TAOKAENOI FOOD & MARKETING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 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 will continue to monitor the ongoing situation and regularly assess the financial impact in respect of 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 (Revised 2019) "Interim Financial Reporting" and accounting practices generally accepted in Thailand. The Group presents the condensed notes to 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, with 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 consolidated and separate financial statements of the Company for the year then ended which had been previously audited.

2.4 The unaudited results of operations in the three-month period ended March 31, 2020 are not necessarily an indication nor 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 period ended March 31, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

2.6 The interim consolidated financial information for the three-month period ended March 31, 2020 and the comparative information included the interim financial information of the Company and its subsidiaries.

These subsidiaries are detailed as follows:

Subsidiary	**Business type**	**Country of registration**	**Percentage of shareholdings (%)**	
			As at March 31, 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 period ended March 31, 2020 have included the subsidiaries' interim financial statements for the three-month period ended March 31, 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 revision of wording and terminology, and provision of interpretations and accounting guidance to 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 Group of Financial Instruments Standards. The Group has elected to recognize the cumulative effect of initially adopting of TFRS 9 as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduced new requirements for:-

- The 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 instruments that continue to be recognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have 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, specifically:

- 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);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

The director of the Company reviewed and assessed the Group's existing financial assets as at January 1, 2020 based on the facts and circumstances that existed at that date and concluded that the initial application of TFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- The Group's investment in bonds that were classified as investments held as available-for-sale under TAS 105 "Accounting for Investments in Debt and Equity Securities" have been classified as financial assets at FVTOCI because they are held within a business model whose objective is both to collect contractual cash flows and to sell the bonds, and they have contractual cash flows that are solely payments of principal and interest on principal outstanding. The change in the fair value on these redeemable notes continues to accumulate in the investment revaluation reserve until they are derecognized or reclassified;
- There is no change in the measurement of the Group's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL.

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.

TFRS 9 requires the Company and its subsidiaries to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company and its subsidiaries are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

The Group has estimated the allowance for expected credit losses in accordance with TFRS 9 and noted that the difference is immaterial.

c) Classification and measurement of financial liabilities

A significant change introduced by TFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

This change in accounting policy has not affected the Group's accounting.

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 ("TFRS16")

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

TFRS 16 has 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 Leases using the cumulative catch-up approach which:

- Requires the Group to recognize the cumulative effects of the initial adoption of TFRS 16 Leases as an adjustment to the opening balance of retained earnings at the date of the initial application.
- 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 (whether by the lessor or the lessee in the lease contract). 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 statement of financial position.

To apply TFRS 16 to for 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. Right-of-use assets are adjusted by the amount of any prepaid or accrued lease payments in according with TFRS 16.

2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the consolidated and separate statements of profit or loss.

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 period) 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 term of 12 months or less) and leases of low-value assets (which includes 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 to leases in which the lease term ends within 12 months of 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.
- 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 the 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, in particular 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

Lease liabilities as at March 31, 2020 are summarized below:

	Unit: Thousand Baht	
	Consolidated financial statements	**Separate financial statements**
Current portion of lease liabilities	52,245	6,673
Lease liabilities	61,804	24,008
	114,049	30,681

Carrying amounts of the right-of-use assets as at March 31, 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	-	-
Effect of the initial application of the new accounting standards	126,952	29,976
Less Accumulated depreciation	(13,484)	(1,493)
Exchange differences on translating financial statements	(3)	-
Right-of-use assets as at March 31, 2020	113,465	28,483

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 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 within the period from January 1, 2020 to 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 (if any) 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 3.44 million recognized in the statement of profit or loss for the three-month period ended March 31, 2020 (See Note 4.2.4).
- 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 used in testing goodwill for impairment.

2.9 The interim consolidated and separate financial statements are prepared in English version from the interim consolidated and separate financial statements in accordance with the laws which are in Thai. In the event of any conflict or interpretation difference between two different languages, the Thai version of interim consolidated and separate financial statements in accordance with Thailand laws 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 and separate 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 with the objective to is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset raise on specified dates to 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 with the objectives 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).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset;

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- The Group may irrevocable designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating the interest income over the relevant period.

