

BEAUTY COMMUNITY PUBLIC COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. GENERAL INFORMATION

Beauty Community Public Company Limited (“the Company”), the Company was registered as a listed company in the Stock Exchange of Thailand on December 12, 2012. The registered address is located at 10/915, Soi Nuanchan 34, Nuanchan, Bungkum, Bangkok.

The principle business of the Company is to retail of cosmetics.

Names of major shareholders as at August 28, 2019, the last closing date of share transferring suspension register are as follows:

	Percentage of shareholding (based on paid-up capital)
Mr. Suwin Kraiphubet	15.10
Mrs. Tanyapon Kraibhubes	6.12
Thai NVDR Company Limited	4.73
Mr. Mongkhol Prakitchaiwattana	3.51

2 PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with Thai Financial Reporting Standards (TFRS) according to the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of the Department of Business Development, the Ministry of Commerce dated October 11, 2016, regarding the condensed form which should be included in the financial statements (No.2) B.E. 2559 and applicable rules regulations of the Thai Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 *Issued and revised financial reporting standards adoption during the year*

During the year, the Company has adopted a number of revised financial reporting standards and interpretations (revised 2018) which are effective for the financial statements for the period beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However the new standard involves changes to key principles, which are summarized below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

Thai Accounting Standards:

TAS 11 (Revised 2017) Construction contracts

TAS 18 (Revised 2017) Revenue

Thai Standing Interpretations Committee:

TSIC 31 (Revised 2017) Revenue - Barter Transactions Involving Advertising Services

Thai Financial Reporting Interpretations Committee:

TFRIC 13 (Revised 2017) Customer Loyalty Programmes

TFRIC 15 (Revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (Revised 2017) Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company adopted TFRS 15 that have no significant impacts on the financial statements of the Company.

3.2 *Financial reporting standards that will be effective for the financial statements that have accounting periods beginning on or after January 1, 2020*

The Federation of Accounting Professions has published a number of new financial reporting standards and interpretations, which are effective for the financial statements for the period beginning on or after January 1, 2020. These new standards involve changes to key principles, which are summarized below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Interpretations Committee

TFRIC 16 Hedges of a Net Investments in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

The management of the Company is currently evaluating the impact of these standards to the financial statements.

Thai Financial Reporting Standards No. 16 : Leases

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

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

TFRS 16 supersedes the following accounting standards together with related interpretations.

Thai Accounting Standards:

TAS 17 (Revised 2018) Leases

Thai Standing Interpretations Committee:

TSIC 15 (Revised 2018) Operating Leases - Incentives

TSIC 27 (Revised 2018) Evaluating The Substance of Transactions Involving the Legal Form
of a Lease

Thai Financial Reporting Interpretations Committee:

TFRIC 4 (Revised 2018) Determining whether an Arrangement contain a Lease

At present, the Management of the Company is being assessed the impacts of those financial reporting standards which will be effective in the future on the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

Revenues from sales

Revenues from sales, the Company considers that the most performance obligation is satisfied. Revenues from sales are recognized when the control of goods has been transferred to the customers, being at the point of goods are delivered. Revenues from sale are presented at realizable value or expected value of delivered goods after deducting by the products expected to be returned, special discount and other discount excluded value added tax.

Revenues from sale with consignment

Revenues from sale of goods to the distributor (consignee) with the condition of receipt the goods payment from the distributor when the goods have been sold to the third parties. The Company will recognize as income when the distributor transferred the control of goods to the third parties when the goods are delivered.

Sales of goods - Customer Loyalty programmers

The Company operates a loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can then be redeemed for special discounted goods in the future. Certain sales consideration is allocated to the points issued, at their fair value. The fair value of the points issued is deferred and recognized as revenue when the points are redeemed and the Company fulfill their obligations to supply awards.

Other income and expenses

Other income and expenses are recognized on accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, bills of exchange which the original maturity is less than three months and without on withdrawal restrictions.

4.3 Temporary investments

Temporary investments consist of short-term deposit with financial institution due over three months but not over 1 year and are not subject to withdrawal restrictions.

Investment in short-term debt securities stated at fair value. The Company accounted for the changes in value as gain or loss in statements of comprehensive income.

4.4 Trade and other current receivables

Trade and other current receivables are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

4.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average basis.

4.6 Other long-term investments

Other long-term investments are long-term deposits with financial institutions with the original maturity of more than one year and are not subject to restrictions on withdrawal.

4.7 Property, plant and equipment

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to its cost on the straight-line basis over the following estimated useful lives: -

	Number of years
Building and improvement	30, 20, 5
Furniture	5
Office tools and equipment	5
Computer	3
Vehicles	5

Land and construction in progress were not depreciated.

The Company includes the initial estimate of the cost of assets dismantling, removing the item and restoring the site on which it is located, the obligation for which the Company incurs as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant part of property, plant and equipment with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial period-end.

4.8 Leasehold rights

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by reference to cost of leasehold right on a straight-line basis over 10 years lease term.

4.9 Other intangible assets

Other intangible assets are computer software which is stated at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is determined by reference to the cost of assets on a straight-line basis over the estimated useful lives for approximate 10 years.

