

**PP PRIME PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
INTERIM FINANCIAL INFORMATION
MARCH 31, 2020
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW
OF INTERIM FINANCIAL INFORMATION**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of PP PRIME Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2020, the related consolidated and separate statements of comprehensive income for three-month periods ended March 31, 2020, the consolidated and separate statements of changes in shareholders' equity, and the consolidated and separate statements of cash flows for three-month period ended March 31, 2020 and the condensed notes (interim financial information) of PP PRIME Public Company Limited and its subsidiaries and PP PRIME Public Company Limited, respectively. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

Except for the matters discussed in the next paragraph, I conducted my reviews in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the reviewed interim financial information.

Basis for Qualified Conclusion

Refer to Note 23 on June 21, 2018, the subsidiary entered into a Memorandum of Understanding (MOU) with the first buyer in the sell agreement of 15 geothermal power plants in Japan at a price of Yen 320 million per plant, a total of Yen 4,800 million. with the subsidiary receiving a deposit of Yen 200 million and the remaining Yen 4,600 million. Buyers will pay within February 2019.

On February 21, 2019, the first buyer transferred the rights and obligations under the Memorandum of Understanding (MOU) to the second buyer. (which has common director with a subsidiary who sells the property) and extended for June 30, 2019.

On February 25, 2019, a subsidiary and the second buyer has entered into agreements, with an agreement that the second buyer will pay second deposit of Yen 400 million and transfer of 25 percent of the second buyer company to the subsidiary company by March 15, 2019 and the subsidiary company will transfer the ownership of four power plants (part of the 15 plants) to the second buyer within 15 days from receipt of payment.

On April 5, 2019, a subsidiary enters into sell agreement of four geothermal power plants (part of the 15 plants) that consisted of P-Power (2 locations) and Lena – 1 (2 locations) with second buyer value Yen 800 million. Buyer will pay Yen 400 million within 2 weeks after contract signing and Yen 400 million within 1 year after contract signing. With the addition memorandum that second buyer could terminate the sell agreement of four geothermal power plants if the contract is not approved by the Company board of directors. However, until present there is no approval resolution of the board of directors.

On April 11, 2019, the subsidiary received Yen 400 million from the second buyer. The subsidiary received totaling of Yen 600 million (approximately THB 165.56 million) and recorded as other current liability.

On July 23, 2019, the subsidiary received an order from the second buyer to transfer Yen 16.96 million (approximately THB 4.75 million) to two companies which are creditors of second buyer. A subsidiary paid according to the order and recorded as other current asset.

According to the minute of board of director meeting No. 22/2019 on December 23, 2019, the company requested the second buyer pay the remaining amount of Yen 4,200 million to the subsidiary within January 31, 2020, informed second buyer that if they do not pay, the company will terminate the sell agreement and forfeit the deposit of Yen 600 million, and to seek new investor, to improve production effectiveness, and acknowledged the unpermitted contract approval of a subsidiary in Japan. A Japanese legal advisor suggested the company that by Japanese law it has to prove the true intention of the contract approval. If it did not present a true intention, this contract becomes invalid. If the company could prove that the first director approved the contract instead of second director, this contract is not binding the subsidiary.

On December 25, 2019 the company issued notice to the second buyer to pay the remaining balance, and confirmed the sell value of Yen 320 million per each geothermal power plant, and rejected proposal from second buyer to purchase four geothermal power plant at Yen 200 million per plant. The notice requested the second buyer to pay the remaining balance of the Memorandum of Understanding (MOU) dated June 21, 2018 of Yen 4,200 million within January 31, 2020 otherwise the company will terminate to sell agreement and forfeit the deposit.

According to the minute of board of director meeting No. 1/2020 on February 5, 2020, the company acknowledged the progress of sell agreement of 15 geothermal power plants, at present the second buyer did not pay the remaining balance to the company, therefore the management will consult with legal council to forfeit the deposit of Yen 600 million.

On February 24, 2020 we acknowledged report of auditor of the subsidiary, the auditor report presented disclaimer of opinion to the subsidiary financial statements as at December 31, 2019 due to could not obtain sufficient appropriate audit evidence to the asset transfer agreement dated April 5, 2019. The consequence of the asset transfer agreement of geothermal power plants in Japan is uncertainty and not finalized, and due to the auditor of the subsidiary in Japan could not obtain sufficient appropriate audit evidence of the asset transfer agreement as presented above and to date, the above matter has not yet been settled. Therefore we could not find sufficient appropriate audit evidence regarding the binding effect of the above contracts. Therefore we could not propose any audit adjustment that needs to adjust due to the consequence of the agreement that has impact to the financial statements, referred to as a limitation by circumstance.

Qualified conclusion

Except for any adjustments that might be required as a result of the matters discussed in the Basis for Qualified Conclusion paragraph, based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 “Interim Financial Reporting”.

Emphasis of matter

Without expressing a qualified conclusion on the aforementioned interim financial information, I draw attention to the following notes to the interim financial statements:

1. Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 of the consolidated financial statements relating to the going concern of the Group. The consolidated statements of financial position. As at March 31, 2020, the group has current liabilities exceeds current assets amounting to Baht 797 million (the company Baht 1,109 million), and the group of the company had continuous operating loss. In addition, as at March 31, 2020 the group of company had debt to equity ratio of 6.01 which is higher than stated in the loan covenant of the loan agreement. Thus the group of company has to request the waiver from creditors, if the creditors did not approve the group of company has to seeking for fund to repay loan as said. Situation and circumstance indicated the material uncertainty exists that may cast significant doubt on the Group of company ability to continue as a going concern.

2. Transactions with related parties

I draw attention to Note 23 on February 21, 2019, the first buyer. Transferred the rights and obligations under the Memorandum of Understanding (MOU) in the sale of 15 geothermal power plants in Japan to the second buyer (which has common director with a subsidiary who sells the property) And extended to June 30, 2019.

3. The impact of the COVID-19

I draw attention to Note 2.3 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month period ended March 31, 2020, the Group has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives Dealing with The Impact of COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

Other Matter

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Group for the accounting period of 2020 yet. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Group for the accounting period of 2020. I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated March 27, 2020.

(Mr. Jadesada Hungsapruet)

Certified Public Accountant

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand

May 14, 2020

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2020

(Unit : Thousand Baht)

	(Unit : Thousand Baht)				
	Consolidated financial statements		Separate financial statements		
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	
	"UNAUDITED"	"UNAUDITED"	"UNAUDITED"	"UNAUDITED"	
Note	"REVIEWED"	"AUDITED"	"REVIEWED"	"AUDITED"	
Assets					
Current assets					
Cash and cash equivalents		61,630	45,537	21,915	17,103
Trade and other current receivables	3, 4	234,539	285,383	168,605	278,836
Short - term loans	3, 9	68,994	63,233	-	-
Inventories	5	187,841	220,133	53,092	54,526
Other current financial assets	6	12	34	12	34
Other current assets		12,765	14,505	2,078	2,711
Total current assets		565,781	628,825	245,702	353,210
Non - current assets					
Other non - current financial assets	7	3,450	3,450	3,450	3,450
Investments in subsidiaries and associates	8	-	-	1,475,646	1,475,646
Trade and other non - current receivables	4	-	-	-	-
Long - term loans	3, 9	-	-	381,437	374,030
Investment properties	10	84,456	85,418	84,456	85,418
Property, plant and equipment					
Land Revaluation	11	437,258	436,001	100,368	100,368
Plant and machine	12	674,229	674,441	39,607	40,827
Property, plant and equipment not used in operations	13	300,783	267,318	3,365	3,365
Right-of-use assets	14	250	-	250	-
Goodwill		7,003	6,418	-	-
Other intangible assets	15	119,574	107,574	125	142
Deferred tax assets		63,945	52,808	59,580	48,724
Non - current non - cash assets pledged as collateral	16	40,344	84,307	40,344	84,307
Other non - current assets					
Restricted bank deposits		17,821	17,821	201	201
Advances payment	17	-	-	-	-
Other		12,112	11,639	6,195	6,195
Total other non - current assets		29,933	29,460	6,396	6,396
Total non-current assets		1,761,225	1,747,195	2,195,024	2,222,673
Total assets		2,327,006	2,376,020	2,440,726	2,575,883

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

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MARCH 31, 2020

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
		"UNAUDITED"		"UNAUDITED"	
		"REVIEWED"	"AUDITED"	"REVIEWED"	"AUDITED"
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings from financial institutions	18	120,347	187,295	96,106	163,555
Trade and other current payables	3,19	249,380	250,467	482,757	485,495
Short - term loans	3	301	276	-	-
Current portion of long - term liabilities	20	561,209	527,066	561,209	527,066
Current portion of finance lease liabilities	21	1,498	1,470	1,498	1,470
Current portion of debenture	22	203,169	721,264	203,169	721,264
Current income tax payable		34,240	19,323	-	-
Other current liabilities	23	192,969	178,867	9,675	9,727
Total current liabilities		1,363,113	1,886,028	1,354,414	1,908,577
Non - current liabilities					
Long - term loans	20	-	-	-	-
Liabilities under lease agreements	21	245	437	245	437
Debtenture	22	519,500	-	519,500	-
Deferred tax liabilities		83,245	82,609	18,475	18,873
Non - current provisions for employee benefits		28,321	27,094	13,193	12,584
Other non - current liabilities		798	731	799	731
Total non - current liabilities		632,109	110,871	552,212	32,625
Total liabilities		1,995,222	1,996,899	1,906,626	1,941,202

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

MARCH 31, 2020

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		March 31, 2020 "UNAUDITED" "REVIEWED"	December 31, 2019 "AUDITED"	March 31, 2020 "UNAUDITED" "REVIEWED"	December 31, 2019 "AUDITED"
Shareholders' equity					
Share capital					
Authorized share capital					
Registered 1,126,101,375 ordinary shares of Baht 1 each	25	1,126,101	1,126,101	1,126,101	1,126,101
Issued and paid share capital					
Registered 688,066,476 ordinary shares of Baht 1 each		688,067	688,067	688,067	688,067
Share premium - ordinary shares		612,680	612,680	612,680	612,680
Capital reserve for share-based payment transactions		41,479	41,479	41,479	41,479
Retained earnings					
Appropriated - Legal reserve		56,845	56,845	56,845	56,845
Unappropriated		(1,194,365)	(1,152,440)	(860,450)	(766,307)
Other components of shareholders' equity		127,078	132,490	(4,521)	1,917
Total shareholders' equity		331,784	379,121	534,100	634,681
Total liabilities and shareholders' equity		2,327,006	2,376,020	2,440,726	2,575,883

Director

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STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Revenues from sales		434,897	512,081	359,112	422,763
Other income					
Gain on investments in securities		-	1,225	-	1,225
Interest income		536	1,430	402	4,260
Profit on foreign exchange		20,005	-	-	13,032
Other		4,469	2,181	9,824	1,543
Total revenues		459,907	516,917	369,338	442,823
Expenses					
Cost of sales		358,515	433,438	308,547	386,019
Cost of distributions		20,638	21,569	20,638	21,569
Administrative expenses		57,570	61,066	38,269	39,076
Other expenses					
Loss on investment in securities		20	-	20	-
Loss on foreign exchange		-	5,829	46,402	-
Finance costs		24,219	33,828	23,333	33,645
Total expenses		460,962	555,730	437,209	480,309
Share of loss from investments in associates	8	-	-	-	-
Profit (loss) before income tax expenses		(1,055)	(38,813)	(67,871)	(37,486)
Tax expenses (tax Income)		4,954	11,709	(9,644)	4,784
Profit (loss) for the period		(6,009)	(50,522)	(58,227)	(42,270)

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
 FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

"UNAUDITED"

"REVIEWED"

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income :					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period :</i>					
Exchange differences on translation of financial statements in foreign currency		1,026	(9,227)	-	-
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent period :</i>					
Gain (losses) on investment in equity designated at fair value through other comprehensive income		(42,354)	43,492	(42,354)	43,492
Other comprehensive income (expense) for the period		(41,328)	34,265	(42,354)	43,492
Total comprehensive income (expense) for the period		(47,337)	(16,257)	(100,581)	1,222
Earning (Loss) per share (Baht: Shares)	27	(0.01)	(0.09)	(0.08)	(0.08)

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

"UNAUDITED"
 "REVIEWED"

(Unit : Thousand Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
						Other components of shareholders' equity				
						Other comprehensive income				
	Issued and fully paid - up share capital	Share premium - ordinary shares	Capital reserve for share - based payment transactions	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Gain (losses) on investment in equity designated at fair through other comprehensive income	Revaluation surplus	Total other components of shareholders' equity	Total shareholders' equity
			Appropriated	Unappropriated						
Balance as at January 1, 2020	688,067	612,680	41,479	56,845	(1,152,440)	(64,204)	(68,252)	264,946	132,490	379,121
Changes in shareholders' equity :										
Total comprehensive income (expense) for the period	-	-	-	-	(6,009)	1,026	(42,354)	-	(41,328)	(47,337)
Transfer to retained earnings (loss)	-	-	-	-	(35,916)	-	35,916	-	35,916	-
Balance as at March 31, 2020	688,067	612,680	41,479	56,845	(1,194,365)	(63,178)	(74,690)	264,946	127,078	331,784
Balance as at January 1, 2019	563,051	489,125	41,479	56,845	308,155	(36,827)	(608,818)	-	(645,645)	813,010
Changes in shareholders' equity :										
Total comprehensive income (expense) for the period	-	-	-	-	(50,522)	(9,227)	43,492	-	34,265	(16,257)
Balance as at March 31, 2019	563,051	489,125	41,479	56,845	257,633	(46,054)	(565,326)	-	(611,380)	796,753

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

"UNAUDITED"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

(Unit : Thousand Baht)