Interest income is recognized in profit or loss and included in the “finance income - interest income”.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequent changes to the carrying amounts of these corporate bonds as a result of foreign exchange gains or losses, impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds were recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if;

- It has been acquired principally for the purpose of selling it in the near future; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be classified to profit or loss on disposal of the equity investments, but it will be transferred to retained earnings instead.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9, unless the dividends clearly represent a part of a recovery of the cost of the investment. Dividends are included in the "finance income" in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on the date of the initial application of TFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL, especially;

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration recognized by an acquirer in a business combination as at FVTOCI on initial recognition (see (iii) above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognizing the gains and losses on such items on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in "other gains and losses". Fair value is determined in the manner described in Note 23.

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 at 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.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since the initial recognition. However, if the credit risk on the financial instrument has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(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 (i.e. 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 of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contracts and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and the carrying amount of the financial asset is not reduced in the statement of financial position.

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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach is applied, and financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration recognized by an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if;

- It has been acquired principally for the purpose of repurchasing it in the near future; or
- On initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and there is a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by an acquirer in a business combination may be designated as at FVTPL upon initial recognition if;

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms a part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms a part of a contract containing one or more embedded derivatives, and TFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising from changes in fair value recognized in profit or loss to the extent that they are not a part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in "other gains and losses" in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of the change in the fair value of the liability is recognized in profit or loss. Changes in fair value attributable to the financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss instead. They are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

Fair value is determined in the manner described in Note 23.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration recognized by an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and costs paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender a debt instrument for another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after the modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

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

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their 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 a lease term of 12 months or less) and leases of low value assets, small items of furniture. For these leases, the Group recognizes the lease payments as operating expenses on a straight-line basis over the terms of the leases unless a more effective systematic basis representating of the time pattern in which economic benefits from the leases 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 this 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 gurantees;
- 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 are 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.
- 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 cases 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).
- 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. Theright-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs of dismanting 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 statement 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 the lease liability and the right-of-use asset. The related payments are recognized as of 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 so as 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 Leasee

Leases of assets which transfer substantially all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, 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.

Leases which do not transfer substantially all the risks and rewards of ownership to the lessees are classified as operating leases. Operating lease payments are recognized as expenses 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 March 31, 2020 and December 31, 2019, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		**Separate Financial Statements**	
	As at March 31, 2020	**As at December 31, 2019**	**As at March 31, 2020**	**As at December 31, 2019**
Cash on hand	896	1,678	204	136
Bank deposits - savings and current accounts	244,720	160,620	219,122	130,792
	245,616	162,298	219,326	130,928

4.2 Non-cash transactions are as follows:

4.2.1 Cash payments for the acquisition of fixed and intangible assets for the three-month periods ended March 31, 2020 and 2019, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		**Separate Financial Statements**	
	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
Add Purchases of fixed and intangible assets during the period	29,209	43,609	27,123	29,953
Less Cash payments	(38,812)	(33,290)	(35,250)	(28,080)
Less Advance payments for purchases of fixed assets paid in the prior year	(6,782)	(2,393)	(6,578)	(239)
Liabilities incurred from the acquisition of fixed and intangible assets as at March 31,	15,127	30,841	12,499	21,438

4.2.2 Significant non-cash items for the three-month periods ended March 31, 2019, are as follows: (2020 : Nil)

As at March 31, 2019

Unit : Thousand Baht

	Separate Financial Statements				
	Balance as at January 1, 2019	**Cash flows from investing activities**	**Non-cash changes**		**Balance as at March 31, 2019**
			Gain on exchange rate	**Other changes**	
Loan to a subsidiary	11,338	4,960	(236)	-	16,062

4.2.3 Dividends paid for the three-month periods ended March 31, 2020 and 2019, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		**Separate Financial Statements**	
	2020	**2019**	**2020**	**2019**
Accrued dividends as at January 1,	3,530	519	3,530	519
Add Dividends declared during the period	207,000	-	207,000	-
Less Paid during the period	(5)	(3)	(5)	(3)
Accrued dividends as at March 31,	210,525	516	210,525	516

4.2.4 Movements of interest-bearing liabilities arising from financing activities for the three-month periods ended March 31, 2020 and 2019, are as follows:

As at March 31, 2020

Unit : Thousand Baht

	Consolidated Financial Statements					
	Balance as at January 1, 2020	**Cash flows from financing activities**	**Non-cash changes**			**Balance as at March 31, 2020**
			Translation differences of financial statements	**Effect of the application of the new accounting standards**	**Other changes[1]**	
Short-term borrowings from financial institutions	854,672	288	-	-	-	854,960
Short-term borrowings from a director	10,000	(500)	-	-	-	9,500
Short-term borrowings	14,056	-	1,173	-	-	15,229
Liabilities under lease agreements	2	(9,600)	3	127,079	(3,435)	114,049
Total	878,730	(9,812)	1,176	127,079	(3,435)	993,738

[1] Such changes occurred from the reduction in lease payments based on temporary relief measures from the impacts of COVID-19

As at March 31, 2019

Unit : Thousand Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2019	**Cash flows from financing activities**	**Non-cash changes**		**Balance as at March 31, 2019**
			Translation differences of financial statements	**Other changes**	
Short-term borrowings from financial institutions	881,227	116,337	-	-	997,564
Short-term borrowings	19,127	(3,181)	(1,698)	-	14,248
Liabilities under lease agreements	317	(59)	-	-	258
Total	900,671	113,097	(1,698)	-	1,012,070

As at March 31, 2020

Unit : Thousand Baht

	Separate Financial Statements			
	Balance as at January 1, 2020	**Cash flows from financing activities**	**Non-cash changes**	**Balance as at March 31, 2020**
			Effect of the application of the new accounting standards	
Short-term borrowings from financial institutions	846,672	288	-	846,960
Liabilities under lease agreements	-	(1,577)	32,258	30,681
Total	846,672	(1,289)	32,258	877,641

As at March 31, 2019

Unit : Thousand Baht

	Separate Financial Statements			
	Balance as at January 1, 2019	**Cash flows from financing activities**	**Non-cash changes**	**Balance as at March 31, 2019**
Short-term borrowings from financial institutions	881,227	116,337	-	997,564

5. TRADE AND OTHER CURRENT RECEIVABLES

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

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	**As at December 31, 2019**	**As at March 31, 2020**	**As at December 31, 2019**
Trade receivables - related parties	-	-	151,795	130,324
Trade receivables - other parties	450,953	562,939	421,712	541,711
	450,953	562,939	573,507	672,035
Less Allowance for doubtful accounts	(16,758)	(15,612)	(14,138)	(13,319)
Total trade receivables	434,195	547,327	559,369	658,716
Other receivables - related parties	170	14	1,341	1,381
Other receivables - other parties	7,402	7,172	3,017	5,596
Accrued income - other parties	1,000	1,000	1,000	1,000
Prepaid expenses	30,669	24,366	27,600	20,599
Advances for purchases of raw materials	192,510	339,298	192,491	339,244
Total trade and other current receivables	665,946	919,177	784,818	1,026,536

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

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Trade receivables				
Subsidiaries				
Current	-	-	43,012	36,022
Overdue				
3 months or less	-	-	39,826	51,103
Over 3 months up to 6 months	-	-	40,536	30,872
Over 6 months up to 9 months	-	-	20,178	12,182
Over 9 months	-	-	8,243	145
Total	-	-	151,795	130,324
Other parties				
Current	353,332	408,781	337,845	396,554
Overdue				
3 months or less	67,628	128,984	58,913	122,229
Over 3 months up to 6 months	4,896	214	2,240	214
Over 6 months up to 9 months	137	-	-	-
Over 9 months	24,960	24,960	22,714	22,714
Total	450,953	562,939	421,712	541,711
	450,953	562,939	573,507	672,035
Less Allowance for doubtful accounts	(16,758)	(15,612)	(14,138)	(13,319)
Total trade receivables	434,195	547,327	559,369	658,716

6. INVENTORIES

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

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Finished goods	150,495	157,862	105,412	103,527
Work in process	2,784	2,712	2,736	2,694
Raw materials	1,136,186	1,060,550	1,124,276	1,047,999
Packaging materials	113,894	107,107	111,633	104,931
Spare parts and supplies	13,229	9,709	12,749	9,201
	1,416,588	1,337,940	1,356,806	1,268,352
Less Allowance for devaluation of inventories	(4,818)	(5,369)	(3,442)	(3,901)
	1,411,770	1,332,571	1,353,364	1,264,451

