

**Takuni Group Public Company Limited
and its Subsidiaries**

Condensed interim financial statements
for the three-month and nine-month periods ended
30 September 2020
and
Independent auditor's review report



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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Takuni Group Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Takuni Group Public Company Limited and its subsidiaries, and of Takuni Group Public Company Limited, respectively, as at 30 September 2020; the consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020, the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 2020; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".



Other Matter

The consolidated and separate statements of financial position of Takuni Group Public Company Limited and its subsidiaries, and of Takuni Group Public Company Limited, respectively, as at 31 December 2019, which are included as comparative information, were audited by another auditor who expressed an unqualified opinion thereon in his report dated 27 February 2020. Furthermore, the consolidated and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019, the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 2019 of Takuni Group Public Company Limited and its subsidiaries, and of Takuni Group Public Company Limited, respectively, which are included as comparative information, were reviewed by another auditor who expressed an unmodified conclusion thereon in his report dated 11 November 2019.

(Vipavan Pattavanvivek)
Certified Public Accountant
Registration No. 4795

KPMG Phoomchai Audit Ltd.
Bangkok
9 November 2020

Takuni Group Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2020 (Unaudited)	31 December 2019	30 September 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Assets					
<i>Current assets</i>					
Cash and cash equivalents		50,544	138,272	36,504	101,316
Trade and other current receivables	5, 14	368,325	320,571	102,840	132,419
Contract assets	6, 14	559,061	692,304	13,063	145,065
Short-term loans to related parties	4	14,320	320	149,320	256,304
Inventories	7	216,695	222,170	12,117	37,714
Other current assets		13,925	15,573	873	1,508
Total current assets		1,222,870	1,389,210	314,717	674,326
<i>Non-current assets</i>					
Restricted deposits at financial institutions		41,550	48,847	11,899	11,899
Investments in subsidiaries	9	-	-	111,459	91,459
Investments in associates	8	5,117	5,206	4,000	4,000
Long-term loans to related parties	4	-	-	259,344	30,490
Investment properties		4,404	11,045	-	-
Property, plant and equipment	3, 10	731,427	692,024	59,345	59,201
Goodwill		19,384	19,384	-	-
Intangible assets		15,411	14,488	1,736	1,927
Withholding tax receivable		133,628	118,557	5,633	2,125
Deferred tax assets		6,569	5,608	2,298	2,168
Other non-current assets		49,065	15,273	2,029	1,790
Total non-current assets		1,006,555	930,432	457,743	205,059
Total assets		2,229,425	2,319,642	772,460	879,385

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2020 (Unaudited)	31 December 2019	30 September 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>					
Liabilities and equity					
<i>Current liabilities</i>					
Bank overdrafts		23,941	16,706	-	-
Short-term borrowings from financial institutions		199,829	222,247	-	-
Trade and other current payables		361,923	399,225	27,142	90,425
Contract liabilities	6	172,939	241,895	1,306	24,647
Short-term borrowings from related parties	4	4,500	2,500	-	-
Current portion of long-term borrowings					
from financial institutions	14	39,360	38,640	-	-
Current portion of lease liabilities					
<i>(2019: Current portion of finance lease liabilities)</i>	3	22,089	9,576	1,254	1,231
Income tax payable		301	578	-	-
Other current liabilities		39,447	26,920	6,796	2,854
Total current liabilities		864,329	958,287	36,498	119,157
<i>Non-current liabilities</i>					
Long-term borrowings from financial institutions	14	93,240	105,060	-	-
Lease liabilities <i>(2019: Finance lease liabilities)</i>	3	35,887	22,576	5,219	1,888
Non-current provisions for employee benefits		13,883	16,410	4,672	8,834
Other non-current liabilities		21,400	20,410	13,691	12,074
Total non-current liabilities		164,410	164,456	23,582	22,796
Total liabilities		1,028,739	1,122,743	60,080	141,953

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of financial position

	Consolidated financial statements		Separate financial statements	
	30 September 2020 (Unaudited)	31 December 2019	30 September 2020 (Unaudited)	31 December 2019
<i>(in thousand Baht)</i>				
Liabilities and equity				
Equity				
Share capital:				
Authorised share capital <i>(1,200,000,000 ordinary shares, par value at Baht 0.5 per share)</i>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Issued and paid-up share capital <i>(800,000,000 ordinary shares, par value at Baht 0.5 per share)</i>	400,000	400,000	400,000	400,000
Share premium on ordinary shares	305,528	305,528	305,528	305,528
Share surplus from business combination under common control	20,636	20,636	-	-
Retained earnings (Deficit)				
Appropriated				
Legal reserve	9,942	9,942	9,942	9,942
Unappropriated (Deficit)	52,358	64,578	(3,090)	21,962
Other components of equity	<u>81,853</u>	<u>81,853</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent	<u>870,317</u>	<u>882,537</u>	<u>712,380</u>	<u>737,432</u>
Non-controlling interests	<u>330,369</u>	<u>314,362</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,200,686</u>	<u>1,196,899</u>	<u>712,380</u>	<u>737,432</u>
Total liabilities and equity	<u>2,229,425</u>	<u>2,319,642</u>	<u>772,460</u>	<u>879,385</u>

