

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

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

Opinion

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

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

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

Provision for diminution in value of inventory

Estimating the net realisable value of inventory, as disclosed in the Note 10 to the financial statements, is an area of significant management judgement, and the inventories of the Company are high technology products, which become obsolete faster than some other products. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

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

Impairment of goodwill and patents

As at 31 December 2019, the Company and its subsidiaries had goodwill and patents amounting to Baht 418 million and Baht 245 million, respectively. I have focused on the consideration of the impairment of the goodwill and patents because the assessment of impairment of goodwill and patents is a significant accounting estimate requiring the management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate. There is thus a risks with respect to the amounts of goodwill and patents.

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

Other Matter

The consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the year ended 31 December 2018 were audited by another auditor of our office who expressed an unmodified opinion on those financial statements, under his report dated 18 February 2019.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 17 February 2020

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	12,393,643,138	15,607,754,313	6,233,096,752	9,752,995,934
Current investments	8	1,698,291	222,745,162	-	-
Trade and other receivables	9	9,739,299,430	11,558,015,847	9,467,964,951	11,047,646,030
Inventories	10	8,963,489,681	9,460,866,572	5,745,784,778	5,807,619,466
Other current assets	11	1,280,764,440	1,059,026,514	307,190,209	325,764,679
Total current assets		32,378,894,980	37,908,408,408	21,754,036,690	26,934,026,109
Non-current assets					
Deposits at bank with restrictions		49,713,553	55,047,683	-	-
Investments in associated companies	12	464,294,219	536,334,270	-	-
Investments in subsidiary companies	13	-	-	14,085,115,632	11,881,691,992
Investment properties	14	218,445,219	236,735,082	-	-
Property, plant and equipment	15	11,402,815,640	7,956,876,239	6,647,546,003	4,787,400,380
Land-use rights	16	197,730,522	220,027,996	-	-
Goodwill	17	417,964,026	438,413,314	-	-
Other intangible assets	18	413,753,297	476,225,161	633,148	1,515,126
Deferred tax assets	28	259,680,778	238,845,682	-	-
Other non-current assets		154,992,772	133,778,872	3,417,111	2,574,605
Total non-current assets		13,579,390,026	10,292,284,299	20,736,711,894	16,673,182,103
Total assets		45,958,285,006	48,200,692,707	42,490,748,584	43,607,208,212

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	19	10,150,827,571	11,801,450,727	8,473,884,409	9,276,651,365
Income tax payable		50,621,512	56,428,557	-	-
Short-term provisions	22	92,157,542	13,391,589	-	-
Liabilities and provision from tax assessments	33.3.1	239,367,866	239,367,866	239,367,866	239,367,866
Other current liabilities	20	305,402,832	247,144,817	110,487,997	105,822,206
Total current liabilities		10,838,377,323	12,357,783,556	8,823,740,272	9,621,841,437
Non-current liabilities					
Deferred tax liabilities	28	114,013,746	144,452,338	-	-
Provision for long-term employee benefits	21	1,427,499,000	1,234,247,093	444,707,410	281,663,011
Long-term provisions	22	381,380,726	499,042,845	288,553,746	279,255,110
Other non-current liabilities		190,672,127	24,246,913	1,085,000	1,240,400
Total non-current liabilities		2,113,565,599	1,901,989,189	734,346,156	562,158,521
Total liabilities		12,951,942,922	14,259,772,745	9,558,086,428	10,183,999,958
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Surplus on business combination under					
common control		(1,004,027,399)	(1,004,027,399)	-	-
Retained earnings					
Appropriated - Statutory reserve	23	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		34,359,240,011	34,432,010,815	30,067,468,042	30,558,014,140
Other components of shareholders' equity		(3,210,182,797)	(2,356,674,090)	-	-
Equity attributable to owners of the Company		33,010,223,929	33,936,503,440	32,932,662,156	33,423,208,254
Non-controlling interests of the subsidiary		(3,881,845)	4,416,522	-	-
Total shareholders' equity		33,006,342,084	33,940,919,962	32,932,662,156	33,423,208,254
Total liabilities and shareholders' equity		45,958,285,006	48,200,692,707	42,490,748,584	43,607,208,212
		-	-	-	-

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		50,442,231,875	52,427,893,198	40,083,739,037	40,115,801,600
Service income		729,378,299	638,753,472	38,164,553	8,611,939
Other income					
Interest income		237,881,712	240,298,988	95,527,873	125,240,590
Gain on exchange		33,449,768	176,496,546	92,429,033	235,038,615
Others		428,881,444	401,062,272	333,583,660	282,290,188
Total revenues		51,871,823,098	53,884,504,476	40,643,444,156	40,766,982,932
Expenses					
Cost of sales		40,150,630,485	40,289,266,369	31,581,614,290	30,382,509,942
Cost of services		546,481,523	654,704,408	22,554,782	3,977,931
Selling and distribution expenses	25	3,734,355,349	3,787,772,564	2,698,062,090	2,619,345,672
Administrative expenses		1,732,913,722	1,561,394,629	989,297,471	880,283,971
Research and development expenses	26	2,713,199,840	2,095,731,980	2,800,489,702	2,061,861,162
Other expenses		46,819,035	203,935,959	132,303,253	256,350,881
Total expenses		48,924,399,954	48,592,805,909	38,224,321,588	36,204,329,559
Profit before share of profit from investments in associated companies, finance cost and income tax expenses					
		2,947,423,144	5,291,698,567	2,419,122,568	4,562,653,373
Share of profit from investments in associated companies	12	24,849,891	52,731,053	-	-
Profit before finance cost and income tax expenses		2,972,273,035	5,344,429,620	2,419,122,568	4,562,653,373
Finance cost		(1,836,483)	(9,421,057)	-	-
Profit before income tax expenses		2,970,436,552	5,335,008,563	2,419,122,568	4,562,653,373
Income tax expenses	28	(18,774,548)	(185,083,854)	-	-
Income tax expenses resulting from tax assessments	33.3.1	-	(23,485,937)	-	(23,485,937)
Profit for the year		2,951,662,004	5,126,438,772	2,419,122,568	4,539,167,436

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency - net of income tax		(793,488,536)	(986,006,687)	-	-
Share of other comprehensive income from investments					
in associated companies - net of income tax	12	(25,024,541)	9,950,084	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(818,513,077)	(976,056,603)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gains (losses) - net of income tax		(163,750,063)	40,964,635	(40,687,554)	-
Share of other comprehensive income from investments					
in associated companies - net of income tax	12	(34,995,630)	20,090,769	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(198,745,693)	61,055,404	(40,687,554)	-
Other comprehensive income for the year		(1,017,258,770)	(915,001,199)	(40,687,554)	-
Total comprehensive income for the year		1,934,403,234	4,211,437,573	2,378,435,014	4,539,167,436
Profit attributable to:					
Equity holders of the Company		2,959,960,371	5,137,028,684	2,419,122,568	4,539,167,436
Non-controlling interests of the subsidiary		(8,298,367)	(10,589,912)		
		<u>2,951,662,004</u>	<u>5,126,438,772</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,942,701,601	4,222,064,654	2,378,435,014	4,539,167,436
Non-controlling interests of the subsidiary		(8,298,367)	(10,627,081)		
		<u>1,934,403,234</u>	<u>4,211,437,573</u>		
Earnings per share					
30					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.37</u>	<u>4.12</u>	<u>1.94</u>	<u>3.64</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 2019

