

Delta Electronics (Thailand) Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended
31 March 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 31 March 2020, and 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 interim consolidated financial statements. I have also reviewed the separate financial information of Delta Electronics (Thailand) Public Company Limited for the same period (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: 27 April 2020

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>31 March 2020</u>	<u>31 December 2019</u>	<u>31 March 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		11,769,973	12,393,643	6,632,805	6,233,097
Current investments		-	1,698	-	-
Trade and other receivables	4	11,161,635	9,739,299	10,796,924	9,467,965
Inventories	5	9,719,208	8,963,490	6,473,462	5,745,785
Other current financial assets	6	864,868	-	4,253	-
Other current assets	7	<u>1,430,276</u>	<u>1,280,765</u>	<u>328,585</u>	<u>307,190</u>
Total current assets		<u>34,945,960</u>	<u>32,378,895</u>	<u>24,236,029</u>	<u>21,754,037</u>
Non-current assets					
Deposits at bank with restrictions		52,995	49,714	-	-
Investments in associated companies	8	422,577	464,294	-	-
Investments in subsidiary companies	9	-	-	14,085,116	14,085,116
Investment properties	10	231,816	218,445	-	-
Property, plant and equipment	11	12,505,880	11,402,816	7,046,863	6,647,546
Land-use rights		-	197,730	-	-
Right-of-use assets	12	332,255	-	2,676	-
Goodwill		431,384	417,964	-	-
Other intangible assets	13	440,836	413,753	453	633
Deferred tax assets		274,421	259,681	-	-
Other non-current assets		<u>182,632</u>	<u>154,993</u>	<u>3,418</u>	<u>3,417</u>
Total non-current assets		<u>14,874,796</u>	<u>13,579,390</u>	<u>21,138,526</u>	<u>20,736,712</u>
Total assets		<u>49,820,756</u>	<u>45,958,285</u>	<u>45,374,555</u>	<u>42,490,749</u>

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 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	12,119,695	10,150,828	10,186,501	8,473,884
Dividend payable	18	2,245,287	-	2,245,287	-
Income tax payable		47,371	50,621	-	-
Current portion of long-term lease liabilities		60,295	-	2,692	-
Short-term provisions	17	80,317	92,157	-	-
Liabilities and provision from tax assessments	24.3.1	239,368	239,368	239,368	239,368
Derivative liabilities	26	154,260	-	153,985	-
Other current liabilities	15	280,984	305,403	81,501	110,489
Total current liabilities		15,227,577	10,838,377	12,909,334	8,823,741
Non-current liabilities					
Long-term lease liabilities, net of current portion		55,000	-	-	-
Deferred tax liabilities		119,353	114,014	-	-
Provision for long-term employee benefits	16	1,500,311	1,427,499	455,657	444,707
Long-term provisions	17	414,903	381,381	320,589	288,554
Other non-current liabilities		234,035	190,672	1,085	1,085
Total non-current liabilities		2,323,602	2,113,566	777,331	734,346
Total liabilities		17,551,179	12,951,943	13,686,665	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 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>31 March 2020</u>	<u>31 December 2019</u>	<u>31 March 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	32,970,442	34,359,240	28,822,696	30,067,468
Other components of shareholders' equity	<u>(2,558,787)</u>	<u>(3,210,183)</u>	-	-
Equity attributable to owners of the Company	32,272,822	33,010,224	31,687,890	32,932,662
Non-controlling interests of the subsidiary	<u>(3,245)</u>	<u>(3,882)</u>	-	-
Total shareholders' equity	<u>32,269,577</u>	<u>33,006,342</u>	<u>31,687,890</u>	<u>32,932,662</u>
Total liabilities and shareholders' equity	<u>49,820,756</u>	<u>45,958,285</u>	<u>45,374,555</u>	<u>42,490,749</u>
	-	-	-	-

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

.....
Directors
.....

