

**Eureka Design Public Company Limited
and its Subsidiaries**

Interim financial statements
for the three-month period ended
31 March 2019

and

Independent auditor's report on review of interim financial
information



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Eureka Design Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Eureka Design Public Company Limited and its subsidiaries, and of Eureka Design Public Company Limited, respectively, as at 31 March 2019; the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2019; and condensed notes ("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".

(Bongkot, Amsageam)
Certified Public Accountant
Registration No. 3684

KPMG Phoomchai Audit Ltd.
Bangkok
14 May 2019

Eureka Design Public Company Limited and its Subsidiaries
Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2019 (Unaudited)	31 December 2018	31 March 2019 (Unaudited)	31 December 2018
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		23,612	26,380	1,028	706
Current investments		149	148	149	148
Trade accounts receivable	3, 4	97,009	105,726	62,902	70,047
Unbilled contract work in progress		58,394	68,441	34,660	65,326
Other receivables	3	15,959	15,697	23,091	20,208
Short-term loans to related parties	3	1,200	1,200	-	-
Inventories		64,876	61,864	30,976	35,338
Total current assets		261,199	279,456	152,806	191,773
Non-current assets					
Investments in subsidiaries	5	-	-	64,486	64,486
Investment in joint venture	6	1,445	1,464	-	-
Other long-term investments		280	280	280	280
Property, plant and equipment	7	136,132	138,667	122,343	124,737
Other intangible assets		11,826	13,297	11,422	12,777
Deferred tax assets		18,602	18,702	18,227	18,153
Restricted deposits at financial institutions		3,160	2,410	3,160	2,410
Other non-current assets		22,991	21,687	11,693	10,668
Total non-current assets		194,436	196,507	231,611	233,511
Total assets		455,635	475,963	384,417	425,284

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

Eureka Design Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2019 (Unaudited)	31 December 2018	31 March 2019 (Unaudited)	31 December 2018
<i>(in thousand Baht)</i>					
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	8	50,924	59,085	50,679	58,601
Trade accounts payable	3, 9	47,949	41,852	53,299	79,359
Other payables	3	14,884	17,898	5,876	6,508
Excess of progress billings over contract work in progress		24,303	36,696	8,688	5,623
Current portion of long-term loans					
from financial institutions	8	3,378	3,332	3,378	3,332
Short-term loans from related parties	3, 8	67,000	67,000	4,748	4,794
Current portion of finance lease liabilities	8	24	97	24	97
Guarantee provisions		4,295	4,213	697	755
Total current liabilities		212,757	230,173	127,389	159,069
Non-current liabilities					
Long-term loans					
from financial institutions	8	10,130	10,993	10,130	10,993
Non-current provisions for employee benefit	10	9,800	7,055	3,615	3,955
Other non-current liabilities		-	667	-	667
Total non-current liabilities		19,930	18,715	13,745	15,615
Total liabilities		232,687	248,888	141,134	174,684
Equity					
Share capital					
Authorised share capital		163,625	163,625	163,625	163,625
Issued and paid-up share capital		158,885	158,885	158,885	158,885
Share premium					
Share premium on ordinary shares		209,891	209,891	209,891	209,891
Legal reserve		4,660	4,660	4,660	4,660
Deficit		(150,964)	(146,988)	(136,799)	(129,482)
Other components of equity		(434)	(220)	6,646	6,646
Equity attributable to owners					
of the parent		222,038	226,228	243,283	250,600
Non-controlling interests		910	847	-	-
Total equity		222,948	227,075	243,283	250,600
Total liabilities and equity		455,635	475,963	384,417	425,284

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

Eureka Design Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended 31 March		Three-month period ended 31 March	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Revenues					
Revenue from sale of goods and services	3, 11, 12	96,716	94,050	23,984	91,161
Investment income	3	39	131	1	590
Other income	3	691	181	5,165	4,604
Total revenues		97,446	94,362	29,150	96,355
Expenses					
Cost of sales and services	3	64,884	61,767	18,246	71,177
Distribution costs	3	4,050	909	1,992	843
Administrative expenses	3	29,239	26,238	14,736	18,392
Net foreign exchange loss		741	347	709	442
Finance costs	3	2,243	1,218	1,089	1,273
Total expenses		101,157	90,479	36,772	92,127
Share of loss of joint venture	6	(19)	(66)	-	-
Profit (loss) before income tax expense	11	(3,730)	3,817	(7,622)	4,228
Tax income (expense)	13	(54)	93	120	73
Profit (loss) for the period		(3,784)	3,910	(7,502)	4,301
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operation		(214)	(3,514)	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Gains (losses) on remeasurements of defined benefit plans		(88)	3,254	231	3,004
Income tax relating to items that will not be reclassified		(41)	(651)	(46)	(601)
Total items that will not be reclassified to profit or loss		(129)	2,603	185	2,403
Other comprehensive income (expense) for the period, net of tax		(343)	(911)	185	2,403
Total comprehensive income (expense) for the period		(4,127)	2,999	(7,317)	6,704