(Unit: Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
						Other components of shareholders' equity					
						Other comprehensive income			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
Issued and fully paid share capital	Share premium	Surplus on business combination under common control	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity				
			Appropriated	Unappropriated							
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	(1,004,027,399)	125,900,000	31,998,257,047	(1,461,409,748)	60,664,323	(1,400,745,425)	32,458,678,337	15,043,603	32,473,721,940
Profit for the year	-	-	-	-	5,137,028,684	-	-	-	5,137,028,684	(10,589,912)	5,126,438,772
Other comprehensive income for the year	-	-	-	-	40,964,635	(985,969,518)	30,040,853	(955,928,665)	(914,964,030)	(37,169)	(915,001,199)
Total comprehensive income for the year	-	-	-	-	5,177,993,319	(985,969,518)	30,040,853	(955,928,665)	4,222,064,654	(10,627,081)	4,211,437,573
Dividend paid (Note 24)	-	-	-	-	(2,744,239,551)	-	-	-	(2,744,239,551)	-	(2,744,239,551)
Balance as at 31 December 2018	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>(1,004,027,399)</u>	<u>125,900,000</u>	<u>34,432,010,815</u>	<u>(2,447,379,266)</u>	<u>90,705,176</u>	<u>(2,356,674,090)</u>	<u>33,936,503,440</u>	<u>4,416,522</u>	<u>33,940,919,962</u>
											-
Balance as at 31 December 2018	1,247,381,614	1,491,912,500	(1,004,027,399)	125,900,000	34,432,010,815	(2,447,379,266)	90,705,176	(2,356,674,090)	33,936,503,440	4,416,522	33,940,919,962
Profit for the year	-	-	-	-	2,959,960,371	-	-	-	2,959,960,371	(8,298,367)	2,951,662,004
Other comprehensive income for the year	-	-	-	-	(163,750,063)	(793,488,536)	(60,020,171)	(853,508,707)	(1,017,258,770)	-	(1,017,258,770)
Total comprehensive income for the year	-	-	-	-	2,796,210,308	(793,488,536)	(60,020,171)	(853,508,707)	1,942,701,601	(8,298,367)	1,934,403,234
Dividend paid (Note 24)	-	-	-	-	(2,868,981,112)	-	-	-	(2,868,981,112)	-	(2,868,981,112)
Balance as at 31 December 2019	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>(1,004,027,399)</u>	<u>125,900,000</u>	<u>34,359,240,011</u>	<u>(3,240,867,802)</u>	<u>30,685,005</u>	<u>(3,210,182,797)</u>	<u>33,010,223,929</u>	<u>(3,881,845)</u>	<u>33,006,342,084</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 2019

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2017	1,247,381,614	1,491,912,500	125,900,000	28,763,086,255	31,628,280,369
Profit for the year	-	-	-	4,539,167,436	4,539,167,436
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,539,167,436	4,539,167,436
Dividend paid (Note 24)	-	-	-	(2,744,239,551)	(2,744,239,551)
Balance as at 31 December 2018	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>30,558,014,140</u>	<u>33,423,208,254</u>
					-
Balance as at 31 December 2018	1,247,381,614	1,491,912,500	125,900,000	30,558,014,140	33,423,208,254
Profit for the year	-	-	-	2,419,122,568	2,419,122,568
Other comprehensive income for the year	-	-	-	(40,687,554)	(40,687,554)
Total comprehensive income for the year	-	-	-	2,378,435,014	2,378,435,014
Dividend paid (Note 24)	-	-	-	(2,868,981,112)	(2,868,981,112)
Balance as at 31 December 2019	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>30,067,468,042</u>	<u>32,932,662,156</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 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:				
Profit before tax	2,970,436,552	5,335,008,563	2,419,122,568	4,562,653,373
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,628,364,995	1,240,888,458	1,332,987,656	985,335,302
Amortisation	104,980,164	92,172,978	881,978	1,656,950
Recording of allowance for doubtful accounts (reversal)	61,936,537	26,679,294	(25,194,400)	15,965,990
Reduction of inventory to net realisable value	480,133,680	477,922,143	328,152,744	294,615,802
Reversal of the reduction to net realisable value of the obsolete and damaged inventories	(263,311,297)	(173,722,988)	(122,736,270)	(88,332,151)
Increase in provision for long-term employee benefits	185,130,052	63,741,232	144,174,989	28,676,290
Recording of the increase in provisions	138,714,289	106,283,110	44,726,852	49,218,437
Share of profit from investments in associated companies	(24,849,891)	(52,731,053)	-	-
Loss from disposal/write-off of property, plant and equipment	7,639,441	91,119,480	14,158,219	88,046,510
Loss from write-off of other intangible assets	1,854,733	106,732	-	-
Reversal of the allowance for impairment loss on assets	(85,951,413)	(9,343,900)	(85,951,413)	(9,343,900)
Unrealised gain on exchange	(33,004,292)	(12,516,029)	(25,001,622)	(46,395,785)
Interest income	(237,881,712)	(240,298,988)	(95,527,873)	(125,240,590)
Interest expenses	1,836,483	9,421,057	-	-
Profit from operating activities before changes in operating assets and liabilities	4,936,028,321	6,954,730,089	3,929,793,428	5,756,856,228
Decrease (increase) in operating assets:				
Trade and other receivables	1,635,272,953	(976,234,162)	1,644,310,304	(1,888,787,990)
Inventories	280,554,508	(2,081,061,464)	(143,581,786)	(1,378,107,808)
Other current assets	(268,333,222)	(386,011,949)	(21,394,531)	(145,890,999)
Other non-current assets	(12,611,963)	(8,376,248)	(842,506)	(1,041,597)
Increase (decrease) in operating liabilities:				
Trade and other payables	(1,671,811,335)	1,355,155,293	(821,099,626)	1,379,873,482
Other current liabilities	69,451,902	(16,496,421)	4,623,313	28,565,754
Provision for long-term employee benefits	(69,816,748)	(71,104,387)	(21,818,144)	(18,404,253)
Provisions	(28,952,408)	(24,912,432)	(23,012,474)	(11,018,456)
Other non-current liabilities	166,425,214	19,006,188	(155,400)	74,914
Cash flows from operating activities	5,036,207,222	4,764,694,507	4,546,822,578	3,722,119,275
Cash received from interest income	232,433,411	259,484,631	96,729,623	147,972,403
Cash paid for interest expenses	(1,702,135)	(9,211,820)	-	-
Cash paid for income tax resulting from tax assessments	-	(401,423,774)	-	(401,423,774)
Cash paid for corporate income tax	(101,317,104)	(210,393,423)	(593,192)	(1,828,555)
Net cash flows from operating activities	5,165,621,394	4,403,150,121	4,642,959,009	3,466,839,349

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	5,334,130	(8,534,599)	-	-
Decrease (increase) in current investments	221,046,871	(7,286,539)	-	-
Increase in investments in subsidiary company	-	-	(2,203,423,640)	(1,204,057,104)
Increase in investments in associated company	-	(95,236,596)	-	-
Dividend received from investments in associated company	-	41,114,952	-	-
Cash received from capital reduction in associated company	161,325,677	-	-	-
Acquisition of property, plant and equipment	(5,311,611,605)	(2,252,725,119)	(3,123,405,530)	(1,646,839,675)
Proceeds from disposal of property, plant and equipment	46,726,360	60,881,769	2,065,445	994,211
Increase in investment properties	(13,773,958)	(55,885,253)	-	-
Increase in land-use rights	-	(4,041,439)	-	-
Increase in other intangible assets	(75,844,926)	(50,986,457)	-	-
Net cash flows used in investing activities	<u>(4,966,797,451)</u>	<u>(2,372,699,281)</u>	<u>(5,324,763,725)</u>	<u>(2,849,902,568)</u>
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans				
from financial institutions	-	(228,666,054)	-	-
Dividend paid	(2,868,981,112)	(2,744,239,551)	(2,868,981,112)	(2,744,239,551)
Net cash flows used in financing activities	<u>(2,868,981,112)</u>	<u>(2,972,905,605)</u>	<u>(2,868,981,112)</u>	<u>(2,744,239,551)</u>
Decrease in translation adjustments	<u>(578,671,939)</u>	<u>(773,092,191)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents before effect from currency translation	<u>(3,248,829,108)</u>	<u>(1,715,546,956)</u>	<u>(3,550,785,828)</u>	<u>(2,127,302,770)</u>
Effect from currency translation of cash and cash equivalents	34,717,933	3,423,507	30,886,646	(5,387,547)
Net decrease in cash and cash equivalents	<u>(3,214,111,175)</u>	<u>(1,712,123,449)</u>	<u>(3,519,899,182)</u>	<u>(2,132,690,317)</u>
Cash and cash equivalents at beginning of year	<u>15,607,754,313</u>	<u>17,319,877,762</u>	<u>9,752,995,934</u>	<u>11,885,686,251</u>
Cash and cash equivalents at end of year	<u>12,393,643,138</u>	<u>15,607,754,313</u>	<u>6,233,096,752</u>	<u>9,752,995,934</u>
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Transfer advance payment for land-use rights to land-use rights	-	170,716,392	-	-
Transfer investment properties to property, plant and equipmen	1,642,976	10,823,008	-	-
Receivable from capital reduction in associated company	-	161,325,677	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2019

1. General information

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

The Group is principally engaged in the manufacture and distribution of electronic products, together with related research and development.

