

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 27.3.1 to the financial statements regarding the Company's receipt of notice of a corporate income tax assessment from the Revenue Department, covering the years 1997 through 2004. My opinion is not qualified in respect of this matter.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok: 17 February 2014

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Assets					
Current assets					
Cash and cash equivalents		14,952,792,676	12,781,778,448	9,591,930,469	8,697,360,220
Trade and other receivables	7	8,254,122,092	7,026,770,421	6,746,880,946	4,563,147,818
Inventories	8	5,949,113,623	5,466,383,275	3,256,401,843	3,266,905,390
Other current assets	9	1,018,139,761	851,605,907	112,778,133	126,994,668
Total current assets		30,174,168,152	26,126,538,051	19,707,991,391	16,654,408,096
Non-current assets					
Deposits at bank with restrictions		120,848,044	151,437,826	-	-
Investment in associated company	2.2.6, 10	194,473,062	-	-	-
Investments in subsidiary companies	2.2.6, 11	-	-	10,750,923,813	9,870,976,026
Other long-term investments	2.2.6, 12	-	411,601,908	-	-
Investment properties	13	288,798,962	-	-	-
Property, plant and equipment	14	4,766,816,498	4,984,384,258	2,481,023,474	2,821,423,476
Consolidation goodwill		306,757,971	306,757,971	-	-
Other intangible assets	15	644,380,376	687,604,760	20,472,227	26,316,767
Deferred tax assets	16	317,783,012	319,049,149	-	-
Other non-current assets		50,668,632	87,291,643	4,218,143	4,829,169
Total non-current assets		6,690,526,557	6,948,127,515	13,256,637,657	12,723,545,438
Total assets		36,864,694,709	33,074,665,566	32,964,629,048	29,377,953,534

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 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		666,699,774	660,694,307	-	-
Trade and other payables	17	8,969,013,539	8,143,951,270	6,559,907,294	5,076,642,819
Income tax payable		51,139,622	74,547,237	-	-
Short-term provisions	20	246,676,167	244,690,620	-	-
Other current liabilities	18	386,643,627	240,195,563	120,479,907	61,645,450
Total current liabilities		10,320,172,729	9,364,078,997	6,680,387,201	5,138,288,269
Non-current liabilities					
Deferred tax liabilities	16	35,924,606	48,946,045	-	-
Provision for long-term employee benefits	19	985,552,282	866,459,789	126,838,259	116,588,932
Long-term provisions	20	189,983,408	258,531,053	68,081,288	19,821,278
Other non-current liabilities		7,381,448	40,017,460	1,050,000	6,766,464
Total non-current liabilities		1,218,841,744	1,213,954,347	195,969,547	143,176,674
Total liabilities		11,539,014,473	10,578,033,344	6,876,356,748	5,281,464,943
Shareholders' equity					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid-up					
1,247 million ordinary shares of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Retained earnings					
Appropriated - Statutory reserve	21	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		24,098,350,615	21,676,381,221	23,223,078,186	21,231,294,477
Other components of shareholders' equity		(1,637,864,493)	(2,044,943,113)	-	-
Equity attributable to owners of the Company		25,325,680,236	22,496,632,222	26,088,272,300	24,096,488,591
Total shareholders' equity		25,325,680,236	22,496,632,222	26,088,272,300	24,096,488,591
Total liabilities and shareholders' equity		36,864,694,709	33,074,665,566	32,964,629,048	29,377,953,534
		-	-	-	-

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 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit or loss:					
Revenues					
Sales and service income		41,201,331,549	40,779,099,958	28,682,905,298	27,689,561,920
Other income					
Interest income		193,811,264	193,704,315	166,356,149	168,942,925
Gain on exchange		271,515,731	152,456,455	447,186,313	136,528,174
Gain on sales of investment in subsidiary	2.2.6	261,496,576	-	-	-
Dividend income from other long-term investments	12	13,420,065	49,682,889	-	-
Others		418,618,438	352,913,482	156,780,596	166,005,042
Total revenues		42,360,193,623	41,527,857,099	29,453,228,356	28,161,038,061
Expenses					
Cost of sales and services		30,367,317,406	29,984,063,535	20,762,128,648	20,015,743,188
Selling expenses		2,550,330,582	2,938,672,254	870,618,682	907,242,081
Administrative expenses		1,686,702,316	1,706,788,640	1,176,248,776	1,137,687,753
Research and development expenses		1,873,021,893	1,962,988,694	1,534,755,336	1,644,995,427
Other expenses		354,685,371	484,216,826	123,977,331	48,834,595
Total expenses		36,832,057,568	37,076,729,949	24,467,728,773	23,754,503,044
Profit before share of profit from investment in an associated company, finance cost and income tax expenses					
		5,528,136,055	4,451,127,150	4,985,499,583	4,406,535,017
Share of profit from investment in an associated company	10	17,835,850	-	-	-
Profit before finance cost and income tax expenses		5,545,971,905	4,451,127,150	4,985,499,583	4,406,535,017
Finance cost		(62,849,441)	(94,561,488)	-	-
Profit before income tax expenses		5,483,122,464	4,356,565,662	4,985,499,583	4,406,535,017
Income tax expenses	16	(67,437,196)	(9,182,100)	-	-
Profit for the year		5,415,685,268	4,347,383,562	4,985,499,583	4,406,535,017
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		407,078,620	(212,983,667)	-	-
Other comprehensive income for the year		407,078,620	(212,983,667)	-	-
Total comprehensive income for the year		5,822,763,888	4,134,399,895	4,985,499,583	4,406,535,017

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 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Profit attributable to:				
Equity holders of the Company	<u>5,415,685,268</u>	<u>4,347,383,562</u>	<u>4,985,499,583</u>	<u>4,406,535,017</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>5,822,763,888</u>	<u>4,134,399,895</u>	<u>4,985,499,583</u>	<u>4,406,535,017</u>
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>4.34</u>	<u>3.49</u>	<u>4.00</u>	<u>3.53</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 2013

(Unit: Baht)

