

Delta Electronics (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **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 2018, 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 2018, 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.

## **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 to 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 10 to the financial statements, 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 goodwill and patents*

As at 31 December 2018, the Company and its subsidiaries had goodwill and patents amounting to Baht 438 million and Baht 316 million, respectively. I have focused on the consideration of the impairment of the goodwill and patents because the assessment of impairment of 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 goodwill and patents.

In auditing the impairment of 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 Group 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: 18 February 2019

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

**Statement of financial position**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
			(Restated)		
Assets					
Current assets					
Cash and cash equivalents	7	15,607,754,313	17,319,877,762	9,752,995,934	11,885,686,251
Current investments	8	222,745,162	215,458,623	-	-
Trade and other receivables	9	11,558,015,847	10,468,270,562	11,047,646,030	9,197,469,440
Inventories	10	9,460,866,572	7,684,004,263	5,807,619,466	4,635,795,309
Other current assets	11	1,138,345,126	729,869,534	325,764,679	159,073,864
Total current assets		37,987,727,020	36,417,480,744	26,934,026,109	25,878,024,864
Non-current assets					
Deposits at bank with restrictions		55,047,683	46,513,084	-	-
Investments in associated companies	12	536,334,270	592,673,210	-	-
Investments in subsidiary companies	13	-	-	11,881,691,992	10,677,634,888
Advance payment for land-use rights		-	201,676,379	-	-
Investment properties	14	236,735,082	210,034,363	-	-
Property, plant and equipment	15	7,956,876,239	7,257,986,250	4,787,400,380	4,205,592,828
Land-use rights	16	220,027,996	44,034,237	-	-
Goodwill	17	438,413,314	449,875,499	-	-
Other intangible assets	18	476,225,161	525,021,987	1,515,126	3,172,076
Deferred tax assets	28	238,845,682	226,246,247	-	-
Other non-current assets		54,460,260	46,084,012	2,574,605	1,533,008
Total non-current assets		10,212,965,687	9,600,145,268	16,673,182,103	14,887,932,800
Total assets		48,200,692,707	46,017,626,012	43,607,208,212	40,765,957,664

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 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
			(Restated)		
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		-	228,666,054	-	
Trade and other payables	19	11,801,450,727	10,480,407,061	9,276,651,365	7,930,674,163
Income tax payable		56,428,557	77,352,656	-	-
Short-term provisions	22	13,391,589	56,928,960	-	-
Liabilities and provision from tax assessments	33.3.1	239,367,866	617,305,703	239,367,866	617,305,703
Other current liabilities	20	247,144,817	238,994,324	105,822,206	77,266,781
Total current liabilities		12,357,783,556	11,699,654,758	9,621,841,437	8,625,246,647
Non-current liabilities					
Deferred tax liabilities	28	144,452,338	113,268,829	-	-
Provision for long-term employee benefits	21	1,234,247,093	1,337,174,258	281,663,011	271,390,974
Long-term provisions	22	499,042,845	388,648,507	279,255,110	239,939,012
Other non-current liabilities		24,246,913	5,157,720	1,240,400	1,100,662
Total non-current liabilities		1,901,989,189	1,844,249,314	562,158,521	512,430,648
Total liabilities		14,259,772,745	13,543,904,072	10,183,999,958	9,137,677,295
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Surplus on business combination under					
common control		(1,004,027,399)	(1,004,027,399)	-	-
Retained earnings					
Appropriated - Statutory reserve	23	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		34,432,010,815	31,998,257,047	30,558,014,140	28,763,086,255
Other components of shareholders' equity		(2,356,674,090)	(1,400,745,425)	-	-
Equity attributable to owners of the Company		33,936,503,440	32,458,678,337	33,423,208,254	31,628,280,369
Non-controlling interests of the subsidiary		4,416,522	15,043,603	-	-
Total shareholders' equity		33,940,919,962	32,473,721,940	33,423,208,254	31,628,280,369
Total liabilities and shareholders' equity		48,200,692,707	46,017,626,012	43,607,208,212	40,765,957,664

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 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales and service income		53,066,646,670	49,224,009,498	40,124,413,539	35,885,291,072
Other income					
Interest income		240,298,988	192,897,387	125,240,590	152,942,365
Gain on exchange		176,496,546	64,184,386	235,038,615	-
Gain on sales of investments in subsidiary companies		-	425,224,121	-	-
Dividend income from investment in subsidiary company	13	-	-	-	384,472,400
Others		401,062,272	378,580,086	282,290,188	298,501,159
Total revenues		53,884,504,476	50,284,895,478	40,766,982,932	36,721,206,996
Expenses					
Cost of sales and services		40,943,970,777	36,677,277,597	30,386,487,873	26,328,993,817
Selling and distribution expenses	25	3,774,259,149	2,686,735,778	2,619,345,672	1,299,339,983
Administrative expenses		1,561,394,629	1,596,692,924	880,283,971	871,479,586
Research and development expenses	26	2,042,694,129	2,692,297,148	2,061,861,162	2,817,615,211
Loss from a fair value adjustment of investments					
in associated companies		-	105,318,247	-	-
Loss on sales of invesments in subsidiary company		-	-	-	479,910,724
Loss on exchange		-	-	-	61,658,230
Other expenses		270,487,225	101,921,187	256,350,881	97,433,641
Total expenses		48,592,805,909	43,860,242,881	36,204,329,559	31,956,431,192
Profit before share of profit from investments in associated companies, finance cost and income tax expenses					
Share of profit from investments in associated companies	12	52,731,053	59,310,360	-	-
Profit before finance cost and income tax expenses		5,344,429,620	6,483,962,957	4,562,653,373	4,764,775,804
Finance cost		(9,421,057)	(19,634,449)	-	-
Profit before income tax expenses		5,335,008,563	6,464,328,508	4,562,653,373	4,764,775,804
Income tax expenses	28	(185,083,854)	(276,368,659)	-	(41,662,285)
Income tax expenses resulting from tax assessments	33.3.1	(23,485,937)	(1,259,127,050)	(23,485,937)	(1,259,127,050)
Profit for the year		5,126,438,772	4,928,832,799	4,539,167,436	3,463,986,469

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 2018**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<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		(986,006,687)	217,763,196	-	-
Share of other comprehensive income from investments					
in associated companies - net of income tax	12	<u>9,950,084</u>	<u>22,613,744</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(976,056,603)	240,376,940	-	-
<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		40,964,635	(54,407,334)	-	(4,390,673)
Share of other comprehensive income from					
investments in associated companies - net of income tax	12	20,090,769	38,050,579	-	-
Effect of change in status of investments		<u>-</u>	<u>158,801,020</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>61,055,404</u>	<u>142,444,265</u>	<u>-</u>	<u>(4,390,673)</u>
<b>Other comprehensive income for the year</b>		<u>(915,001,199)</u>	<u>382,821,205</u>	<u>-</u>	<u>(4,390,673)</u>
<b>Total comprehensive income for the year</b>		<u><u>4,211,437,573</u></u>	<u><u>5,311,654,004</u></u>	<u><u>4,539,167,436</u></u>	<u><u>3,459,595,796</u></u>
<b>Profit attributable to:</b>					
Equity holders of the Company		5,137,028,684	4,930,976,367	<u>4,539,167,436</u>	<u>3,463,986,469</u>
Non-controlling interests of the subsidiary		<u>(10,589,912)</u>	<u>(2,143,568)</u>		
		<u><u>5,126,438,772</u></u>	<u><u>4,928,832,799</u></u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		4,222,064,654	5,313,760,401	<u>4,539,167,436</u>	<u>3,459,595,796</u>
Non-controlling interests of the subsidiary		<u>(10,627,081)</u>	<u>(2,106,397)</u>		
		<u><u>4,211,437,573</u></u>	<u><u>5,311,654,004</u></u>		
<b>Earnings per share</b>					
30					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u><u>4.12</u></u>	<u><u>3.95</u></u>	<u><u>3.64</u></u>	<u><u>2.78</u></u>

