

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Other Matter

The consolidated statement of financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, and the separate statement of financial position of Delta Electronics (Thailand) Public Company Limited as at 31 December 2018, presented herein as comparative information, were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under his report dated 18 February 2019. The consolidated statements of comprehensive income for three-month and nine-month periods ended 30 September 2018, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period, presented herein as comparative information, were also reviewed by the aforementioned auditor who concluded, under his report dated 26 October 2018, that nothing had come to his attention that caused him to believe that the interim financial information was not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Preecha Arunnara
Certified Public Accountant (Thailand) No. 5800

EY Office Limited
Bangkok: 28 October 2019

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		12,419,724	15,607,754	6,627,824	9,752,996
Current investments		1,749	222,745	-	-
Trade and other receivables	4	10,302,738	11,558,016	10,125,022	11,047,646
Inventories	5	9,461,609	9,460,867	5,960,336	5,807,619
Other current assets	6	1,614,679	1,138,345	614,714	325,765
Total current assets		33,800,499	37,987,727	23,327,896	26,934,026
Non-current assets					
Deposits at bank with restrictions		49,272	55,048	-	-
Investments in associated companies	7	461,607	536,334	-	-
Investments in subsidiary companies	8	-	-	13,272,734	11,881,692
Investment properties	9	211,017	236,735	-	-
Property, plant and equipment	10	10,557,461	7,956,876	6,214,688	4,787,400
Land-use rights	11	204,141	220,028	-	-
Goodwill		416,128	438,414	-	-
Other intangible assets	12	429,825	476,225	842	1,515
Deferred tax assets		265,083	238,846	-	-
Other non-current assets		79,308	54,460	3,246	2,575
Total non-current assets		12,673,842	10,212,966	19,491,510	16,673,182
Total assets		46,474,341	48,200,693	42,819,406	43,607,208

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	11,000,156	11,801,451	9,032,901	9,276,651
Income tax payable		40,699	56,428	-	-
Short-term provisions	16	33,354	13,392	-	-
Liabilities and provision from tax assessments	23.3.1	239,368	239,368	239,368	239,368
Other current liabilities	14	194,883	247,145	63,057	105,822
Total current liabilities		11,508,460	12,357,784	9,335,326	9,621,841
Non-current liabilities					
Deferred tax liabilities		116,964	144,452	-	-
Provision for long-term employee benefits	15	1,301,914	1,234,247	443,271	281,663
Long-term provisions	16	458,824	499,043	290,470	279,255
Other non-current liabilities		143,534	24,247	1,100	1,241
Total non-current liabilities		2,021,236	1,901,989	734,841	562,159
Total liabilities		13,529,696	14,259,773	10,070,167	10,184,000
Shareholders' equity					
Share capital					
Registered					
1,259,000,000 ordinary shares of Baht 1 each		1,259,000	1,259,000	1,259,000	1,259,000
Issued and fully paid					
1,247,381,614 ordinary shares of Baht 1 each		1,247,382	1,247,382	1,247,382	1,247,382
Share premium		1,491,912	1,491,912	1,491,912	1,491,912
Surplus on business combination under common control					
		(1,004,027)	(1,004,027)	-	-
Retained earnings					
Appropriated - Statutory reserve		125,900	125,900	125,900	125,900
Unappropriated		34,099,376	34,432,010	29,884,045	30,558,014
Other components of shareholders' equity		(3,012,194)	(2,356,674)	-	-
Equity attributable to owners of the Company		32,948,349	33,936,503	32,749,239	33,423,208
Non-controlling interests of the subsidiary		(3,704)	4,417	-	-
Total shareholders' equity		32,944,645	33,940,920	32,749,239	33,423,208
Total liabilities and shareholders' equity		46,474,341	48,200,693	42,819,406	43,607,208
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		12,218,646	13,554,630	9,869,140	10,710,210
Service income		185,315	160,744	17,726	2,804
Other income					
Interest income		55,588	69,639	23,825	29,341
Gain on exchange		27,092	67,779	47,425	88,231
Others		75,157	97,833	43,977	81,163
Total revenues		<u>12,561,798</u>	<u>13,950,625</u>	<u>10,002,093</u>	<u>10,911,749</u>
Expenses					
Cost of sales		9,870,355	10,221,550	7,838,460	7,939,206
Cost of services		160,297	136,222	5,099	869
Selling and distribution expenses	18	894,391	891,261	626,488	587,257
Administrative expenses		408,749	429,812	227,494	277,311
Research and development expenses	19	660,837	536,787	705,477	507,781
Other expenses		10,539	70,165	30,406	74,437
Total expenses		<u>12,005,168</u>	<u>12,285,797</u>	<u>9,433,424</u>	<u>9,386,861</u>
Profit before share of profit from investments in associated companies, finance cost and tax income (expenses)					
		556,630	1,664,828	568,669	1,524,888
Share of profit from investments in associated companies	7	19,637	46,828	-	-
Profit before finance cost and tax income (expenses)		<u>576,267</u>	<u>1,711,656</u>	<u>568,669</u>	<u>1,524,888</u>
Finance cost		(328)	(181)	-	-
Profit before tax income (expenses)		<u>575,939</u>	<u>1,711,475</u>	<u>568,669</u>	<u>1,524,888</u>
Tax income (expenses) for the period	20	41,923	(7,748)	-	-
Income tax expenses resulting from tax assessments	23.3.1	-	(23,486)	-	(23,486)
Profit for the period		<u>617,862</u>	<u>1,680,241</u>	<u>568,669</u>	<u>1,501,402</u>

