

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Preecha Group Public Company Limited

I have reviewed the consolidated statement of financial position of Preecha Group Public Company Limited and its subsidiaries as at 30 September 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, changes in shareholders' equity and cash flows for the nine-month period then ended, and the condensed notes to the financial statements and I have also reviewed the separate statement of financial position of Preecha Group Public Company Limited as at 30 September 2020, and the related separate statements of comprehensive income for the three-month and nine-month periods then ended, changes in shareholders' equity and cash flows for the nine-month period then ended, and the condensed notes to the financial statements. The management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 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 No. 34, "Interim Financial Reporting".

Emphasis of Matter

I draw attention to Note 2 to the interim financial statements, the Group has adopted Thai Financial Reporting Standard No. 16 Leases, which is effective in the current period. My conclusion is not qualified in respect of this matter.

Chompoonuch Saetae

Certified Public Accountant

Registration Number 8382

PV Audit Co., Ltd.

Bangkok, 12 November 2020

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (REVIEWED)

1. GENERAL INFORMATION

Preecha Group Public Company Limited, “the Company” is incorporated in Thailand and operates property development and renting property businesses. The Company’s registered office is located at 1919 Pattanakarn Road, Suanluang, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 18 April 1996.

2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34, Interim Financial Reporting to provide information additional to that included in the financial statements for the year ended 31 December 2019. They 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 for the year ended 31 December 2019.

The interim financial statements have been prepared in the Thai language and expressed in Thai Baht. Such interim financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the interim financial statements has been provided by translating from the Thai version of the interim financial statements.

The preparation of the interim financial statements in accordance with Thai Financial Reporting Standards (“TFRS”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated interim financial statements are prepared using the same basis as were used for the consolidated financial statements for the year ended 31 December 2019 and consisted of the interim financial statements of Preecha Group Public Company Limited, and subsidiaries (together referred to as “the Group”) as follows:

Subsidiaries	Located in	Business type	Percentage of holding		
			30 September		31 December
			2020	2019	2019
P.B. Estate Company Limited	Thailand	Real Estate	100%	100%	100%
Housing Complex Company Limited	Thailand	Real Estate	100%	100%	100%
Ruay Lan Lan Company Limited	Thailand	Real Estate	100%	100%	100%

All significant intercompany transactions and accounts are eliminated in preparing the consolidated interim financial statements.

The preparations of the consolidated interim financial statements have been based on the same accounting policies for the same or similar accounting transactions or accounting events.

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.

However, 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.

Changes in application of new and revised TFRS

New and revised TFRS that became effective in the current period

During the period 2020, the Group has adopted revised TFRS and new TFRS which are effective for the accounting period beginning on or after 1 January 2020. These TFRS 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. The adoption of these TFRS does not have any material impact on the Group's financial statements. However, the new standards involve changes to key principles, which are summarized belows:

TFRS related to financial instruments

The set of TFRS related to financial instruments consists of five TAS, TFRS and interpretations as follows:

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

These TFRS 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 financial instruments, the characteristics of the contractual cash flows and the Group's business model, calculation of impairment of financial instruments using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

These TFRS do not have any material impact on the Group's financial statements.

TFRS 16 Leases

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 recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect was recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of TFRS 16 were presented as follows:

	Thousand Baht		
	Consolidated and separate financial statements		
	The impacts of		
	31 December 2019	TFRS 16	1 January 2020
Statements of financial position			
Assets			
Non-current assets			
Right-of-use assets	-	49,773	49,773
Liabilities			
Current liabilities			
Current portion of lease liabilities	-	1,292	1,292
Non-current liabilities			
Lease liabilities	-	48,481	48,481

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020.