7. OTHER CURRENT FINANCIAL ASSSETS

Other current financial assets as at March 31, 2020 and December 31, 2019, consist of:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Other current financial assets				
Financial assets measured at fair value through profit or loss - equity securities	1,775	2,742	-	-
Financial assets measured at fair value through other comprehensive income - open-ended fixed income fund	124,941	4,871	124,941	4,871
Total other current financial assets	126,716	7,613	124,941	4,871

8. INVESTMENTS IN SUBSIDIARIES

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

	Type of business	Paid-up share capital	Percentage of shareholding (%)		Balance (at cost)	
			As at March 31, 2020	As at December 31, 2019	As at March 31, 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					137,462	137,462

For the three-month periods ended March 31, 2020 and 2019, the subsidiaries did not declare any dividends.

9. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment for the three-month period ended March 31, 2020 are summarized as follows:

Unit : Thousand Baht

	Consolidated Financial Statements	Separate Financial Statements
Carrying amount as at January 1, 2020	1,018,745	961,186
Acquisitions during the period - at cost	26,541	24,874
Disposals/write-offs during the period - carrying amount at disposal/write-off date	(456)	(40)
Depreciation for the period	(40,146)	(36,148)
Reversal of allowance for impairment	289	-
Translation differences of financial statements of a foreign subsidiary	26	-
Carrying amount as at March 31, 2020	1,004,999	949,872

10. GOODWILL

Movements of the goodwill for the three-month period ended March 31, 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	961
Carrying amount as at March 31, 2020	12,474

Goodwill is from the business acquisition of TAOKAENOI USA, Inc. in 2017. As at March 31, 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 March 31, 2020 and December 31, 2019, are as follows:

Unit : Thousand Baht

	Interest rate (% p.a.)		Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Promissory notes	1.60 - 2.13	1.85 - 2.13	741,021	698,000	733,021	690,000
Trust receipts	1.5	1.90 - 2.20	113,939	156,672	113,939	156,672
			854,960	854,672	846,960	846,672

Such borrowings are unsecured and callable on demand. As at March 31, 2020 and December 31, 2019, the Company had unused bank credit facilities of Baht 1,875 million and Baht 1,347 million, respectively.

12. TRADE AND OTHER CURRENT PAYABLES

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

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Trade payables - related parties	16	83	18,857	31,748
Trade payables - other parties	239,499	303,056	196,193	235,211
Other payables - related parties	17	18	995	1,333
Other payables - other parties	92,800	90,075	82,383	84,638
Payables for purchases of fixed and intangible assets	15,127	31,512	12,499	27,204
Accrued expenses	187,717	179,034	186,688	175,815
	535,176	603,778	497,615	555,949

13. SHORT-TERM BORROWINGS

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

Unit : Thousand Baht

Borrowers	Credit Limit	Interest Rate (% p.a.)	Repayment Term	Consolidated Financial Statements	
				As at March 31, 2020	As at December 31, 2019
TAOKAENOI USA, Inc.					
Borrowing from Samhae Commercial Co., Ltd.	USD 0.4 million	4.6	At call	15,229	14,056
Taokaenoi Restaurant & Franchise Company Limited					
Borrowing from a director	Baht 10 million	2.15	At call	9,500	10,000
				24,729	24,056

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

14. NON-CURRENT PROVISION FOR EMPLOYEE BENEFIT OBLIGATIONS

Movements of the present values of the defined benefit obligations as at March 31, 2020 and December 31, 2019, are as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Balance of present value of defined benefit obligation of the period/year	25,474	17,320	24,875	17,017
Current service cost	995	3,794	972	3,704
Interest cost	128	460	125	448
Past service cost	-	2,339	-	2,221
Actuarial loss on defined employee benefit plan	-	2,029	-	1,953
Less Benefits paid during the period	-	(468)	-	(468)
Balance of present value of defined benefit obligation of the period/year	26,597	25,474	25,972	24,875

15. INCOME TAX EXPENSE

Income tax expense for the three-month periods ended March 31, 2020 and 2019, are summarized as follows:

Unit : Thousand Baht

	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Current income tax				
Interim corporate income tax	9,836	9,802	9,812	9,499
Deferred tax				
Deferred tax relating to origination and reversal of temporary differences	3,381	(1,425)	4,154	2,190
Income tax expenses reported in the statements of profit or loss	13,217	8,377	13,966	11,689

16. 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.