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 2018

(Unit: Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
						Other components of shareholders' equity					
						Other comprehensive income					
						Share of other					
						Exchange differences			Total equity		
						on translation of			attributable to		
						financial statements			to non-controlling		
						income from			interests		
						investments in			of the subsidiary		
						associated companies			Total		
						shareholders' equity			shareholders'		
						the Company			equity		
Issued and	Share premium	Surplus on business	Retained earnings		on translation of	income from	Total other	owners of	to non-controlling	Total	
fully paid		combination under			financial statements	investments in	components of	the Company	interests	shareholders'	
share capital		common control	Appropriated	Unappropriated	in foreign currency	associated companies	shareholders' equity		of the subsidiary	equity	
Balance as at 31 December 2016	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	-	31,891,090,177
Profit for the year	-	-	-	-	4,930,976,367	-	-	-	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	382,784,034	37,171	382,821,205
Total comprehensive income for the year	-	-	-	-	5,035,370,053	217,726,025	60,664,323	278,390,348	5,313,760,401	(2,106,397)	5,311,654,004
Effect of change in status of investments	-	-	(1,004,027,399)	-	-	-	-	-	(1,004,027,399)	-	(1,004,027,399)
Dividend paid (Note 24)	-	-	-	-	(3,742,144,842)	-	-	-	(3,742,144,842)	-	(3,742,144,842)
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	17,150,000	17,150,000
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	(1,004,027,399)	125,900,000	31,998,257,047	(1,461,409,748)	60,664,323	(1,400,745,425)	32,458,678,337	15,043,603	32,473,721,940
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	(1,004,027,399)	125,900,000	31,998,257,047	(1,461,409,748)	60,664,323	(1,400,745,425)	32,458,678,337	15,043,603	32,473,721,940
Profit for the year	-	-	-	-	5,137,028,684	-	-	-	5,137,028,684	(10,589,912)	5,126,438,772
Other comprehensive income for the year	-	-	-	-	40,964,635	(985,969,518)	30,040,853	(955,928,665)	(914,964,030)	(37,169)	(915,001,199)
Total comprehensive income for the year	-	-	-	-	5,177,993,319	(985,969,518)	30,040,853	(955,928,665)	4,222,064,654	(10,627,081)	4,211,437,573
Dividend paid (Note 24)	-	-	-	-	(2,744,239,551)	-	-	-	(2,744,239,551)	-	(2,744,239,551)
Balance as at 31 December 2018	1,247,381,614	1,491,912,500	(1,004,027,399)	125,900,000	34,432,010,815	(2,447,379,266)	90,705,176	(2,356,674,090)	33,936,503,440	4,416,522	33,940,919,962

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 2018

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
Balance as at 31 December 2016	1,247,381,614	1,491,912,500	125,900,000	29,045,635,301	31,910,829,415
Profit for the year	-	-	-	3,463,986,469	3,463,986,469
Other comprehensive income for the year	-	-	-	(4,390,673)	(4,390,673)
Total comprehensive income for the year	-	-	-	3,459,595,796	3,459,595,796
Dividend paid (Note 24)	-	-	-	(3,742,144,842)	(3,742,144,842)
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	125,900,000	28,763,086,255	31,628,280,369
					-
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	125,900,000	28,763,086,255	31,628,280,369
Profit for the year	-	-	-	4,539,167,436	4,539,167,436
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,539,167,436	4,539,167,436
Dividend paid (Note 24)	-	-	-	(2,744,239,551)	(2,744,239,551)
Balance as at 31 December 2018	1,247,381,614	1,491,912,500	125,900,000	30,558,014,140	33,423,208,254

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 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>				
Profit before tax	5,335,008,563	6,464,328,508	4,562,653,373	4,764,775,804
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,240,888,458	1,040,655,196	985,335,302	812,081,827
Amortisation	92,172,978	81,992,036	1,656,950	1,720,016
Recording of allowance for doubtful accounts	26,679,294	20,585,908	15,965,990	8,539,143
Reduction of inventory to net realisable value	477,922,143	191,538,730	294,615,802	134,923,431
Reversal of the reduction of inventory to net realisable value from write-off obsolete and damaged inventories	(173,722,988)	(167,242,563)	(88,332,151)	(129,765,448)
Increase in provision for long-term employee benefits	63,741,232	68,695,754	28,676,290	28,241,269
Recording of the increase in provisions	106,283,110	45,031,655	49,218,437	28,296,991
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	(52,731,053)	(59,310,360)	-	-
Loss from disposal/write-off of property, plant and equipment	91,119,480	7,975,747	88,046,510	5,267,989
Loss from write-off other intangible assets	106,732	-	-	-
Reversal of the allowance for impairment loss on assets	(9,343,900)	(46,078,081)	(9,343,900)	(46,078,081)
Unrealised (gain) loss on exchange	(137,140,556)	25,470,858	(171,020,312)	91,883,446
Interest income	(240,298,988)	(192,897,387)	(125,240,590)	(152,942,365)
Interest expenses	<u>9,421,057</u>	<u>19,634,449</u>	<u>-</u>	<u>-</u>
Profit from operating activities before changes in operating assets and liabilities	6,830,105,562	7,180,474,576	5,632,231,701	5,642,382,346
Decrease (increase) in operating assets:				
Trade and other receivables	(976,234,162)	(1,363,662,179)	(1,888,787,990)	(490,885,866)
Inventories	(2,081,061,464)	(540,756,609)	(1,378,107,808)	(192,373,973)
Other current assets	(386,011,949)	43,483,432	(145,890,999)	6,917,183
Other non-current assets	(8,376,248)	(13,452,307)	(1,041,597)	(213,681)
Increase (decrease) in operating liabilities:				
Trade and other payables	1,355,155,293	167,632,431	1,379,873,482	(81,062,735)
Other current liabilities	(16,496,421)	(196,889,140)	28,565,754	(14,434,733)
Provision for long-term employee benefits	(71,104,387)	(77,602,409)	(18,404,253)	(20,667,403)
Provisions	(24,912,432)	(39,058,698)	(11,018,456)	(27,329,387)
Other non-current liabilities	<u>19,006,188</u>	<u>(551,356)</u>	<u>74,914</u>	<u>213,297</u>
Cash flows from operating activities	4,640,069,980	5,159,617,741	3,597,494,748	4,822,545,048
Cash received from interest income	259,484,631	165,883,218	147,972,403	131,088,434
Cash paid for interest expenses	(9,211,820)	(23,399,269)	-	-
Cash paid for income tax resulting from tax assessments	(401,423,774)	(712,882,948)	(401,423,774)	(712,882,948)
Cash paid for corporate income tax	<u>(210,393,423)</u>	<u>(113,858,547)</u>	<u>(1,828,555)</u>	<u>(40,210,222)</u>
<b>Net cash flows from operating activities</b>	<u>4,278,525,594</u>	<u>4,475,360,195</u>	<u>3,342,214,822</u>	<u>4,200,540,312</u>