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Three-month period ended		Three-month period ended	
		30 September		30 September	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods	11	123,106	179,764	122,529	179,140
Revenue from rendering of services	11	658,109	578,437	44,544	103,577
		781,215	758,201	167,073	282,717
Costs of sales of goods	7	(119,824)	(173,707)	(118,939)	(173,073)
Costs of rendering of services		(590,601)	(509,771)	(37,037)	(90,902)
Gross profit		70,790	74,723	11,097	18,742
Other income		3,963	5,954	4,246	4,842
Distribution costs		(1,031)	(1,322)	(700)	(855)
Administrative expenses		(37,161)	(43,240)	(11,954)	(14,046)
Profit from operating activities		36,561	36,115	2,689	8,683
Finance costs		(5,309)	(4,441)	(31)	(47)
Share of profit (loss) of associates accounted for using equity method		(364)	349	-	-
Profit before income tax expense		30,888	32,023	2,658	8,636
Income tax income (expense)		(5,982)	(9,617)	192	(1,952)
Profit for the period		24,906	22,406	2,850	6,684

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated financial		Separate financial	
	statements		statements	
	Three-month period ended		Three-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other comprehensive income				
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	<u>24,906</u>	<u>22,406</u>	<u>2,850</u>	<u>6,684</u>
Profit attributable to:				
Owners of parent	11,868	9,262	2,850	6,684
Non-controlling interests	13,038	13,144	-	-
	<u>24,906</u>	<u>22,406</u>	<u>2,850</u>	<u>6,684</u>
Total comprehensive income attributable to:				
Owners of parent	11,868	9,262	2,850	6,684
Non-controlling interests	13,038	13,144	-	-
	<u>24,906</u>	<u>22,406</u>	<u>2,850</u>	<u>6,684</u>
Basic earnings per share (in Baht)	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Note	Consolidated financial statements		Separate financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sales of goods	11	395,147	564,541	393,750	562,927
Revenue from rendering of services	11	1,935,121	1,644,638	103,404	287,696
		2,330,268	2,209,179	497,154	850,623
Costs of sales of goods	7	(384,049)	(541,292)	(383,992)	(543,292)
Costs of rendering of services		(1,753,635)	(1,449,751)	(92,427)	(252,268)
Gross profit		192,584	218,136	20,735	55,063
Other income		8,917	14,722	13,519	14,757
Distribution costs		(3,193)	(4,228)	(1,530)	(2,155)
Administrative expenses		(120,636)	(148,302)	(35,404)	(61,682)
Profit (loss) from operating activities		77,672	80,328	(2,680)	5,983
Finance costs		(16,748)	(10,759)	(251)	(91)
Share of loss of associates					
accounted for using equity method		(1,650)	(2)	-	-
Profit (loss) before income tax expense		59,274	69,567	(2,931)	5,892
Income tax expense		(14,567)	(25,703)	(201)	(7,026)
Profit (loss) for the period		44,707	43,864	(3,132)	(1,134)

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated financial		Separate financial	
	statements		statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Loss on remeasurements of defined benefit plans, net of tax	-	(3,490)	-	(2,843)
Other comprehensive income for the period, net of tax	-	(3,490)	-	(2,843)
Total comprehensive income for the period	44,707	40,374	(3,132)	(3,977)
Profit (loss) attributable to:				
Owners of parent	9,700	5,566	(3,132)	(1,134)
Non-controlling interests	35,007	38,298	-	-
	44,707	43,864	(3,132)	(1,134)
Total comprehensive income attributable to:				
Owners of parent	9,700	1,949	(3,132)	(3,977)
Non-controlling interests	35,007	38,425	-	-
	44,707	40,374	(3,132)	(3,977)
Basic earnings (loss) per share (in Baht)	0.01	0.01	(0.01)	(0.01)

