

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 26.3.1 to the financial statements regarding the Company's receipt of notice of a corporate income tax assessment from the Revenue Department, covering the years 1997 through 2004. My opinion is not qualified in respect of this matter.

Other matter

The financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries for the year ended 31 December 2013 were audited by another auditor of our office who, under his report dated 17 February 2014, expressed an unqualified opinion on those financial statements and drew attention to the Company's receipt of notice of a corporate income tax assessment from the Revenue Department.

Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

EY Office Limited

Bangkok: 10 February 2015

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents		17,931,328,537	14,952,792,676	11,743,380,445	9,591,930,469
Trade and other receivables	7	8,370,664,573	8,254,122,092	6,020,276,866	6,746,880,946
Inventories	8	5,320,242,109	5,949,113,623	3,309,755,144	3,256,401,843
Other current assets	9	671,904,551	1,018,139,761	99,215,083	112,778,133
Total current assets		32,294,139,770	30,174,168,152	21,172,627,538	19,707,991,391
Non-current assets					
Deposits at bank with restrictions		76,768,513	120,848,044	-	-
Investment in associated company	10	-	194,473,062	-	-
Investments in subsidiary companies	11	-	-	10,750,923,813	10,750,923,813
Investment properties	12	245,195,459	288,798,962	-	-
Property, plant and equipment	13	4,361,266,659	4,766,816,498	2,341,437,975	2,481,023,474
Consolidation goodwill		306,757,971	306,757,971	-	-
Other intangible assets	14	582,985,117	644,380,376	8,400,558	20,472,227
Deferred tax assets	15	317,361,693	317,783,012	-	-
Other non-current assets		60,101,306	50,668,632	2,572,821	4,218,143
Total non-current assets		5,950,436,718	6,690,526,557	13,103,335,167	13,256,637,657
Total assets		38,244,576,488	36,864,694,709	34,275,962,705	32,964,629,048

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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		249,599,588	666,699,774	-	-
Trade and other payables	16	8,659,603,178	8,969,013,539	5,945,427,823	6,559,907,294
Income tax payable		38,469,967	51,139,622	-	-
Short-term provisions	19	139,169,177	246,676,167	-	-
Other current liabilities	17	302,195,684	386,643,627	100,586,646	120,479,907
Total current liabilities		9,389,037,594	10,320,172,729	6,046,014,469	6,680,387,201
Non-current liabilities					
Deferred tax liabilities	15	56,923,119	35,924,606	-	-
Provision for long-term employee benefits	18	902,171,123	985,552,282	149,418,852	126,838,259
Long-term provisions	19	285,323,629	189,983,408	175,622,564	68,081,288
Other non-current liabilities		12,874,518	7,381,448	1,190,400	1,050,000
Total non-current liabilities		1,257,292,389	1,218,841,744	326,231,816	195,969,547
Total liabilities		10,646,329,983	11,539,014,473	6,372,246,285	6,876,356,748
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 million ordinary shares of Baht 1 each		<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>
Issued and fully paid-up					
1,247,381,614 million ordinary shares of Baht 1 each		1,247,381,614	1,247,381,614	1,247,381,614	1,247,381,614
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Retained earnings					
Appropriated - Statutory reserve	20	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		26,692,071,850	24,098,350,615	25,038,522,306	23,223,078,186
Other components of shareholders' equity		(1,959,019,459)	(1,637,864,493)	-	-
Equity attributable to owners of the Company		<u>27,598,246,505</u>	<u>25,325,680,236</u>	<u>27,903,716,420</u>	<u>26,088,272,300</u>
Total shareholders' equity		27,598,246,505	25,325,680,236	27,903,716,420	26,088,272,300
Total liabilities and shareholders' equity		38,244,576,488	36,864,694,709	34,275,962,705	32,964,629,048
		-	-	-	-

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales and service income		44,120,688,465	41,201,331,549	30,096,356,088	28,682,905,298
Other income					
Interest income		210,104,957	193,811,264	182,368,782	166,356,149
Gain on exchange		231,121,051	271,515,731	224,178,930	447,186,313
Gain on sales of investment in subsidiary company	2.2.6	2,718,142	261,496,576	-	-
Gain on sales of investment in associated company	10	192,326,393	-	-	-
Dividend income from other long-term investments		-	13,420,065	-	-
Others		337,789,922	418,618,438	161,909,154	156,780,596
Total revenues		45,094,748,930	42,360,193,623	30,664,812,954	29,453,228,356
Expenses					
Cost of sales and services		32,303,990,475	30,367,317,406	21,527,956,473	20,762,128,648
Selling expenses		2,715,686,291	2,550,330,582	861,178,721	870,618,682
Administrative expenses		1,679,915,650	1,686,702,316	1,095,202,955	1,176,248,776
Research and development expenses		1,952,732,313	1,873,021,893	1,798,369,403	1,534,755,336
Other expenses		325,605,472	354,685,371	194,039,923	123,977,331
Total expenses		38,977,930,201	36,832,057,568	25,476,747,475	24,467,728,773
Profit before share of profit from investment in an associated company, finance cost and income tax expenses					
		6,116,818,729	5,528,136,055	5,188,065,479	4,985,499,583
Share of profit from investment in an associated company	10	2,225,972	17,835,850	-	-
Profit before finance cost and income tax expenses		6,119,044,701	5,545,971,905	5,188,065,479	4,985,499,583
Finance cost		(72,687,637)	(62,849,441)	-	-
Profit before income tax expenses		6,046,357,064	5,483,122,464	5,188,065,479	4,985,499,583
Income tax expenses	15	(84,705,471)	(67,437,196)	(4,691,001)	-
Profit for the year		5,961,651,593	5,415,685,268	5,183,374,478	4,985,499,583
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(321,154,966)	407,078,620	-	-
Other comprehensive income for the year		(321,154,966)	407,078,620	-	-
Total comprehensive income for the year		5,640,496,627	5,822,763,888	5,183,374,478	4,985,499,583

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 2014

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit attributable to:				
Equity holders of the Company	<u>5,961,651,593</u>	<u>5,415,685,268</u>	<u>5,183,374,478</u>	<u>4,985,499,583</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>5,640,496,627</u>	<u>5,822,763,888</u>	<u>5,183,374,478</u>	<u>4,985,499,583</u>
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>4.78</u>	<u>4.34</u>	<u>4.16</u>	<u>4.00</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 2014

(Unit: Baht)