	Thousand Baht
	Consolidated and separate financial statements
Operating lease commitments as at 31 December 2019	531
Less Contracts reassessed as service agreements	(175)
Add Extension options reasonably certain to be exercised	86,525
Less Deferred interest expenses	(37,108)
Increase in lease liabilities due to TFRS 16 adoption	49,773
Comprise of:	
Current lease liabilities	1,292
Non-current lease liabilities	48,481
	49,773

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 were summarised belows:

	Thousand Baht
	Consolidated and separate financial statements
Building	49,773

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 consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

Revised TFRS not yet effective

The Federation of Accounting Professions has issued Notification, mandating the use of revised TFRS which are effective for the financial statements for the period beginning on or after 1 January 2021. These TFRS 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.

The management of the Group is assessing the impacts of these TFRS on the financial statements for the period in which they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except for the change in the accounting policies due to the adoption of TFRS 16, Leases, as follow:

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

4. RELATED PARTY TRANSACTIONS

Related parties comprise individuals or enterprises that control, or are controlled by, the Group, whether directly or indirectly, or which are under common control with the Group.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

During the periods, the Group had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Group and those related parties.

The significant transactions with related parties for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Management fee income				
Subsidiaries	-	-	495	495
Dividend income				
Subsidiaries	-	-	12,000	-
Other services income				
Related company	63	-	63	-
Cost of services				
Related company	270	-	270	-
Rental expense				
Related company	6	3,211	6	3,211
Services expense				
Related company	1,876	1,882	1,876	1,882
Entertainment expense				
Related company	79	164	79	164
Interest expenses				
Subsidiaries	-	-	3,266	-
Related company	1,639	-	1,639	-

Key management personnel compensation

Key management personnel compensation for the nine-month periods ended 30 September 2020 and 2019 consisted of:

	Thousand Baht	
	Consolidated and separate financial statements	
	2020	2019
Short-term benefits	5,314	6,234
Post-employment benefits	56	68
Total	5,370	6,302

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

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other current receivables				
Ruay Lan Lan Company Limited	-	-	233	-
P.B. Estate Company Limited	-	-	369	321
Pattanakarn Apartment Company Limited	-	270	-	270
Investments in subsidiaries (see Note 6)	-	-	32,508	126,839
Rental deposit				
P. Leasing Company Limited	806	806	806	806
Trade and other payables				
P. Leasing Company Limited	32	32	32	32
Pattanakarn Apartment Company Limited	54	-	54	-
Housing Complex Company Limited	-	-	1,210	1,435
Ruay Lan Lan Company Limited	-	-	11	7
Lease liabilities				
P. Leasing Company Limited	48,740	-	48,740	-

Short-term loans to related party

Short-term loans to related party as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht	
	Separate financial statements	
	2020	2019
P.B. Estate Company Limited	31,089	31,089
Less Allowance for impairment loss	(31,089)	(31,089)
Short-term loans - net	-	-

Movements of short-term loans to related party for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Thousand Baht	
	Separate financial statements	
	2020	2019
Beginning balance	31,089	31,089
Increase	-	50
Ending balance	31,089	31,139

Accrued interest income to related party

Accrued interest income to related party as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht	
	Separate financial statements	
	2020	2019
P.B. Estate Company Limited	42,425	42,425
Less Allowance for impairment loss	(42,425)	(42,425)
Accrued interest income to related party - net	-	-

The Company has loans to related party by issuing promissory notes, due at call without collateral and no interest charged.

Short-term borrowings from related parties

Short-term borrowings from related parties as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht	
	Separate financial statements	
	2020	2019
Housing Complex Company Limited	26,670	102,967
Ruay Lan Lan Company Limited	4,435	22,950
Total	31,105	125,917

Movements of short-term borrowings from related parties for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Thousand Baht	
	Separate financial statements	
	2020	2019
Beginning balance	125,917	127,417
Decrease	(94,812)	(1,200)
Ending balance	31,105	126,217

Accrued interest payable from related parties

Accrued interest payable from related parties as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht	
	Separate financial statements	
	2020	2019
Housing Complex Company Limited	5	4,093
Ruay Lan Lan Company Limited	1	817
Total	6	4,910

The Company has borrowings from related parties by issuing promissory notes, due at call without collateral and interest charged at the rate of 3.5% per annum (2019: no interest charged).