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

Note	Consolidated financial statements								
	Issued and paid-up share capital	Share premium on ordinary shares	Share surplus from business combination under common control	Retained earnings		Other components of equity	Equity attributable to owner of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Changes in parent's ownership interest in subsidiary			
					(in thousand Baht)				
Nine-month period ended 30 September 2019									
	400,000	305,528	20,636	8,692	72,291	1,070	808,217	80,626	888,843
	-	-	-	-	259	-	259	95	354
	400,000	305,528	20,636	8,692	72,550	1,070	808,476	80,721	889,197
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the parent</i>									
Dividends	13	-	-	-	(30,000)	-	(30,000)	(19,350)	(49,350)
		-	-	-	(30,000)	-	(30,000)	(19,350)	(49,350)
<i>Total distributions to owners of the parent</i>									
<i>Changes in ownership interests in subsidiary</i>									
Acquisition of non-controlling interests without a change in control		-	-	-	-	80,782	80,782	205,203	285,985
		-	-	-	-	80,782	80,782	205,203	285,985
<i>Total changes in ownership interests in subsidiary</i>									
Comprehensive income for the period									
Profit		-	-	-	5,566	-	5,566	38,298	43,864
Other comprehensive income		-	-	-	(3,617)	-	(3,617)	127	(3,490)
		-	-	-	1,949	-	1,949	38,425	40,374
Total comprehensive income for the period									
		400,000	305,528	20,636	8,692	44,499	81,852	304,999	1,166,206
Balance at 30 September 2019									

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

	Consolidated financial statements									
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Share surplus from business combination under common control	Retained earnings		Other components of equity	Equity attributable to owner of the parent	Non- controlling interests	Total equity
					Legal reserve	Unappropriated	Changes in parent's ownership interest in subsidiary			
<i>(in thousand Baht)</i>										
Nine-month period ended 30 September 2020										
Balance at 1 January 2020		400,000	305,528	20,636	9,942	64,578	81,853	882,537	314,362	1,196,899
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the parent</i>										
Dividends	13	-	-	-	-	(21,920)	-	(21,920)	(19,000)	(40,920)
Total distributions to owners of the parent		-	-	-	-	(21,920)	-	(21,920)	(19,000)	(40,920)
Comprehensive income for the period										
Profit		-	-	-	-	9,700	-	9,700	35,007	44,707
Total comprehensive income for the period		-	-	-	-	9,700	-	9,700	35,007	44,707
Balance at 30 September 2020		400,000	305,528	20,636	9,942	52,358	81,853	870,317	330,369	1,200,686

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings		
				Legal reserve	Unappropriated (Deficit)	
<i>(in thousand Baht)</i>						
Nine-month period ended 30 September 2019						
Balance at 31 December 2018 - as reported		400,000	305,528	8,692	31,776	745,996
Impact of changes in accounting policies		-	-	-	(148)	(148)
Balance at 1 January 2019 - restated		400,000	305,528	8,692	31,628	745,848
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends	13	-	-	-	(30,000)	(30,000)
<i>Total distributions to owners</i>		-	-	-	(30,000)	(30,000)
Comprehensive income for the period						
(Loss)		-	-	-	(3,977)	(3,977)
Total comprehensive income for the period		-	-	-	(3,977)	(3,977)
Balance at 30 September 2019		400,000	305,528	8,692	(2,349)	711,871

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Note	Separate financial statements			Total equity
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings	
			Legal reserve	Unappropriated (Deficit)	
<i>(in thousand Baht)</i>					
Nine-month period ended 30 September 2020					
Balance at 1 January 2020		400,000	305,528	21,962	737,432
Transactions with owners, recorded directly in equity					
<i>Distributions to owners</i>					
Dividends	13	-	-	(21,920)	(21,920)
Total distributions to owners		-	-	(21,920)	(21,920)
Comprehensive income for the period					
(Loss)		-	-	(3,132)	(3,132)
Total comprehensive income for the period		-	-	(3,132)	(3,132)
Balance at 30 September 2020		400,000	305,528	(3,090)	712,380

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial		Separate financial	
	statements		statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the period	44,707	43,864	(3,132)	(1,134)
<i>Adjustments to reconcile profit (loss) to cash receipts (payments)</i>				
Income tax expense	14,567	25,703	201	7,026
Finance costs	16,748	10,759	251	91
Depreciation and amortisation	64,346	47,229	5,254	4,637
Impairment loss recognised in profit or loss	-	22,478	-	22,478
Non-current provisions for employee benefits	2,003	2,647	22	1,599
Impairment loss of receivables	3,278	2,457	909	1,482
(Reversal of) losses on inventories devaluation	450	(986)	-	-
Gain on disposal and written off property, plant and equipment	(325)	(1,446)	-	(33)
Loss on disposal of investment properties	1,938	1,242	-	-
Gain on sale of securities	-	(909)	-	(909)
Share of loss of associates accounted for using equity method	1,650	2	-	-
Write-off withholding tax deducted at source	1,526	13	-	13
Interest income	(300)	(938)	(5,508)	(3,997)
	150,588	152,115	(2,003)	31,253
<i>Changes in operating assets and liabilities</i>				
Trade and other current receivables	(51,032)	(114,347)	14,618	95,062
Contract assets	133,243	(279,158)	132,002	(143,356)
Inventories	5,025	87,434	25,597	(39,855)
Other current assets	1,648	(4,036)	635	1,018
Other non-current assets	(33,757)	(8,322)	(239)	(1,755)
Trade and other current payables	(39,541)	(15,777)	(63,198)	(30,124)
Contract liabilities	(68,956)	(66,731)	(23,341)	(13,635)
Other current liabilities	12,527	7,940	3,942	(1,026)
Payment of non-current provisions for employee benefits	(4,530)	(140)	(4,184)	-
Other non-current liabilities	990	6,604	1,617	13,517
Net cash generated from (used in) operating	106,205	(234,418)	85,446	(88,901)

