

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2020

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 (the Group) as at 30 June 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same periods (collectively "interim financial information"). 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*.

Preecha Arunnara

Certified Public Accountant (Thailand) No. 5800

EY Office Limited

Bangkok: 24 July 2020

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		9,782,159	12,393,643	4,992,561	6,233,097
Current investments		-	1,698	-	-
Trade and other receivables	4	11,951,673	9,739,299	12,523,167	9,467,965
Inventories	5	10,707,608	8,963,490	6,963,330	5,745,785
Other current financial assets	6	988,149	-	170,160	-
Other current assets	7	1,299,494	1,280,765	291,099	307,190
Total current assets		34,729,083	32,378,895	24,940,317	21,754,037
Non-current assets					
Deposits at bank with restrictions		48,075	49,714	-	-
Investments in associated companies	8	490,524	464,294	-	-
Investments in subsidiary companies	9	-	-	14,085,116	14,085,116
Investment properties	10	223,803	218,445	-	-
Property, plant and equipment	11	12,411,273	11,402,816	7,035,612	6,647,546
Land-use rights		-	197,730	-	-
Right-of-use assets	12	327,308	-	-	-
Goodwill		423,810	417,964	-	-
Other intangible assets	13	415,271	413,753	273	633
Deferred tax assets		307,310	259,681	-	-
Other non-current assets		164,309	154,993	3,414	3,417
Total non-current assets		14,811,683	13,579,390	21,124,415	20,736,712
Total assets		49,540,766	45,958,285	46,064,732	42,490,749

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 June 2020

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>30 June 2020</u>	<u>31 December 2019</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	13,112,639	10,150,828	11,060,189	8,473,884
Income tax payable		36,938	50,621	-	-
Current portion of lease liabilities		62,802	-	-	-
Short-term provisions	17	77,842	92,157	-	-
Liabilities and provision from tax assessments	24.3.1	239,368	239,368	239,368	239,368
Derivative liabilities	26	97	-	54	-
Other current liabilities	15	165,067	305,403	66,609	110,489
Total current liabilities		13,694,753	10,838,377	11,366,220	8,823,741
Non-current liabilities					
Lease liabilities, net of current portion		62,005	-	-	-
Deferred tax liabilities		109,011	114,014	-	-
Provision for long-term employee benefits	16	1,470,447	1,427,499	464,773	444,707
Long-term provisions	17	389,524	381,381	295,416	288,554
Other non-current liabilities		231,382	190,672	1,070	1,085
Total non-current liabilities		2,262,369	2,113,566	761,259	734,346
Total liabilities		15,957,122	12,951,943	12,127,479	9,558,087

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 June 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 June 2020</u>	<u>31 December 2019</u>	<u>30 June 2020</u>	<u>31 December 2019</u>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
1,259,000,000 ordinary shares of Baht 1 each	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>	<u>1,259,000</u>
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	34,991,951	34,359,240	31,072,059	30,067,468
Other components of shareholders' equity	<u>(3,264,972)</u>	<u>(3,210,183)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company	33,588,146	33,010,224	33,937,253	32,932,662
Non-controlling interests of the subsidiary	<u>(4,502)</u>	<u>(3,882)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>33,583,644</u>	<u>33,006,342</u>	<u>33,937,253</u>	<u>32,932,662</u>
Total liabilities and shareholders' equity	<u>49,540,766</u>	<u>45,958,285</u>	<u>46,064,732</u>	<u>42,490,749</u>
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales		14,296,098	13,768,890	13,441,612	10,924,185
Service income		194,711	146,473	21,468	1,676
Other income					
Gain on exchange		-	5,234	-	19,624
Others		96,929	167,617	77,906	145,044
Total revenues		14,587,738	14,088,214	13,540,986	11,090,529
Expenses					
Cost of sales		10,496,593	11,012,507	9,472,335	8,619,393
Cost of services		102,710	130,428	11,661	559
Selling and distribution expenses	19	979,370	973,970	795,338	700,027
Administrative expenses		445,510	442,856	302,516	262,176
Research and development expenses	20	667,940	697,105	695,595	723,576
Loss on exchange		7,413	-	11,410	-
Other expenses		9,839	5,288	9,227	36,062
Total expenses		12,709,375	13,262,154	11,298,082	10,341,793
Profit from operating activities		1,878,363	826,060	2,242,904	748,736
Share of profit from investments in associated companies	8	74,425	7,377	-	-
Finance income		26,735	64,648	6,461	21,404
Finance cost		(1,335)	(627)	(2)	-
Profit before tax income (expenses)		1,978,188	897,458	2,249,363	770,140
Tax income (expenses) for the period	21	42,064	(29,428)	-	-
Profit for the period		2,020,252	868,030	2,249,363	770,140

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 (continued)****For the three-month period ended 30 June 2020**