Consolidated financial statements							
Equity attributable to shareholders of the Company							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity		
			Appropriated	Unappropriated	Other comprehensive income Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 31 December 2011	1,247,381,614	1,491,912,500	125,900,000	18,825,855,596	(1,831,959,446)	(1,831,959,446)	19,859,090,264
Profit for the year	-	-	-	4,347,383,562	-	-	4,347,383,562
Other comprehensive income for the year	-	-	-	-	(212,983,667)	(212,983,667)	(212,983,667)
Total comprehensive income for the year	-	-	-	4,347,383,562	(212,983,667)	(212,983,667)	4,134,399,895
Dividend paid (Note 22)	-	-	-	(1,496,857,937)	-	-	(1,496,857,937)
Balance as at 31 December 2012	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>21,676,381,221</u>	<u>(2,044,943,113)</u>	<u>(2,044,943,113)</u>	<u>22,496,632,222</u>
	-	-	-	-	-	-	-
Balance as at 31 December 2012	1,247,381,614	1,491,912,500	125,900,000	21,676,381,221	(2,044,943,113)	(2,044,943,113)	22,496,632,222
Profit for the year	-	-	-	5,415,685,268	-	-	5,415,685,268
Other comprehensive income for the year	-	-	-	-	407,078,620	407,078,620	407,078,620
Total comprehensive income for the year	-	-	-	5,415,685,268	407,078,620	407,078,620	5,822,763,888
Dividend paid (Note 22)	-	-	-	(2,993,715,874)	-	-	(2,993,715,874)
Balance as at 31 December 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>24,098,350,615</u>	<u>(1,637,864,493)</u>	<u>(1,637,864,493)</u>	<u>25,325,680,236</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 (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2011	1,247,381,614	1,491,912,500	125,900,000	18,321,617,397	21,186,811,511
Total comprehensive income for the year	-	-	-	4,406,535,017	4,406,535,017
Dividend paid (Note 22)	-	-	-	(1,496,857,937)	(1,496,857,937)
Balance as at 31 December 2012	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>21,231,294,477</u>	<u>24,096,488,591</u>
	-	-	-	-	-
Balance as at 31 December 2012	1,247,381,614	1,491,912,500	125,900,000	21,231,294,477	24,096,488,591
Total comprehensive income for the year	-	-	-	4,985,499,583	4,985,499,583
Dividend paid (Note 22)	-	-	-	(2,993,715,874)	(2,993,715,874)
Balance as at 31 December 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>23,223,078,186</u>	<u>26,088,272,300</u>
	-	-	-	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash flows from operating activities:					
Profit before tax		5,483,122,464	4,356,565,662	4,985,499,583	4,406,535,017
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation	14	832,420,266	798,323,497	558,996,791	545,016,925
Amortisation of other intangible assets	15	85,553,155	111,811,140	12,765,022	9,077,195
Record allowance for doubtful accounts (reversal)		15,277,710	35,217,267	(102,919)	806,385
Decrease of inventory to net realisable value (reversal)		309,492,254	(74,510,729)	152,825,391	(57,296,111)
Increase in provision for long-term employee benefits	19	106,693,990	97,508,426	23,520,245	45,617,077
Record the increase in provisions		67,134,163	142,309,730	48,260,010	3,245,054
Share of profit from investment in an associated company	10	(17,835,850)	-	-	-
Loss from dissolution of the subsidiaries		25,998,693	-	-	-
(Gain) loss from disposal of investment in a subsidiary		(261,496,576)	29,551,676	-	-
Dividend income from other long-term investments	12	(13,420,065)	(49,682,889)	-	-
Loss on disposal of property, plant and equipment		24,756,962	41,668,116	18,352,830	35,488,075
Loss on disposal of other intangible assets		40,760,184	2,670,570	-	220,898
Unrealised (gain) loss on exchange		(306,936,481)	4,165,012	(353,259,517)	(34,860,323)
Interest income		(193,811,264)	(193,704,315)	(166,356,149)	(168,942,925)
Interest expenses		62,849,441	94,561,488	-	-
Profit from operating activities before changes in operating assets and liabilities		6,260,559,046	5,396,454,651	5,280,501,287	4,784,907,267
Decrease (increase) in operating assets:					
Trade and other receivables		(989,297,749)	(410,731,175)	(1,944,109,796)	110,673,308
Inventories		(792,222,602)	555,353,743	(142,321,844)	349,285,532
Other current assets		(141,599,435)	(39,642,222)	17,596,921	12,795,786
Other non-current assets		36,623,011	(47,810,310)	611,027	(3,532,300)
Increase (decrease) in operating liabilities:					
Trade and other payables		716,001,182	1,064,307,364	1,385,118,235	232,799,451
Other current liabilities		144,750,938	(25,687,567)	56,568,746	(29,443,839)
Provision for long-term employee benefits		(78,168,396)	(75,858,163)	(13,270,918)	(9,907,200)
Provisions		(183,694,555)	(115,404,537)	-	-
Other non-current liabilities		(32,139,931)	14,278,420	(5,716,464)	1,032,744
Cash flow from operating activities		4,940,811,509	6,315,260,204	4,634,977,194	5,448,610,749
Cash received from interest income		193,661,875	192,919,355	165,238,305	168,827,353
Cash paid for interest expenses		(63,064,391)	(84,888,866)	-	-
Cash paid for corporate income tax		(122,466,001)	(49,828,176)	(2,262,363)	(1,743,844)
Net cash flows from operating activities		4,948,942,992	6,373,462,517	4,797,953,136	5,615,694,258

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash flows from investing activities:					
Decrease (increase) in deposits at bank with restrictions		30,589,782	(35,041,799)	-	-
Increase in investments in subsidiary companies		-	-	(879,947,787)	(969,179,280)
Decrease in other long-term investments		947,415	-	-	-
Net cash from outstanding cash of subsidiary as at the disposal date		-	(14,473,416)	-	-
Net cash received from dissolution of the subsidiaries		25,666,367	-	-	-
Cash received from sales of investment in subsidiary		439,141,581	-	-	-
Dividend received from other long-term investments	12	13,420,065	49,682,889	-	-
Acquisition of property, plant and equipment		(570,931,795)	(1,205,688,005)	(247,086,837)	(558,970,916)
Increase in investment properties		(288,798,962)	-	-	-
Proceeds from disposal of property, plant and equipment		22,462,440	53,941,010	10,137,218	2,479,625
Increase in other intangible assets	15	(37,086,748)	(74,147,075)	(6,920,482)	(34,545,526)
Net cash flows used in investing activities		(364,589,855)	(1,225,726,396)	(1,123,817,888)	(1,560,216,097)
Cash flows from financing activities:					
Decrease (increase) in bank overdrafts and short-term loans from financial institutions		4,936,969	(358,965,927)	-	-
Dividend paid	22	(2,993,715,874)	(1,496,857,937)	(2,993,715,874)	(1,496,857,937)
Net cash flows used in financing activities		(2,988,778,905)	(1,855,823,864)	(2,993,715,874)	(1,496,857,937)
Increase (decrease) in translation adjustments		409,164,261	(124,898,707)	-	-
Net increase in cash and cash equivalents		2,004,738,493	3,167,013,550	680,419,374	2,558,620,224
Unrealised gain on exchange for cash and cash equivalents		166,275,735	102,169,966	214,150,875	129,305,840
Cash and cash equivalents at beginning of year		12,781,778,448	9,512,594,932	8,697,360,220	6,009,434,156
Cash and cash equivalents at end of year		14,952,792,676	12,781,778,448	9,591,930,469	8,697,360,220
		-	-	-	-