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial		Separate financial	
	statements		statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Interest paid	(14,704)	(10,367)	(140)	(2)
Tax paid	(32,437)	(50,477)	(3,839)	(6,352)
Net cash from (used in) operating activities	59,064	(295,262)	81,467	(95,255)
<i>Cash flows from investing activities</i>				
Decrease in restricted deposits at financial institutions	7,297	6,532	-	660
Acquisition of current investments	-	(124,000)	-	(30,000)
Proceeds from sale of current investments	-	184,808	-	90,406
Proceeds from loans to related parties	-	-	117,060	32,770
Loans to related parties	(14,000)	(320)	(238,930)	(93,840)
Acquisition of associate net of cash acquired	(1,561)	(6,523)	-	(4,000)
Acquisition of subsidiary net of cash acquired	-	-	(20,000)	(100)
Acquisition of property, plant and equipment	(59,021)	(173,823)	(183)	(1,643)
Acquisition of intangible assets	(2,261)	(1,927)	(78)	(324)
Proceeds from disposal of investment properties	4,261	2,588	-	-
Proceeds from disposal of property, plant and equipment	5,276	3,865	-	33
Dividends received	-	-	16,250	27,000
Interest received	300	938	3,310	1,567
Net cash from (used in) investing activities	(59,709)	(107,862)	(122,571)	22,529
<i>Cash flows from financing activities</i>				
Proceeds from short-term borrowings				
from financial institution	532,440	406,337	-	-
Repayment of short-term borrowings from financial institution	(554,858)	(364,500)	-	-
Repayment of long-term borrowings from financial institution	(11,100)	(29,700)	-	-
Proceeds from short-term loan from other party	-	3,000	-	-
Proceeds from short-term loan from related parties	24,685	3,500	-	-
Repayment of short-term loan from related parties	(22,685)	-	-	-
Repayment of lease liabilities	(21,880)	(2,785)	(1,788)	(1,070)
Proceeds from issue of shares	-	285,985	-	-
Dividends paid to owners of the Company	(21,920)	(30,000)	(21,920)	(30,000)
Dividends paid to non-controlling interests	(19,000)	(19,350)	-	-
Net cash from (used in) financing activities	(94,318)	252,487	(23,708)	(31,070)

The accompanying notes form an integral part of the interim financial statements.

Takuni Group Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated financial		Separate financial	
	statements		statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Net decrease in cash and cash equivalents	(94,963)	(150,637)	(64,812)	(103,796)
Cash and cash equivalents at 1 January	121,566	212,682	101,316	171,878
Cash and cash equivalents at 30 September	26,603	62,045	36,504	68,082
Cash and cash equivalents at 30 September				
Cash and cash equivalents	50,544	76,251	36,504	68,082
Bank overdrafts	(23,941)	(14,206)	-	-
	26,603	62,045	36,504	68,082
Non-cash transactions				
Payable from purchase of property, plant and equipment	7,845	7,430	5	26
Payable from purchase of intangible assets	266	-	-	-
Acquisitions of right-of-use assets under leases	47,189	6,309	5,031	3,113

The accompanying notes form an integral part of the interim financial statements.

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements and were approved and authorised for issue by the Board of Directors on 9 November 2020.

1 General information

The principal activities of the Company are Liquid Petroleum Gas (LPG) procurement and trading. The principal activities of the Group are:

Liquid Petroleum Gas trading	Petroleum gas trading for household cooking, industry and transportation
Gas installation equipment trading	Industrial and car gas systems installation and equipment trading
Transportation services	Hazardous substances and construction materials transportation services by land
Construction services	Construction services
Non-destructive testing (NDT) and inspection services	Non-destructive testing and inspection service
Others	Property development

2 Basis of preparation of the interim financial statements

(a) *Statement of compliance*

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

The Group has initially applied TFRS - Financial instruments standards which has no material effect on the financial statements and initially applies TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition to the above new and revised TFRS, the Federation of Accounting Professions has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2021 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

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(b) *Use of judgements and estimates*

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019, except for the new significant judgements and key sources of estimation uncertainty related to the application of new TFRS as described in note 3.

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies are as follows:

A. TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI, lease receivables, except for investments in equity instruments.

The Group has made an assessment on the impairment under TFRS 9 as at 1 January 2020 which has no material effect on the consolidated and separate financial statements.

B. TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- do not recognise right-of-use assets and lease liabilities for low-value underlying assets
- apply a single discount rate to a portfolio of leases with similar characteristics;

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The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognised the increase in right-of-use assets which were presented as part of property, plant and equipment amounting to Baht 14.33 million and Baht 5.03 million and affect to increase in lease liabilities amounting to Baht 14.33 million and Baht 5.03 million in the consolidated and separate financial statements, respectively. The operating lease commitment as at 31 December 2019 was discounted using the incremental borrowing rate of 6% per year and used of exemption for short-term lease and low-value underlying asset and combined with finance lease liabilities; therefore, the Group has recognised lease liabilities as at 1 January 2020 amounting to Baht 46.48 million and Baht 8.15 million in the consolidated and separate financial statements, respectively.

Right-of-use assets and lease liabilities shown above were presented as part of Liquid Petroleum Gas trading and NDT and inspection services segments.

4 Related parties

Relationships with subsidiaries and associates are described in notes 8 and 9.

Significant transactions for the three-month and nine-month periods ended 30 September with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
<i>Three-month period ended 30 September</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Purchases of goods and receiving of services	-	-	2,195	48,560
Other income	-	-	2,151	3,314
Rental expense	-	-	267	267
Transportation expense	-	-	5,105	6,340
Interest income	-	-	1,782	1,198
Other expenses	-	-	411	309
Associate				
Other income	12	-	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	7,836	9,537	3,090	3,055
Post-employment benefits	240	275	75	126
Total key management personnel compensation	8,076	9,812	3,165	3,181
Other related parties				
Interest expense	30	-	-	-
Nine-month period ended 30 September				
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries				
Purchases of goods and receiving of services	-	-	17,293	166,117
Other income	-	-	7,529	9,469
Rental expense	-	-	801	801

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<i>Nine-month period ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
			<i>(in thousand Baht)</i>	
Transportation expense	-	-	14,854	20,566
Interest income	-	-	5,404	3,137
Other expenses	-	-	544	471
Associate				
Other income	36	-	-	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	24,613	27,893	9,349	9,751
Post-employment benefits	721	3,945	226	3,497
Total key management personnel compensation	25,334	31,838	9,575	13,248
Other related parties				
Interest expense	216	20	-	-

Balances as at 30 September 2020 and 31 December 2019 with related parties were as follows:

	Consolidated financial statements		Separate financial statement	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
			<i>(in thousand Baht)</i>	
Other receivables <i>(included in other current receivables)</i>				
Subsidiaries	-	-	1,048	2,259
Associate	5	-	-	-
Total	5	-	1,048	2,259
Interest receivable <i>(included in other current receivables)</i>				
Subsidiaries	-	-	11,162	8,964
Dividend receivable <i>(included in other current receivables)</i>				
Subsidiaries	-	-	-	16,250
Trade and other current payables				
Subsidiaries	-	-	3,651	31,170
Current portion of lease liabilities				
Subsidiary	-	-	286	-
Lease liabilities				
Subsidiary	-	-	74	-

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	Interest rate		Consolidated financial statements			
	31	30	31			30
	December	September	December	Increase	Decrease	September
<i>Loans to</i>	2019	2020	2019	<i>(in thousand Baht)</i>		2020
	<i>(% per annum)</i>					
Associate	-	-	320	14,000	-	14,320

	Interest rate		Separate financial statements			
	31	30	31			30
	December	September	December	Increase	Decrease	September
<i>Loans to</i>	2019	2020	2019	<i>(in thousand Baht)</i>		2020
	<i>(% per annum)</i>					
Subsidiaries	3	3	286,474	224,930	(117,060)	394,344
Associate	-	-	320	14,000	-	14,320
Total			286,794	238,930	(117,060)	408,664

	Interest rate		Consolidated financial statements			
	31	30	31			30
	December	September	December	Increase	Decrease	September
<i>Loans from</i>	2019	2020	2019	<i>(in thousand Baht)</i>		2020
	<i>(% per annum)</i>					
Other related parties	5.25	5.50 and 5.75	2,500	24,685	(22,685)	4,500

Significant agreements with related parties

The Company entered into a general management agreement with related parties to provide business services in solving the problem, providing assistance and giving advice in business operations. The agreement covers a period of 1 year and will be renewed for a period of one year until it is terminated by either party after given 1 month written notice to other party. The Company will receive management fees as indicated in the agreement.