Consolidated financial statements							
Equity attributable to shareholders of the Company							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other component of shareholders' equity		
			Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total shareholders' equity
Balance as at 31 December 2012	1,247,381,614	1,491,912,500	125,900,000	21,676,381,221	(2,044,943,113)	(2,044,943,113)	22,496,632,222
Profit for the year	-	-	-	5,415,685,268	-	-	5,415,685,268
Other comprehensive income for the year	-	-	-	-	407,078,620	407,078,620	407,078,620
Total comprehensive income for the year	-	-	-	5,415,685,268	407,078,620	407,078,620	5,822,763,888
Dividend paid (Note 21)	-	-	-	(2,993,715,874)	-	-	(2,993,715,874)
Balance as at 31 December 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>24,098,350,615</u>	<u>(1,637,864,493)</u>	<u>(1,637,864,493)</u>	<u>25,325,680,236</u>
	-	-	-	-	-	-	-
Balance as at 31 December 2013	1,247,381,614	1,491,912,500	125,900,000	24,098,350,615	(1,637,864,493)	(1,637,864,493)	25,325,680,236
Profit for the year	-	-	-	5,961,651,593	-	-	5,961,651,593
Other comprehensive income for the year	-	-	-	-	(321,154,966)	(321,154,966)	(321,154,966)
Total comprehensive income for the year	-	-	-	5,961,651,593	(321,154,966)	(321,154,966)	5,640,496,627
Dividend paid (Note 21)	-	-	-	(3,367,930,358)	-	-	(3,367,930,358)
Balance as at 31 December 2014	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>26,692,071,850</u>	<u>(1,959,019,459)</u>	<u>(1,959,019,459)</u>	<u>27,598,246,505</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 2014

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2012	1,247,381,614	1,491,912,500	125,900,000	21,231,294,477	24,096,488,591
Total comprehensive income for the year	-	-	-	4,985,499,583	4,985,499,583
Dividend paid (Note 21)	-	-	-	(2,993,715,874)	(2,993,715,874)
Balance as at 31 December 2013	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>23,223,078,186</u>	<u>26,088,272,300</u>
	-	-	-	-	-
Balance as at 31 December 2013	1,247,381,614	1,491,912,500	125,900,000	23,223,078,186	26,088,272,300
Total comprehensive income for the year	-	-	-	5,183,374,478	5,183,374,478
Dividend paid (Note 21)	-	-	-	(3,367,930,358)	(3,367,930,358)
Balance as at 31 December 2014	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>25,038,522,306</u>	<u>27,903,716,420</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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:				
Profit before tax	6,046,357,064	5,483,122,464	5,188,065,479	4,985,499,583
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	789,161,882	834,617,698	555,435,363	558,996,791
Amortisation of other intangible assets	91,088,585	85,553,155	14,395,169	12,765,022
Recording of allowance for doubtful accounts (reversal)	(25,003,915)	15,277,710	(10,650,619)	(102,919)
Decrease of inventory to net realisable value (reversal)	(14,147,868)	(75,643,682)	(16,583,420)	(98,161,850)
Losses from write-off of inventories	200,783,710	385,135,937	117,267,293	250,987,241
Increase in provision for long-term employee benefits	79,284,286	106,693,990	33,681,716	23,520,245
Record the increase in provisions	51,374,593	67,134,163	105,519,317	48,260,010
Share of profit from investment in an associated company	(2,225,972)	(17,835,850)	-	-
Loss from dissolution of the subsidiaries	-	25,998,693	-	-
Gain on sales of investment in a subsidiary company	(2,718,142)	(261,496,576)	-	-
Gain on sales of investment in associated company	(192,326,393)	-	-	-
Dividend income from other long-term investments	-	(13,420,065)	-	-
(Gain) loss on disposal of property, plant and equipment	8,466,156	24,756,962	(2,730,744)	18,352,830
Allowance for impairment loss on assets	98,525,373	45,119,885	98,525,373	45,119,885
Loss on disposal of other intangible assets	92,614	40,760,184	-	-
Unrealised gain on exchange	(173,361,402)	(306,936,481)	(173,128,446)	(353,259,517)
Interest income	(210,104,957)	(193,811,264)	(182,368,782)	(166,356,149)
Interest expenses	72,687,637	62,849,441	-	-
Profit from operating activities before changes in operating assets and liabilities	6,817,933,251	6,307,876,364	5,727,427,699	5,325,621,172
Decrease (increase) in operating assets:				
Trade and other receivables	81,370,157	(989,297,749)	891,853,416	(1,944,109,796)
Inventories	442,235,672	(792,222,603)	(154,037,174)	(142,321,844)
Other current assets	318,021,289	(141,599,435)	16,155,674	17,596,921
Other non-current assets	(9,432,674)	36,623,011	1,645,322	611,027
Increase (decrease) in operating liabilities:				
Trade and other payables	(260,046,314)	716,001,182	(550,631,184)	1,385,118,235
Other current liabilities	(115,802,489)	144,750,938	(17,961,634)	56,568,746
Provision for long-term employee benefits	(68,013,194)	(78,168,396)	(11,101,123)	(13,270,918)
Provisions	(34,646,291)	(183,694,555)	-	-
Other non-current liabilities	5,454,664	(32,139,931)	140,400	(5,716,464)
Cash flow from operating activities	7,177,074,071	4,988,128,826	5,903,491,396	4,680,097,079
Cash received from interest income	208,325,321	193,661,875	182,540,737	165,238,305
Cash paid for interest expenses	(63,906,658)	(63,064,391)	-	-
Cash paid for corporate income tax	(66,708,951)	(122,466,001)	(7,454,898)	(2,262,363)
Net cash flows from operating activities	7,254,783,783	4,996,260,309	6,078,577,235	4,843,073,021