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 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		12,524,571	12,748,167	10,288,413	10,059,625
Service income		155,214	201,177	17,558	5,618
Other income					
Gain on exchange		218,608	-	224,723	-
Others		69,153	81,053	34,515	66,166
Total revenues		12,967,546	13,030,397	10,565,209	10,131,409
Expenses					
Cost of sales		10,034,406	9,808,913	7,840,360	7,682,083
Cost of services		59,574	162,876	12,909	3,959
Selling and distribution expenses	19	930,118	946,542	698,173	669,796
Administrative expenses		414,157	420,681	270,353	228,422
Research and development expenses	20	692,279	631,515	732,951	646,183
Loss on exchange		-	20,969	-	4,311
Other expenses		7,513	21,355	26,928	28,350
Total expenses		12,138,047	12,012,851	9,581,674	9,263,104
Profit from operating activities		829,499	1,017,546	983,535	868,305
Share of profit (loss) from investments in associated companies	8	(53,938)	6,181	-	-
Finance income		42,228	69,069	16,991	28,586
Finance cost		(246)	(400)	(11)	-
Profit before tax income (expenses)		817,543	1,092,396	1,000,515	896,891
Tax income (expenses) for the period	21	39,583	(9,374)	-	-
Profit for the period		857,126	1,083,022	1,000,515	896,891

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 2020

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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	661,856	89,335	-	-
Share of other comprehensive income from investments in associated companies - net of income tax	8 (10,460)	(1,794)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	651,396	87,541	-	-
Other comprehensive income for the period	651,396	87,541	-	-
Total comprehensive income for the period	1,508,522	1,170,563	1,000,515	896,891
Profit attributable to:				
Equity holders of the Company	856,489	1,086,064	1,000,515	896,891
Non-controlling interests of the subsidiary	637	(3,042)	-	-
	857,126	1,083,022		
Total comprehensive income attributable to:				
Equity holders of the Company	1,507,885	1,173,606	1,000,515	896,891
Non-controlling interests of the subsidiary	637	(3,043)	-	-
	1,508,522	1,170,563		
Earnings per share	22			
Basic earnings per share				
Profit attributable to equity holders of the Company	0.69	0.87	0.80	0.72

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 three-month period ended 31 March 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				
			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 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	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>35,518,074</u>	<u>(2,358,043)</u>	<u>88,911</u>	<u>(2,269,132)</u>	<u>35,110,109</u>	<u>1,374</u>	<u>35,111,483</u>
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 for the period	-	-	-	-	856,489	-	-	-	856,489	637	857,126
Other comprehensive income for the period	-	-	-	-	-	661,856	(10,460)	651,396	651,396	-	651,396
Total comprehensive income for the period	-	-	-	-	856,489	661,856	(10,460)	651,396	1,507,885	637	1,508,522
Dividend paid (Note 18)	-	-	-	-	(2,245,287)	-	-	-	(2,245,287)	-	(2,245,287)
Balance as at 31 March 2020	<u>1,247,382</u>	<u>1,491,912</u>	<u>(1,004,027)</u>	<u>125,900</u>	<u>32,970,442</u>	<u>(2,579,012)</u>	<u>20,225</u>	<u>(2,558,787)</u>	<u>32,272,822</u>	<u>(3,245)</u>	<u>32,269,577</u>