	Separate financial statements								
							Other components of shareholders' equity		
							Other comprehensive		
							income		
Issued and fully paid - up share capital	Share premium - ordinary shares	Capital reserve for share - based payment transactions	Retained earnings		Gain (losses) on investment in equity designated at fair through other comprehensive income	Revaluation surplus	Total other components of shareholders' equity	Total shareholders' equity	
			Appropriated	Unappropriated					
Balance as at January 1, 2020	688,067	612,680	41,479	56,845	(766,307)	(68,252)	70,169	1,917	634,681
Changes in shareholders' equity :									
Total comprehensive income (expense) for the period	-	-	-	-	(58,227)	(42,354)	-	(42,354)	(100,581)
Transfer to retained earnings (loss)	-	-	-	-	(35,916)	35,916	-	35,916	-
Balance as at March 31, 2020	688,067	612,680	41,479	56,845	(860,450)	(74,690)	70,169	(4,521)	534,100
Balance as at January 1, 2019	563,051	489,125	41,479	56,845	826,772	(608,818)	-	(608,818)	1,368,454
Changes in shareholders' equity :									
Total comprehensive income (expense) for the period	-	-	-	-	(42,270)	43,492	-	43,492	1,222
Balance as at March 31, 2019	563,051	489,125	41,479	56,845	784,502	(565,326)	-	(565,326)	1,369,676

CASH FLOWS STATEMENTS

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before income tax expenses	(1,055)	(38,813)	(67,871)	(37,486)
Adjustments to reconcile profit (loss) to cash received (paid)				
Adjusted financial costs	24,219	33,828	23,333	28,625
Adjusted trade accounts and other current receivables (increase) decrease	37,409	40,389	96,694	10,769
Adjusted inventories (increase) decrease	32,896	45,872	1,845	(1,065)
Adjusted other assets (increase) decrease	1,267	4,263	633	(477)
Adjusted trade accounts and other current payable increase (decrease)	47,837	(8,007)	(2,232)	61,628
Adjusted other liabilities increase (decrease)	14,169	(1,013)	16	51
Depreciation and amortization	29,750	37,523	2,381	1,290
Adjusted provisions for employee benefits (reversal)	1,227	1,016	609	520
Adjusted unrealised on exchange loss (gain)	(20,005)	(27,387)	46,402	(13,032)
Adjusted bad debts and doubtful accounts (reversal)	13,660	12,292	13,588	12,292
Adjusted other reconcile profit (loss)				
- Loss (gain) on sales of available for sale securities	2	(1,225)	2	(1,225)
- Loss (gain) on sales of equipment	-	131	-	-
- Reversal of reduce cost of inventories to net realisable value	(603)	(143)	(411)	-
- Interest income	(536)	(1,430)	(402)	(4,261)
Total adjustment to reconcile profit (loss)	181,292	136,109	182,458	95,115
Net cash provided by (used in) operating activities	180,237	97,296	114,587	57,629
Interest expenses	(4,412)	(78,236)	(21,514)	(23,675)
Tax received (paid)	1,070	(5,175)	-	-
Net cash provided by (used in) operating activities	176,895	13,885	93,073	33,954

CASH FLOWS STATEMENTS (CONTINUED)

"REVIEWED"

FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
(Increase) decrease in restricted bank deposits	-	(30)	-	(30)
Cash paid Acquisition of investments in subsidiaries	-	-	-	(14,620)
Cash received from sales other equity instrument	20	7,352	20	7,352
Cash paid for purchases other equity instrument	-	(6,126)	-	(6,126)
Cash received from property, plant and equipment	-	11	-	-
Cash paid for property, plant and equipment	(3,171)	(1,914)	(140)	(1,026)
Cash paid for intangible assets	-	(89)	-	-
Cash received from loans to other person or parties	-	1,759	(7,407)	-
Interest income	311	420	350	291
Net cash provided by (used in) investing activities	(2,840)	1,383	(7,177)	(14,159)
Cash flows from financing activities				
Cash received from borrowing				
From bill of exchange	-	47,000	-	47,000
From debenture	-	207,600	-	207,600
Cash received for borrowing from related parties	-	287	-	-
Cash paid for repayment of borrowing				
Cash paid for repayment of bill of exchange	(24,000)	-	(24,000)	-
Borrowing from financial institutions	-	(275,010)	-	(275,010)
Long-term borrowing from financial institutions	(12,766)	(12,766)	(12,766)	(12,766)
Cash paid for repayment of liabilities under long - term lease agreements	(467)	(608)	(467)	(608)
Accounts payable - trust receipts increases	(43,957)	(13,940)	(43,957)	(13,940)
Bank overdrafts increase (decrease)	607	27,287	106	27,287
Payment of front end fee and debenture issuing costs	-	(8,330)	-	(8,330)
Net cash provided by (used in) financing activities	(80,583)	(28,480)	(81,084)	(28,767)

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
CASH FLOWS STATEMENTS (CONTINUED)
FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2020

"UNAUDITED"
"REVIEWED"

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Net cash and cash equivalents increase (decrease)				
before effect of exchange rate	93,472	(13,212)	4,812	(8,972)
Effect of exchange rate to cash and cash equivalents	(77,379)	18,703	-	-
Net in cash and cash equivalents increase (decrease)	16,093	5,491	4,812	(8,972)
Cash and cash equivalents at beginning of the period	45,537	20,506	17,103	16,396
Cash and cash equivalents from discontinued operations at the end of the period	-	(7,215)	-	-
Cash and cash equivalents at ending of the period	61,630	18,782	21,915	7,424

Supplemental Disclosure of Cash flows information

Non - cash items

Right-of-use assets	292	-	292	-
Disposal groups classified as held for sale	-	1,166,641	-	-
Past of liabilities in disposal groups classified as held for sale	-	121,419	-	-

The partial business transfer to Thai Luxe Enterprises (Thailand) Co.,Ltd.

by Net book Value of assets and liabilities are as follows:

Inventories	-	-	-	198,686
Other current assets	-	-	-	613
Property, plant and equipment	-	-	-	563,097
Other intangible assets	-	-	-	415
Other non - current assets	-	-	-	78
Non - current provisions for employee benefits	-	-	-	10,538

1. GENERAL INFORMATION

1.1 Corporate information

PP PRIME Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of feeds for aquatic animals. The registered office of the Company is at 69/5 Moo 5 Rama 2 Road (Km. 71) Tambol Bangkhantaek, Amphur Muang, Samutsongkhram.

1.2 Going concern

As at March 31, 2020, the Group has current liabilities exceeds current assets amounting to Baht 797 million (the Company of Baht 1,109 million), and the group of the company had continuous operating loss. Most of current liabilities consisted of promissory notes from financial institutions amount of Baht 36 million and 60 million respectively those mature in second and third quarters of 2020, debenture amount of Baht 207.60 million that mature in first quarters of 2021 and long-term loan from financial institutions of Yen 1,843 million (approximately Baht 561 million). In addition, as at March 31, 2020, the Group of company has a debt to equity ratio of 6.01, which is higher than stated in the loan covenant of the loan agreement. Thus the group of company has to request the waiver from creditors, if the creditors did not approve the group of company has to seeking for fund to repay loan as said.

In addition, during the year 2020, the management of the Group performed the operations as follow:

- The Company has plans to dispose of assets and collateral of the debentures, including Investments in securities in type Equity securities, and assets that are not used to operate in order to redeem the debentures and promissory notes from financial institutions and settle its loans from financial institutions and future obligations as they come due.

These events or circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. However the management believes that the group will have sufficient fund for operations and future obligations, thus the management of the group believe that the Group has ability to continue as a going concern and using the going concern basis of accounting.

The consolidated and separate financial statements do not include any adjustments to the reclassification or carrying value of assets and liabilities that necessary should if the Group and the Company be unable to continue their operations as going concerns. If the Group and the Company were unable to continue as going concerns, the realizable value of assets may be significantly less than their current carrying value and additional liabilities may be incurred.

2. BASIS FOR INTERIM FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis for interim financial statements preparation

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No.34: “Interim financial reporting”, whereby the Company chooses to present condensed interim financial statements. However, additional line items are presented in the financial statements to bring them into the full format similar to the annual financial statements.

The interim financial statements are prepared to provide information in addition to those included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances to avoid repetition of information previously reported. These interim financial statements should, therefore, be read in conjunction with the financial statements for the year ended December 31, 2019.

The interim financial statements are officially prepared in Thai language. The translation of these statutory financial statements to other language must conform to the Thai financial report.

2.2 Principles of consolidation

The consolidated financial statements have been prepared by including the financial statements of PP PRIME Public Company Limited and its subsidiary and also have been using the same principle of computation as were used in the consolidated statement for the year ended December 31, 2019.

2.3 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2.4 Significant accounting policies

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended December 31, 2019.

2.4.1 Financial reporting standards that becomes effective for fiscal years beginning on or after January 1, 2020.

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations including new accounting treatment guidance, which are 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 clarifying accounting treatment and providing accounting guidance for users of the standards.

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of six accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

TFRS 16 Leases

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 supersedes TAS 17 leases together with related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting for the lessor has not changed significantly from TAS 17, the lessor must still classify leases as operating leases or lease financing on the basis of the same TAS 17.

Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

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

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

2.4.2 Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard.

As described in Note 2.4.1 to the interim financial statements, during the current period, the Company and its subsidiaries have adopted TFRS related to financial instruments and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of initially applying TFRS related to financial instruments and TFRS 16 is recognised. Therefore, the comparative information was not restated.

There is no effect of the changes in accounting policies due to the early adoption of TFRS related to financial instruments and TFRS 16 Leases on the beginning balance of retained earnings for 2020.

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The amounts of adjustments affecting the statements of financial position as at January 1, 2020, due to the adoption of these financial reporting standards comprise:

(Unit: Thousand Baht)

	Consolidated			
	The effect of			
	December 31, 2019	TFRS related to		January 1, 2020
		financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current financial assets	-	34	-	34
Other investments	34	(34)	-	-
Non-current assets				
Other non-current financial assets	-	3,450	-	3,450
Right-of-use assets	-	-	292	292
Non-current non-cash assets pledged as collateral	-	84,307	-	84,307
Other long - term investments	87,757	(87,757)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Lease liabilities - current portion	1,470	-	161	1,631
Non-current liabilities				
Lease liabilities - net of current portion	437	-	131	568

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(Unit: Thousand Baht)

	Separate			January 1, 2020
	December 31, 2019	The effect of		
		financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current financial assets	-	34	-	34
Other investments	34	(34)	-	-
Non-current assets				
Other non-current financial assets	-	3,450	-	3,450
Right-of-use assets	-	-	292	292
Non-current non-cash assets pledged as collateral	-	84,307	-	84,307
Other long - term investments	87,757	(87,757)	-	-
Liabilities and shareholders' equity				
Current liabilities				
Lease liabilities - current portion	1,470	-	161	1,631
Non-current liabilities				
Lease liabilities - net of current portion	437	-	131	568

a) Financial instruments

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at January 1, 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through		Amortised cost	Total
		Fair value through profit or loss	other comprehensive income		
Financial assets as at January 1, 2020					
Cash and cash equivalents	45,537	-	-	45,537	45,537
Trade account and other current	285,383	-	-	285,383	285,383
Short-term loans	63,233	-	-	63,233	63,233
Other current financial assets	34	-	34	-	34
Other non-current financial assets	3,450	3,450	-	-	3,450
Non-current non-cash assets pledged as collateral	84,307	-	84,307	-	84,307
Total financial assets	481,944	3,450	84,341	394,153	481,944

(Unit: Thousand Baht)

	Separate				
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through		Amortised cost	Total
		Fair value through profit or loss	other comprehensive income		
Financial assets as at January 1, 2020					
Cash and cash equivalents	17,103	-	-	17,103	17,103
Trade account and other current	278,836	-	-	278,836	278,836
Other current financial assets	34	-	34	-	34
Other non-current financial assets	3,450	3,450	-	-	3,450
Non-current non-cash assets pledged as collateral	84,307	-	84,307	-	84,307
Total financial assets	383,730	3,450	84,341	295,939	383,730

As at January 1, 2020, the Company and its subsidiaries do not stipulations any financial liabilities to be measured at fair value through profit or loss

b) Leases

Upon initial application of TFRS 16 the Company and its subsidiaries recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company and its subsidiaries’ incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company and its subsidiaries recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

Less: Short-term lease contracts which are recognized as expenses on a straight-line method

Less: Leases which the underlying assets have low value which are recognized as expenses on a straight-line method

	(Unit : Thousand Baht)	
	Consolidated	Separate
Operating lease commitments disclosed		
as at December 31, 2019	2,567	1,823
Less: Short-term leases recognised on		
a straight-line basis as expense	(874)	(766)
Less: Low value leases recognised on		
a straight-line basis as expense	(102)	(102)
Less: Contracts reassessed as service		
agreements	(1,276)	(640)
	315	315
Less : Deferred interest expenses	(23)	(23)
Increase in lease liabilities due to TFRS 16 adoption	292	292
Liabilities under finance lease agreements		
as at December 31, 2019	1,907	1,907
Lease liabilities recognised as at January 1, 2020	2,199	2,199
The above lease liabilities comprise of:		
Current lease liabilities	1,631	1,631
Non-current lease liabilities	568	568
	2,199	2,199

The adjustment of right-of-use assets due to TFRS 16 adoption as at January 1, 2020 are summarised below:

	(Unit : Thousand Baht)	
	Consolidated	Separate
Buildings and building improvements	292	292
Total right-of-use assets	292	292

2.5 Estimation

When preparing the interim financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation were the same as those applied in the preparation of annual financial statements for the year ended December 31, 2019.

3. RELATED PARTY TRANSACTIONS

During the period, the Company and its subsidiaries 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 Company and related parties.