Significant contracts

The Company entered into the building lease agreements for use in its operations with P. Leasing Company Limited with rental and service charge at the rate of Baht 0.46 million per month.

Company relationship

Company	Country	Type of relation
P.B. Estate Company Limited	Thailand	Subsidiary
Housing Complex Company Limited	Thailand	Subsidiary
Ruay Lan Lan Company Limited	Thailand	Subsidiary
P. Leasing Company Limited	Thailand	Common shareholders
P&B Ratchada Hotel Company Limited	Thailand	Common shareholders and/or management
Pattanakarn Apartment Company Limited	Thailand	Relationship with shareholder and director

Bases of measurement for intercompany revenues and expenses

	Pricing policy
Management fee income and services income	Based on negotiation
Dividend income	As declared
Rental and services expenses	Stipulate in the agreement
Entertainment expenses	Market price
Interest expenses	Interest rate based on negotiation and interest rate

5. COST OF PROPERTY DEVELOPMENT

Cost of property development as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Land	109,518	114,718	103,707	108,908
Construction cost	88,061	80,352	84,189	76,481
Utility costs	21,337	22,198	21,330	22,190
Others	256	197	186	126
Capitalised finance costs	16,433	16,641	16,391	16,599
Total	235,605	234,106	225,803	224,304
Less Allowance for devaluation of project	(30,483)	(30,483)	(28,745)	(28,745)
Ending Balance	205,122	203,623	197,058	195,559

The Company mortgaged partial of land including existing construction as collateral for the credit facilities with financial institutions, and was releasing the mortgage on 26 May 2020.

6. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries stated by using the cost method as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht											
	Thousand Baht		Percentage of		Allowance for							
	Paid-up share capital		holding (%)		Cost		impairment		Net book value		Dividend income *	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
P.B. Estate Company Limited	2,000	2,000	100	100	2,000	2,000	(2,000)	(2,000)	-	-	-	-
Housing Complex Company Limited	25,000	100,000	100	100	25,000	100,000	-	-	25,000	100,000	8,000	-
Ruay Lan Lan Company Limited	5,000	20,000	100	100	33,398	48,398	(25,890)	(21,559)	7,508	26,839	4,000	-
Total					60,398	150,398	(27,890)	(23,559)	32,508	126,839	12,000	-

Thousand Baht
Separate financial statements

For the nine-month periods ended 30 September 2020

Loss on impairment 4,331

The Ordinary General Meetings of Shareholders of the subsidiaries held on 23 July 2020, the resolutions were passed to approve as follows:

- Decreasing of registered capital of Housing Complex Company Limited from Baht 100 million to Baht 25 million
- Decreasing of registered capital of Ruay Lan Lan Company Limited from Baht 20 million to Baht 5 million.

Such subsidiaries distributed capital and registered the capital decrease with the Ministry of Commerce on 15 September 2020.

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

7. INVESTMENT PROPERTIES

Movements of investment properties for the nine-month period ended 30 September 2020 were as follows:

	Thousand Baht	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2020	123,107	121,059
Depreciation	(7,744)	(7,589)
Net book value as at 30 September 2020	115,363	113,470

The Company mortgaged land including existing construction as collateral for the credit facilities with financial institutions (see Note 9).

