

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month period ended 31 March 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 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-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 who expressed an unqualified opinion on those statements, under his report dated 18 February 2019. The consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended 31 March 2018 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 27 April 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: 25 April 2019

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>31 March 2019</u>	<u>31 December 2018</u>	<u>31 March 2019</u>	<u>31 December 2018</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		15,691,579	15,607,754	8,872,427	9,752,996
Current investments		107,144	222,745	-	-
Trade and other receivables	4	10,849,176	11,558,016	10,161,534	11,047,646
Inventories	5	10,383,436	9,460,867	6,609,257	5,807,619
Other current assets	6	1,453,990	1,138,345	467,793	325,765
Total current assets		38,485,325	37,987,727	26,111,011	26,934,026
Non-current assets					
Deposits at bank with restrictions		52,645	55,048	-	-
Investments in associated companies	7	526,617	536,334	-	-
Investments in subsidiary companies	8	-	-	13,272,734	11,881,692
Investment properties	9	228,772	236,735	-	-
Property, plant and equipment	10	8,827,190	7,956,876	5,269,037	4,787,400
Land-use rights	11	217,484	220,028	-	-
Goodwill		429,921	438,414	-	-
Other intangible assets	12	458,118	476,225	1,293	1,515
Deferred tax assets		231,155	238,846	-	-
Other non-current assets		60,488	54,460	2,546	2,575
Total non-current assets		11,032,390	10,212,966	18,545,610	16,673,182
Total assets		49,517,715	48,200,693	44,656,621	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 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	11,815,787	11,801,451	9,406,958	9,276,651
Income tax payable		56,852	56,428	-	-
Short-term provisions	16	18,319	13,392	-	-
Liabilities and provision from tax assessments	22.3.1	239,368	239,368	239,368	239,368
Other current liabilities	14	369,389	247,145	115,433	105,822
Total current liabilities		12,499,715	12,357,784	9,761,759	9,621,841
Non-current liabilities					
Deferred tax liabilities		123,070	144,452	-	-
Provision for long-term employee benefits	15	1,200,687	1,234,247	284,418	281,663
Long-term provisions	16	502,170	499,043	289,245	279,255
Other non-current liabilities		80,590	24,247	1,100	1,241
Total non-current liabilities		1,906,517	1,901,989	574,763	562,159
Total liabilities		14,406,232	14,259,773	10,336,522	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		35,518,074	34,432,010	31,454,905	30,558,014
Other components of shareholders' equity		(2,269,132)	(2,356,674)	-	-
Equity attributable to owners of the Company		35,110,109	33,936,503	34,320,099	33,423,208
Non-controlling interests of the subsidiary		1,374	4,417	-	-
Total shareholders' equity		35,111,483	33,940,920	34,320,099	33,423,208
Total liabilities and shareholders' equity		49,517,715	48,200,693	44,656,621	43,607,208
		-	-	-	-

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 three-month period ended 31 March 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		12,748,167	12,368,531	10,059,625	9,015,354
Service income		201,177	142,388	5,618	2,329
Other income					
Interest income		69,069	48,906	28,586	35,906
Others		81,053	121,140	66,166	74,815
Total revenues		13,099,466	12,680,965	10,159,995	9,128,404
Expenses					
Cost of sales		9,808,913	9,643,142	7,682,083	6,967,205
Cost of service		162,876	136,631	3,959	1,494
Selling and distribution expenses	17	946,542	800,175	669,796	509,963
Administrative expenses		420,681	403,720	228,422	213,119
Research and development expenses	18	631,515	507,538	646,183	507,367
Loss on exchange		20,969	47,887	4,311	69,392
Other expenses		21,355	41,095	28,350	19,354
Total expenses		12,012,851	11,580,188	9,263,104	8,287,894
Profit before share of profit from investments in associated companies, finance cost and income tax expenses					
		1,086,615	1,100,777	896,891	840,510
Share of profit from investments in associated companies	7	6,181	20,694	-	-
Profit before finance cost and income tax expenses		1,092,796	1,121,471	896,891	840,510
Finance cost		(400)	(4,819)	-	-
Profit before income tax expenses		1,092,396	1,116,652	896,891	840,510
Income tax expenses	19	(9,374)	(62,346)	-	-
Profit for the period		1,083,022	1,054,306	896,891	840,510