On 22 February 2019, the Company received the Conditional Voluntary Tender Offer for all ordinary shares of the Company from a related company, Delta Electronics International (Singapore) Pte. Ltd., On 2 April 2019, this company notified the Company that the result of the tender offer was that it had acquired 42.85% of the Company’s share capital. Due to the tender, Delta Electronics Inc. which is the parent company of Delta Electronics International (Singapore) Pte. Ltd., directly and indirectly holds 63.78% of the Company’s ordinary shares, making Delta Electronics Inc. the Company’s parent company.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Green Industrial (Thailand) Company Limited	Manufacture and trading of electronic products	Thailand	100	100
Delta Energy Systems (Singapore) Pte. Ltd.	Holding business and trading of electronic products	Singapore	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH	Research, development, marketing and trading of electronic products	Germany	100	100
Delta Energy Systems Property (Germany) GmbH (owned by Delta Energy Systems (Germany) GmbH)	Property rental	Germany	100	100
Delta Energy Systems (India) Pvt. Ltd.	Manufacture and trading of electronic products	India	100	100
Delta Energy Systems (Romania) S.R.L.	Research and development of electronic products	Romania	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
Delta Electronics (Australia) Pty. Ltd.	Marketing and after sales services	Australia	100	100
Delta Greentech (Netherlands) Cooperaties UA	Holding business	The Netherlands	100	100
Delta Greentech (Netherlands) B.V. (owned by Delta Greentech (Netherlands) Cooperaties UA)	Holding business	The Netherlands	100	100
Delta Energy Systems LLC (owned by Delta Greentech (Netherlands) B.V.)	Trading of electronic products	Russia	100	100
Eltek s.r.o. (owned by Delta Greentech (Netherlands) B.V.)	Manufacture and trading of electronic products	Slovakia	100	100
Delta Electronics (Automotive) Americas Inc. (owned by Delta Greentech (Netherlands) B.V.)	Research and development of electronic products	USA	100	100
Delta Power Solutions (India) Pvt. Ltd.*	Manufacture, research and development and trading of electronic products	India	-	100
Delta Electronics India Pvt. Ltd.	Manufacture, research and development and trading of electronic products	India	100	100
Delta Electronics (Myanmar) Co., Ltd.	Manufacture and trading of electronic products	Myanmar	100	100
Delta PBA Engineering Solutions Co., Ltd.	Manufacture, assembly and provision of automation	Thailand	51	51
Delta Energy Systems (UK) Limited	Research and development of electronic products	Scotland	100	100

* Completely merge to another subsidiary in India, Delta Electronics India Pvt. Ltd., on 14 February 2019.

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

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

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

- 2.2.5 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- 2.2.6 Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- 2.2.7 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rendering of services

Revenue from installation, repair and other services is recognised at a point in time upon completion of the service.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

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

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

4.5 Investments

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

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

4.6 Investment properties

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

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

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

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

Building	10 - 50	years
Land improvement	5 - 10	years
Machinery and equipment	3 - 7	years
Molds	2 - 5	years
Installation	5 - 15	years
Furniture, fixtures and office equipment	5 - 7	years
Computer	3 - 5	years
Motor vehicles	5	years

Depreciation is recognised in profit or loss.

No depreciation is provided for land and asset under installation and under construction.

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

4.8 Land-use rights/Amortisation

Land-use rights is stated at cost less accumulated amortisation. Amortisation of land-use rights is calculated by reference to its cost on a straight-line basis over the land-use rights period, which is 99 years.

The amortisation expense is charged to profit or loss.

4.9 Intangible assets

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

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

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

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

4.10 Goodwill

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

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

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

4.11 Related party transactions

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

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

4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period.

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

4.13 Foreign currencies

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

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

Gains and losses on exchange are recognised in profit or loss.

4.14 Impairment of assets

At the end of each reporting period, the Group performs 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 Group also carries 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 Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments, it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognised restructuring-related costs.

4.16 Provisions

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

4.17 Research and development expenses

The Group records research and development costs as expenses when incurred.

4.18 Income tax

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

Current tax

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

Deferred tax

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

The Group recognises deferred tax liabilities for all taxable temporary differences while it recognises 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 Group reviews and reduces 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.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.19 Forward currency contracts

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

4.20 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

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

Allowance for impairment loss of investments

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

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Tax assessments

The Group has contingent liabilities as the result of tax assessments. The management was required to exercise judgement to assess the results of the tax assessments and estimate the liabilities that might be incurred as at the end of the reporting period.

6. Related party transactions

During the years, the Group 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 and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with the parent company*</u>					
Purchase of goods and raw materials	424	405	-	-	With reference to market price
Royalty paid (Note 25)	1,215	1,257	1,215	1,257	Contract price
Services paid	93	98	93	98	Contract price
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	15,689	14,690	With reference to market price
Purchase of goods and raw materials	-	-	677	172	With reference to market price
Commission paid	-	-	220	182	Contract price
Design and engineering fee paid (Note 26)	-	-	1,924	1,381	Contract price
Distribution fee paid	-	-	103	98	Contract price
Administrative expenses	-	-	87	-	Contract price
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	15	439	11	23	With reference to market price
Commission paid	46	32	33	32	Contract price
<u>Transactions with related companies</u>					
Sales of goods and raw materials	6,025	6,692	1,942	2,755	With reference to market price
Purchase of goods and raw materials	3,519	3,878	719	486	With reference to market price
Commission paid	524	415	521	415	Contract price
Design and engineering fee paid	11	53	-	-	Contract price
Commission received	77	67	-	-	Contract price
Services income	130	154	-	-	Contract price
Other income	12	34	11	7	Contract price

* As mentioned in Note 1 to the financial statement, Delta Electronic Inc. has change status to the Company's parent company on 2 April 2019.

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related companies are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables, related parties (Note 9)</u>				
Parent company*	36	16	31	7
Subsidiary companies	-	-	4,827	5,236
Associated companies	10	8	4	1
Other related companies (under common control)	1,197	1,517	428	670
Total trade receivables, related parties	<u>1,243</u>	<u>1,541</u>	<u>5,290</u>	<u>5,914</u>
<u>Other receivables, related parties (Note 9)</u>				
Parent company*	1	-	1	-
Subsidiary companies	-	-	29	3
Associated companies (Note 12)	-	161	-	-
Other related companies (under common control)	24	-	24	-
Total other receivables, related parties	<u>25</u>	<u>161</u>	<u>54</u>	<u>3</u>
<u>Amounts due from related parties (Note 9)</u>				
Subsidiary companies	-	-	3	4
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>3</u>	<u>4</u>
<u>Trade payables, related parties (Note 19)</u>				
Parent company*	86	109	2	2
Subsidiary companies	-	-	342	103
Associated companies	1	3	-	-
Other related companies (under common control)	766	856	192	141
Total trade payables, related parties	<u>853</u>	<u>968</u>	<u>536</u>	<u>246</u>
<u>Other payables, related parties (Note 19)</u>				
Parent company*	158	531	157	531
Subsidiary companies	-	-	361	270
Associated companies	12	3	10	3
Other related companies (under common control)	126	36	126	28
Total other payables, related parties	<u>296</u>	<u>570</u>	<u>654</u>	<u>832</u>
<u>Accrued expenses, related parties (Note 19)</u>				
Parent company*	90	94	90	94
Other related companies (under common control)	107	43	107	43
Total accrued expenses, related parties	<u>197</u>	<u>137</u>	<u>197</u>	<u>137</u>

* As mentioned in Note 1 to the financial statement, Delta Electronic Inc. has change status to the Company's parent company on 2 April 2019.