4.10 Deferred tax asset

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.11 Deferred income for reward points

The deferred income arising from reward point program granted to the Company's customers. The deferred income is calculated based on the estimates of redemption rate of the reward points earned by the customers and average reward prices and is presented in other payable in the statements of financial position.

4.12 Impairment of assets

The Company has assessed the impairment of assets whenever events or changes indicate that the carrying amount of assets exceeds its recoverable value. The impairment loss will be recognized in statements of comprehensive income. The Company will reverse the impairment loss whenever there is no longer impairment or reduction in impairment.

Recoverable value of asset is the net selling price of the asset under current operations or its utilization values whichever is higher. The impairment will be assessed for each asset item or each asset unit generating cash flow, whichever is practical.

4.13 Related parties

Enterprise and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company which has a power in planning and operating control.

4.14 Long-term lease

Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of comprehensive income over the lease term.

Finance lease

Long-term lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company is accounted for as a financial lease. The Company capitalized the equipment at the lower of estimated present value of the underlying lease payments or at the fair value of the equipment at the contractual date. The lease obligation reduced with financial costs will be recorded as long-term liability. Interest is recognized as expenses in the statements of comprehensive income over the period of the lease. The depreciation policy for assets acquired under financial lease agreement is determined on the useful lives or over the period of the lease whichever is lower.

4.15 Transactions in foreign currencies

The Company records the transactions in foreign currencies converting into Thai Baht by using the exchange rates ruling on the transaction dates. The outstanding balances of accounts in foreign currencies as at the statements of financial position date are converted into Thai Baht by using the exchange rates ruling on the same day.

Gain or loss on exchange is taken into income or expense as incurred.

4.16 Employee benefits and provident fund

4.16.1 Employee benefits

The Company provide for post employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company and consider the market yield based on Thai government bonds with currency and term similar to the estimated term of benefit obligation.

The Company recognized total actuarial gains (losses) incurred in other comprehensive income and employee benefit expense in profit or loss.

4.16.2 Provident fund

The Company established provident fund under the defined contribution plan. The fund's assets are separated entitles which are administered by the external fund manager. The Company's employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the incurred period.

4.17 Income tax

Income tax expense for the period comprises current and deferred tax. Current and deferred tax is recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax period based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.18 Financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, current investments, trade and other current receivables, pledged deposits with financial institutions with obligations. Financial liabilities shown in statements of financial position consist of trade and other current payables. Accounting policies regarding to recognition and measurement have been disclosed for each related transaction.

4.19 Accounting estimates

Preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

The Company makes estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial period related to allowance for devaluation of inventories at the statements of financial position date. Other estimates are further described in the corresponding disclosures.

4.20 Provisions

The Company recognizes a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, it is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

4.21 Share - Based Payments by equity instruments

The Company recognized share - based payments plan by issuing warrants converted into ordinary shares on exercise to the directors and employees of the Company which granted as remuneration for their services rendering by the fair value of such share options at the granted date and is expensed in accordance with the vesting period conditional as determined in the plan and recognized “Equity-Settled share - based payment” in equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

4.22 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of financial reporting standards, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as selling prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.23 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligations under the defined benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Deferred income for reward points

The deferred income is calculated on the estimates of redemption rate of the reward points earned by the customers and average reward prices.

4.24 Basic earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings (loss) per share which is determined by dividing the profit for the year by the number of weighted average common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the year by the weighted average number of ordinary shares outstanding during the period plus the number of ordinary share issued in the conversion of potential ordinary shares to ordinary shares as assumption that the conversion is made at the beginning of year or at the issuance date of the potential ordinary shares.

5. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	December 31, 2019	December 31, 2018
Cash	3,368,839.25	4,724,667.50
Current accounts	25,765,177.04	42,210,447.24
Savings deposit	124,868,815.39	185,146,883.85
Unbilled credit card slip	<u>653,432.74</u>	<u>742,371.09</u>
Total	<u>154,656,264.42</u>	<u>232,824,369.68</u>

6. CURRENT INVESTMENTS

The Company has current investments consisted of : -

(Unit: Baht)

	<u>At interest rate per annum</u>			
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fixed deposits	1.60 - 1.85	1.50 - 1.70	300,000,000.00	460,000,000.00

7. TRADE AND OTHER CURRENT RECEIVABLES

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Trade accounts receivable		
Franchise receivable	342,042.09	442,110.54
Other parties receivable	45,121,689.87	23,545,105.47
Sale with consignment agreement receivables	29,137,137.57	38,147,191.49
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Total trade accounts receivable	74,600,869.53	62,134,407.50
Less Allowance for doubtful accounts	(702,334.91)	(421,821.12)
	<hr/>	<hr/>
Trade accounts receivable - net	73,898,534.62	61,712,586.38
	<hr/>	<hr/>
Other current receivables		
Prepaid expenses	8,029,435.70	6,199,224.47
Accrued interest	1,319,690.94	1,345,501.34
Goods deposit	936,266.47	1,953,607.96
Advance payment	725,400.00	582,500.00
Non-refund input tax	3,342,327.99	4,392,874.51
Prepaid value added tax	1,637,577.36	5,071,039.11
Others	1,700,165.47	1,700,278.31
	<hr/>	<hr/>
Total other current receivables	17,690,863.93	21,245,025.70
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Total trade and other current receivables	91,589,398.55	82,957,612.08
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The Company has outstanding trade accounts receivable classified by aging as follows:

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Trade accounts receivable due in term	69,987,358.83	58,293,347.43
Overdue trade accounts receivable		
- Less than 3 months	4,488,252.65	3,825,034.08
- Over 3 months but less than 1 year	110,165.70	933.64
- Over 1 year but less than 2 year	15,092.35	15,092.35
Total trade accounts receivable	<u>74,600,869.53</u>	<u>62,134,407.50</u>

8. INVENTORIES

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Finished goods	272,793,211.20	466,450,236.34
Packaging	78,779,582.11	93,406,522.53
Work in process	17,442,119.42	33,517,231.54
Supplies	4,709,891.42	6,298,786.53
Total	<u>373,724,804.15</u>	<u>599,672,776.94</u>
Less Allowance for devaluation of inventories	<u>(18,850,147.83)</u>	<u>(6,837,484.65)</u>
Net	<u>354,874,656.32</u>	<u>592,835,292.29</u>

9. OTHER LONG-TERM INVESTMENTS

The Company has other long-term investment in form of fixed deposits with thirteen month maturity at a local financial institution.

	<i>(Unit: Baht)</i>			
	<u>At interest rate per annum</u>			
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Fixed deposits	1.67	-	50,000,000.00	-

10. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2019 and 2018

	<i>(Unit: Baht)</i>							
	Land	Building and improvement	Furniture	Office tools and equipment	Computer	Vehicles	Construction in progress	Total
Cost:								
As at January 1, 2018	19,240,000.00	139,288,890.31	231,715,525.47	95,423,255.61	32,178,882.20	21,350,813.09	98,820.00	539,296,186.68
Acquisition	-	166,100.00	17,773,430.87	12,820,785.16	7,524,770.31	89,460.00	2,890,232.28	41,264,778.62
Disposal	-	-	-	(141,413.68)	-	(3,900,000.00)	-	(4,041,413.68)
Transfer in (out)	-	329,400.00	-	-	-	-	(329,400.00)	-
Write off/adjustment	-	(19,808.37)	(20,637,270.13)	(4,265,397.02)	(2,437,288.69)	(2,900.00)	-	(27,362,664.21)
As at December 31, 2018	19,240,000.00	139,764,581.94	228,851,686.21	103,837,230.07	37,266,363.82	17,537,373.09	2,659,652.28	549,156,887.41
Acquisition	-	270,309.50	9,958,771.01	3,111,864.15	1,822,646.97	-	901,847.07	16,065,438.70
Disposal	-	-	-	(3,016,531.85)	(396,968.11)	(77,100.00)	-	(3,490,599.96)
Transfer in (out)	-	-	-	3,531,499.35	-	-	(3,531,499.35)	-
Write off/adjustment	-	-	(38,178,413.21)	(5,272,606.61)	(2,493,637.99)	-	(30,000.00)	(45,974,657.81)
As at December 31, 2019	19,240,000.00	140,034,891.44	200,632,044.01	102,191,455.11	36,198,404.69	17,460,273.09	-	515,757,068.34
Accumulated depreciation:								
As at January 1, 2018	-	(23,528,043.45)	(161,809,459.76)	(33,238,777.31)	(22,635,341.34)	(9,518,769.11)	-	(250,730,390.97)
Depreciation for the year	-	(6,395,875.19)	(29,594,418.01)	(13,112,534.24)	(6,662,816.79)	(1,679,918.94)	-	(57,445,563.17)
Depreciation for disposal	-	-	-	117,821.22	-	3,100,000.00	-	3,217,821.22
Write off/adjustment	-	19,805.37	19,028,948.83	3,895,193.77	2,406,878.47	1,075.20	-	25,351,901.64
As at December 31, 2018	-	(29,904,113.27)	(172,374,928.94)	(42,338,296.56)	(26,891,279.66)	(8,097,612.85)	-	(279,606,231.28)
Depreciation for the year	-	(6,317,509.21)	(21,602,582.10)	(13,818,897.80)	(6,301,376.31)	(1,302,502.73)	-	(49,342,868.15)
Depreciation for disposal	-	-	-	2,993,492.11	396,588.02	40,308.36	-	3,430,388.49
Write off/adjustment	-	-	34,125,867.30	3,719,458.52	2,432,871.41	-	-	40,278,197.23
As at December 31, 2019	-	(36,221,622.48)	(159,851,643.74)	(49,444,243.73)	(30,363,196.54)	(9,359,807.22)	-	(285,240,513.71)
Net book value:								
As at December 31, 2019	19,240,000.00	103,813,268.96	40,780,400.27	52,747,211.38	5,835,208.15	8,100,465.87	-	230,516,554.63
As at December 31, 2018	19,240,000.00	109,860,468.67	56,476,757.27	61,498,933.51	10,375,084.16	9,439,760.24	2,659,652.28	269,550,656.13

As at December 31, 2019 and 2018, part of buildings at net book value amount of Baht 89.56 million and Baht 92.98 million respectively are constructed on land leased from director as stated in note 17.3.