(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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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		(712,618)	(309,011)	-	-
Share of other comprehensive income from					
investments in associated companies	8	<u>4,862</u>	<u>(19,141)</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(707,756)	(328,152)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax					
		-	(40,688)	-	(40,688)
Share of other comprehensive income from					
investments in associated companies	8	<u>1,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		<u>1,571</u>	<u>(40,688)</u>	<u>-</u>	<u>(40,688)</u>
Other comprehensive income for the period		<u>(706,185)</u>	<u>(368,840)</u>	<u>-</u>	<u>(40,688)</u>
Total comprehensive income for the period		<u>1,314,067</u>	<u>499,190</u>	<u>2,249,363</u>	<u>729,452</u>
Profit attributable to:					
Equity holders of the Company					
		2,021,509	872,585	<u>2,249,363</u>	<u>770,140</u>
Non-controlling interests of the subsidiary					
		<u>(1,257)</u>	<u>(4,555)</u>		
		<u>2,020,252</u>	<u>868,030</u>		
Total comprehensive income attributable to:					
Equity holders of the Company					
		1,315,324	503,744	<u>2,249,363</u>	<u>729,452</u>
Non-controlling interests of the subsidiary					
		<u>(1,257)</u>	<u>(4,554)</u>		
		<u>1,314,067</u>	<u>499,190</u>		
Earnings per share					
22					
Basic earnings per share					
Profit attributable to equity holders of the Company					
		<u>1.62</u>	<u>0.70</u>	<u>1.80</u>	<u>0.62</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 comprehensive income

For the six-month period ended 30 June 2020

(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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss:					
Revenues					
Sales		26,820,669	26,517,057	23,730,025	20,983,810
Service income		349,925	347,650	39,026	7,294
Other income					
Gain on exchange		211,195	-	213,313	15,313
Others		166,082	248,670	112,421	211,210
Total revenues		27,547,871	27,113,377	24,094,785	21,217,627
Expenses					
Cost of sales		20,450,292	20,821,420	17,312,695	16,301,476
Cost of services		242,991	293,304	24,570	4,518
Selling and distribution expenses	19	1,909,488	1,923,647	1,493,511	1,369,823
Administrative expenses		859,667	863,537	572,869	490,598
Research and development expenses	20	1,360,219	1,341,416	1,428,546	1,369,759
Loss on exchange		-	15,735	-	-
Other expenses		17,352	10,712	36,155	64,412
Total expenses		24,840,009	25,269,771	20,868,346	19,600,586
Profit from operating activities		2,707,862	1,843,606	3,226,439	1,617,041
Share of profit from investments in associated companies	8	20,487	13,558	-	-
Finance income		68,963	133,717	23,452	49,990
Finance cost		(1,581)	(1,027)	(13)	-
Profit before tax income (expenses)		2,795,731	1,989,854	3,249,878	1,667,031
Tax income (expenses) for the period	21	81,647	(38,802)	-	-
Profit for the period		2,877,378	1,951,052	3,249,878	1,667,031

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 (continued)****For the six-month period ended 30 June 2020**

(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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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		(50,762)	(219,676)	-	-
Share of other comprehensive income from					
investments in associated companies	8	(5,598)	(20,935)	-	-
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(56,360)	(240,611)	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		-	(40,688)	-	(40,688)
Share of other comprehensive income from					
investments in associated companies	8	1,571	-	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		1,571	(40,688)	-	(40,688)
Other comprehensive income for the period		(54,789)	(281,299)	-	(40,688)
Total comprehensive income for the period		2,822,589	1,669,753	3,249,878	1,626,343
Profit attributable to:					
Equity holders of the Company		2,877,998	1,958,649	3,249,878	1,667,031
Non-controlling interests of the subsidiary		(620)	(7,597)	-	-
		<u>2,877,378</u>	<u>1,951,052</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		2,823,209	1,677,350	3,249,878	1,626,343
Non-controlling interests of the subsidiary		(620)	(7,597)	-	-
		<u>2,822,589</u>	<u>1,669,753</u>		
Earnings per share					
22					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.31</u>	<u>1.57</u>	<u>2.61</u>	<u>1.34</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 six-month period ended 30 June 2020