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 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities:</b>				
Decrease (increase) in deposits at bank with restrictions	(8,534,599)	5,993,747	-	-
Decrease (increase) in current investments	(7,286,539)	215,907,757	-	-
Increase in investments in subsidiary company	-	-	(1,204,057,104)	(467,892,130)
Increase in investments in associated company	(95,236,596)	-	-	-
Dividend received from investments in associated company	41,114,952	-	-	-
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 land-use rights	-	(201,676,379)	-	-
Acquisition of property, plant and equipment	(2,252,725,119)	(1,807,815,792)	(1,646,839,675)	(1,527,865,815)
Proceeds from disposal of property, plant and equipment	60,881,769	18,808,393	994,211	3,700,820
Increase in investment properties	(55,885,253)	-	-	-
Increase in land-use rights	(4,041,439)	-	-	-
Increase in other intangible assets	(50,986,457)	(23,575,441)	-	(2,168,166)
<b>Net cash flows used in investing activities</b>	<u>(2,372,699,281)</u>	<u>(2,680,946,310)</u>	<u>(2,849,902,568)</u>	<u>(726,285,601)</u>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(228,666,054)	90,666,086	-	-
Dividend paid	(2,744,239,551)	(3,742,144,842)	(2,744,239,551)	(3,742,144,842)
Increase in non-controlling interests of the subsidiary	-	17,150,000	-	-
<b>Net cash flows used in financing activities</b>	<u>(2,972,905,605)</u>	<u>(3,634,328,756)</u>	<u>(2,744,239,551)</u>	<u>(3,742,144,842)</u>
<b>Decrease in translation adjustments</b>	<u>(773,092,191)</u>	<u>(464,821,928)</u>	<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents before</b>				
<b>effect from currency translation</b>	(1,840,171,483)	(2,304,736,799)	(2,251,927,297)	(267,890,131)
Effect from currency translation of cash and cash equivalents	<u>128,048,034</u>	<u>(60,748,855)</u>	<u>119,236,980</u>	<u>(30,441,441)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,712,123,449)</u>	<u>(2,365,485,654)</u>	<u>(2,132,690,317)</u>	<u>(298,331,572)</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>17,319,877,762</u>	<u>19,685,363,416</u>	<u>11,885,686,251</u>	<u>12,184,017,823</u>
<b>Cash and cash equivalents at end of year</b>	<u>15,607,754,313</u>	<u>17,319,877,762</u>	<u>9,752,995,934</u>	<u>11,885,686,251</u>
	-	-	-	-
<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
Transfer advance payment for land-use rights to land-use rights	170,716,392	-	-	-
Transfer investment properties to property, plant and equipment	10,823,008	-	-	-
Receivable from capital reduction in associated company	161,325,677	-	-	-

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 2018**

**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>2018</u>	<u>2017</u>
			Percent	Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	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



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>2018</u>	<u>2017</u>
			Percent	Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited *	Holding business	The British Virgin Islands	-	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
Delta Greentech International Holding Limited *	Holding business	The Cayman Islands	-	100

\* Dissolved and liquidated

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>2018</u>	<u>2017</u>
			Percent	Percent
Delta Electronics (Australia) Pty. Ltd. (formerly known as "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 Energy Systems LLC (owned by Delta Greentech (Netherlands) B.V.)	Trading of electronic products	Russia	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
Eltek s.r.o. (owned by Delta Greentech (Netherlands) B.V.)	Manufacture and trading of electronic products	Slovakia	100	100
Delta Electronics (Automotive) Americas Inc. (owned by Delta Greentech (Netherlands) B.V.)	Research and development of electronic products	USA	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, research and development 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	51
Delta Energy Systems (UK) Limited	Research and development of electronic products	Scotland	100	-

- 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.
- 2.3 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 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 for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

## **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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 recognized 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.

### **(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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.

#### **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 (under the first-in, first-out method) 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 2-32 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 - 15 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 Land-use rights and amortisation**

Land-use rights is stated at cost less accumulated amortisation. Amortisation of Land-use rights is calculated by reference to its cost on a straight-line basis over the Land-use rights period.

#### **4.9 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.

A summary of the intangible assets with finite useful lives is as follow:

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

#### **4.10 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.

#### **4.11 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.

#### **4.12 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.

#### **4.13 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.



#### **4.14 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.

#### **4.15 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.

#### **4.16 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.

#### **4.17 Research and development expenses**

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

#### **4.18 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.

### **4.19 Forward currency contracts**

Forward currency contracts are initially recognised at fair value on the date a forward currency contracts is entered into and any forward currency contracts, which relate to a recognised asset or liability, are subsequently remeasured at their fair value. Gains or losses arising from changes in the fair value of the forward currency contracts are recognised in the profit or loss.

### **4.20 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 financial statements		Separate financial statements		Transfer pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	14,690	12,975	With reference to market price
Purchase of raw materials	-	-	172	121	With reference to market price
Commission paid	-	-	182	218	Contract price
Design and engineering fee paid (Note 26)	-	-	1,381	1,375	Contract price
Distribution fee paid	-	-	98	88	Contract price
Dividend income	-	-	-	384	As declared
Sales of investments in subsidiary company	-	-	-	883	Contract price
<b><u>Transactions with associated companies</u></b>					
Sales of goods and raw materials	439	1,157	23	5	With reference to market price
Commission paid	32	5	32	5	Contract price
Design and engineering fee paid (Note 26)	-	66	-	66	Contract price
Commission received	-	43	-	-	Contract price
Services income	2	23	-	-	Contract price
<b><u>Transactions with related companies</u></b>					
Sales of goods and raw materials	6,692	3,553	2,755	1,757	With reference to market price
Purchase of goods and raw materials	4,283	4,273	486	425	With reference to market price
Commission paid	415	511	415	511	Contract price
Royalty paid (Note 25)	1,257	-	1,257	-	Contract price
Design and engineering fee paid	53	795	-	743	Contract price
Commission received	67	172	-	-	Contract price
Services income	196	266	-	-	Contract price
Services paid	98	174	98	174	Contract price
Sale of investments in subsidiary companies	-	874	-	-	Contract price
Purchase of investments in subsidiary company	-	758	-	-	Contract price
Other income	48	38	7	10	Contract price

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade receivables, related parties (Note 9)</u></b>				
Subsidiary companies	-	-	5,236	4,224
Associated companies	8	480	1	1
Other related companies (under common control)	1,533	707	677	430
Total trade receivables, related parties	<u>1,541</u>	<u>1,187</u>	<u>5,914</u>	<u>4,655</u>
<b><u>Other receivables, related parties (Note 9)</u></b>				
Subsidiary companies	-	-	3	8
Associated companies (Note 12)	161	-	-	-
Other related companies (under common control)	-	11	-	11
Total other receivables, related parties	<u>161</u>	<u>11</u>	<u>3</u>	<u>19</u>
<b><u>Amounts due from related parties (Note 9)</u></b>				
Subsidiary companies	-	-	4	2
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>4</u>	<u>2</u>
<b><u>Trade payables, related parties (Note 19)</u></b>				
Subsidiary companies	-	-	103	18
Associated companies	3	6	-	-
Other related companies (under common control)	965	792	143	72
Total trade payables, related parties	<u>968</u>	<u>798</u>	<u>246</u>	<u>90</u>
<b><u>Other payables, related parties (Note 19)</u></b>				
Subsidiary companies	-	-	270	279
Associated companies	3	33	3	33
Other related companies (under common control)	567	180	559	159
Total other payables, related parties	<u>570</u>	<u>213</u>	<u>832</u>	<u>471</u>
<b><u>Accrued expenses, related parties (Note 19)</u></b>				
Other related companies (under common control)	94	-	94	-
Total accrued expenses, related parties	<u>94</u>	<u>-</u>	<u>94</u>	<u>-</u>