Depreciation for the year ended December 31, 2019 and 2018 amounted to Baht 49.34 million and Baht 57.45 million respectively.

As at December 31, 2019 and 2018, the Company has fixed assets at cost amount of Baht 145.53 million and Baht 131.92 million respectively which have been fully depreciated but are still in use.

11. LEASEHOLD RIGHTS

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Cost:		
Beginning balance as at January 1	11,829,580.80	11,829,580.80
Adjustment/ write off	-	-
At the end of the year	<u>11,829,580.80</u>	<u>11,829,580.80</u>
Accumulated amortization:		
Beginning balance as at January 1	6,898,588.81	5,715,630.73
Amortization	1,182,958.08	1,182,958.08
Adjustment/ write off	-	-
At the end of the year	<u>8,081,546.89</u>	<u>6,898,588.81</u>
Net book value	<u><u>3,748,033.91</u></u>	<u><u>4,930,991.99</u></u>

Amortization of leasehold right for the year ended December 31, 2019 and 2018 amounted to Baht 1.18 million and Baht 1.18 million respectively.

12. OTHER INTANGIBLE ASSETS

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Computer software		
Cost:		
Beginning balance as at January 1	29,978,383.10	19,619,316.44
Acquisition	5,485,750.00	2,384,166.66
Transfer in (out)	30,000.00	7,974,900.00
Balance at the end of the year	<u>35,494,133.10</u>	<u>29,978,383.10</u>
Accumulated amortization:		
Beginning balance as at January 1	8,259,392.48	5,677,707.07
Amortization	3,155,156.28	2,581,685.41
Balance at the end of the year	<u>11,414,548.76</u>	<u>8,259,392.48</u>
Net book value	<u>24,079,584.34</u>	<u>21,718,990.62</u>
Software under installation		
Beginning balance as at January 1	5,372,630.00	11,943,780.00
Acquisition	1,643,500.00	2,528,750.00
Transfer in (out)	(30,000.00)	(7,974,900.00)
Adjustment/ write off	-	(1,125,000.00)
Balance at the end of the year	<u>6,986,130.00</u>	<u>5,372,630.00</u>
Less Allowance for devaluation of assets	<u>(4,925,130.00)</u>	<u>(4,925,130.00)</u>
Net	<u>2,061,000.00</u>	<u>447,500.00</u>
Total	<u>26,140,584.34</u>	<u>22,166,490.62</u>

Amortization of other intangible assets for the year ended December 31, 2019 and 2018 amounted to Baht 3.16 million and Baht 2.58 million respectively.

13. DEFERRED TAX ASSETS

	<i>(Unit :Baht)</i>	
	December 31, 2019	December 31, 2018
Deferred tax assets	12,543,168.14	11,414,910.23
Deferred tax liabilities	-	-
Net	<u>12,543,168.14</u>	<u>11,414,910.23</u>

Movements of deferred tax assets and liabilities incurred during the year as follows:

	<i>(Unit :Baht)</i>			
	As at	Credit (charged) to		As at
	January 1,	Other		December 31,
	2019	Profit or loss	Comprehensive income	2019
Deferred tax assets				
Allowance for devaluation of goods	1,367,496.93	2,402,532.64	-	3,770,029.57
Allowance for devaluation of assets	985,026.00	-	-	985,026.00
Employee benefit obligations	3,285,688.50	1,322,594.70	-	4,608,283.20
Deferred income for reward points	5,676,113.06	(2,699,136.32)	-	2,976,976.74
Dismantling provisions	100,585.74	102,266.89	-	202,852.63
Total	11,414,910.23	1,128,257.91	-	12,543,168.14

	<i>(Unit :Baht)</i>			
	As at	Credit (charged) to		As at
	January 1,	Other		December 31,
	2018	Profit or loss	Comprehensive income	2018
Deferred tax assets				
Allowance for devaluation of goods	1,380,326.49	(12,829.56)	-	1,367,496.93
Allowance for devaluation of assets	985,026.00	-	-	985,026.00
Employee benefit obligations	1,866,574.80	580,158.10	838,955.60	3,285,688.50
Deferred income for reward points	5,281,974.21	394,138.85	-	5,676,113.06
Dismantling provisions	60,979.91	39,605.83	-	100,585.74
Accrued expenses	1,148,346.14	(1,148,346.14)	-	-
Total	10,723,227.55	(147,272.92)	838,955.60	11,414,910.23

Tax expense for the year ended December 31, 2019 and 2018 can be summarized as follows:

	<i>(Unit :Baht)</i>	
	2019	2018
<i>Current tax:</i>		
Income tax for the year	59,321,803.42	241,063,246.96
<i>Deferred tax :</i>		
Deferred tax (income) derived from temporary differences and reversal of temporary differences presented in statement of comprehensive income	<u>(1,128,257.91)</u>	<u>147,272.92</u>
Tax expense in statements of comprehensive income	<u>58,193,545.51</u>	<u>241,210,519.88</u>
Tax expense related to actuarial gains directly recorded to other comprehensive income	<u>-</u>	<u>(838,955.60)</u>
Total	<u><u>-</u></u>	<u><u>(838,955.60)</u></u>