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 2013

1. Corporate information

Delta Electronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Deltron Holding Limited, which is incorporated in the Channel Islands. 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 28 September 2011, 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>2013</u>	<u>2012</u>
			Percent	Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Energy Systems (Switzerland) AG	Holding business, manufacture, trading, research and development of electronic products	Switzerland	100	100
Delta Green Industrial (Thailand) Company Limited	Manufacture and distribution of electronic products	Thailand	100	100
Delta Energy Systems (Singapore) Pte.Ltd.	Holding business	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>2013</u>	<u>2012</u>
			Percent	Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited	Trading of electronic products	The British Virgin Islands	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH	Research, development 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	-
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 Electronics Europe Limited	Trading of electronic products	Scotland	100	100
DET SGP Pte. Ltd.	Holding business and marketing and after sales services	Singapore	100	100
Delta India Electronics Pvt. Ltd. (owned by DET SGP Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Greentech SGP Pte. Ltd. (Note 2.2.6) (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	45	100
Delta Greentech International (Singapore) Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	100	100
Delta Power Solutions (India) Pvt. Ltd. (owned by Delta Greentech International (Singapore) Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100

The subsidiaries which the Company owns through Delta Energy Systems (Switzerland) AG are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2013</u> Percent	<u>2012</u> Percent
Delta Energy Systems (Czech republic) spol.s.r.o.	Trading of electronic products	Czech Republic	100	100
Delta Energy Systems (Spain) S.L.	Trading of electronic products	Spain	100	100
Delta Energy Systems (France) S.A.	Trading of electronic products	France	100	100
Delta Energy Systems (Italy) s.r.l.	Trading of electronic products	Italy	100	100
Delta Energy Systems (Sweden) AB.	Trading of electronic products	Sweden	100	100
Delta Energy Systems (Finland) Oy.	Manufacture and trading of electronic products	Finland	100	100
Delta Energy Systems (Poland) Sp.z.o.o	Trading of electronic products	Poland	100	100
Delta Energy Systems LLC.	Trading of electronic products	Russia	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2013</u> Percent	<u>2012</u> Percent
Delta Energy Systems (Australia) Pty. Ltd.	Marketing and after sales services	Australia	100	100
Delta Greentech (Netherlands) Cooperatie U.A. *	Holding business	The Netherlands	100	-
Delta Greentech (Netherlands) BV. * (owned by Delta Greentech (Netherlands) Cooperatie U.A.)	Holding business	The Netherlands	100	-
Delta Greentech Electronics Industry LLC. * (owned by Delta Greentech (Netherlands) BV.)	Manufacture, marketing and distribution of electronic products	Turkey	100	-
Delta Greentech (USA) Corporation * (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	USA	100	-
Delta Greentech (Brazil) S.A. * (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	Brazil	100	-
Delta Greentech (Curitiba) Limited * (owned by Delta Greentech (Brazil) S.A.)	Engineering	Brazil	100	-

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2013	2012
			Percent	Percent

* The subsidiary companies, which were indirectly held their shares by DET International Holdings Limited, are currently held their shares by Delta Energy Systems (Singapore) Pte. Ltd.

- 2.2.2 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.
- 2.2.3 The financial statements of the subsidiary companies are prepared using the same significant accounting policies as the Company.
- 2.2.4 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.
- 2.2.5 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.6 On 2 April 2013, Delta Greentech International Holding Limited sold a 55 percent shareholding in Delta Greentech SGP Pte. Ltd. to a related company at a price of approximately USD 15 million, or approximately Baht 439 million, which is close to price assessed by an independent valuer, with a gain on the sale of approximately USD 8.5 million, or approximately Baht 261 million. As a result of the sale, the subsidiary's shareholding in Delta Greentech SGP Pte. Ltd. decreased to 45 percent. The remaining balance of this investment has therefore been recorded as investment in associated company and, as a result, the 8% investment in Delta Greentech (China) Company Limited held by Delta Greentech SGP Pte. Ltd. has been excluded from the Company's consolidated financial statements.
- 2.3 The separate financial statements, which present investments in subsidiary companies under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements. However, the Company and its subsidiaries have early adopted the new TAS 12 "Incomes Taxes" before the effective date.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

	<u>Effective date</u>
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	1 January 2014
TFRS 3 (revised 2012) Business Combinations	1 January 2014
TFRS 4 Insurance Contracts	1 January 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012) Operating Segments	1 January 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	1 January 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32 Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10 Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014
TFRIC 17 Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18 Transfers of Assets from Customers	1 January 2014

The management of the Company and its subsidiaries have assessed the effect of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations and believes that they

do not have any significant impact on the financial statements for the year when they are initially applied.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

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

Rendering of services

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

Interest income

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

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 standard cost (which approximates actual cost) and net realisable value. Actual cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of standard cost (which approximates actual cost) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investment in associated company is 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 loss on diminution in value (if any).

- c) Investments in the ordinary shares of other companies, which the Company and its subsidiary classify as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Investment properties

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

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

4.7 Property, plant and equipment/Depreciation

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

Building	20 - 50 years
Land improvement	1 - 10 years
Machinery and equipment	5 - 20 years
Molds and toolings	2 - 10 years
Installation	1 - 20 years
Furniture, fixtures and office equipment	5 - 10 years
Computer	2 - 5 years
Motor vehicles	3 - 5 years

Depreciation is recognised in profit or loss.

No depreciation is provided for land and construction in progress.

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

4.8 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, they 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.

The useful life of patents is approximately 20 years.

4.9 Goodwill

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

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

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

4.10 Related party transactions

Related parties comprise enterprises and individuals 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 which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel and directors with

authority in the planning and direction of the operations of the Company and its subsidiaries.

4.11 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.

4.12 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.

4.13 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 a 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 Company and its subsidiaries contributions 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.

Actuarial gains and losses arising from post-employment benefits are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised actuarial gains or losses, unrecognised past service costs and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the reporting entity, nor can they be paid directly to the reporting entity.

4.14 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.

4.15 Research and development expenses

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

4.16 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.