Takuni Group Public Company Limited and its Subsidiaries

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5 Trade and other current receivables

		Consolidated financial statements		Separate financial statements	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
<i>(in thousand Baht)</i>					
Trade receivables					
Other parties		351,071	283,882	95,457	102,375
Less allowance for impairment (2019: allowance for doubtful accounts)	14	(10,571)	(7,293)	(6,053)	(5,144)
Net		340,500	276,589	89,404	97,231
Other current receivables					
Related parties	4	5	-	1,048	2,259
Other parties		647	323	1	1
Prepaid expense		10,012	14,801	1,225	3,121
Advance payments to subcontractors		7,969	13,793	-	4,593
Accrued income - NDT and inspection services		8,960	15,065	-	-
Accrued income - others		232	-	-	-
Interest receivable	4	-	-	11,162	8,964
Dividend receivable	4	-	-	-	16,250
Total		27,825	43,982	13,436	35,188
Total trade and other current receivables		368,325	320,571	102,840	132,419
<i>(in thousand Baht)</i>					
Impairment loss (reversal of)					
<i>(2019: Bad and doubtful debts)</i>					
For the three-month period ended 30 September		(401)	1,968	97	1,649
For the nine-month period ended 30 September		3,278	2,457	909	1,482

As at 30 September 2020, a subsidiary had pledged of Baht 19.34 million of trade receivables as collateral for short-term borrowings from financial institutions - factoring loan (31 December 2019: Baht 41.47 million).

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8 Investments in associates

		Consolidated financial statements								Dividend income for the nine-month periods ended	
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		30 September 2020	30 September 2019
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019		
		(%)		<i>(in thousand Baht)</i>							
<i>Associates</i>											
Sermasch Co., Ltd.	Repair and maintenance of tools and machinery	47.5	47.5	2,000	2,000	1,419	1,419	332	558	-	-
Sorb Engineering Co., Ltd.	Sales and installation of tools and machinery	47.5	47.5	2,000	2,000	1,104	1,104	1,106	727	-	-
Exact Real Estate Co., Ltd.	Property development for sale	40.0	40.0	10,000	10,000	4,000	4,000	3,313	3,921	-	-
Yi Hao Motor Co., Ltd.	Manufacturer and assembly electric motorbike	40.0	-	3,914	-	1,561	-	366	-	-	-
Total						8,084	6,523	5,117	5,206	-	-

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	Ownership interest		Separate financial statement				Dividend income for the nine-month periods ended	
	30	31	Paid-up capital		Cost		30	30
	September 2020	December 2019	September 2020	December 2019	September 2020	December 2019	September 2020	September 2019
	(%)		(in thousand Baht)					
<i>Associate</i>								
Exact Real Estate Co., Ltd.	40.0	40.0	10,000	10,000	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>-</u>

None of the Group's associates are publicly listed and consequently do not have published price quotations.

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9 Investments in subsidiaries

Type of business	Separate financial statements								Dividend income for the	
	Ownership interest		Paid-up capital		Cost		nine-month periods ended			
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	30 September 2019		
	(%)		(in thousand Baht)							
<i>Direct subsidiaries</i>										
Takuni (Thailand) Co., Ltd.	Industrial and car gas systems installation and equipment trading and construction services	99.99	99.99	50,000	50,000	53,377	53,377	-	-	
Ratchapruerk Engineering Co., Ltd.	NDT and inspection services	99.99	99.99	40,000	20,000	41,340	21,340	-	-	
G Gas Logistics Co., Ltd.	Hazardous substances and construction materials transportation services by land	99.99	99.99	15,000	15,000	15,643	15,643	-	-	
Takuni Land Co., Ltd.	Property development	99.97	99.97	1,000	1,000	1,000	1,000	-	-	
Takuni Trading Co., Ltd.	Sales of automotive equipment, motorcycles and electric cars	99.70	99.70	100	100	99	99	-	-	
<i>Indirect subsidiaries</i>										
CAZ (Thailand) Public Company Limited	Construction services	36.64	36.64	140,000	140,000	-	-	-	-	
JKEC Co., Ltd.	Construction services	26.80	26.80	10,100	10,100	-	-	-	-	
Total						111,459	91,459	-	-	

In the second quarter of 2020, the Company additionally invested in newly issued ordinary shares of Ratchapruerk Engineering Co. Ltd., amounting to Baht 20 million.

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10 Property, plant and equipment

The movement of property, plant and equipment for the nine-month period ended 30 September 2020 was as follows:

	<i>Note</i>	Consolidated financial statements <i>(in thousand Baht)</i>	Separate financial statements
<i>Net book value</i>			
At 1 January		692,024	59,201
Impact from TFRS 16 - right-of-use assets	3	14,333	5,031
Additions			
- Property, plant and equipment		59,630	175
- Right-of-use assets		32,856	-
Disposals / written off		(4,951)	-
Depreciation charge for the period		(62,465)	(5,062)
At 30 September		731,427	59,345

As at 30 September 2020, the Group had pledged certain plots of land and buildings with net book value of Baht 322.64 million (*31 December 2019: Baht 327.22 million*) as collateral for credit facilities for bank overdrafts, letters of credits or trust receipt, letters of guarantees, forward contracts, long-term borrowings from a bank.

As at 30 September 2020, gas depot and related assets in LPG trading business have been impaired amounting to Baht 22.48 million since recoverable amount is less than its carrying value. The recoverable amount of Cash Generate Unit (CGU) of LPG trading business unit was determined based on value in use, which calculated by using pre-tax cash flow projections covering the longest useful life of the assets in CGU. This is management's best estimation of the recoverable amount. However, the recoverable amount may change due to the alternation of environment and related situations, which may affect to allowance for impairment in the future.