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to shareholders of the Company											
						Other component of shareholders' equity					
						Other comprehensive income					
	Issued and fully paid share capital	Share premium	Surplus on business combination under common control	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from investments in associated companies	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
Appropriated				Unappropriated							
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	-	-	-	-	1,958,649	-	-	-	1,958,649	(7,597)	1,951,052
Other comprehensive income for the period	-	-	-	-	(40,688)	(219,676)	(20,935)	(240,611)	(281,299)	-	(281,299)
Total comprehensive income for the period	-	-	-	-	1,917,961	(219,676)	(20,935)	(240,611)	1,677,350	(7,597)	1,669,753
Dividend paid (Note 18)	-	-	-	-	(2,868,981)	-	-	-	(2,868,981)	-	(2,868,981)
Balance as at 30 June 2019	1,247,382	1,491,912	(1,004,027)	125,900	33,480,990	(2,667,055)	69,770	(2,597,285)	32,744,872	(3,180)	32,741,692
Balance as at 31 December 2019 (Audited)	1,247,382	1,491,912	(1,004,027)	125,900	34,359,240	(3,240,868)	30,685	(3,210,183)	33,010,224	(3,882)	33,006,342
Profit (loss) for the period	-	-	-	-	2,877,998	-	-	-	2,877,998	(620)	2,877,378
Other comprehensive income for the period	-	-	-	-	-	(50,762)	(4,027)	(54,789)	(54,789)	-	(54,789)
Total comprehensive income for the period	-	-	-	-	2,877,998	(50,762)	(4,027)	(54,789)	2,823,209	(620)	2,822,589
Dividend paid (Note 18)	-	-	-	-	(2,245,287)	-	-	-	(2,245,287)	-	(2,245,287)
Balance as at 30 June 2020	1,247,382	1,491,912	(1,004,027)	125,900	34,991,951	(3,291,630)	26,658	(3,264,972)	33,588,146	(4,502)	33,583,644

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 six-month period ended 30 June 2020

(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 2018 (Audited)	1,247,382	1,491,912	125,900	30,558,014	33,423,208
Profit for the period	-	-	-	1,667,031	1,667,031
Other comprehensive income for the period	-	-	-	(40,688)	(40,688)
Total comprehensive income for the period	-	-	-	1,626,343	1,626,343
Dividend paid (Note 18)	-	-	-	(2,868,981)	(2,868,981)
Balance as at 30 June 2019	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>29,315,376</u>	<u>32,180,570</u>
Balance as at 31 December 2019 (Audited)	1,247,382	1,491,912	125,900	30,067,468	32,932,662
Profit for the period	-	-	-	3,249,878	3,249,878
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,249,878	3,249,878
Dividend paid (Note 18)	-	-	-	(2,245,287)	(2,245,287)
Balance as at 30 June 2020	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>31,072,059</u>	<u>33,937,253</u>

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 six-month period ended 30 June 2020**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:				
Profit before tax	2,795,731	1,989,854	3,249,878	1,667,031
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	1,021,313	739,748	795,936	601,356
Amortisation	60,091	50,308	360	446
Recording of allowance for doubtful accounts (reversal)	45,086	7,415	3,588	(15,926)
Reduction of inventory to net realisable value (reversal)	69,088	305,513	(34,198)	230,918
Reversal of the reduction to net realisable value of the obsolete and damaged inventories	(82,621)	(135,307)	(67,913)	(36,526)
Increase in provision for long-term employee benefits	40,645	154,079	26,770	134,008
Recording of the increase in provisions	989	5,553	10,451	24,806
Share of profit from investments in associated companies	(20,487)	(13,558)	-	-
Loss from disposal/write-off of property, plant and equipment	1,695	6,439	1,208	7,248
Loss from write-off other intangible assets	279	-	-	-
Reversal of the allowance for impairment loss on assets	-	(85,951)	-	(85,951)
Unrealised (gain) loss on exchange	58,819	3,411	(16,105)	8,967
Interest income	(68,963)	(133,717)	(23,452)	(49,990)
Interest expenses	1,581	1,027	13	-
Profit from operating activities before changes in operating assets and liabilities	3,923,246	2,894,814	3,946,536	2,486,387
Decrease (increase) in operating assets:				
Trade and other receivables	(2,567,189)	(271,613)	(3,367,132)	176,829
Inventories	(1,730,585)	(712,563)	(1,115,434)	(679,017)
Other current assets	(42,038)	(333,660)	(21,588)	(130,867)
Other non-current assets	29,635	(26,067)	3	30
Increase (decrease) in operating liabilities:				
Trade and other payables	3,126,733	93,893	2,747,624	310,524
Other current liabilities	(147,655)	(56,150)	(42,697)	(57,139)
Provision for long-term employee benefits	(25,075)	(20,163)	(6,704)	(1,332)
Provisions	(14,011)	(8,765)	(11,641)	(5,521)
Other non-current liabilities	40,710	85,077	(15)	(141)
Cash flows from operating activities	2,593,771	1,644,803	2,128,952	2,099,753
Cash received from interest income	70,128	127,611	23,452	51,050
Cash paid for interest expenses	(751)	(997)	(13)	-
Cash paid for corporate income tax	(45,624)	(58,132)	(569)	(1,083)
Net cash flows from operating activities	2,617,524	1,713,285	2,151,822	2,149,720