8. RIGHT-OF-USE ASSETS

The movements of right-of-use assets for the nine-month period ended 30 September 2020 were as follows:

	Thousand Baht
	Consolidated and separate
	financial statements
Net book value as at 31 December 2019	-
Adjustments due to TFRS 16 adoption	49,773
Net book value as at 1 January 2020	49,773
Depreciation	(1,494)
Net book value as at 30 September 2020	48,279

9. BORROWINGS FROM FINANCIAL INSTITUTIONS

Borrowings from financial institutions as at 30 September 2020 and 31 December 2019 consisted of:

	Thousand Baht	
	Consolidated and separate financial statements	
	2020	2019
Borrowings from financial institutions	19,983	22,465
Less Current portion	(12,485)	(9,975)
Long-term borrowings from financial institutions	7,498	12,490

Movements of borrowings from financial institutions for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Thousand Baht	
	Consolidated and separate financial statements	
	2020	2019
Beginning balance	22,465	32,426
Decrease	(2,482)	(7,469)
Ending balance	19,983	24,957

The Company mortgaged investment properties (see Note 7) as collateral for the credit facilities with financial institutions, including the director also guaranteed in fully amount.

10. LEASE LIABILITIES

The movements of lease liabilities for the nine-month period ended 30 September 2020 were as follows:

	Thousand Baht	
	Consolidated and separate financial statements	
As at 31 December 2019		-
Additions due to TFRS 16 adoption		49,773
As at 1 January 2020		49,773
Payments		(1,033)
As at 30 September 2020		48,740
Less Current portion		(1,059)
Lease liabilities		47,681

The followings were the amounts for the nine-month period ended 30 September 2020 recognised in profit or loss:

	Thousand Baht	
	Consolidated and separate financial statements	
Depreciation of right-of-use assets		1,494
Interest expense on lease liabilities		1,639
Total		3,133

The Company has lease liabilities payments as at 30 September 2020 as follows:

Year	Thousand Baht		
	Consolidated and separate financial statements		
	Present value	Deferred interest	Minimum lease payment
1	1,059	2,414	3,473
2 - 5	4,809	9,081	13,890
Over 5 years	42,872	23,974	66,846
Total	48,740	35,469	84,209

11. DIVIDEND PAYMENT

The Subsidiaries

The Ordinary General Meetings of Shareholders of the subsidiaries held on 23 July 2020, the resolutions were passed to approve as followings:

- The payment of dividend of Housing Complex Company Limited at the rate of Baht 8 per share, in the total amount of Baht 8 million.
- The payment of dividend of Ruay Lan Lan Company Limited at the rate of Baht 20 per share, in the total amount of Baht 4 million.

12. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent 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 the directors of the Company.

The Group operates the business primarily property development and renting property. Its operations are in a single geographic area primarily in Thailand which consider, basing on the types of activities, the operating income and expenses for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Thousand Baht					
	Property development		Renting property		Total	
	2020	2019	2020	2019	2020	2019
Revenue from sales and services	22,607	9,940	22,589	24,478	45,196	34,418
Cost of sales and services	(18,705)	(8,229)	(14,220)	(14,366)	(32,925)	(22,595)
Gross profit	3,902	1,711	8,369	10,112	12,271	11,823

Significant assets and liabilities as at 30 September 2020 and 31 December 2019 were as follows:

	Thousand Baht					
	Property development		Renting property		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Cost of property development	205,122	203,623	-	-	205,122	203,623
Land held for development	30,000	30,000	-	-	30,000	30,000
Investment properties	-	-	115,363	123,107	115,363	123,107
Liabilities						
Trade and other payables	10,291	17,423	1,163	727	11,454	18,150
Estimate project cost	2,139	2,013	-	-	2,139	2,013
Provisions	14,435	15,700	-	-	14,435	15,700
Borrowings from financial institutions	-	-	19,983	22,465	19,983	22,465

13. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2020 the Group had commitments as follows:

The Company

13.1 Letter of guarantee issued by bank for public utility in the amount of Baht 5.73 million.

13.2 Payment under agreements as follows:

13.2.1 Contract of property development in the amount of Baht 2.52 million

13.2.2 Service with related party at the rate of Baht 0.17 million per month.

13.2.3 Services with other company in the remaining amount of Baht 0.24 million and at the rate of Baht 0.52 million per month.