4.17 Forward currency contracts

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

5. Significant accounting judgments and estimates

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

Allowance for doubtful accounts

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

Impairment of equity investments

The subsidiaries treat other investments 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 Company's and its subsidiaries' 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 judgments 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 other 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 in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment 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 assessment and litigation

The Company and its subsidiaries have contingent liabilities as a result of tax assessment and the litigation. The management has used judgment to assess of the results of the tax assessment and the litigation and believes that no loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing policy
	financial statements		financial statements		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	9,567	9,459	With reference to market price
Purchase of raw materials	-	-	66	218	With reference to market price
Commission paid	-	-	171	227	Contract price
Marketing fee	-	-	258	280	Contract price
Design and engineering fee	-	-	1,049	1,113	Contract price
Services income	-	-	6	-	Agreed upon basis
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,613	1,367	1,568	1,337	With reference to market price
Purchase of goods and raw materials	2,596	3,538	157	286	With reference to market price
Commission paid	273	331	273	331	Contract price
Commission received	61	73	-	-	Contract price
Services income	151	93	-	-	Agreed upon basis

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade accounts receivables, related parties (Note 7)</u>				
Subsidiary companies	-	-	3,339	1,915
Other related companies (under common control)	428	362	360	311
Total trade accounts receivables, related parties	<u>428</u>	<u>362</u>	<u>3,699</u>	<u>2,226</u>

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade accounts payables, related parties (Note 17)</u>				
Subsidiary companies	-	-	15	63
Other related companies (under common control)	878	1,008	32	48
Total trade accounts payables, related parties	<u>878</u>	<u>1,008</u>	<u>47</u>	<u>111</u>

Amounts due to related parties (Note 17)

Subsidiary companies	-	-	957	154
Other related companies (under common control)	198	215	85	73
Total amounts due to related parties	<u>198</u>	<u>215</u>	<u>1,042</u>	<u>227</u>

Directors and management's benefits

During the year ended 31 December 2013 and 2012, 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	196	238	86	80
Post-employment benefits	16	14	1	1
Total	<u>212</u>	<u>252</u>	<u>87</u>	<u>81</u>

7. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Trade receivables, related parties</u>				
Aged on the basis of due dates				
Current	419	354	3,461	2,048
Past due 1 - 3 months	9	8	238	178
Total	<u>428</u>	<u>362</u>	<u>3,699</u>	<u>2,226</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Current	6,918	5,750	2,851	2,139
Past due 1 - 3 months	828	846	201	199
Past due 3 - 6 months	76	69	1	3
Past due 6 - 12 months	34	19	1	-
Past due over 12 months	58	32	-	-
Total	<u>7,914</u>	<u>6,716</u>	<u>3,054</u>	<u>2,341</u>
Total trade accounts receivable	8,342	7,078	6,753	4,567
Less: Allowance for doubtful accounts	(156)	(141)	(12)	(12)
Total trade receivables - net	<u>8,186</u>	<u>6,937</u>	<u>6,741</u>	<u>4,555</u>
<u>Other receivables</u>				
Other receivables	68	90	6	8
Total other receivables	<u>68</u>	<u>90</u>	<u>6</u>	<u>8</u>
Trade and other receivables - net	<u>8,254</u>	<u>7,027</u>	<u>6,747</u>	<u>4,563</u>

8. Inventories

(Unit: Million Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	3,404	3,108	(464)	(394)	2,940	2,714
Work in process	545	459	-	-	545	459
Raw materials	2,474	2,495	(482)	(627)	1,992	1,868
Goods in transit	472	425	-	-	472	425
Total	6,895	6,487	(946)	(1,021)	5,949	5,466

(Unit: Million Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Finished goods	1,530	1,712	(131)	(157)	1,399	1,555
Work in process	451	395	-	-	451	395
Raw materials	1,546	1,592	(272)	(345)	1,274	1,247
Goods in transit	132	70	-	-	132	70
Total	3,559	3,769	(403)	(502)	3,256	3,267

9. Other current assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Input tax refundable	525	494	56	71
Advance payments	88	53	20	11
Prepaid expenses	179	65	24	27
Prepaid tax	147	174	-	-
Forward contracts receivable	2	24	-	10
Others	77	42	13	8
Total other current assets	1,018	852	113	127

10. Investment in associated company

10.1 Details of investment in associated company as mentioned in Note 2.2.6 to the financial statements:

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method		Share of profit from investment in associate during the year	
			<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
			%	%						
Delta Greentech SGP Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Investment	Singapore	45	-	157	-	175	-	18	-
Translation adjustment					-	-	19	-	-	-
Total investment in associated company					<u>157</u>	<u>-</u>	<u>194</u>	<u>-</u>	<u>18</u>	<u>-</u>

10.2 Summarised financial information of associated company:

Financial information of the associated company is summarised below.

(Unit: Million USD)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the year ended		Profit for the year ended	
	as at 31 December		as at 31 December		as at 31 December		31 December		31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Delta Greentech SGP Pte. Ltd.	12	12	15	12	-	-	1	1	1	1

11. Investments in subsidiary companies

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

Company's name	Paid-up capital		Cost		
	Foreign currency	2013	2012	2013	2012
		(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Energy Systems (Switzerland) AG	CHF	20	20	2,415	2,415
Delta Green Industrial (Thailand) Company Limited	THB	190	190	190	190
Delta Energy Systems (Singapore) Pte. Ltd.	USD	30	0.40	892	12
Subtotal				12,947	12,067
Less: Loss on impairment of investments in subsidiary companies				(2,196)	(2,196)
Investments in subsidiary companies - net				<u>10,751</u>	<u>9,871</u>

During the year, there was no dividend received from the above subsidiary companies.

12. Other long-term investments

Company's name	Shareholding percentage		Consolidated financial statements	
	2013	2012	2013	2012
	%	%		
IP Fund One, L.P. (owned by DET International Holding Limited)	-	3.84	-	241
Delta Greentech (China) Company Limited (owned by Delta Greentech SGP Pte. Ltd., Note 2.2.6)	-	8.21	-	457
Total other long-term investments			-	698
Less: Allowance for diminution in value of other long-term investments			-	(178)
Translation adjustment			-	(108)
Other long-term investments - net			<u>-</u>	<u>412</u>

During the year 2013, the Company received dividend amounting to approximately USD 0.5 million or approximately Baht 13 million from IP Fund One, L.P. (2012: received dividend amounting to approximately USD 1.49 million or approximately Baht 46 million from Delta Greentech (China) Company Limited and amounting to approximately USD 0.12 million or approximately Baht 4 million from IP Fund One, L.P.).

IP Fund One, L.P. dissolved its business completely at the end of the reporting period.

13. Investment properties

The net book value of investment properties as at 31 December 2013 is presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building	Total
		for rent	
31 December 2013:			
Cost	44	247	291
<u>Less</u> Accumulated depreciation	-	(2)	(2)
Net book value	<u>44</u>	<u>245</u>	<u>289</u>

The Company and its subsidiaries believe that the book value of investment properties as at 31 December 2013 as stated in the financial statements is closed to the fair value, because the subsidiary purchased the land and office building during September 2013.