Directors and management's benefits

During the year ended 31 December 2019 and 2018, the Group had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	104	124	54	56
Post-employment benefits	27	7	25	5
Termination benefits	-	4	-	-
Total	<u>131</u>	<u>135</u>	<u>79</u>	<u>61</u>

7. Cash and cash equivalents

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash on hand	-	1	-	1
Current accounts	1,058	794	2	2
Saving accounts	8,405	10,586	6,231	9,750
Fixed deposits with maturity not over 3 months	<u>2,931</u>	<u>4,227</u>	<u>-</u>	<u>-</u>
Total	<u>12,394</u>	<u>15,608</u>	<u>6,233</u>	<u>9,753</u>

As at 31 December 2019, the above bank deposits in saving accounts and fixed deposits carried interests between 0.00 and 8.25 percent per annum (2018: between 0.00 and 8.25 percent per annum) (The Company only: between 0.00 and 1.20 percent per annum, 2018: between 0.00 and 1.20 percent per annum).

8. Current investments

As at 31 December 2019 and 2018, the balance of current investments represents fixed deposits with maturity over 3 months of the subsidiary companies.

9. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables, related parties</u> (Note 6)				
Aged on the basis of due dates				
Not yet due	1,232	1,484	4,134	5,180
Past due				
Up to 3 months	10	21	1,148	698
3 - 6 months	1	19	3	18
6 - 12 months	-	17	5	18
Total	<u>1,243</u>	<u>1,541</u>	<u>5,290</u>	<u>5,914</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	6,963	8,140	3,326	4,207
Past due				
Up to 3 months	934	1,126	388	497
3 - 6 months	93	143	2	15
6 - 12 months	153	25	1	3
Over 12 months	48	43	-	3
Total	<u>8,191</u>	<u>9,477</u>	<u>3,717</u>	<u>4,725</u>
Total trade receivables	9,434	11,018	9,007	10,639
Less: Allowance for doubtful accounts	(188)	(126)	(4)	(29)
Total trade receivables - net	<u>9,246</u>	<u>10,892</u>	<u>9,003</u>	<u>10,610</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	-	-	3	4
Other receivables - related parties (Note 6)	25	161	54	3
Other receivables - unrelated parties	468	505	408	431
Total other receivables	<u>493</u>	<u>666</u>	<u>465</u>	<u>438</u>
Trade and other receivables - net	<u><u>9,739</u></u>	<u><u>11,558</u></u>	<u><u>9,468</u></u>	<u><u>11,048</u></u>

10. Inventories

(Unit: Million Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	4,546	3,612	(457)	(481)	4,089	3,131
Work in process	996	1,083	-	-	996	1,083
Raw materials	3,725	4,687	(923)	(682)	2,802	4,005
Goods in transit	1,076	1,242	-	-	1,076	1,242
Total	10,343	10,624	(1,380)	(1,163)	8,963	9,461

(Unit: Million Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	2,989	2,246	(176)	(128)	2,813	2,118
Work in process	778	847	-	-	778	847
Raw materials	2,492	3,095	(578)	(421)	1,914	2,674
Goods in transit	241	169	-	-	241	169
Total	6,500	6,357	(754)	(549)	5,746	5,808

Details movement of the reduction of inventories to net realisable value are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance at beginning of year	(1,163)	(859)	(549)	(342)
Increase during the year	(529)	(489)	(328)	(295)
Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the year	263	174	123	88
Reversal during the year	49	11	-	-
Balance at end of year	(1,380)	(1,163)	(754)	(549)

11. Other current assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Input tax refundable	304	275	91	99
Advance payments	666	511	141	132
Prepaid expenses	200	118	32	10
Prepaid tax	52	29	-	-
Forward contracts receivable (Note 34)	34	76	33	76
Others	25	50	10	9
Total other current assets	<u>1,281</u>	<u>1,059</u>	<u>307</u>	<u>326</u>

12. Investments in associated companies

12.1 Details of associates

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2019</u> (%)	<u>2018</u> (%)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Delta Electronics (Switzerland) AG (owned by Delta Greentech (Netherlands) B.V.)	Holding business, trading, research and development of electronic products	Switzerland	49	49	287	287	432	448
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	117	99	118
Translation adjustment					(60)	(26)	(67)	(30)
Total					<u>344</u>	<u>378</u>	<u>464</u>	<u>536</u>

12.2 Share of comprehensive income and dividend received

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

(Unit: Million Baht)

Associates	Consolidated financial statements			
	For the year ended 31 December			
	Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Delta Electronics (Switzerland) AG	44	49	(60)	30
Delta Greentech Electronics Industry LLC	(19)	4	-	-
Total	<u>25</u>	<u>53</u>	<u>(60)</u>	<u>30</u>

No dividend was received from the above associated companies during the year ended 31 December 2019 (for the year ended 31 December 2018: Delta Greentech (Netherlands) B.V., which is a subsidiary of the Company, was received dividend amounting to approximately CHF 1 million, or approximately Baht 41 million from Delta Electronics (Switzerland) AG).

12.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	Delta Electronics (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets	1,628	2,316	291	328
Non-current assets	95	73	25	8
Current liabilities	(974)	(1,704)	(196)	(160)
Non-current liabilities	(193)	(60)	(12)	-
Net assets	556	625	108	176
Shareholding percentage (%)	49	49	49	49
Share of net assets	272	306	53	86
Goodwill	92	92	-	-
Translation adjustment	16	25	31	27
Carrying amounts of associates based on equity method	380	423	84	113

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	Delta Electronics (Switzerland) AG		Delta Greentech Electronics Industry LLC	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue	3,712	4,344	540	482
Profit (loss)	91	99	(39)	8
Other comprehensive income	(122)	61	-	-
Total comprehensive income	(31)	160	(39)	8

12.4 Significant events during the current year

Registered capital reduction of associated company

Delta Electronics (Switzerland) AG

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

13. Investments in subsidiary companies

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

Company's name	Paid-up capital		Cost		
	Foreign				
	<u>currency</u>	<u>2019</u> (Million)	<u>2018</u> (Million)	<u>2019</u>	<u>2018</u>
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	THB	206	206	206	206
Delta Energy Systems (Singapore) Pte. Ltd.	USD	173	103	5,573	3,370
Subtotal				15,229	13,026
Less: Allowance for impairment loss of investments in subsidiary companies				(1,144)	(1,144)
Investments in subsidiary companies - net				<u>14,085</u>	<u>11,882</u>

No dividend was received from the above subsidiary companies during the year ended 31 December 2019 and 2018.

13.2 Significant events during the current year

13.2.1 Subsidiaries directly owned by the Company

Additional investment in subsidiary companies

Delta Energy Systems (Singapore) Pte. Ltd.

- On 28 November 2017, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment in Delta Energy Systems (Singapore) Pte. Ltd. by USD 2.5 million, or approximately Baht 80 million, in order to establish a new subsidiary in the USA, Delta Electronics (Automotive) Americas Inc. The Company made the additional investment in the first quarter of year 2019.
- On 26 October 2018, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment by USD 42 million, or approximately Baht 1,311 million, to enable the latter to invest in Delta Electronics India Pvt. Ltd. and thus fund construction of a new factory in India. The Company made the additional investment in the first quarter of year 2019.
- On 26 October 2018, a meeting of the Company's Board of Directors passed a resolution to increase the Company's investment by USD 27 million, or approximately Baht 812 million, to enable the latter to invest in Delta Electronics India Pvt. Ltd. and thus fund construction of a new factory in India. The Company made the additional investment in the fourth quarter of year 2019.