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency - net of income tax		(368,452)	(493,353)	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(5,001)	(2,713)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(373,453)	(496,066)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	(41,456)	(592)	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(41,456)	(592)	-	-
Other comprehensive income for the period		(414,909)	(496,658)	-	-
Total comprehensive income for the period		202,953	1,183,583	568,669	1,501,402
Profit attributable to:					
Equity holders of the Company		618,386	1,680,964	568,669	1,501,402
Non-controlling interests of the subsidiary		(524)	(723)	-	-
		<u>617,862</u>	<u>1,680,241</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		203,477	1,184,307	568,669	1,501,402
Non-controlling interests of the subsidiary		(524)	(724)	-	-
		<u>202,953</u>	<u>1,183,583</u>		
Earnings per share					
21					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.50	1.35	0.46	1.20

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		38,735,703	38,916,045	30,852,950	29,484,210
Service income		532,965	436,464	25,020	6,001
Other income					
Interest income		189,305	170,100	73,815	93,087
Gain on exchange		11,357	116,401	62,738	161,236
Others		323,827	316,386	255,187	220,222
Total revenues		39,793,157	39,955,396	31,269,710	29,964,756
Expenses					
Cost of sales		30,691,775	29,960,876	24,139,936	22,352,351
Cost of services		453,601	413,983	9,617	3,525
Selling and distribution expenses	18	2,818,038	2,517,990	1,996,311	1,643,096
Administrative expenses		1,272,286	1,243,659	718,092	729,003
Research and development expenses	19	2,002,253	1,571,561	2,075,236	1,507,200
Other expenses		21,251	110,700	94,818	124,486
Total expenses		37,259,204	35,818,769	29,034,010	26,359,661
Profit before share of profit from investments in associated companies, finance cost and tax income (expenses)					
		2,533,953	4,136,627	2,235,700	3,605,095
Share of profit from investments in associated companies	7	33,195	104,820	-	-
Profit before finance cost and tax income (expenses)		2,567,148	4,241,447	2,235,700	3,605,095
Finance cost		(1,355)	(9,587)	-	-
Profit before tax income (expenses)		2,565,793	4,231,860	2,235,700	3,605,095
Tax income (expenses) for the period	20	3,121	(86,472)	-	-
Income tax expenses resulting from tax assessments	23.3.1	-	(23,486)	-	(23,486)
Profit for the period		2,568,914	4,121,902	2,235,700	3,581,609