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	44,079,531	30,589,782	-	-
Increase in investments in subsidiary companies	-	-	-	(879,947,787)
Decrease in other long-term investments	-	947,415	-	-
Net cash received from dissolution of the subsidiaries	-	25,666,367	-	-
Net cash from sales of investment in subsidiary	(2,923,798)	439,141,581	-	-
Cash received from sales of investment in associated company	426,233,247	-	-	-
Dividend received from other long-term investments	-	13,420,065	-	-
Acquisition of property, plant and equipment	(659,557,355)	(616,051,680)	(519,750,539)	(292,206,722)
Increase in investment properties	-	(290,996,394)	-	-
Proceeds from disposal of property, plant and equipment	8,460,705	22,462,440	8,106,046	10,137,218
Increase in other intangible assets	(30,058,008)	(37,086,748)	(2,323,500)	(6,920,482)
Net cash flows used in investing activities	<u>(213,765,678)</u>	<u>(411,907,172)</u>	<u>(513,967,993)</u>	<u>(1,168,937,773)</u>
Cash flows from financing activities:				
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions	(417,141,621)	4,936,969	-	-
Dividend paid	(3,367,930,358)	(2,993,715,874)	(3,367,930,358)	(2,993,715,874)
Net cash flows used in financing activities	<u>(3,785,071,979)</u>	<u>(2,988,778,905)</u>	<u>(3,367,930,358)</u>	<u>(2,993,715,874)</u>
Increase (decrease) in translation adjustments	<u>(261,395,195)</u>	<u>409,164,261</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>2,994,550,931</u>	<u>2,004,738,493</u>	<u>2,196,678,884</u>	<u>680,419,374</u>
Unrealised gain (loss) on exchange for cash and cash equivalents	(16,015,070)	166,275,735	(45,228,908)	214,150,875
Cash and cash equivalents at beginning of year	<u>14,952,792,676</u>	<u>12,781,778,448</u>	<u>9,591,930,469</u>	<u>8,697,360,220</u>
Cash and cash equivalents at end of year	<u>17,931,328,537</u>	<u>14,952,792,676</u>	<u>11,743,380,445</u>	<u>9,591,930,469</u>
	-	-	-	-

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 2014

1. Corporate information

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

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Energy Systems (Switzerland) AG	Holding business, manufacture, trading, research and development of electronic products	Switzerland	100	100
Delta Green Industrial (Thailand) Company Limited	Manufacture and distribution of electronic products	Thailand	100	100
Delta Energy Systems (Singapore) Pte.Ltd.	Holding business	Singapore	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited	Trading of electronic products	The British Virgin Islands	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH	Research, development and trading of electronic products	Germany	100	100
Delta Energy Systems Property (Germany) GmbH (owned by Delta Energy Systems (Germany) GmbH.)	Property rental	Germany	100	100
Delta Energy Systems (India) Pvt. Ltd.	Manufacture and trading of electronic products	India	100	100
Delta Energy Systems (Romania) S.R.L.	Research and development of electronic products	Romania	100	100
Delta Electronics Europe Limited	Trading of electronic products	Scotland	-	100
DET SGP Pte. Ltd.	Holding business and marketing and after sales services	Singapore	100	100
Delta India Electronics Pvt. Ltd. (owned by DET SGP Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Greentech International (Singapore) Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	100	100
Delta Power Solutions (India) Pvt. Ltd. (owned by Delta Greentech International (Singapore) Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2014</u>	<u>2013</u>
			Percent	Percent
Delta Energy Systems (Czech republic) spol.s.r.o.	Trading of electronic products	Czech Republic	100	100
Delta Energy Systems (Spain) S.L.	Trading of electronic products	Spain	100	100
Delta Energy Systems (France) S.A.	Trading of electronic products	France	100	100
Delta Energy Systems (Italy) s.r.l.	Trading of electronic products	Italy	100	100
Delta Energy Systems (Sweden) AB.	Trading of electronic products	Sweden	100	100
Delta Energy Systems (Finland) Oy.	Manufacture and trading of electronic products	Finland	100	100
Delta Energy Systems (Poland) Sp.z.o.o	Trading of electronic products	Poland	100	100
Delta Energy Systems LLC.	Trading of electronic products	Russia	100	100

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

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2014</u>	<u>2013</u>
			Percent	Percent
Delta Energy Systems (Australia) Pty. Ltd.	Marketing and after sales services	Australia	100	100
Delta Greentech (Netherlands) Cooperatie U.A.	Holding business	The Netherlands	100	100
Delta Greentech (Netherlands) BV. (owned by Delta Greentech (Netherlands) Cooperatie U.A.)	Holding business	The Netherlands	100	100
Delta Greentech Electronics Industry LLC. (owned by Delta Greentech (Netherlands) BV.)	Manufacture, marketing and distribution of electronic products	Turkey	100	100
Delta Greentech (USA) Corporation (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	USA	100	100
Delta Greentech (Brazil) S.A. (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	Brazil	100	100
Delta Greentech (Curitiba) Limited (owned by Delta Greentech (Brazil) S.A.)	Engineering	Brazil	100	100

- 2.2.2 Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- 2.2.3 The financial statements of the subsidiary companies are prepared using the same significant accounting policies as the Company.
- 2.2.4 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- 2.2.5 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.6 The meeting of the Company’s Board of Directors held on 28 July 2014 passed a resolution to sell the Company’s investment in Delta Electronics Europe Limited which is a subsidiary company of DET International Holding Limited to a related company, Delta International Holding Limited, at a price of approximately USD 3.7 million, or approximately Baht 119 million, with a gain on the sale of this investment of approximately USD 0.08 million, or approximately Baht 2.7 million.
- 2.3 The separate financial statements, which present investments in subsidiary companies under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures

TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries gradually recognise actuarial gains and losses in profit or loss. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and there is a change to immediately recognise those gains and losses in other comprehensive income, the Company and its subsidiaries will have to increase provision for long-term employee benefit liabilities by Baht 466 million (net of related tax) and decrease retained earnings by Baht 466 million.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that these standards will not have any impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard will not have any financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 Revenue Recognition

Sales of goods

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

Rendering of services

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

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

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

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

4.5 Investments

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

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

4.6 Investment properties

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

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

4.7 Property, plant and equipment/Depreciation

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

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

Depreciation is recognised in profit or loss.

No depreciation is provided for land and construction in progress.

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

4.8 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, they are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

Intangible assets have the following useful lives:

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

4.9 Goodwill

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

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

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

4.10 Related party transactions

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

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

4.11 Foreign currencies

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

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

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

4.12 Impairment of assets

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

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an

appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

4.14 Provisions

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

4.15 Research and development expenses

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

4.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

4.17 Forward currency contracts

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

5. Significant accounting 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. The significant judgements and estimates are as follows:

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.