Name	Type of Business	Type of Relationship
Thailuxe Enterprises (Thailand) Co., Ltd.	Manufacturing of aquatic animals feed and pet feed	Direct shareholder and common management team
Thuxe Global Business Co., Ltd.	Distribution of material animals feed	Direct shareholder and common management team
Thuxe Power Co., Ltd.	Investment in energy business	Direct shareholder and common management team
P PRIME SINGAPORE PTE. LTD.	Investment in real estate	Direct shareholder and common management team
Thuxe Investments Limited	Investment in energy business	Direct shareholder via subsidiary
Origin Power Investment Co., Ltd.	Investment in energy business	Direct shareholder via subsidiary
Thuxe Holdings Limited	Investment in energy business	Indirect shareholder via subsidiary
Geothermal Power A Company Limited	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Geothermal Power B Company Limited	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Wind Power A Co., Ltd.	Wind power plant business	Indirect shareholder via subsidiary
PPSN Co., Ltd.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Sumo Power Co., Ltd.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
P Green Energy Company Limited	Consulting, management and Business planing	Indirect shareholder via subsidiary
Fino Binary Power Plant LLC.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary

Name	Type of Business	Type of Relationship
NIS Binary Power Plant LLC.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Lena Power Station No.1 LLC.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
SNS Power Co., Ltd.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Dual Energy Binary - Power Plant No.1 LLC.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
Otomeyama Energy Co., Ltd.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
S - Power Co., Ltd.	Produce electricity from geothermal energy	Indirect shareholder via subsidiary
M-Luxe Energy Co., Ltd.	Hot spring development	Associated company via the Company
Aulux Power Co., Ltd.	Wind power	Common director
Nutrix Pub Co., Ltd.	Manufacture of prepared feeds for pets	Common shareholders
Asia Capital Group PCL.	Financial management consultancy	Common shareholders
Beppu Forest Power Co., Ltd.	Energy	Common director with a subsidiary

3.1 The significant transactions with related parties for the three – month period ended March 31, 2020 and 2019 are as follows:

	(Unit: Million Baht)				Transfer pricing policy
	For the three – month period ended March 31				
	Consolidated financial statements		Separate financial statements		
	2020	2019	2020	2019	
Sales of goods					
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	-	5.61	Cost prices
Nutrix Pub Co., Ltd.	52.41	41.81	-	-	Cost plus contract rate
Service income					
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	7.25	-	Contract prices
Income from sale of property assets					
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	-	789.39	Book value (Note 3.4)
Interest income					
Tluxe Power Co., Ltd.	-	-	0.05	2.32	6 – 8.25 percent per annum
Sumo Power Co., Ltd.	-	-	-	1.65	8 percent per annum
P Green Energy Company Limited	-	-	-	0.08	6.50 percent per annum
M-Luxe Energy Co., Ltd.	-	0.50	-	-	3 percent per annum
Aulux Power Co., Ltd.	0.01	-	-	-	3 percent per annum
Purchase of goods					
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	307.10	386.96	Cost plus contract rate
Purchase of raw materials					
Nutrix Pub Co., Ltd.	16.73	13.02	-	-	Market prices
Consulting fee					
Nutrix Pub Co., Ltd.	0.76	0.76	-	-	Contract prices

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3.2 The balances of the accounts as at March 31, 2020 and December 31, 2019 between the Company and its related parties are as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March	December	March	December
	31, 2020	31, 2019	31, 2020	31, 2019
Trade receivables – related parties (Note 4)				
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	-	43,957
Nutrix Pub Co., Ltd.	13,652	7,349	-	-
Total trade receivables – related parties	13,652	7,349	-	43,957
Other current receivables – related parties (Note 4)				
PPSN Co., Ltd.	-	-	1,785	1,628
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	337	337
Geothermal Power A Company Limited	-	-	10,806	10,806
Thuxe Global Business Co., Ltd.	-	-	344	344
Thuxe Power Co., Ltd.	-	-	632	435
M-Luxe Energy Co., Ltd.	1,756	1,434	-	-
Aulux Power Co., Ltd.	128	117	-	-
Related party (director of subsidiaries)	33	30	-	-
Total other current receivables – related parties	1,917	1,581	13,904	13,550
Total trade and other current receivables – related parties	15,569	8,930	13,904	57,507
Trade payables – related parties (Note 19)				
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	426,785	422,584
Nutrix Pub Co., Ltd.	10,858	6,446	-	-
Total trade payables – related parties	10,858	6,446	426,785	422,584
Other current payables – related parties (Note 19)				
Thailuxe Enterprises (Thailand) Co., Ltd.	-	-	10,538	10,538
Nutrix Pub Co., Ltd.	-	3,846	-	-
Aulux Power Co., Ltd.	10	8	-	-
Dual Energy Co., Ltd.	5	4	-	-
Related party (Formerly director of subsidiaries)	1,031	1,090	-	-
Total other current payables – related parties	1,046	4,948	10,538	10,538
Total trade and other current payables – related parties	11,904	11,394	437,323	433,122

loans to related parties

loans to related parties there are significant movements during the period as follows:

		(Unit : Thousand Baht)			
		Consolidated financial statements			
Loans to related parties	Type of Relationship	Balance as at January 1, 2020	Increase (decrease) during the period	Translation adjustment	Balance as at March 31, 2020
M - Luxe Energy Co., Ltd.*	Associated company	70,365	-	6,410	76,775
Aulux Power Co., Ltd.**	Common director	82,644	-	7,529	90,173
Total		153,009	-	13,939	166,948
Less : Allowance for doubtful debts					
M - Luxe Energy Co., Ltd.*		(7,132)	-	(649)	(7,781)
Aulux Power Co., Ltd.**		(82,644)	-	(7,529)	(90,173)
Total		(89,776)	-	(8,178)	(97,954)
Net		63,233	-	5,761	68,994

*The loans to related parties carried interest rate at 3% per year with the maturity date on March 2020, and mature on demand.

**The loans to related parties carried interest rate at 3% per year with the maturity date on March 2020 and on March 2021.

		(Unit : Thousand Baht)			
		Separate financial statements			
Loans to related parties	Type of Relationship	Balance as at January 1, 2020	Increase during the period	Decrease during the period	Balance as at March 31, 2020
Thuxe Power Co., Ltd.	Subsidiary	3,150	-	-	3,150
PPSN Co., Ltd.	Subsidiary	478,600	-	-	478,600
Sumo Power Co., Ltd.	Subsidiary	83,729	-	-	83,729
Geothermal Power A Co., Ltd.	Subsidiary	427	-	-	427
Geothermal Power B Co., Ltd.	Subsidiary	120,441	-	-	120,441
P Green Energy Co., Ltd.	Subsidiary	4,904	7,407	-	12,311
Thuxe Holdings Limited	Subsidiary	350	-	-	350
Total		691,601	7,407	-	699,008
Less : Allowance for doubtful debts					
		(317,571)	-	-	(317,571)
Net		374,030	7,407	-	381,437

The loans to subsidiaries are loans used for investing in the geothermal power plant in Japan. These loans carry interest at rates of 3 – 8 percent per annum and mature on demand. However the Company has no plans to recall the loans within one year and therefore classified them as non-current assets in the financial statements.

Short – term loan

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Increase (decrease)	Translation	Balance as at
	January 1, 2020	during the period	adjustment	March 31, 2020
Aulux Power Co., Ltd.*	276	-	25	301

* The loans to relate parties carried interest rate at 3 percent per annum and are has maturity date in January 2020. At present, is in the process of preparing a new loan agreement and extend the repayment term of the loan which the management expects to be able to conclude the said loan agreement.

3.3 Directors and management’s benefits

For the three-month periods ended March 31, 2020 and 2019, the Company and its subsidiaries has employee benefit expenses payable to their directors and managements as below.

(Unit: Thousand Baht)

	For the three – month period ended March 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short – term employee benefits	5,278	4,795	3,578	3,086
Post – employment benefits	474	254	474	254
Other long – term benefits	4	3	4	3
Total	5,756	5,052	4,056	3,343

3.4 According to the Shareholders’ Meeting of the Company and subsidiary for Business Transfer of animal feed production business to subsidiary.

According to the Extraordinary General Meeting of Shareholders No. 1/2018 on July 16, 2018, approve the business reorganization plan by ways of Partial Business Transfer transaction (PBT). Under the PBT, the Company will transfer partial business of the Company i.e. manufacturing of aquatic animal feed (shrimp feed and fish feed) and pet feed including all assets and liabilities, contracts, licenses, promotional certificates in connection with and used for such business operation including all personnel related thereto, to the newly incorporated subsidiary.

However, the Company and subsidiary have carried out the following:

3.4.1 According to the Shareholders' Meeting of the subsidiary

In Year 2019

At the Annual General Meeting of Shareholders No. 1/2019 of Thai Luxe Enterprises (Thailand) Co., Ltd. on February 8, 2019, the following significant resolutions were made:

1. Approved the amendment of the details of the transfer of the animal feed manufacturing business from PP PRIME Public Company Limited, which consisted of assets, liabilities, business licenses and all employees involved in the business. The business transfer with effect from January 1, 2019 ("Business Transfer Date") would be determined by the book value in accordance with the rules of partial business transfer. The net asset value (total assets of the transferred business deducted by total liabilities of the transferred business) to be transferred accounted for Baht 809,904,400.

However, during the transfer process of such business, it was found that there were some assets that could not be transferred. Therefore, the value of the business transfer was reduced from Baht 809,904,400 to Baht 773,765,631.64. In addition, there were some delayed transfers of certain assets. Hence, Thai Luxe Enterprises (Thailand) Co., Ltd. will issue new ordinary shares to PP PRIME Public Company Limited in the amount of Baht 418,078,470.00 and will make cash payment for the remaining amount of Baht 355,687,161.64. Due to the fact that there are some assets such as real estates, which PP Prime Public Company Limited still cannot transfer ownership to Thai Luxe Enterprises (Thailand) Co., Ltd., Thai Luxe Enterprises (Thailand) Co., Ltd. will make two payments for the remaining amount to PP PRIME Public Company Limited as follows:

- 1) The compensation of business transfer accounted amount of Baht 196,000,000 will be paid within 60 days from the date of the business transfer.
- 2) The remaining amount of the compensation of business transfer accounted for Baht 159,687,161.64 will be periodically paid by the date of Land and Buildings ownership transfer to its relevant.

On April 22, 2019, the Company has paid the remaining amount of the business transfer remuneration.

2. The decision to confirm the capital increase in accordance with the resolution of the Annual General Meeting of Shareholders No.1/2018 of Thai Luxe Enterprises (Thailand) Co., Ltd. as of the receiving of the payment of 43,269,847 shares at par value of Baht 10, accounted for Baht 432,698,470 and the cancellation of the remaining of 37,720,593 shares.
3. An Approval to increase the capital of Thai Luxe Enterprises (Thailand) Co., Ltd. by Baht 196,000,000 by the issuance of 19,600,000 new ordinary shares at a par value of Baht 10, in which to be used as money at full value.
4. Significant resolution implying the amendment of the Memorandum of the Association No. 5 of Thai Luxe Enterprises (Thailand) Co., Ltd. to comply with the capital increase.

The movement of capital shares in 2019 of Thai Luxe Enterprises (Thailand) Company Limited is as follows;

The 1st Increase in capital in 2019

On February 8, 2019, Thai Luxe Enterprises (Thailand) Co., Ltd. registered the capital increase as follows;

1. Thai Luxe Enterprises (Thailand) Co., Ltd. received the transfer of assets relating to an animal feed production business from PP PRIME Public Company Limited who was the previous shareholder, based on the business transfer. The net asset value of Baht 418,078,470 was considered as the payment for shares by the following assets;

1. Remaining inventories balance	Total value 198,696,303.00 Baht
2. Machine and tools	Total value 219,382,167.00 Baht
Total assets value	Amount 418,078,470.00 Baht

Thai Luxe Enterprises (Thailand) Co., Ltd. issued 41,807,847 new ordinary shares at a par value of Baht 10 per share, accounted for Baht 418,078,470.00 to PP PRIME Public Company Limited, in the implication that PP Public Company Limited had fully paid for the capital shares.

2. Thai Luxe Enterprises (Thailand) Co., Ltd. received the payment of the additional capital shares accounted for Baht 14,620,000.00 for the quantity of 1,462,000 shares under a par value of Baht 10 from PP PRIME Public Company Limited.

Thai Luxe Enterprises (Thailand) Co., Ltd. issued 1,462,000 new ordinary shares at a par value of Baht 10, accounted for Baht 14,620,000.00 to PP PRIME Public Company Limited.

Thai Luxe Enterprises (Thailand) Co., Ltd. proceeded the registration of the capital increase and amendment of the Memorandum of Association of Thai Luxe Enterprises (Thailand) Co., Ltd. in order to comply with the capital increase, to the Department of Business Development Ministry of Commerce on February 8, 2019.

The 2nd Increase in capital in 2019

On February 15, 2019, Thai Luxe Enterprises (Thailand) Co., Ltd. received the payment for the capital increase as the amount of Baht 196,000,000 under 19,600,000 shares at a par value of Baht 10 from PP PRIME Public Company Limited.

Thai Luxe Enterprises (Thailand) Co., Ltd. proceeded the registration of the capital increase and amendment of has the Memorandum of Association of Thai Luxe Enterprises (Thailand) Co., Ltd. in order to comply with the capital increase, to the Department of Business Development Ministry of Commerce on February 15, 2019.

The 3rd Increase in capital in 2019

On May 2, 2019, Thai Luxe Enterprises (Thailand) Co., Ltd. received the payment for the capital increase as the amount of Baht 159,687,160 under 15,968,716 shares at a par value of Baht 10 from PP PRIME Public Company Limited.

Thai Luxe Enterprises (Thailand) Co., Ltd. proceeded the registration of the capital increase and amendment of has the Memorandum of Association of Thai Luxe Enterprises (Thailand) Co., Ltd. in order to comply with the capital increase, to the Department of Business Development Ministry of Commerce on May 2, 2019.

3.4.2 Business Transfer of animal feed manufacturing business to Thai Luxe Enterprises (Thailand) Co., Ltd.

Assets and Liabilities transferred in 2019 are as followings;

	(Unit : Baht)
	<u>Assets and Liabilities transferred between companies</u>
Current Assets	
Ending inventories balance	198,696,303
Other receivables	612,894
Non – current Assets	
Property, plant and equipment	64,666,270
Plant	216,201,311
Building	45,436,435
Machine	154,894,458
Land improvement	17,346,164
Shrimp pond	1
Fish pond	5,041
Artesian well	59,426
Factory equipment	32,194,883
Tools	20,703,423
Research tools	2,873
Office supplies	7,264,610
Office equipment	2,923,316
Decoration	1,136,902
Vehicle	13
Software	8,523,710
Office tools	261,707
Software waiting to be installed	2,758,103
Other non – current assets	77,790
	<u>773,765,633</u>

According to the Board of Directors Meeting 22/2019 dated December 23, 2019, the meeting acknowledged the progress of the partial business transfer. In December 2019, the company received a notification from the revenue department regarding request of tax exemption from the transfer of part of the Company's business that the company did not comply to a specific criteria for tax exemption on the transfer of some businesses.