### **Directors and management's benefits**

During the year ended 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	124	97	56	45
Post-employment benefits	7	10	5	5
Termination benefits	4	-	-	-
Total	<u>135</u>	<u>107</u>	<u>61</u>	<u>50</u>

### **7. Cash and cash equivalents**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash on hand	1	1	1	-
Current accounts	794	848	2	2
Saving accounts	10,586	14,358	9,750	11,884
Fixed deposits with maturity not over 3 months	4,227	2,113	-	-
Total	<u>15,608</u>	<u>17,320</u>	<u>9,753</u>	<u>11,886</u>

As at 31 December 2018, the above bank deposits in saving accounts and fixed deposits carried interests between 0.00 and 8.25 percent per annum (2017: between 0.00 and 5.25 percent per annum) (The Company only: between 0.00 and 1.20 percent per annum, 2017: between 0.10 and 1.75 percent per annum).

### **8. Current investments**

The balance of current investments is fixed deposits with maturity over 3 months with Delta Energy Systems (Germany) GmbH, a subsidiary company.



## 9. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables, related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,484	1,154	5,180	3,914
Past due				
Up to 3 months	21	17	698	725
3 - 6 months	19	16	18	16
6 - 12 months	17	-	18	-
Total	<u>1,541</u>	<u>1,187</u>	<u>5,914</u>	<u>4,655</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,140	7,751	4,207	3,780
Past due				
Up to 3 months	1,126	975	497	354
3 - 6 months	143	101	15	16
6 - 12 months	25	41	3	8
Over 12 months	43	29	3	-
Total	<u>9,477</u>	<u>8,897</u>	<u>4,725</u>	<u>4,158</u>
Total trade receivables	11,018	10,084	10,639	8,813
Less: Allowance for doubtful accounts	(126)	(99)	(29)	(13)
Total trade receivables - net	<u>10,892</u>	<u>9,985</u>	<u>10,610</u>	<u>8,800</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	-	-	4	2
Other receivables - related parties (Note 6)	161	11	3	19
Other receivables - unrelated parties	505	472	431	376
Total other receivables	<u>666</u>	<u>483</u>	<u>438</u>	<u>397</u>
Trade and other receivables - net	<u>11,558</u>	<u>10,468</u>	<u>11,048</u>	<u>9,197</u>

## 10. Inventories

(Unit: Million Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	3,612	3,577	(481)	(471)	3,131	3,106
Work in process	1,083	772	-	-	1,083	772
Raw materials	4,687	2,931	(682)	(388)	4,005	2,543
Goods in transit	1,242	1,263	-	-	1,242	1,263
Total	10,624	8,543	(1,163)	(859)	9,461	7,684

(Unit: Million Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	2,246	2,309	(128)	(134)	2,118	2,175
Work in process	847	675	-	-	847	675
Raw materials	3,095	1,793	(421)	(208)	2,674	1,585
Goods in transit	169	201	-	-	169	201
Total	6,357	4,978	(549)	(342)	5,808	4,636

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year	(859)	(968)	(342)	(337)
Increase during the year	(489)	(217)	(295)	(135)
Reversal of reduce cost to net realisable value from write off obsolete and damaged inventories during the year	174	167	88	130
Reversal during the year	11	25	-	-
Increase from acquisition of investment in subsidiary company during the year	-	(19)	-	-
Decrease from sales of investments in subsidiary companies during the year	-	105	-	-
Decrease from change in status of investments	-	48	-	-
Balance at end of year	(1,163)	(859)	(549)	(342)

## 11. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Input tax refundable	275	184	99	65
Advance payments	511	262	132	25
Prepaid expenses	118	58	10	8
Prepaid tax	108	116	-	-
Forward contracts receivable (Note 34)	76	61	76	30
Others	50	49	9	31
Total other current assets	<u>1,138</u>	<u>730</u>	<u>326</u>	<u>159</u>

## 12. Investments in associated companies

### 12.1 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	
			<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(%)	(%)				
Delta Electronics (Switzerland) AG *	Holding business,	Switzerland	49	49	287	448	448	571
(owned by Delta Greentech (Netherlands) B.V.)	trading, research and development of electronic products							
Delta Greentech Electronics Industry LLC	Marketing and	Turkey	49	49	117	21	118	18
(owned by Delta Greentech (Netherlands) B.V.)	distribution of electronic products							
Translation adjustment					(26)	3	(30)	4
Total					378	472	536	593

\* Delta Electronics (Switzerland) AG (formerly known as "Delta Energy Systems (Switzerland) AG")

### 12.2 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 year ended 31 December 2018 and 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Delta Electronics (Switzerland) AG	49	62	30	61
Delta Greentech Electronics Industry LLC	4	(3)	-	-
Total	53	59	30	61

## 12.3 Summarised financial information about material associates

### Summarised information about financial position

(Unit: Million Baht)

	Delta Electronics (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	2,316	2,067	382	231
Non-current assets	73	107	8	1
Current liabilities	(1,704)	(1,098)	(160)	(194)
Non-current liabilities	(60)	(93)	-	-
<b>Net assets</b>	625	983	230	38
Shareholding percentage (%)	49	49	49	49
<b>Share of net assets</b>	306	482	113	19
Goodwill	117	92	-	-
<b>Carrying amounts of associates based on equity method</b>	<u>423</u>	<u>574</u>	<u>113</u>	<u>19</u>

### Summarised information about comprehensive income

(Unit: Million Baht)

For the year ended 31 December 2018 and for the period  
as from 4 April 2017 to 31 December 2017

	Delta Electronics (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	4,344	2,886	482	81
Profit (loss)	99	126	8	(6)
Other comprehensive income	61	124	-	-
Total comprehensive income	160	250	8	(6)

## 12.4 Significant events during the current year

### **a) Additional investment in associated company**

#### Delta Greentech Electronics Industry LLC

On 5 January 2018, a meeting of the Company's Executive Committee, 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, in proportion to its existing holding, in order to support business expansion. The Company made payment for the additional investment in the first quarter of the current year. The additional investment had no impact on the investment structure of the Group.

**b) Registered capital reduction in associated company**Delta Electronics (Switzerland) AG

On 13 September 2018, a meeting of Delta Electronics (Switzerland) AG's Board of Directors passed a resolution to decrease Delta Electronics (Switzerland) AG's registered and issued share capital by CHF 10 million from CHF 20 million (20,000 ordinary shares of CHF 1,000 each) to CHF 10 million (10,000 ordinary shares of CHF 1,000 each). Delta Electronics (Switzerland) AG registered the corresponding decrease in its registered share capital on 19 December 2018. On 28 January 2019, Delta Greentech (Netherlands) B.V., which is a subsidiary of the Company, received payment in respect of capital reduction in proportion to its existing shareholding, amounting to approximately CHF 4.9 million, or approximately Baht 161 million. The decrease in investment had no impact on the investment structure of the Group.

**c) Dividend received during the year**Delta Electronics (Switzerland) AG

During the current year, Delta Greentech (Netherlands) B.V., which is a subsidiary of the Company, received dividend amounting to approximately CHF 1 million, or approximately Baht 41 million from Delta Electronics (Switzerland) AG (31 December 2017: Nil).

