	58	Contract prices

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	10,629	9,871	With reference to market prices
Purchase of raw materials	-	-	117	86	With reference to market prices
Commission paid	-	-	115	176	Contract prices
Design and engineering fee paid (Note 20)	-	-	928	929	Contract prices
Distribution paid	-	-	56	64	Contract prices
Dividend income	-	-	-	384	As declared
Sales of investments in subsidiary company	-	-	-	883	Contract price
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	439	757	22	4	With reference to market prices
Purchase of goods and raw materials	6	2	-	-	With reference to market prices
Commission paid	25	3	25	3	Contract prices
Design and engineering fee paid (Note 20)	92	62	92	62	Contract prices
Commission received	-	30	-	-	Contract prices
Services income	2	15	-	-	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	4,841	2,564	2,005	1,357	With reference to market prices
Purchase of goods and raw materials	3,217	3,293	330	323	With reference to market prices
Commission paid	373	388	373	388	Contract prices
Royalty paid (Note 19)	612	-	612	-	Contract prices
Design and engineering fee paid	-	587	-	587	Contract prices
Commission received	52	132	-	-	Contract prices
Services income	115	264	-	-	Contract prices
Services paid	77	146	77	146	Contract prices
Sale of investments in subsidiary companies	-	874	-	-	Contract prices
Purchase of investments in subsidiary company	-	758	-	-	Contract price

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	4,690	4,230
Associated companies	87	480	7	1
Other related companies (under common control)	1,371	716	659	439
Total trade receivables, related parties	<u>1,458</u>	<u>1,196</u>	<u>5,356</u>	<u>4,670</u>
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	2	4
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>2</u>	<u>4</u>
<u>Trade payables, related parties (Note 14)</u>				
Subsidiary companies	-	-	13	18
Associated companies	1	6	-	-
Other related companies (under common control)	948	792	121	72
Total trade payables, related parties	<u>949</u>	<u>798</u>	<u>134</u>	<u>90</u>
<u>Other payables, related parties (Note 14)</u>				
Subsidiary companies	-	-	172	279
Associated companies	31	33	30	33
Other related companies (under common control)	171	180	139	159
Total other payables, related parties	<u>202</u>	<u>213</u>	<u>341</u>	<u>471</u>
<u>Accrued expenses, related parties (Note 14)</u>				
Other related companies (under common control)	77	-	77	-
Total accrued expenses, related parties	<u>77</u>	<u>-</u>	<u>77</u>	<u>-</u>

(Unaudited but reviewed)

Directors and management's benefits

For the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	28	17	12	11
Post-employment benefits	2	2	1	1
Termination benefits	4	-	-	-
Total	<u>34</u>	<u>19</u>	<u>13</u>	<u>12</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	92	80	39	34
Post-employment benefits	5	7	4	4
Termination benefits	4	-	-	-
Total	<u>101</u>	<u>87</u>	<u>43</u>	<u>38</u>

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,389	1,163	4,722	3,929
Past due				
Up to 3 months	38	17	597	725
3 - 6 months	29	16	31	16
6 - 12 months	2	-	6	-
Total	1,458	1,196	5,356	4,670
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,443	7,816	4,550	3,845
Past due				
Up to 3 months	969	975	317	354
3 - 6 months	49	101	12	16
6 - 12 months	29	41	3	8
Over 12 months	59	29	6	-
Total	9,549	8,962	4,888	4,223
Total trade receivables	11,007	10,158	10,244	8,893
Less: Allowance for doubtful accounts	(104)	(99)	(20)	(13)
Total trade receivables - net	10,903	10,059	10,224	8,880
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	2	4
Other receivables	365	409	297	313
Total other receivables	365	409	299	317
Total trade and other receivables - net	11,268	10,468	10,523	9,197

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

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

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	859	342
Add: Reduce cost to net realisable value of inventories during the period	267	139
Less: Reversal of reduce cost to net realisable value of inventories during the period	(22)	-
Less: Reversal of reduce cost to net realisable value from write off obsolete and damaged inventories during the period	(105)	(55)
Balance as at 30 September 2018	<u>999</u>	<u>426</u>

6. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Input tax refundable	233	184	90	65
Advance payments	372	262	66	25
Prepaid expenses	149	58	9	8
Prepaid tax	119	116	-	-
Forward contracts receivable (Note 26)	84	61	83	30
Others	87	49	36	31
Total other current assets	<u>1,044</u>	<u>730</u>	<u>284</u>	<u>159</u>

(Unaudited but reviewed)

7. Investments in associated companies

7.1 Details of associates:

(Unit: Million Baht)

		Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(%)	(Audited)		(Audited)		(Audited)
Delta Energy Systems (Switzerland) AG (owned by Delta Greentech (Netherlands) B.V.)	Holding business, trading, research and development of electronic products	Switzerland	49	49	448	448	638	571
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	21	121	18
Translation adjustment					(17)	3	(19)	4
Total					548	472	740	593

7.2 Share of comprehensive income

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

(Unit: Million Baht)

		Consolidated financial statements							
		For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
Associates	Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies		Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies		
	2018	2017	2018	2017	2018	2017	2018	2017	
Delta Energy Systems (Switzerland) AG	44	(2)	(3)	30	98	(6)	10	31	
Delta Greentech Electronics Industry LLC	3	-	-	-	7	(2)	-	-	
Total	47	(2)	(3)	30	105	(8)	10	31	

(Unaudited but reviewed)

During the current period, Delta Greentech (Netherlands) B.V., which is a subsidiary of the Company, was received dividend amounting to approximately CHF 1 million, or approximately Baht 41 million from Delta Energy Systems (Switzerland) AG (the nine-month period ended 30 September 2017: Nil).

8. Investments in subsidiary companies

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

Company's name	(Unit: Million Baht)	
	Cost	
	30 September 2018	31 December 2017
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	206	200
Delta Energy Systems (Singapore) Pte. Ltd.	3,350	2,172
Subtotal	13,006	11,822
Less: Allowance for impairment loss of investments in subsidiary companies	(1,144)	(1,144)
Investments in subsidiary companies - net	11,862	10,678

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

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

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

(Unaudited but reviewed)

On 2 April 2018, a meeting the Company's Board of Directors' passed a resolution to increase the Company's investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 1 million, or approximately Baht 31 million, in order to establish a new subsidiary in Scotland (as mentioned in Note 1.2.3 to the financial statements). The Company made payment for the additional investment in the current quarter.

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

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

9. Investment properties

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

(Unit: Million Baht)

	Consolidated financial statements		
	Office building		Total
	Land for rent	for rent	
Net book value as at 1 January 2018	37	173	210
Depreciation for the period	-	(6)	(6)
Transfer out due to change in type of use of assets (Note 10)	(4)	(13)	(17)
Translation adjustment	-	(6)	(6)
Net book value as at 30 September 2018	<u>33</u>	<u>148</u>	<u>181</u>

10. Property, plant and equipment

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

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	7,258	4,206
Acquisitions during period - cost	1,325	1,011
Disposals/write-off during period - net book value at disposal/write-off date	(92)	(34)
Depreciation for the period	(903)	(716)
Transfer in due to change in type of use of assets (Note 9)	17	-
Translation adjustment	(196)	-
Net book value as at 30 September 2018	<u>7,409</u>	<u>4,467</u>

11. Land-use rights

Movements of the land-use right account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Million Baht)
	Consolidated
	financial statements
	<hr/>
Net book value as at 1 January 2018	44
Transfer in from advance payment for land-use rights	171
Increase during period	4
Amortisation for the period	(1)
Translation adjustment	(5)
	<hr/>
Net book value as at 30 September 2018	<u>213</u>

On 20 January 2017, a subsidiary of the Company, Delta Electronics India Pvt. Ltd., made an advance payment for land-use rights of approximately INR 395 million, or approximately Baht 209 million, to an unrelated company to obtain rights to use land for construction of a design lab and office. On 10 May 2018, the land-use rights were transferred to the subsidiary at a cost of INR 383 million, or approximately Baht 171 million. For the remaining amount approximately INR 12 million or Baht 5 million, the above subsidiary is in the process of refunding from the unrelated company.

12. Consolidation goodwill

Movements of the consolidation goodwill account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Million Baht)
	Consolidated
	financial statements
	<hr/>
Net book value as at 31 December 2017 - as previously reported	415
Fair value adjustment of assets acquired and liabilities assumed of a subsidiary (Note 1.2.2)	35
	<hr/>
Net book value as at 31 December 2017 - as restated	450
Translation adjustment	(8)
	<hr/>
Net book value as at 30 September 2018	<u>442</u>

13. Other intangible assets

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

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	525	3
Increase from purchase during period	38	-
Amortisation for the period	(67)	(1)
Translation adjustment	(8)	-
Net book value as at 30 September 2018	488	2

14. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	949	798	134	90
Trade payables - unrelated parties	7,521	5,886	6,609	5,060
Other payables - related parties (Note 3)	202	213	341	471
Other payables - unrelated parties	763	923	682	871
Accrued expenses - related parties (Note 3)	77	-	77	-
Accrued expenses - unrelated parties	2,875	2,024	2,020	1,289
Advance received	512	636	101	150
Total trade and other payables	12,899	10,480	9,964	7,931