Property plant and equipment/Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying cost. This requires 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 other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Tax assessments

The Company and its subsidiaries have contingent liabilities as the result of tax assessments. The management has used judgement to assess of the results of the tax assessments and

believes that no loss will be resulted. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	9,399	9,567	With reference to market price
Purchase of raw materials	-	-	59	66	With reference to market price
Commission paid	-	-	172	295	Contract price
Marketing fee	-	-	277	258	Contract price
Design and engineering fee	-	-	1,131	930	Contract price
Services income	-	-	10	6	Agreed upon basis
Services paid	-	-	42	36	Contract price
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,377	1,613	1,255	1,568	With reference to market price
Purchase of goods and raw materials	3,156	2,596	174	157	With reference to market price
Commission paid	356	273	356	273	Contract price
Commission received	61	61	-	-	Contract price
Services income	266	151	-	-	Contract price
Services paid	57	154	57	154	Contract price

The balances of the accounts as at 31 December 2014 and 2013 between the Company, its subsidiaries and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables, related parties (Note 7)</u>				
Subsidiary companies	-	-	2,464	3,339
Other related companies (under common control)	420	428	343	360
Total trade receivables, related parties	<u>420</u>	<u>428</u>	<u>2,807</u>	<u>3,699</u>

Trade payables, related parties (Note 16)

Subsidiary companies	-	-	27	15
Other related companies (under common control)	810	878	28	32
Total trade payables, related parties	<u>810</u>	<u>878</u>	<u>55</u>	<u>47</u>

Amounts due to related parties (Note 16)

Subsidiary companies	-	-	112	957
Other related companies (under common control)	66	198	25	85
Total amounts due to related parties	<u>66</u>	<u>198</u>	<u>137</u>	<u>1,042</u>

Directors and management's benefits

During the year ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	186	196	86	86
Post-employment benefits	20	16	7	1
Termination benefits	3	2	-	-
Total	<u>209</u>	<u>214</u>	<u>93</u>	<u>87</u>

7. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Trade receivables, related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	418	419	2,745	3,461
Past due				
Up to 3 months	1	9	59	238
3 - 6 months	1	-	3	-
Total	<u>420</u>	<u>428</u>	<u>2,807</u>	<u>3,699</u>
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,003	6,918	2,965	2,851
Past due				
Up to 3 months	881	828	247	201
3 - 6 months	55	76	-	1
6 - 12 months	61	34	1	1
Over 12 months	44	58	-	-
Total	<u>8,044</u>	<u>7,914</u>	<u>3,213</u>	<u>3,054</u>
Total trade receivables	8,464	8,342	6,020	6,753
Less: Allowance for doubtful accounts	(131)	(156)	(1)	(12)
Total trade receivables - net	<u>8,333</u>	<u>8,186</u>	<u>6,019</u>	<u>6,741</u>
<u>Other receivables</u>				
Other receivables	<u>38</u>	<u>68</u>	<u>1</u>	<u>6</u>
Total other receivables	<u>38</u>	<u>68</u>	<u>1</u>	<u>6</u>
Trade and other receivables - net	<u><u>8,371</u></u>	<u><u>8,254</u></u>	<u><u>6,020</u></u>	<u><u>6,747</u></u>

8. Inventories

(Unit: Million Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Finished goods	2,863	3,404	(475)	(464)	2,388	2,940
Work in process	577	545	-	-	577	545
Raw materials	2,179	2,474	(457)	(482)	1,722	1,992
Goods in transit	633	472	-	-	633	472
Total	6,252	6,895	(932)	(946)	5,320	5,949

(Unit: Million Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2014	2013	2014	2013	2014	2013
Finished goods	1,544	1,530	(118)	(131)	1,426	1,399
Work in process	495	451	-	-	495	451
Raw materials	1,471	1,546	(268)	(272)	1,203	1,274
Goods in transit	186	132	-	-	186	132
Total	3,696	3,659	(386)	(403)	3,310	3,256

9. Other current assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Input tax refundable	310	525	65	56
Advance payments	64	88	14	20
Prepaid expenses	100	179	6	24
Prepaid tax	126	147	-	-
Forward contracts receivable	15	2	-	-
Others	57	77	14	13
Total other current assets	672	1,018	99	113

10. Investment in associated company

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements				Share of profit from investment in associate during the year	
			Cost		Carrying amounts based on equity method					
			2014	2013	2014	2013	2014	2013	2014	2013
			%	%						
Delta Greentech SGP Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Investment	Singapore	-	45	-	157	-	175	2	18
Translation adjustment					-	-	-	19	-	-
Total investment in associated company					-	157	-	194	2	18

During 2014, a subsidiary of the Company received dividend amounting to approximately USD 0.6 million (approximately Baht 20 million) from Delta Greentech SGP Pte. Ltd. (2013: Nil)

However, on 11 March 2014, a meeting of the Company's Board of Directors passed a resolution to sell the Company's investment in the associated company to a related company, Delta International Holding Limited. The sale of the investment was completed in the third quarter of the current year. The selling price was approximately USD 12.9 million, or approximately Baht 426 million, with a gain on the sale of approximately USD 5.9 million, or approximately Baht 192 million.

11. Investments in subsidiary companies

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

Company's name	Paid-up capital		(Unit: Million Baht) Cost		
	Foreign currency	2014	2013	2014	2013
		(Million)	(Million)		
DET International Holding Limited	USD	264	264	9,450	9,450
Delta Energy Systems (Switzerland) AG	CHF	20	20	2,415	2,415
Delta Green Industrial (Thailand) Company Limited	THB	190	190	190	190
Delta Energy Systems (Singapore) Pte. Ltd.	USD	30	30	892	892
Subtotal				12,947	12,947
Less: Allowance for impairment loss of investments in subsidiary companies				(2,196)	(2,196)
Investments in subsidiary companies - net				10,751	10,751

No dividend was received from the above subsidiary companies during the years ended 31 December 2014 and 2013.

12. Investment properties

The net book value of investment properties as at 31 December 2014 and 2013 is presented below.

	(Unit: Million Baht) Consolidated financial statements		
	Land for rent	Office building for rent	Total
31 December 2014:			
Cost	44	247	291
<u>Less</u> Accumulated depreciation	-	(15)	(15)
Translation adjustment	(5)	(26)	(31)
Net book value	<u>39</u>	<u>206</u>	<u>245</u>
31 December 2013:			
Cost	44	247	291
<u>Less</u> Accumulated depreciation	-	(2)	(2)
Net book value	<u>44</u>	<u>245</u>	<u>289</u>

The Company and its subsidiaries believe that the book value of investment properties as at 31 December 2014 as stated in the financial statements is closed to the fair value.