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2019

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currency - net of income tax		(588,128)	(687,457)	-	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	<u>(25,936)</u>	<u>(7,661)</u>	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(614,064)	(695,118)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain (loss) - net of income tax		(40,688)	3,483	(40,688)	-
Share of other comprehensive income from					
investments in associated companies - net of income tax	7	<u>(41,456)</u>	<u>17,442</u>	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>(82,144)</u>	<u>20,925</u>	<u>(40,688)</u>	-
Other comprehensive income for the period		<u>(696,208)</u>	<u>(674,193)</u>	<u>(40,688)</u>	-
Total comprehensive income for the period		<u>1,872,706</u>	<u>3,447,709</u>	<u>2,195,012</u>	<u>3,581,609</u>
Profit attributable to:					
Equity holders of the Company		2,577,035	4,129,316	<u>2,235,700</u>	<u>3,581,609</u>
Non-controlling interests of the subsidiary		<u>(8,121)</u>	<u>(7,414)</u>		
		<u>2,568,914</u>	<u>4,121,902</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,880,827	3,455,161	<u>2,195,012</u>	<u>3,581,609</u>
Non-controlling interests of the subsidiary		<u>(8,121)</u>	<u>(7,452)</u>		
		<u>1,872,706</u>	<u>3,447,709</u>		
Earnings per share					
21					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.07</u>	<u>3.31</u>	<u>1.79</u>	<u>2.87</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
	Issued and fully paid share capital Share premium Surplus on business combination under common control			Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
						Other comprehensive income					
						Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity			
	Appropriated	Unappropriated									
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	(1,004,027)	125,900	31,998,257	(1,461,410)	60,664	(1,400,746)	32,458,678	15,044	32,473,722
Profit (loss) for the period	-	-	-	-	4,129,316	-	-	-	4,129,316	(7,414)	4,121,902
Other comprehensive income for the period	-	-	-	-	3,483	(687,419)	9,781	(677,638)	(674,155)	(38)	(674,193)
Total comprehensive income for the period	-	-	-	-	4,132,799	(687,419)	9,781	(677,638)	3,455,161	(7,452)	3,447,709
Dividend paid (Note 17)	-	-	-	-	(2,744,240)	-	-	-	(2,744,240)	-	(2,744,240)
Balance as at 30 September 2018	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>33,386,816</u>	<u>(2,148,829)</u>	<u>70,445</u>	<u>(2,078,384)</u>	<u>33,169,599</u>	<u>7,592</u>	<u>33,177,191</u>
Balance as at 31 December 2018 (Audited)	1,247,382	1,491,912	(1,004,027)	125,900	34,432,010	(2,447,379)	90,705	(2,356,674)	33,936,503	4,417	33,940,920
Profit (loss) for the period	-	-	-	-	2,577,035	-	-	-	2,577,035	(8,121)	2,568,914
Other comprehensive income for the period	-	-	-	-	(40,688)	(588,128)	(67,392)	(655,520)	(696,208)	-	(696,208)
Total comprehensive income for the period	-	-	-	-	2,536,347	(588,128)	(67,392)	(655,520)	1,880,827	(8,121)	1,872,706
Dividend paid (Note 17)	-	-	-	-	(2,868,981)	-	-	-	(2,868,981)	-	(2,868,981)
Balance as at 30 September 2019	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>34,099,376</u>	<u>(3,035,507)</u>	<u>23,313</u>	<u>(3,012,194)</u>	<u>32,948,349</u>	<u>(3,704)</u>	<u>32,944,645</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and fully paid share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	
Balance as at 31 December 2017 (Audited)	1,247,382	1,491,912	125,900	28,763,086	31,628,280
Profit for the period	-	-	-	3,581,609	3,581,609
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,581,609	3,581,609
Dividend paid (Note 17)	-	-	-	(2,744,240)	(2,744,240)
Balance as at 30 September 2018	1,247,382	1,491,912	125,900	29,600,455	32,465,649
Balance as at 31 December 2018 (Audited)	1,247,382	1,491,912	125,900	30,558,014	33,423,208
Profit for the period	-	-	-	2,235,700	2,235,700
Other comprehensive income for the period	-	-	-	(40,688)	(40,688)
Total comprehensive income for the period	-	-	-	2,195,012	2,195,012
Dividend paid (Note 17)	-	-	-	(2,868,981)	(2,868,981)
Balance as at 30 September 2019	1,247,382	1,491,912	125,900	29,884,045	32,749,239

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:				
Profit before tax	2,565,793	4,231,860	2,235,700	3,605,095
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,169,258	908,696	955,438	716,427
Amortisation	85,282	68,104	673	1,328
Recording of allowance for doubtful accounts (reversal)	45,616	5,495	(21,980)	6,752
Reduction of inventory to net realisable value	428,189	244,652	287,384	138,980
Reversal of the reduction of inventory to net realisable value from write-off obsolete and damaged inventories	(170,182)	(104,771)	(56,808)	(55,460)
Increase in provision for long-term employee benefits	167,728	54,278	139,091	21,507
Recording of the increase in provisions	21,870	68,788	29,658	32,441
Share of profit from investments in associated companies	(33,195)	(104,820)	-	-
Loss from disposal/write-off of property, plant and equipment	7,737	35,345	14,199	32,099
Loss from write-off other intangible assets	-	74	-	-
Reversal of the allowance for impairment loss on assets	(85,951)	-	(85,951)	-
Unrealised gain on exchange	(147,162)	(141,076)	(140,476)	(187,007)
Interest income	(189,305)	(170,100)	(73,815)	(93,087)
Interest expenses	1,355	9,587	-	-
Profit from operating activities before changes in operating assets and liabilities	3,867,033	5,106,112	3,283,113	4,219,075
Decrease (increase) in operating assets:				
Trade and other receivables	1,052,763	(819,550)	942,265	(1,351,071)
Inventories	(258,749)	(1,973,666)	(383,293)	(1,453,009)
Other current assets	(461,203)	(240,115)	(292,135)	(73,060)
Other non-current assets	(24,848)	(1,137)	(671)	(135)
Increase (decrease) in operating liabilities:				
Trade and other payables	(815,467)	2,446,796	(253,166)	2,089,475
Other current liabilities	(48,050)	(55,328)	(42,662)	(26,111)
Provision for long-term employee benefits	(45,142)	(45,775)	(18,171)	(6,355)
Provisions	(12,360)	(7,921)	(7,712)	(2,427)
Other non-current liabilities	119,272	4,190	(141)	140
Cash flows from operating activities	3,373,249	4,413,606	3,227,427	3,396,522
Cash received from interest income	159,945	159,992	53,546	91,449
Cash paid for interest expenses	(1,195)	(9,020)	-	-
Cash paid for income tax resulting from tax assessments	-	(401,424)	-	(401,424)
Cash paid for corporate income tax	(94,282)	(154,865)	(1,185)	(1,026)
Net cash flows from operating activities	3,437,717	4,008,289	3,279,788	3,085,521

