

**TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020
“UNAUDITED BUT REVIEWED”**

1. GENERAL INFORMATION AND OPERATIONS OF THE COMPANY

Taokaenoi Food & Marketing Public Company Limited (the “Company”) was incorporated under the Thai Civil and Commercial Code on September 21, 2004. Subsequently, on May 10, 2013, the Company was transformed into Public Company Limited. The address of its registered office is at 12/1 Moo 4, Tambon Na Mai, Amphur Lad Lum Kaew, Pathumthani.

The Company’s major and ultimate shareholder is Peeradechapan Holding Company Limited, which was registered in Thailand, holding 26.09% of the Company’s share capital.

The Company is the parent company within the group of companies. The principal business activities are manufacturing and distribution of fried, grilled, and baked seaweed and seaweed snacks.

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adverse impact on most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Group’s management has continued to monitor the ongoing situation and regularly assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Group presents the condensed notes to the interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.

2.2 These interim consolidated financial statements include the financial statements of the Company and its subsidiaries (hereinafter called as “the Group”), and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2019, and no change in the shareholding structure of subsidiaries during the current period.

2.3 The consolidated and separate statements of financial position as at December 31, 2019, presented herein for comparison, have been derived from the audited consolidated and separate financial statements of the Company for the year then ended.

2.4 The unaudited results of operations in the three-month and nine-month periods ended September 30, 2020 are not necessarily an indication or anticipation of the operating results for the full year.

- 2.5 The interim financial statements are intended to provide additional information apart from the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances. Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, which is not required for interim reporting purposes, has been omitted so as not to duplicate the information previously reported. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2020 should be read in conjunction with the financial statements for the year ended December 31, 2019.
- 2.6 The interim consolidated financial information for the three-month and nine-month periods ended September 30, 2020 and the comparative information included the interim financial information of the Company and its subsidiaries.

These subsidiaries are detailed as follows:

Subsidiaries	Business type	Country of registration	Percentage of shareholdings (%)	
			As at September 30, 2020	As at December 31, 2019
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs, and restaurant business	Thailand	100.00	100.00
Taokaenoi Care Company Limited	Distribution of snacks	Thailand	100.00	100.00
NCP Trading & Supply Company Limited	Manufacturing and distribution of seasoning powder	Thailand	100.00	100.00
TAOKAENOI USA, Inc.	Distribution of seaweed snacks	United States of America	91.21	91.21

Material intercompany transactions between the Company and its subsidiaries have been eliminated from the interim consolidated financial information. The interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2020 have included the subsidiaries' interim financial statements for the three-month and nine-month periods ended September 30, 2020.

- 2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period's financial statements

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards the revision of wording and terminology, and the provision of interpretations and accounting guidance for users of standards

The new standards which become effective for this fiscal year with changes to key principles are summarized below:

2.7.1 Groups of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

In the current year, the Group has initially applied the Groups of Financial Instruments Standards. The Group has elected to recognize the cumulative effects of the initial application of TFRS 9 as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduced new requirements for:

- Classification and measurement of financial assets and financial liabilities;
- Impairment of financial assets; and
- General hedge accounting

The Group has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9 as follows:

a) Classification and measurement of financial assets

The date of initial application is January 1, 2020. Accordingly, the Group has applied the requirements of TFRS 9 to the financial instruments that continue to be recognized as at January 1, 2020. The comparative information in relation to the financial instruments that continue to be recognized as at January 1, 2020 has not been restated.

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, particularly:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI); and,
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The directors of the Company reviewed and assessed the Group's existing financial assets as at January 1, 2020 based on the facts and circumstances existing at that date and concluded that the initial application of TFRS 9 has had the following impacts on the Group's financial assets in regard to their classifications as described in c).

b) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company and its subsidiaries to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company and its subsidiaries to recognize a loss allowance for expected credit losses on trade receivables. The Group has estimated the allowance for expected credit losses in accordance with TFRS 9 and noted that the difference is immaterial.

c) Financial impact of the initial application of TFRS 9

The total impacts on the retained earnings and other components of shareholder's equity as at January 1, 2020 are as follows:

	Unit : Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Unappropriated retained earnings		
Unappropriated retained earnings as at December 31, 2019	449,511	510,960
Financial assets - fair value through profit or loss - net of tax	34	34
Unappropriated retained earnings from adoption of TFRS 9 as at January 1, 2020	449,545	510,994
Other components of shareholders' equity		
Other components of shareholders' equity as at December 31, 2019	(4,715)	34
Financial assets - fair value through profit or loss - net of tax	(34)	(34)
Other components of shareholders' equity from adoption of TFRS 9 as at January 1, 2020	(4,749)	-

The table below shows information relating to financial assets that have been reclassified as a result of the transition to TFRS 9.

	Unit : Thousand Baht			Category
	Consolidated financial statements			
	Carrying amount as at December 31, 2019	Impact from application of TFRS 9	Carrying amount as at January 1, 2020	
Assets				
Temporary investments	7,613	(7,613)	-	
Other current financial assets				
Financial assets measured at fair value				
through profit or loss				
- equity securities	-	2,742	2,742	FVTPL
- open-ended fixed income fund (debt securities)	-	4,871	4,871	FVTPL
	-	7,613	7,613	

	Unit : Thousand Baht			Category
	Separate financial statements			
	Carrying amount as at December 31, 2019	Impact from application of TFRS 9	Carrying amount as at January 1, 2020	
Assets				
Temporary investments	4,871	(4,871)	-	
Other current financial assets				
Financial assets measured at fair value				
through profit or loss				
- open-ended fixed income fund (debt securities)	-	4,871	4,871	FVTPL

d) General hedge accounting

The Group has not applied hedge accounting.

The initial application of TFRS 9 has had no significant impact on the consolidated financial statements of the Group and the separate financial statements of the Company.

2.7.2 Thai Financial Reporting Standard 16: Leases (“TFRS 16”)

In the current year, the Group has applied TFRS 16 that is effective for periods that begin on or after January 1, 2020.

TFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low-value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group's management has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Group to recognize the cumulative effects of the initial adoption of TFRS 16 as an adjustment to the opening balance of retained earnings at the date of the initial application; and,
- Requires the Group not to make retrospective adjustment to the comparative information and continues presenting the comparative information according to Thai Accounting Standard No. 17 "Leases" and Thai Financial Reporting Standard Interpretations No. 4 "Determining Whether an Arrangement Contains a Lease".

a) Impact of the New Definition of a Lease

The change in the definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on "risk and rewards" in TAS 17 and TFRIC 4.

The Group applies the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or changed on or after January 1, 2020. In the preparation for the first-time application of TFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease of the Group.

b) Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Group accounts for the leases previously classified as operating leases under TAS 17, which were off the statement of financial position.

To apply TFRS 16 to all leases (except as noted below), the Group:

- 1) Recognizes right-of-use assets and lease liabilities in the consolidated and separate statements of financial position, initially measured at the present value of the future rental fee payments;
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated and separate statements of profit or loss; and,
- 3) Separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented in financing activities) in the consolidated and separate statements of cash flows.

Lease incentives (e.g. rent-free periods) are a part of the measurement of the right-of-use assets and lease liabilities while under TAS 17 they are recognized as a reduction of the rental expenses on a straight line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with Thai Accounting Standard No. 36 "Impairment of Assets".

For short-term leases (lease terms of 12 months or less) and leases of low-value assets (which include small items of furniture), the Group has recognized a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented in “other expenses” in the consolidated and separate statements of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to the leases previously classified as operating leases under TAS 17:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The Group has adjusted the right-of-use assets at the date of the initial application by the amount of provision for onerous leases recognized under Thai Accounting Standard No. 37 in the statement of financial position immediately before the date of the initial application as an alternative to performing an impairment review;
- The Group has elected not to recognize the right-of-use assets and lease liabilities for leases in which the lease term ends within 12 months from the date of the initial application;
- The Group has excluded initial direct costs from the measurement of the right-of-use assets at the date of the initial application; and,
- The Group has used hindsight when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases under TAS 17, the carrying amount of the leased assets and obligations under finance leases measured under TAS 17 is reclassified to right-of-use assets and lease liabilities, respectively, without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use assets and lease liabilities are accounted for applying TFRS 16 from January 1, 2020 onwards.

c) Impact on Lessor Accounting

TFRS 16 does not change substantially how a lessor accounts for leases. Under TFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases separately.

However, TFRS 16 has changed and expanded the disclosures required, particularly regarding how a lessor manages the risks arising from its residual interest in the outstanding leased assets.

d) Financial Impact of the Initial Application of TFRS 16

The Group recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of the initial application. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. The weighted average incremental borrowing rate of the lessees applied to the lease liabilities recognized in the statement of financial position as at January 1, 2020 is 2.5%.

The following table shows the operating lease commitments disclosed under TAS 17 as at December 31, 2019, discounted using the incremental borrowing rate at the date of the initial application and the lease liabilities recognized in the statement of financial position at the date of the initial application.

Impacts as at January 1, 2020 are as follows:

	Unit: Thousand Baht	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at December 31, 2019	155,055	58,541
Short-term leases and leases of low-value assets	(23,333)	(23,894)
Effects of discounting the above amounts	(4,643)	(2,389)
Finance lease liabilities recognized under TAS 17 as at December 31, 2019	2	-
Lease liabilities recognized as at January 1, 2020	127,081	32,258
Right-of-use assets recognized as at January 1, 2020	127,081	32,258
Reclassified to right-of-use assets:		
Prepaid expenses	3,194	-
Accrued lease payments	(3,323)	(2,282)
Right-of-use assets as at January 1, 2020	126,952	29,976

Lease liabilities as at September 30, 2020 are summarized below:

	Unit: Thousand Baht	
	Consolidated financial statements	Separate financial statements
Current portion of lease liabilities	26,955	6,834
Lease liabilities	57,422	40,126
	84,377	46,960

Carrying amounts of the right-of-use assets as at September 30, 2020 are as follows:

	Unit: Thousand Baht	
	Consolidated financial statements	Separate financial statements
Right-of-use assets as at January 1, 2020 before effects of the initial application of the new accounting standards	-	-
Effects of the initial application of the new accounting standards	126,952	29,976
Increase (decrease)	(12,706)	22,223
<u>Less Accumulated depreciation</u>	<u>(28,959)</u>	<u>(5,461)</u>
Right-of-use assets as at September 30, 2020	<u>85,287</u>	<u>46,738</u>

- 2.8 In addition, the Federation of Accounting Professions has announced Accounting Treatment Guidances which have been announced in the Royal Gazette on April 22, 2020. The details are as follows:

Accounting Treatment Guidance on “The Temporary Relief Measures for Additional Accounting Alternatives to Alleviate the Impacts of COVID-19 Outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period in which the COVID-19 situation is still highly uncertain as at the end of the reporting period, which may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions, the objectives of this accounting treatment guidance are to alleviate some of the impacts of the application of certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance to the preparation of financial statements with a reporting period ending between January 1, 2020 and December 31, 2020.

The Group has elected to apply the following temporary relief measures:

- Not to account for any reduction in lease payments by lessors as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences of Baht 0.28 million recognized in the statement of profit or loss for the nine-month period ended September 30, 2020;
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36;
- Not to use information relating to the COVID-19 situation that may affect the cash flow forecasts in testing goodwill for impairment.

2.9 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

Definition of Business

The revised Thai Financial Reporting Standard No. 3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No. 1 “Presentation of Financial Statements” and Thai Accounting Standards No. 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No. 9 “Financial Instruments” and Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures”.