Reconciliation amount between tax expense and multiplication of accounting profits and tax rates used for the year ended December 31, 2019 and 2018 can be presented as follows:

	<i>(Unit :Baht)</i>	
	2019	2018
Accounting profit before income tax	290,770,446.47	1,232,803,926.46
Income tax rates	20%	20%
Accounting profit before income tax multiply by tax rates	58,154,089.29	246,560,785.29
<i>Taxable effects for :</i>		
Accounting base differ from tax base different from expenses	<u>39,456.22</u>	<u>(5,350,265.41)</u>
Total	<u>39,456.22</u>	<u>(5,350,265.41)</u>
Tax expense presented in statements of comprehensive income	<u>58,193,545.51</u>	<u>241,210,519.88</u>
Effective income tax rate	20.01%	19.57%

14. OTHER NON-CURRENT ASSETS

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Rental and services deposit	88,924,575.19	96,911,004.79
Others	2,925,722.93	2,550,927.22
Total	<u>91,850,298.12</u>	<u>99,461,932.01</u>

15. TRADE AND OTHER CURRENT PAYABLES

	<i>(Unit: Baht)</i>	
	December 31, 2019	December 31, 2018
Trade accounts payable	81,805,862.07	137,669,406.83
Other current payables		
Accrued expenses	46,790,880.48	64,776,615.49
Revenue Department payable	8,809,091.24	20,232,872.55
Assets payables	12,870,632.76	7,251,382.51
Amount received advance for goods	5,787,270.79	14,604,851.28
Deferred income for reward points	14,884,883.70	28,380,565.30
Others	6,289,606.69	6,310,039.94
Total other current payables	<u>95,432,365.66</u>	<u>141,556,327.07</u>
Total trade and other current payables	<u>177,238,227.73</u>	<u>279,225,733.90</u>

Fair value of deferred income for reward points is calculated on the estimates of exercise right of the reward points earned by the customers and average reward prices in the current which categorized into level 3 fair value (note 4.22).

As at December 31, 2019, the Company has the amount received in advance from customers for goods in the amount of Baht 5.78 million and the performance obligation to be satisfied for consignment of goods to the customers amount of Baht 5.78 million.

16. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Non-current provisions for employee benefit are compensation paid to employees when they retired for the year ended December 31, 2019 and 2018, are as follows:

	<i>(Unit: Baht)</i>	
	2019	2018
Non-current provisions employee benefit obligations		
as at January 1	16,428,442.49	9,332,873.99
Current costs of services and interest	3,588,719.51	2,900,790.49
Past cost of services	3,024,254.00	
Actuarial loss recognized in statement of other		
comprehensive income during the year	-	4,194,778.01
Non-current provisions employee benefit obligations		
as at December 31	<u>23,041,416.00</u>	<u>16,428,442.49</u>

Long-term employee benefit expenses for the year ended December 31, 2019 and 2018 recognized in comprehensive income are summarized below:

	<i>(Unit: Baht)</i>	
	2019	2018
Distribution costs	1,293,433.45	885,168.49
Administrative expenses	<u>5,319,540.06</u>	<u>2,015,622.00</u>
Total	<u>6,612,973.51</u>	<u>2,900,790.49</u>

On April 5, 2019, new Labour Protection Act was published in the Royal Gazette which will become effective after 30 days from the date of its publication in the Royal Gazette onwards which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. The Company has recorded non-current provisions for employee benefits amount of Baht 3.02 million in accordance with new Labour Protection Act in the year 2019.

Actuarial (gains) and losses recognized in other comprehensive income arising from:

	<i>(Unit : Baht)</i>
	2019
Financial assumptions	241,092.00
Demographic assumptions	3,093,078.00
Experience adjustment	860,608.01
Total	<u>4,194,778.01</u>

Significant actuarial assumptions are summarized below:

	2019	2018
Discount rate	% per annum	% per annum
For monthly and daily staff	1.84	3.08
Salary increase rate		
For monthly and daily staff	7.18	7.5
Turnover rate		
For monthly and daily staff	0 - 61	0 - 61
Mortality rate		
For monthly staff and daily staff	According to Thailand TMO 2017 table	According to Thailand TMO 2017 table

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2019 are summarized below:

	<i>(Unit : Baht)</i>	
	Increase	Decrease
Discount rate (0.5% movement)	(1,192,981.00)	1,287,475.00
Future salary increase rate (0.5% movement)	1,104,676.00	(1,031,586.00)
Turnover rate (1% movement)	(2,443,192.00)	2,849,656.00

17. TRANSACTION WITH RELATED PERSONS AND PARTIES

The Company had transaction with related persons and parties. These transactions are related in the normal course of business and on the basis of the Company and related persons or parties concerned.