However, the Revenue department concluded noticed that the company is not approved the request to waive the specific business tax (for real estate) and VAT (for real estate) due to total assets of Thailuxe Enterprises (Thailand) Co., Ltd. has less assets transferred from the Company. The Revenue department has proposed alternatives to resolve this request in two alternatives as follow:

- 1) To cancel or reverse the entire business transfer (that no transactions occurred). However this way will impact that the company guarantee the debenture 1/2019 by common share of Thailuxe Enterprises (Thailand) Co., Ltd.
- 2) No tax exemption and consider as a sale of property as real estate (not transfer land) including plant, machinery, raw materials, and finished goods in Petchaburi and Songkhla. The ownership transfer tax is waived, but has to pay VAT 7% and 2 times of penalty and surcharge of 1.5% per month, total VAT payment is approximately Baht 25 million.

In the year 2019, the company recorded an penalty and surcharge of Baht 25 million in the financial statements of the year 2019.

According to the Board of Directors Meeting 1/2020 dated February 5, 2020, there are important resolutions are as follows:

1. Resolved that the Company does not comply with the tax exemption conditions for the business transfer of the IRS. Therefore, the company is not authorized to waive specific business tax (for real estate) and VAT (for real estate). The Company has to pay tax, there are 2 alternatives to consider:

- 1) To request Revenue department to notify the Company that there is no tax exemption. Therefore, in this case the Revenue department will consider reducing VAT penalty to the Company approximately 50% of the tax that is required.
- 2) If the Company makes a letter of consent to withdraw the business transfer request the Company will be exempted the VAT penalty approximately 100% of the tax that is required.

2. Do not withdraw business transfer requests, for tax exemption on business transfers.

The assets which the Company has transferred to the subsidiaries are not yet able to transfer the legal ownership to the subsidiaries. However, the subsidiary company has the ability to give usage instructions and the benefit from the assets from the normal production of the subsidiary company.

4. TRADE AND OTHER CURRENT RECEIVABLES

4.1 Trade and other current receivables

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Trade receivables				
Trade receivables – related party (Note 3.2)	13,652	7,349	-	43,957
Trade receivables – unrelated parties	193,863	257,463	175,969	244,099
Less: Allowance for doubtful debts	(24,646)	(25,375)	(24,574)	(25,375)
Total trade receivables – net	182,869	239,437	151,395	262,681
Other current receivables				
Amounts due from related parties (Note 3.2)	1,917	1,581	2,979	2,676
Amounts due from unrelated parties	49,528	44,188	3,305	2,605
Interest receivable – related parties (Note 3.2)	6,541	5,994	86,039	85,988
Interest receivable – unrelated parties	225	177	1	-
Total	58,211	51,940	92,324	91,269
Less: Allowance for doubtful debts				
Allowance for Interest receivable				
– related parties	(6,541)	(5,994)	(75,114)	(75,114)
Total	(6,541)	(5,994)	(75,114)	(75,114)
Total other receivables	51,670	45,946	17,210	16,155
	<u>234,539</u>	<u>285,383</u>	<u>168,605</u>	<u>278,836</u>

Trade accounts receivable are classified by outstanding days as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
<u>Trade receivables – related party (Note 3.2)</u>				
Aged on the basis of due dates				
Not yet due	13,652	7,349	-	-
Overdue				
Up to 3 months	-	-	-	14,846
3 – 6 months	-	-	-	29,111
6 – 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total	13,652	7,349	-	43,957
<u>Trade receivables – unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	144,683	191,217	127,233	178,695
Overdue				
Up to 3 months	31,088	36,646	30,644	35,804
3 – 6 months	6,112	8,450	6,112	8,450
6 – 12 months	4,470	11,293	4,470	11,293
Over 12 months	7,510	9,857	7,510	9,857
Total	193,863	257,463	175,969	244,099
Less: Allowance for doubtful debts	(24,646)	(25,375)	(24,574)	(25,375)
Total trade receivables – unrelated parties net	169,217	232,088	151,395	218,724
	182,869	239,437	151,395	262,681

4.2 Trade and other non – current receivables

These represent the balance of long outstanding debts amounting to Baht 86 million (2019: Baht 72 million) due from various trade debtors against whom the Company has taken legal actions. As at March 31, 2020, the Company has set up an allowance for doubtful accounts amounting to Baht 86 million (2019: Baht 72 million) in its accounts by taking into consideration the auction price and the value of the related collaterals.

5. INVENTORIES

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Finished goods	63,760	61,913	53,092	54,937
Raw materials	89,759	121,769	-	-
Packing materials and supplies	15,536	18,509	-	-
Spare parts	34,082	33,841	-	-
Total	203,137	236,032	53,092	54,937
Less Allowance for decline values	(15,296)	(15,899)	-	(411)
	187,841	220,133	53,092	54,526

For three - month period ended March 31, 2020 and 2019, the movements of allowances for obsolete of inventories are as follows :

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Beginning balance as at January 1	15,898.9	15,740	411	15,740
Increase	-	143	-	-
Reversal/ Disposal during the period	(603)	-	(411)	(15,329)
Ending balance as at March 31	15,296	15,883	-	411

Allowances for obsolete of inventories presented at cost of sale in statements of income.

6. OTHER CURRENT FINANCIAL ASSETS

	(Unit : Baht)	
	Consolidated / Separate financial statements	
	March 31, 2020	December 31, 2019
Financial assets in the category of debt securities (Mutual Fund)	11,827	34,274
Total other current financial assets	11,827	34,274

7. OTHER NON-CURRENT FINANCIAL ASSETS

Companies	Nature of business	Shareholding percentage (%)	(Unit: Thousand Baht)	
			Consolidated / Separate financial statements	
			31 March 2020	31 December 2019
Thai Textile Printing Public Co., Ltd.	Bleaching and dyeing of textile distribute cans	1.43	5,000	5,000
Less: Allowance for impairment of investment			(1,550)	(1,550)
Total other non-current financial assets			3,450	3,450

8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED

8.1 Investments in subsidiaries

Investments in subsidiaries as presented in separate financial statements as at March 31, 2020 and December 31, 2019 are as follows:

Company's name	(Unit : Thousand Baht)									
	Paid – up capital		Shareholding Percentage (%)		Cost		Provision for impairment of investments		Carrying amounts based on cost method – net	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Subsidiaries directly held by the Company										
Thuxe Global Business Co., Ltd.	3,000	3,000	100	100	3,000	3,000	-	-	3,000	3,000
Thuxe Power Co., Ltd.	1,100,000	1,100,000	100	100	1,100,000	1,100,000	(416,772)	(416,772)	683,228	683,228
Thailuxe Enterprises (Thailand) Co., Ltd.	789,386	789,386	100	100	789,386	789,386	-	-	789,386	789,386
P PRIME SINGAPORE PTE. LTD.	32	32	100	100	32	32	-	-	32	32
Investments in subsidiaries directly held by the Company – net					1,892,418	1,892,418	(416,772)	(416,772)	1,475,646	1,475,646
Subsidiaries held through Thuxe Power Limited										
Thuxe Investments Limited	10*	10*	100	100	-	-	-	-	-	-
Origin Power Investment Co., Ltd.	0.1*	0.1*	100	100	-	-	-	-	-	-
Subsidiaries held through Thuxe Investments Limited										
Thuxe Holdings Limited	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power A Co., Ltd.	10*	10*	100	100	-	-	-	-	-	-
Geothermal Power B Co., Ltd.	10*	10*	100	100	-	-	-	-	-	-
Subsidiaries held through Origin Power Investment Co., Ltd.										
Wind Power A Co., Ltd.	0.1*	0.1*	100	100	-	-	-	-	-	-
Subsidiaries held through Thuxe Holdings Limited										
Sumo Power Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Beppu Tsurumi Onsen Geothermal Power Station No.1 Liaison Company	10**	10**	100	100	-	-	-	-	-	-
P Green Energy Co., Ltd.	1,000**	1,000**	100	100	-	-	-	-	-	-
Subsidiaries held through Geothermal Power A Co., Ltd.										
Fino Binary Power Plant LLC.	10**	10**	100	100	-	-	-	-	-	-
NIS Binary Power Plant LLC.	10**	10**	100	100	-	-	-	-	-	-
Lena Power Station No.1 LLC.	5,000**	5,000**	100	100	-	-	-	-	-	-
Subsidiaries held through Geothermal Power B Co., Ltd.										
PPSN Co., Ltd.	12,000**	12,000**	100	100	-	-	-	-	-	-
SNS Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
Dual Energy Binary - Power Plant No.1 LLC.	100**	100**	100	100	-	-	-	-	-	-
Subsidiaries held through Sumo Power Co., Ltd										
Otomeyama Energy Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
S-Power Co., Ltd.	500**	500**	100	100	-	-	-	-	-	-
Total investments in subsidiaries - net					1,892,418	1,892,418	(416,772)	(416,772)	1,475,646	1,475,646

* Unit: Thousand US dollar

** Unit: Thousand Yen

8.1.1 Dividend income

During the three – month periods ended March 31, 2020 and 2019, The Company has not dividend income from the investments in subsidiaries.

8.2 Investment in associate

Company's name	(Unit : Thousand Baht)			
	Consolidated financial statements			
	Carrying amounts based on equity method			
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	(%)	(%)		
M-Luxe Energy Co., Ltd.	25	25	-	-
Total			-	-

8.2.1 Investment in associate with capital deficit

The Company recognized share of losses from investment in 1 associate, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognized in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognized share of losses is set out below:

Associate company	(Unit : Million Baht)	
	Unrecognized share of losses during the period/the year	
	For the three – month period ended March 31, 2020	For the year ended December 31, 2019
M-Luxe Energy Co., Ltd.	(0.19)	(0.81)

9 LONG – TERM LOANS

As at March 31, 2020 and December 31, 2019, are as follows:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Long – term loans				
Long – term loans to subsidiaries (Note 3.2)	-	-	381,437	374,030
Long – term loans to related parties (Note 3.2)	68,994	63,233	-	-
Total long – term loans	68,994	63,233	381,437	374,030
Less : Current portion of long – term loans				
Long – term loans to subsidiaries (Note 3.2)	-	-	-	-
Long – term loans to related parties (Note 3.2)	(68,994)	(63,233)	-	-
Total current portion of long – term loans	(68,994)	(63,233)	-	-
	-	-	381,437	374,030

10 INVESTMENT PROPERTIES

	(Unit : Thousand Baht)
	Consolidated / Separate financial statements
Net book value as at January 1, 2020	85,418
Acquisitions during period – at cost	-
Depreciation for period	(962)
Net book value as at March 31, 2020	<u>84,456</u>

Investment property presented at cost less accumulated depreciation and allowance for impairment. (if any)

The fair value of the investment properties stated below:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	March 31, 2020	December 31, 2019
Land not being used in operation / land for rent	62,714	62,714
Office building for rent	103,947	103,947

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent value. The fair value of the land not being used in operation has been determined based on market prices, while that of the land and office using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Company have pledge of Investment Properties at cost approximately Baht 44.50 million as collateral against credit line received from financial institutions and debenture as disclosed in the Note 20 and 22 to the consolidated financial statements.

As at March 31, 2020, the Company has certain investment property which has been fully depreciated but is still in use. Book value before deducting accumulated depreciation and allowance for impairment of such assets amounted to approximately Baht 38 million.

11 Land revaluation

As at March 31, 2020 and December 31, 2019, the land of the Company and its subsidiaries are stated at the revalued amounts according to the appraisal reports of independent appraisers of 2020 and 2019. The valuation of land is based on the market value method. There is a surplus from revaluation of fixed assets under "shareholders' equity" in the statement of financial position the surplus from the revaluation of fixed assets cannot be distributed as dividends, which is the fair value at level 2 of the fair value hierarchy.

Assets that the Company transfer to subsidiaries as described in Note 3.4 to financial statements. However, during the transfer process of such business, the Company not yet able to transfer ownership according to the law to the subsidiary. However, the subsidiary could order usage. And the benefit from such assets from the use of the normal production of the subsidiary.

12 PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the three - month period ended March 31, 2020 are summarised below:

	(Unit : Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2020	674,441	40,827
Acquisitions during period – at cost	3,171	140
Depreciation for period	(21,288)	(1,360)
Exchange difference on translation adjustment	17,905	-
Net book value as at March 31, 2020	<u>674,229</u>	<u>39,607</u>

* Assets that the Company transfer to subsidiaries as described in Note 3.4 to financial statements. Some items are not yet able to transfer ownership according to the law to the subsidiary. However the subsidiary has the ability to order usage. And the benefit from such assets from the use of the normal production of the subsidiary.

As at March 31, 2020, the Company had equipment and motor vehicles with net book values of Baht 3 million (2019 : Baht 4 million), which were acquired under financial lease agreements.

As at March 31, 2020, the Company has certain buildings and equipment which have been fully depreciated but are still in use. Book value before deducting accumulated depreciation and allowance for impairment of such assets amounted to approximately Baht 112 million (2019 : Baht 112 million).

The Company has pledge of property, plant and equipment at cost approximately Baht 763 million as collateral against credit line received from financial institutions as disclosed in the Note 20 and 22 to the consolidated financial statements.