The Group’ management will adopt the relevant TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

2.10 The interim consolidated and separate financial statements are prepared in English version from the Thai interim consolidated and separate financial statements. In the event of any conflict or interpretation difference between the two different languages, the Thai version of interim consolidated and separate financial statements supersedes.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019, except the adoption of the new and revised Thai Financial Reporting Standards as described in Note 2. Accounting policies with significant changes are as follows:

Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statements of financial position when the Group becomes a party according to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently at amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset raise on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objectives are to collect contractual cash flows and sell the financial assets; and
- The contractual terms of the financial asset raise on specified dates, cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or FVTOCI, trade receivables and contract assets. The amount of the expected credit losses is updated at each reporting period date to reflect changes in credit risk since the initial recognition of the respective financial instruments.

The Group always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current and future direction forecasts at the reporting date, including time value of money where appropriate.

(i) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(ii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (e.g. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. The exposure at default for financial assets is represented by the asset's gross carrying amount as at the reporting date. For financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future. The default date is determined based on the historical trend. The Group tries to understand the specific future financing needs of the debtors, and other relevant forward-looking information.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset and a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Derivative financial instruments

The Group enters into derivative financial instruments which are foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in the event that the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Leases

The Group has applied TFRS 16 using the cumulative catch-up approach. Therefore, the comparative information has not been restated and is presented under TAS 17. The details of the accounting policies under both TAS 17 and TFRS 16 are presented separately below:

a) Policies applicable from January 1, 2020

The Group as Lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities with respect to all lease arrangements, except for short-term leases (with lease terms of 12 months or less) and leases of low-value assets, such as small items of office equipment. For these leases, the Group recognizes the lease payments as operating expenses on a straight-line basis over the terms the leases unless a more effective systematic basis representing of the time pattern in which economic benefits from the leased assets is applied.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If such rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate item in the consolidated and separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made according to the lease.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term is changed or there is a significant event or change in circumstances resulting in a change in the assessment of the exercise of the purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or,
- The lease payments are changed as a result of the change in an index or rate or the change in the expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments are changed as a result of the change in a floating interest rate, in which case a revised discount rate is used); or,
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate as at the effective date of the modification.

The Group did not make any adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and losses from accumulated impairment.

Whenever the Group incurs an obligation for costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset unless those costs are incurred in the production of inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers the ownership of the underlying asset or the cost of the right-of-use asset, which reflects that the Group expects to exercise the purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate item in the consolidated and separate statements of financial position.

The Group applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as expenses in the period in which the event or condition that triggers those payments occurs and are included in “other expenses” in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

The Group as Lessor

Leases in which the Group is the lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, such lease is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

b) Policies applicable prior to January 1, 2020

The Company as Lessee

Lease of asset which transfers substantially all the risks and rewards of ownership to the lessee is classified as finance lease. Finance lease is capitalized at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recognized as liability, while the interest element is charged to profit or loss over the lease period. An asset acquired under a finance lease is depreciated over the useful life of the asset.

Lease which does not transfer substantially all the risks and rewards of ownership to the lessee is classified as operating lease. Operating lease payments are recognized as expense in profit or loss on a straight-line basis over the lease period.

4. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents

Cash and cash equivalents as at September 30, 2020 and December 31, 2019, consist of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2020	2019	2020	2019
Cash on hand	933	1,678	172	136
Cash at banks - savings and current accounts	217,831	160,620	190,204	130,792
	<u>218,764</u>	<u>162,298</u>	<u>190,376</u>	<u>130,928</u>

4.2 Non-cash transactions are as follows:

4.2.1 Cash payments for the acquisition of fixed and intangible assets for the nine-month periods ended September 30, 2020 and 2019, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2020	2019	2020	2019
Liabilities incurred from the acquisition of fixed and intangible assets as at January 1,	31,512	22,915	27,204	19,804
<u>Add</u> Purchase of fixed and intangible assets during the period	72,659	100,284	65,675	66,734
<u>Less</u> Cash payments	(88,146)	(77,518)	(80,388)	(51,261)
<u>Less</u> Advance payments for purchase of fixed assets paid in the prior year	(8,351)	(17,131)	(8,038)	(7,163)
Liabilities incurred from the acquisition of fixed and intangible assets as at September 30,	<u>7,674</u>	<u>28,550</u>	<u>4,453</u>	<u>28,114</u>

4.2.2 Dividends paid for the nine-month periods ended September 30, 2020 and 2019, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2020	2019	2020	2019
Accrued dividends as at January 1,	3,530	519	3,530	519
<u>Add</u> Dividends declared during the period	358,800	386,400	358,800	386,400
<u>Less</u> Paid during the period	(358,620)	(383,283)	(358,620)	(383,283)
Accrued dividends as at September 30,	<u>3,710</u>	<u>3,636</u>	<u>3,710</u>	<u>3,636</u>

4.2.3 Movements of interest-bearing liabilities arising from financing activities for the nine-month periods ended September 30, 2020 and 2019, are as follows:

As at September 30, 2020

	Consolidated Financial Statements						Balance as at September 30, 2020
	Balance as at January 1, 2020	Cash flows from financing activities	Non-cash changes			Balance as at September 30, 2020	
			Translation differences of financial statements	Effects of the application of the new accounting standards	Increase (Decrease)	Other changes ⁽¹⁾	
Short-term borrowings							
from financial institutions	854,672	(142,695)	-	-	-	-	711,977
Short-term borrowings from a director	10,000	(10,000)	-	-	-	-	-
Short-term borrowings	14,056	-	700	-	-	-	14,756
Long-term borrowing	-	4,750	-	-	-	-	4,750
Lease liabilities	2	(14,152)	(2)	127,079	(16,355)	(12,195)	84,377
Total	878,730	(162,097)	698	127,079	(16,355)	(12,195)	815,860

⁽¹⁾ Such changes occurred from the reduction in lease payments according to the temporary relief measures regarding the impacts of COVID-19.