14. Property, plant and equipment

(Unit: Million Baht)

Consolidated financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2012	501	2,707	6,442	1,096	1,194	191	480	460	13,071
Purchase/transfer in	23	241	224	87	42	130	120	71	938
Disposal/write-off/transfer out	-	-	(327)	(40)	(9)	(244)	(54)	(59)	(733)
Translation adjustment	(1)	83	123	4	27	-	15	6	257
31 December 2013	523	3,031	6,462	1,147	1,254	77	561	478	13,533
Accumulated depreciation:									
31 December 2012	-	508	5,052	1,020	753	-	407	301	8,041
Depreciation for the year	-	67	492	80	64	-	89	40	832
Depreciation - disposal/write-off	-	-	(298)	(31)	(8)	-	(21)	(5)	(363)
Translation adjustment	-	9	115	3	9	-	17	12	165
31 December 2013	-	584	5,361	1,072	818	-	492	348	8,675
Allowance for impairment loss:									
31 December 2012	-	39	-	-	6	-	-	1	46
Increase during the year	-	36	-	-	9	-	-	-	45
31 December 2013	-	75	-	-	15	-	-	1	91
Net book value:									
As at 31 December 2012	501	2,160	1,390	76	435	191	73	158	4,984
As at 31 December 2013	523	2,372	1,101	75	421	77	69	129	4,767
Depreciation charge									
Year 2012 (Baht 580 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									798
Year 2013 (Baht 563 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									832

14. Property, plant and equipment (continued)

(Unit: Million Baht)

Consolidated financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2011	513	2,193	6,424	1,065	1,165	182	515	490	12,547
Purchase/transfer in	-	540	474	67	41	126	41	37	1,326
Disposal/write-off/transfer out	(4)	-	(433)	(35)	(7)	(115)	(70)	(55)	(719)
Translation adjustment	(8)	(26)	(23)	(1)	(5)	(2)	(6)	(12)	(83)
31 December 2012	501	2,707	6,442	1,096	1,194	191	480	460	13,071
Accumulated depreciation:									
31 December 2011	-	454	4,948	967	707	-	416	285	7,777
Depreciation for the year	-	57	486	87	54	-	65	49	798
Depreciation - disposal/write-off	-	-	(367)	(34)	(7)	-	(69)	(27)	(504)
Translation adjustment	-	(3)	(15)	-	(1)	-	(5)	(6)	(30)
31 December 2012	-	508	5,052	1,020	753	-	407	301	8,041
Allowance for impairment loss:									
31 December 2011	-	39	-	-	6	-	-	1	46
31 December 2012	-	39	-	-	6	-	-	1	46
Net book value:									
As at 31 December 2011	513	1,700	1,476	98	452	182	99	204	4,724
As at 31 December 2012	501	2,160	1,390	76	435	191	73	158	4,984
Depreciation charge									
Year 2011 (Baht 545 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									746
Year 2012 (Baht 580 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									798

14. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2012	313	1,343	5,067	1,061	883	120	228	118	9,133
Purchase/transfer in	-	29	170	87	38	111	8	59	502
Disposal/write-off/transfer out	-	-	(204)	(29)	(5)	(160)	(14)	(55)	(467)
31 December 2013	313	1,372	5,033	1,119	916	71	222	122	9,168
Accumulated depreciation:									
31 December 2012	-	367	3,957	993	661	-	194	94	6,266
Depreciation for the year	-	25	384	75	49	-	20	6	559
Depreciation - disposal/write-off	-	-	(182)	(22)	(6)	-	(14)	(5)	(229)
31 December 2013	-	392	4,159	1,046	704	-	200	95	6,596
Allowance for impairment loss:									
31 December 2012	-	39	-	-	6	-	-	1	46
Increase during the year	-	36	-	-	9	-	-	-	45
31 December 2013	-	75	-	-	15	-	-	1	91
Net book value:									
As at 31 December 2012	313	937	1,110	68	216	120	34	23	2,821
As at 31 December 2013	313	905	874	73	197	71	22	26	2,481
Depreciation charge									
Year 2012 (Baht 474 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									545

Year 2013 (Baht 487 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)

559

14. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2011	313	1,300	4,956	1,015	863	65	252	125	8,889
Purchase/transfer in	-	43	348	63	26	55	17	7	559
Disposal/write-off/transfer out	-	-	(237)	(17)	(6)	-	(41)	(14)	(315)
31 December 2012	313	1,343	5,067	1,061	883	120	228	118	9,133
Accumulated depreciation:									
31 December 2011	-	343	3,801	931	623	-	209	91	5,998
Depreciation for the year	-	24	366	79	43	-	26	7	545
Depreciation - disposal/write-off	-	-	(210)	(17)	(5)	-	(41)	(4)	(277)
31 December 2012	-	367	3,957	993	661	-	194	94	6,266
Allowance for impairment loss:									
31 December 2011	-	39	-	-	6	-	-	1	46
31 December 2012	-	39	-	-	6	-	-	1	46
Net book value:									
As at 31 December 2011	313	918	1,155	84	234	65	43	33	2,845
As at 31 December 2012	313	937	1,110	68	216	120	34	23	2,821
Depreciation charge									
Year 2011 (Baht 416 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									491
Year 2012 (Baht 474 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									545

As at 31 December 2013, certain machinery and equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 6,437 million (2012: Baht 6,125 million).

15. Other intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

	Consolidated financial statements				Separate financial statements
	Computer				Computer
	Patent rights	software	Others	Total	software
(Unit: Million Baht)					
Cost:					
31 December 2012	1,005	311	3	1,319	70
Purchase	-	30	7	37	7
Disposals	-	(124)	(4)	(128)	-
Translation adjustment	72	16	-	88	-
31 December 2013	1,077	233	6	1,316	77
Accumulated amortisation:					
31 December 2012	405	225	1	631	44
Amortisation for the year	50	36	-	86	13
Disposals	-	(87)	-	(87)	-
Translation adjustment	33	9	-	42	-
31 December 2013	488	183	1	672	57
Net book value:					
31 December 2012	600	86	2	688	26
31 December 2013	589	50	5	644	20

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements
	Computer			Total	Computer software
	Patent rights	software	Others		
Cost:					
31 December 2011	1,040	260	3	1,303	37
Purchase	-	71	3	74	35
Disposals	-	(12)	(3)	(15)	(2)
Translation adjustment	(35)	(8)	-	(43)	-
31 December 2012	1,005	311	3	1,319	70
Accumulated amortisation:					
31 December 2011	368	181	1	550	36
Amortisation for the year	51	61	-	112	9
Disposals	-	(12)	-	(12)	(1)
Translation adjustment	(14)	(5)	-	(19)	-
31 December 2012	405	225	1	631	44
Net book value:					
31 December 2011	672	79	2	753	1
31 December 2012	600	86	2	688	26

16. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Million Baht)	
	2013	2012
Current income tax:		
Current income tax charge	(53)	50
Adjustment in respect of current income tax of previous year	(10)	(21)
Deferred tax:		
Decrease in deferred tax assets	(6)	(22)
Decrease (increase) in deferred tax liabilities	13	(16)
Translation adjustment	(11)	-
Income tax expenses reported in the statement of comprehensive income	(67)	(9)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

	(Unit: Million Baht)	
	<u>2013</u>	<u>2012</u>
Accounting profit before tax	5,483	4,357
Income tax at Thai corporate income tax rate of 20% (2012: 23%)	(1,097)	(1,002)
Adjust in respect to current income tax of previous years	(12)	(21)
Tax savings from investment promotion	1,054	1,080
Difference in tax rates of subsidiaries in overseas countries	(56)	4
Tax effect of loss for the current year	(14)	(46)
Others	58	(24)
Income tax expenses reported in the statement of comprehensive income	(67)	(9)

The tax rate enacted at the end of the reporting period of the subsidiaries in overseas countries are 0% to 42%.