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

13.2.2 Subsidiaries indirectly owned by the Company

The merger of subsidiaries in India

On 25 July 2017, a meeting of the Company's Board of Directors passed a resolution to merge two subsidiaries in India, Delta Power Solutions (India) Pvt. Ltd. and Delta Electronics India Pvt. Ltd., with the merged business to belong to Delta Electronics India Pvt. Ltd. and Delta Power Solutions (India) Pvt. Ltd. to be dissolved. The merger of the subsidiaries was approved by and registered with the Indian authorities on 9 January 2019 and 14 February 2019 respectively. The merger had no impact on the consolidated financial statements because it was a merger of subsidiaries within a group of companies under common control.

14. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Million Baht)

	Consolidated financial statements		
	Land for rent	Office building for rent	Total
31 December 2019:			
Cost	44	317	361
Less: Accumulated depreciation	-	(59)	(59)
Less: Transfer out due to change in type of use of assets (Note 15)	(3)	(10)	(13)
Translation adjustment	(11)	(60)	(71)
Net book value (Note 34)	<u>30</u>	<u>188</u>	<u>218</u>
31 December 2018:			
Cost	44	303	347
Less: Accumulated depreciation	-	(50)	(50)
Less: Transfer out due to change in type of use of assets (Note 15)	(2)	(9)	(11)
Translation adjustment	(8)	(41)	(49)
Net book value (Note 34)	<u>34</u>	<u>203</u>	<u>237</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Book value at beginning of year	237	210
Acquisition of assets	14	56
Depreciation charged	(9)	(8)
Transfer out due to change in type of use of assets (Note 15)	(2)	(11)
Translation adjustment	(22)	(10)
Book value at end of year	<u>218</u>	<u>237</u>

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

15. Property, plant and equipment

(Unit: Million Baht)

Consolidated financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Assets under installation and under construction	Computer	Others	Total
Cost:									
1 January 2018	859	3,766	6,695	1,217	1,425	515	449	486	15,412
Purchase/transfer in	-	92	1,226	139	373	962	102	320	3,214
Disposal/write-off/transfer out	-	(115)	(403)	(40)	(76)	(762)	(73)	(249)	(1,718)
Transfer in due to change in type of use of assets (Note 14)	2	9	-	-	-	-	-	-	11
Translation adjustment	(46)	(130)	(76)	-	(17)	(7)	(13)	(23)	(312)
31 December 2018	815	3,622	7,442	1,316	1,705	708	465	534	16,607
Purchase/transfer in	268	320	2,093	225	534	3,882	152	67	7,541
Disposal/write-off/transfer out	(8)	(17)	(302)	(89)	(46)	(2,169)	(26)	(98)	(2,755)
Transfer out due to change in type of use of assets (Note 14)	1	1	-	-	-	-	-	-	2
Translation adjustment	(46)	(191)	(131)	(1)	(28)	(32)	(17)	(32)	(478)
31 December 2019	1,030	3,735	9,102	1,451	2,165	2,389	574	471	20,917
Accumulated depreciation:									
1 January 2018	-	831	4,517	1,109	885	-	364	334	8,040
Depreciation for the year	-	96	782	115	145	-	60	35	1,233
Depreciation - disposal/write-off	-	(6)	(398)	(40)	(75)	-	(72)	(13)	(604)
Translation adjustment	-	(24)	(61)	(1)	(8)	-	(11)	(19)	(124)
31 December 2018	-	897	4,840	1,183	947	-	341	337	8,545
Depreciation for the year	-	85	1,056	141	204	-	89	44	1,619
Depreciation - disposal/write-off	-	(3)	(294)	(89)	(44)	-	(25)	(14)	(469)
Translation adjustment	-	(35)	(107)	(2)	(12)	-	(16)	(28)	(200)
31 December 2019	-	944	5,495	1,233	1,095	-	389	339	9,495

15. Property, plant and equipment (continued)

(Unit: Million Baht)

Consolidated financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Assets under installation and under construction	Computer	Others	Total
Allowance for impairment loss:									
1 January 2018	-	100	4	-	9	-	-	1	114
Reversal allowance for impairment during the year	-	-	(3)	-	(6)	-	-	-	(9)
31 December 2018	-	100	1	-	3	-	-	1	105
Reversal allowance for impairment during the year	-	(83)	(1)	-	(1)	-	-	(1)	(86)
31 December 2019	-	17	-	-	2	-	-	-	19
Net book value:									
As at 31 December 2018	815	2,625	2,601	133	755	708	124	196	7,957
As at 31 December 2019	1,030	2,774	3,607	218	1,068	2,389	185	132	11,403
Depreciation for the year									
Year 2018 (Baht 1,012 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,233
Year 2019 (Baht 1,295 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,619

15. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Assets under installation and under construction	Computer	Others	Total
Cost:									
1 January 2018	313	1,599	5,304	1,209	1,136	374	240	143	10,318
Purchase/transfer in	-	16	1,046	138	334	578	84	279	2,475
Disposal/write-off/transfer out	-	(89)	(371)	(40)	(73)	(593)	(47)	(236)	(1,449)
31 December 2018	313	1,526	5,979	1,307	1,397	359	277	186	11,344
Purchase/transfer in	101	296	1,727	226	458	2,288	90	16	5,202
Disposal/write-off/transfer out	-	(16)	(276)	(89)	(44)	(1,988)	(7)	(92)	(2,512)
31 December 2019	414	1,806	7,430	1,444	1,811	659	360	110	14,034
Accumulated depreciation:									
1 January 2018	-	487	3,393	1,100	752	-	191	75	5,998
Depreciation for the year	-	29	674	114	126	-	37	5	985
Depreciation - disposal/write-off	-	(2)	(368)	(39)	(73)	-	(47)	(2)	(531)
31 December 2018	-	514	3,699	1,175	805	-	181	78	6,452
Depreciation for the year	-	33	912	140	181	-	61	6	1,333
Depreciation - disposal/write-off	-	(6)	(268)	(89)	(42)	-	(8)	(5)	(418)
31 December 2019	-	541	4,343	1,226	944	-	234	79	7,367

15. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Assets under installation and under construction	Computer	Others	Total
Allowance for impairment loss:									
1 January 2018	-	100	4	-	9	-	-	1	114
Reversal allowance for impairment during the year	-	-	(3)	-	(6)	-	-	-	(9)
31 December 2018	-	100	1	-	3	-	-	1	105
Reversal allowance for impairment during the year	-	(83)	(1)	-	(1)	-	-	(1)	(86)
31 December 2019	-	17	-	-	2	-	-	-	19
Net book value:									
As at 31 December 2018	313	912	2,279	132	589	359	96	107	4,787
As at 31 December 2019	414	1,248	3,087	218	865	659	126	31	6,648
Depreciation for the year									
Year 2018 (Baht 863 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									985
Year 2019 (Baht 1,145 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									1,333

As at 31 December 2019, certain items of building, machinery and equipment of the Group were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 5,596 million (2018: Baht 5,417 million) (The Company only: Baht 4,151 million, 2018: Baht 3,870 million).

16. Land-use rights

The net book value of land-use rights as at 31 December 2019 and 2018 is presented below.

	(Unit: Million Baht)
	Consolidated
	<u>financial statements</u>
31 December 2019:	
Cost	227
Less: Accumulated amortisation	(8)
Translation adjustment	(21)
Net book value	<u>198</u>
31 December 2018:	
Cost	56
Add: Transfer in from advance payment for land-use rights	171
Less: Accumulated amortisation	(6)
Translation adjustment	(1)
Net book value	<u><u>220</u></u>

A reconciliation of the net book value of land-use rights for the years 2019 and 2018 is presented below.

	(Unit: Million Baht)	
	Consolidated	
	<u>financial statements</u>	
	<u>2019</u>	<u>2018</u>
Book value at beginning of year	220	44
Increase during the year	-	4
Amortisation	(2)	(2)
Transfer in from advance payment for land-use rights	-	171
Translation adjustment	(20)	3
Book value at end of year	<u><u>198</u></u>	<u><u>220</u></u>

17. Goodwill

The net book value of goodwill as at 31 December 2019 and 2018 is presented below.