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

(Unaudited but reviewed)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 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	-	-	-	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>
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	-	-	-	1,000,515	1,000,515
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,000,515	1,000,515
Dividend paid (Note 18)	-	-	-	(2,245,287)	(2,245,287)
Balance as at 31 March 2020	<u>1,247,382</u>	<u>1,491,912</u>	<u>125,900</u>	<u>28,822,696</u>	<u>31,687,890</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 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:				
Profit before tax	817,543	1,092,396	1,000,515	896,891
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	500,184	350,242	393,462	284,043
Amortisation	29,053	27,627	180	222
Recording of allowance for doubtful accounts (reversal)	23,488	4,203	773	(13,549)
Reduction of inventory to net realisable value (reversal)	(38,713)	99,285	(81,843)	80,173
Reversal of the reduction to net realisable value of the obsolete and damaged inventories	(48,836)	(86,704)	(38,523)	(22,820)
Increase in provision for long-term employee benefits	20,291	13,154	13,385	3,976
Recording of the increase in provisions	32,805	19,615	8,299	15,838
Share of profit (loss) from investments in associated companies	53,938	(6,181)	-	-
Loss from disposal/write-off of property, plant and equipment	1,487	78	888	199
Loss from write-off other intangible assets	302	-	-	-
Unrealised (gain) loss on exchange	(71,197)	54,846	(155,385)	67,672
Interest income	(42,228)	(69,069)	(16,991)	(28,586)
Interest expenses	246	400	11	-
Profit from operating activities before changes in operating assets and liabilities	1,278,363	1,499,892	1,124,771	1,284,059
Decrease (increase) in operating assets:				
Trade and other receivables	(762,472)	659,676	(653,524)	1,010,578
Inventories	(668,169)	(935,150)	(607,311)	(858,991)
Other current assets	(160,053)	(336,665)	(58,027)	(185,500)
Other non-current assets	9,044	(6,028)	(1)	29
Increase (decrease) in operating liabilities:				
Trade and other payables	1,645,119	(81,386)	1,408,724	35,813
Other current liabilities	(34,164)	112,217	(29,704)	(11,470)
Provision for long-term employee benefits	(11,963)	(10,796)	(2,435)	(1,221)
Provisions	(1,950)	(2,971)	(582)	(2,023)
Other non-current liabilities	43,363	56,357	-	(141)
Cash flows from operating activities	1,337,118	955,146	1,181,911	1,271,133
Cash received from interest income	38,012	34,044	5,228	3,279
Cash paid for interest expenses	(531)	(395)	(11)	-
Cash paid for corporate income tax	(35,658)	(38,834)	(424)	(166)
Net cash flows from operating activities	1,338,941	949,961	1,186,704	1,274,246

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 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:				
Decrease (increase) in deposits at bank with restrictions	(3,281)	2,403	-	-
Decrease (increase) in fixed deposits with maturity over 3 months	(858,917)	115,601	-	-
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	(1,475,977)	(1,307,112)	(790,991)	(765,879)
Proceeds from disposal of property, plant and equipment	96,182	2,540	-	-
Increase in investment properties	(1,417)	(926)	-	-
Increase in other intangible assets	<u>(26,445)</u>	<u>(21,058)</u>	-	-
Net cash flows used in investing activities	<u>(2,269,855)</u>	<u>(1,047,226)</u>	<u>(790,991)</u>	<u>(2,156,921)</u>
Cash flow from financing activities:				
Repayment of liabilities under lease agreements	<u>(19,504)</u>	-	<u>(2,684)</u>	-
Net cash flow used in financing activities	<u>(19,504)</u>	-	<u>(2,684)</u>	-
Increase in translation adjustments	<u>392,170</u>	<u>179,039</u>	-	-
Net increase (decrease) in cash and cash equivalents before effect from currency translation	<u>(558,248)</u>	<u>81,774</u>	<u>393,029</u>	<u>(882,675)</u>
Effect from currency translation of cash and cash equivalents	<u>(65,422)</u>	<u>2,051</u>	<u>6,679</u>	<u>2,106</u>
Net increase (decrease) in cash and cash equivalents	<u>(623,670)</u>	<u>83,825</u>	<u>399,708</u>	<u>(880,569)</u>
Cash and cash equivalents at beginning of period	<u>12,393,643</u>	<u>15,607,754</u>	<u>6,233,097</u>	<u>9,752,996</u>
Cash and cash equivalents at end of period	<u>11,769,973</u>	<u>15,691,579</u>	<u>6,632,805</u>	<u>8,872,427</u>
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transaction				
Transfer property, plant and equipment to investment properties	-	2,430	-	-
Dividend payable	2,245	-	2,245	-

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 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
--------	-------------------------------------

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 due to the adoption of TFRS 16, Leases, as follow:

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
Current investments	2	-	2	2
Trade and other receivables	9,739	-	9,739	9,739
Derivative assets	34	34	-	34
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)

	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	6,233	-	6,233	6,233
Trade and other receivables	9,468	-	9,468	9,468
Derivative 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

(Unaudited but reviewed)

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)