As at September 30, 2019

	Unit : Thousand Baht				
	Consolidated Financial Statements				
	Balance as at January 1, 2019	Cash flows from financing activities	Non-cash changes		Balance as at September 30, 2019
		Translation differences of financial statements	Other changes		
Short-term borrowings from financial institutions	881,227	207,491	-	-	1,088,718
Short-term borrowings from a director	-	10,000	-	74	10,074
Long-term borrowings	19,127	(4,320)	(496)	-	14,311
Lease liabilities	317	(172)	-	-	145
Total	900,671	212,999	(496)	74	1,113,248

As at September 30, 2020

	Unit : Thousand Baht				
	Separate Financial Statements				
	Balance as at January 1, 2020	Cash flows from financing activities	Effects of the application of the new accounting standards	Increase (Decrease)	Balance as at September 30, 2020
Short-term borrowings from financial institutions	846,672	(146,946)	-	-	699,726
Lease liabilities	-	(4,739)	32,258	19,441	46,960
Total	846,672	(151,685)	32,258	19,441	746,686

As at September 30, 2019

	Unit : Thousand Baht			
	Separate Financial Statements			
	Balance as at January 1, 2019	Cash flows from financing activities	Other changes	Balance as at September 30, 2019
Short-term borrowings from financial institutions	881,227	201,491	-	1,082,718

5. TEMPORARY INVESTMENTS AND OTHER CURRENT FINANCIAL ASSETS

Other current financial assets as at September 30, 2020 and temporary investments as at December 31, 2019, consist of:

	Unit : Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Investment in securities held for trading				
Equity securities - cost	-	3,875	-	-
Change in fair value	-	(1,133)	-	-
Total investment in securities held for trading - fair value	-	2,742	-	-
Investment in available-for-sale securities				
Unit trusts (open-ended fixed income fund) - cost	-	4,828	-	4,828
Change in fair value	-	43	-	43
Total investments in available-for-sale securities - fair value	-	4,871	-	4,871
Total temporary investments	-	7,613	-	4,871
Other current financial assets				
Financial assets measured at fair value through profit or loss				
- equity securities	2,812	-	-	-
- open-ended fixed income fund	251,135	-	251,135	-
Total other current financial assets	253,947	-	251,135	-

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at September 30, 2020 and December 31, 2019, consist of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2020	2019	2020	2019
Trade receivables - related parties	-	-	72,125	130,324
Trade receivables - other parties	392,403	562,939	375,738	541,711
<u>Less</u> Allowance for doubtful accounts	<u>(20,912)</u>	<u>(15,612)</u>	<u>(15,164)</u>	<u>(13,319)</u>
Total trade receivables	<u>371,491</u>	<u>547,327</u>	<u>432,699</u>	<u>658,716</u>
Other receivables - related parties	63	14	3,877	1,381
Other receivables - other parties	8,631	7,172	1,860	5,596
Accrued income - other parties	2,243	1,000	2,243	1,000
Prepaid expenses	31,216	24,366	28,862	20,599
Advances for purchase of raw materials	87,976	339,298	85,705	339,244
Total trade and other current receivables	<u>501,620</u>	<u>919,177</u>	<u>555,246</u>	<u>1,026,536</u>

Trade receivables as at September 30, 2020 and December 31, 2019, classified by aging, are as follows:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2020	2019	2020	2019
Trade receivables				
Related parties				
Current	-	-	25,873	36,022
Overdue				
3 months or less	-	-	38,908	51,103
Over 3 months up to 6 months	-	-	6,643	30,872
Over 6 months up to 9 months	-	-	701	12,182
Over 9 months	-	-	-	145
Total	<u>-</u>	<u>-</u>	<u>72,125</u>	<u>130,324</u>
Other parties				
Current	296,278	408,781	292,159	396,554
Overdue				
3 months or less	64,863	128,984	58,005	122,229
Over 3 months up to 6 months	471	214	438	214
Over 6 months up to 9 months	1,826	-	1,659	-
Over 9 months	28,965	24,960	23,477	22,714
Total	<u>392,403</u>	<u>562,939</u>	<u>375,738</u>	<u>541,711</u>
	<u>392,403</u>	<u>562,939</u>	<u>447,863</u>	<u>672,035</u>
<u>Less</u> Allowance for doubtful accounts	<u>(20,912)</u>	<u>(15,612)</u>	<u>(15,164)</u>	<u>(13,319)</u>
Total trade receivables	<u>371,491</u>	<u>547,327</u>	<u>432,699</u>	<u>658,716</u>

7. INVENTORIES

Inventories as at September 30, 2020 and December 31, 2019, consist of:

	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	As at	As at	As at	As at
	September 30,	December 31,	September 30,	December 31,
	2020	2019	2020	2019
Finished goods	144,707	157,862	110,398	103,527
Work in process	1,963	2,712	1,877	2,694
Raw materials	1,037,287	1,060,550	1,028,543	1,047,999
Packaging materials	103,843	107,107	101,457	104,931
Spare parts and supplies	14,672	9,709	14,128	9,201
Goods in transit	9,475	-	9,475	-
	<u>1,311,947</u>	<u>1,337,940</u>	<u>1,265,878</u>	<u>1,268,352</u>
<u>Less</u> Allowance for devaluation of inventories	<u>(5,819)</u>	<u>(5,369)</u>	<u>(3,918)</u>	<u>(3,901)</u>
	<u>1,306,128</u>	<u>1,332,571</u>	<u>1,261,960</u>	<u>1,264,451</u>

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries recorded by the cost method in the separate financial statements as at September 30, 2020 and December 31, 2019, consist of:

	Type of business	Paid-up share capital	Percentage of shareholding (%)		Balance (at cost)	
			As at September 30, 2020	As at December 31, 2019	As at September 30, 2020 Thousand Baht	As at December 31, 2019 Thousand Baht
Subsidiaries						
Taokaenoi Restaurant & Franchise Company Limited	Distribution of snacks and souvenirs and restaurant business	Baht 35 million	100.00	100.00	35,000	35,000
Taokanoi Care Company Limited	Distribution of snacks	Baht 5 million	100.00	100.00	4,543	4,543
NCP Trading & Supply Company Limited	Manufacturing and distribution of seasoning powder	Baht 1 million	100.00	100.00	491	491
TAOKAENOI USA, Inc.	Distribution of seaweed snacks	USD 4,912,000	91.21	91.21	97,428	97,428
Total investments in subsidiaries					<u>137,462</u>	<u>137,462</u>

For the nine-month periods ended September 30, 2020 and 2019, the subsidiaries did not declare any dividends.

9. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the nine-month period ended September 30, 2020 are summarized as follows:

	Consolidated Financial Statements	Unit : Thousand Baht Separate Financial Statements
Carrying amount as at January 1, 2020	1,018,745	961,186
Acquisitions during the period - at cost	67,802	61,236
Disposals/write-off during the period - carrying amount at disposal/write-off date	(12,979)	(146)
Depreciation for the period	(112,926)	(101,314)
Reversal of allowance for impairment	4,344	-
Translation differences of financial statements of a foreign subsidiary	49	-
Carrying amount as at September 30, 2020	965,035	920,962

10. GOODWILL

Movements of the goodwill for the nine-month period ended September 30, 2020 are summarized as follows:

	Unit : Thousand Baht Consolidated Financial Statements
Balance as at January 1, 2020	11,513
Translation differences of financial statements of a foreign subsidiary	574
Carrying amount as at September 30, 2020	12,087

Goodwill occurred from the business acquisition of TAOKAENOI USA, Inc. in 2017. As at September 30, 2020, the management determined that there was no impairment of goodwill.

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at September 30, 2020 and December 31, 2019, are as follows:

	Interest rate (% p.a.)		Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
	Promissory notes	1.30 - 1.95	1.85 - 2.13	573,000	698,000	563,000
Trust receipts	1.35 - 1.50	1.90 - 2.20	138,977	156,672	136,726	156,672
			711,977	854,672	699,726	846,672

Such borrowings are unsecured and callable on demand. As at September 30, 2020 and December 31, 2019, the Group had unused bank credit facilities of Baht 2,013 million and Baht 1,347 million, respectively.

12. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at September 30, 2020 and December 31, 2019, consist of:

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
	Trade payables - related parties	4	83	20,306
Trade payables - other parties	274,575	303,056	247,766	235,211
Other payables - related parties	35	18	1,701	1,333
Other payables - other parties	78,865	90,075	68,754	84,638
Payables for purchase of fixed and intangible assets	7,674	31,512	4,453	27,204
Accrued expenses	253,958	179,034	253,081	175,815
	<u>615,111</u>	<u>603,778</u>	<u>596,061</u>	<u>555,949</u>

13. SHORT-TERM BORROWINGS

Short-term borrowings as at September 30, 2020 and December 31, 2019, consist of:

Borrowers	Credit Limit	Interest Rate (% p.a.)	Repayment Term	Unit : Thousand Baht Consolidated Financial Statements	
				As at September 30, 2020	As at December 31, 2019
TAOKAENOI USA, Inc.					
Borrowing from Samhae Commercial Co., Ltd.	USD 0.4 million	4.6	At call	14,756	14,056
Taokaenoi Restaurant & Franchise Company Limited					
Borrowing from a director	Baht 10 million	2.15	At call	-	10,000
				<u>14,756</u>	<u>24,056</u>

As at September 30, 2020 and December 31, 2019, such short-term borrowings have no collateral.

14. LONG-TERM BORROWING

Long-term borrowing as at September 30, 2020 and December 31, 2019, consists of:

	Credit Limit	Interest rate (% p.a.)	Repayment term	Unit : Thousand Baht Consolidated Financial Statements	
				As at September 30, 2020	As at December 31, 2019
TAOKAENOI USA, Inc.					
Other long-term borrowing	USD 0.2 million	1.0	January 2022 - August 2025	<u>4,750</u>	<u>-</u>

15. NON-CURRENT PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present values of the defined benefit obligations for the period/year ended September 30, 2020 and December 31, 2019, are as follows:

	For the nine-month period ended September 30, 2020		Unit : Thousand Baht For the year ended December 31, 2019	
	Consolidated Financial Statements	Separate Financial Statements	Consolidated Financial Statements	Separate Financial Statements
Balance of the present values of the defined benefit obligations of the period/year	25,474	24,875	17,320	17,017
Current service cost	2,986	2,917	3,794	3,704
Interest cost	383	374	460	448
Past service cost	-	-	2,339	2,221
Actuarial loss on the defined employee benefit plan	-	-	2,029	1,953
Less Benefits paid during the period	(354)	-	(468)	(468)
Balance of the present values of the defined benefit obligations of the period/year	<u>28,489</u>	<u>28,166</u>	<u>25,474</u>	<u>24,875</u>

16. INCOME TAX EXPENSE

Income tax expense for the three-month and nine-month periods ended September 30, 2020 and 2019, are summarized as follows:

For the three-month periods ended September 30, 2020 and 2019

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	2020	2019	2020	2019
Current income tax	17,232	7,993	17,336	8,155
Deferred tax				
Deferred tax relating to origination of temporary differences	413	(2,920)	(47)	2,410
Income tax expense reported in the statements of profit or loss	<u>17,645</u>	<u>5,073</u>	<u>17,289</u>	<u>10,565</u>

For the nine-month periods ended September 30, 2020 and 2019

	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	2020	2019	2020	2019
Current income tax	36,663	32,039	36,576	31,728
Adjustment in respect of income tax of the previous year	-	(4,444)	-	(4,444)
Deferred tax				
Deferred tax relating to origination of temporary differences	(387)	(7,844)	(2,445)	1,938
Income tax expense reported in the statements of profit or loss	<u>36,276</u>	<u>19,751</u>	<u>34,131</u>	<u>29,222</u>

17. DIVIDENDS

On April 25, 2019, the Annual General Shareholders' Meeting passed a resolution to distribute annual dividends from the operations of the year 2018 for 1,380 million shares at Baht 0.34 per share, totaling Baht 469.2 million. The dividends consist of interim dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on September 6, 2018, and additional dividends at Baht 0.17 per share, totaling Baht 234.6 million, which were paid on May 8, 2019.