The Subsidiaries

13.3 Payment under agreements as services with other company in the remaining amount of Baht 0.04 million.

Contingent liabilities

The Company

13.4 The Company was sued against breaking the contract of a project, which were summarized as follows:

13.4.1 To revoke the juristic act regarding transfer land for public interest.

13.4.2 To maintain public utilities and services.

13.4.3 To obtain an approval of land allocation for the project.

13.4.4 To pay fine at the rate of Baht 3,000 per day throughout the period that the Company neglect to engage in the above mentioned in No. 2 and 3.

On 25 January 2018, the Civil Court ordered the Company to responsible for maintain public utilities and services, the other requirements of the plaintiff's claim are dismissal. On 8 August 2019, the Appeal Court judged according to the Civil Court. Currently, the case is under consideration by the Supreme Court.

13.5 The Company was sued against breaking the contract of a project about providing public utilities. If the Company not deliver the public utilities, the Company has to pay the plaintiffs Baht 259.44 million together with interest at a rate of 7.5% per annum. On 24 July 2018, the Civil Court ordered the Company to complete public utilities within 6 months according to the compromise agreement. Currently, such public utilities is under construction.

13.6 The Company and subsidiary (joint defendant) were sued to transfer the ownership of the public utilities of a project. On 26 December 2018, the Civil Court ordered the Company and joint defendants to transfer a project's ownership to be common ownership, payment for the transferring and pay the plaintiffs Baht 0.50 million together with interest at a rate of 7.5% per annum. On 19 December 2019, the Appeal Court judged according to the Civil Court, to transfer the project's ownership to be common ownership. The claims from plaintiffs Baht 0.50 million together with interest at a rate of 7.5% per annum are dismissal. Currently, the case is under consideration by the Supreme Court.

However, the management has assessed the effects to estimate the provision for litigation and claims as recorded under the account "Provisions".

13.7 The Company was sued against breaking the contract of a project about decommissioning public utilities which were not according to the project plan and pay the plaintiff Baht 1.83 million with fine at the rate of Baht 1,000 per day from the date that the Company was sued. Currently, the case is under consideration by the Civil Court. However, the management believes that the Company will not incur losses as a result of this case.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Most of the financial assets are cash and cash equivalents, fixed deposits, other receivables and restricted bank deposits and most of the financial liabilities are trade and other payables which are short-term in nature, borrowings are carrying interest approximate to the market rate. Their fair values are not expected to be materially different from the carrying amounts presented in the statements of financial position.

15. RECLASSIFICATION

The Group has reclassified certain accounts in the statements of financial position as at 31 December 2019 to conform the presentation of the financial statements of this period which consisted of:

	Thousand Baht		
	Consolidated financial statements		
	Before	After	
	Reclassification	Reclassification	Reclassification
Other current receivables	5,324	1,483	6,807
Other current assets	518	(518)	-
Other non-current receivables	-	3,453	3,453
Other non-current assets	5,852	(4,418)	1,434
Trade and other payables	9,555	8,595	18,150
Other current liabilities	8,595	(8,595)	-

	Thousand Baht		
	Separate financial statements		
	Before	After	
	Reclassification	Reclassification	Reclassification
Other current receivables	3,974	1,327	5,301
Other current assets	362	(362)	-
Other non-current receivables	-	3,452	3,452
Other non-current assets	5,840	(4,417)	1,423
Trade and other payables	12,458	10,036	22,494
Other current liabilities	10,036	(10,036)	-

16. EVENTS AFTER THE REPORTING PERIOD

16.1 On 9 October 2020, the Company and subsidiary (joint defendant) were sued against breaking the contracts of a project, which were summarized as follows:

16.1.1 To revoke a juristic act of sale and purchase and to register the rights of servitude on land for public interest and transfer the ownership of the public utilities of the project. If transfer the ownership with servitude, the Company and joint defendant have together to pay the plaintiffs of Baht 33.5 million. If not follow to the matter as above, then both of them have to pay the plaintiffs Baht 117 million.