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
	financial statements	financial statements
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	<u>52</u>	<u>-</u>
	<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
	financial statements	financial statements
Buildings	88	5
Motor vehicles	<u>25</u>	<u>-</u>
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 31 March				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	22	18	22	16	With reference to market prices
Purchase of goods and raw materials	77	89	-	2	With reference to market prices
Royalty paid (Note 19)	321	292	321	292	Contract prices
Services paid	45	23	45	23	Contract prices
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	4,519	3,553	With reference to market prices
Purchase of goods and raw materials	-	-	295	90	With reference to market prices
Commission paid	-	-	54	53	Contract prices
Design and engineering fee paid (Note 20)	-	-	524	438	Contract prices
Distribution fee paid	-	-	21	27	Contract prices
Administrative expenses	-	-	22	-	Contract prices
<u>Transactions with associated companies</u>					
Sales of goods and raw materials	10	4	7	4	With reference to market prices
Commission paid	15	11	12	8	Contract prices
<u>Transactions with related companies</u>					
Sales of goods and raw materials	1,786	1,534	685	482	With reference to market prices
Purchase of goods and raw materials	912	965	246	216	With reference to market prices
Commission paid	144	129	144	129	Contract prices
Commission received	26	22	-	-	Contract prices
Services income	30	32	-	-	Contract prices

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 4)</u>				
Parent company*	33	36	26	31
Subsidiary companies	-	-	5,695	4,827
Associated companies	11	10	5	4
Other related companies (under common control)	1,804	1,197	746	428
Total trade receivables, related parties	<u>1,848</u>	<u>1,243</u>	<u>6,472</u>	<u>5,290</u>
<u>Other receivables, related parties (Note 4)</u>				
Parent company*	1	1	1	1
Subsidiary companies	-	-	19	29
Other related companies (under common control)	2	24	2	24
Total other receivables, related parties	<u>3</u>	<u>25</u>	<u>22</u>	<u>54</u>
<u>Amounts due from related parties (Note 4)</u>				
Subsidiary companies	-	-	4	3
Total amounts due from related parties	<u>-</u>	<u>-</u>	<u>4</u>	<u>3</u>
<u>Trade payables, related parties (Note 14)</u>				
Parent company*	76	86	4	2
Subsidiary companies	-	-	328	342
Associated companies	15	1	-	-
Other related companies (under common control)	950	766	237	192
Total trade payables, related parties	<u>1,041</u>	<u>853</u>	<u>569</u>	<u>536</u>
<u>Other payables, related parties (Note 14)</u>				
Parent company*	265	158	254	157
Subsidiary companies	-	-	274	361
Associated companies	8	12	5	10
Other related companies (under common control)	122	126	122	126
Total other payables, related parties	<u>395</u>	<u>296</u>	<u>655</u>	<u>654</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Accrued expenses, related parties (Note 14)</u>				
Parent company*	125	90	125	90
Other related companies (under common control)	115	107	115	107
Total accrued expenses, related parties	240	197	240	197
<u>Dividend payable, related parties</u>				
Parent company*	124	-	124	-
Other related companies (under common control)	1,308	-	1,308	-
Total dividend payable, related parties	1,432	-	1,432	-

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

Directors and management's benefits

For the three-month period ended 31 March 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	21	29	10	13
Post-employment benefits	2	2	2	1
Total	23	31	12	14

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade receivables, related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	1,811	1,232	5,663	4,134
Past due				
Up to 3 months	30	10	791	1,148
3 - 6 months	7	1	10	3
6 - 12 months	-	-	7	5
Over 12 months	-	-	1	-
Total	1,848	1,243	6,472	5,290
<u>Trade receivables, unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	7,720	6,963	3,559	3,326
Past due				
Up to 3 months	1,002	934	314	388
3 - 6 months	63	93	9	2
6 - 12 months	152	153	2	1
Over 12 months	109	48	-	-
Total	9,046	8,191	3,884	3,717
Total trade receivables	10,894	9,434	10,356	9,007
Less: Allowance for doubtful accounts	(211)	(188)	(5)	(4)
Total trade receivables - net	10,683	9,246	10,351	9,003
<u>Other receivables</u>				
Amounts due from related parties (Note 3)	-	-	4	3
Other receivables - related parties (Note 3)	3	25	22	54
Other receivables - unrelated parties	476	468	420	408
Total other receivables	479	493	446	465
Trade and other receivables - net	11,162	9,739	10,797	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 three-month period ended 31 March 2020 are summarised below.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	(1,380)	(754)
Increase during the period	(43)	-
Reversal of the reduction to net realisable value of the obsolete and damaged inventories written off during the period	49	39
Reversal during the period	82	82
Balance as at 31 March 2020	<u>(1,292)</u>	<u>(633)</u>