On August 14, 2019, the Board of Directors' Meeting of the Company passed a resolution to distribute the interim dividend from the operations of the six-month period of the year 2019 for 1,380 million shares at Baht 0.11 per share, totaling Baht 151.8 million, which were paid on September 11, 2019.

On February 24, 2020, the Board of Directors' Meeting of the Company passed a resolution to distribute annual dividends from the operations of the year 2019 for 1,380 million shares at Baht 0.26 per share, totaling Baht 358.8 million. The dividends consist of interim dividends at Baht 0.11 per share, totalling Baht 151.8 million, which were paid on September 11, 2019, and additional dividends at Baht 0.15 per share, totaling Baht 207.0 million, which were paid on April 24, 2020.

On August 10, 2020, the Board of Director's Meeting of the Company passed a resolution to distribute the interim dividend from the operations of the six-month of the year 2020 for 1,380 million shares at Baht 0.11 per share, totalling Baht 151.8 million, which were paid on September 9, 2020.

18. TRANSACTIONS WITH RELATED PARTIES

The relationships between the Company and its related parties are summarized as follows:

Company name	Relationship
Taokaenoi Restaurant & Franchise Company Limited	Subsidiary
Taokaenoi Care Company Limited	Subsidiary
NCP Trading & Supply Company Limited	Subsidiary
TAOKAENOI USA, Inc.	Subsidiary
Peeradechapan Holding Company Limited	Major shareholders
Dr. Tobi Company Limited	Common shareholders/directors
Chubcheeva Company Limited	Common shareholders/directors

For the three-month and nine-month periods ended September 30, 2020 and 2019, the Group had significant business transactions with its related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

For the three-month periods ended September 30, 2020 and 2019

Transactions	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2020	2019	2020	2019
Subsidiaries				
Revenue from sales	-	-	36,521	55,348
Revenue from rendering accounting and financing services	-	-	1,179	447
Interest income	-	-	454	-
Other income	-	-	173	-
Purchases of goods	-	-	47,215	42,780
Sales promotion expenses	-	-	742	2,595
Rental expenses	-	-	92	-
Other expenses	-	-	892	-
Related parties				
Purchase of goods	32	244	32	-
Sales promotion income	11	-	-	-
Rental income	77	-	-	-
Rental expenses	90	480	90	90
Interest expenses	-	54	-	-

For the nine-month periods ended September 30, 2020 and 2019

Transactions	Consolidated		Unit : Thousand Baht	
	Financial Statements		Separate	
	2020	2019	2020	2019
Subsidiaries				
Revenue from sales	-	-	133,569	139,880
Revenue from rendering accounting and financing services	-	-	2,805	1,341
Interest income	-	-	525	52
Other income	-	-	173	6
Purchases of goods	-	-	133,714	151,333
Sales promotion expense	-	-	3,045	6,855
Rental expenses	-	-	275	-
Other expenses	-	-	892	-
Related parties				
Revenue from sales	2	-	-	-
Purchases of goods	38	527	32	-
Sales promotion income	11	-	-	-
Rental income	230	-	-	-
Other income	38	-	-	-
Rental expenses	270	1,440	270	270
Interest expenses	81	74	-	-
Other expenses	-	40	-	40

Pricing policies of each account can be described as follows:

Account	Pricing policy
Revenue from sales	Cost plus margin at 15% - 45% depending on the purchase volume and product types
Revenue from rendering accounting and financing services	Actual cost plus margin
Rental income	Rate stipulated in the agreement
Interest income	Rate stipulated in the agreement
Other income	Rate stipulated in the agreement
Purchase of goods	Cost plus margin at 5% - 15% and cost plus margin at 35% - 70% depending on the purchase volume and product types for the subsidiaries and related parties, respectively
Sales promotion expense	Rate stipulated in the agreement
Rental expense	Rate stipulated in the agreement
Interest expense	Rate stipulated in the agreement
Other expenses	Rate stipulated in the agreement

The balances of the accounts between the Group and the related parties as at September 30, 2020 and December 31, 2019, are as follows:

Account name	Consolidated Financial Statements		Unit : Thousand Baht Separate Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Trade receivables				
Subsidiaries	-	-	72,125	130,324
Other receivables				
Subsidiaries	-	-	3,877	1,381
Related parties	63	14	-	-
Total	63	14	3,877	1,381
Trade payables				
Subsidiaries	-	-	20,306	31,748
Related parties	4	83	-	-
Total	4	83	20,306	31,748
Other payables				
Subsidiaries	-	-	1,666	1,333
Related parties	35	18	35	-
Total	35	18	1,701	1,333

SHORT-TERM LOAN TO A SUBSIDIARY

Short-term loan to a subsidiary as at September 30, 2020 and December 31, 2019, is as follows:

Borrower	Interest rate (% per annum)		Unit : Thousand Baht Separate Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
Taokaenoi Restaurants & Franchise Co., Ltd.	1.96 - 2.20	-	99,514	-

BORROWINGS FROM A DIRECTOR

Borrowings from a director as at September 30, 2020 and December 31, 2019, are as follows:

Borrower	Interest rate (% per annum)		Unit : Thousand Baht Consolidated Financial Statements	
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
	Taokaenoi Restaurants & Franchise Co., Ltd.	-	2.15	-

DIRECTOR AND MANAGEMENT'S BENEFITS

During the three-month and nine-month periods ended September 30, 2020 and 2019, the Group had employee benefit expenses for its directors and management as follows:

	Unit : Thousand Baht Consolidated and Separate Financial Statements			
	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	2020	2019
Short-term benefits	7,605	9,389	23,416	26,798
Post-employment benefits	528	994	1,578	1,784
Total	8,133	10,383	24,994	28,582

19. OPERATING SEGMENT

The Group is organized into business units based on its products. During the current period, there has been no change in the structure of the operating segments as reported.