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	5,776	(5,828)	-	-
Decrease (increase) in current investments	220,996	(234,448)	-	-
Increase in investments in subsidiary companies	-	-	(1,391,042)	(1,184,804)
Increase in investments in associated company	-	(95,237)	-	-
Dividend received from investments in associated company	-	41,115	-	-
Cash received from capital reduction in associated company	161,326	-	-	-
Acquisition of property, plant and equipment	(3,971,678)	(1,325,330)	(2,311,316)	(1,010,778)
Proceeds from disposal of property, plant and equipment	22,560	56,402	342	577
Increase in land-use rights	-	(4,041)	-	-
Increase in investment properties	(2,218)	-	-	-
Increase in other intangible assets	(67,507)	(37,877)	-	-
Net cash flows used in investing activities	(3,630,745)	(1,605,244)	(3,702,016)	(2,195,005)
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans				
from financial institutions	-	(228,666)	-	-
Dividend paid	(2,868,981)	(2,744,240)	(2,868,981)	(2,744,240)
Net cash flows used in financing activities	(2,868,981)	(2,972,906)	(2,868,981)	(2,744,240)
Decrease in translation adjustments	(298,863)	(455,313)	-	-
Net decrease in cash and cash equivalents before effect from currency translation	(3,360,872)	(1,025,174)	(3,291,209)	(1,853,724)
Effect from currency translation of cash and cash equivalents	172,842	108,675	166,037	102,545
Net decrease in cash and cash equivalents	(3,188,030)	(916,499)	(3,125,172)	(1,751,179)
Cash and cash equivalents at beginning of period	15,607,754	17,319,878	9,752,996	11,885,686
Cash and cash equivalents at end of period	12,419,724	16,403,379	6,627,824	10,134,507
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Transfer property, plant and equipment to investment properties	2,275	-	-	-
Transfer advance payment for land-use rights to land-use rights	-	170,716	-	-
Transfer investment properties to property, plant and equipment	-	17,116	-	-

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

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2019

1. General information

1.1 Corporate information

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

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

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

1.2 Basis of preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There were no changes in the composition of the group during the current period.

1.4 New financial reporting standards

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

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

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

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

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

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

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Revenue recognition

Sale of goods

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

Rendering of services

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

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	3,826	3,958	With reference to market prices
Purchase of goods and raw materials	-	-	177	37	With reference to market prices
Commission fee paid	-	-	58	27	Contract prices
Design and engineering fee paid (Note 19)	-	-	468	309	Contract prices
Distribution fee paid	-	-	21	16	Contract prices
Administrative expenses	-	-	21	-	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	1	89	1	13	With reference to market prices
Purchase of goods and raw materials	1	2	-	-	With reference to market prices
Commission paid	10	9	6	9	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,414	1,751	406	761	With reference to market prices
Purchase of goods and raw materials	891	1,057	155	136	With reference to market prices
Commission paid	109	127	109	127	Contract prices
Royalty paid (Note 18)	306	226	306	226	Contract prices
Commission received	9	23	-	-	Contract prices
Services income	29	32	-	-	Contract prices
Services paid	22	20	22	20	Contract prices