As at March 31, 2020 and December 31, 2019, the Group has dividends payable amounting to Baht 210.53 million and Baht 3.53 million, respectively, presented as a liability in the consolidated and separate statements of financial position.

17. TRANSACTIONS WITH RELATED PARTIES

The relationships between the Company and 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 periods ended March 31, 2020 and 2019, the Group had significant business transactions with 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.

Unit : Thousand Baht

Account name	Consolidated Financial Statements		Separate Financial Statements	
	2020	2019	2020	2019
Subsidiaries				
Revenue from sales	-	-	45,672	40,298
Revenue from rendering accounting and financing services	-	-	447	447
Interest income	-	-	-	59
Other income	-	-	-	6
Purchases of goods	-	-	44,881	54,899
Sales promotion expenses	-	-	1,137	1,035
Rental expenses	-	-	92	-
Related parties				
Purchases of goods	-	81	-	-
Rental income	77	-	-	-
Other income	38	-	-	-
Rental expenses	90	480	90	90
Interest expenses	52	-	-	-

Pricing policies of each account can be described as follows:

Account	Transfer 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
Purchases of goods	Cost plus margin at 5% - 15% and cost plus margin at 35% - 70% depending on the purchase volume and product types for subsidiaries and related parties, respectively
Sales promotion expenses	Rate stipulated in the agreement
Rental expenses	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 those related parties as at March 31, 2020 and December 31, 2019, are as follows:

Unit : Thousand Baht

Account name	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Trade receivables				
Subsidiaries	-	-	151,795	130,324
Other receivables				
Subsidiaries	-	-	1,341	1,381
Related parties	170	14	-	-
Total	170	14	1,341	1,381
Trade payables				
Subsidiaries	-	-	18,857	31,748
Related parties	16	83	-	-
Total	16	83	18,857	31,748
Other payables				
Subsidiaries	-	-	995	1,333
Related parties	17	18	-	-
Total	17	18	995	1,333

BORROWINGS FROM A DIRECTOR

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

Unit : Thousand Baht

	Interest rate (% per annum)		Consolidated Financial Statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Taokaenoi Restaurants & Franchise Co., Ltd.	2.15	2.15	9,500	10,000

DIRECTOR AND MANAGEMENT'S BENEFITS

During the three-month periods ended March 31, 2020 and 2019, the Group had employee benefit expenses for its directors and management as follows:

Unit : Thousand Baht

	Consolidated and Separate Financial Statements	
	2020	2019
Short-term benefits	9,009	8,651
Post-employment benefits	604	359
Total	9,613	9,010

18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued.

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 of revenue and segment profit for the three-month periods ended March 31, 2020 and 2019 is as follows:

Unit: Million Baht

	For the three-month period ended March 31, 2020					
	Snack segment	**Retailer and restaurant segment**	**Other segments**	**Total**	**Elimination of inter-segment**	**Total**
Segment revenue from external customers	1,053.4	52.8	3.8	1,110.0	-	1,110.0
Charges between segments	45.7	-	44.9	90.6	(90.6)	-
Total revenue	1,099.1	52.8	48.7	1,200.6	(90.6)	1,110.0
Segment profit (loss)	108.9	(15.8)	(1.5)	91.6	2.3	93.9
Other income						9.9
Finance costs						(5.1)
Profit before income tax expense						98.7
Income tax expense						(13.2)
Profit for the period						85.5
Other comprehensive income for the period - net of tax						0.2
Total comprehensive income for the period						85.7

Unit: Million Baht

	For the three-month period ended March 31, 2019					
	Snack segment	**Retailer segment**	**Other segments**	**Total**	**Elimination of inter-segment**	**Total**
Segment revenue from external customers	1,192.6	84.1	3.6	1,280.3	-	1,280.3
Charges between segments	40.3	0.4	54.5	95.2	(95.2)	-
Total revenue	1,232.9	84.5	58.1	1,375.5	(95.2)	1,280.3
Segment profit (loss)	99.0	(7.4)	0.5	92.1	(1.4)	90.7
Other income						4.0
Finance costs						(5.8)
Profit before income tax expense						88.9
Income tax expense						(8.4)
Profit for the period						80.5
Other comprehensive loss for the period - net of tax						(0.5)
Total comprehensive income for the period						80.0