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 31 March 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 to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency - net of income tax	89,335	(434,367)	-	-
Share of other comprehensive income from investments in associated companies - net of income tax	<u>(1,794)</u>	<u>474</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>87,541</u>	<u>(433,893)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains - net of income tax	-	3,483	-	-
Share of other comprehensive income from investments in associated companies - net of income tax	<u>-</u>	<u>12,424</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	<u>-</u>	<u>15,907</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>87,541</u>	<u>(417,986)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,170,563</u>	<u>636,320</u>	<u>896,891</u>	<u>840,510</u>
Profit attributable to:				
Equity holders of the Company	1,086,064	1,058,065	<u>896,891</u>	<u>840,510</u>
Non-controlling interests of the subsidiary	<u>(3,042)</u>	<u>(3,759)</u>		
	<u>1,083,022</u>	<u>1,054,306</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	1,173,606	640,117	<u>896,891</u>	<u>840,510</u>
Non-controlling interests of the subsidiary	<u>(3,043)</u>	<u>(3,797)</u>		
	<u>1,170,563</u>	<u>636,320</u>		

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(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to shareholders of the Company													
					Other component of shareholders' equity								
					Other comprehensive income								
					Share of other								
					Exchange differences		comprehensive		Total other		Total equity	Equity attributable	Total
					on translation of		income from		components of		attributable to	to non-controlling	shareholders'
					financial statements		investments in		shareholders'		owners of	interests	equity
					in foreign currency		associated companies		equity		the Company	of the subsidiary	shareholders'
Issued and fully paid		Surplus on business combination under common control		Retained earnings									
share capital	Share premium		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 for the period	-	-	-	-	1,058,065	-	-	-	1,058,065	(3,759)	1,054,306		
Other comprehensive income for the period	-	-	-	-	3,483	(434,329)	12,898	(421,431)	(417,948)	(38)	(417,986)		
Total comprehensive income for the period	-	-	-	-	1,061,548	(434,329)	12,898	(421,431)	640,117	(3,797)	636,320		
Balance as at 31 March 2018	1,247,382	1,491,912	(1,004,027)	125,900	33,059,805	(1,895,739)	73,562	(1,822,177)	33,098,795	11,247	33,110,042		
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 for the period	-	-	-	-	1,086,064	-	-	-	1,086,064	(3,042)	1,083,022		
Other comprehensive income for the period	-	-	-	-	-	89,336	(1,794)	87,542	87,542	(1)	87,541		
Total comprehensive income for the period	-	-	-	-	1,086,064	89,336	(1,794)	87,542	1,173,606	(3,043)	1,170,563		
Balance as at 31 March 2019	1,247,382	1,491,912	(1,004,027)	125,900	35,518,074	(2,358,043)	88,911	(2,269,132)	35,110,109	1,374	35,111,483		