13 PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATIONS

Movements of the other intangible assets accounts during the three - month period ended March 31, 2020 are summarized below:

	(Unit : Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2020	267,318	3,365
Depreciation for the period	(5,003)	-
Exchange difference on translation adjustment	38,468	-
Net book value as at March 31, 2020	<u>300,783</u>	<u>3,365</u>

The company has taken the property, plant and equipment not used in operations, the cost price of approximately Baht 2.72 million was pledged as collateral for loans from financial institutions and the issuance of debentures as in Note 22 to the financial statements

14 RIGHT-OF-USE ASSETS

Movements of the right-of-use assets accounts during the three - month period ended March 31, 2020 are summarized below:

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
Book value as at January 1, 2020	-
Adjustments from TFRS 16, as at 1 January 2020 (Note 2.4.2)	292
Depreciation for the period	(42)
Book value as at March 31, 2020	250

15 OTHER INTANGIBLE ASSETS

Movements of the other intangible assets accounts during the three - month period ended March 31, 2020 are summarized below:

	(Unit : Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2020	107,574	142
Amortization for the period	(2,455)	(17)
Exchange difference on translation adjustment	14,455	-
Net book value as at March 31, 2020	119,574	125

16 NON-CURRENT-CASH ASSETS PLEDGED AS COLLATERAL

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	March 31, 2020	December 31, 2019
Financial assets in equity – cost	132,935	168,851
Less: Capital surplus from changes in value of investments	(92,591)	(84,544)
Equity financial assets - fair value	40,344	84,307

During the three – month period ended March 31, 2020, the movement is as follows:

	Consolidated / Separate financial statements	
	Number of shares (Thousand Shares)	Amount (Thousand Baht)
Cost as at January 1, 2020	62,142	168,851
Warrant Which expired during the period	(15,620)	(35,916)
Other comprehensive income (expense) recognized in other components of shareholders' equity	-	(92,591)
Book value as at March 31, 2020	46,522	40,344

16.2 As at March 31, 2020, the Company has brought such financial assets amount 46.52 million shares (Book value of Baht 40.34 million) as a guarantee for the issuance of debentures as discussed in Note 22 to the consolidated financial statements.

16.3 The Company received dividend income for the three – month period ended March 31, 2020 amount of Baht 0.07 million.

17 ADVANCES PAYMENT

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Advance payment for construction of geothermal power plants	31,011	28,422	-	-
Advance payment for Hot spring rights	36,130	33,113	-	-
Advance payment for Riverside Project	14,743	14,743	14,743	14,743
Advance payment for Wind power plant	69,928	64,089	-	-
Total	151,812	140,367	14,743	14,743
Less : Allowance for doubtful				
Impairment on advance payment for construction of geothermal power plants	(31,011)	(28,422)	-	-
Impairment on advance payment for Hot spring rights	(36,130)	(33,113)	-	-
Impairment on advance payment for Riverside project	(14,743)	(14,743)	(14,743)	(14,743)
Impairment on advance payment for Wind power plant	(69,928)	(64,089)	-	-
Total	(151,812)	(140,367)	(14,743)	(14,743)
	-	-	-	-

Advance payment for construction of geothermal power plants

On December 13, 2017, a meeting of the Board of Directors of the Company passed a resolution to approve investment in 9 units of geothermal power plant in Japan, with a total project value of Yen 2,700 million (Baht 786 million). As at December 31, 2018, Sumo Power Company Limited, a subsidiary, has paid a deposit of Yen 103 million for 1 units of power plant.

According to the meeting of the Board of Directors No. 3/2020 on March 20, 2020, has resolved to recognize allowance for doubtful accounts the whole amount. The management of the Company has assessed the opportunity to receive reimbursement liable to be difficult. Therefore, decided to record the allowance for doubtful accounts for the whole amount of Baht 28 million in financial statement year 2019.

Advance payment for Hot spring rights

In accordance with the resolution of the Board of Directors Meeting No. 5/2016 held on June 24, 2016, it was resolved to approve the Company Invested in geothermal energy business in 8 projects with the acquisition of Sumo Power Company Limited in the amount of Yen 495 million and the purchase of 8 power plants at the price of Yen 220 million per power plants (excluding tax). Advance payment for hot springs rights, totaling 4 power plants, valued at Yen 120 million. (Baht 33 million)

According to the meeting of the Board of Directors No. 3/2020 on March 20, 2020, has resolved to recognize allowance for doubtful accounts the whole amount. The management of the Company has assessed the opportunity to receive reimbursement liable to be difficult. Therefore, decided to record the allowance for doubtful accounts for the whole amount of Baht 33 million in financial statement year 2019.

Advance payment for Riverside Project

Board of Directors Meeting No.8/2018 convened on May 18, 2018, to approved that the Company enters into the joint investment transaction with Rich Partners Co., Ltd. (“Rich Partners”) in the mixed-use development project under the project’s name “Riverside Tower” located in Da Nang City, Vietnam (the “Riverside Project”) which is being developed by Sun Frontier Investment Co., Ltd. (“Sun Frontier Investment”), a company incorporated under Vietnamese law. The Company will invest in the Riverside Project for the investment amount of not more than Yen 3,100 million or equivalent to Baht 911.83 million (based on the exchange rate of Baht 29.4140 per Yen 100 as announced by the Bank of Thailand on May 17, 2018). Under the joint investment agreement which to be entered into between the Company and Rich Partners (the “Joint Investment Agreement”), the Company will be entitled to the rights to sell the residential units and receive the consideration from the sale of residential units in the Riverside Project selected by the Company and agreed with Rich Partners the approximate area of which will be not less than 50 percent of the total residential area of the Riverside Project, whereby the Company’s investment return shall be guaranteed at the rate of not less than six percent per annum in respect of the total investment amount of the Company, the terms and conditions of which are currently being negotiated and shall further be executed by the Company and Rich Partners Co., Ltd.

On June 25, 2018, the Company has paid a deposit amount of Yen 210 million (approximately of Baht 62.31 million), whilst the remaining investment amount shall be payable to Rich Partners upon completion of all the conditions precedent so specified under the Joint Investment Agreement. If any of the conditions precedent cannot be completed within the specific timeframe, the Company shall be entitled to receive full amount of deposit from Rich Partners.

On July 2, 2018, the Company has memorandum of agreement with shareholder and Rich Partners Co., Ltd., the shareholder of Rich Partners Co., Ltd. agrees to transfer all of the shares in Rich Partners Co., Ltd. at its par value (Yen 10 million) as security against payment of deposit and to ensure that Rich Partners Co., Ltd. and its shareholder shall comply with all conditions precedent under the Joint Investment Agreement which include inter alia Rich Partners Co., Ltd. or its subsidiary acquiring the entire equity stake in Sun Frontier Investment Co., Ltd. Upon all conditions precedent having been completely fulfilled by Rich Partners Co., Ltd. the Company shall transfer the shares of Rich Partners Co., Ltd. back to

Rich Partners' shareholder at its par value, On July 10, 2018, the Company has paid amount of Yen 10 million (approximately of Baht 3 million).

According to the resolution of the Board of Directors Meeting No. 2/2019 on February 7, 2019, the resolution was signed in the letter to extend the project period. There are important conditions as follows.

- 1) Various licenses in the implementation of the project Must be completed by March 31, 2019.
- 2) The Company has the right to continue the project or not which the Company will consider and notify within May 31, 2019.
- 3) Extend the duration of "Joint Investment Agreement" to be dated June 30, 2019.

According to the meeting of the Board of Directors No. 14/2019 on June 28, 2019, has approved the Due Diligent Project until the end of July 2019.

According to the Board of Directors meeting No. 15/2019, on July 30, 2019, resolved to issue the Company letter of cancellation of such investment and requesting a deposit in the amount of Baht 65.57 million because the development of the said project agreed has delayed, together with the cost of developing the project higher.

The Company recorded full provision for loss on the deposit due to an uncertainty in the collection from joint investor.

On November 1, 2019, the Company received deposit of Yen 171 million (equivalent to Baht 47.10 million) from Rich Partners Company Limited.

Present, the Company is currently tracking the debt closely and will take legal action for reimbursement.

Advance payment for investment in wind power plant

The Board of Directors' meeting No.2/2017 on February 6, 2017 had approved to invest on Wind Power at Aomori prefecture, Japan to establish the new Company in Japan with registered capital of 10 million yen approximately 3,147,830 Baht. (Applicable exchange rate of 0.314783 Baht/yen announced by the Bank of Thailand on February 3, 2017) Company hold 60% of the total shares (Subsidiary); and AURA Green Energy Co., Ltd. (“AURA”) (Japanese corporation); holds 40% of the total shares and invest on Wind Power 5 Units amount 175 million yen approximately 55,087,025 Baht. (Applicable exchange rate of 0.314783 Baht/yen announced by the Bank of Thailand on February 3, 2017).

The Board of Directors' meeting No.3/2017 on March 7, 2017 had approved invest on Wind Power at Aomori prefecture, Japan 1 Units amount of Yen 36 million or approximately amount of Baht 10.99 million.

And the Board of Directors' meeting No.10/2017 on December 2, 2017 had approved invest on Wind Power at Aomori prefecture, Japan 1 Units amount of Yen 36 million or approximately amount of Baht 13 million. Total of the Wind Power invested by the Company is 7 units amount of Yen 247 million.

In year 2017, the Company has paid advance payments for Wind Power construction 7 units amount of Yen 232 million. Present, Wind Power 7 units able to recognize revenue from sales since the year 2017 to the present. Therefore, revenue from power generation not recognized in the consolidated financial statements. And the Group Company an unable to check the amount of the said electricity bill sold. Present, the Group Company has not yet received the transfer of ownership in the Wind Power.

Therefore 2017 and 2018, the Company has recorded the money under the work in progress (building and machinery).

As the company was informed by the legal advisor to follow up the request for Aura-Green Energy Co., Ltd. to refund that whole amount to company. Therefore, as of December 31, 2019, the company has considered classifying such transactions under accounts receivable and other receivables.

According to the resolution of the Board of Directors Meeting No. 3 / 2020, held on 20 March 2020, it was resolved to set up an allowance for doubtful accounts for the whole amount.

Since the management of the company has assessed the opportunity to receive reimbursement from that transaction tend to be difficult, therefore decided to record the allowance for doubtful accounts for the whole amount of the transaction in the amount of Baht 64 million in financial statement year 2019.

18 BANK OVERDRAFT AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

		(Unit : Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Interest rate	March	December	March	December
	(% per annum)	31, 2020	31, 2019	31, 2020	31, 2019
Bank overdrafts		24,347	23,740	106	-
Promissory note from financial institutions	5.25	96,000	120,000	96,000	120,000
Trust Receipt Payable		-	43,957	-	43,957
		120,347	187,697	96,106	163,957
Deferred front end fee		-	(402)	-	(402)
		120,347	187,295	96,106	163,555

Bank overdrafts

On July 17, 2019 the company's subsidiary was granted credit facility from a commercial bank, consisted of revolving credit of bank overdraft of Baht 25 million, that's guaranteed by land and building (on such land) of the company and raw material and/or inventory and fixed deposit bank account of the company's subsidiary.

Promissory note from financial institution

On July 9, 2019, the company redeemed promissory notes that due totaling of Baht 150 million and issued 2 new promissory notes as follow:

- 1) Promissory note from a financial institution No. 1 in the amount of Baht 100 million at interest rate of 4.05% per year with due date on October 9, 2019.

As at October 9, 2019, the Company had redeemed the redemption promissory note amount of Baht 100 million. After that the Company renewed the promissory note amount of Baht 80 million at interest rate of 5.25% per year with due date on January 31, 2020.

- 2) Promissory note from a financial institution No. 2 in the amount of Baht 50 million at interest rate of 4.05% per year with due date on July 31, 2019.

At the present, the Company had repaid in the amount of Baht 10 million, the remaining unpaid amount of Baht 40 million and the Company had negotiated to waiver with the lender bank to request a waiver of payment and on August 14, 2019, the lender bank approved the renewal of promissory note of Baht 40 million, starting from August 16, 2019 to October 31, 2019 and requesting to collect default interest between August 1, 2019 and August 16, 2019.

As at October 31, 2019, the Company redeemed promissory note that due totaling of Baht 40 million and issued new promissory note with interest rate 5.25% per annum, maturity date on January 31, 2020.

Later, on January 31, 2020 the Company was negotiating with the bank lenders to extend the 2 promissory notes total Baht 120 million, which is grant an extension to pay promissory notes, by increase the interest rate is 6% per annum, as detailed below:

1. Payment of Baht 12 million. On January 31, 2020 (the Company paid successfully)
2. Payment of Baht 12 million. On March 31, 2020 (the Company paid successfully)
3. Payment of Baht 12 million. On April 30, 2020 (the Company paid successfully)
4. Payment of Baht 12 million. On May 29, 2020.
5. Payment of Baht 12 million. On June 30, 2020.

For the promissory note, the remaining amount of Baht 60 million to be paid on July 31, 2020.

However, the financial institution will gradually reduce the promissory note due to the payment of a promissory note of Baht 40 million and to reduce the promissory note to Baht 80 million.

The promissory note guarantees a total credit line of Baht 120 million and a credit limit of Baht 44 million, the credit limit has been guarantees as follows:

1. Mortgage of land and buildings of the Company's cost of Baht 12 million.
2. Business security agreement – trade receivables are the Company's ownership of Baht 230 million.
3. Business security agreement – inventories are the subsidiary company's ownership of Baht 100 million.
4. Business security agreement – fixed deposit is the subsidiary company's ownership of Baht 10 million.
5. The subsidiary company guaranteed.