16.1.2 To maintain public utilities. If not follow to the matter, that will pay the plaintiffs Baht 1 million.

Currently, the case is under consideration by the Civil Court, the management is assessing the losses as a result of this case.

16.2 The Board of Directors' Meeting held on 12 November 2020, the resolutions were passed to approve as followings:

- Decreasing of registered capital of Housing Complex Company Limited from Baht 25 million to Baht 7 million
- Decreasing of registered capital of Ruay Lan Lan Company Limited from Baht 5 million to Baht 1.30 million.

17. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issue by the Company's Board of Directors on 12 November 2020.

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
		"Unaudited"	"Unaudited"	"Unaudited"	"Unaudited"
Note		"Reviewed"	"Audited"	"Reviewed"	"Audited"
ASSETS					
Current assets					
	Cash and cash equivalents	28,050	41,917	19,788	32,786
4	Other current receivables	3,404	6,807	3,807	5,301
5	Cost of property development	205,122	203,623	197,058	195,559
	Other financial assets	93,909	96,706	93,909	96,706
	Total current assets	<u>330,485</u>	<u>349,053</u>	<u>314,562</u>	<u>330,352</u>
Non-current assets					
	Restricted bank deposits	2,281	955	2,281	955
4, 6	Investments in subsidiaries	-	-	32,508	126,839
	Other non-current receivables	979	3,453	965	3,452
	Land held for development	30,000	30,000	30,000	30,000
7	Investment properties	115,363	123,107	113,470	121,059
	Building and equipment	777	1,029	777	1,029
2, 8	Right-of-use assets	48,279	-	48,279	-
	Intangible assets	37	62	37	62
4	Other non-current assets	1,174	1,434	1,163	1,423
	Total non-current assets	<u>198,890</u>	<u>160,040</u>	<u>229,480</u>	<u>284,819</u>
	Total assets	<u><u>529,375</u></u>	<u><u>509,093</u></u>	<u><u>544,042</u></u>	<u><u>615,171</u></u>

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Thousand Baht				
	Consolidated financial statements		Separate financial statements		
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	"Unaudited"	"Unaudited"	"Unaudited"	"Unaudited"	
	Note	"Reviewed"	"Audited"	"Reviewed"	"Audited"
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	4	11,454	18,150	12,300	22,494
Current portion of long-term liabilities	9	12,485	9,975	12,485	9,975
Current portion of lease liabilities	2, 4, 10	1,059	-	1,059	-
Short-term borrowings from related parties	4	-	-	31,105	125,917
Corporate income tax payable		107	-	-	-
Estimate project cost		2,139	2,013	2,048	1,922
Provisions		14,435	15,700	13,672	14,937
Total current liabilities		<u>41,679</u>	<u>45,838</u>	<u>72,669</u>	<u>175,245</u>
Non-current liabilities					
Long-term borrowings from financial institutions	9	7,498	12,490	7,498	12,490
Lease liabilities	2, 4, 10	47,681	-	47,681	-
Provisions for employee benefits		1,569	1,652	1,235	1,273
Other non-current liabilities		2,235	2,432	2,235	2,432
Total non-current liabilities		<u>58,983</u>	<u>16,574</u>	<u>58,649</u>	<u>16,195</u>
Total liabilities		<u>100,662</u>	<u>62,412</u>	<u>131,318</u>	<u>191,440</u>
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
336,000,000 ordinary shares, Baht 1 par value		<u>336,000</u>	<u>336,000</u>	<u>336,000</u>	<u>336,000</u>
Issued and paid-up share capital					
336,000,000 ordinary shares, fully paid-up		336,000	336,000	336,000	336,000
Premium on share capital		88,751	88,751	88,751	88,751
Retained earnings (deficit)					
Appropriated - legal reserve		13,287	13,287	13,287	13,287
Unappropriated (deficit)		(9,325)	8,643	(25,314)	(14,307)
Total shareholders' equity		<u>428,713</u>	<u>446,681</u>	<u>412,724</u>	<u>423,731</u>
Total liabilities and shareholders' equity		<u>529,375</u>	<u>509,093</u>	<u>544,042</u>	<u>615,171</u>