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	11,974	10,629	With reference to market prices
Purchase of goods and raw materials	-	-	330	117	With reference to market prices
Commission paid	-	-	147	115	Contract prices
Design and engineering fee paid (Note 19)	-	-	1,395	928	Contract prices
Distribution paid	-	-	67	56	Contract prices
Administrative expenses	-	-	67	-	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	8	439	7	22	With reference to market prices
Purchase of goods and raw materials	5	6	-	-	With reference to market prices
Commission paid	31	25	21	25	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	4,610	4,841	1,475	2,005	With reference to market prices
Purchase of goods and raw materials	3,083	3,217	528	330	With reference to market prices
Commission paid	349	373	347	373	Contract prices
Royalty paid (Note 18)	933	612	933	612	Contract prices
Commission received	54	52	-	-	Contract prices
Services income	93	115	-	-	Contract prices
Services paid	71	77	71	77	Contract prices

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2019 and 31 December 2018 between the Company, its subsidiaries and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	5,540	5,236
Associated companies	8	8	1	1
Other related companies (under common control)	1,156	1,533	362	677
Total trade receivables, related parties	1,164	1,541	5,903	5,914
<u>Other receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	19	3
Associated companies	-	161	-	-
Other related companies (under common control)	2	-	2	-
Total other receivables, related parties	2	161	21	3
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	2	4
Total amounts due from related parties	-	-	2	4
<u>Trade payables, related parties (Note 13)</u>				
Subsidiary companies	-	-	192	103
Associated companies	1	3	-	-
Other related companies (under common control)	855	965	145	143
Total trade payables, related parties	856	968	337	246
<u>Other payables, related parties (Note 13)</u>				
Subsidiary companies	-	-	239	270
Associated companies	4	3	3	3
Other related companies (under common control)	290	567	290	559
Total other payables, related parties	294	570	532	832
<u>Accrued expenses, related parties (Note 13)</u>				
Other related companies (under common control)	100	94	100	94
Total accrued expenses, related parties	100	94	100	94

(Unaudited but reviewed)

Directors and management's benefits

For the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	24	28	13	12
Post-employment benefits	1	2	1	1
Termination benefits	-	4	-	-
Total	<u>25</u>	<u>34</u>	<u>14</u>	<u>13</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	73	92	37	39
Post-employment benefits	26	5	25	4
Termination benefits	-	4	-	-
Total	<u>99</u>	<u>101</u>	<u>62</u>	<u>43</u>

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,152	1,484	4,822	5,180
Past due				
Up to 3 months	8	21	1,070	698
3 - 6 months	4	19	9	18
6 - 12 months	-	17	2	18
Total	1,164	1,541	5,903	5,914
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,715	8,140	3,591	4,207
Past due				
Up to 3 months	789	1,126	189	497
3 - 6 months	125	143	21	15
6 - 12 months	99	25	-	3
Over 12 months	82	43	-	3
Total	8,810	9,477	3,801	4,725
Total trade receivables	9,974	11,018	9,704	10,639
Less: Allowance for doubtful accounts	(171)	(126)	(7)	(29)
Total trade receivables - net	9,803	10,892	9,697	10,610
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	2	4
Other receivables - related parties (Note 3)	2	161	21	3
Other receivables - unrelated parties	498	505	405	431
Total other receivables	500	666	428	438
Trade and other receivables - net	10,303	11,558	10,125	11,048

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventory account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	(1,163)	(549)
Add: Reduce cost to net realisable value of inventories during the period	(445)	(287)
Less: Reversal of reduce cost to net realisable value of inventories during the period	17	-
Less: Reversal of reduce cost to net realisable value from write off obsolete and damaged inventories during the period	170	57
Balance as at 30 September 2019	(1,421)	(779)

6. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Input tax refundable	297	275	90	99
Advance payments	896	511	409	132
Prepaid expenses	166	118	33	10
Prepaid tax	127	108	-	-
Forward contracts receivable (Note 25)	46	76	46	76
Others	83	50	37	9
Total other current assets	1,615	1,138	615	326

(Unaudited but reviewed)

7. Investments in associated companies

7.1 Details of associates:

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
			(%)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Delta Electronics (Switzerland) AG (owned by Delta Greentech (Netherlands) B.V.)	Holding business, trading, research and development of electronic products	Switzerland	49	49	287	287	429	448
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	117	103	118
Translation adjustment					(63)	(26)	(70)	(30)
Total					341	378	462	536

7.2 Share of profit (loss) and share of comprehensive income

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

(Unit: Million Baht)

Associates	Consolidated financial statements							
	For the three-month periods ended 30 September				For the nine-month periods ended 30 September			
	Share of profit from investments in associated companies		Share of other comprehensive income from investments in associated companies		Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies	
	2019	2018	2019	2018	2019	2018	2019	2018
Delta Energy Systems (Switzerland) AG	17	44	(46)	(3)	48	98	(67)	10
Delta Greentech Electronics Industry LLC	3	3	-	-	(15)	7	-	-
Total	20	47	(46)	(3)	33	105	(67)	10

No dividend was received from the above associated companies during the nine-month period ended 30 September 2019 (for the nine-month period ended 30 September 2018: Delta Greentech (Netherlands) B.V., which is a subsidiary of the Company, was received dividend amounting to approximately CHF 1 million, or approximately Baht 41 million from Delta Electronics (Switzerland) AG).