The information on revenue and segment profit of the Group for the three-month and nine-month periods ended September 30, 2020 and 2019 is as follows:

	Unit: Million Baht For the three-month period ended September 30, 2020					
	Retailer and Snack restaurant segment			Elimination of inter- segment		
	Other segments	Total	Total	Total	Total	
Segment revenue from external customers	963.6	12.9	2.2	978.7	-	978.7
Charges between segments	36.6	0.6	47.5	84.7	(84.7)	-
Total revenue	1,000.2	13.5	49.7	1,063.4	(84.7)	978.7
Segment profit (loss)	120.6	(19.8)	0.3	101.1	(4.0)	97.1
Other income						13.3
Finance costs						(3.9)
Profit before income tax expense						106.5
Income tax expense						(17.6)
Profit for the period						88.9
Other comprehensive loss for the period - net of tax						(0.1)
Total comprehensive income for the period						88.8

Unit: Million Baht

For the three-month period ended September 30, 2019

	Retailer and			Total	Elimination of inter- segment	
	Snack segment	restaurant segment	Other segments		Total	Total
Segment revenue from external customers	1,162.6	97.4	7.6	1,267.6	-	1,267.6
Charges between segments	55.4	(2.4)	45.2	98.2	(98.2)	-
Total revenue	<u>1,218.0</u>	<u>95.0</u>	<u>52.8</u>	<u>1,365.8</u>	<u>(98.2)</u>	<u>1,267.6</u>
Segment profit (loss)	76.0	(6.0)	(3.3)	66.7	1.4	68.1
Other income						12.3
Finance costs						(7.8)
Profit before income tax expense						72.6
Income tax expense						(5.1)
Profit for the period						<u>67.5</u>
Other comprehensive loss for the period - net of tax						-
Total comprehensive income for the period						<u><u>67.5</u></u>

Unit: Million Baht

For the nine-month period ended September 30, 2020

	Retailer and			Total	Elimination of inter- segment	
	Snack segment	restaurant segment	Other segments		Total	Total
Segment revenue from external customers	3,015.7	77.0	7.5	3,100.2	-	3,100.2
Charges between segments	133.6	0.9	133.7	268.2	(268.2)	-
Total revenue	<u>3,149.3</u>	<u>77.9</u>	<u>141.2</u>	<u>3,368.4</u>	<u>(268.2)</u>	<u>3,100.2</u>
Segment profit (loss)	355.3	(54.4)	(2.8)	298.1	0.8	298.9
Other income						14.5
Finance costs						(14.0)
Profit before income tax expense						299.4
Income tax expense						(36.3)
Profit for the period						<u>263.1</u>
Other comprehensive income for the period - net of tax						0.1
Total comprehensive income for the period						<u><u>263.2</u></u>

Unit: Million Baht

For the nine-month period ended September 30, 2019

	Snack segment	Retailer and		Total	Elimination of inter-segment	
	restaurant segment	Other segments	Total		inter-segment	Total
Segment revenue from external customers	3,566.5	267.4	16.0	3,849.9	-	3,849.9
Charges between segments	139.9	(2.0)	153.3	291.2	(291.2)	-
Total revenue	<u>3,706.4</u>	<u>265.4</u>	<u>169.3</u>	<u>4,141.1</u>	<u>(291.2)</u>	<u>3,849.9</u>
Segment profit (loss)	287.6	(26.2)	(2.3)	259.1	(1.7)	257.4
Other income						29.0
Finance costs						(20.4)
Profit before income tax expense						266.0
Income tax expense						(19.7)
Profit for the period						<u>246.3</u>
Other comprehensive loss for the period - net of tax						(2.4)
Total comprehensive income for the period						<u><u>243.9</u></u>

20. COMMITMENTS AND LETTERS OF GUARANTEE

20.1 Capital commitments

As at September 30, 2020 and December 31, 2019, the Group had capital commitments of Baht 68.9 million and Baht 10.5 million, respectively, relating to the purchase of machinery and equipment.

20.2 Commitments under short-term leases and service agreements

The Group entered into lease agreements in respect of the short-term leases of building space and office, and service agreements including marketing agreements. The terms of the agreements are generally between 1 and 3 years.

Future minimum payments required under these agreements are as follows:

Payment periods	Consolidated		Unit : Million Baht	
	Financial Statements		Separate	
	As at	As at	As at	As at
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Within 1 year	28.9	75.3	28.9	25.3
Over 1 year but not over 5 years	6.7	66.3	6.7	22.8
Over 5 years	-	13.4	-	10.4

Since January 1, 2020, the Group has recognized the right-of-use assets under the lease contracts, except short-term leases and leases for low-value underlying assets.

For the nine-month periods ended September 30, 2020 and 2019, the office rental expense and service expense were recorded as expenses in the consolidated statements of profit or loss and other comprehensive income amounting to Baht 17.0 million and Baht 63.0 million, respectively, and the separate statements of profit or loss and other comprehensive income amounting to Baht 7.9 million and Baht 19.0 million, respectively.

20.3 Commitments under raw material purchase agreements

The Company entered into agreements to purchase raw materials from overseas suppliers, for a period of delivery within 1 year, in quantities and at prices stipulated in the agreements. As at September 30, 2020 and December 31, 2019, the Company had commitments under the agreements of USD 3.5 million and USD 1.7 million, respectively.

20.4 Letters of guarantee

As at September 30, 2020 and December 31, 2019, the Company had outstanding letters of guarantee of Baht 3.7 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee to guarantee the electricity usage and others.

21. LITIGATIONS

21.1 On February 9, 2016, a Japanese company filed a civil lawsuit against the Company with the Central Intellectual Property and International Trade Court for a breach of a technical assistance agreement, claiming damages amounting to USD 150,000 plus interest at a rate of 7.5% per annum from the date the lawsuit was filed. Subsequently, on May 2, 2016, the Court disposed of the case since the Plaintiff and the Company were bound by the rules of the arbitration clause stipulated in the agreement to settle the dispute through an arbitration process at the Singapore International Arbitration Centre. However, on September 15, 2016, the Plaintiff filed an appeal against the Court's order to dispose of the case. The Court received and forwarded the appeal to the Supreme Court. Subsequently, on July 19, 2018, the Supreme Court dismissed the judgment of the Central Intellectual Property and International Trade Court since additional issues raised by the Plaintiff had not been considered by the Court.