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 three-month period ended 31 March 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	-	-	-	840,510	840,510
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	840,510	840,510
Balance as at 31 March 2018	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>29,603,596</u>	<u>32,468,790</u>
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	-	-	-	896,891	896,891
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	896,891	896,891
Balance as at 31 March 2019	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>31,454,905</u>	<u>34,320,099</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 three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:				
Profit before tax	1,092,396	1,116,652	896,891	840,510
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	350,242	294,576	284,043	223,004
Amortisation	27,627	21,554	222	483
Recording of allowance for doubtful accounts (reversal)	4,203	14,365	(13,549)	1,228
Reduction of inventory to net realisable value	99,285	30,276	80,173	16,207
Reversal of the reduction of inventory to net realisable value from write-off obsolete and damaged inventories	(86,704)	(47,318)	(22,820)	(27,399)
Increase in provision for long-term employee benefits	13,154	20,824	3,976	7,169
Recording of the increase in provisions	19,615	17,319	15,838	10,700
Share of profit from investments in associated companies	(6,181)	(20,694)	-	-
Loss from disposal/write-off of property, plant and equipment	78	172	199	126
Loss from write-off other intangible assets	-	111	-	-
Unrealised loss on exchange	54,846	47,627	67,672	21,866
Interest income	(69,069)	(48,906)	(28,586)	(35,906)
Interest expenses	400	4,819	-	-
Profit from operating activities before changes in operating assets and liabilities	1,499,892	1,451,377	1,284,059	1,057,988
Decrease (increase) in operating assets:				
Trade and other receivables	659,676	24,527	1,010,578	335,681
Inventories	(935,150)	(293,820)	(858,991)	(283,454)
Other current assets	(336,665)	(30,860)	(185,500)	(52,209)
Other non-current assets	(6,028)	(8,660)	29	(7)
Increase (decrease) in operating liabilities:				
Trade and other payables	(81,386)	550,848	35,813	333,615
Other current liabilities	112,217	(10,891)	(11,470)	(8,840)
Provision for long-term employee benefits	(10,796)	(20,040)	(1,221)	(448)
Provisions	(2,971)	(754)	(2,023)	-
Other non-current liabilities	56,357	(8)	(141)	65
Cash flows from operating activities	955,146	1,661,719	1,271,133	1,382,391
Cash received from interest income	34,044	38,733	3,279	24,943
Cash paid for interest expenses	(395)	(4,710)	-	-
Cash paid for income tax resulting from tax assessments	-	(401,424)	-	(401,424)
Cash paid for corporate income tax	(38,834)	(48,391)	(166)	(264)
Net cash flows from operating activities	949,961	1,245,927	1,274,246	1,005,646

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	2,403	(3,284)	-	-
Decrease in current investments	115,601	90,576	-	-
Increase in investments in subsidiary company	-	-	(1,391,042)	(95,168)
Increase in investments in associated company	-	(95,237)	-	-
Cash received from capital reduction in associated company	161,326	-	-	-
Acquisition of property, plant and equipment	(1,307,112)	(361,098)	(765,879)	(286,812)
Proceeds from disposal of property, plant and equipment	2,540	5,109	-	100
Increase in investment properties	(926)	-	-	-
Increase in other intangible assets	(21,058)	(27,224)	-	-
Net cash flows used in investing activities	<u>(1,047,226)</u>	<u>(391,158)</u>	<u>(2,156,921)</u>	<u>(381,880)</u>
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans				
from financial institutions	-	(13,391)	-	-
Net cash flows used in financing activities	<u>-</u>	<u>(13,391)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in translation adjustments	<u>179,039</u>	<u>(305,559)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents before effect from currency translation	81,774	535,819	(882,675)	623,766
Effect from currency translation of cash and cash equivalents	2,051	(23,145)	2,106	(19,827)
Net increase (decrease) in cash and cash equivalents	<u>83,825</u>	<u>512,674</u>	<u>(880,569)</u>	<u>603,939</u>
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 period ended 31 March 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 31 March				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	-	-	3,553	2,969	With reference to market prices
Purchase of raw materials	-	-	19	46	With reference to market prices
Commission paid	-	-	53	43	Contract prices
Design and engineering fee paid (Note 18)	-	-	438	318	Contract prices
Distribution fee paid	-	-	27	18	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	4	240	4	1	With reference to market prices
Commission paid	11	11	8	8	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,551	1,519	499	706	With reference to market prices
Purchase of goods and raw materials	1,055	968	218	88	With reference to market prices
Commission paid	129	122	129	122	Contract prices
Royalty paid (Note 17)	292	196	292	196	Contract prices
Commission received	22	17	-	-	Contract prices
Services income	32	44	-	-	Contract prices
Services paid	26	38	26	38	Contract prices
Other income	5	22	1	2	Contract prices

(Unaudited but reviewed)