6. Other current financial assets

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019 (Audited)	31 March 2020	31 December 2019 (Audited)
Fixed deposits with maturity over 3 months	861	-	-	-
Forward contracts receivable (Note 26)	4	-	4	-
Total other current financial assets	<u>865</u>	<u>-</u>	<u>4</u>	<u>-</u>

7. Other current assets

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2020	31 December 2019 (Audited)	31 March 2020	31 December 2019 (Audited)
Input tax refundable	403	304	148	91
Advance payments	669	666	107	141
Prepaid expenses	245	200	50	32
Prepaid tax	59	52	-	-
Forward contracts receivable (Note 26)	-	34	-	33
Others	54	25	24	10
Total other current assets	<u>1,430</u>	<u>1,281</u>	<u>329</u>	<u>307</u>

(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	
			31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
			(%)	(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	373	432
Delta Greentech Electronics Industry LLC (owned by Delta Greentech (Netherlands) B.V.)	Marketing and distribution of electronic products	Turkey	49	49	117	117	94	99
Translation adjustment					(38)	(60)	(44)	(67)
Total					366	344	423	464

8.2 Share of comprehensive income and dividend received

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	
	2020	2019	2020	2019
Delta Electronics (Switzerland) AG	(49)	18	(10)	(2)
Delta Greentech Electronics Industry LLC	(5)	(12)	-	-
Total	(54)	6	(10)	(2)

(Unaudited but reviewed)

No dividend was received from the above associated companies during the three-month period ended 31 March 2020 and 2019.

9. Investments in subsidiary companies

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

(Unit: Million Baht)

Company's name	Cost	
	31 March 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 period ended 31 March 2020 and 2019.

10. Investment properties

Movements of the investment property account during the three-month period ended 31 March 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	-	1	1
Depreciation for the period	-	(2)	(2)
Translation adjustment	2	13	15
Net book value as at 31 March 2020	32	200	232

(Unaudited but reviewed)

11. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 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	1,476	791
Disposals/write-off during period - net book value at disposal/write-off date	(98)	(1)
Depreciation for the period	(476)	(391)
Translation adjustment	201	-
Net book value as at 31 March 2020	<u>12,506</u>	<u>7,047</u>

12. Right-of-use assets

Movements of the right-of-use assets account during the three-month period ended 31 March 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	29	-
Depreciation for the period	(22)	(2)
Translation adjustment	14	-
Net book value as at 31 March 2020	<u>332</u>	<u>3</u>

13. Other intangible assets

Movements of the other intangible asset account during the three-month period ended 31 March 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	26	-
Amortisation for the period	(29)	-
Translation adjustment	30	-
Net book value as at 31 March 2020	<u>441</u>	<u>1</u>

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Trade payables - related parties (Note 3)	1,041	853	569	536
Trade payables - unrelated parties	7,271	5,826	6,564	5,212
Other payables - related parties (Note 3)	395	296	655	654
Other payables - unrelated parties	810	889	726	746
Accrued expenses - related parties (Note 3)	240	197	240	197
Accrued expenses - unrelated parties	2,022	1,781	1,296	1,041
Advance received	341	309	137	88
Total trade and other payables	12,120	10,151	10,187	8,474

15. Other current liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Forward contracts payable (Note 26)	-	1	-	-
Withholding tax payable	144	136	49	89
Value added tax payable	83	88	-	-
Others	54	80	33	21
Total other current liabilities	281	305	82	110

16. Provision for long-term employee benefits

Movements of the provision for long-term employee benefit account during the three-month period ended 31 March 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	21	13
Decrease during period	(12)	(2)
Reversal during period	(1)	-
Translation adjustment	65	-
Balance as at 31 March 2020	1,500	456

(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	70	12	82	26	-	26
Decrease during period	(1)	(1)	(2)	(1)	-	(1)
Reversal during period	(27)	(22)	(49)	(18)	-	(18)
Translation adjustment/unrealised loss						
on exchange rate	(9)	-	(9)	25	-	25
Balance as at 31 March 2020	<u>464</u>	<u>31</u>	<u>495</u>	<u>306</u>	<u>15</u>	<u>321</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	66	14	80	-	-	-
Long-term provisions	398	17	415	306	15	321
Balance as at 31 March 2020	<u>464</u>	<u>31</u>	<u>495</u>	<u>306</u>	<u>15</u>	<u>321</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 for each type of products 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 2019. 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 mature annually.