Witnesses of Plaintiff and the Defendant appeared before the court as prescribed in August 2019 for a hearing. Subsequently, on October 25, 2019, the Court rendered the judgment ordering the Company to pay the Defendant for compensation of Baht 500,000 with interest at a rate of 7.5% per annum calculating from the date of judgment rendered and costs for the Plaintiff. On November 6, 2019, the Company issued a cashier cheque to the Intellectual Property and International Trade Court in the amount of Baht 641,219 following the Court's judgment. The Company recorded such amount as an expense in the statement of profit or loss for the year ended December 31, 2019.

Subsequently, on January 22, 2020, the Plaintiff filed an appeal to the Court and the Company filed a cross-appeal on March 20, 2020. The Court of Appeal for Specialized Cases rendered a judgement on August 17, 2020 ordering the Company to pay the Plaintiff in the amount of USD 50,000 plus interest at a rate of 7.5% per annum. As at August 31, 2020, the Company issued a cashier cheque to the Intellectual Property and International Trade Court in the amount of Baht 1,672,372.78 following the Court's judgement. The Company recorded such amount as an expense in the statement of profit or loss for the nine-month period ended September 30, 2020. Subsequently, on October 16, 2020, the Company filed an appeal to the Supreme Court.

21.2 On February 18, 2019, the Company filed a claim against one of the Company's distributors in China under a civil lawsuit on the ground of breaching the distributorship agreement since the aforementioned distributor sold products in the same category as the Company's and used trademark imitated from the Company's trademark. The Company demanded for compensation on damages, product cost, and related expenses including loss of benefit in the approximate amount of Chinese Yuan 119 million (approximately Baht 569 million). Due to the provision of the Agreement, this case must be brought to the arbitration proceedings. Later, on August 30, 2019, The Company filed the claim to The Thai Arbitration Institute (TAI). The Company claimed for damages, products and other related expenses including fee for loss of opportunity in the amount of Baht 96 million. The Thai Arbitration Institute prescribed February 19, 2020 as a hearing date. The distributor did not attend the hearing; therefore, the Arbitrators have proceeded the ex parte trial. After the trial, the Company filed a closing statement on March 16, 2020.

Subsequently, on April 21, 2020, the Arbitrators rendered the judgement directing the distributor to pay the Company in the approximate amount of Baht 54 million plus interest at a rate of 7.5% per annum. Since the distributor has a domicile and properties in the People's Republic of China, so the enforcement of the future order will be proceeded in the People's Republic of China.

Subsequently, on March 16, 2019 and on May 6, 2019, the Chinese distributor filed a claim against the Company as joint defendant with another distributor in China to stop violating Chinese brand name immediately and demanded the Company and the distributor to compensate for damages in the approximate amount of Chinese Yuan 25 million (approximately Baht 120 million) for the first case and Chinese Yuan 25 million (approximately Baht 120 million) for the second case, and to demand the Company to stop using two marks and jointly or severally compensate for expenses resulting from this case which the court prescribed the hearing in August 2019. Subsequently, on December 27, 2019, the Court's decision ordered the Company and the distributor to cease the trademark infringement from the date of decision onwards, including the retailers to cease the distribution of goods with the Plaintiff's trademark from the date of decision onwards, and ordered the Company and the distributor to compensate the Plaintiff for the expenses of Chinese Yuan 150,000 (approximately Baht 0.65 million) for the first case within 10 days from the date the decision came into effect, and compensate the Plaintiff for the expenses of Chinese Yuan 195,680.40 (approximately Baht 0.85 million) for the second case within 10 days from the date the decision came into effect. The Company has recorded such amount (Chinese Yuan 345,680.40 or equal to Baht 1.51 million) as an expense in the statement of profit or loss for the year ended December 31, 2019.

Subsequently, on February 5, 2020, the Company filed an appeal for both cases to the Intellectual Property Court of Shanghai. The Appeal Court had the hearing on June 22, 2020, which is currently in the adjudication process of the Court.

22. FINANCIAL INSTRUMENTS

The Company has outstanding forward exchange contracts as at September 30, 2020 and December 31, 2019 as summarized below:

As at September 30, 2020

Consolidated and Separate Financial Statements		
Sold amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 2.6 million	30.96 - 31.69	December 2020 - April 2021
SGD 0.3 million	22.93	January 2021
Bought amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 3.0 million	31.69 - 31.83	December 2020 - March 2021

As at December 31, 2019

Consolidated and Separate Financial Statements		
Sold amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 1.8 million	20.92 - 30.26	May - June 2020
Bought amount	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
USD 1.0 million	30.15 - 30.45	March - June 2020

23. FAIR VALUE MEASUREMENTS

Certain financial assets of the Company and the subsidiaries are measured at fair value in the statements of financial position at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation technique and key input
	Fair value (Thousand Baht)		Fair value (Thousand Baht)			
	As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019		
Investment in securities held for trading	-	2,742	-	-	Level 1	Use of quoted market prices in an active market for such assets or liabilities
Investment in available-for-sale securities	-	4,871	-	4,871	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Financial assets at fair value through profit or loss - equity securities	2,812	-	-	-	Level 1	Use of quoted market prices in an active market for such assets or liabilities
Financial assets at fair value through profit or loss - open-ended fixed income fund	251,135	-	251,135	-	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly
Investment property	42,240	42,162	42,240	42,162	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly

24. TREASURY SHARES

On March 26, 2020, the Board of Directors' Meeting of the Company approved the treasury share repurchase for financial management which the period of repurchase is between April 10, 2020 and October 9, 2020 in the amount not exceeding Baht 100,000,000 with the amount of shares to be repurchased of not exceeding 20,000,000 shares or equal to 1.45 percent of the total issued and paid up shares of the Company. The Company has not repurchased any treasury shares within such period and has announced the end of such project.

25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved for issue by the Board of Directors of the Company on November 9, 2020.