Relationship of the Company and related persons and parties can be summarized as follows:

<u>Related parties and persons name</u>	<u>Relationship</u>	<u>Related transactions</u>
<i>Persons consist of:-</i>		
Mrs. Tanyapon Kraibhubes	Shareholder and director	Land with its construction rental, land rental, obligations under land lease agreement

<u>Related transactions</u>	<u>Pricing policy</u>
Land with its construction rental	As indicated in agreement
Land rental	As indicated in agreement
Land lease agreement obligations	As indicated in agreement

17.1 Transactions between the Company with related persons and parties can be summarized as follow:

(Unit: Baht)

	<u>For the year ended 31 December</u>	
	2019	2018
Land with its construction rental		
Mrs. Tanyapon Kraibhubes	365,400.00	348,000.00
Land rental		
Mrs. Tanyapon Kraibhubes	1,276,293.00	1,276,293.00

17.2 The balance with its related persons and parties as at December 31, 2019 and 2018 are as follow:

(Unit: Baht)

	2019	2018
Non-current assets-rental deposit		
Mrs. Tanyapon Kraibhubes	87,000.00	87,000.00
Accrued rental		
Mrs. Tanyapon Kraibhubes	3,638,538.00	3,465,465.00

17.3 Lease agreement obligations

17.3.1 The Company has commitment under land lease agreement dated June 11, 2013 for a period of 20 years. The rental is determined equal to the independent appraiser and according to the minutes of shareholders' general meeting for the year 2014 held on April 25, 2014, passed the resolution to amend agreement by making memorandum attached agreement by extending the lease period for another 10 years in the amount of Baht 16.44 million to total period of 30 years in the amount of Baht 38.28 million in accordance with agreement dated July 23, 2014. The lease agreement period is commenced on January 1, 2014 - December 31, 2043 (the counterparties agreed to collect rental since the completion of buildings and others construction or since January 1, 2016 whichever is earlier until the maturity of lease period). However, the Company started to record rental since January 1, 2014 onwards. The construction structured on such lease land was not transferred the ownership to the lessor, the lessee should dismantled such construction when the Company ceased the lease.

As at December 31, 2019 the Company is liable on payment the remaining rental under lease agreement as follows:

	<i>(Unit:Baht)</i>
Payment	
within 1 year	1,006,020.00
Over 1 year not exceed 5 years	4,174,983.00
Over 5 years (to 30 years)	<u>27,727,767.90</u>
Total	<u><u>32,908,770.90</u></u>

17.3.2 As at December 31, 2019 the Company is liable on payment the remaining rental as follows:

	<i>(Unit:Baht)</i>
Payment	
within 1 year	365,400.00
Over 1 year not exceed 5 years	<u>365,400.00</u>
Total	<u><u>730,800.00</u></u>

18. PAID-UP SHARE CAPITAL / SHARE PREMIUM ON ORDINARY SHARES

Reconciliation

	Issued and paid-up share capital		Share premium on ordinary shares	Register date with the Ministry of Commerce
	Number of share <i>(Share)</i>	Paid-up share <i>(Baht)</i>	<i>(Baht)</i>	
As at January 1, 2019	3,006,214,955	300,621,495.50	588,958,813.50	
Increase share capital from				
exercise of warrants 2 nd time	653,580	65,358.00	3,752,401.54	January 24, 2019
As at December 31, 2019	3,006,868,535	300,686,853.50	592,711,215.04	

During the period, there is exercise of warrants to purchase ordinary shares (ESOP Warrant-1) for the amount of Baht 65,358.00 (653,580 ordinary shares at par value of Baht 0.10 each) and resulting to the increase in premium on ordinary shares total amount of Baht 3,752,401.54 (included capital adjustment from share-based payment to premium, on ordinary shares amount of Baht 549,859.54).

19. LEGAL RESERVE

By virtue of the Public Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5% of annual net profit after deduction with deficit brought forwards (if any) until the reserve reach an amount of 10% of the authorized share capital. Such legal reserve is not available for dividend distribution

20. WARRANTS TO PURCHASE ORDINARY SHARES

As at December 31, 2019, the remaining of ESOP Warrant-1 equal to 15,741,465 units, the last exercise period is on July 17, 2021.

Reconciliation of warrants is as follows:

	Warrants <i>(Unit)</i>
As at January 1, 2019	16,395,045
Decrease from exercise	<u>(653,580)</u>
As at December 31, 2019	<u>15,741,465</u>

The Company recorded expenses of the ESOP Warrant-1 for the year ended December 31, 2019 amounting to Baht 2.41 million as employee expenses and recognized “Equity-Settled Share-Based Payment” in shareholders' equity by the same amount.

ESOP Warrant-1

On April 25, 2016, the Annual General Meeting of shareholders for the year 2016 of the Company, passed a resolution to approve the issuance and offering 22,610,000 units of warrants to purchase ordinary shares the Company to the directors and management/ employees of the Company.

Details are as follows:

Type	: Specific name of the holders
Offering price per unit	: Baht 0
Term of warrants	: not over 5 years from the date of issuance and offering of warrants
Exercise ratio	: 1 unit of warrant for 1 ordinary share
Exercise price	: Baht 5.00 per share

Qualification of persons who are entitled to warrants allocation as follows:

- : The directors and a member of the Executive Committee who directly manages the Company's activities on the allocation date of warrants
- : Employee who work for the Company not less than 1 year on the allocation date of warrants

Conditions and period of exercise :

- 1) Exercise date is on the 16th of January and July of each year. The first exercise date shall be on January 16, 2017 and the last exercise date shall be the expiration date of warrants, which is 5 years from the issue and offering date.
- 2) Warrant holders can exercise right to purchase new ordinary share in each year are detailed as follows :

Years	Exercise right not over than proportion of warrants (%)	Exercise date
1	15%	January 16, 2017 and July 17, 2017
2	35%	January 16, 2018 and July 17, 2018
3	55%	January 16, 2019 and July 17, 2019
4	75%	January 16, 2020 and July 17, 2020
5	100%	January 16, 2021 and July 17, 2021

- 3) For any unexercised warrants left in each exercise period, the remaining units can be accumulated and exercised during the following exercise period, until maturity of the warrants that any unexercised warrants shall be cancelled and terminated.