The balances of the accounts as at 31 March 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	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	4,658	5,236
Associated companies	7	8	1	1
Other related companies (under common control)	1,406	1,533	543	677
Total trade receivables, related parties	1,413	1,541	5,202	5,914
<u>Other receivables, related parties (Note 4)</u>				
Subsidiary companies	-	-	4	3
Associated companies	-	161	-	-
Other related companies (under common control)	11	-	1	-
Total other receivables, related parties	11	161	5	3
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	6	4
Total amounts due from related parties	-	-	6	4
<u>Trade payables, related parties (Note 13)</u>				
Subsidiary companies	-	-	91	103
Associated companies	3	3	-	-
Other related companies (under common control)	951	965	196	143
Total trade payables, related parties	954	968	287	246
<u>Other payables, related parties (Note 13)</u>				
Subsidiary companies	-	-	256	270
Associated companies	4	3	4	3
Other related companies (under common control)	235	567	233	559
Total other payables, related parties	239	570	493	832
<u>Accrued expenses, related parties (Note 13)</u>				
Other related companies (under common control)	102	94	139	94
Total accrued expenses, related parties	102	94	139	94

(Unaudited but reviewed)

Directors and management's benefits

For the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	29	33	13	13
Post-employment benefits	2	2	1	1
Total	<u>31</u>	<u>35</u>	<u>14</u>	<u>14</u>

4. Trade and other receivables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,356	1,484	4,436	5,180
Past due				
Up to 3 months	56	21	766	698
3 - 6 months	-	19	-	18
6 - 12 months	1	17	-	18
Total	<u>1,413</u>	<u>1,541</u>	<u>5,202</u>	<u>5,914</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,884	8,140	4,188	4,207
Past due				
Up to 3 months	980	1,126	338	497
3 - 6 months	80	143	22	15
6 - 12 months	71	25	3	3
Over 12 months	44	43	3	3
Total	<u>9,059</u>	<u>9,477</u>	<u>4,554</u>	<u>4,725</u>
Total trade receivables	10,472	11,018	9,756	10,639
Less: Allowance for doubtful accounts	(130)	(126)	(15)	(29)
Total trade receivables - net	<u>10,342</u>	<u>10,892</u>	<u>9,741</u>	<u>10,610</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	6	4
Other receivables - related parties (Note 3)	11	161	5	3
Other receivables - unrelated parties	496	505	410	431
Total other receivables	507	666	421	438
Trade and other receivables - net	10,849	11,558	10,162	11,048

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventory account during the three-month period ended 31 March 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	(111)	(80)
Less: Reversal of reduce cost to net realisable value of inventories during the period	11	-
Less: Reversal of reduce cost to net realisable value from write off obsolete and damaged inventories during the period	87	23
Balance as at 31 March 2019	(1,176)	(606)

(Unaudited but reviewed)

6. Other current assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Input tax refundable	274	275	74	99
Advance payments	702	511	312	132
Prepaid expenses	255	118	35	10
Prepaid tax	111	108	-	-
Forward contracts receivable (Note 24)	8	76	6	76
Others	104	50	41	9
Total other current assets	<u>1,454</u>	<u>1,138</u>	<u>468</u>	<u>326</u>

(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	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
				(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	464	448
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	117	106	118
Translation adjustment					(40)	(26)	(43)	(30)
Total					364	378	527	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 31 March			
	Share of profit (loss) from investments in associated companies		Share of other comprehensive income from investments in associated companies	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Delta Electronics (Switzerland) AG	18	18	(2)	13
Delta Greentech Electronics Industry LLC	(12)	3	-	-
Total	6	21	(2)	13

7.3 Significant events during the current period

a) Registered capital reduction of associated companyDelta 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.

b) Dividend received during the period

No dividend was received from the above associated companies during the three-month periods ended 31 March 2019 and 2018.

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	
	31 March 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

8.2 Significant events during the current period

Subsidiaries directly owned by the Company

a) 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 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 current period.
- 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 current period.

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

b) Dividend received during the period

No dividend was received from the above subsidiary companies during the three-month periods ended 31 March 2019 and 2018.