	(Unit: Million Baht)
	Consolidated financial statements
Net book value as at 1 January 2018	450
Translation adjustment	(12)
Net book value as at 31 December 2018	438
Translation adjustment	(20)
Net book value as at 31 December 2019	418

As at 31 December 2019, the net book value of the goodwill as above included the goodwill of approximately Baht 215 million from the acquisition of Delta Electronics (Switzerland) AG (formerly know as “Delta Energy Systems (Switzerland) AG”) in 2003 and the goodwill of approximately Baht 203 million from Delta Greentech (Netherland) B.V.’s acquisition of Eltek s.r.o. (“Eltek SK”) in 2017.

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

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

	(Unit: Percent per annum)	
	Power electronics segment related to	
	DES products	Eltek s.r.o.
Growth rates	3%	2%
Pre-tax discount rates	12%	14%

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

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

18. Other intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	Consolidated financial statements					(Unit: Million Baht)
						Separate financial statements
	Patent rights	Computer software	Customer relationship	Others	Total	Computer software
Cost:						
1 January 2018	1,073	260	138	3	1,474	85
Purchase	-	51	-	-	51	-
Disposals	-	(3)	-	-	(3)	-
Translation adjustment	(8)	(9)	(7)	-	(24)	-
31 December 2018	1,065	299	131	3	1,498	85
Purchase	-	76	-	-	76	-
Disposals	-	(11)	-	-	(11)	-
Translation adjustment	(75)	(20)	(12)	(1)	(108)	-
31 December 2019	990	344	119	2	1,455	85
Accumulated amortisation:						
1 January 2018	701	236	10	2	949	82
Amortisation for the year	53	23	13	1	90	1
Disposals	-	(3)	-	-	(3)	-
Translation adjustment	(5)	(8)	(1)	-	(14)	-
31 December 2018	749	248	22	3	1,022	83
Amortisation for the year	51	39	13	-	103	1
Disposals	-	(9)	-	-	(9)	-
Translation adjustment	(55)	(17)	(2)	(1)	(75)	-
31 December 2019	745	261	33	2	1,041	84
Net book value:						
31 December 2018	316	51	109	-	476	2
31 December 2019	245	83	86	-	414	1

19. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties (Note 6)	853	968	536	246
Trade payables - unrelated parties	5,826	6,746	5,212	5,884
Other payables - related parties (Note 6)	296	570	654	832
Other payables - unrelated parties	889	1,105	746	1,032
Accrued expenses - related parties (Note 6)	197	137	197	137
Accrued expenses - unrelated parties	1,781	1,801	1,041	1,033
Advance received	309	474	88	113
Total trade and other payables	10,151	11,801	8,474	9,277

20. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Forward contracts payable (Note 34)	1	15	-	-
Withholding tax payable	136	151	89	92
Value added tax payable	88	29	-	-
Others	80	52	21	14
Total other current liabilities	305	247	110	106

21. Provision for long-term employee benefits

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Defined benefit obligation	(1,474)	(1,273)	(445)	(282)
Fair value of plan assets	47	39	-	-
Provisions for long-term employee benefits				
as at 31 December	(1,427)	(1,234)	(445)	(282)

The change in the defined benefit obligation is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Defined benefit obligation at beginning of year	(1,273)	(1,373)	(282)	(271)
Included in profit or loss:				
Current service cost	(50)	(41)	(33)	(22)
Interest cost	(28)	(25)	(9)	(7)
Past service costs and gains or losses on settlement	(110)	-	(102)	-
Included in other comprehensive income:				
Actuarial gain (loss) arising from				
Demographic assumptions changes	(142)	(1)	(22)	-
Financial assumptions changes	(11)	38	(11)	-
Experience adjustments	(11)	4	(8)	-
Benefits paid during the year	61	66	22	18
Translation adjustments	90	59	-	-
Defined benefit obligation at end of year	<u>(1,474)</u>	<u>(1,273)</u>	<u>(445)</u>	<u>(282)</u>

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Fair value of plan assets at beginning of year	39	36	-	-
Included in profit or loss:				
Interest income on plan assets	3	2	-	-
Contributions by employer	11	7	-	-
Benefits paid during the year	(2)	(2)	-	-
Translation adjustments	(4)	(4)	-	-
Fair value of plan assets at end of year	<u>47</u>	<u>39</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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Government bonds	28	23	-	-
Debentures	16	13	-	-
Others	3	3	-	-

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 102 million (The Company only: Baht 102 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Group expects to pay Baht 72 million of long-term employee benefits during the next year (The Company only: Baht 10 million) (2018: Baht 64 million, the Company only: Baht 13 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit of the Group is 9-22 years (The Company only: 14 years) (2018: 9-21 years, the Company only: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	1.4 - 7.7	1.8 - 7.7	2.5	2.6
Future salary increase rates (depending on age)	2.3 - 9.0	3.0 - 9.0	2.3 - 9.0	3.0 - 9.0
Pension increase rate	1.5	1.5	-	-
Turnover rate	0.8 - 15.0	0.8 - 13.0	3.5 - 15.0	13.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 0.5%-10%	Decrease 0.5%-10%	Increase 1%-10%	Decrease 1%-10%
Discount rate	Decrease 92	Increase 147	Decrease 23	Increase 71
Future salary increase rates (depending on age)	Increase 73	Decrease 24	Increase 69	Decrease 22
Pension increase rate	Increase 61	Decrease 56	-	-
Turnover rate	Decrease 1	Increase 44	Increase 2	Increase 40

(Unit: Million Baht)

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

22. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Other		Total	Other		Total
	Warranty	provisions		Warranty	provisions	
Balance as at 1 January 2018	410	36	446	240	-	240
Recognition during year	237	28	265	81	8	89
Decrease during year	(14)	(11)	(25)	(11)	-	(11)
Reversal during year	(148)	(11)	(159)	(40)	-	(40)
Translation adjustment/unrealised loss on exchange rate	(13)	(2)	(15)	1	-	1
Balance as at 31 December 2018	472	40	512	271	8	279
Recognition during year	246	88	334	102	7	109
Decrease during year	(24)	(5)	(29)	(23)	-	(23)
Reversal during year	(117)	(78)	(195)	(64)	-	(64)
Translation adjustment/unrealised gain on exchange rate	(146)	(3)	(149)	(12)	-	(12)
Balance as at 31 December 2019	431	42	473	274	15	289
Short-term provisions	1	12	13	-	-	-
Long-term provisions	471	28	499	271	8	279
Balance as at 31 December 2018	472	40	512	271	8	279
Short-term provisions	67	25	92	-	-	-
Long-term provisions	364	17	381	274	15	289
Balance as at 31 December 2019	431	42	473	274	15	289

Warranty

The Group recognised a provision for the expected warranty claims on products based on past experience of the level of repairs and returns with current sales for each type of products under current warranty.

23. Statutory reserve

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

24. Dividends

Dividends declared in 2019 and 2018 consisted of the followings:

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividend for year 2018	Annual General Meeting of the shareholders on 2 April 2019	2,869	2.30
Final dividend for year 2017	Annual General Meeting of the shareholders on 2 April 2018	2,744	2.20

25. Royalty

The Company entered into the Intellectual Property & Technology License Agreement with Delta Electronics Inc. (“Licensor”), whereby the Licensor granted the Company the right to manufacture and sell products that apply the Licensor’s patents and technology, including improvements thereof. In consideration for the rights, the Company agrees to pay a royalty to the Licensor at a percentage of revenue from sales of products manufactured under the licenses, with that percentage determined on an arm’s length basis. The percentage is to be amicably reviewed by the parties annually before each anniversary of the effective date, which was 1 January 2018. The agreement matures annually and renews continuously for further periods of one year until terminated by either party. The Company has recorded the related expense as “Royalty expenses”, which are presented under the caption of “Selling and distribution expenses” in the statements of comprehensive income.