13. Property, plant and equipment

(Unit: Million Baht)

Consolidated financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2013	523	3,031	6,462	1,147	1,254	77	561	478	13,533
Purchase/transfer in	-	58	444	85	53	195	36	78	949
Disposal/write-off/transfer out	-	-	(248)	(75)	(3)	(240)	(45)	(59)	(670)
Translation adjustment	(12)	(144)	(144)	(3)	(33)	-	(36)	(24)	(396)
31 December 2014	511	2,945	6,514	1,154	1,271	32	516	473	13,416
Accumulated depreciation:									
31 December 2013	-	584	5,361	1,072	818	-	492	348	8,675
Depreciation for the year	-	72	479	76	62	-	51	36	776
Depreciation - disposal/write-off	-	(3)	(240)	(73)	-	-	(41)	(12)	(369)
Translation adjustment	-	(17)	(129)	(3)	(13)	-	(34)	(21)	(217)
31 December 2014	-	636	5,471	1,072	867	-	468	351	8,865
Allowance for impairment loss:									
31 December 2013	-	75	-	-	15	-	-	1	91
Increase during the year	-	88	11	-	-	-	-	-	99
31 December 2014	-	163	11	-	15	-	-	1	190
Net book value:									
As at 31 December 2013	523	2,372	1,101	75	421	77	69	129	4,767
As at 31 December 2014	511	2,146	1,032	82	389	32	48	121	4,361
Depreciation charge									
Year 2013 (Baht 563 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									832
Year 2014 (Baht 552 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									776

13. Property, plant and equipment (continued)

(Unit: Million Baht)

Consolidated financial statements

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

13. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2013	313	1,372	5,033	1,119	916	71	222	122	9,168
Purchase/transfer in	-	26	380	85	53	181	12	52	789
Disposal/write-off/transfer out	-	-	(178)	(64)	(2)	(224)	(18)	(53)	(539)
31 December 2014	313	1,398	5,235	1,140	967	28	216	121	9,418
Accumulated depreciation:									
31 December 2013	-	392	4,159	1,046	704	-	200	95	6,596
Depreciation for the year	-	24	390	74	44	-	16	7	555
Depreciation - disposal/write-off	-	-	(176)	(62)	(1)	-	(18)	(7)	(264)
31 December 2014	-	416	4,373	1,058	747	-	198	95	6,887
Allowance for impairment loss:									
31 December 2013	-	75	-	-	15	-	-	1	91
Increase during the year	-	88	11	-	-	-	-	-	99
31 December 2014	-	163	11	-	15	-	-	1	190
Net book value:									
As at 31 December 2013	313	905	874	73	197	71	22	26	2,481
As at 31 December 2014	313	819	851	82	205	28	18	25	2,341
Depreciation charge									
Year 2013 (Baht 487 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									559
Year 2014 (Baht 479 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									555

13. Property, plant and equipment (continued)

(Unit: Million Baht)

Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
Cost:									
31 December 2012	313	1,343	5,067	1,061	883	120	228	118	9,133
Purchase/transfer in	-	29	170	87	38	111	8	59	502
Disposal/write-off/transfer out	-	-	(204)	(29)	(5)	(160)	(14)	(55)	(467)
31 December 2013	313	1,372	5,033	1,119	916	71	222	122	9,168
Accumulated depreciation:									
31 December 2012	-	367	3,957	993	661	-	194	94	6,266
Depreciation for the year	-	25	384	75	49	-	20	6	559
Depreciation - disposal/write-off	-	-	(182)	(22)	(6)	-	(14)	(5)	(229)
31 December 2013	-	392	4,159	1,046	704	-	200	95	6,596
Allowance for impairment loss:									
31 December 2012	-	39	-	-	6	-	-	1	46
Increase during the year	-	36	-	-	9	-	-	-	45
31 December 2013	-	75	-	-	15	-	-	1	91
Net book value:									
As at 31 December 2012	313	937	1,110	68	216	120	34	23	2,821
As at 31 December 2013	313	905	874	73	197	71	22	26	2,481
Depreciation charge									
Year 2012 (Baht 474 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									545
Year 2013 (Baht 487 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									559

As at 31 December 2014, certain items of machinery and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately of Baht 6,276 million (2013: Baht 6,437 million) (The Company only: Baht 4,958 million, 2013: Baht 4,940 million).

14. Other intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 is presented below.

	Consolidated financial statements				Separate financial statements
	Patent rights	Computer software		Total	Computer software
		Others	Total		
Cost:					
31 December 2013	1,077	233	6	1,316	77
Purchase	-	26	4	30	2
Disposals	-	(4)	-	(4)	-
Translation adjustment	5	(17)	(1)	(13)	-
31 December 2014	1,082	238	9	1,329	79
Accumulated amortisation:					
31 December 2013	488	183	1	672	57
Amortisation for the year	53	35	3	91	14
Disposals	-	(4)	-	(4)	-
Translation adjustment	3	(15)	(1)	(13)	-
31 December 2014	544	199	3	746	71
Net book value:					
31 December 2013	589	50	5	644	20
31 December 2014	538	39	6	583	8

14. Other intangible assets (continued)

	Consolidated financial statements				Separate financial statements
	Patent rights	Computer software		Total	Computer software
		Others	Total		
Cost:					
31 December 2012	1,005	311	3	1,319	70
Purchase	-	30	7	37	7
Disposals	-	(124)	(4)	(128)	-
Translation adjustment	72	16	-	88	-
31 December 2013	1,077	233	6	1,316	77

	(Unit: Million Baht)				Separate
	Consolidated financial statements				financial
	Patent rights	Computer software	Others	Total	statements
Accumulated amortisation:					Computer software
31 December 2012	405	225	1	631	44
Amortisation for the year	50	36	-	86	13
Disposals	-	(87)	-	(87)	-
Translation adjustment	33	9	-	42	-
31 December 2013	488	183	1	672	57
Net book value:					
31 December 2012	600	86	2	688	26
31 December 2013	589	50	5	644	20

15. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	(86)	(53)	(5)	-
Adjustment in respect of income tax of previous year	(11)	(10)	-	-
Deferred tax:				
Increase (decrease) in deferred tax assets	25	(6)	-	-
Decrease (increase) in deferred tax liabilities	(14)	13	-	-
Translation adjustment	1	(11)	-	-
Income tax expenses reported in the statement of comprehensive income	<u>(85)</u>	<u>(67)</u>	<u>(5)</u>	<u>-</u>