As of 31 December 2013 and 2012, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Million Baht)	
	<u>2013</u>	<u>2012</u>
Deferred tax assets		
Allowance for doubtful accounts	10	11
Allowance for diminution in value of inventories	31	83
Bonus payable	11	19
Provision for warranty	75	46
Tax savings from promotional privileges	132	119
Tax loss brought forward	44	8
Others	15	33
Total	318	319
Deferred tax liabilities		
Difference depreciation for tax purpose	36	49
Total	36	49

As at 31 December 2013, the Company and its subsidiaries have unused tax losses totaling Baht 23 million, INR 184 million or approximately Baht 97 million and EUR 59 million or approximately Baht 2,408 million (2012: Baht 28 million, INR 151 million or approximately Baht 89 million and EUR 61 million or approximately Baht 2,438 million), on which deferred tax assets have not been recognised. This is because 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 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 unused tax losses.

17. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - related parties	878	1,008	47	111
Trade payables - unrelated parties	4,945	4,407	3,798	3,407
Amount due to related parties	198	215	1,042	227
Other payables	329	484	294	400
Accrued expenses	2,321	1,840	1,236	810
Advance received	298	190	143	122
Total trade and other payables	<u>8,969</u>	<u>8,144</u>	<u>6,560</u>	<u>5,077</u>

18. Other current liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Forward contracts payable	147	4	62	-
Withholding tax payable	81	89	45	51
Value added tax payable	98	70	-	-
Others	61	77	13	11
Total other current liabilities	<u>387</u>	<u>240</u>	<u>120</u>	<u>62</u>

19. Provision for long-term employee benefits

The amount related to long-term employee benefits recognised in the statements of comprehensive income and the statements of financial position are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current service cost	51	57	17	19
Interest cost	55	68	6	7
Expected return on plan assets	(28)	(29)	-	-
Recognised actuarial losses	28	23	-	20
Recognised service costs	-	(21)	-	-
Long-term employee benefit expenses for the year	106	98	23	46

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Defined benefit obligation	(2,253)	(2,163)	(210)	(222)
Fair value of plan assets	807	729	-	-
	(1,446)	(1,434)	(210)	(222)
Unrecognised actuarial losses	460	568	83	105
Provisions for long-term employee benefits as at 31 December	(986)	(866)	(127)	(117)

The changes in the present value of the defined benefit obligation are as follow:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Defined benefit obligation at beginning of year	(2,163)	(1,978)	(222)	(206)
Current service cost	(51)	(57)	(17)	(19)
Interest cost	(55)	(68)	(6)	(7)
Contribution by plan participants	(16)	(19)	-	-
Benefits paid during the year	145	112	13	10
Actuarial gains (losses)	91	(187)	22	-
Past service costs	-	21	-	-

Translation adjustments	<u>(204)</u>	<u>13</u>	<u>-</u>	<u>-</u>
Defined benefit obligation at end of year	<u><u>(2,253)</u></u>	<u><u>(2,163)</u></u>	<u><u>(210)</u></u>	<u><u>(222)</u></u>

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Fair value of plan assets at beginning of year	729	733	-	-
Expected return from plan assets	28	29	-	-
Contributions by employer	21	24	-	-
Contribution by plan participants	16	19	-	-
Benefits paid during the year	(88)	(60)	-	-
Actuarial gains (losses)	31	(13)	-	-
Translation adjustments	70	(3)	-	-
Fair value of plan assets at end of year	<u><u>807</u></u>	<u><u>729</u></u>	<u><u>-</u></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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Debt securities	131	118	-	-
Equity securities	172	178	-	-
Properties	359	302	-	-
Others	145	131	-	-

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rates	1.9 - 8.5	1.8 - 8.8	4.3	3.7
Expected rates of return on plan assets	4.0 - 8.5	4.0 - 8.5	-	-
Future salary increase rates (depending on age)	0.5 - 11.0	1.0 - 8.5	7.0 - 11.0	8.0
Staff turnover rates (depending on age)	0.5 - 24.2	0.0 - 26.0	4.0 - 13.0	3.0 - 12.0

Amounts for the current and previous four years of long-term employee benefits are as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Defined benefit obligation	(2,253)	(2,163)	(1,978)	(1,845)	(1,897)
Fair value of plan assets	807	729	733	684	672
Deficit	(1,446)	(1,434)	(1,245)	(1,161)	(1,225)
Loss from experience adjustments					
on plan Liabilities	(20)	(1)	(33)	(15)	(3)
Loss from experience adjustments					
on plan assets	-	-	(1)	(7)	(16)

(Unit: Million Baht)

	Separate financial statements				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Defined benefit obligation	(210)	(222)	(206)	(96)	(85)
Loss from experience adjustments					
on plan Liabilities	(19)	-	(81)	-	-

20. Provisions

These comprise the following:

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Restructuring costs	Warranty	Other provisions	Total	Warranty	Total
Balance as at 31 December 2011	20	205	257	482	17	17
Recognition during year	186	205	112	503	3	3
Decrease during year	(49)	-	(66)	(115)	-	-
Reversal during year	(6)	(148)	(207)	(361)	-	-
Translation adjustment	2	(2)	(5)	(5)	-	-
Balance as at 31 December 2012	153	260	91	504	20	20
Recognition during year	22	159	236	417	48	48
Decrease during year	(150)	(1)	(33)	(184)	-	-
Reversal during year	(15)	(234)	(101)	(350)	-	-
Translation adjustment	18	10	22	50	-	-
Balance as at 31 December 2013	28	194	215	437	68	68
Short-term provisions	152	23	70	245	-	-
Long-term provisions	1	237	21	259	20	20
Balance as at 31 December 2012	153	260	91	504	20	20
Short-term provisions	28	40	179	247	-	-
Long-term provisions	-	154	36	190	68	68
Balance as at 31 December 2013	28	194	215	437	68	68