(Unaudited but reviewed)

15. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Forward contracts payable (Note 26)	5	5	2	-
Withholding tax payable	62	116	26	65
Value added tax payable	39	63	-	-
Others	89	55	26	12
Total other current liabilities	195	239	54	77

16. Provision for long-term employee benefits

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2018		1,337		271
Add: Recognition during period		52		22
Less: Decrease during period		(46)		(6)
Less: Reversal during period		(1)		-
Translation adjustment		(37)		-
Balance as at 30 September 2018		1,305		287

(Unaudited but reviewed)

17. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Other		Total	Other		Total
	Warranty	provisions		Warranty	provisions	
Balance as at 1 January 2018	410	36	446	240	-	240
Recognition during period	160	12	172	60	3	63
Decrease during period	(6)	(2)	(8)	(2)	-	(2)
Reversal during period	(94)	(9)	(103)	(31)	-	(31)
Translation adjustment/unrealised gain on exchange rate	(17)	(2)	(19)	(1)	-	(1)
Balance as at 30 September 2018	453	35	488	266	3	269
Short-term provisions	49	8	57	-	-	-
Long-term provisions	361	28	389	240	-	240
Balance as at 31 December 2017 (Audited)	410	36	446	240	-	240
Short-term provisions	76	5	81	-	-	-
Long-term provisions	377	30	407	266	3	269
Balance as at 30 September 2018	453	35	488	266	3	269

Warranty

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

18. Dividends

Dividends declared in 2018 and 2017 consisted of the followings:

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

19. Royalty

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

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

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

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

(Unaudited but reviewed)

21. Income tax

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(39)	(52)	-	-
Deferred tax:				
Increase in deferred tax assets	39	11	-	-
Increase in deferred tax liabilities	(13)	(7)	-	-
Translation adjustment	5	-	-	-
Income tax expenses reported in the statement of comprehensive income	(8)	(48)	-	-

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	(97)	(200)	-	(39)
Adjustment in respect of income tax of previous year	-	(3)	-	(3)
Deferred tax:				
Increase (decrease) in deferred tax assets	33	(53)	-	-
Increase in deferred tax liabilities	(33)	(2)	-	-
Net increase in deferred tax assets from acquisition of investment in subsidiary company during the period	-	61	-	-
Decrease in deferred tax assets from sales of investments in subsidiary companies during the period	-	(69)	-	-
Net decrease in deferred tax assets from change in status of investments	-	(5)	-	-
Translation adjustment	11	(2)	-	-
Income tax expenses reported in the statement of comprehensive income	(86)	(273)	-	(42)

22. Earnings per share

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

23. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2018 and 2017 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	For the three-month periods ended 30 September								Consolidated financial statements	
	Power electronics segment		Infrastructure segment		Automation segment		Others			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>		
Revenue										
Revenue from external customers	10,433	9,499	2,707	2,173	423	420	171	56	13,734	12,148
Total revenue	<u>10,433</u>	<u>9,499</u>	<u>2,707</u>	<u>2,173</u>	<u>423</u>	<u>420</u>	<u>171</u>	<u>56</u>	<u>13,734</u>	<u>12,148</u>
Segment profit (loss)	1,653	1,425	185	108	(52)	8	(271)	(152)	1,515	1,389
Unallocated income (expenses):										
Interest income									70	51
Gain on exchange rate									68	8
Other income									98	60
Loss on sales of investments in subsidiary companies									-	(3)
Other expenses									(87)	(23)
Share of profit (loss) from investments in associated companies									47	(2)
Finance cost									-	(4)
Profit before income tax expenses									1,711	1,476
Income tax expenses for the period									(8)	(48)
Income tax expenses resulting from tax assessments									(23)	(19)
Profit for the period									<u>1,680</u>	<u>1,409</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue										
Revenue from external										
customers	29,497	27,055	8,217	7,959	1,350	1,340	342	217	39,406	36,571
Total revenue	29,497	27,055	8,217	7,959	1,350	1,340	342	217	39,406	36,571
Segment profit (loss)	4,071	4,324	452	577	(58)	36	(771)	(729)	3,694	4,208
Unallocated income (expenses):										
Interest income									170	143
Gain on exchange rate									116	38
Gain on sales of investments in subsidiary companies									-	425
Other income									316	262
Loss from a fair value adjustment of investments in associated companies									-	(105)
Other expenses									(160)	(65)
Share of profit (loss) from investments in associated companies									105	(8)
Finance cost									(10)	(14)
Profit before income tax expenses									4,231	4,884
Income tax expenses for the period									(86)	(273)
Income tax expenses resulting from tax assessments									(23)	(1,011)
Profit for the period									4,122	3,600

24. Commitments and contingent liabilities

24.1 Capital commitments and operating lease commitments

24.1.1 As at 30 September 2018, the Company and its subsidiaries had significant capital commitments amounting to Baht 226 million, EUR 3 million or approximately Baht 94 million and INR 1,976 million or approximately Baht 884 million in respect of the building construction, purchase of machinery and equipment (31 December 2017: Baht 171 million, EUR 2 million or approximately Baht 75 million and INR 19 million or approximately Baht 9 million) (The Company only: Baht 226 million, 31 December 2017: Baht 171 million).