Restrictions on the right of warrants

If the warrant holders resign or are otherwise no longer directors or employees of the Company, the warrant holders have to return the holding warrants to the Company, and the Board of Directors of the Company can re-allot the warrants to other directors and/or employees whose a qualification met with the criteria.

The estimated fair value of each share option granted is Baht 1.54. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price determination date of Baht 5.40, exercise price of Baht 5.00, expected volatility of 33.94% , expected dividend yield of 2.11%, life of share options of 5 years, and a risk-free interest rate of 1.80%.

21. TREASURY STOCK

According to the minutes of Board of directors No. 4/2018 held on July 9, 2018, passed the resolution to approved the share repurchase plan for financial management purposes and the company's excess liquidity management as detailed following:

- a) The maximum amount for the share repurchasing is not exceeding Baht 950 million.
- b) The maximum number of share repurchasing not exceed 64 million shares at par value of Baht 0.10 each or equity to 2.13% of total paid-up share capital as at March 14, 2018.
- c) The Company shall repurchase such shares on the Stock Exchange of Thailand by determining the repurchase price taking into average market price during the last 30 days prior to the date on which the Company discloses the information of shares repurchase. The repurchase price will not exceed the average closing price of 5 working days, prior to each repurchasing date plus 15% of such average closing price.
- d) The repurchase period will be started from July 24, 2018 to January 23, 2019.
- e) Period for the resale of share after 6 months from the completion date of the share repurchase and not later than 3 years from this time. The Company shall repurchase such share on the Stock Exchange of Thailand. The Company's Board of directors will determine the period for the offering of the repurchased shares and then inform the investors accordingly.
- f) The repurchase shares are not eligible to receive dividend.

As at December 31, 2019	<u>Treasury stock</u>
Number of shares (shares)	12,675,000
Average price per share (Baht)	7.865
Amount (Million Baht)	99.69

g) Changes of treasury shares in the year as follows:

	Treasury stock (Unit)
As at December 31, 2019	12,675,000
Increase - repurchased	-
Decrease - disposal	-
As at December 31, 2019	<u>12,675,000</u>

On January 23, 2019, is the last date for determining of treasury shares, as a result, the number of repurchased shares and for offering will be equal to the above presented number.

The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to approximately Baht 99.69 million.

22. DIVIDEND

Dividend

2019

According to the Annual General Meeting of shareholders for the year 2019 held on April 25, 2019, passed the resolution to pay dividend from the 2018 results of operations to the shareholders for 2,994 million shares at Baht 0.30 each, amounting to Baht 898 million. The Company has already paid interim dividend in 2018 at Baht 0.162 per share amounting to Baht 485 million. The remaining dividend to be paid of Baht 0.138 per share amounting to 413 million. The Company has already paid such dividend on May 21, 2019.

2018

According to the Annual General Meeting of shareholders for the year 2018 held on April 25, 2018, passed the resolution to pay dividend from the 2017 results of operations to the shareholders for 3,005 million shares at Baht 0.408 each, amounting to Baht 1,226 million. The Company has already paid interim dividend in 2017 at Baht 0.15 per share amounting to Baht 451 million on September 8, 2017, the remaining dividend to be paid of Baht 0.258 per share amounting to 775 million. The Company has already paid such dividend on May 18, 2018.

Interim dividend

2019

According to the minutes of Board of directors No. 4/2019 held on August 13, 2019, passed the resolution to pay interim dividend from the results of operation for the six-month periods ended June 30, 2018 at Baht 0.035 per share amount of Baht 105 million. The Company has already paid such dividend on September 9, 2019.

2018

According to the minutes of Board of directors No. 5/2018 held on August 10, 2018, passed the resolution to pay interim dividend from the results of operation for the six-month periods ended June 30, 2018 to the shareholders whose the name listed in the register as at August 29, 2018 at Baht 0.162 per share amount of Baht 485 million. The Company has already paid such dividend on September 7, 2018.

23. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

23.1 Directors' remuneration

Directors' remuneration is benefit paid to the Company's directors in accordance with the Section 90 of the Public Company Limited Act, excluded salaries and related benefits to be paid to executive directors.

23.2 Management benefit expenses

Management benefit expenses focus salaries, remunerations and other benefits paid to their directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels and includes the accounting and financial executive officer, the manager level above or persons in position comparable.

24. PROVIDENT FUND

The Company and employees have jointed to be a member of provident fund name “THE SIN SATA PORN REGISTERED PROVIDENT FUND” in accordance with the Provident Fund Act B.E. 2530. The Company and employees have to contribute to the fund at the same rate 3-5% of employees’ salaries. The provident fund is managed by BBL Asset Management Co., Ltd. The employees will entitle the accumulation and benefit when they retired according to the provident fund regulation.