21. Statutory reserve

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

22. Dividends

Dividends declared in 2013 and 2012 consisted of the followings:

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

23. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salaries, wages and other employee benefits	6,954	6,831	3,617	3,245
Raw materials used and purchase of finished goods	24,849	24,881	16,567	16,304
Changes in inventories of finished goods and work in progress	211	(27)	(242)	(127)
Depreciation	832	798	559	545
Commission expenses	515	657	553	633
Marketing fee	50	5	258	285
Design and engineering fee	246	258	1,049	1,113
Amortisation of intangible assets	86	112	13	9
Restructuring expenses	-	180	-	-

24. 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	
	1404(1)/2544	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	2062(1)/2553	1813(2)/2554	1814(2)/2554
1. Certificate No.	1404(1)/2544	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	2062(1)/2553	1813(2)/2554	1814(2)/2554
2. Promotional privileges for	Manufacturing of DC FAN	Manufacturing of SPS and electro - magnetic products	Manufacturing of electro-magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication and electronics products for vehicle	Manufacturing of telecommunication	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	8 years	7 years (Maximum amount Baht 90,690,852)	7 years (Maximum amount Baht 298,170,000)	8 years	8 years	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 199,000,000)
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Granted	Non - granted	Granted	Granted	Non - granted	Granted	Granted	Granted
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted
4. Date of first earning operating income	2 June 2006	27 January 2009	4 January 2010	15 March 2013	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation
5. Additional right and benefit	-	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Separate financial statements</u>						
Sales						
Domestic sales	420	647	-	-	420	647
Export sales	27,967	26,946	296	97	28,263	27,043
Total	<u>28,387</u>	<u>27,593</u>	<u>296</u>	<u>97</u>	<u>28,683</u>	<u>27,690</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.
- Delta Power Solutions (India) Pvt. Ltd. was granted tax privileges by the Government of India for the manufacture of Telecom Power Systems and Un-interrupted Power Solutions 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.

25. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the years ended 31 December 2013 and 2012 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Revenue									
Revenue from external customers	29,306	28,439	10,130	9,643	521	364	1,244	2,333	41,201	40,779
Total revenue	<u>29,306</u>	<u>28,439</u>	<u>10,130</u>	<u>9,643</u>	<u>521</u>	<u>364</u>	<u>1,244</u>	<u>2,333</u>	<u>41,201</u>	<u>40,779</u>
Segment profit (loss)	5,994	5,513	425	(59)	55	(79)	(1,750)	(1,189)	4,724	4,186
Unallocated income (expenses):										
Interest income									194	194
Gain on exchange rate									272	152
Gain on sales of investment in subsidiary									261	-
Dividend income from other long-term investments									13	50
Other income									419	353
Other expenses									(355)	(484)
Finance cost									(63)	(95)
Share of profit from investment in an associated company									18	-
Profit before income tax expenses									5,483	4,356
Income tax expenses									(67)	(9)
Profit for the year									<u>5,416</u>	<u>4,347</u>

- 1) The power electronics segment is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and automotive electronic products. The main products are DC-DC Converter, Power supply for Computer & Server, DES product, Automotive electronic product, Fan and thermal product, Adaptor product for industrial and private consumer, Solenoid and EMI filters etc.
- 2) The energy management segment is a business segment which designs, manufactures, and sales of power supplies/converters and electromechanical products applied to communication, information, network and renewable energy. The main products are Telecom Power System, Industrial Power System, Uninterruptible Power Supplies (UPS), Photovoltaic Inverter (PIV) and Industrial automation product etc.
- 3) The smart green life segment is a business segment which designs, manufactures, and sales of LED lighting product and display solutions.

Geographic information:

	(Unit: Million Baht)	
	<u>2013</u>	<u>2012</u>
Revenue from external customers is based on locations of the customers		
United States	10,617	11,251
China	6,323	6,489
Germany	3,715	3,223
India	3,693	2,798
Taiwan	3,320	2,580
Others	13,533	14,438
Total	<u>41,201</u>	<u>40,779</u>

	(Unit: Million Baht)	
	<u>2013</u>	<u>2012</u>
Non-current assets*		
Thailand	2,578	2,921
Slovakia	1,264	1,190
Germany	597	171
India	595	696
Others	666	694
Total	<u>5,700</u>	<u>5,672</u>

* other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts

26. 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 6 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. During the year 2013, the Company contributed Baht 54,739,899 (2012: Baht 50,846,706) to the fund.

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.

27. Commitments and contingent liabilities

27.1 Capital commitments and operating lease commitments

27.1.1 As at 31 December 2013, the Company and its subsidiaries had significant capital commitments amounting to Baht 3 million in respect of the building construction (2012: Baht 0.2 million) and amounting to Baht 87 million, EUR 0.2 million or approximately Baht 7 million and INR 10 million or approximately Baht 5 million in respect of the purchase of machinery and equipment (2012: Baht 95 million and INR 3 million or approximately Baht 1 million).

27.1.2 As at 31 December 2013, the subsidiaries had significant operating lease commitments amounting to SEK 2 million or approximately Baht 9 million, PLN 1 million or approximately Baht 13 million, CHF 1 million or approximately Baht 21 million, GBP 0.4 million or approximately Baht 24 million, INR 87 million or approximately Baht 46 million and EUR 6 million or approximately Baht 260 million (2012: CHF 0.8 million or approximately Baht 29 million, EUR 5 million or approximately Baht 184 million and INR 145 million or approximately Baht 81 million).

27.2 Guarantee obligations

As at 31 December 2013, the Company and its subsidiaries had the following outstanding letters of guarantee required in the ordinary course of their businesses:

27.2.1 Outstanding letters of guarantee totaling approximately Baht 1,160 million (2012: Baht 1,161 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,135 million (2012: Baht 1,135 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 27.3.1 to the financial statements).

27.2.2 Outstanding letters of guarantee for totals of approximately INR 226 million or approximately Baht 119 million, EUR 1 million or approximately Baht 61 million, USD 1 million or approximately Baht 37 million and BRL 3 million or approximately Baht 35 million have been issued by banks to meet requirements of its subsidiaries (2012: INR 142 million or approximately Baht 79 million, EUR 2 million or approximately Baht 87 million and USD 2 million or approximately Baht 62 million).

27.3 Tax assessment

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

In addition, during the year 2012, the Company received notice of corporate income tax assessment covering the years 2001 through 2004 from the Revenue Department, assessing tax amounting to approximately Baht 401 million (including penalties and surcharges). The Company submitted a letter appealing the assessment to the Tax Appeal Committee of the Revenue Department. During the current year, the Committee rejected the Company’s appeal. However, on 3 October 2013, the Company petitioned the Central Tax Court to consider revoking this tax assessment. The appeal is currently under the consideration of the Central Tax Court.