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 six-month period ended 30 June 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities:				
Decrease in deposits at bank with restrictions	1,639	3,535	-	-
Decrease (increase) in fixed deposits with maturity over 3 months	(816,291)	220,945	-	-
Increase in investments in subsidiary company	-	-	-	(1,391,042)
Cash received from capital reduction in associated company	-	161,326	-	-
Acquisition of property, plant and equipment	(2,003,401)	(2,583,537)	(1,179,858)	(1,673,864)
Proceeds from disposal of property, plant and equipment	1,367	2,654	-	342
Increase in investment properties	(3,856)	(2,275)	-	-
Increase in other intangible assets	(50,613)	(46,766)	-	-
Net cash flows used in investing activities	(2,871,155)	(2,244,118)	(1,179,858)	(3,064,564)
Cash flow from financing activities:				
Payment of lease liabilities	(43,959)	-	(5,376)	-
Dividend paid	(2,245,287)	(2,868,981)	(2,245,287)	(2,868,981)
Net cash flow used in financing activities	(2,289,246)	(2,868,981)	(2,250,663)	(2,868,981)
Decrease in translation adjustments	(30,184)	(39,118)	-	-
Net decrease in cash and cash equivalents before effect from currency translation				
	(2,573,061)	(3,438,932)	(1,278,699)	(3,783,825)
Effect from currency translation of cash and cash equivalents	(38,423)	10,224	38,163	9,278
Net decrease in cash and cash equivalents	(2,611,484)	(3,428,708)	(1,240,536)	(3,774,547)
Cash and cash equivalents at beginning of period	12,393,643	15,607,754	6,233,097	9,752,996
Cash and cash equivalents at end of period	9,782,159	12,179,046	4,992,561	5,978,449
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Transfer property, plant and equipment to investment properties	-	2,430	-	-

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 six-month periods ended 30 June 2020

1. General information

1.1 Corporate information

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

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

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 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.

1.4 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 2019. There were no changes in the composition of the group during the current period.

1.5 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group’s financial statements.

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.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

1.6 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except for the change in the accounting policies related to financial instruments and leases.

1.6.1 Financial instruments

Classification and measurement

Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade and other receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

1.6.2 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments		1 January 2020
			TFRS 16	
Statement of financial position				
Assets				
Current assets				
Current investments	2	(2)	-	-
Other current financial assets	-	36	-	36
Other current assets	1,281	(34)	-	1,247
Non-current assets				
Land-use rights	198	-	(198)	-
Right-of-use assets	-	-	311	311
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	61	61
Derivative liabilities	-	1	-	1
Other current liabilities	305	(1)	-	304
Non-current liabilities				
Lease liabilities, net of current portion	-	-	52	52

(Unit: Million Baht)

	Separate financial statements			
	The impacts of			
	31 December 2019	Financial reporting standards related to financial instruments		1 January 2020
			TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current financial assets	-	33	-	33
Other current assets	307	(33)	-	274
Non-current assets				
Right-of-use assets	-	-	5	5
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	-	-	5	5
				5

(Unaudited but reviewed)

2.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	12,393	-	12,393	12,393
Trade and other receivables	9,739	-	9,739	9,739
Other current financial assets	36	34	2	36
Other current assets	1,247	-	1,247	1,247
Restricted bank deposits	50	-	50	50
Other non-current assets	155	-	155	155
Total financial assets	23,620	34	23,586	23,620

(Unit: Million Baht)

	Separate financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through profit or loss	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	6,233	-	6,233	6,233
Trade and other receivables	9,468	-	9,468	9,468
Other current financial assets	33	33	-	33
Other current assets	274	-	274	274
Other non-current assets	3	-	3	3
Total financial assets	16,011	33	15,978	16,011

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 1 million (Separate financial statements: Nil).

(Unaudited but reviewed)

2.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Operating lease commitments as at 31 December 2019	207	6
Less: Short-term leases and leases of low-value assets	(92)	(1)
Less: Deferred interest expenses	(2)	-
Lease liabilities as at 1 January 2020 due to TFRS 16 adoption	<u>113</u>	<u>5</u>
Comprise of:		
Current lease liabilities	61	5
Non-current lease liabilities	52	-
	<u>113</u>	<u>5</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Buildings	88	5
Motor vehicles	25	-
Total right-of-use assets	<u>113</u>	<u>5</u>

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with the parent company*</u>					
Sales of goods and raw materials	27	45	25	42	With reference to market prices
Purchase of goods and raw materials	79	162	2	9	With reference to market prices
Royalty paid (Note 19)	400	335	400	335	Contract prices
Services paid	26	23	26	23	Contract prices
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	5,129	4,595	With reference to market prices
Purchase of goods and raw materials	-	-	287	63	With reference to market prices
Commission paid	-	-	54	36	Contract prices
Design and engineering fee paid (Note 20)	-	-	489	489	Contract prices
Distribution fee paid	-	-	3	19	Contract prices
Administrative expenses	-	-	18	21	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	10	3	10	2	With reference to market prices
Commission paid	13	10	10	7	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	2,345	1,599	1,374	529	With reference to market prices
Purchase of goods and raw materials	1,110	976	313	146	With reference to market prices
Commission paid	144	111	142	109	Contract prices
Commission received	27	23	-	-	Contract prices
Service income	24	32	-	-	Contract prices

* Delta Electronic Inc. has changed its status to the Company's parent company on 2 April 2019.