**13. Investments in subsidiary companies**

13.1 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>currency</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	THB	206	200	206	200
Delta Energy Systems (Singapore) Pte. Ltd.	USD	103	66	3,370	2,172
<b>Subtotal</b>				13,026	11,822
Less: Allowance for impairment loss of investments in subsidiary companies				(1,144)	(1,144)
<b>Investments in subsidiary companies - net</b>				<u>11,882</u>	<u>10,678</u>

## 13.2 Significant events during the current year

### 13.2.1 Subsidiaries directly owned by the Company

#### **a) Additional investment in subsidiary companies**

##### Delta Energy Systems (Singapore) Pte. Ltd.

- On 5 January 2018, a meeting of the Company's Executive Committee, passed a resolution to increase the Company's investment 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, in order to support business expansion. The Company made payment for the additional investment in the first quarter of the current year.
- On 25 July 2016, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment by USD 32 million, or approximately Baht 1,052 million, to enable the latter to invest in Delta Electronics India Pvt. Ltd., in order 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.
- On 2 April 2018, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment by USD 1 million, or approximately Baht 31 million, in order to establish a new subsidiary in Scotland, Delta Energy System (UK) Limited, (as mentioned in Note 13.2.2 to the financial statements). The Company made payment for the additional investment in the third quarter of the current year.
- On 26 October 2018, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment by USD 0.6 million, or approximately Baht 19 million, to enable the latter to invest in Delta Electronics (Australia) Pty. Ltd., for working capital to improve capital structure. The Company made payment for the additional investment in the fourth quarter of the current year.

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

**b) Increase in registered share capital in subsidiary company**

Delta Green Industrial (Thailand) Company Limited

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.

**c) Dividend received during the year**

No dividend was received from the above subsidiary companies during the year ended 31 December 2018 (31 December 2017: the Company received dividend amounting to approximately Baht 384 million from Delta Electronics (Switzerland) AG before the Company sold its 51% investment to a related company).

13.2.2 Subsidiaries indirectly owned by the Company

**a) Subsidiaries' liquidation**

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

**b) Purchase of investment in the subsidiary**

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, 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 <sup>*</sup>
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	536	209
Shareholding percentage (percent)	100	
Share of net assets	536	
Goodwill arising on acquisition	222	
Price of investment in subsidiary	758	

<sup>\*</sup> 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.

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)
Goodwill (Note 17)	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.

**c) Establishment of new subsidiaries**

- On 2 April 2018, a meeting of the Company's Board of Directors approved the incorporation of Delta Energy Systems (UK) Limited, to be a center for the research and development of electronics products registered in Scotland, with a registered capital of GBP 0.7 million that is 100% held by Delta Energy Systems (Singapore) Pte. Ltd.. The incorporation of this subsidiary was completed during the third quarter of the current year.
- On 28 November 2017, a meeting of the Company's Board of Directors approved the incorporation of Delta Electronics (Automotive) Americas Inc., to be a center for the research and development of electronics products registered in the USA, with a registered capital of USD 10 million that is 100% held by Delta Greentech (Netherlands) B.V.. The incorporation of this subsidiary was completed during the fourth quarter of the current year.

**14. Investment properties**

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building for rent	Total
31 December 2018:			
Cost	44	303	347
Less: Accumulated depreciation	-	(50)	(50)
Less: Transfer out due to change in type of use of assets (Note 15)	(2)	(9)	(11)
Translation adjustment	(8)	(41)	(49)
Net book value (Note 34)	34	203	237

(Unit: Million Baht)

	Consolidated financial statements		
	Office building		Total
	Land for rent	for rent	
31 December 2017:			
Cost	44	247	291
Less: Accumulated depreciation	-	(42)	(42)
Translation adjustment	(7)	(32)	(39)
Net book value (Note 34)	37	173	210

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

(Unit: Million Baht)

	Consolidated financial statements	
	2018	2017
Book value at beginning of year	210	211
Acquisition of assets	56	-
Depreciation charged	(8)	(8)
Transfer out due to change in type of use of assets (Note 15)	(11)	-
Translation adjustment	(10)	7
Book value at end of year	237	210

The book value of the above investment properties as stated in the financial statements is closed to the fair value.

## 15. 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 2017	875	3,151	6,368	1,209	1,361	139	499	495	14,097
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	(5)	31
31 December 2017	859	3,766	6,695	1,217	1,425	515	449	486	15,412
Purchase/transfer in	-	92	1,226	139	373	962	102	320	3,214
Disposal/write-off/transfer out	-	(115)	(403)	(40)	(76)	(762)	(73)	(249)	(1,718)
Transfer in due to change in type of use of assets (Note 14)	2	9	-	-	-	-	-	-	11
Translation adjustment	(46)	(130)	(76)	-	(17)	(7)	(13)	(23)	(312)
31 December 2018	815	3,622	7,442	1,316	1,705	708	465	534	16,607
<b>Accumulated depreciation:</b>									
1 January 2017	-	744	4,559	1,086	859	-	406	363	8,017
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	(3)	28
31 December 2017	-	831	4,517	1,109	885	-	364	334	8,040
Depreciation for the year	-	96	782	115	145	-	60	35	1,233
Depreciation - disposal/write-off	-	(6)	(398)	(40)	(75)	-	(72)	(13)	(604)
Translation adjustment	-	(24)	(61)	(1)	(8)	-	(11)	(19)	(124)
31 December 2018	-	897	4,840	1,183	947	-	341	337	8,545

## 15. 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 2017	-	140	4	-	15	-	-	1	160
Reversal allowance for impairment during the year	-	(40)	-	-	(6)	-	-	-	(46)
31 December 2017	-	100	4	-	9	-	-	1	114
Reversal allowance for impairment during the year	-	-	(3)	-	(6)	-	-	-	(9)
31 December 2018	-	100	1	-	3	-	-	1	105
<b>Net book value:</b>									
As at 31 December 2017	859	2,835	2,174	108	531	515	85	151	7,258
As at 31 December 2018	815	2,625	2,601	133	755	708	124	196	7,957
<b>Depreciation for the year</b>									
Year 2017 (Baht 788 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,033
Year 2018 (Baht 1,012 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,233

## 15. 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>Cost:</b>									
1 January 2017	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
Purchase/transfer in	-	16	1,046	138	334	578	84	279	2,475
Disposal/write-off/transfer out	-	(89)	(371)	(40)	(73)	(593)	(47)	(236)	(1,449)
31 December 2018	313	1,526	5,979	1,307	1,397	359	277	186	11,344
<b>Accumulated depreciation:</b>									
1 January 2017	-	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
Depreciation for the year	-	29	674	114	126	-	37	5	985
Depreciation - disposal/write-off	-	(2)	(368)	(39)	(73)	-	(47)	(2)	(531)
31 December 2018	-	514	3,699	1,175	805	-	181	78	6,452

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

(Unit: Million Baht)

	Separate financial statements							
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others
<b>Allowance for impairment loss:</b>								
1 January 2017	-	140	4	-	15	-	-	1
Reversal allowance for impairment during the year	-	(40)	-	-	(6)	-	-	-
31 December 2017	-	100	4	-	9	-	-	1
Reversal allowance for impairment during the year	-	-	(3)	-	(6)	-	-	-
31 December 2018	-	100	1	-	3	-	-	1
<b>Net book value:</b>								
As at 31 December 2017	313	1,012	1,907	109	375	374	49	67
As at 31 December 2018	313	912	2,279	132	589	359	96	107
<b>Depreciation for the year</b>								
Year 2017 (Baht 663 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)								812
Year 2018 (Baht 863 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)								985

As at 31 December 2018, 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 5,417 million (2017: Baht 5,577 million) (The Company only: Baht 3,870 million, 2017: Baht 4,019 million).