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>6,046</u>	<u>5,483</u>	<u>5,188</u>	<u>4,985</u>
Income tax at Thai corporate income tax rate of 20%	(1,209)	(1,097)	(1,038)	(997)
Adjust in respect to current income tax of previous years	(11)	(10)	-	-

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Tax savings from the tax privileges granted by the government	1,049	1,054	1,051	1,054
Difference in tax rates of subsidiaries in overseas countries	(43)	(56)	-	-
Tax effect of loss for the current year	(28)	(14)	-	-
Effects of exemption of income and additional expenses deductions allowed	65	2	-	-
Others	92	54	(18)	(57)
Income tax expenses reported in the statement of comprehensive income	(85)	(67)	(5)	-

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

As of 31 December 2014 and 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax assets				
Allowance for doubtful accounts	22	10	-	-
Allowance for diminution in value of inventories	67	31	-	-
Bonus payable	11	11	-	-
Provision for warranty	67	75	-	-
Tax savings from promotional privileges	118	132	-	-
Tax loss brought forward	8	44	-	-
Others	24	15	-	-
Total	317	318	-	-
Deferred tax liabilities				
Difference depreciation for tax purpose	57	36	-	-
Total	57	36	-	-

As at 31 December 2014 the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 60 million, INR 25 million or approximately Baht 13 million and EUR 57 million or approximately Baht 2,283 million (2013: Baht 99 million, INR 206 million or approximately Baht 106 million and EUR 59 million or

approximately Baht 2,408 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.

16. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - related parties (Note 6)	810	878	55	47
Trade payables - unrelated parties	4,750	4,945	3,838	3,798
Amount due to related parties (Note 6)	66	198	137	1,042
Other payables	458	329	379	294
Accrued expenses	2,237	2,321	1,370	1,236
Advance received	339	298	166	143
Total trade and other payables	<u>8,660</u>	<u>8,969</u>	<u>5,945</u>	<u>6,560</u>

17. Other current liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Forward contracts payable	43	147	6	62
Withholding tax payable	117	81	64	45
Value added tax payable	73	98	-	-
Others	69	61	31	13
Total other current liabilities	<u>302</u>	<u>387</u>	<u>101</u>	<u>120</u>

18. Provision for long-term employee benefits

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	55	51	19	17
Interest cost	61	55	9	6
Less: Expected return on plan assets	(37)	(28)	-	-
Recognised actuarial losses	-	28	6	-
Long-term employee benefit expenses for the year	79	106	34	23

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation	(2,263)	(2,253)	(227)	(210)
Fair value of plan assets	929	807	-	-
	(1,334)	(1,446)	(227)	(210)
Unrecognised actuarial losses	432	460	78	83
Provisions for long-term employee benefits as at 31 December	(902)	(986)	(149)	(127)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Defined benefit obligation at beginning of year	(2,253)	(2,163)	(210)	(222)
Current service cost	(55)	(51)	(19)	(17)
Interest cost	(61)	(55)	(9)	(6)
Contribution by plan participants	(13)	(16)	-	-
Benefits paid during the year	123	145	11	13
Actuarial gains (losses)	(216)	91	-	22
Translation adjustments	212	(204)	-	-
Defined benefit obligation at end of year	(2,263)	(2,253)	(227)	(210)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Fair value of plan assets at beginning of year	807	729	-	-
Expected return on plan assets	37	28	-	-
Contributions by employer	17	21	-	-
Contribution by plan participants	13	16	-	-
Benefits paid during the year	(72)	(88)	-	-
Actuarial gains	201	31	-	-
Translation adjustments	(74)	70	-	-
Fair value of plan assets at end of year	<u>929</u>	<u>807</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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Debt securities	199	131	-	-
Equity securities	196	172	-	-
Properties	380	359	-	-
Others	154	145	-	-

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rates	1.3 - 8.0	1.9 - 8.5	4.3	4.3
Expected rates of return on plan assets	4.0 - 8.5	4.0 - 8.5	-	-
Future salary increase rates (depending on age)	1.0 - 11.0	0.5 - 11.0	7.0 - 11.0	7.0 - 11.0
Staff turnover rates (depending on age)	0.5 - 24.2	0.5 - 24.2	4.0 - 13.0	4.0 - 13.0

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

(Unit: Million Baht)

	Consolidated financial statements				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Defined benefit obligation	(2,263)	(2,253)	(2,163)	(1,978)	(1,845)
Fair value of plan assets	929	807	729	733	684
Deficit	(1,334)	(1,446)	(1,434)	(1,245)	(1,161)
Gain (loss) from experience adjustments					
on defined benefit obligation	10	(20)	(1)	(33)	(15)
Gain (loss) from experience adjustments					
on plan assets	37	-	-	(1)	(7)

(Unit: Million Baht)

	Separate financial statements				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Defined benefit obligation	(227)	(210)	(222)	(206)	(96)
Loss from experience adjustments					
on defined benefit obligation	-	(19)	-	(81)	-

19. Provisions

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements	
	Restructuring	Warranty	Other	Total	Warranty	Total
	costs		provisions			
Balance as at 31 December 2012	153	260	91	504	20	20
Recognition during year	22	159	236	417	48	48
Decrease during year	(150)	(1)	(33)	(184)	-	-
Reversal during year	(15)	(234)	(101)	(350)	-	-
Translation adjustment/unrealised loss on exchange rate	18	10	22	50	-	-
Balance as at 31 December 2013	28	194	215	437	68	68
Recognition during year	2	194	65	261	106	106
Decrease during year	(10)	(6)	(19)	(35)	-	-
Reversal during year	(1)	(55)	(154)	(210)	-	-
Translation adjustment/unrealised loss on exchange rate	(4)	(9)	(16)	(29)	2	2
Balance as at 31 December 2014	15	318	91	424	176	176
Short-term provisions	28	40	179	247	-	-
Long-term provisions	-	154	36	190	68	68
Balance as at 31 December 2013	28	194	215	437	68	68
Short-term provisions	15	81	43	139	-	-
Long-term provisions	-	237	48	285	176	176
Balance as at 31 December 2014	15	318	91	424	176	176

20. 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.