7.3 Significant events during the current period

Registered capital reduction of associated company

Delta Electronics (Switzerland) AG

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

8. Investments in subsidiary companies

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

Company's name	(Unit: Million Baht)	
	Cost	
	30 September 2019	31 December 2018
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	206	206
Delta Energy Systems (Singapore) Pte. Ltd.	4,761	3,370
Subtotal	14,417	13,026
Less: Allowance for impairment loss of investments in subsidiary companies	(1,144)	(1,144)
Investments in subsidiary companies - net	13,273	11,882

No dividend was received from the above subsidiary companies during the three-month and nine-month periods ended 30 September 2019 and 2018.

8.2 Significant events during the current period

8.2.1 Subsidiaries directly owned by the Company

Additional investment in subsidiary company

Delta Energy Systems (Singapore) Pte. Ltd.

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

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

8.2.2 Subsidiaries indirectly owned by the Company

The merger of subsidiaries in India

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

(Unaudited but reviewed)

9. Investment properties

Movements of the investment property account during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		
	Office building		
	Land for rent	for rent	Total
Net book value as at 1 January 2019	34	203	237
Increase from purchase during period	-	2	2
Depreciation for the period	-	(7)	(7)
Transfer in due to change in type of use of assets (Note 10)	-	2	2
Translation adjustment	(3)	(20)	(23)
Net book value as at 30 September 2019	31	180	211

10. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2019	7,957	4,787
Acquisitions during period - cost	3,972	2,311
Disposals/write-off during period - net book value at disposal/write-off date	(30)	(14)
Depreciation for the period	(1,162)	(955)
Reversal allowance for impairment during period	86	86
Transfer out due to change in type of use of assets (Note 9)	(2)	-
Translation adjustment	(264)	-
Net book value as at 30 September 2019	10,557	6,215

(Unaudited but reviewed)

11. Land-use rights

Movements of the land-use right account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
Net book value as at 1 January 2019	220
Amortisation for the period	(2)
Translation adjustment	(14)
Net book value as at 30 September 2019	<u>204</u>

12. Other intangible assets

Movements of the other intangible asset account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	476	2
Increase from purchase during period	68	-
Amortisation for the period	(83)	(1)
Translation adjustment	(31)	-
Net book value as at 30 September 2019	<u>430</u>	<u>1</u>

13. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	856	968	337	246
Trade payables - unrelated parties	5,918	6,746	5,262	5,884
Other payables - related parties (Note 3)	294	570	532	832
Other payables - unrelated parties	1,008	1,105	895	1,032
Accrued expenses - related parties (Note 3)	100	94	100	94
Accrued expenses - unrelated parties	2,542	1,844	1,801	1,076
Advance received	282	474	106	113
Total trade and other payables	<u>11,000</u>	<u>11,801</u>	<u>9,033</u>	<u>9,277</u>

(Unaudited but reviewed)

14. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Forward contracts payable (Note 25)	9	15	1	-
Withholding tax payable	52	151	23	92
Value added tax payable	62	29	-	-
Others	72	52	39	14
Total other current liabilities	195	247	63	106

15. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the nine-month period ended 30 September 2019 are summarised below.

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	1,234	282
Add: Recognition during period	210	179
Less: Decrease during period	(45)	(18)
Less: Reversal during period	(2)	-
Translation adjustment	(95)	-
Balance as at 30 September 2019	1,302	443

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

(Unaudited but reviewed)

16. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Other			Other		
	Warranty	provisions	Total	Warranty	provisions	Total
Balance as at 1 January 2019	472	40	512	271	8	279
Recognition during period	215	60	275	82	8	90
Decrease during period	(8)	(4)	(12)	(8)	-	(8)
Reversal during period	(211)	(42)	(253)	(58)	(2)	(60)
Translation adjustment/unrealised gain on exchange rate	(26)	(4)	(30)	(11)	-	(11)
Balance as at 30 September 2019	<u>442</u>	<u>50</u>	<u>492</u>	<u>276</u>	<u>14</u>	<u>290</u>
Short-term provisions	1	12	13	-	-	-
Long-term provisions	471	28	499	271	8	279
Balance as at 31 December 2018 (Audited)	<u>472</u>	<u>40</u>	<u>512</u>	<u>271</u>	<u>8</u>	<u>279</u>
Short-term provisions	-	33	33	-	-	-
Long-term provisions	442	17	459	276	14	290
Balance as at 30 September 2019	<u>442</u>	<u>50</u>	<u>492</u>	<u>276</u>	<u>14</u>	<u>290</u>