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of comprehensive income (Unaudited)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		Three-month period ended 31 March		Three-month period ended 31 March	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Profit (loss) attributable to:					
Owners of the parent		(3,847)	3,927	(7,502)	4,301
Non-controlling interests		63	(17)	-	-
Profit (loss) for the period		<u>(3,784)</u>	<u>3,910</u>	<u>(7,502)</u>	<u>4,301</u>
Total comprehensive income (expense) attributable to:					
Owners of the parent		(4,190)	3,016	(7,317)	6,704
Non-controlling interests		63	(17)	-	-
Total comprehensive income (expense) for the period		<u>(4,127)</u>	<u>2,999</u>	<u>(7,317)</u>	<u>6,704</u>
Earnings (loss) per share <i>(in Baht)</i>					
Basic earnings (loss) per share	14	<u>(0.006)</u>	<u>0.006</u>	<u>(0.01)</u>	<u>0.007</u>

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

	Consolidated financial statements								Total equity		
	Other components of equity										
	Issued and paid-up share capital	Share premium	Legal reserve	Deficit	Translating foreign operations	Differences arising from common control transactions	Revaluation of asset	Total other components of equity		Equity attributable to owners of the parent	Non-controlling interests
Three-month period ended 31 March 2018	158,885	209,891	4,660	(168,053)	(1,330)	(1,387)	6,646	3,929	209,312	1,593	210,905
Balance at 1 January 2018	-	-	-	3,927	-	-	-	-	3,927	(17)	3,910
Comprehensive income for the period	-	-	-	2,603	(3,514)	-	-	(3,514)	(911)	-	(911)
Profit or loss	-	-	-	6,530	(3,514)	-	-	(3,514)	3,016	(17)	2,999
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	158,885	209,891	4,660	(161,523)	(4,844)	(1,387)	6,646	415	212,328	1,576	213,904

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

Consolidated financial statements												
Other components of equity												
Issued and paid-up share capital	Share premium	Legal reserve	Deficit	Translating foreign operations	Differences arising from common control transactions			Revaluation of asset	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
					<i>(in thousand Baht)</i>							
158,885	209,891	4,660	(146,988)	(5,479)	(4,387)	6,646	(220)	226,228	847	227,075		
-	-	-	(3,847)	-	-	-	-	(3,847)	63	(3,784)		
-	-	-	(129)	(214)	-	-	(214)	(343)	-	(343)		
-	-	-	(3,976)	(214)	-	-	(214)	(4,190)	63	(4,127)		
158,885	209,891	4,660	(150,964)	(5,693)	(1,387)	6,646	(434)	222,038	910	222,948		

Three-month period ended 31 March 2019
Balance at 1 January 2019

Comprehensive income for the period
Profit or loss
Other comprehensive income
Total comprehensive income for the period

Balance at 31 March 2019

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

Eureka Design Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Separate financial statements					
	Issued and paid share capital	Share premium	Legal reserve	Deficit <i>(in thousand Baht)</i>	Other components of equity	
					Revaluation Surplus	Total other components of equity
Three-month period ended 31 March 2018						
Balance at 1 January 2018	158,885	209,891	4,660	(158,134)	6,646	221,948
Comprehensive income for the period						
Profit or loss	-	-	-	4,301	-	4,301
Other comprehensive income	-	-	-	2,403	-	2,403
Total comprehensive income for the period	-	-	-	6,704	-	6,704
Balance at 31 March 2018	158,885	209,891	4,660	(151,430)	6,646	228,652