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

21. Income tax

Tax income (expenses) for the three-month period ended 31 March 2020 and 2019 are made up as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 31 March			
	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	28	(23)	-	-
Adjustment in respect of income tax of previous year	4	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	9	13	-	-
Translation adjustment	(1)	1	-	-
Tax income (expenses) reported in profit or loss	<u>40</u>	<u>(9)</u>	<u>-</u>	<u>-</u>

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 period ended 31 March 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 31 March									
	Power electronics segment		Infrastructure segment		Automation segment		Others		Consolidated financial 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	7,928	8,565	4,148	3,737	413	421	36	25	12,525	12,748
Service income from external customers	15	38	41	75	65	78	34	10	155	201
Total revenue	<u>7,943</u>	<u>8,603</u>	<u>4,189</u>	<u>3,812</u>	<u>478</u>	<u>499</u>	<u>70</u>	<u>35</u>	<u>12,680</u>	<u>12,949</u>
Segment profit (loss)	521	886	198	281	8	38	(178)	(227)	549	978
Unallocated income (expenses):										
Gain (loss) on exchange rate									219	(21)
Other income									69	81
Other expenses									(8)	(21)
Share of profit (loss) from investments in associated companies									(54)	6
Finance income									42	69
Profit before tax income (expenses)									817	1,092
Tax income (expenses) for the period									40	(9)
Profit for the period									<u>857</u>	<u>1,083</u>

24. Commitments and contingent liabilities

24.1 Capital commitments and operating lease commitments

24.1.1 As at 31 March 2020, the Group had significant capital commitments amounting to Baht 311 million, EUR 1 million or approximately Baht 49 million, INR 6,757 million or approximately Baht 2,917 million and USD 0.3 million or approximately Baht 11 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).

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

		As at 31 March 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	2	13	32	32
US dollar	0.1	-	4	-
Total		13	36	32

		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 31 March 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 370 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 500 million, EUR 0.3 million or approximately Baht 13 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.

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 100 million, covering the years 2003 - 2016, and sales tax and excise duties of approximately INR 279 million or approximately Baht 121 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.

(Unaudited but reviewed)

25. Financial derivatives

As at 31 March 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	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019
US dollar	173	165	222	189	335	320	223	189
Euro	8	6	2	2	7	5	13	16
Japanese yen	216	201	431	246	214	201	294	244
Czech koruna	10	8	-	-	10	8	-	-

(Unit: Baht per 1 foreign currency unit)

Foreign currency	Average exchange rate as at 31 December	
	31 March 2020	31 December 2019
US dollar	32.6712	30.1540
Euro	35.9585	33.7311
Japanese yen	0.3011	0.2759
Czech koruna	1.3159	1.3161

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

Consolidated financial statements							
As at 31 March 2020							
		Amount		Forward rate		Maturity date	
Forward contracts to "Sell"							
USD/THB	USD	118	million	30.0680 - 32.9450	THB/USD	April - June 2020	
Forward contracts to "Buy"							
USD/INR	USD	1	million	76.3900	INR/USD	April 2020	
JPY/THB	JPY	65	million	0.2842 - 0.3012	THB/JPY	April - June 2020	

(Unaudited but reviewed)

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 31 March 2020						
	Amount		Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	118 million	30.0680 - 32.9450	THB/USD	April - June 2020	
Forward contracts to "Buy"						
JPY/THB	JPY	65 million	0.2842 - 0.3012	THB/JPY	April - June 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 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 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

(Unaudited but reviewed)

As at 31 March 2020 and 31 December 2019, the Group 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 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	4	-	4
Liabilities measured at fair value				
Foreign currency forward contracts	-	154	-	154

(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

(Unit: Million Baht)

	Separate financial statements			
	As at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Foreign currency forward contracts (Note 6)	-	4	-	4
Liabilities measured at fair value				
Foreign currency forward contracts	-	154	-	154

(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 6)	-	33	-	33

Valuation techniques and inputs to Level 2 valuation

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

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

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 April 2020.