Warranty

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

17. Dividends

Dividends declared in 2019 and 2018 consisted of the followings:

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

18. Royalty

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

19. Research and development expenses

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

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

(Unaudited but reviewed)

20. Income tax

Tax income (expenses) for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	5	(39)	-	-
Deferred tax:				
Increase in deferred tax assets	33	39	-	-
Decrease (increase) in deferred tax liabilities	3	(13)	-	-
Translation adjustment	1	5	-	-
Tax income (expenses) reported in the statement of comprehensive income	42	(8)	-	-

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	(53)	(97)	-	-
Deferred tax:				
Increase in deferred tax assets	26	33	-	-
Decrease (increase) in deferred tax liabilities	27	(33)	-	-
Translation adjustment	3	11	-	-
Tax income (expenses) reported in the statement of comprehensive income	3	(86)	-	-

21. Earnings per share

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

22. Segment information

The following tables present revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2019 and 2018 which is provided to the president of the group, who is the chief operating decision maker of the Company and its subsidiaries.

(Unit: Million Baht)

	For the three-month periods ended 30 September									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue										
Sales from external										
customers	7,624	8,813	4,101	4,073	451	515	43	154	12,219	13,555
Service income from										
external customers	<u>10</u>	<u>27</u>	<u>126</u>	<u>49</u>	<u>49</u>	<u>85</u>	<u>-</u>	<u>-</u>	<u>185</u>	<u>161</u>
Total revenue	<u>7,634</u>	<u>8,840</u>	<u>4,227</u>	<u>4,122</u>	<u>500</u>	<u>600</u>	<u>43</u>	<u>154</u>	<u>12,404</u>	<u>13,716</u>
Segment profit (loss)	550	1,350	75	311	28	123	(244)	(286)	409	1,498
Unallocated income (expenses):										
Interest income									56	70
Other income									75	98
Gain on exchange rate									27	68
Other expenses									(11)	(70)
Share of profit from investments in associated companies									<u>20</u>	<u>47</u>
Profit before tax income (expenses)									576	1,711
Tax income (expenses) for the period									42	(8)
Income tax expenses resulting from tax assessments									<u>-</u>	<u>(23)</u>
Profit for the period									<u>618</u>	<u>1,680</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue										
Sales from external										
customers	24,984	25,223	12,321	11,957	1,342	1,447	89	289	38,736	38,916
Service income from										
external customers	59	51	286	188	171	196	17	1	533	436
Total revenue	<u>25,043</u>	<u>25,274</u>	<u>12,607</u>	<u>12,145</u>	<u>1,513</u>	<u>1,643</u>	<u>106</u>	<u>290</u>	<u>39,269</u>	<u>39,352</u>
Segment profit (loss)	2,177	3,487	533	741	82	236	(761)	(819)	2,031	3,645
Unallocated income (expenses):										
Interest income									189	170
Other income									324	316
Gain on exchange rate									11	116
Other expenses									(21)	(111)
Share of profit from investments in associated companies									33	105
Finance cost									(1)	(10)
Profit before tax income (expenses)									2,566	4,231
Tax income (expenses) for the period									3	(86)
Income tax expenses resulting from tax assessments									-	(23)
Profit for the period									<u>2,569</u>	<u>4,122</u>

23. Commitments and contingent liabilities

23.1 Capital commitments and operating lease commitments

23.1.1 As at 30 September 2019, the Company and its subsidiaries had significant capital commitments amounting to Baht 133 million, EUR 2 million or approximately Baht 65 million, INR 8,490 million or approximately Baht 3,675 million and USD 1 million or approximately Baht 44 million in respect of the building construction, purchase of machinery and equipment (31 December 2018: Baht 267 million, EUR 2 million or approximately Baht 76 million and INR 10,465 million or approximately Baht 4,843 million) (The Company only: Baht 133 million, 31 December 2018: Baht 267 million).

(Unaudited but reviewed)

23.1.2 As at 30 September 2019 and 31 December 2018, the subsidiaries has future minimum lease payments required under these operating lease commitments were as follows.