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

Eureka Design Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Separate financial statements					Total equity
	Issued and paid share capital	Share premium	Legal reserve	Deficit <i>(in thousand Baht)</i>	Revaluation Surplus	
Three-month period ended 31 March 2019						
Balance at 1 January 2019	158,885	209,891	4,660	(129,482)	6,646	250,600
Comprehensive income for the period						
Profit or loss	-	-	-	(7,502)	-	(7,502)
Other comprehensive income	-	-	-	185	-	185
Total comprehensive income for the period	-	-	-	(7,317)	-	(7,317)
Balance at 31 March 2019	158,885	209,891	4,660	(136,799)	6,646	243,283

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of cash flows (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		31 March		31 March	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Cash flows from operating activities					
Profit (loss) for the period		(3,784)	3,910	(7,502)	4,301
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>					
Tax expense (income)		54	(93)	(120)	(73)
Finance costs		2,243	1,218	1,089	1,273
Depreciation		3,432	3,989	2,720	3,567
Amortisation of other intangible assets		1,479	1,770	1,355	1,762
Employee benefits		2,657	298	1,002	148
Guarantee provisions (reversal of)		1,809	1,471	(52)	238
Unrealised loss on exchange		541	406	518	128
Unrealised currency translation differences		(214)	(3,515)	-	-
Share of loss of investment of joint venture, net of tax	6	19	66	-	-
Bad and doubtful debts expenses (reversal of)	4	(79)	(239)	(73)	6
Losses on decline in value of inventories (reversal of)		499	(40)	468	-
(Gain) loss on disposal of and written-off of plant and equipment		90	(106)	106	(105)
Interest income		(39)	(131)	(1)	(590)
		<u>8,707</u>	<u>9,004</u>	<u>(490)</u>	<u>10,655</u>
Changes in operating assets and liabilities					
Trade accounts receivable		8,860	9,735	6,681	2,028
Unbilled contract work in progress		10,047	2,283	30,666	4,274
Other receivables		(262)	1,854	(2,881)	6,231
Inventories		(3,510)	(3,097)	3,894	8,024
Other non-current assets		(1,303)	28	(1,024)	-
Trade accounts payable		5,520	11,303	(26,060)	(27,005)
Other payables		(3,014)	(6,735)	(1,743)	(4,069)
Excess of progress billings over contract work in progress		(12,393)	(17,955)	3,065	(18,528)
Guarantee provisions paid		(1,727)	(1,196)	(6)	(233)
Other non-current liabilities		(667)	(667)	(667)	(667)
Net cash generated from (used in) operating activities		<u>10,258</u>	<u>4,557</u>	<u>11,435</u>	<u>(19,290)</u>
Taxes paid		5	(739)	-	-
Net cash from (used in) operating activities		<u>10,263</u>	<u>3,818</u>	<u>11,435</u>	<u>(19,290)</u>

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of cash flows (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		31 March		31 March	
		2019	2018	2019	2018
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Restricted deposits at financial institutions		(751)	1,289	(751)	1,289
Proceeds from sale of property, plant and equipment		-	145	-	122
Acquisition of property, plant and equipment		(987)	(179)	(432)	(129)
Acquisition of intangible assets		(8)	(106)	-	(81)
Loans to related parties	3	-	(180)	-	-
Proceeds from repayments of loans to related parties	3	-	-	-	18,000
Interest received		39	135	1	593
Increase in current investments		(1)	(3)	(1)	(3)
Net cash from (used in) investing activities		(1,708)	1,101	(1,183)	19,791
<i>Cash flows from financing activities</i>					
Repayment of bank overdrafts and short-term loans from financial institutions	8	(8,161)	(355)	(7,922)	(355)
Proceeds from (repayment of) short-term borrowings from related parties	3, 8	-	(2,000)	-	1,600
Repayment of long-term loans from financial institutions	8	(817)	(1,046)	(817)	(1,046)
Repayment of finance lease liabilities	8	(73)	(314)	(73)	(144)
Interest paid		(2,243)	(1,227)	(1,089)	(1,282)
Net cash used in financing activities		(11,294)	(4,942)	(9,901)	(1,227)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(2,739)	(23)	351	(726)
Effect of exchange rate changes on cash and cash equivalents		(29)	(2)	(29)	(2)
Net increase (decrease) in cash and cash equivalents		(2,768)	(25)	322	(728)
Cash and cash equivalents at beginning of period		26,380	11,382	706	1,486
Cash and cash equivalents at ending of period		23,612	11,357	1,028	758

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

Eureka Design Public Company Limited and its Subsidiaries
Statement of cash flows (Unaudited)

Non-cash transactions

During the three-month period ended 31 March 2019, the Group acquired building improvement and equipment at total cost of Baht 0.99 million (2018: Baht 0.22 million) of which Baht 0.99 million (2018: Baht 0.18 million) was made by cash payment, and Baht -nil- million was outstanding as payable for purchases of assets as at 31 March 2019 (2018: Baht 0.04 million).