(Unaudited but reviewed)

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

		As at 30 September 2018		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
		(Million Baht)	(Million Baht)	(Million Baht)
		foreign currency)		
Indian rupee	45	11	3	6
Euro	1	25	9	1
	Total	36	12	7

		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 Baht)	(Million Baht)	(Million Baht)
		foreign currency)		
Indian rupee	60	12	12	7
Euro	4	84	55	1
	Total	96	67	8

24.2 Guarantee obligations

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

24.2.1 Outstanding letters of guarantee totaling approximately Baht 336 million (31 December 2017: Baht 684 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 307 million (31 December 2017: Baht 656 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 24.3.1 to the financial statements).

24.2.2 Outstanding letters of guarantee for totals of approximately INR 974 million or approximately Baht 436 million, EUR 0.3 million or approximately Baht 13 million have been issued by banks to meet requirements of the subsidiaries (31 December 2017: INR 810 million or approximately Baht 412 million, EUR 0.3 million or approximately Baht 14 million).

24.3 Tax assessment

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

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

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

- c. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- d. On 21 August 2018, the Company received tax assessment notices for the year 2008 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 49 million and specific business tax amounting to approximately Baht 4 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, the Company has recorded provisions for the tax assessments as mentioned in b. and c., with approximately Baht 216 million (including penalties and surcharges) under the captions of “Liabilities and provision from tax assessments” in the statement of financial position. During the current quarter, the Company has recorded provisions for the tax assessments as mentioned in d., with approximately Baht 23 million (including penalties and surcharges) under the captions of “Liabilities and provision from tax assessments” in the statement of financial position and recorded this amount under the captions of “Income tax expenses resulting from tax assessments” in the statement of comprehensive income.

- 24.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 145 million or approximately Baht 65 million, covering the years 2003 - 2015, and sales tax and excise duties of approximately INR 164 million or approximately Baht 73 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.

(Unaudited but reviewed)

25. Financial derivatives

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

(Unit: Million)

Foreign currency	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
US dollar	192	172	199	153	332	288	189	144
Euro	3	2	2	2	3	2	5	6
Japanese yen	179	139	454	320	164	139	453	320
Czech koruna	15	26	-	-	15	26	-	-
Swiss franc	-	-	1	1	-	-	1	1
Singapore dollar	2	-	1	-	-	-	-	-

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate	
	30 September 2018	31 December 2017
US dollar	32.4066	32.6809
Euro	37.7206	39.0273
Japanese yen	0.2855	0.2898
Czech koruna	1.4686	1.5260
Swiss franc	33.1782	33.4067
Singapore dollar	23.7017	24.4503

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

Consolidated financial statements						
As at 30 September 2018						
	Amount		Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	135 million	32.0210 - 33.4150	THB/USD	October - December 2018	
USD/EUR	USD	3 million	1.1648 - 1.1790	USD/EUR	October 2018	
Forward contracts to "Buy"						
USD/INR	USD	20 million	72.2089 - 73.1081	INR/USD	October 2018	
USD/AUD	USD	3 million	0.7154 - 0.7260	USD/AUD	October 2018	
JPY/THB	JPY	230 million	0.2889 - 0.3022	THB/JPY	October - December 2018	

(Unaudited but reviewed)

Consolidated financial statements

As at 31 December 2017

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

Separate financial statements

As at 30 September 2018

	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	135	million	32.0210 - 33.4150	THB/USD	October - December 2018
Forward contracts to "Buy"						
JPY/THB	JPY	230	million	0.2889 - 0.3022	THB/JPY	October - December 2018

Separate financial statements

As at 31 December 2017

	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	116	million	32.5220 - 33.1600	THB/USD	January - April 2018
Forward contracts to "Buy"						
JPY/THB	JPY	45	million	0.2918 - 0.2919	THB/JPY	January - February 2018

26. Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

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

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	84	-	84
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	5	-	5

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

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	83	-	83
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	2	-	2

(Unit: Million Baht)

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

Valuation techniques and inputs to Level 2 valuation

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

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

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 October 2018.