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2020	2019	2020	2019	
<u>Transactions with the parent company*</u>					
Sales of goods and raw materials	49	63	47	58	With reference to market prices
Purchase of goods and raw materials	156	251	6	11	With reference to market prices
Royalty paid (Note 19)	721	627	721	627	Contract prices
Services paid	71	46	71	46	Contract prices
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	9,648	8,148	With reference to market prices
Purchase of goods and raw materials	-	-	582	153	With reference to market prices
Commission paid	-	-	108	89	Contract prices
Design and engineering fee paid (Note 20)	-	-	1,013	927	Contract prices
Distribution fee paid	-	-	24	46	Contract prices
Administrative expenses	-	-	40	46	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	20	7	17	6	With reference to market prices
Commission paid	28	21	22	15	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	4,131	3,133	2,059	1,011	With reference to market prices
Purchase of goods and raw materials	1,945	1,941	555	362	With reference to market prices
Commission paid	288	240	286	238	Contract prices
Commission received	53	45	-	-	Contract prices
Service income	54	64	-	-	Contract prices

* Delta Electronic Inc. has changed its status to the Company's parent company on 2 April 2019.

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2020 and 31 December 2019 between the Company and those related companies are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Parent company*	27	36	23	31
Subsidiary companies	-	-	5,725	4,827
Associated companies	10	10	10	4
Other related companies (under common control)	1,892	1,197	1,069	428
Total trade receivables, related parties	<u>1,929</u>	<u>1,243</u>	<u>6,827</u>	<u>5,290</u>
<u>Other receivables, related parties (Note 4)</u>				
Parent company*	-	1	-	1
Subsidiary companies	-	-	18	29
Other related companies (under common control)	6	24	6	24
Total other receivables, related parties	<u>6</u>	<u>25</u>	<u>24</u>	<u>54</u>
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	-	3
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
<u>Trade payables, related parties (Note 14)</u>				
Parent company*	93	86	2	2
Subsidiary companies	-	-	258	342
Associated companies	1	1	-	-
Other related companies (under common control)	988	766	310	192
Total trade payables, related parties	<u>1,082</u>	<u>853</u>	<u>570</u>	<u>536</u>
<u>Other payables, related parties (Note 14)</u>				
Parent company*	206	158	206	157
Subsidiary companies	-	-	312	361
Associated companies	4	12	4	10
Other related companies (under common control)	73	126	73	126
Total other payables, related parties	<u>283</u>	<u>296</u>	<u>595</u>	<u>654</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Accrued expenses, related parties (Note 14)</u>				
Parent company*	151	90	151	90
Other related companies (under common control)	104	107	104	107
Total accrued expenses, related parties	255	197	255	197

* Delta Electronic Inc. has changed its status to the Company's parent company on 2 April 2019.

Directors and management's benefits

For the three-month and six-month periods ended 30 June 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	22	20	10	11
Post-employment benefits	3	23	2	23
Total	25	43	12	34

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	43	49	20	24
Post-employment benefits	5	25	4	24
Total	48	74	24	48

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(Audited)		(Audited)	
<u>Trade receivables, related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,919	1,232	6,608	4,134
Past due				
Up to 3 months	10	10	208	1,148
3 - 6 months	-	1	-	3
6 - 12 months	-	-	6	5
Over 12 months	-	-	5	-
Total	1,929	1,243	6,827	5,290
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	8,516	6,963	4,848	3,326
Past due				
Up to 3 months	840	934	317	388
3 - 6 months	109	93	10	2
6 - 12 months	82	153	8	1
Over 12 months	158	48	-	-
Total	9,705	8,191	5,183	3,717
Total trade receivables	11,634	9,434	12,010	9,007
Less: Allowance for doubtful accounts	(233)	(188)	(8)	(4)
Total trade receivables - net	11,401	9,246	12,002	9,003
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	-	3
Other receivables - related parties (Note 3)	6	25	24	54
Other receivables - unrelated parties	545	468	497	408
Total other receivables	551	493	521	465
Trade and other receivables - net	11,952	9,739	12,523	9,468

(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 six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	(1,380)	(754)
Increase during the period	(104)	-
Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the period	83	68
Reversal during the period	35	34
Balance as at 30 June 2020	(1,366)	(652)