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

Eureka Design Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

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Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 14 May 2019.

1 General information

Eureka Design Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 19 Moo 11, Tambon Ladsawai, Amphoe Lamlukka, Pathumthani.

The Company was listed on the Stock Exchange of Thailand in February 2013.

The Company’s major shareholder during the financial period were Mr. Narakorn Ratchapolsitte (11% shareholding) and Miss Churairat Phongsorn (10% shareholding).

The principal activities of the Group are engaged in the design and manufacture of machinery and bowl feeder for the automotive and other industries. Details of the Company’s subsidiaries as at 31 March 2019 are given in note 5.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2018) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2019.

The primary change is that the Group has initially adopted TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”), which replaced TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is

Eureka Design Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such changes in accounting policies have no material impacts on the financial statements.

For a number of new and revised TFRS which are not yet effective for current period, the Group has not early adopted these standards in preparing these interim financial statements before the effective date. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 18.

(b) *Functional and presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(c) *Use of judgements and estimates*

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 which the Group has initially adopted.

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 16 - financial instruments.

(d) *Use of going concern basis of accounting*

For the three-month period ended 31 March 2019, the Group and the Company incurred a net loss in the consolidated statement of comprehensive income and separate statement of comprehensive income of Baht 4 million and Baht 8 million, respectively and, as of that date, the Group and the Company incurred deficit of Baht 151 million and Baht 137 million, respectively (*31 December 2018: Baht 147 million and Baht 129 million, respectively*). Moreover, the Group and Company could not maintain the debt service coverage ratio as prescribed in the loan agreement from a financial institution. However, the Company had already obtained the debt covenant waiver confirmation from a financial institution. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group has implemented policies and procedures in order to manage its liquidity risk and others.

Group management is satisfied that the Group and the Company will continue to meet their funding needs for the foreseeable future. The consolidated and separate financial statements have been prepared by Group and Company management on the going concern basis on the assumption that such further capital and facilities are secured to the extent that the group's operations and the Company's operations require. Accordingly, the consolidated and separate financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts or to amounts and classifications of liabilities that may be necessary if the Group and the Company is unable to continue as a going concern.

Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

3 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and joint venture are described in notes 5 and 6. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Fujii Iron Works Company Limited	Japan	Shareholder of subsidiary
Mr. Narakorn Ratchapolsitte	Thailand	Major shareholders, 10% or more shareholding, and directors
Manee Udomsuk Company Limited	Thailand	Common major shareholders

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales of goods and rendering of services	Cost plus margin
Service income	Contractually agreed prices
Purchase of goods and receiving of services	Prices are determined based on the terms and conditions in normal business comparable to those of non-related parties
Service fees	Contractually agreed prices
Interest income	Short-term loan rate of a local financial institution
Interest expense	Short-term loan rate of a local financial institution
Key management personnel compensation	As defined by the Nomination and Remuneration Committee and the Company's policy

Eureka Design Public Company Limited and its Subsidiaries
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Significant transactions for the three-month period ended 31 March with related parties were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods and rendering of services	-	-	68	272
Service income	-	-	4,494	4,426
Purchase of goods and receiving of services	-	-	14,966	51,047
Service fees	-	-	289	1,598
Interest income	-	-	-	590
Interest expense	-	-	86	169
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	7,172	6,589	4,159	5,063
Post-employee benefits	131	88	82	67
Total key management personnel compensation	7,303	6,677	4,241	5,130
Other related parties				
Interest income	22	131	-	-
Interest expense	1,224	109	-	-

Balances as at 31 March 2019 and 31 December 2018 with related parties were as follows:

<i>Trade accounts receivable - related party</i>	Consolidated financial statements		Separate financial statements			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018		
	<i>(in thousand Baht)</i>					
Subsidiary	-	-	13	45		
Other receivables - related party						
	Consolidated financial statements		Separate financial statements			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018		
	<i>(in thousand Baht)</i>					
Subsidiary	-	-	2,509	1,165		
Loans to related parties						
	Interest rate		Consolidated financial statements		Separate financial statements	
	2019	2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans						
Joint venture	7.4	7.4	1,200	1,200	-	-

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Movements during the three-month period ended 31 March of loans to related parties were as follows:

<i>Loans to related parties</i>	Consolidated financial statements		Separate financial statements			
	2019	2018	2019	2018		
	<i>(in thousand Baht)</i>					
Short-term loans						
Subsidiary						
At 1 January	-	-	-	38,800		
Increase	-	-	-	-		
Decrease	-	-	-	(18,000)		
At 31 March	-	-	-	20,800		
Joint venture						
At 1 January	1,200	7,200	-	-		
Increase	-	180	-	-		
At 31 March	1,200	7,380	-	-		
Total short-term loans						
At 1 January	1,200	7,200	-	38,800		
Increase	-	180	-	-		
Decrease	-	-	-	(18,000)		
At 31 March	1,200	7,380	-	20,800		
Trade accounts payable - related parties						
	Consolidated financial statements		Separate financial statements			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018		
	<i>(in thousand Baht)</i>					
Subsidiaries	-	-	36,413	63,200		
Other payables - related party						
	Consolidated financial statements		Separate financial statements			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018		
	<i>(in thousand Baht)</i>					
Subsidiary	-	-	1,390	79		
Loans from related parties						
	Interest rate		Consolidated financial statements		Separate financial statements	
	2019	2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans						
Subsidiary	7.4	7.4	-	-	4,748	4,794
Key management personnel	7.4	7.4	67,000	67,000	-	-
Short-term loans from related parties			67,000	67,000	4,748	4,794

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For the three-month period ended 31 March 2019 (Unaudited)

Movements during the three-month period ended 31 March of loans from related parties were as follows:

<i>Loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Short-term loans				
Subsidiary				
At 1 January	-	-	4,794	8,486
Increase	-	-	-	2,268
Decrease	-	-	-	(800)
The effect of foreign exchange rate	-	-	(46)	(134)
At 31 March	-	-	4,748	9,820
Key management personnel				
At 1 January	67,000	6,000	-	-
Increase	6,000	-	-	-
Decrease	(6,000)	(2,000)	-	-
At 31 March	67,000	4,000	-	-
Total short-term Loans				
At 1 January	67,000	6,000	4,794	8,486
Increase	6,000	-	-	2,268
Decrease	(6,000)	(2,000)	-	(800)
The effect of foreign exchange rate	-	-	(46)	(134)
At 31 March	67,000	4,000	4,748	9,820

Significant agreement with related parties

On 1 January 2019, the Company entered into procurement service, accounting and operating assistance agreements with a subsidiary for a period of one year, whereby the Company agreed to provide operating assistance services to the subsidiary. In this regard, the subsidiary agreed to pay service fees as specified in the agreement.

On 1 January 2019, a subsidiary entered into a human resource service with the Company for a period of one year, whereby the subsidiary provides human resource service for warehouse operating. In this regard, the Company agreed to pay service fees as specified in the agreement.

The Company entered into loan agreements for loans granted to a subsidiary. These loans are due within December 2019.

The Company entered into loan agreements for loans obtained from a subsidiary. These loans are repayable within December 2019.

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4 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>			
Related parties	3	-	-	13	45
Other parties		97,786	106,582	63,069	70,255
Total		97,786	106,582	63,082	70,300
Less allowance for doubtful accounts		(777)	(856)	(180)	(253)
Total		97,009	105,726	62,902	70,047
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
(Reversal of) bad and doubtful debts expense for the three-month period ended 31 March		(79)	(239)	(73)	6

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	-	-	13	45
Overdue:				
Less than 90 days	-	-	-	-
90 - 180 days	-	-	-	-
180 - 360 days	-	-	-	-
Over 360 days	-	-	-	-
	-	-	13	45
Less allowance for doubtful accounts	-	-	-	-
Net	-	-	13	45
Other parties				
Within credit terms	66,472	62,501	40,823	48,745
Overdue:				
Less than 90 days	14,797	24,677	13,085	17,999
90 - 180 days	5,263	17,332	4,025	2,187
180 - 360 days	10,284	1,011	4,777	867
Over 360 days	970	1,061	359	458
	97,786	106,582	63,069	70,256
Less allowance for doubtful accounts	(777)	(856)	(180)	(254)
Net	97,009	105,726	62,889	70,002
Total	97,009	105,726	62,902	70,047

The normal credit term granted by the Group ranges from 30 days to 90 days.