19 TRADE AND OTHER CURRENT PAYABLES

(Unit : Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	March 31,	December 31,	March 31,	December 31,
	2020	2019	2020	2019
Trade payables – related party	10,858	6,446	426,785	422,584
Trade payables – unrelated parties	166,040	163,876	1,288	126
Other payables – related parties	1,031	4,936	10,538	10,538
Other payables – unrelated parties	21,971	19,753	2,441	2,086
Other payables for purchases of assets	5,386	4,067	696	904
Accrued interest – related party	15	12	-	-
Accrued interest – unrelated parties	7,306	7,364	7,306	7,364
Accrued expenses – related party	-	-	-	-
Accrued expenses – unrelated parties	36,773	44,013	33,703	41,893
Total trade and other current payables	249,380	250,467	482,757	485,495

20 LONG – TERM LOAN

As at March 31, 2020 and December 31, 2019 are as follows:

(Unit : Thousand Baht)

	Consolidated / Separate financial statements	
	March 31, 2020	December 31, 2019
Long – term loan		
Long – term loan from financial institutions	561,209	527,066
Less : Current portion of long – term	(561,209)	(527,066)
	-	-

20.1 Long – term loan from financial institutions

Movements of the long – term loan from financial institutions account during the three – month period ended March 31, 2020 are as follows:

	(Unit : Thousand Baht)
	Consolidated / Separate financial statements
Balance as at January 1, 2020	527,066
Add Increase	-
Less Payment	(12,766)
Exchange differences on translation adjustment	47,115
Total	561,415
Deferred financial fee	(206)
Balance as at March 31, 2020	561,209

		(Unit : Thousand Baht)	
		Consolidated / Separate financial statements	
Interest rate (% per annum)	Maturity date	March 31, 2020	December 31, 2019
YEN LIBOR (3 months) plus 3%	Repayable in monthly installments commencing from the fourth month after the loan is drawn down (November 2017), with 1 to 35 installments of YEN 14.5 million each and the balance payable in the 36 installment.	561,209	527,066

In accordance with the conditions specified in the agreement, this loan amounting to Yen 1,843 million (equivalent to Baht 561 million) is secured by the pledge of land and buildings of the Company and the Company has to mortgage property of the geothermal power plant projects in Japan, pledge power purchases agreements and shares of the companies that own the geothermal power plant projects, pledge or transfer the rights in the electricity revenue accounts of 4 of the companies, which consist of 8 power plants.

The loan agreements contain several covenants which, among other things, require the Company to maintain a debt-to-equity ratio.

As at December 31, 2019, the Company was unable to maintain the debt-to-equity ratio stipulated in the loan agreement, which constitutes a breach of the agreement. As a result, the bank may demand payment of the loan immediately.

Therefore, showing loans from financial institutions in the amount of Yen 1,843 million (equivalent to Baht 561 million), as liabilities due within one year in full amount.

On February 18, 2020, the lender bank to consent the breach of conditions under the loan agreement, in case debt to equity ratio, which is not considered as a default event under the loan agreement, financial statement year 2019 only.

After that, at August 16, 2019, the Company had received notice of delay of exercising call default from the lender bank as follows. As the event that the Company defaulted on paying Debentures No. 1/2019 in the amount of Baht 319.50 million, which is considered as the default event / breach of the loan contract that the Company has signed with the bank. Currently, the bank will not exercise the right to call default due to the event that the company defaulted on paying the debentures as described above. Provided that if there are any events considered by the bank that May affect the ability to pay the debt that the company has to the bank, such as (but not limited to) other creditors of the company exercising the right to recall debt or exercise the right to enforce debt repayment, etc. The bank is required to immediately use the right to call default with the Company.

21 LIABILITIES UNDER LEASE AGREEMENTS

The net book value of lease liabilities and the movement for the three - month period ended March 31, 2020 are as follow :

	(Unit : Thousand Baht)
	Consolidated /Separate
As at December 31, 2019	1,907
Adjustment from adoption of TFRS 16 on January 1, 2020 (Note 2.4.2)	292
As at January 1, 2020	2,199
Payments	(456)
As at March 31, 2020	1,743
<u>Less</u> current portion	(1,498)
Lease liabilities - net of current portion	245

The following are the amounts recognized in profit or loss for the three - month period ended March 31, 2020 .

	(Unit : Thousand Baht)	
	Consolidated	Separate
Depreciation of right-of-use assets	42	42
Interest expense on lease liabilities	6	6
Expense relating to short-term lease	350	314
Expenses related to lease agreements in which underlying assets are low	11	11
Expenses relating to the contract are considered as a service contract	927	138
Total	1,336	511

22 DEBENTURES

As at March 31, 2020 and December 31, 2019, are as follows:

	(Unit : Thousand Baht)	
	Consolidated / Separate financial statements	
	March 31, 2020	December 31, 2019
Debentures	727,100	727,100
Less : Deferred arrangement fee for debentures	(4,431)	(5,836)
Debentures – net of arrangement fee	722,669	721,264
Less : Portion due within one year	(203,169)	(721,264)
Debentures – net of current portion	519,500	-

As at March 31, 2020, the balance of the debentures issued by the Company is Baht 727 million. Such debentures has offered to investors by private placement. The debentures pay interest every 3 months. Significant details are as follows:

Time	Issue date	Units	Par value per unit (Baht)	Total value (Million Baht)	Interest rate (% per annum)	Maturity date
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Registered holders of Debentures unsecured and unsecured debentures, which do have a debenture holders’ representative.*

2/2018	August 2, 2018	319,500	1,000	320	7.75	July 2, 2021
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Registered holders of Debentures unsecured and secured debentures, which do have a debenture holders’ representative.*

1/2018	May 8, 2018	200,000	1,000	200	7.00	May 8, 2021
1/2019	March 21, 2019	207,600	1,000	208	8.50	March 18, 2021

* The conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants, pertaining to matters such as the maintenance of debt – to – equity ratio.

On December 31, 2019, the Company is unable to maintain the debt to equity ratio as according to the terms and conditions of the debenture issuers and debenture holders. Which is considered as a violation of the conditions causing the bondholders to have the right to call back the said debentures immediately, therefore showing the debenture No. 1/2019 in the amount of Baht 207.60 million as a debt due within one year in the whole amount

Debentures No. 2/2018

As at August 2, 2019, the Company is unable to pay the due debenture.

According to Board of Directors in the meeting No. 16/2019 on August 6, 2019 therefore resolved to notify the event of default on the payment of the Debentures No.2/2018, amounting to Baht 319.50 million and resolved to call the meeting hold the debentures on September 2, 2019 to extend the repayment period of 330 days from the date of redemption. This will be due on July 2, 2020. The Company will pay the normal interest of the period on August 2, 2019, amounting to approximately Baht 5.71 million on September 2, 2019 and the Company will request to change the normal interest rate from the interest rate of 7.25 percent per year, increased by 0.50 to 7.75 percent per year. The Company will pay the interest that will be approved

by the debenture holders' meeting in the next period on November 2, 2019, amount of Baht 6.11 million, February 2, 2020, amount of Baht 6.11 million and July 2, 2020, amount of Baht 10.18 million, including the total interest paid from the due date (August 2, 2019) to July 2, 2020, amounting to Baht 22.39 million.

On August 27, 2019, one of bondholder has filed a lawsuit with the Civil Court ordered the Company to pay principle and default interest of bond, totaling Baht 4,098,438.39.

Anyhow to the bondholders' meeting no. 1/2019 on September 2, 2019 to consider the debenture extension plan, worth of Baht 319.50 million and requesting a waiver of the default interest rate. The meeting has approved the plan to extend the principal redemption of the debenture No. 2/2018, worth of Bath 319.50 million, which was redeemed on August 2, 2019 with an extension of the principal redemption period of this debenture until July 2, 2020 or extended to 330 days at the interest rate of 7.75% per year but the meeting does not approve the waiver, except for the default interest rate from August 2, 2019 to September 2, 2019.

On September 5, 2019, the Company has processed a 2% default interest payment (in addition to the 7.25% paid from the Company) of the debenture which calculated from the date of August 2, 2019 to September 5, 2019 in the amount of Baht 0.61 million.

The above – mentioned default payment event does not cause the event of default in payment of debentures in accordance with the rights and obligations of the debenture issuer and the debenture holders of the debentures No.1/2018 and Debentures No. 1/2019 specified in the terms and conditions on the rights and obligations of the issuers and the debenture holders funding, the default payment or any debt payment as mentioned above is called to be due before the original deadline. Must have a combined amount of more than Baht 400 million or other currency equivalent amount.

The resolutions of the debenture holders' meeting No. 1/2020, (the debentures No.2/2018) on February 27, 2020 are as follows:

1. Resolved to approve the amendment of the terms and conditions of the bond issuers and bondholders and to extend the maturity date no.2 (the debentures No.2/2018), valued Baht 319.50 million, from the original date July 2, 2020 to July 2, 2021.
2. Resolved not to approve the amendment of the terms and conditions of the bond issuers and bondholders by requesting an exemption of conditions for maintaining the debt to equity ratio (D/E Ratio) of 3:1. Therefore, the Company shall maintain the debt to equity ratio (D/E Ratio) as previously specified.

In this regard, the Company explained to the bondholders' meeting further as follows:

The Company to exercise the right to redeem some debentures before maturity date amount of Baht 63,900,000 (20% of the debentures of each unit the proportion of debentures held by the holder). On June 17, 2020, which is the exercise of the rights and obligations of the debenture issuer and the debenture holder, No.9. redemption and repurchase of debentures.

The resolutions of the debenture holders' meeting No. 2/2020, (the debentures No.1/2019) on March 24, 2020 are as follows:

Resolved to approve the amendment of the terms, conditions and the duties of the bond issuer and bondholders by revising the maintenance of debt to equity ratio (D/E Ratio) from originally 3:1 to 7:1 as proposed by the bond issuer that proposed to the bondholders' meeting.

The lawsuit is being processed

Case 1

On August 27, 2019, one of debenture holder has filed a lawsuit with the Federal Court ordered the Company to pay the debenture with interest total of Baht 4,098,438.39.

On December 20, 2019 the Federal Courts have judgment the Company pay Baht 4,000,000 with interest at the rate of 9.25% per annum from the date of filing onwards until the payment is completed.

On January 16, 2020 the Company applies a petition to suspend execution. And appealed the decision to the court. The Appeal Court made a listen to judgment on May 19, 2020.

Case 2

On November 14, 2019, the second debenture holder filed a lawsuit with the Federal Court ordered the Company to pay the debenture with interest totaling Baht 2,012,835.61. At the present, the case is under consideration by the Court. And scheduled the hearing of evidence for the plaintiff and the defendant on March 23, 2020.

On March 23, 2020, It appears that the second debenture holder has appointed a lawyer. And the lawyer submitted a request to postpone the case claiming that Stick to the examination of the case that was scheduled at the Criminal Court. And requested to postpone the case. The company does not oppose the request to postpone the case. And Samut Songkhram Provincial Court has scheduled the hearing of plaintiff's witnesses on 8 June 2020.

The facts of both the above cases that the plaintiff claims PP Prime Public Company Limited “the Company” to pay the debt which originated from the Debentures Series "Debentures of Thai Luxe Enterprises Public Company Limited No. 2/2018, due for redemption in 2019, which the issuer has the right to redeem the debentures before the redemption date " (TLUXE198A). which the Company has the opinion that the Debenture TLUXE198A on August 20, 2019, the Company as the issuers of the debentures has exercised the rights as mentioned in No. 11.1 of the debenture holders' meeting by PP Prime Public Company Limited has the right to call the debenture holders' meeting within 30 days after the occurrence of the incident in No.10.1. which is that the issuer did not pay whether principal or interest. Which is the right exercise in accordance with the rights terms to call the debenture holders' meeting on September 2, 2019 at 2 pm. The calling the debenture holders' meeting (TLUXE 198A) and the proceeding is in accordance with the criteria in the rights terms together with the Annex 2. The meeting said, the holders attended a quorum in accordance with No.3.3 of Annex 2 of the terms of such debentures as well.

In the agenda 2 of the meeting is plans to extend the redemption turns out that the meeting approved a plan to extend the redemption by the Issuer. Which is in accordance with the terms and conditions that must be approved by not

less than 75% of the total amount of the debenture holders to attend and vote. By the fact that PP Prime Public Company Limited as the issuer has called the debenture holders' meeting legally and accordingly to the terms and conditions. When the debenture holders' meeting approved a plan to extend the redemption follow the terms and conditions with No.11.2 which is defined as the "Resolution of the debenture holders' meeting, the meeting request and the meeting shall apply, enforce, and bind to the bondholders, no matter whether the meeting is attended or not."So the Resolution of the debenture holders' meeting which approved a plan to extend the redemption of these debentures , then binding on bondholders No.1 and bondholders No.2, the plaintiffs in both cases above. Therefore, the Legal consultants has the opinion that the PP Prime Public Company Limited has a defense in the case that bondholders No.1 and bondholders No.2 have sued for breach of contract and called to pay the debt in both cases that has the reason to win the case by which the Company has no obligation to be liable under the prosecute in both cases.

Debentures No. 1/2018

Guarantee by pledge investment available for sale amount 62.14 million shares (book value of Baht 66.31 million) and pledge investment property, book value Baht 48 million, under the regulation of right and duty of issuer, the Company has to follow some financial condition such as the value of the collateral not less than 1.10 times of loan. According to the debenture holders meeting No. 2/2019 on November 12, 2019, the meeting has resolution to accept common share of Tluxe Power Company Limited as additional collateral of 7.50 million shares (book value of Baht 75 million).

The resolutions of the debenture holders' meeting No. 1/2020, (the debentures No.1/2018) on February 27, 2020 are as follows:

1. Resolved to approve the amendment of the terms and conditions of the bond issuers and bondholders and to extend the maturity date of the bond No. 1 (the debentures No.1/2018) from the original due date of May 8, 2020 to May 8, 2021.
2. Resolve to approve the amendment of terms and conditions of the bond issuers and bondholders by redeeming investments in available-for-sale securities that the Company owns and as the guarantee for bond (the debentures No.1/2018). The Company will sell those via the Stock Exchange of Thailand and pay for debt to bondholders of Baht 60 million.
3. Resolve to approve the amendment of terms and conditions of bond issuers and bondholders with the exception to maintain the debt to equity ratio (D/E Ratio) from the originally specified at the D/E Ratio of 3:1 to no longer fixed the condition of D/E Ratio.

In this regard, the Company explained to the bondholders' meeting further as follows:

The Company is an exercise the right to redeem some debentures before maturity date amount of Baht 30 million, (15% of the debentures of each unit the proportion of debentures held by the holder). On April 23, 2020, which is the exercise of the rights and obligations of the debenture issuer and the debenture holder, No.10 redemption and repurchase of debentures.