6. Other current financial assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Fixed deposits with maturity over 3 months	818	-	-	-
Derivative assets (Note 26)	170	-	170	-
Total other current financial assets	988	-	170	-

7. Other current assets

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Input tax refundable	372	304	113	91
Advance payments	622	666	133	141
Prepaid expenses	217	200	37	32
Prepaid tax	48	52	-	-
Forward contracts receivable (Note 26)	-	34	-	33
Others	40	25	8	10
Total other current assets	1,299	1,281	291	307

(Unaudited but reviewed)

8. Investments in associated companies

8.1 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 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
			(%)	(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	467	432
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	117	80	99
Translation adjustment					(50)	(60)	(56)	(67)
Total					354	344	491	464

8.2 Share of comprehensive income and dividend received

During the period, the Company has recognised 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 June				For the six-month periods ended 30 June			
	Share of profit (loss) 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Delta Energy Systems (Switzerland) AG	88	14	6	(19)	39	32	(4)	(21)
Delta Greentech Electronics Industry LLC	(14)	(7)	-	-	(19)	(18)	-	-
Total	74	7	6	(19)	20	14	(4)	(21)

(Unaudited but reviewed)

No dividend was received from the above associated companies during the three-month and six-month periods ended 30 June 2020 and 2019.

9. Investments in subsidiary companies

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

Company's name	(Unit: Million Baht)	
	Cost	
	30 June 2020	31 December 2019
		(Audited)
DET International Holding Limited	9,450	9,450
Delta Green Industrial (Thailand) Company Limited	206	206
Delta Energy Systems (Singapore) Pte. Ltd.	5,573	5,573
Subtotal	15,229	15,229
Less: Allowance for impairment loss of investments in subsidiary companies	(1,144)	(1,144)
Investments in subsidiary companies - net	14,085	14,085

No dividend was received from the above subsidiary companies during the three-month and six-month periods ended 30 June 2020 and 2019.

10. Investment properties

Movements of the investment property account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)		
	Consolidated financial statements		
	Office building		
	Land for rent	for rent	Total
Net book value as at 1 January 2020	30	188	218
Increase from purchase during period	-	4	4
Depreciation for the period	-	(5)	(5)
Translation adjustment	1	6	7
Net book value as at 30 June 2020	31	193	224

(Unaudited but reviewed)

11. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	11,403	6,648
Acquisitions during period - cost	2,003	1,180
Disposals/write-off during period - net book value at disposal/write-off date	(3)	(1)
Depreciation for the period	(967)	(791)
Translation adjustment	(25)	-
Net book value as at 30 June 2020	<u>12,411</u>	<u>7,036</u>

12. Right-of-use assets

Movements of the right-of-use asset account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	198	-
Adjustments of right-of-use assets due to TFRS16 adoption	113	5
Increase during period	57	-
Depreciation for the period	(49)	(5)
Translation adjustment	8	-
Net book value as at 30 June 2020	<u>327</u>	<u>-</u>

13. Other intangible assets

Movements of the other intangible asset account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	414	1
Increase from purchase during period	51	-
Amortisation for the period	(60)	(1)
Translation adjustment	10	-
Net book value as at 30 June 2020	<u>415</u>	<u>-</u>

(Unaudited but reviewed)

14. Trade and other payables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
			(Audited)	
Trade payables - related parties (Note 3)	1,082	853	570	536
Trade payables - unrelated parties	7,865	5,826	7,069	5,212
Other payables - related parties (Note 3)	283	296	595	654
Other payables - unrelated parties	831	889	714	746
Accrued expenses - related parties (Note 3)	255	197	255	197
Accrued expenses - unrelated parties	2,325	1,781	1,648	1,041
Advance received	472	309	209	88
Total trade and other payables	13,113	10,151	11,060	8,474

15. Other current liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
			(Audited)	
Forward contracts payable (Note 26)	-	1	-	-
Withholding tax payable	47	136	18	89
Value added tax payable	78	93	32	5
Others	40	75	17	16
Total other current liabilities	165	305	67	110

16. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	1,427	445
Recognition during period	43	27
Decrease during period	(25)	(7)
Reversal during period	(2)	-
Translation adjustment	27	-
Balance as at 30 June 2020	1,470	465

(Unaudited but reviewed)