21. Dividends

Dividends declared in 2014 and 2013 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 2013	Annual General Meeting of the shareholders on 31 March 2014	3,368	2.70
Final dividend for year 2012	Annual General Meeting of the shareholders on 29 March 2013	2,994	2.40

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Salaries, wages and other employee benefits	7,525	6,954	4,004	3,617
Raw materials used and purchase of finished goods	26,113	24,849	17,162	16,567
Changes in inventories of finished goods and work in progress	509	(382)	(58)	126
Depreciation	776	832	555	559
Commission expenses	453	515	528	568
Marketing fee	46	50	277	258
Design and engineering fee	440	246	1,233	1,049
Amortisation of intangible assets	91	86	14	13

23. 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	
	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	2062(1)/2553	1732(2)/2557	1813(2)/2554	1814(2)/2554
1. Certificate No.	1710(2)/2549	1541(2)/2552	1494(2)/2552	2061(1)/2553	2062(1)/2553	1732(2)/2557	1813(2)/2554	1814(2)/2554
2. Promotional privileges for	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic products	Manufacturing of DC FAN	Manufacturing of telecommunication and electronics products for vehicle	Manufacturing of telecommunication	Manufacturing of electro - magnetic products	Manufacturing of Inverter	Manufacturing of electric light bulbs and display monitor
3. The significant privileges are								
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	8 years	7 years (Maximum amount Baht 90,690,852)	7 years (Maximum amount Baht 298,170,000)	8 years	8 years	7 years (Maximum amount Baht 124,000,000)	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
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Non - granted	Granted	Granted	Non - granted	Granted	Granted	Granted	Granted
3.4 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted	Non - granted
3.5 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income.	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted	Non - granted
3.6 Permission to deduct cost of public utilities at the rate of twenty-five percent in addition to normal depreciation charges.	Non - granted	Non - granted	Non - granted	Granted	Granted	Non - granted	Non - granted	Non - granted
4. Date of first earning operating income	27 January 2009	4 January 2010	12 March 2013	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation
5. Additional right and benefit	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	Granted the additional tax incentive under the Skill, Technology and Innovation	-	-	-	-	-

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

(Unit: Million Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Separate financial statements</u>						
Sales						
Domestic sales	393	420	-	-	393	420
Export sales	29,490	27,967	213	296	29,703	28,263
Total	<u>29,883</u>	<u>28,387</u>	<u>213</u>	<u>296</u>	<u>30,096</u>	<u>28,683</u>

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

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

24. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the years ended 31 December 2014 and 2013 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue										
Revenue from external customers	30,464	29,306	12,061	10,130	568	521	1,028	1,244	44,121	41,201
Total revenue	<u>30,464</u>	<u>29,306</u>	<u>12,061</u>	<u>10,130</u>	<u>568</u>	<u>521</u>	<u>1,028</u>	<u>1,244</u>	<u>44,121</u>	<u>41,201</u>

(Unit: Million Baht)

	Power electronics segment ¹⁾		Energy management segment ²⁾		Smart green life segment ³⁾		Others		Consolidated financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	Segment profit (loss)	6,005	5,994	946	425	30	55	(1,511)	(1,750)	5,470
Unallocated income (expenses):										
Interest income									210	194
Gain on exchange rate									231	272
Gain on sales of investment in subsidiary company									3	261
Gain on sales of investment in associated company									192	-
Dividend income from other long-term investments									-	13
Other income									338	419
Other expenses									(326)	(355)
Finance cost									(73)	(63)
Share of profit from investment in an associated company									2	18
Profit before income tax expenses									6,047	5,483
Income tax expenses									(85)	(67)
Profit for the year									<u>5,962</u>	<u>5,416</u>

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

Geographic information:

(Unit: Million Baht)

	<u>2014</u>	<u>2013</u>
Revenue from external customers is based on locations of the customers		
United States	10,863	10,617
China	6,433	6,323
India	5,887	3,693
Germany	3,923	3,715
Taiwan	3,497	3,320
Others	13,518	13,533
Total	<u>44,121</u>	<u>41,201</u>

	(Unit: Million Baht)	
	<u>2014</u>	<u>2013</u>
Non-current assets*		
Thailand	2,421	2,578
Slovakia	1,106	1,264
India	587	595
Germany	482	597
Others	593	666
Total	<u>5,189</u>	<u>5,700</u>

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

25. 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 (2013: 6 percent of basic salary). The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination or when employees are promoted to a manager post, in accordance with the fund rules. During the year 2014, the Company contributed Baht 68,448,808 (2013: Baht 54,739,899) to the fund.

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

26. Commitments and contingent liabilities

26.1 Capital commitments and operating lease commitments

26.1.1 As at 31 December 2014, the Company and its subsidiaries had significant capital commitments amounting to Baht 6 million in respect of the building construction (2013: Baht 3 million) and amounting to Baht 108 million, EUR 0.1 million or approximately Baht 4 million and INR 5 million or approximately Baht 2 million in respect of the purchase of machinery and equipment (2013: Baht 87 million, EUR 0.2 million or approximately Baht 7 million and INR 10 million or approximately Baht 5 million).

26.1.2 As at 31 December 2014, the subsidiaries had significant operating lease commitments amounting to SEK 2 million or approximately Baht 7 million, PLN 1 million or approximately Baht 8 million, CHF 1 million or approximately Baht 28 million, INR 36 million or approximately Baht 19 million and EUR 2 million or approximately Baht 94 million (2013: SEK 2 million or approximately Baht 9 million, PLN 1 million or approximately Baht 13 million, CHF 1 million or approximately Baht 21 million, GBP

0.4 million or approximately Baht 24 million, INR 87 million or approximately Baht 46 million and EUR 6 million or approximately Baht 260 million).

26.2 Guarantee obligations

As at 31 December 2014, the Company and its subsidiaries had the following outstanding letters of guarantee required in the ordinary course of their businesses:

26.2.1 Outstanding letters of guarantee totaling approximately Baht 1,162 million (2013: Baht 1,160 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 1,135 million (2013: Baht 1,135 million) issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in Note 26.3.1 to the financial statements).

26.2.2 Outstanding letters of guarantee for totals of approximately INR 466 million or approximately Baht 240 million, EUR 1 million or approximately Baht 56 million, USD 0.9 million or approximately Baht 30 million, BRL 0.7 million or approximately Baht 9 million, AUD 0.07 million or approximately Baht 2 million and PLN 0.6 million or approximately Baht 6 million have been issued by banks to meet requirements of its subsidiaries (2013: INR 226 million or approximately Baht 119 million, EUR 1 million or approximately Baht 61 million, USD 1 million or approximately Baht 37 million and BRL 3 million or approximately Baht 35 million).