Eureka Design Public Company Limited and its Subsidiaries
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5 Investments in subsidiaries

<i>Three-month period ended 31 March</i>	Separate financial statements	
	2019	2018
At 1 January	64,486	64,486
At 31 March	<u>64,486</u>	<u>64,486</u>

Eureka Design Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month period ended 31 March 2019 (Unaudited)

Investments in subsidiaries as at 31 March 2019 and 31 December 2018 were as follows:

Type of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>									
Direct subsidiaries										
Fujii Iron Works (Thailand) Company Limited*	51	51	2,000	2,000	1,020	1,020	-	-	1,020	1,020
Eureka Design International PTE. LTD	100	100	46,578	46,578	46,578	46,578	(19,712)	(19,712)	26,866	26,866
Eureka Automation Company Limited	99.99	99.99	50,000	50,000	50,000	50,000	(15,400)	(15,400)	34,600	34,600
Eureka Tradings Company Limited*	99.99	99.99	2,000	2,000	2,000	2,000	-	-	2,000	2,000
Total			99,598	99,598	99,598	99,598	(35,112)	(35,112)	64,486	64,486

All direct subsidiaries are incorporated in Thailand, except Eureka Design International PTE. LTD which is incorporated in Singapore.

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Details of the Company's indirect subsidiaries as at 31 March 2019 and 31 December 2018 were as follows:

Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(%)									
<i>Indirect subsidiaries</i>											
Eureka Design Indonesia Company Limited	Indonesia	99.55	99.55	20,903	20,903	20,807	20,807	(16,021)	(16,021)	4,786	4,786
Eureka Design India Private Limited	India	99.99	99.99	19,607	19,607	19,607	19,607	(3,692)	(3,692)	15,915	15,915
Total				40,414	40,414	40,414	40,414	(19,713)	(19,713)	20,701	20,701

*Fujii Iron Works (Thailand) Company Limited and Eureka Tradings Company Limited which are direct subsidiaries of the Company had registered its dissolution with Department of Business Development, Ministry of Commerce on 8 September 2017 and are in liquidation process.

Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

6 Investments in joint venture

<i>Three-month period ended 31 March</i>	Consolidated financial statements		Separate financial statements	
	2019	2018 <i>(in thousand Baht)</i>	2019	2018
At 1 January	1,464	1,732	-	-
Share of net loss of joint venture	(19)	(66)	-	-
At 31 March	1,445	1,666	-	-

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Investments in joint venture as at 31 March 2019 and 31 December 2018 were as follows:

		Consolidated financial statement							
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
EUREKA UMI Investigation, design, installation, maintenance and proceeding air conditioning replacement for energy conservation	Thailand	70	70	1,000	1,000	700	700	1,445	1,464
			(%)			<i>(in thousand Baht)</i>			

None of the Group's joint venture is publicly listed and consequently does not have published quotations.

EUREKA UMI is structured as a separated tax authority and the Group has a right to residual net assets of EUREKA UMI. Accordingly, the Group has classified its interest in EUREKA UMI as a joint venture under the EUREKA UMI Establishment Contract.

Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

7 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended 31 March 2019 and 2018 were as follows:

<i>Three-month period ended 31 March</i>	Consolidated financial statements			
	2019		2018	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and improvement	-	58	9	3
Machinery and factory equipment	256	32	189	25
Office equipment	731	-	18	11
Total	987	90	216	39

<i>Three-month period ended 31 March</i>	Separate financial statements			
	2019		2018	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Buildings and improvement	-	216	9	-
Machinery and factory equipment	87	-	102	6
Office equipment	345	-	18	11
Total	432	216	129	17

8 Changes in liabilities arising from financing activities

	Consolidated financial statements				
	Bank overdrafts used for cash management purposes	Long-term loans from financial institutions	Short-term loans from related parties	Finance lease liabilities	Total
	<i>(in thousand Baht)</i>				
Balance at 1 January 2019	59,085	14,325	67,000	97	140,507
Changes from financing cash flows	(8,161)	(817)	-	(73)	(9,051)
Balance at 31 March 2019	50,924	13,508	67,000	24	131,456