17. Provisions

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Other			Other		
	Warranty	provisions	Total	Warranty	provisions	Total
Balance as at 1 January 2020	431	42	473	274	15	289
Recognition during period	88	20	108	44	-	44
Decrease during period	(3)	(11)	(14)	(3)	(9)	(12)
Reversal during period	(78)	(29)	(107)	(34)	-	(34)
Translation adjustment/unrealised loss on exchange rate	7	1	8	8	-	8
Balance as at 30 June 2020	<u>445</u>	<u>23</u>	<u>468</u>	<u>289</u>	<u>6</u>	<u>295</u>
Short-term provisions	67	25	92	-	-	-
Long-term provisions	364	17	381	274	15	289
Balance as at 31 December 2019 (Audited)	<u>431</u>	<u>42</u>	<u>473</u>	<u>274</u>	<u>15</u>	<u>289</u>
Short-term provisions	64	14	78	-	-	-
Long-term provisions	381	9	390	289	6	295
Balance as at 30 June 2020	<u>445</u>	<u>23</u>	<u>468</u>	<u>289</u>	<u>6</u>	<u>295</u>

Warranty

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

18. Dividends

Dividends declared in 2020 and 2019 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 2019	Annual General Meeting of the shareholders on 31 March 2020	<u>2,245</u>	<u>1.80</u>
Final dividend for year 2018	Annual General Meeting of the shareholders on 2 April 2019	<u>2,869</u>	<u>2.30</u>

19. 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.

20. 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 matures annually.

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

(Unaudited but reviewed)

21. Income tax

Tax income (expenses) for the three-month and six-month periods ended 30 June 2020 and 2019 are made up as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	(13)	(35)	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	44	4	-	-
Translation adjustment	11	2	-	-
Tax income (expenses) reported in profit or loss	42	(29)	-	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current income tax charge	(16)	(58)	-	-
Adjustment in respect of income tax of				
previous year	35	-	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	53	17	-	-
Translation adjustment	10	2	-	-
Tax income (expenses) reported in profit or loss	82	(39)	-	-

22. 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.

23. Segment information

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2020 and 2019 which is provided to the president of the Group, who is the chief operating decision maker of the Group.

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue										
Sales from external										
customers	8,758	8,795	5,411	4,483	121	470	6	21	14,296	13,769
Service income from										
external customers	62	11	31	85	96	44	6	6	195	146
Total revenue	<u>8,820</u>	<u>8,806</u>	<u>5,442</u>	<u>4,568</u>	<u>217</u>	<u>514</u>	<u>12</u>	<u>27</u>	<u>14,491</u>	<u>13,915</u>
Segment profit (loss)	1,099	741	1,015	177	(61)	16	(255)	(276)	1,798	658
Unallocated income (expenses):										
Gain (loss) on exchange rate									(7)	5
Other income									97	168
Other expenses									(10)	(5)
Share of profit from investments in associated companies									74	7
Finance income									27	65
Finance cost									(1)	(1)
Profit before tax income (expenses)									1,978	897
Tax income (expenses) for the period									42	(29)
Profit for the period									<u>2,020</u>	<u>868</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June									
	Power		Infrastructure		Automation		Others		Consolidated	
	electronics		segment		segment		segment		financial	
	segment		segment		segment		segment		statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue										
Sales from external										
customers	16,686	17,360	9,559	8,220	534	891	42	46	26,821	26,517
Service income from										
external customers	77	49	72	160	161	122	40	17	350	348
Total revenue	<u>16,763</u>	<u>17,409</u>	<u>9,631</u>	<u>8,380</u>	<u>695</u>	<u>1,013</u>	<u>82</u>	<u>63</u>	<u>27,171</u>	<u>26,865</u>
Segment profit (loss)	1,620	1,627	1,213	458	(53)	54	(432)	(518)	2,348	1,621
Unallocated income (expenses):										
Gain (loss) on exchange rate									211	(16)
Other income									166	249
Other expenses									(17)	(11)
Share of profit from investments in associated companies									20	14
Finance income									69	134
Finance cost									(2)	(1)
Profit before tax income (expenses)									2,795	1,990
Tax income (expenses) for the period									82	(39)
Profit for the period									<u>2,877</u>	<u>1,951</u>

24. Commitments and contingent liabilities

24.1 Capital commitments and operating lease commitments

24.1.1 As at 30 June 2020, the Group had significant capital commitments amounting to Baht 117 million, EUR 2 million or approximately Baht 75 million, INR 6,711 million or approximately Baht 2,739 million and USD 0.3 million or approximately Baht 10 million in respect of the building construction, purchase of machinery and equipment (31 December 2019: Baht 723 million, EUR 1 million or approximately Baht 35 million, USD 1 million or approximately Baht 42 million and INR 7,931 million or approximately Baht 3,334 million).

(Unaudited but reviewed)

24.1.2 As at 30 June 2020 and 31 December 2019, the subsidiaries have future minimum lease payments required under these operating lease commitments as follows.