		As at 30 September 2019		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
		(Million Baht)	(Million Baht)	(Million Baht)
		foreign currency)		
Indian rupee	81	21	8	6
Euro	1	14	4	1
Australian dollar	1	7	8	-
Total		42	20	7

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

23.2 Guarantee obligations

As at 30 September 2019, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

23.2.1 Outstanding letters of guarantee totaling approximately Baht 369 million (31 December 2018: Baht 340 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million (31 December 2018: Baht 307 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment as mentioned in Note 23.3.1 to the financial statements).

23.2.2 Outstanding letters of guarantee for totals of approximately INR 1,016 million or approximately Baht 440 million, EUR 0.3 million or approximately Baht 12 million have been issued by banks to meet requirements of the subsidiaries (31 December 2018: INR 954 million or approximately Baht 442 million, EUR 0.3 million or approximately Baht 13 million).

23.3 Tax assessment

- 23.3.1 a. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 168 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- b. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- c. On 21 August 2018, the Company received tax assessment notices for the year 2008 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 49 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 4 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

(Unaudited but reviewed)

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

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

- 23.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 163 million or approximately Baht 71 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 293 million or approximately Baht 127 million, covering the years 2005 - 2017, against the subsidiaries in India. The subsidiaries have appealed the assessments. The management of the subsidiaries believe that the outcome of the cases will be favorable to the companies and therefore no provision for these contingent liabilities have been made in the accounts.

24. Financial derivatives

As at 30 September 2019 and 31 December 2018, the significant outstanding balances of the Company and its subsidiaries’ financial assets and liabilities denominated in foreign currencies are as follows:

(Unit: Million foreign currency unit)

Foreign currency	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
US dollar	167	196	188	201	336	346	185	193
Euro	6	5	2	3	5	4	11	9
Japanese yen	198	193	299	438	198	184	197	438

(Unaudited but reviewed)

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate	
	30 September 2019	31 December 2018
US dollar	30.5919	32.4498
Euro	33.4265	37.1252
Japanese yen	0.2834	0.2931

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives when considered appropriate. As at 30 September 2019 and 31 December 2018, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

Consolidated financial statements						
As at 30 September 2019						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	157 million	30.4200 - 30.9020	THB/USD	October 2019 - January 2020	
USD/EUR	USD	4 million	1.0977 - 1.116	USD/EUR	October 2019	
Forward contracts to “Buy”						
USD/INR	USD	17 million	71.1977 - 72.5799	INR/USD	October - November 2019	
JPY/THB	JPY	4 million	0.2878	THB/JPY	October 2019	
Consolidated financial statements						
As at 31 December 2018						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	134 million	32.5620 - 33.1640	THB/USD	January - March 2019	
USD/EUR	USD	3 million	1.1401 - 1.1472	USD/EUR	January 2019	
Forward contracts to “Buy”						
USD/INR	USD	21 million	70.2506 - 72.5207	INR/USD	January 2019	
USD/AUD	USD	1 million	0.7199 - 0.7237	USD/AUD	January 2019	
JPY/THB	JPY	155 million	0.2899 - 0.2940	THB/JPY	January - February 2019	

(Unaudited but reviewed)

Separate financial statements						
As at 30 September 2019						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	157 million	30.4200 - 30.9020	THB/USD	October 2019 - January 2020	
Forward contracts to “Buy”						
JPY/THB	JPY	4 million	0.2878	THB/JPY	October 2019	

Separate financial statements						
As at 31 December 2018						
	Amount		Forward rate		Maturity date	
Forward contracts to “Sell”						
USD/THB	USD	134 million	32.5620 - 33.1640	THB/USD	January - March 2019	
Forward contracts to “Buy”						
JPY/THB	JPY	155 million	0.2899 - 0.2940	THB/JPY	January - February 2019	

25. Fair value of financial instruments

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

Fair value hierarchy

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

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

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

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

(Unaudited but reviewed)

As of 30 September 2019 and 31 December 2018, the Company and its subsidiaries had certain assets and liabilities that were measured or disclosed at fair value using different levels inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 30 September 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	46	-	46
Liabilities measured at fair value				
Foreign currency forward contracts (Note 14)	-	9	-	9

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	76	-	76
Liabilities measured at fair value				
Foreign currency forward contracts (Note 14)	-	15	-	15

(Unit: Million Baht)

	Separate financial statements			
	As at 30 September 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	46	-	46
Liabilities measured at fair value				
Foreign currency forward contracts (Note 14)	-	1	-	1

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	76	-	76

Valuation techniques and inputs to Level 2 valuation

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

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

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 28 October 2019.