8.3 Subsidiaries indirectly owned by the Company

a) The merger of subsidiaries in India

On 25 July 2016, 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 Government of India 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 three-month period ended 31 March 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	-	1	1
Depreciation for the period	-	(2)	(2)
Transfer in due to change in type of use of assets (Note 10)	-	2	2
Translation adjustment	(1)	(8)	(9)
Net book value as at 31 March 2019	33	196	229

10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 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	1,307	766
Disposals/write-off during period - net book value at disposal/write-off date	(3)	-
Depreciation for the period	(348)	(284)
Transfer out due to change in type of use of assets (Note 9)	(2)	-
Translation adjustment	(84)	-
Net book value as at 31 March 2019	8,827	5,269

(Unaudited but reviewed)

11. Land-use rights

Movements of the land-use right account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Million Baht)
	Consolidated financial statements
Net book value as at 1 January 2019	220
Amortisation for the period	(1)
Translation adjustment	(2)
Net book value as at 31 March 2019	<u>217</u>

12. Other intangible assets

Movements of the other intangible asset account during the three-month period ended 31 March 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	21	-
Amortisation for the period	(27)	(1)
Translation adjustment	(12)	-
Net book value as at 31 March 2019	<u>458</u>	<u>1</u>

13. Trade and other payables

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	954	968	287	246
Trade payables - unrelated parties	7,125	6,746	6,235	5,884
Other payables - related parties (Note 3)	239	570	493	832
Other payables - unrelated parties	1,113	1,105	958	1,032
Accrued expenses - related parties (Note 3)	102	94	139	94
Accrued expenses - unrelated parties	1,877	1,844	1,190	1,076
Advance received	406	474	105	113
Total trade and other payables	<u>11,816</u>	<u>11,801</u>	<u>9,407</u>	<u>9,277</u>

(Unaudited but reviewed)

14. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Forward contracts payable (Note 24)	23	15	21	-
Withholding tax payable	249	151	64	92
Value added tax payable	44	29	-	-
Others	53	52	30	14
Total other current liabilities	369	247	115	106

15. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the three-month period ended 31 March 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	15	3
Less: Decrease during period	(11)	(1)
Less: Reversal during period	(2)	-
Translation adjustment	(35)	-
Balance as at 31 March 2019	1,201	284

(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	29	17	46	26	6	32
Decrease during period	(2)	(1)	(3)	(2)	-	(2)
Reversal during period	(23)	(3)	(26)	(16)	-	(16)
Translation adjustment/unrealised gain on exchange rate	(7)	(2)	(9)	(4)	-	(4)
Balance as at 31 March 2019	<u>469</u>	<u>51</u>	<u>520</u>	<u>275</u>	<u>14</u>	<u>289</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	1	17	18	-	-	-
Long-term provisions	468	34	502	275	14	289
Balance as at 31 March 2019	<u>469</u>	<u>51</u>	<u>520</u>	<u>275</u>	<u>14</u>	<u>289</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 current sales by the types of products under current warranty.

17. 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 sales revenue from the licensed products, 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.

18. 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.

19. Income tax

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	(23)	(26)	-	-
Deferred tax:				
Decrease in deferred tax assets	(8)	(19)	-	-
Decrease (increase) in deferred tax liabilities	21	(22)	-	-
Translation adjustment	1	5	-	-
Income tax expenses reported in the statement of comprehensive income	(9)	(62)	-	-

20. 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.