As at 30 September 2020, gas depot and related assets in LPG trading business have net book value of Baht 50.90 million (*31 December 2019: Baht 54.07 million*).

11 Segment information and disaggregation of revenue

Geographical segments

The Group is managed and operated principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

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<i>Three-month period ended 30 September</i>	Liquid Petroleum Gas trading		Car gas system installation and equipment trading		Transportation services		Construction services		NDT and inspection services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>													
<i>Information about reportable segments</i>														
Total revenues	122,529	179,140	1,397	815	10,828	11,258	624,708	601,832	35,293	27,632	-	-	794,755	820,677
Inter-segment revenue	-	-	(820)	(191)	(6,065)	(7,316)	(48)	(49,132)	(6,607)	(5,837)	-	-	(13,540)	(62,476)
External revenues	122,529	179,140	577	624	4,763	3,942	624,660	552,700	28,686	21,795	-	-	781,215	758,201
<i>Timing of revenue recognition</i>														
At a point in time	122,529	179,140	577	624	-	-	-	-	-	-	-	-	123,106	179,764
Over time	-	-	-	-	4,763	3,942	624,660	552,700	28,686	21,795	-	-	658,109	578,437
Total revenues	122,529	179,140	577	624	4,763	3,942	624,660	552,700	28,686	21,795	-	-	781,215	758,201
Segment profit (loss) before income tax	(2,966)	(5,381)	(2,443)	(369)	1,043	2,540	31,405	36,205	4,507	709	(658)	(1,681)	30,888	32,023

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<i>Nine-month period ended 30 September</i>	Liquid Petroleum Gas trading		Car gas system installation and equipment trading		Transportation services		Construction services		NDT and inspection services		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(in thousand Baht)</i>													
Information about reportable segments														
Total revenues	393,750	562,927	2,680	2,205	30,102	35,304	1,861,101	1,744,291	94,117	70,622	-	-	2,381,750	2,415,349
Inter-segment revenue	-	-	(1,283)	(591)	(17,693)	(23,480)	(13,305)	(167,540)	(19,201)	(14,559)	-	-	(51,482)	(206,170)
External revenues	393,750	562,927	1,397	1,614	12,409	11,824	1,847,796	1,576,751	74,916	56,063	-	-	2,330,268	2,209,179
Timing of revenue recognition														
At a point in time	393,750	562,927	1,397	1,614	-	-	-	-	-	-	-	-	395,147	564,541
Over time	-	-	-	-	12,409	11,824	1,847,796	1,576,751	74,916	56,063	-	-	1,935,121	1,644,638
Total revenues	393,750	562,927	1,397	1,614	12,409	11,824	1,847,796	1,576,751	74,916	56,063	-	-	2,330,268	2,209,179
Segment profit (loss) before income tax	(10,669)	(29,421)	(3,154)	(1,003)	1,740	4,217	75,705	106,667	(1,255)	(8,648)	(3,093)	(2,245)	59,274	69,567

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	Separate financial statements					
	Liquid Petroleum Gas trading		Construction services <i>(in thousand Baht)</i>		Total	
<i>For the three-month period ended 30 September</i>	2020	2019	2020	2019	2020	2019
<i>Information about reportable segments</i>						
External revenues	122,529	179,140	44,544	103,577	167,073	282,717
Total revenues	<u>122,529</u>	<u>179,140</u>	<u>44,544</u>	<u>103,577</u>	<u>167,073</u>	<u>282,717</u>
Timing of revenue recognition						
At a point in time	122,529	179,140	-	-	122,529	179,140
Over time	-	-	44,544	103,577	44,544	103,577
Total revenues	<u>122,529</u>	<u>179,140</u>	<u>44,544</u>	<u>103,577</u>	<u>167,073</u>	<u>282,717</u>
Segment profit (loss) before income tax	(4,040)	(3,394)	6,698	12,030	2,658	8,636
<i>For the nine-month period ended 30 September</i>						
<i>Information about reportable segments</i>						
External revenues	393,750	562,927	103,404	287,696	497,154	850,623
Total revenues	<u>393,750</u>	<u>562,927</u>	<u>103,404</u>	<u>287,696</u>	<u>497,154</u>	<u>850,623</u>
Timing of revenue recognition						
At a point in time	393,750	562,927	-	-	393,750	562,927
Over time	-	-	103,404	287,696	103,404	287,696
Total revenues	<u>393,750</u>	<u>562,927</u>	<u>103,404</u>	<u>287,696</u>	<u>497,154</u>	<u>850,623</u>
Segment profit (loss) before income tax	(12,478)	(28,257)	9,547	34,149	(2,931)	5,892

12 Warrants

On 11 March 2020, the Company adjusted exercise price and exercise ratio of warrants during the term of the warrants since dividend payout is higher than dividend payout policy as follows:

Exercise ratio	:	1 warrant per 1.12 ordinary shares <i>(31 December 2019: 1 warrant per 1.07 ordinary shares)</i>
Exercise price	:	Baht 1.79 per share <i>(31 December 2019: Baht 1.88 per share)</i>

During the nine-month period ended 30 September 2020, there was no movement of warrants.