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

"Unaudited"

"Reviewed"

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Revenue from sales and services	11,977	8,152	11,977	8,152
Cost of sales and services	(8,450)	(4,977)	(8,450)	(4,977)
Gross profit	3,527	3,175	3,527	3,175
Dividend income	-	-	12,000	-
Other income	242	604	298	760
Distribution costs	(905)	(128)	(905)	(128)
Administrative expenses	(8,904)	(10,282)	(12,890)	(9,464)
Profit (loss) from operating activities	(6,040)	(6,631)	2,030	(5,657)
Finance costs	(861)	(352)	(1,943)	(352)
Profit (loss) before income tax	(6,901)	(6,983)	87	(6,009)
Tax expense	(107)	(188)	-	(195)
Profit (loss) for the period	(7,008)	(7,171)	87	(6,204)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss) for the period	(7,008)	(7,171)	87	(6,204)
Loss per share				
Basic loss per share (Baht)	(0.02)	(0.02)	-	(0.02)
Weighted average number of ordinary shares (shares)	336,000,000	336,000,000	336,000,000	336,000,000

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

"Unaudited"

"Reviewed"

		Thousand Baht			
		Consolidated financial statements		Separate financial statements	
Note		2020	2019	2020	2019
	Revenue from sales and services	45,196	34,418	45,196	34,418
	Cost of sales and services	(32,925)	(22,595)	(32,925)	(22,595)
	Gross profit	12,271	11,823	12,271	11,823
	Dividend income	-	-	12,000	-
	Other income	1,916	2,520	2,290	2,501
	Distribution costs	(3,520)	(2,659)	(3,520)	(2,659)
	Administrative expenses	(25,947)	(30,863)	(28,358)	(28,375)
	Loss from operating activities	(15,280)	(19,179)	(5,317)	(16,710)
	Finance costs	(2,424)	(1,144)	(5,690)	(1,144)
	Loss before income tax	(17,704)	(20,323)	(11,007)	(17,854)
	Tax expense	(264)	(183)	-	(195)
	Loss for the period	(17,968)	(20,506)	(11,007)	(18,049)
	Other comprehensive income (loss)				
	Components of other comprehensive income that will not be reclassified to profit or loss				
	Defined benefit plan actuarial gain	-	58	-	-
	Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss	-	(12)	-	-
	Other comprehensive income for the period - net of tax	-	46	-	-
	Total comprehensive loss for the period	(17,968)	(20,460)	(11,007)	(18,049)
	Loss per share				
	Basic loss per share (Baht)	(0.05)	(0.06)	(0.03)	(0.05)
	Weighted average number of ordinary shares (shares)	336,000,000	336,000,000	336,000,000	336,000,000

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

" Unaudited "

" Reviewed "

	Thousand Baht				
	Consolidated financial statements				
	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficit)		Total
		Appropriated	Unappropriated		
Beginning balance as at 1 January 2020	336,000	88,751	13,287	8,643	446,681
Changes in shareholders' equity					
Loss for the period	-	-	-	(17,968)	(17,968)
Ending balance as at 30 September 2020	336,000	88,751	13,287	(9,325)	428,713
Beginning balance as at 1 January 2019	336,000	88,751	13,287	33,770	471,808
Changes in shareholders' equity					
Loss for the period	-	-	-	(20,506)	(20,506)
Other comprehensive income for the period	-	-	-	46	46
Ending balance as at 30 September 2019	336,000	88,751	13,287	13,310	451,348

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

" Unaudited "

" Reviewed "