(Unaudited but reviewed)

21. Segment information

The following table presents revenue and profit information regarding the operating segments of the Company and its subsidiaries for the three-month periods ended 31 March 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 31 March								Consolidated financial statements	
	Power electronics segment		Infrastructure segment		Automation segment		Others			
	<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	8,565	9,257	3,737	2,629	421	435	25	48	12,748	12,369
Service income from external customers	38	19	75	105	78	17	10	1	201	142
Total revenue	8,603	9,276	3,812	2,734	499	452	35	49	12,949	12,511
Segment profit (loss)	886	1,154	281	122	38	22	(227)	(279)	978	1,019
Unallocated income (expenses):										
Interest income									69	49
Other income									81	121
Loss on exchange rate									(21)	(48)
Other expenses									(21)	(41)
Share of profit from investments in associated companies									6	21
Finance cost									-	(5)
Profit before income tax expenses									1,092	1,116
Income tax expenses									(9)	(62)
Profit for the period									1,083	1,054

22. Commitments and contingent liabilities

22.1 Capital commitments and operating lease commitments

22.1.1 As at 31 March 2019, the Company and its subsidiaries had significant capital commitments amounting to Baht 997 million, EUR 2 million or approximately Baht 56 million, INR 8,960 million or approximately Baht 4,109 million and USD 1 million or approximately Baht 46 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 997 million, 31 December 2018: Baht 267 million).

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

		As at 31 March 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	104	25	16	6
Euro	1	30	7	1
	Total	55	23	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 in foreign currency)	(Million Baht)	(Million Baht)	(Million Baht)
Indian rupee	43	11	2	6
Euro	1	38	12	1
	Total	49	14	7

22.2 Guarantee obligations

As at 31 March 2019, the Company and its subsidiaries had the following significant outstanding letters of guarantee required in the ordinary course of their businesses:

- 22.2.1 Outstanding letters of guarantee totaling approximately Baht 341 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 307 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 mentioned in Note 22.3.1 to the financial statements).
- 22.2.2 Outstanding letters of guarantee for totals of approximately INR 925 million or approximately Baht 424 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).

22.3 Tax assessment

- 22.3.1 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 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 169 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 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.

(Unaudited but reviewed)

- 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 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.

However, the Company has recorded provisions for the tax assessments as mentioned in a., b. and c., 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.

- 22.3.2 The Indian tax authorities assessed corporate income tax of approximately INR 163 million or approximately Baht 75 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 130 million or approximately Baht 59 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.

23. Financial derivatives

As at 31 March 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	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
US dollar	192	196	207	201	329	346	200	193
Euro	4	5	3	3	4	4	9	9
Japanese yen	160	193	667	438	152	184	664	438

(Unaudited but reviewed)

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate	
	31 March 2019	31 December 2018
US dollar	31.8117	32.4498
Euro	35.7155	37.1252
Japanese yen	0.2872	0.2931

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

Consolidated financial statements						
As at 31 March 2019						
	Amount			Forward rate		Maturity date
Forward contracts to "Sell"						
USD/THB	USD	140	million	31.2250 - 31.8900	THB/USD	April - July 2019
USD/EUR	USD	3	million	1.1325 - 1.1406	USD/EUR	April 2019
Forward contracts to "Buy"						
USD/INR	USD	15	million	68.9707 - 70.2900	INR/USD	April 2019
JPY/THB	JPY	130	million	0.2834 - 0.2966	THB/JPY	April - July 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 31 March 2019						
	Amount			Forward rate		Maturity date
Forward contracts to “Sell”						
USD/THB	USD	140	million	31.2250 - 31.8900	THB/USD	April - July 2019
Forward contracts to “Buy”						
JPY/THB	JPY	130	million	0.2834 - 0.2966	THB/JPY	April - July 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

24. 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 31 March 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 31 March 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	8	-	8
Liabilities measured at fair value				
Foreign currency forward contracts (Note 14)	-	23	-	23

(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 31 March 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	6	-	6
Liabilities measured at fair value				
Foreign currency forward contracts (Note 14)	-	21	-	21

(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, yield curves of the respective currencies and interest rate yield curves.

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

25. Events after the reporting period

25.1 On 2 April 2019, the 2019 Annual General Meeting of the Company's shareholders approved the payment of a dividend of Baht 2.3 per share for 2018, totaling Baht 2,869 million.

25.2 Amendments to the law relating to the legal severance pay rates

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 117 million (The Company only: Baht 117 million) as a result. The Company and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of 2019.

26. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 25 April 2019.