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13 Dividends

The dividends paid by the Group and the Company to the shareholders are as follows:

Parent

	Approval date	Payment schedule	Dividend rate per share (in Baht)	Amount (in million Baht)
<i>2020</i>				
Interim dividend	6 April 2020	5 May 2020	<u>0.0274</u>	<u>21.92</u>
<i>2019</i>				
Annual dividend	25 April 2019	24 May 2019	<u>0.0375</u>	<u>30.00</u>

Subsidiary

<i>2020</i>				
Interim dividend	6 April 2020	5 May 2020	<u>0.1071</u>	<u>30.00</u>
<i>2019</i>				
Annual dividend	18 April 2019	17 May 2019	<u>0.1000</u>	<u>28.00</u>

14 Financial instruments

Interest rate risk

The Group enters into the long-term borrowings from financial institutions which some of them bear floating interest rates. Therefore, the Group has interest rate risk arises from changes in interest rates, which may have an effect on the Group's operations in the current reporting period and in future years. Management does not use any financial instruments to manage interest rate risk because the Group assesses that the changes in interest rate will not be moved significantly under the current situation.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Cash is limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Liquidity risk

The Group manages sufficient cash by funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

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Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		<i>(in thousand Baht)</i>			
At 30 September 2020					
Long-term borrowings from financial institutions	132,600	-	-	132,572	132,572
At 31 December 2019					
Long-term borrowings from financial institutions	143,700	-	-	143,520	143,520

Borrowings from financial institutions

In April 2020, the subsidiary amended its credit facility agreement with a financial institution by having the grace period of principal loan repayment for 6 months from April to September 2020. The final repayment date of long-term borrowings from financial institutions will be due within February 2024 which is replaced the formal one in September 2023.

Long-term borrowings from financial institutions shown above were presented as part of construction services segment.

Financial instruments measured at fair value

Type	Valuation technique
Long-term borrowings from financial institutions	<i>Discounted cash flows:</i> The fair value is estimated considering a net present value of future cash flows calculated using discount rates at the market rate of loans.

Impairment loss

Allowance for impairment loss for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both the current and forecast general economic conditions.

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	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Other commitments				
Purchase orders for construction materials	38,632	20,167	-	-
Bank guarantees	1,041,443	975,023	103,295	103,295
Total	1,080,075	995,190	103,295	103,295

16 Contingent liabilities

A subsidiary has been sued for a damage case by a company (“plaintiff”) for breach of service contract in amount of Baht 18.31 million. The subsidiary received a subpoena from the Civil Court on 30 November 2019. In this regard, the subsidiary submitted a petition requesting and counterclaims on 27 January 2020. The subsidiary sued to plaintiff seeking compensation of Baht 17.1 million for losses resulting from breach of service contract. However, after the plaintiff and defendant had taken their evidences for hearing on 22 and 23 September 2020, the court set the announced judgement date on 23 December 2020. However, the subsidiary has already recorded a potential damage from the lawsuit and management believes that the damage that will occur will not exceed the provision recorded.

17 Reclassification of accounts

Certain accounts in statement of financial position as at 31 December 2019 and the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2019, which are included in the 2019 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2020 interim financial statements:

	Consolidated financial statements		
	Before reclass.	Reclass.	After reclass.
	<i>(in thousand Baht)</i>		
Statement of financial position			
Current assets			
Inventories	201,506	20,664	222,170
Withholding tax receivable	27,437	(27,437)	-
Non-current assets held-for-sale	20,664	(20,664)	-
Non-current assets			
Withholding tax receivable	91,120	27,437	118,557
Statement of comprehensive income for the three-month period ended 30 September 2019			
Revenue from rendering of services	579,930	(1,493)	578,437
Costs of rendering of services	(510,196)	425	(509,771)
Other income	4,461	1,493	5,954
Administrative expenses	(42,815)	(425)	(43,240)

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For the three-month and nine-month periods ended 30 September 2020 (Unaudited)

	<u>Consolidated financial statements</u>		
	Before reclass.	Reclass. <i>(in thousand Baht)</i>	After reclass.
<i>Statement of comprehensive income for the nine-month period ended 30 September 2019</i>			
Revenue from rendering of services	1,649,140	(4,502)	1,644,638
Costs of rendering of services	(1,451,105)	1,354	(1,449,751)
Other income	10,220	4,502	14,722
Administrative expenses	(146,948)	(1,354)	(148,302)