On April 23, 2020 the Company exercised the right to redeem some of the debentures, and made the payment of Baht 30 million, representing 15 percent of the number of debentures held by each bondholder together with the interest rate of 7 percent per year, equivalent to Baht 2.88 million and the fee at the rate of 0.15 percent of the above payment, amounting Baht 0.05 million, which is the exercise of the right to early redemption in accordance with the terms and conditions of the rights regarding the debenture issuer and debenture holder- Item 10.5

Debentures No. 1/2019

Guarantee by pledge ordinary share of Thai Luxe Enterprises (Thailand) Co., Ltd. (subsidiary) amount 62.97 million shares (book value of Baht 638.50 million).

The resolutions of the debenture holders' meeting No. 1/2020, (the debentures No.1/2019) on February 28, 2020 are as follows:

Resolved to approve the amendment of the terms & conditions and the duties of the bond issuer and bondholders by revising the maintenance of debt to equity ratio (D/E Ratio) from originally 3:1 to 7:1 as proposed by the bond issuer that proposed to the bondholders' meeting, and also to fix the additional terms & conditions that if the maintenance of the debt to equity ratio (D/E Ratio) is morethan that specified above, the bondholder representative shall consider and comment under the scope in case of the effect on impairment of assets and investment of the companyonly.

Debentures payment plan to be redeemed in the future.

The company will pay the normal interest and repay the debt within the specified period, with the source of payment as follows:

<u>Unsubordinated debentures (Unit : Million Baht)</u>			<u>Source of payment</u>
<u>No.</u>	<u>Amount</u>	<u>Due date</u>	
1/2018	200.00	May 8, 2021	The Company has determined to sell equity securities and sell assets that are not used for business operations, as well as to use proceeds from working capital and liquidity to redeem the debentures.
2/2018	319.50	July 2, 2021	
1/2019	207.60	March 18, 2021	

23 OTHER CURRENT LIABILITIES

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Advance received from sales of Geothermal Energy	180,684	165,564	-	-
Other	12,285	13,303	9,675	9,727
Total other current liabilities	192,969	178,867	9,675	9,727

Advance received from sales of Geothermal Energy

The Board of Directors Meeting No. 8/2018 convened on May 18, 2018, to approved that the Company disposes of the 15 geothermal power plant projects located in the same vicinity in Oasa-Tsurumi, Beppu city, Oita prefecture, Japan which have already commenced their commercial operations (the “Power Plant Projects”) at the purchase price of approximately Yen 320 million per one power plant project or equivalent to approximately Baht 91.71 million per one power plant project, making a total purchase price for the Power Plant Projects of not less than Yen 4,800 million or equivalent to approximately Baht 1,375.69 million (based on the exchange rate of Baht 28.6602 per Yen 100 as announced by the Bank of Thailand on May 17, 2018) to Relocation Group, a company incorporated under the laws of Japan (the “Buyer”). This transaction may be undertaken by way of disposition of shares in the Company’s subsidiaries or disposition of assets of the Power Plant Projects.

Then on June 21, 2018, the Company has the Memorandum of understanding, MOU with the buyer (Relocation Group) for the sale of 15 geothermal power plant projects in Japan in amount of Yen 320 million, the Company has received the deposit amounting of Yen 200 millions, according to sale contract indentify that the buyer (Relocation Group) will pay remaining amounting of Yen 4,600 millions within February 2019.

On February 21, 2019, Relocation Group transferred the right and obligation under the Memorandum of understanding (MOU) to Beppu Forest Power Co., Ltd. (which has common director with a subsidiary who sells property) and extent to June 30, 2019.

On February 25, 2019, PPSN Co., Ltd. and Beppu Forest Power Co., Ltd. entered into agreements, with an agreement that Beppu Forest Power Co., Ltd. will pay second deposit of Yen 400 million and transfer 25 percent of Beppu Forest Power Co., Ltd. to PPSN Co., Ltd. within March 15, 2019 and PPSN Co., Ltd. will transfer the ownership of the four power plants (part of the 15 plants above) to Beppu Forest Power Co., Ltd. within 15 days from receive payment.

On April 5, 2019, the subsidiary enters into sell agreement of four geothermal power plants (part of the 15 plants) that consisted of P-Power (2 locations) and Lena – 1 power plant (2 locations) with Beppu Forest Power Co., Ltd. value Yen 800 million. Beppu Forest Power Co., Ltd. will pay Yen 400 million within 2 weeks after contract signing and Yen 400 million within 1 year after contract signing. With the addition memorandum that Beppu Forest Power Co., Ltd. could terminate the sell

agreement of four geothermal power plants if the contract is not approved by the Company board of directors. However, until present there is no approval resolution of the board of directors.

On April 11, 2019, the subsidiary received the deposit amount of Yen 400 million from Beppu Forest Power Co., Ltd.

The Company received deposit of Yen 600 million (approximately Baht 165.56 million) classified as deposit received in other current liability.

On July 23, 2019, PPSN Co., Ltd. received documents from Beppu Forest Power Co., Ltd. to PPSN Co., Ltd. to pay Yen 16.96 million (approximately Baht 4.75 million) to two companies which is a creditor of Beppu Forest Power Co., Ltd., which the company has made full payment which shown under other current assets

On December 23, 2019, the Board of Directors' meeting No.22/2019 considered progress on the sale of 15 geothermal power plant projects in Japan and conclude event are as follows:

According to the Company's resolution on May 15, 2018, disposes of the 15 geothermal power plant in Japan at the price of the Yen 320 million per location, and according to the Memorandum of Understanding, MOU on June 21, 2018, later, Japanese companies entered into 3 contracts are as follows:

On February 25, 2019, the first contract has the essence of Beppu Forest Power Co., Ltd. will also pay 2nd deposit along amount of Yen 400 million with a transfer of 25% shares to the PPSN Co., Ltd. And the PPSN Co., Ltd. will transfer the right and obligation in four power plants under the agreement to Beppu Forest Power Co., Ltd. within 15 days since receiving payment.

On April 5, 2019, the second contract is memorandum of agreement between Beppu Forest Power Co., Ltd. and PPSN Co., Ltd., agreed that Beppu Forest Power Co., Ltd. has the right to terminate the contract if the contract for transfer of property (Contract 3) is not approved by the board of directors.

On April 5, 2019, the third contract has 4 parties as follows Beppu Forest Power Co., Ltd., PPSN Co., Ltd., Lena Power Station No.1 LLC. and the Company which the contract was signed only by Beppu Forest Power Co., Ltd. and PPSN Co., Ltd. which mentions the purchase and sale of power plants at a price of Yen 200 million per location, ownership of PPSN Co., Ltd. 2 locations and Lena Power Station No.1 LLC. 2 locations totaling 4 locations in amount of Yen 800 million and did not mention the transfer of 25% shares in the amount of 25%, which was contrary to the first contract.

The Company has consulted with the Japanese legal counsel in the case of three contracts that are binding on the Company, which the Japanese legal counsel has Legal Opinion, these are conclusion as follows:

1. In the case of Lena, if it proves that Lena has not authorize PPSN Co., Ltd. to act on its behalf, there will not be binding on Lena Power Station No.1 LLC.
2. If the Company can prove that the Company has not authorize PPSN Co., Ltd. to act on its behalf, there will be no binding on the Company.

PPSN Co., Ltd. by the former director No.2 at that time notice privately that he did not sign it. But the former director No.1 signed instead which the Japanese legal counsel informed that according to Japanese law, this case is considered True Intention, which is the true intent of the contract. If contrary to the intention of the signatory this contract will be invalid, which, if proven,

that the former director No.2 didn't sign this contract but was signed by the former director No.1 instead this contract will not bind PPSN Co., Ltd. either.

On December 23, 2019, the Board of Directors' meeting No.22/2019 has resolved to send a notice to Beppu Forest Power Co., Ltd. to pay the remaining amount of Yen 4,200 million to the Company within January 31, 2020. If Beppu Forest Power Co., Ltd. ignores the remaining payment, the Board of Directors requires the Company to exercise the right to cancel contract and confiscate the entire deposit of Yen 600 million (Or approximately Baht 176 million). And urgently find other investors interested as well as speeding up production efficiency and acknowledge the arbitrary contract of the contracted company in Japan.

On December 25, 2019, the Company sent the letter in accordance with the resolution of the meeting to Beppu Forest Power Co., Ltd.

By stating that the company insists on selling the power plant at a price of Yen 320 million per plant, not accepting the contract that the Beppu Forest Power Co., Ltd. later created to buy four power plants at the price of Yen 200 million per plant and requesting the Beppu Forest Power Co., Ltd. to pay the remaining balance according to the MOU, suitable for Yen 4,200 million within January 31, 2020, otherwise the company will cancel the contract and confiscate the deposit.

Later on January 24, 2020 and February 20, 2020, the Company was informed by a subsidiary of the electricity generating group that the electricity buyer has notified the subsidiary that the electricity buyer has brought the electricity payment to the subsidiary in 2020, in total of Yen 8,094,768 and Yen 13,841,520 respectively. A total of four plants that consisted of P-Power (2 locations) and Lena – 1 power plant (2 locations) put it at the Oita Legal Affairs Bureau because Beppu Forest Power Co., Ltd., which has entered into an agreement to purchase 15 power plants from the electricity generating group of companies asked the electricity buyer pay electricity bills to Beppu Forest Power Co., Ltd. Electricity buyers therefore have questions about the right to receive payment for electricity bills for the period of January to April 2020 which is due in February to May 2020 put it at the Oita Legal Affairs Bureau.

The Company has informed about the incident to the Stock Exchange of Thailand as follows:

1. Ownership of the power plant

The Company also has agreed to transfer ownership of the power plant to a subsidiary to Beppu Forest Power Co., Ltd. Because Beppu Forest Power Co., Ltd. has not paid the remaining Yen 4,200 million (or approximately Baht 1,143 million) to the Company within the time limit previously agreed with the Company (June 30, 2019). The Board of Directors meeting passed a resolution on December 23, 2019, the management rush to send a letter notifying Beppu Forest Power Co., Ltd. to pay the remaining Yen 4,200 million to the Company and the power plant transfer is in accordance with the conditions previously agreed to be completed within January 31, 2020, till the present, Beppu Forest Power Co., Ltd. still ignored the remaining payment. However, the Company proceeded according to the legal procedure to seize a deposit of Yen 600 million.

2. Effect to the Company and subsidiaries

From the electricity buyer brought money for electricity for the period of January 2020, put it at the Oita Legal Affairs Bureau it does not affect the electricity production process of a subsidiary.

The subsidiary is still able to operate electricity production as usual, only get the electricity after the electricity buyer has received enough information for the decision to pay for the electricity bill is completed.

Present, the Company has not been contacted by Beppu Forest Power Co., Ltd. However, the Company has assigned a Japanese legal counsel, already proceeded with the matter.

3. The Company's Liquidity

The Company would like to inform that the Company is not directly affected by electricity buyers on the electricity cost for January 2020, to be placed at the Law Office of Oita City. The Company major income comes from production and distribution of animal feed or 96.64 percent of the Company's total revenue. However, the Company may have to provide financial support to the subsidiaries in Japan. If the subsidiaries have experienced on liquidity problems due to the delay payment on electricity of electricity buyers.

4. Legal proceedings

The Company has assigned a Japanese legal counsel is a representative of a subsidiary company in contacting electricity buyers to find ways to solve this problem. In addition, the Company is studying ways to use claims to protect the interests of the Company.

In accordance with the Board of Directors' Meeting No. 1/2020 on February 5, 2020 has resolved to acknowledge the progress of the sale the power plant amount of 15 projects. Currently, Beppu Forest Power Co., Ltd. has not paid the remaining amount to the Company. Therefore, the management will seize a deposit amount of Yen 600 million by consult with the law.

24 PROMOTIONAL PRIVILEGES

The Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 2091 (2)/2011 issued on August 31, 2011. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (June 1, 2012) with the corporate income tax exempted capped at the amount of capital investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment and an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period.

In addition, the Company has received promotional privileges which approved by the Board of Investment for the manufacture and distribution of feeds for aquatic animals, pursuant to the investment promotion certificate No. 1856 (2)/2013 issued on June 19, 2013 and the investment promotion certificate No. 1131 (2)/2015 issued on February 4, 2015. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (the investment promotion certificate No. 1856(2)/2013 has not yet generated revenues on May 16, 2018 and the investment promotion certificate No. 1311(2)/2015 has revenues generate on April 30, 2015) with the corporate income tax exempted capped at the amount of capital

investment made, excluding in land and working capital. They also include a reduction of import duty on imported machinery as approved by the Board of Investment, an exemption from income tax on dividend paid to the shareholders from the profit of the promoted activities during the corporate income tax exemption period, and permission to deduct 25% of the amount invested in the installation of facilities in addition to normal depreciation.

On July 16, 2018 the Extraordinary General Meeting of Shareholders No.1/2018 of PP PRIME PUBLIC COMPANY LIMITED, approved the transfer rights in the investment promotion certificate No.1131(2)/2015, No.1856(2)/2013 and No. 2091(2)/2011 category 1.6: Manufacture of animal feeds or animal feed ingredients of the company to Thai Luxe Enterprises (Thailand) Co., Ltd. as in Note 3.4 to the financial statements.

25 SHARE CAPITAL

25.1 Year 2019

1. According to the resolution of the Annual General Meeting of Shareholders No. 1/2019 on April 24, 2019, has passed significant resolutions as follows:

- 1.1 Approved the reduction of the Company’s registered capital of Baht 280,762,672 from the current registered capital of Baht 843,813,359 to be Baht 563,050,687 by cancelling 280,762,672 ordinary shares with par value of Baht 1 per share.
- 1.2 Approve the amendment of clause 4 of the Company’s Memorandum of Association to be in line with the reduction of the Company’s registered capital.

Subsequently, on April 30, 2019, the Company has completely registered the reduction of registered capital together with the amendment to Clause 4 of the Memorandum of Association of the Company to be accorded with the reduction of the registered capital as detailed above, with the Department of Business Development, the Ministry of Commerce.