Eureka Design Public Company Limited and its Subsidiaries

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For the three-month period ended 31 March 2019 (Unaudited)

	Consolidated financial statements					Total
	Bank overdrafts used for cash management purposes	Long-term loans from financial institutions	Short-term loans from related parties <i>(in Baht)</i>	Finance lease liabilities		
Balance at 1 January 2018	49,696	17,744	6,000	1,042		74,482
Changes from financing cash flows	(355)	(1,046)	(2,000)	(314)		(3,715)
Balance at 31 March 2018	49,341	16,698	4,000	728		70,767

	Separate financial statements					Total
	Bank overdrafts used for cash management purposes	Long-term loans from financial institutions	Short-term loans from related parties <i>(in thousand Baht)</i>	Finance lease liabilities		
Balance at 1 January 2019	58,601	14,325	4,794	97		77,817
Changes from financing cash flows	(7,922)	(817)	-	(73)		(8,812)
Other changes	-	-	(46)	-		(46)
Balance at 31 March 2019	50,679	13,508	4,748	24		68,959

	Separate financial statements					Total
	Bank overdrafts used for cash management purposes	Long-term loans from financial institutions	Short-term loans from related parties <i>(in Baht)</i>	Finance lease liabilities		
Balance at 1 January 2018	49,696	17,744	8,486	504		76,430
Changes from financing cash flows	(355)	(1,046)	1,600	(144)		55
Other changes	-	-	(266)	-		(266)
Balance at 31 March 2018	49,341	16,698	9,820	360		76,219

As at 31 March 2019, the Group had unutilised credit facilities totalling Baht 19.3 million (31 December 2018: Baht 11.4 million).

The Company is committed to comply with certain conditions and restrictions prescribed in the loan agreements such as maintaining shareholding proportion, the debt to equity ratio, the debt service coverage ratio and the restriction relating to mortgage, pledge and claim of assets, etc.

Breach of loan covenant

During the period, the Company could not maintain the debt service coverage ratio as prescribed in the loans agreements from a financial institution. The carrying amount of such loan amounted to Baht 13.5 million as at 31 March 2019. However, the Company had already obtained the debt covenant waiver confirmation from financial institution regarding such breach of loan covenant.

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9 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		<i>(in thousand Baht)</i>			
Related parties	3	-	-	36,413	63,200
Other parties		47,949	41,852	16,886	16,159
Total		47,949	41,852	53,299	79,359

10 Non-current provisions for employee benefits

During the three-month period ended 31 March 2019, the Group improved the benefits under its retirement plan for employees who were employed by the Group for twenty years or more, without interruption. Those employees are now entitled to receive severance payment upon retirement of 400 days of wages at the most recent rate. As a result of this change, the provision for retirement benefits as at 31 March 2019 as well as past service cost recognised during the three-month period then ended in the consolidated and separate financial statements increased by an amount of Baht 2.2 million and Baht 0.9 million, respectively.

11 Segment information

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Design, manufacture of semi - automatic machine
- Segment 2 Design, manufacture of automatic machine
- Segment 2 Others

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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Information about reportable segments

<i>Three-month period ended 31 March</i>	Consolidated financial statements									
	Design and manufacture of semi - automatic machine		Design and manufacture of automatic machine		Others <i>(in thousand Baht)</i>		Elimination		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
External revenue	82,550	127,450	9,423	3,297	19,873	19,863	(15,130)	(56,560)	96,716	94,050
Segment profit (loss) before income tax	1,678	3,374	(5,188)	(283)	234	(502)	(454)	1,228	(3,730)	3,817
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Segment assets	428,753	546,855	41,191	87,617	155,600	33,860	(169,909)	(192,369)	455,635	475,963
Total assets					<i>(in thousand Baht)</i>				455,635	475,963
Segment liabilities	224,555	288,729	23,906	48,234	61,679	11,896	(77,453)	(99,971)	232,687	248,888
Total liabilities									232,687	248,888

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12 Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and service lines and timing of revenue recognition.