	Thousand Baht				
	Separate financial statements				
	Issued and paid-up share capital	Premium on share capital	Retained earnings (deficit)		Total
		Appropriated	Unappropriated		
Beginning balance as at 1 January 2020	336,000	88,751	13,287	(14,307)	423,731
Changes in shareholders' equity					
Loss for the period	-	-	-	(11,007)	(11,007)
Ending balance as at 30 September 2020	336,000	88,751	13,287	(25,314)	412,724
Beginning balance as at 1 January 2019	336,000	88,751	13,287	9,212	447,250
Changes in shareholders' equity					
Loss for the period	-	-	-	(18,049)	(18,049)
Ending balance as at 30 September 2019	336,000	88,751	13,287	(8,837)	429,201

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENTS OF CASH FLOWS
 FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

"Unaudited"
 "Reviewed"

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities:				
Loss before income tax	(17,704)	(20,323)	(11,007)	(17,854)
Adjustments to reconcile loss before income tax to net cash provided by (used in) operating activities				
Impairment loss	373	997	4,602	981
Depreciation and amortization	9,525	8,406	9,371	8,251
Dividend income	-	-	(12,000)	-
Interest income	(473)	(992)	(459)	(963)
Finance costs	2,424	1,144	5,690	1,144
Gain on disposal of equipment	(20)	-	(20)	-
Income from written off liabilities	-	(1,196)	-	(736)
Provisions for employee benefits	178	289	222	253
Loss from operating activities before changes in operating assets and liabilities	(5,697)	(11,675)	(3,601)	(8,924)
Changes in operating assets (increase) decrease				
Restricted bank deposits	(1,326)	-	(1,326)	-
Other current receivables	2,725	1,664	918	1,629
Short-term loans to related party	-	-	-	(50)
Cost of property development	(1,499)	7,640	(1,499)	7,640
Other current assets	-	20	-	16
Other non-current assets	260	14	260	14
Changes in operating liabilities increase (decrease)				
Trade and other payables	(7,200)	180	(5,794)	22
Estimate project cost	126	64	126	85
Provisions	(1,265)	(2,885)	(1,265)	(2,885)
Payment of employee benefit obligations	(260)	-	(260)	-
Other non-current liabilities	(197)	(317)	(197)	(317)
Cash used in operations	(14,333)	(5,295)	(12,638)	(2,770)
Interest received	525	981	511	952
Income tax paid	(881)	(1,393)	(711)	(695)
Proceeds from income tax refund	3,452	2,476	3,452	2,476
Net cash used in operating activities	(11,237)	(3,231)	(9,386)	(37)

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

PREECHA GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

"Unaudited"

"Reviewed"

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities:				
(Increase) decrease in other financial assets	2,797	(790)	2,797	(790)
Decrease in investments in subsidiaries	-	-	90,000	-
Purchases of investment properties	-	(875)	-	(875)
Purchases of equipment	(12)	(116)	(12)	(116)
Proceeds from sales of equipment	20	-	20	-
Purchases of intangible assets	-	(42)	-	(42)
Dividend received	-	-	12,000	-
Net cash provided by (used in) investing activities	2,805	(1,823)	104,805	(1,823)
Cash flows from financing activities:				
Repayments of short-term borrowings from related parties	-	-	(94,812)	(1,200)
Repayments of borrowings from financial institutions	(2,482)	(7,469)	(2,482)	(7,469)
Repayments of lease liabilities	(1,033)	-	(1,033)	-
Interest paid	(1,920)	(1,294)	(10,090)	(1,294)
Net cash used in financing activities	(5,435)	(8,763)	(108,417)	(9,963)
Net decrease in cash and cash equivalents	(13,867)	(13,817)	(12,998)	(11,823)
Cash and cash equivalents at the beginning of period	41,917	54,880	32,786	43,463
Cash and cash equivalents at the end of period	28,050	41,063	19,788	31,640