## 16. Land-use rights

The net book value of land-use right as at 31 December 2018 and 2017 is presented below.

	(Unit: Million Baht)
	Consolidated
	financial statements
<b>Net book value as at 1 January 2017</b>	46
Amortisation for the year	(1)
Translation adjustment	(1)
<b>Net book value as at 31 December 2017</b>	44
Transfer in from advance payment for land-use rights	171
Increase during the year	4
Amortisation for the year	(2)
Translation adjustment	3
<b>Net book value as at 31 December 2018</b>	220

In 2016, 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.



## 17. Goodwill

The net book value of goodwill as at 31 December 2018 and 2017 is presented below.

	(Unit: Million Baht)
	Consolidated financial statements
<b>Net book value as at 1 January 2017</b>	307
Increase from acquisition of investment in subsidiary company during the year	189
Decrease from sales of investments in subsidiary companies during the year	(92)
Translation adjustment	11
<b>Net book value as at 31 December 2017 - as previously reported</b>	415
Fair value adjustment of assets acquired and liabilities assumed of a subsidiary (Note 13.2.2)	35
<b>Net book value as at 31 December 2017 - as restated</b>	450
Translation adjustment	(12)
<b>Net book value as at 31 December 2018</b>	438

As at 31 December 2018, the net book value of the goodwill as above included the goodwill of approximately Baht 215 million from the acquisition of Delta Electronics (Switzerland) AG (formerly know as “Delta Energy Systems (Switzerland) AG”) in 2003 and the goodwill of approximately Baht 223 million from Delta Greentech (Netherlands) B.V.’s acquisition of Eltek s.r.o. (“Eltek SK”) in 2017.

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	
	DES products	Eltek s.r.o.
Growth rates	3	2
Pre-tax discount rates	13	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 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 goodwill is not impaired.

## 18. Other intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	(Unit: Million Baht)					Separate
	Consolidated financial statements					financial
	Patent rights	Computer software	Customer relationship	Others	Total	statements
						Computer software
<b>Cost:</b>						
1 January 2017	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
Purchase	-	51	-	-	51	-
Disposals	-	(3)	-	-	(3)	-
Translation adjustment	(8)	(9)	(7)	-	(24)	-
31 December 2018	1,065	299	131	3	1,498	85

## 18. Other intangible assets (continued)

(Unit: Million Baht)

	Consolidated financial statements					Separate financial statements
	Patent rights	Computer software	Customer relationship	Others	Total	Computer software
<b>Accumulated amortisation:</b>						
1 January 2017	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
Amortisation for the year	53	23	13	1	90	1
Disposals	-	(3)	-	-	(3)	-
Translation adjustment	(5)	(8)	(1)	-	(14)	-
31 December 2018	749	248	22	3	1,022	83
<b>Net book value:</b>						
31 December 2017	372	24	128	1	525	3
31 December 2018	316	51	109	-	476	2

## 19. Trade and other payables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties (Note 6)	968	798	246	90
Trade payables - unrelated parties	6,746	5,886	5,884	5,060
Other payables - related parties (Note 6)	570	213	832	471
Other payables - unrelated parties	1,105	923	1,032	871
Accrued expenses - related parties (Note 6)	94	-	94	-
Accrued expenses - unrelated parties	1,844	2,024	1,076	1,289
Advance received	474	636	113	150
Total trade and other payables	11,801	10,480	9,277	7,931

## 20. Other current liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Forward contracts payable (Note 34)	15	5	-	-
Withholding tax payable	151	116	92	65
Value added tax payable	29	63	-	-
Others	52	55	14	12
Total other current liabilities	<u>247</u>	<u>239</u>	<u>106</u>	<u>77</u>

## 21. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Defined benefit obligation	(1,273)	(1,373)	(282)	(271)
Fair value of plan assets	39	36	-	-
<b>Provisions for long-term employee benefits</b>				
<b>as at 31 December</b>	<u>(1,234)</u>	<u>(1,337)</u>	<u>(282)</u>	<u>(271)</u>

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Defined benefit obligation at beginning of year</b>	(1,373)	(2,431)	(271)	(259)
Included in profit or loss:				
Current service cost	(41)	(48)	(22)	(22)
Interest cost	(25)	(27)	(7)	(7)
Past service costs and gains or losses on settlement	-	1	-	-
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	(1)	(4)	-	(4)
Financial assumptions changes	38	(38)	-	-
Experience adjustments	4	(12)	-	-
Effect of change in status of investments	-	8	-	-
Contribution by plan participants	-	(3)	-	-
Benefits paid during the year	66	75	18	21
Decrease from change in status of investments	-	1,117	-	-
Translation adjustments	59	(11)	-	-
<b>Defined benefit obligation at end of year</b>	<u>(1,273)</u>	<u>(1,373)</u>	<u>(282)</u>	<u>(271)</u>

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

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Fair value of plan assets at beginning of year</b>	36	972	-	-
Included in profit or loss:				
Interest income on plan assets	2	5	-	-
Contributions by employer	7	15	-	-
Contribution by plan participants	-	3	-	-
Benefits paid during the year	(2)	(12)	-	-
Decrease from change in status of investments	-	(926)	-	-
Translation adjustments	(4)	(21)	-	-
<b>Fair value of plan assets at end of year</b>	<u>39</u>	<u>36</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Government bonds	23	21	-	-
Debentures	13	12	-	-
Others	3	3	-	-

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current service cost	41	48	22	22
Interest cost	25	27	7	7
Less: Interest income on plan assets	(2)	(5)	-	-
Past service costs and gains or losses on settlement	-	(1)	-	-
<b>Total expenses recognised in profit or loss</b>	<u>64</u>	<u>69</u>	<u>29</u>	<u>29</u>

The Company and its subsidiaries expect to pay Baht 64 million of long-term employee benefits during the next year (The Company only: Baht 13 million) (2017: Baht 60 million, the Company only: Baht 8 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries is 9-21 years (The Company only: 13 years) (2017: 9-22 years, the Company only: 14 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	1.8 - 7.7	1.5 - 7.7	2.6	2.6
Future salary increase rates (depending on age)	3.0 - 9.0	3.0 - 9.0	3.0 - 9.0	3.0 - 9.0
Pension increase rate	1.5	1.5	-	-
Turnover rate	0.8 - 13.0	0.5 - 13.0	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 2018 and 2017 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%-10%	Decrease 0.5%-10%	Increase 1%-10%	Decrease 1%-10%
Discount rate	Decrease 72	Increase 135	Decrease 8	Increase 64
Future salary increase rates (depending on age)	Increase 61	Decrease 5	Increase 58	Decrease 2
Pension increase rate	Increase 56	Decrease 51	-	-
Turnover rate	Increase 6	Increase 45	Increase 6	Increase 45

	(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 114 million (The Company only: Baht 114 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 22. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Warranty	Other provisions	Total	Warranty	Other provisions	Total
<b>Balance as at 1 January 2017</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 from acquisition of 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>	410	36	446	240	-	240
Recognition during year	237	28	265	81	8	89
Decrease during year	(14)	(11)	(25)	(11)	-	(11)
Reversal during year	(148)	(11)	(159)	(40)	-	(40)
Translation adjustment/unrealised loss on exchange rate	(13)	(2)	(15)	1	-	1
<b>Balance as at 31 December 2018</b>	472	40	512	271	8	279