	Consolidated financial statements							
	Reportable segments							
	Design and manufacture of semi - automatic machine		Design and manufacture of automatic machine		Others		Total	
<i>For the three-month period ended 31 March</i>	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>							
Primary geographical markets								
Thailand	65,160	76,899	8,140	2,059	19,694	11,964	92,994	90,922
India	3,543	2,431	-	-	179	697	3,722	3,128
Total	68,703	79,330	8,140	2,059	19,873	12,661	96,716	94,050
Timing of revenue recognition								
At a point in time	720	1,990	-	-	16,765	12,661	17,485	14,651
Over time	67,983	77,340	8,140	2,059	3,108	-	79,231	79,399
Total	68,703	79,330	8,140	2,059	19,873	12,661	96,716	94,050
	Separate financial statements							
	Reportable segments							
	Design and manufacture of semi - automatic machine		Design and manufacture of automatic machine		Others		Total	
<i>For the three-month period ended 31 March</i>	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>							

Primary geographical markets								
Thailand	16,662	77,014	1,451	2,059	5,871	12,088	23,984	91,161

Timing of revenue recognition								
At a point in time	720	1,990	-	-	2,763	12,088	3,483	14,078
Over time	15,942	75,024	1,451	2,059	3,108	-	20,501	77,083
Total	16,662	77,014	1,451	2,059	5,871	12,088	23,984	91,161

Eureka Design Public Company Limited and its Subsidiaries

Notes to the interim financial statements

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13 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The effective tax rate in respect of continuing operations for the three-month periods ended 31 March 2019 and 2018 were -1.45% and -2.42%, respectively for the Group and 1.57% and -1.72%, respectively for the Company. This change in effective tax rate was caused mainly by loss carry forward and the portion of revenue of the Company which has been granted privileges by the virtue of the provisions of the Industrial Investment Promotion Act as disclosed in note 15.

14 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the three-month period ended 31 March 2019 and 2018 were based on the profit (loss) for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended</i> <i>31 March</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand share)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(3,847)</u>	<u>3,927</u>	<u>(7,502)</u>	<u>4,301</u>
Number of ordinary shares outstanding	<u>635,540</u>	<u>635,540</u>	<u>635,540</u>	<u>635,540</u>
Earnings (loss) per share (basic) <i>(in Baht)</i>	<u>(0.006)</u>	<u>0.006</u>	<u>(0.01)</u>	<u>0.007</u>

15 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Group has been granted privileges by the Board of Investment relating to the manufacture of machine, equipment and parts. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by Board of Investment.
- (b) exemption from payment of income tax for net profit derived from promoted businesses for a period of eight years from the date on which the income is first derived from such operations.

As promoted companies, the Group must comply with certain terms and conditions prescribed in the promotional certificate.

16 Financial instruments

Carrying amounts and fair values

Fair values of current financial assets and liabilities approximate to the carrying values due to these financial instruments have short-term maturity.

Fair values of non-current financial liabilities approximate to the carrying values due to interest rate approximate to market rate.

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Fair values of long-term loans from financial institutions approximate to the carrying values due to interest rate approximate to market rate.

Fair values of finance lease approximate to the carrying values due to interest rate approximate to market rate.

17 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	3,983	3,719	1,194	1,590
After one year but within five years	4,236	2,349	845	300
Total	8,219	6,068	2,039	1,890

Operating lease agreements

The Group entered into operating lease agreements for rental and other services for the periods of 1 year to 5 years up to February 2023 at the agreed amount stipulated in the rental agreement.

Forward exchange contracts

As at 31 March 2019, the Group had no outstanding forward exchange contracts (*31 December 2018: US Dollars 0.1 million equivalent to Baht 3.2 million*).

Letters of guarantee

As at 31 March 2019, the Company has commitments in respect of letters of guarantee issued by financial institutions as collateral for its performance totaling Baht 2.9 million (*31 December 2018: Baht 2.1 million*).

18 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which are relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the consolidated and separate financial statements.

19 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the three-month periods ended 31 March 2018, which are included in the interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 interim financial statements.

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
			<i>(in thousand Baht)</i>			
Statement of comprehensive income						
- Three-month period ended 31 March 2018						
Administrative expenses	26,585	(347)	26,238	18,834	(442)	18,392
Net foreign exchange loss	-	347	347	-	442	442
		-			-	

The reclassifications have been made the new classification is more appropriate to the Group's business