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

27.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 92 million or approximately Baht 48 million, covering the years 2003 - 2014, and sales tax and excise duties of approximately INR 59 Million or approximately Baht 31 million, covering the years 2005 - 2010, against the overseas subsidiaries. The subsidiaries have submitted a letter appealing the assessments. However, as at 31 December 2013, those subsidiaries had recorded prepaid tax amounting to approximately INR 177 million or approximately Baht 93 million and income tax payable amounting to INR 5 million or approximately Baht 3 million in their books of accounts. The management of the Company and the subsidiaries believe that no significant losses will be incurred as a result of this matter and the subsidiaries have therefore not recorded provision for this tax assessment.

28. Financial instruments

28.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, other accounts receivable, investments, short-term loans, accounts payable and other accounts payable. 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 accounts receivable and other receivable. 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 concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivable 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 Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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.

Consolidated financial statements

As at 31 December 2013

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non-interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	105	-	-	13,455	1,393	14,953	0.01 - 3.50
Trade receivables	-	-	-	-	8,186	8,186	-
Other receivables	-	-	-	-	68	68	-
Deposits at bank with restrictions	-	-	-	-	121	121	-
Total	105	-	-	13,455	9,768	23,328	

Financial liabilities

Bank overdraft and short-term loans from financial institutions	667	-	-	-	-	667	1.25 - 13.68
Trade payables	-	-	-	-	5,823	5,823	-
Amount due to related parties	-	-	-	-	198	198	-
Other payables	-	-	-	-	329	329	-
Total	667	-	-	-	6,350	7,017	

Consolidated financial statements

As at 31 December 2012

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non-interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	473	-	-	10,879	1,430	12,782	0.01 - 3.58
Trade receivables	-	-	-	-	6,937	6,937	-
Other receivables	-	-	-	-	90	90	-
Deposits at bank with restrictions	-	-	-	2	149	151	0.52
Total	473	-	-	10,881	8,606	19,960	

Financial liabilities

Bank overdraft and short-term loans from financial institutions	661	-	-	-	-	661	0.86 - 12.50
Trade payables	-	-	-	-	5,415	5,415	-
Amount due to related parties	-	-	-	-	215	215	-
Other payables	-	-	-	-	484	484	-

Total	661	-	-	-	6,114	6,775
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Separate financial statements

As at 31 December 2013

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within		Over	Floating	Non-interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	9,558	34	9,592	0.10 - 3.30
Trade receivables	-	-	-	-	6,741	6,741	-
Other receivables	-	-	-	-	6	6	-
Total	-	-	-	9,558	6,781	16,339	
Financial liabilities							
Trade payables	-	-	-	-	3,845	3,845	-
Amount due to related parties	-	-	-	-	1,042	1,042	-
Other payables	-	-	-	-	294	294	-
Total	-	-	-	-	5,181	5,181	

Separate financial statements

As at 31 December 2012

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within		Over	Floating	Non-interest		
	1 year	1-5 years	5 years	interest rate	bearing		
	(Million Baht)						
Financial assets							
Cash and cash equivalents	-	-	-	8,697	-	8,697	0.10 - 2.45
Trade receivables	-	-	-	-	4,555	4,555	-
Other receivables	-	-	-	-	8	8	-
Total	-	-	-	8,697	4,563	13,260	
Financial liabilities							
Trade payables	-	-	-	-	3,518	3,518	-
Amount due to related parties	-	-	-	-	227	227	-
Other payables	-	-	-	-	400	400	-
Total	-	-	-	-	4,145	4,145	

Foreign currency risk

The Company and its subsidiaries have significant foreign currency risk in respect of the purchase and sales transactions, lending and borrowing, and investments in foreign companies. As at 31 December 2013 and 2012, outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	As at 31 December					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	245	133	146	120	32.8136	30.6316
Euro	13	14	5	7	45.0217	40.5563
Japanese yen	147	47	121	76	0.3130	0.3545
Swiss franc	-	-	1	-	36.6976	-
Polish zloty	4	23	-	1	10.8565	9.9557
Singapore dollar	1	-	-	-	25.8826	-

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate except for the foreign currency risk arising from investments in foreign countries, which the Company and its subsidiaries consider to have an insignificant effect to the financial statements.

As at 31 December 2013 and 2012, the outstanding derivatives are as follows:

Forward contracts

	As at 31 December 2013					
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	117	million	31.20200 - 33.11000	THB/USD	January - April 2014
USD/CHF	USD	7	million	0.88722 - 0.91605	CHF/USD	January 2014
EUR/USD	EUR	2	million	1.34202 - 1.37385	USD/EUR	January 2014
USD/TRY	USD	4	million	2.02200 - 2.02320	TRY/USD	January 2014
PLN/CHF	PLN	3	million	3.43450 - 3.43470	PLN/CHF	January 2014
USD/BRL	USD	2	million	2.30000 - 2.30860	BRL/USD	January 2014
EUR/SEK	EUR	1	Million	8.92800 - 9.06020	SEK/EUR	January 2014
Forward contracts to "Buy"						
USD/RUB	USD	5	million	32.95580 - 33.32480	RUB/USD	January 2014
USD/INR	USD	6	million	61.80500 - 63.55250	INR/USD	January - March 2014
EUR/CHF	EUR	2	Million	1.22390 - 1.23100	CHF/EUR	January 2014

As at 31 December 2013						
Amount			Forward rate		Maturity date	
USD/AUD	USD	1 million	0.90370	USD/AUD	January 2014	
As at 31 December 2012						
Amount			Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	101 million	30.71000 - 31.19500	THB/USD	January - April 2013	
USD/CHF	USD	3 million	0.93140 - 0.93210	CHF/USD	January 2013	
USD/TRY	USD	5 million	1.78770 - 1.81250	TRY/USD	January 2013	
EUR/CHF	EUR	8 million	1.20375 - 1.21142	CHF/EUR	January 2013	
PLN/CHF	PLN	4 million	3.38870 - 3.50000	PLN/CHF	January 2013	
USD/BRL	USD	4 million	2.04900 - 2.09750	BRL/USD	January 2013	
Forward contracts to "Buy"						
USD/RUB	USD	5 million	31.09110 - 32.01540	RUB/USD	January 2013	
USD/INR	USD	2 million	54.60000 - 55.17000	INR/USD	January 2013	
EUR/USD	EUR	2 Million	1.28165 - 1.31060	USD/EUR	January 2013	
USD/CHF	USD	2 million	0.91140 - 0.91150	CHF/USD	January 2013	

28.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

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

29. 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 its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.46:1 (2012: 0.47:1) and the Company's was 0.26:1 (2012: 0.22:1).

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2014.