26. Research and development expenses

The Company entered into research and development service agreement with Delta Energy Systems (Germany) GmbH, a subsidiary company. Under this agreement, the subsidiary company provides research and development services (design and engineering) to the Company and charges fees equal to the local operational costs incurred on product research and development plus margin on the arm’s length basis. This agreement mature annually.

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

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries, wages and other employee benefits	8,447	7,984	5,375	4,869
Raw materials used and purchase of finished goods	32,583	33,238	25,242	24,268
Changes in finished goods and work in progress	(847)	(346)	(674)	(109)
Depreciation	1,628	1,241	1,333	985
Amortisation	105	92	1	1
Commission expenses	667	609	836	703
Marketing fee	12	34	97	31
Design and engineering fee	51	53	1,924	1,381
Services paid	96	98	96	98
Royalty paid	1,215	1,257	1,215	1,257

28. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	(82)	(164)	-	-
Adjustment in respect of income tax of previous year	2	(12)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	54	(18)	-	-
Translation adjustment	7	9	-	-
Income tax expenses reported in profit or loss	<u>(19)</u>	<u>(185)</u>	<u>-</u>	<u>-</u>

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	2,970	5,335	2,419	4,563
Income tax at Thai corporate income tax rate of 20%	(594)	(1,067)	(483)	(913)
Adjust in respect to current income tax of previous years	2	(12)	-	-
Tax effect of:				
Difference in tax rates of subsidiaries in overseas countries	(23)	(52)	-	-
Tax savings from the tax privileges granted by the government	506	940	498	912
Loss for the current year	(11)	(11)	(7)	-
Non-deductible expenses	(14)	(46)	(1)	(6)
Unrecognised deferred tax assets on temporary differences	46	8	(7)	1
Utilisation of previously unrecognised deferred tax asset on tax losses	45	33	-	6
Exemption of income	-	13	-	-
Others	24	9	-	-
Total	67	(46)	(15)	1
Income tax expenses reported in profit or loss	(19)	(185)	-	-

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

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	54	27	-	-
Allowance for diminution in value of inventories	157	137	-	-
Bonus payable	10	8	-	-
Provision for warranty	8	12	-	-
Tax savings from promotional privileges	-	17	-	-
Tax loss brought forward	3	3	-	-
Others	28	35	-	-
Total	260	239	-	-

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax liabilities				
Difference depreciation for tax purpose	114	144	-	-
Total	<u>114</u>	<u>144</u>	<u>-</u>	<u>-</u>

As at 31 December 2019 the Group has deductible temporary differences and unused tax losses totaling Baht 4,382 million, INR 316 million or approximately Baht 133 million, EUR 43 million or approximately Baht 1,458 million, RUB 49 million or approximately Baht 24 million and MMK 74 million or approximately Baht 1 million (2018: Baht 3,764 million, INR 444 million or approximately Baht 206 million, EUR 47 million or approximately Baht 1,741 million, RUB 31 million or approximately Baht 15 million and MMK 639 million or approximately Baht 14 million). No deferred tax assets have been recognised on these amounts as the Company has been granted tax privileges by the Board of Investment and the subsidiaries have determined that they may not be able to utilise the deductible temporary difference and unused tax losses because they do not yet have any taxable profits and they are unable to estimate the benefit they would generate from utilisation of such deductible temporary difference and unused tax losses.

Details of expiry date of unused tax losses for which the Group has not recognised deferred tax assets are summarised below:

	(Unit: million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
The five-year limitation period				
31 December 2018	-	28	-	-
31 December 2019	-	34	-	-
31 December 2020	1	22	-	-
31 December 2021	5	14	-	-
31 December 2022	539	572	523	556
31 December 2023	46	15	-	-
Total			<u>523</u>	<u>556</u>
The eight-year limitation period				
31 March 2019	-	59		
31 March 2020	17	19		
31 March 2021	34	38		
31 March 2022	22	24		
31 March 2023	13	15		
31 March 2024	15	16		
No expiry date	<u>1,490</u>	<u>1,776</u>		
Total	<u>2,182</u>	<u>2,632</u>		

As at 31 December 2019, the total amount of temporary differences associated with investments in subsidiaries and associates for which deferred tax liability has not been recognised, is Baht 230 million (2018: Baht 194 million).

29. Promotional privileges

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

Significant privileges of the Company and the subsidiary in Thailand are as follows:

Details	The Company								A subsidiary in Thailand	
	1494(2)/2552	2061(1)/2553	1732(2)/2557	1158(2)/2558	1688(2)/2558	59-1316-1-00-2-0	61-1505-1-00-1-0	62-0076-1-00-0-0	1813(2)/2554	1814(2)/2554
1. Certificate No.	Manufacturing of DC FAN	Manufacturing of telecommunication equipment and electronics products for vehicle	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Designing of Electronics	Manufacturing of electro - magnetic products	Manufacturing of Ventilation Fan.	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor
2. Promotional privileges for										
3. The significant privileges are										
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	7 years (Maximum amount Baht 298,170,000)	8 years	7 years (Maximum amount Baht 124,000,000)	5 years (Maximum amount Baht 682,381,686)	7 years (Maximum amount Baht 200,000,000)	8 years	4 years (Maximum amount Baht 1,572,170,000)	Non-granted	7 years (Maximum amount Baht 182,000,000)	7 years (Maximum amount Baht 202,400,000)
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Granted	Non - granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
4. Date of first earning operating income	15 March 2013	10 January 2015	5 January 2018	5 January 2017	1 December 2017	Not yet commenced operation	Not yet commenced operation	Not yet commenced operation	Not yet commenced operation	Not yet commenced operation
5. Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	-	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-	-	-

The Company's operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Separate financial statements</u>						
Sales and service income						
Domestic sales	365	446	73	109	438	555
Export sales	36,222	39,338	3,424	222	39,646	39,560
Service income	-	-	38	9	38	9
Total Sales and service income	<u>36,587</u>	<u>39,784</u>	<u>3,535</u>	<u>340</u>	<u>40,122</u>	<u>40,124</u>

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

- Delta Electronics (Slovakia) s.r.o. was granted tax privileges by the Government of Slovakia for the manufacture of Power Supply and Solar inverters on 22 December 2006. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 10 years from the year in which the promoted operations commenced, which was 2010. The exemption is capped at EUR 6.2 million and currently available tax relief is approximately EUR 0.3 million.

30. Earnings per share

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

31. Segment information

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

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

The following tables present revenue and profit information regarding the Group's operating segments for the year ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	Power electronics segment ¹⁾		Infrastructure segment ²⁾		Automation segment ³⁾		Others		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Revenue									
Sales from external customers	32,228	34,301	16,187	16,046	1,901	1,697	126	384	50,442	52,428
Service income from external customers	68	103	400	348	219	129	42	59	729	639
Total revenue	<u>32,296</u>	<u>34,404</u>	<u>16,587</u>	<u>16,394</u>	<u>2,120</u>	<u>1,826</u>	<u>168</u>	<u>443</u>	<u>51,171</u>	<u>53,067</u>
Segment profit (loss)	2,544	4,478	525	1,331	216	-	(990)	(1,132)	2,295	4,677
Unallocated income (expenses):										
Interest income									238	240
Gain on exchange rate									33	176
Other income									429	401
Other expenses									(47)	(204)
Share of profit from investments in associated companies									25	53
Finance cost									(2)	(9)
Profit before income tax expenses									2,971	5,334
Income tax expenses for the year									(19)	(185)
Income tax expenses resulting from tax assessments									-	(23)
Profit for the year									<u>2,952</u>	<u>5,126</u>

- 1) The power electronics segment is a business segment which designs, manufactures, and sales of power supplies applied to computer, server, office automation equipment, household electric appliances and automotive electronic products. The main products are DC-DC Converter, Power supply for Computer & Server, DES product, Automotive electronic product, Fan and thermal product, Adaptor product for industrial and private consumer, Solenoid and EMI filters etc.
- 2) Infrastructure segment is a business segment which designs, manufactures, and installations of information and communication technology infrastructure and energy system infrastructure. The main products are Telecommunication system, Renewable energy, Energy storage and High power etc.
- 3) Automation segment is a business segment which designs, manufactures, and installations of industrial and building automation. The main products are Machine automation, Industrial motion system, Smart sensor system and Lighting automation for building etc.