(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Other			Other		
	Warranty	provisions	Total	Warranty	provisions	Total
Short-term provisions	49	8	57	-	-	-
Long-term provisions	361	28	389	240	-	240
<b>Balance as at 31 December 2017</b>	<b>410</b>	<b>36</b>	<b>446</b>	<b>240</b>	<b>-</b>	<b>240</b>
Short-term provisions	1	12	13	-	-	-
Long-term provisions	471	28	499	271	8	279
<b>Balance as at 31 December 2018</b>	<b>472</b>	<b>40</b>	<b>512</b>	<b>271</b>	<b>8</b>	<b>279</b>

### 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.

### 23. 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.

### 24. 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

## **25. Royalty**

During the current year, 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 an arm's length basis. The percentage is to be amicably reviewed by the parties annually before each anniversary of the effective date, which was 1 January 2018. The agreement matures annually and renews continuously for further periods of one year until terminated by either party. The Company has recorded the related expense as "Royalty expenses", which are presented under the caption of "Selling and distribution expenses" in the statements of comprehensive income.

## **26. Research and development expenses**

The Company entered into research and development service agreements with Delta Energy Systems (Germany) GmbH, a subsidiary company, and Delta Electronics (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.

## 27. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employee benefits	7,984	7,501	4,869	4,521
Raw materials used and purchase of finished goods	33,238	29,482	24,268	20,771
Changes in inventories of finished goods and work in progress	(346)	853	(109)	(48)
Depreciation	1,241	1,041	985	812
Amortisation	92	82	1	2
Commission expenses	609	671	703	802
Marketing fee	34	15	31	13
Design and engineering fee	53	915	1,381	2,184
Services paid	98	174	98	174
Royalty paid	1,257	-	1,257	-

## 28. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	Consolidated financial statements		(Unit: Million Baht)	
	Separate financial statements			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	(164)	(209)	-	(39)
Adjustment in respect of income tax of previous year	(12)	(2)	-	(3)
<b>Deferred tax:</b>				
Increase (decrease) in deferred tax assets	13	(49)	-	-
Increase in deferred tax liabilities	(31)	(7)	-	-
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	9	3	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>(185)</u>	<u>(276)</u>	<u>-</u>	<u>(42)</u>

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	5,335	6,464	4,563	4,765
Income tax at Thai corporate income tax rate of 20%	(1,067)	(1,293)	(913)	(953)
Adjust in respect to current income tax of previous years	(12)	(2)	-	(3)
Tax savings from the tax privileges granted by the government	940	1,016	912	967
Tax effect of:				
Difference in tax rates of subsidiaries in overseas countries	(52)	(126)	-	-
Loss for the current year	(11)	(21)	-	-
Non-deductible expenses	(46)	(55)	(6)	(53)
Utilisation of previously unrecognised deferred tax asset on tax losses	33	36	-	-
Exemption of income	13	152	-	-
Others	17	17	7	-
Total	(46)	3	1	(53)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>(185)</u>	<u>(276)</u>	<u>-</u>	<u>(42)</u>

The tax rates enacted at the end of the reporting period of the subsidiaries in overseas countries are 0% to 35%.

As at 31 December 2018 and 2017, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Restated)			
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	27	18	-	-
Allowance for diminution in value of inventories	137	92	-	-
Bonus payable	8	24	-	-
Provision for warranty	12	13	-	-
Tax savings from promotional privileges	17	47	-	-
Tax loss brought forward	3	4	-	-
Others	35	28	-	-
Total	<u>239</u>	<u>226</u>	<u>-</u>	<u>-</u>

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax liabilities</b>				
Difference depreciation for tax purpose	144	113	-	-
<b>Total</b>	<u>144</u>	<u>113</u>	<u>-</u>	<u>-</u>

As at 31 December 2018 the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,764 million, INR 444 million or approximately Baht 206 million, EUR 47 million or approximately Baht 1,741 million, RUB 31 million or approximately Baht 15 million and MMK 639 million or approximately Baht 14 million (2017: 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). 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.

Details of expiry date of unused tax losses for which the Company and its subsidiaries have not recognised deferred tax assets are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
The five-year limitation period				
31 December 2017	-	12	-	-
31 December 2018	28	28	-	-
31 December 2019	34	35	-	-
31 December 2020	22	22	-	-
31 December 2021	14	14	-	-
31 December 2022	572	-	556	-
31 December 2023	15	19	-	-
Total			<u>556</u>	<u>-</u>
The eight-year limitation period				
31 March 2019	59	147		
31 March 2020	19	66		
31 March 2021	38	20		
31 March 2022	24	42		
31 March 2023	15	26		
31 March 2024	16	49		
31 March 2025	-	18		
No expiry date	<u>1,776</u>	<u>2,093</u>		
Total	<u>2,632</u>	<u>2,591</u>		

As at 31 December 2018, the total amount of temporary differences associated with investments in subsidiaries and associates for which deferred tax liability has not been recognised, is Baht 194 million (2017: Baht 181 million).

## 29. Promotional privileges

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

Details	The Company							A subsidiary in Thailand	
1. Certificate No.	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	59-1316-1-00-2-0	61-1505-1-00-1-0	1813(2)/2554	1814(2)/2554
2. Promotional privileges for	Manufacturing of DC FAN	Manufacturing of telecommunication equipment and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Designing of Electronics	Manufacturing of electro - magnetic products	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor
3. The significant privileges are									
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	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	4 years (Maximum amount Baht 1,572,170,000)	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	Non - granted	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	Granted	Non - 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	Granted	Non - 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	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
4. Date of first earning operating income	15 March 2013	10 January 2015	5 January 2018	5 January 2017	1 December 2017	Not yet commenced operation	Not yet commenced operation	Not yet commenced operation	Not yet commenced 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	-	-	-	-	-

The Company applied to the Revenue Department to be an International Headquarters (IHQ), and this application was approved on 28 May 2018, with a promotion certificate for International Headquarters granted by the Board of Investment. Subject to certain imposed conditions, the Company is eligible for tax privileges including reductions of and exemptions from corporate income tax and specific business tax for the provision of management, technical and support services, for a period of 15 years from 17 May 2018.

The Company's operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Million Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Separate financial statements</u>						
Sales and service income						
Domestic sales	446	393	109	111	555	504
Export sales	39,338	35,261	231	120	39,569	35,381
Total Sales and service income	<u>39,784</u>	<u>35,654</u>	<u>340</u>	<u>231</u>	<u>40,124</u>	<u>35,885</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 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.