20. COMMITMENTS AND LETTERS OF GUARANTEE

21.1 Capital commitments

As at March 31, 2020 and December 31, 2019, the Group had capital commitments of Baht 14.6 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 lease 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:

Unit : Million Baht

	Consolidated Financial Statements		Separate Financial Statements	
Payment periods	**As at March 31, 2020**	**As at December 31, 2019**	**As at March 31, 2020**	**As at December 31, 2019**
Within 1 year	22.9	75.3	22.9	25.3
Over 1 year but not over 5 years	4.7	66.3	4.7	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 three-month periods ended March 31, 2020 and 2019, the office rental expenses and service expenses were recorded as expenses in the consolidated statements of profit or loss and other comprehensive income amounting to Baht 15.8 million and Baht 22.1 million, respectively, and the separate statements of profit or loss and other comprehensive income amounting to Baht 3.0 million and Baht 6.3 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 March 31, 2020 and December 31, 2019, the Company had commitments under the agreements of USD 0.9 million and USD 1.7 million, respectively.

20.4 Letters of guarantee

As at March 31, 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 (approximately Baht 5.7 million). 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 examinations. Subsequently, on October 25, 2019, the Court rendered the judgment ordering the Company to pay the Defendant for compensation of THB 500,000 with interest 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 THB 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.

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 Arbitrators prescribed that the Company filed a closing statement on March 16, 2020 and the Arbitrators will render the award within May 2020.

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 2 marks and jointly or severally compensate for expenses resulting from this case which the court prescribed the bearing in August 2019. Subsequently, on December 27, 2019, the Court's decision ordered the company to cease the trademark infringement from the date of decision onwards and ordered the Company and the distributor to compensate the Plaintiff for the expenses of CNY150,000 (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 CNY195,680.40 (approximately Baht 0.85 million) for the second case within 10 days from the date the decision came into effect. Accordingly, the Company filed an appeal for both cases to the Intellectual Property Court of Shanghai on February 5, 2020. The Company has recorded such amount (CNY 345,680.40 or equal to 1.51 million Baht) as an expense in the statement of profit or loss for the year ended December 31, 2019.

22. FINANCIAL INSTRUMENTS

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

As at March 31, 2020

Consolidated and Separate Financial Statements		
Sold amount	**Contractual exchange rate (Baht per 1 foreign currency unit)**	**Contractual maturity date**
USD 2.5 million	30.05 - 32.04	July - September 2020
Bought amount	**Contractual exchange rate (Baht per 1 foreign currency unit)**	**Contractual maturity date**
USD 3.6 million	31.60 - 31.70	September – 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 March 31, 2020	**As at December 31, 2019**	**As at March 31, 2020**	**As at December 31, 2019**		
Financial assets at fair value throught profit or loss - equity securities	1,775	2,742	-	-	Level 1	Use of quoted market prices in an active market for such assets or liabilities
Financial assets at fair value throught other comprehensive income - open - ended fixed	124,941	4,871	124,941	4,871	Level 2	Use of other observable inputs for such assets or liabilities,whether directly or indirectly
Investment property	42,162	42,162	42,162	42,162	Level 2	Use of other observable inputs for such assets or liabilities, whether directly or indirectly

24. TREASURY SHARES REPURCHASE

On March 26, 2020, the Board of Directors' Meeting of the Company approved the treasury shares repurchase for financial management during 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. As at the date of approval of interim financial statement, the Company has not repurchased any treasury shares.

25. RECLASSIFICATIONS

Certain transactions in the consolidated and separate financial statements as at December 31, 2019, and for the three-month period ended March 31, 2020 have been reclassified to conform to the classifications used in the current period's financial statements. Such reclassifications have no impact on the previously reported net profit, total comprehensive income and the shareholders' equity. The reclassifications are as follows:

Transaction	Previous presentation	Current presentation	Amount (Thousand Baht)	
			Consolidated Financial Statements	Separate Financial Statements
Statement of financial position as at December 31, 2019				
Investment in securities held for trading and available-for-sale securities	Temporary investment	Other current financial assets	7,613	4,871
Dividends payable	Other current liabilities	Dividends payable	3,530	3,530
Statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2019				
Indirect discount to customers	Distribution costs	Revenue from sales	41,626	41,626
Interest income from borrowing	Other income	Finance income	11	70

26. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved for issue by the Board of Directors of the Company on May 11, 2020.