26.3 Tax assessment

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

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

However, the independent legal counselor of the Company believes that eventually the Company will win the case and therefore the Company has not recorded provision for the tax assessments in the accounts.

- 26.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 99 million or approximately Baht 51 million, covering the years 2003 - 2014, and sales tax and excise duties of approximately INR 189 Million or approximately Baht 97 million, covering the years 2005 - 2012, against the overseas subsidiaries. The subsidiaries have submitted a letter appealing the assessments. However, as at 31 December 2014, those subsidiaries had prepaid tax amounting to approximately INR 157 million or approximately Baht 81 million and recorded income tax payable amounting to INR 22 million or approximately Baht 11 million. The management of the Company and the subsidiaries believe that no significant losses will be incurred as a result of this matter and the subsidiaries have therefore not recorded provision for this tax assessment.

27. Financial instruments

27.1 Financial risk management

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

Credit Risk

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

Interest rate risk

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

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 2014							
Fixed interest rates			Floating		Total	Interest rate (% p.a.)	
Within 1 year	Over 1-5 years	Over 5 years	interest rate	Non-interest bearing			
Financial assets							
Cash and cash equivalents	940	-	-	16,098	893	17,931	0.01 - 8.00
Trade and other receivables	-	-	-	-	8,371	8,371	-
Deposits at bank with restrictions	-	-	-	-	77	77	-
Total	940	-	-	16,098	9,341	26,379	
Financial liabilities							
Bank overdraft and short-term loans from financial institutions	250	-	-	-	-	250	1.02
Trade and other payables	-	-	-	-	8,660	8,660	-
Total	250	-	-	-	8,660	8,910	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2013

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over	interest	Non-interest			
	1 year				1-5 years		
Financial assets							
Cash and cash equivalents	105	-	-	13,455	1,393	14,953	0.01 - 3.50
Trade and other receivables	-	-	-	-	8,254	8,254	-
Deposits at bank with restrictions	-	-	-	-	121	121	-
Total	105	-	-	13,455	9,768	23,328	

Financial liabilities

Bank overdraft and short-term

loans from financial institutions	667	-	-	-	-	667	1.25 - 13.68
Trade and other payables	-	-	-	-	8,969	8,969	-
Total	667	-	-	-	8,969	9,636	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2014

	Fixed interest rates			Floating		Total	Interest rate (% p.a.)
	Within	Over	interest	Non-interest			
	1 year				1-5 years		
Financial assets							
Cash and cash equivalents	-	-	-	11,616	127	11,743	0.10 - 2.75
Trade and other receivables	-	-	-	-	6,020	6,020	-
Total	-	-	-	11,616	6,147	17,763	
Financial liabilities							
Trade and other payables	-	-	-	-	5,945	5,945	-
Total	-	-	-	-	5,945	5,945	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2013

	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	-	-	-	9,558	34	9,592	0.10 - 3.30
Trade and other receivables	-	-	-	-	6,747	6,747	-
Total	-	-	-	9,558	6,781	16,339	
Financial liabilities							
Trade and other payables	-	-	-	-	6,560	6,560	-
Total	-	-	-	-	6,560	6,560	

Foreign currency risk

The Company and its subsidiaries have significant foreign currency risk in respect of the purchase and sales transactions, lending and borrowing, and investments in foreign companies. As at 31 December 2014 and 2013, outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	As at 31 December					
	Financial assets		Financial liabilities		Average exchange rate	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	157	142	112	146	32.9630	32.8136
Euro	23	13	3	5	40.0530	45.0217
Japanese yen	124	147	247	121	0.2738	0.3130
Swiss franc	-	-	-	1	33.3016	36.6976
Polish zloty	5	4	1	-	9.3164	10.8565
Singapore dollar	-	1	-	-	24.8959	25.8826

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

As at 31 December 2014 and 2013, the outstanding derivatives are as follows:

Forward contracts

As at 31 December 2014						
Amount			Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	117 million	32.38000 - 33.44000	THB/USD	January - April 2015	
USD/CHF	USD	11 million	0.95760 - 0.98180	CHF/USD	January 2015	
EUR/CHF	EUR	7 million	1.20080 - 1.20300	CHF/EUR	January 2015	
USD/TRY	USD	3 million	2.25150	TRY/USD	January 2015	
EUR/TRY	EUR	2 million	2.80900 - 2.86300	TRY/EUR	January 2015	
PLN/CHF	PLN	2 million	3.55600 - 3.63000	PLN/CHF	January 2015	
EUR/USD	EUR	1 million	1.22050 - 1.25410	USD/EUR	January 2015	
Forward contracts to "Buy"						
USD/INR	USD	7 million	62.02000 - 64.45000	INR/USD	January - February 2015	
USD/BRL	USD	6 million	2.57720 - 2.70400	BRL/USD	January 2015	
EUR/USD	EUR	6 million	1.22510 - 1.25220	USD/EUR	January - February 2015	
USD/AUD	USD	3 million	0.83840 - 0.87030	USD/AUD	January 2015	
USD/TRY	USD	2 million	2.24300 - 2.33650	TRY/USD	January 2015	
USD/CHF	USD	1 million	0.98510	CHF/USD	January 2015	

As at 31 December 2013						
Amount			Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	117 million	31.20200 - 33.11000	THB/USD	January - April 2014	
USD/CHF	USD	7 million	0.88722 - 0.91605	CHF/USD	January 2014	
EUR/USD	EUR	2 million	1.34202 - 1.37385	USD/EUR	January 2014	
USD/TRY	USD	4 million	2.02200 - 2.02320	TRY/USD	January 2014	
PLN/CHF	PLN	3 million	3.43450 - 3.43470	PLN/CHF	January 2014	
USD/BRL	USD	2 million	2.30000 - 2.30860	BRL/USD	January 2014	
EUR/SEK	EUR	1 million	8.92800 - 9.06020	SEK/EUR	January 2014	
Forward contracts to "Buy"						
USD/RUB	USD	5 million	32.95580 - 33.32480	RUB/USD	January 2014	
USD/INR	USD	6 million	61.80500 - 63.55250	INR/USD	January - March 2014	
EUR/CHF	EUR	2 million	1.22390 - 1.23100	CHF/EUR	January 2014	
USD/AUD	USD	1 million	0.90370	USD/AUD	January 2014	

27.2 Fair values of financial instruments

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

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

28. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.39:1 (2013: 0.46:1) and the Company's was 0.23:1 (2013: 0.26:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 10 February 2015.