- 1.3 Approved the increase of the Company’s registered capital by allocating the newly issued ordinary shares of not exceeding 281,525,344 shares to the existing shareholders in proportion to their shareholding ratio (RO) as follows: “The Meeting approved the increase of the Company’s registered capital of Baht 281,525,344 from the current registered capital of Baht 563,050,687 to be Baht 844,576,031 by issuing 281,525,344 ordinary shares with par value of Baht 1 per share”.
- 1.4 Approved the amendment of clause 4 of the Company’s Memorandum of Association to be in line with the increase of the Company’s registered capital.

Subsequently, on May 2, 2019, the Company has completely registered the increase of registered capital together with the amendment to Clause 4 of the Memorandum of Association of the Company to be accorded with the increase of the registered capital as detailed above, with the Department of Business Development, the Ministry of Commerce.

- 1.5 Approved the allocation of the Company’s newly issued ordinary shares to rights offering (RO) of not exceeding 281,525,344 newly issued ordinary shares with par value of Baht 1 per share.

The existing shareholders by way of right offering (RO) are as follows:

Allocation to	Amount of Shares (shares)	Ratio (Old : New)	Offering Price (Baht per share)	Share Subscription and Payment Date and Time
The existing shareholders	Not exceeding 281,525,344 shares	2 existing ordinary shares: 1 new ordinary shares	Baht 2.00 per share, totaling Baht 563,050,688	July 1 – 5, 2019 (5 business days)

During July 1 – 5, 2019, the existing shareholders has right to purchase newly issued ordinary share in proportion of their existing shareholding (RO) of 125,001,347 shares, totaling of Baht 250,002,694. As a result, the Company registered the increase of its issued and paid-up capital of Baht 563 million (divided into 563 million ordinary shares at Baht 1 par value) to Baht 688 million (divided into 688 million ordinary shares at Baht 1 par value) with the Ministry of Commerce on July 9, 2019.

2. According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2019 on June 10, 2019, has passed significant resolutions as follows:

- 2.1 Approved the reduction of the Company’s registered capital of Baht 281,525,344 from the existing registered capital of Baht 844,576,031 to Baht 563,050,687 by cancelling 281,525,344 authorized but unissued ordinary shares, with a par value of Baht 1 per share.
- 2.2 Approved the amendment of clause 4 of the Company’s Memorandum of Association to be in line with the reduction of the Company’s registered capital.

Subsequently, on June 13, 2019, the Company has completely registered the reduction of registered capital together with the amendment to Clause 4 of the Memorandum of Association of the Company to be accorded with the reduction of the registered capital as detailed above, with the Department of Business Development, the Ministry of Commerce.

- 2.3 Approved the increase of the Company’s registered capital of Baht 563,050,688 from the existing registered capital of Baht 563,050,687 to Baht 1,126,101,375 by issuing 563,050,688 newly issued ordinary shares, with a par value of Baht 1 per share.
- 2.4 Approve the amendment of clause 4 of the Company’s Memorandum of Association to be in line with the reduction of the Company’s registered capital. Subsequently, on June 14, 2019, the Company has completely registered the increase of registered capital together with the amendment to Clause 4 of the Memorandum of Association of the Company to be accorded with the increase of the registered capital as detailed above, with the Department of Business Development, the Ministry of Commerce.

26 WARRANTS

According to the Extraordinary General Meeting of Shareholders No. 1/2019 of PP PRIME Public Company Limited ("the Company") on June 10, 2019, received approval for the Company's ordinary shares, No. 4 ("Warrants" or "PPPM-W4") not exceeding 281,525,344 units to the existing shareholders of the Company in proportion to their shareholding (Warrant-RO) without charge at the ratio of 3 shares per 1 unit Rights Whereby the fraction of the warrants shall be discarded and scheduled for July 17, 2019 to be the date of determining the list of shareholders who have the right to subscribe for the said warrants (Record Date). The warrants to purchase ordinary shares of the Company No. 4 or PPPM-W4 are summarized as follows:

Type of warrants	Warrants to purchase ordinary shares of PP PRIME Public Company Limited, No. 4, allocated to the existing shareholders of the Company at the ratio of 3 ordinary shares per 1 unit of warrants. ("Warrant" or "PPPM-W4")
Type	Named and transferable warrants
Number to be issued	Not exceeding 229,350,678 units
Number of ordinary shares reserved for the exercise of warrants	Not exceeding 229,350,678 shares (par value of Baht 1.00 per share), representing 33.33 percent of the total issued shares of the company as of July 9, 2019, amounting to 688,052,034 shares (par value of Baht 1.00 per share).
Offering Method	Allocated to the existing shareholders of the Company at the ratio of 3 ordinary shares per 1 unit (in the case that there is a fraction To round off) In this regard, the company determines the list of ordinary shareholders of the company. With the right to receive allotment of warrants issued at this time (Record Date) on July 17, 2019.
Offering Price per unit	Baht 0.00.
Tenure	5 years from the issuance date of the Warrants.
Issuance and Offering Date	September 23, 2019
Exercise Ratio	1 unit of the Warrants is entitled to purchase 1 newly issued ordinary share (unless the exercise ratio is adjusted by the conditions of right adjustment).
Exercise Price	Baht 1 per share (unless the exercise ratio is adjusted by the conditions of right adjustment).
Exercise Period	The holders of the Warrants may exercise the Warrants once every year on the last business day of October of each year during the period from 9.00 hours to 15.30 hours during the term of the Warrants, with the first exercise date on Thursday, October 31, 2019 and the last exercise date on the fifth anniversary of the issuance date of the Warrants (the “Exercise Date”). If the Exercise Date falls on any non- business day of the Stock Exchange of Thailand, the Exercise Date shall be postponed to the business day preceding such Exercise Date.

Exercise Notice Period	The holders of the Warrants wishing to exercise their rights to purchase the Company’s newly issued ordinary shares shall give notice of intention to purchase the Company’s newly issued ordinary shares within 5 business days prior to the Exercise Date, except for the notice of intention on the last exercise, such notice of intention to purchase the Company’s newly issued ordinary shares shall be given at least 15 days before the last Exercise Date.
End date of warrants	July 31, 2024
Warrant Registrar	Thailand Securities Depository Co., Ltd.
Secondary Market for the Warrants	The Company shall list the Warrants as listed securities on the Stock Exchange of Thailand (“SET”).
Secondary Market for the Newly Issued Ordinary Shares for Exercise of the Warrants	The Company shall list the newly issued ordinary shares to accommodate the exercise of the Warrants as listed securities on SET.

27 BASIC EARNINGS (LOSS) PER SHARE

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

The following table sets forth the computation of basic earnings (loss) per share for the three – month periods ended March 31, 2020 and 2019 as follows:

	For the three – month period ended March 31			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit (loss) attributable to equity holders of the parent company (Million Baht)	(6,009)	(50,522)	(58,227)	(42,270)
Number of ordinary shares as at January 1	688,066	563,051	688,066	563,051
Effect of share issued during the period	-	-	-	-
Weighted average number of common shares	688,066	563,051	688,066	563,051
Basic earnings (loss) per share (Baht / Share)	(0.01)	(0.09)	(0.08)	(0.08)

Diluted earnings (loss) per share Weighted average number of ordinary shares in issue during the year is adjusted by the number of dilutive potential ordinary shares, assuming that the dilutive potential ordinary shares are exercised. Converted to ordinary shares. The Company has diluted ordinary shares, is warrants to purchase ordinary shares. The Company calculates the equivalent of the discounted shares based on the fair value based on the par value of the share option price accompanying the warrants to purchase the ordinary shares. The calculation is based on the weighted average number of ordinary shares in issue during the period. The calculation is based on the weighted average number of ordinary shares in issue during the period. However, the Company does not calculate diluted earnings per share for the three-month period ended March 31, 2020 and 2019, because the fair value of ordinary shares is less than the exercise price.

28 SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors.

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have three reportable segments as follows:

1. Aquatic animal feed segment
2. Pets food segment
3. Production and distribution of electricity segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for outsider transactions.

PP PRIME PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2020

“UNAUDITED”
“REVIEWED”

The following tables present revenue and profit (loss) information regarding the Company’s and its subsidiaries’ operating segments for the three – month periods ended March 31, 2020 and 2019, as follow:

(Unit : Million Baht)

	For the three – month period ended March 31											
	Domestic				Overseas							
	Aquatic animal feed		Pets food		Production and distribution of electricity		Total segments		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue form external customers	681	828	56	49	9	31	746	908	(311)	(396)	435	512
Total revenues	681	828	56	49	9	31	746	908	(311)	(396)	435	512
Results												
Segment profit (loss)	8	7	3	4	(20)	2	(9)	13	7	(17)	(2)	(4)
Gain (loss) on investments in securities											-	1
Interest income											1	1
Other income (expenses)											24	(3)
Share of loss from investments in associates											-	-
Finance cost											(24)	(34)
Loss before income tax expenses											(1)	(39)
Tax expense											(5)	(12)
Loss for the period											(6)	(51)

29 COMMITMENTS AND CONTINGENT LIABILITIES**29.1 Power purchase agreements**

As at March 31, 2020 a subsidiary entered into PPA with an unrelated company. The PPA is effective for a period of 15 years starting from scheduled commercial operation date. The sales quantity and its price must be complied with the agreement.

29.2 Hot springs service agreement

As at March 31, 2020 the overseas subsidiaries have commitments in respect of power plant hot springs service agreements made with an unrelated company, amounting to approximately Yen 0.4 million per month per power plant for periods of 15 years from the commercial operation dates.

In November 2017 and January 2018, the subsidiaries entered into a memorandum of understanding with an unrelated company to waive hot springs service charges, in accordance with the conditions specified in the agreement.

29.3 Power plant operation and maintenance agreement

As at March 31, 2020, overseas subsidiary has commitments in respect of power plant operation and maintenance agreements made with an unrelated company, amounting to approximately Yen 0.1 million per month per power plant for 5 years starting from a project awarded date, which can be extended every 5 years, and has maximum duration of 15 years, under the same conditions.

29.4 Property rights of land agreement

As at March 31, 2020, overseas subsidiary has commitments in respect of property rights of land agreement with an unrelated company to operate in a project of electricity production from wind power amounting to approximately Yen 0.1 million per month per power plant. The term of this agreement is 21 years starting from an agreement signing date.

29.5 Capital Commitments

As at March 31, 2020 the overseas subsidiaries had capital commitments of approximately Yen 2,351 million (December 31, 2019 : Yen 2,351 million), relating to the construction of power plant.

29.6 Lease and services commitments

The Company and subsidiary has entered into several lease agreements in respect of office building space and service agreement and vehicle rental. The terms of the agreements are generally duration from 1 to 3 years.

Future minimum lease payments required under these non – cancellable leases and services contracts were as follows.

	(Unit : Million Baht)			
	Consolidated financial statements		Separate financial statements	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Payable:				
within 1 year	2.56	2.23	1.53	1.49
more than 1 year but not over 2 years	0.06	0.23	0.06	0.23

29.7 Guarantees

As at March 31, 2020 the Company and subsidiary were outstanding bank guarantees of approximately Baht 28 million (December 31, 2019 : Baht 18 million), issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee relating to guarantee electricity use.

30 FINANCIAL INSTRUMENTS**30.1 Foreign currency risk**

The company and its subsidiaries have significant outstanding balances of financial liabilities denominated in foreign currencies are as follows:

Foreign currencies	Financial liabilities		Average exchange rate	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	32.67	30.51
Japanese yen	1,843	1,886	0.30	0.28

30.2 Fair value hierarchy

As at March 31, 2020 and December 31, 2019, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements								
Level 1		Level 2		Level 3		Total		
March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	
Financial assets measured at fair value								
Available-for-sale investments								
Equity instruments	40	84	-	-	-	-	40	84
Debt instruments*	-	-	0.01	0.03	-	-	0.01	0.03
Financial assets for which fair value are disclosed								
Investment properties	-	-	-	-	84	85	84	85
Land revaluation	-	-	-	-	436	436	436	436

Financial assets measured at fair value

Available-for-sale investments

Equity instruments	40	84	-	-	-	-	40	84
Debt instruments*	-	-	0.01	0.03	-	-	0.01	0.03

Financial assets for which fair value are disclosed

Investment properties	-	-	-	-	84	85	84	85
Land revaluation	-	-	-	-	436	436	436	436

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Financial assets measured at fair value								
Available-for-sale investments								
Equity instruments	40	84	-	-	-	-	40	84
Debt instruments*	-	-	0.01	0.03	-	-	0.01	0.03
Financial assets for which fair value are disclosed								
Investment properties	-	-	-	-	84	85	84	85
Land revaluation	-	-	-	-	100	100	100	100

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management

The current year, there were not transfer within the fair value hierarchy.

31 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at March 31, 2020 the Group's debt – to – equity ratio was 6.01 : 1 (December 31, 2019 : 5.27: 1) and the Company's was 3.57 : 1 (December 31, 2019 : 3.06: 1).

32 EVENTS AFTER THE REPORTING PERIOD

In accordance with the resolution of the Board of Directors Meeting No. 5/2020 held on April 28, 2020, passed the following important resolutions:

- Resolved to approve the reduction of the company's registered capital of 209,200,252 baht from 1,126,101,375 baht to 916,901,123 baht by cutting 209,200,252 ordinary shares that have not been sold, with a par value of 1 baht each.
- Resolved to approve the amendment of Clause 4 of the Memorandum of Association in order to be in line with the reduction of the company's registered capital.
- Resolved to propose to the shareholders' meeting to consider and approving the amendment of Clause 4 of the Memorandum of Association in order of the Company to be in line with the reduction of the Company's registered capital, as per the following details:

"Clause 4. Registered Capital THB 916,901,123 (Nine hundred sixteen million nine hundred thousand one hundred one hundred twenty three Baht)

Divided into 916,901,123 shares (Nine hundred sixteen million nine hundred thousand one hundred one hundred twenty three Baht shares)

Par value of each share THB 1 (One Baht)

Classified into

Ordinary Share 916,901,123 share (Nine hundred sixteen million nine hundred thousand one hundred one hundred twenty three baht shares)

Preferred Share - Shares (-)"

In this regard, the company will hold the annual general meeting of shareholders on June 4, 2020.

33 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's authorized director on May 14, 2020.