		As at 30 June 2020		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Euro	1	10	11	7
US dollar	0.5	8	7	-
	Total	18	18	7

		As at 31 December 2019		
		Payable		
Foreign currency	Amount	In up to 1 year	In over 1 and up to 5 years	In over 5 years
	(Million in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Indian rupee	202	44	41	-
Euro	2	39	37	7
US dollar	1	8	9	-
Australian dollar	1	7	9	-
	Total	98	96	7

24.2 Guarantee obligations

As at 30 June 2020, the Group had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

24.2.1 Outstanding letters of guarantee totaling approximately Baht 374 million (31 December 2019: Baht 369 million) have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 335 million (31 December 2019: Baht 335 million) issued by banks to meet obligations of the Company to the Revenue Department in relation to the tax assessment as mentioned in Note 24.3.1 to the financial statements).

24.2.2 Outstanding letters of guarantee for totals of approximately INR 1,158 million or approximately Baht 472 million, EUR 0.3 million or approximately Baht 12 million have been issued by banks to meet requirements of the subsidiaries (31 December 2019: INR 1,156 million or approximately Baht 486 million, EUR 0.3 million or approximately Baht 12 million).

24.3 Tax assessment

- 24.3.1 a. In 2015, the Company received tax assessment notices for the year 2005 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 1.96 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 0.06 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee. In addition, the Company received tax assessment notices for the year 2006 from the Revenue Department in 2016, assessing corporate income tax amounting to approximately Baht 168 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 2 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- b. On 23 August 2017, the Company received tax assessment notices for the year 2007 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 79 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 3 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- c. On 21 August 2018, the Company received tax assessment notices for the year 2008 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 49 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 4 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.
- d. On 20 August 2019, the Company received tax assessment notices for the year 2009 from the Revenue Department, assessing corporate income tax amounting to approximately Baht 23 million (including penalties and surcharges) and specific business tax amounting to approximately Baht 5 million (including penalties and surcharges). The Company has submitted letter appealing the assessments to the Tax Appeal Committee of the Revenue Department and the appeal is currently under consideration by the Committee.

(Unaudited but reviewed)

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.

24.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 232 million or approximately Baht 95 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 276 million or approximately Baht 113 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.

25. Financial derivatives

As at 30 June 2020 and 31 December 2019, the significant outstanding balances of the Group’s 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 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
US dollar	254	165	246	189	421	320	245	189
Euro	9	6	2	2	9	5	13	16
Japanese yen	292	201	446	246	290	201	348	244
Czech koruna	13	8	-	-	13	8	-	-

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at	
	30 June 2020	31 December 2019
US dollar	30.8905	30.1540
Euro	34.7015	33.7311
Japanese yen	0.2868	0.2759
Czech koruna	1.2894	1.3161

(Unaudited but reviewed)

The Group manages its exposure to foreign currency risk by using derivatives when considered appropriate. As at 30 June 2020 and 31 December 2019, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

Consolidated financial statements						
As at 30 June 2020						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	150	million	30.9500 - 32.8750	THB/USD	July - October 2020
Forward contracts to "Buy"						
USD/INR	USD	3	million	75.7625 - 76.0350	INR/USD	July - August 2020
JPY/THB	JPY	40	million	0.2906 - 0.2934	THB/JPY	July 2020
Consolidated financial statements						
As at 31 December 2019						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	122	million	30.0900 - 30.5300	THB/USD	January - April 2020
Forward contracts to "Buy"						
USD/INR	USD	17	million	70.9694 - 71.9917	INR/USD	January 2020
Separate financial statements						
As at 30 June 2020						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	150	million	30.9500 - 32.8750	THB/USD	July - October 2020
Forward contracts to "Buy"						
JPY/THB	JPY	40	million	0.2906 - 0.2934	THB/JPY	July 2020
Separate financial statements						
As at 31 December 2019						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	122	million	30.0900 - 30.5300	THB/USD	January - April 2020

26. Fair value of financial instruments

The Group uses the market approach to measure its 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 Group's endeavors 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

As at 30 June 2020 and 31 December 2019, the Group had certain assets and liabilities that were measured using different levels inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 30 June 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	170	-	170

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 7)	-	34	-	34
Liabilities measured at fair value				
Foreign currency forward contracts (Note 15)	-	1	-	1

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements			
	As at 30 June 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	170	-	170

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 7)	-	33	-	33

Valuation techniques and level 2 inputs

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.

27. Events after the reporting period

On 24 July 2020, a meeting of the Board of Directors of the Company passed the following significant resolutions:

- 1) Approved Delta Greentech (Netherlands) B.V. to sell 49 percent interests in Delta Electronics (Switzerland) AG and Delta Greentech Electronics Industry LLC to related companies at a price of approximately USD 14.44 million, or approximately Baht 457 million.
- 2) Approved Delta Energy Systems (Singapore) Pte. Ltd. to acquire all ordinary shares of Eltek Australia Pty Ltd. at a price of approximately USD 14.62 million, or approximately Baht 463 million, from Eltek AS, which is a related company.

The above purchase and sale of investment transactions are expected to be completed in the fourth quarter of the current year.

28. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 July 2020.