### 30. 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.



### 31. 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 2018 and 2017, respectively.

(Unit: Million Baht)									
	Power electronics segment <sup>1)</sup>		Infrastructure segment <sup>2)</sup>		Automation segment <sup>3)</sup>		Others		Consolidated financial statements
	2018	2017	2018	2017	2018	2017	2018	2017	2018 2017
Revenue									
Revenue from external customers	34,404	36,672	16,394	10,496	1,890	1,809	397	247	53,067 49,224
Total revenue	34,404	36,672	16,394	10,496	1,890	1,809	379	247	53,067 49,224
Segment profit (loss)	4,478	5,706	1,331	734	-	42	(1,066)	(911)	4,743 5,571
Unallocated income (expenses):									
Interest income									240 193
Gain on exchange rate									176 64
Gain on sales of investments in subsidiary companies									- 425
Other income									401 379
Loss from a fair value adjustment of investments in associated companies									- (105)
Other expenses									(270) (102)
Share of profit from investments in associated companies									53 59
Finance cost									(9) (20)
Profit before income tax expenses									5,334 6,464
Income tax expenses for the year									(185) (276)
Income tax expenses resulting from tax assessments									(23) (1,259)
Profit for the year									5,126 4,929

- 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>2018</u>	<u>2017</u>
United States	13,220	14,011
China	9,495	8,486
India	7,715	7,386
Netherlands	1,461	4,608
Germany	4,974	2,236
Singapore	2,458	1,024
Taiwan	941	603
Others	12,803	10,870
Total	<u>53,067</u>	<u>49,224</u>

#### **Non-current assets** (Other than financial instruments, deferred tax assets and net defined benefit assets)

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Thailand	4,793	4,210
Slovakia	1,541	1,609
India	1,323	1,383
Germany	581	499
Others	432	538
Total	<u>8,670</u>	<u>8,239</u>

### **Major customer**

For the year 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 32. 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 (2017: 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 2018 amounting to approximately Baht 104 million (2017: Baht 90 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.

## 33. Commitments and contingent liabilities

### 33.1 Capital commitments and operating lease commitments

33.1.1 As at 31 December 2018, the Company and its subsidiaries had significant capital commitments amounting to Baht 267 million, EUR 2 million or approximately Baht 76 million and INR 10,465 million or approximately Baht 4,843 million in respect of the building construction, purchase of machinery and equipment (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 267 million, 2017: Baht 171 million).

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

		As at 31 December 2018		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Indian rupee	43	11	2	6
Euro	1	38	12	1
	Total	49	14	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 in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Indian rupee	60	12	12	7
Euro	4	84	55	1
	Total	96	67	8

### **33.2 Guarantee obligations**

As at 31 December 2018, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 33.2.1 Outstanding letters of guarantee totaling approximately Baht 340 million (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 (2017: Baht 656 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 33.3.1 to the financial statements).
- 33.2.2 Outstanding letters of guarantee for totals of approximately INR 954 million or approximately Baht 442 million, EUR 0.3 million or approximately Baht 13 million have been issued by banks to meet requirements of the subsidiaries (2017: INR 810 million or approximately Baht 412 million, EUR 0.3 million or approximately Baht 14 million).

### **33.3 Tax assessment**

- 33.3.1 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 year, 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 year, 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.

33.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 163 million or approximately Baht 75 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 150 million or approximately Baht 70 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.

#### 34. Fair value hierarchy

As at 31 December 2018 and 2017, 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 4.20 to the financial statements) as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Foreign currency forward contracts (Note 11)	-	76	-	76
<b>Liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 20)	-	15	-	15
<b>Assets for which fair value are disclosed</b>				
Investment properties (Note 14)	-	-	237	237

	(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 11)	-	61	-	61
<b>Liabilities measured at fair value</b>				
Foreign currency forward contracts (Note 20)	-	5	-	5
<b>Assets for which fair value are disclosed</b>				
Investment properties (Note 14)	-	-	210	210

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Foreign currency forward contracts (Note 11)	-	76	-	76

(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 11)	-	30	-	30

## 35. Financial instruments

### 35.1 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 2018 and 2017, 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 2018							
	Fixed interest rates			Floating			
	Within		Over	interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing	Total	Interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	4,227	-	-	10,348	1,033	15,608	0.00 - 8.25
Current investments	223	-	-	-	-	223	(0.20) - (0.21)
Trade and other receivables	-	-	-	-	11,558	11,558	-
Deposits at bank with							
restrictions	-	-	-	-	55	55	5.25 - 8.75
Total	4,450	-	-	10,348	12,646	27,444	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	11,801	11,801	
Total	-	-	-	-	11,801	11,801	

(Unit: Million Baht)

	Consolidated financial statements						
	As at 31 December 2017						
	Fixed interest rates			Floating			
	Within		Over	interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing	Total	Interest rate
							(% p.a.)
<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
Total	2,328	43	-	14,340	11,339	28,050	
<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	-
Total	229	-	-	-	10,480	10,709	



(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2018						
	Fixed interest rates			Floating			
	Within		Over	interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing	Total	Interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	9,712	41	9,753	0.00 - 1.20
Trade and other receivables	-	-	-	-	11,048	11,048	-
Total	-	-	-	9,712	11,089	20,801	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	9,277	9,277	-
Total	-	-	-	-	9,277	9,277	

(Unit: Million Baht)

	Separate financial statements						
	As at 31 December 2017						
	Fixed interest rates			Floating			
	Within		Over	interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing	Total	Interest rate
							(% p.a.)
<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	-
Total	-	-	-	11,866	9,217	21,083	
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	7,931	7,931	-
Total	-	-	-	-	7,931	7,931	

### **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 2018 and 2017, the balances of the financial assets and liabilities denominated in foreign currencies are summarised below:

(Unit: Million foreign currency unit)

Foreign currency	As at 31 December							
	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
US dollar	196	172	201	153	346	288	193	144
Euro	5	2	3	2	4	2	9	6
Japanese yen	193	139	438	320	184	139	438	320
Czech koruna	17	26	-	-	17	26	-	-
Swiss franc	-	-	-	1	-	-	-	1

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 December	
	<u>2018</u>	<u>2017</u>
US dollar	32.4498	32.6809
Euro	37.1252	39.0273
Japanese yen	0.2931	0.2898
Czech koruna	1.4359	1.5260
Swiss franc	32.9245	33.4067

As at 31 December 2018 and 2017, the outstanding forward contracts are summarised below:

Consolidated financial statements						
As at 31 December 2018						
	Amount			Forward rate		Maturity date
<b>Forward contracts to “Sell”</b>						
USD/THB	USD	134	million	32.5620 - 33.1640	THB/USD	January - March 2019
USD/EUR	USD	3	million	1.1401 - 1.1472	USD/EUR	January 2019
<b>Forward contracts to “Buy”</b>						
USD/INR	USD	21	million	70.2506 - 72.5207	INR/USD	January 2019
USD/AUD	USD	1	million	0.7199 - 0.7237	USD/AUD	January 2019
JPY/THB	JPY	155	million	0.2899 - 0.2940	THB/JPY	January - February 2019
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
Separate financial statements						
As at 31 December 2018						
	Amount			Forward rate		Maturity date
<b>Forward contracts to “Sell”</b>						
USD/THB	USD	134	million	32.5620 - 33.1640	THB/USD	January - March 2019
<b>Forward contracts to “Buy”</b>						
JPY/THB	JPY	155	million	0.2899 - 0.2940	THB/JPY	January - February 2019
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

## **35.2 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.

## **36. 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 2018, the Group's debt-to-equity ratio was 0.42:1 (2017: 0.42:1) and the Company's was 0.30:1 (2017: 0.29:1).

## **37. Events after the reporting period**

37.1 On 28 November 2017, 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 2.5 million, or approximately Baht 80 million, in order to establish a new subsidiary in the USA, Delta Electronics (Automotive) Americas Inc., (as mentioned in Note 13.2.2 to the financial statements). The Company made payment for the additional investment on 25 January 2019.

37.2 On 18 February 2019, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 2.3 per share, a total of Baht 2,869 million. The dividend will be paid from the Company's operating results for the year 2018.

## **38. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2019.