Geographic information:

Revenue from external customers is based on locations of the customers

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
United States	17,431	13,220
China	8,103	9,495
India	5,471	7,715
Netherlands	5,315	1,461
Germany	1,798	4,974
Singapore	455	2,458
Malaysia	1,058	1,122
Taiwan	901	941
Others	10,639	11,681
Total	<u>51,171</u>	<u>53,067</u>

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

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Thailand	6,651	4,793
Slovakia	1,460	1,649
India	3,090	1,504
Germany	743	581
Others	288	363
Total	<u>12,232</u>	<u>8,890</u>

Major customer

For the year 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at rates of 7 percent of basic salary (2018: 7 percent of basic salary). The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination or when employees are promoted to a manager post, in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 111 million (2018: Baht 104 million) were recognised as expenses.

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

33. Commitments and contingent liabilities

33.1 Capital commitments and operating lease commitments

33.1.1 As at 31 December 2019, the Group had significant capital commitments amounting to Baht 723 million, EUR 1 million or approximately Baht 35 million, USD 1 million or approximately Baht 42 million and INR 7,931 million or approximately Baht 3,334 million in respect of the building construction, purchase of machinery and equipment (2018: Baht 267 million, EUR 2 million or approximately Baht 76 million and INR 10,465 million or approximately Baht 4,843 million) (The Company only: Baht 723 million, 2018: Baht 267 million).

33.1.2 As at 31 December 2019 and 2018, future minimum lease payments required under these operating lease commitments were as follows.

		As at 31 December 2019		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Indian rupee	68	15	7	6
Euro	2	39	37	7
US dollar	1	8	9	-
Australian dollar	1	7	9	-
	Total	69	62	13

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

33.2 Guarantee obligations

As at 31 December 2019, the Group had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 33.2.1 Outstanding letters of guarantee totaling approximately Baht 369 million (2018: Baht 340 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million (2018: Baht 307 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 33.3.1 to the financial statements).
- 33.2.2 Outstanding letters of guarantee for totals of approximately INR 1,156 million or approximately Baht 486 million, EUR 0.3 million or approximately Baht 12 million have been issued by banks to meet requirements of the subsidiaries (2018: INR 954 million or approximately Baht 442 million, EUR 0.3 million or approximately Baht 13 million).

33.3 Tax assessment

- 33.3.1 a. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 168 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- b. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

- c. On 21 August 2018, the Company received tax assessment notices for the year 2008 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 49 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 4 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- d. On 20 August 2019, the Company received tax assessment notices for the year 2009 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 23 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 5 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

However, the Company has recorded provisions for the tax assessments as mentioned in a., b., c., and d., with approximately Baht 239 million (including penalties and surcharges) under the captions of “Liabilities and provision from tax assessments” in the statement of financial position.

33.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 232 million or approximately Baht 97 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 293 million or approximately Baht 123 million, covering the years 2005 - 2017, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

34. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had certain assets and liabilities that were measured or disclosed at fair value using different levels of inputs (as mentioned in Note 4.20 to the financial statements) as follows:

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2019				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Foreign currency forward contracts (Note 11)	-	34	-	34
Liabilities measured at fair value				
Foreign currency forward contracts (Note 20)	-	1	-	1
Assets for which fair value are disclosed				
Investment properties (Note 14)	-	-	218	218

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2019				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Foreign currency forward contracts (Note 11)	-	33	-	33

(Unit: Million Baht)

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

35. Financial instruments

35.1 Financial risk management

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

Credit Risk

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

Interest rate risk

The exposure of the Group to interest rate risk relates primarily to its cash at banks. However, since most of the financial assets and liabilities of the Group bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2019

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
Financial assets							
Cash and cash equivalents	2,931	-	-	8,369	1,094	12,394	0.00 - 8.25
Current investments	2	-	-	-	-	2	4.00
Trade and other receivables	-	-	-	-	9,739	9,739	-
Deposits at bank with restrictions	1	47	-	-	2	50	5.25 - 8.17
Total	2,934	47	-	8,369	10,835	22,185	
Financial liabilities							
Trade and other payables	-	-	-	-	10,151	10,151	-
Total	-	-	-	-	10,151	10,151	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2018

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

(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
Financial assets							
Cash and cash equivalents	-	-	-	6,195	38	6,233	0.00 - 1.20
Trade and other receivables	-	-	-	-	9,468	9,468	-
Total	-	-	-	6,195	9,506	15,701	
Financial liabilities							
Trade and other payables	-	-	-	-	8,474	8,474	-
Total	-	-	-	-	8,474	8,474	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over		interest	Non-interest		
	1 year	1-5 years	5 years	rate	bearing		
Financial assets							
Cash and cash equivalents	-	-	-	9,712	41	9,753	0.00 - 1.20
Trade and other receivables	-	-	-	-	11,048	11,048	-
Total	-	-	-	9,712	11,089	20,801	
Financial liabilities							
Trade and other payables	-	-	-	-	9,277	9,277	-
Total	-	-	-	-	9,277	9,277	

Foreign currency risk

The exposure of the Group to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2019 and 2018, the balances of the financial assets and liabilities denominated in foreign currencies are summarised below:

(Unit: Million foreign currency unit)

Foreign currency	As at 31 December							
	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
US dollar	165	196	189	201	320	346	189	193
Euro	6	5	2	3	5	4	16	9
Japanese yen	201	193	246	438	201	184	244	438
Czech koruna	8	17	-	-	8	17	-	-

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 December	
	<u>2019</u>	<u>2018</u>
US dollar	30.1540	32.4498
Euro	33.7311	37.1252
Japanese yen	0.2759	0.2931
Czech koruna	1.3161	1.4359

As at 31 December 2019 and 2018, the outstanding forward contracts are summarised below.

Consolidated financial statements						
As at 31 December 2019						
Amount			Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	122 million	30.0900 - 30.5300	THB/USD	January - April 2020	
Forward contracts to "Buy"						
USD/INR	USD	17 million	70.9694 - 71.9917	INR/USD	January 2020	

Consolidated financial statements						
As at 31 December 2018						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	134	million	32.5620 - 33.1640	THB/USD	January - March 2019
USD/EUR	USD	3	million	1.1401 - 1.1472	USD/EUR	January 2019
Forward contracts to “Buy”						
USD/INR	USD	21	million	70.2506 - 72.5207	INR/USD	January 2019
USD/AUD	USD	1	million	0.7199 - 0.7237	USD/AUD	January 2019
JPY/THB	JPY	155	million	0.2899 - 0.2940	THB/JPY	January - February 2019
Separate financial statements						
As at 31 December 2019						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	122	million	30.0900 - 30.5300	THB/USD	January - April 2020
Separate financial statements						
As at 31 December 2018						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	134	million	32.5620 - 33.1640	THB/USD	January - March 2019
Forward contracts to “Buy”						
JPY/THB	JPY	155	million	0.2899 - 0.2940	THB/JPY	January - February 2019

35.2 Fair values of financial instruments

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

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

36. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.39:1(2018: 0.42:1) and the Company's was 0.29:1(2018: 0.30:1).

37. Events after the reporting period

37.1 On 16 January 2020, Delta Electronics India Private Limited obtained a loan of USD 50 million, or approximately Baht 1,517 million, from DET International Holding Limited. The loan is unsecured, carries interest at a rate of 4 percent per annum, and is repayable within 10 years. Delta Electronics India Private Limited received the loan on 28 January 2020.

37.2 On 17 February 2020, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 1.8 per share, a total of Baht 2,245 million. The dividend will be paid from the Company's operating results for the year 2019.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2020.