The Company has paid the contribution to the fund for the year ended December 31, 2019 amount of Baht 6.64 million.

25. EXPENSES ANALYZED BY NATURE

The significant expenses analyzed by nature for the year ended December 31, 2019 and 2018 are as follows:

	<i>(Unit:Baht)</i>	
	2019	2018
Changes in finished goods and work in progress	209,732,137.26	(149,744,190.06)
Purchase of goods	577,765,477.79	1,410,322,400.52
Employee benefit expenses	330,861,055.62	376,871,590.57
Management benefit expenses	41,606,372.53	41,449,629.11
Directors’ remuneration	2,024,607.84	3,253,397.55
Depreciation and amortization	53,680,982.51	61,210,206.66
Rental and services	256,294,225.42	268,432,431.41
Advertising and sale promotion expenses	116,274,473.53	135,649,530.92
Loss (reversed) on devaluation of inventories	12,012,663.18	(64,147.84)
Loss on goods destruction	2,532,338.02	3,351,305.79

26. EARNINGS PER SHARE

Basis earnings per share and diluted earnings per share for the year ended December 31, 2019 and 2018 are as follows:

(Unit : Baht)

	For the year					
	December 31, 2019			December 31, 2018		
	Weighted average number of ordinary shares		Earnings per share	Weighted average number of ordinary shares		Earnings per share
	Profit (Loss)			Profit (Loss)		
Basis earnings per share	232,576,900.96	2,994,150,560	0.08	991,593,406.58	2,999,897,736	0.33
Effects of dilutive potential						
ordinary shares	-	-	-	-	1,124,712	-
Diluted earnings per share	232,576,900.96	2,994,150,560	0.08	991,593,406.58	3,001,022,448	0.33

Diluted earnings per share for the year 2019 were not calculated since the average market price is lower than the exercise price.

27. FINANCIAL INFORMATION BY SEGMENT

27.1 The core operating segment information is to distribute cosmetic by retail and non-retail channel. This operating segment information is reported corresponding with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive management.

Revenues from sale separated by nature of distribution channel are as follows:

(Unit : Baht)

	2019	2018
Retail	1,110,601,989.59	2,251,307,853.82
Non-retail	896,605,535.90	1,215,300,915.04
Total	<u>2,007,207,525.49</u>	<u>3,466,608,768.86</u>

27.2 For the purpose of management, the Company restructured the organization as domestic and overseas geographical segment by separating into retail and non-retail distribution. Besides, the Company has overseas income, and selling to franchise and business centre lower than 10 % of total sale volume, so therefore, the Company did not present financial information by segment.

28. COMMITMENT AND CONTINGENT LIABILITIES

28.1 The Company has obligations under lease of space and services agreements of the Company's branches for the periods from 1 year to 3 years. The Company is liable on payment rental and service under agreement as at December 31, 2019 as follows:

	<i>(Unit:Baht)</i>
Payment	
within 1 year	139,580,952.83
Over 1 year but less than 3 years	<u>43,029,833.88</u>
Total	<u>182,610,786.71</u>

28.2 The Company is liable on payment under capital expenditures agreement as at December 31, 2019, amount of Baht 3.27 million.

28.3 The Company is liable on payment under lease of vehicle as at December 31, 2019, amount of Baht 3.29 million.

28.4 Commitment under lease agreement with related person

28.4.1 Commitment under lease land agreement for warehouse building construction.

	<i>(Unit:Baht)</i>
Payment	
Within 1 year	1,006,020.00
Over 1 year not exceed 5 years	4,174,983.00
Over 5 year (to 30 years)	<u>27,727,767.90</u>
Total	<u>32,908,770.90</u>

28.4.2 Commitment under lease land and with its construction.

(Unit:Baht)

Payment	
Within 1 year	365,400.00
Over 1 year not exceed 5 years	365,400.00
Total	<u>730,800.00</u>

29. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

For off-statement of financial position, the Company has no policy to hold derivative financial instruments for speculation and trading.

29.1 Management risk policy

The significant accounting policies and method adopted the basis of recognition and measurements relating to each class of financial assets and liabilities have been disclosed in note 4.18, and disclosure and presentation of financial instruments. The Company has a risk in respect of such financial instruments and has management risk policy as follow:

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company do not have high concentrations of credit risk since it has a little of customer base since its policy is in the form of cash selling. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to their cash at financial institutions, temporary investments and long-term investment. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is minimum.

Exchange rate risk

The Company exposed to foreign currencies exchange rate risk in the minimum level since the business transactions denominated in Thai Baht currency.

At present, the Company has a policy to manage exchange rate risk by entering into forward contract. However, the Company still exposes to exchange rate risk for the past of assets and liabilities denominated in foreign current of which were not hedged.

As at December 31, 2019 and 2018, the Company has assets and liabilities denominated in foreign currencies in the financial statements are as follows:

	Currency	2019	2018
Trade and other current receivables	USD	850,189.06	21,057.22

The Company has forward contract lines from two financial institutions for the amount of Baht 50 million and USD 3 million.

The Company has the remaining forward contract as at December 31, 2019 and 2018 as follows :

2019					
Currency	Purchase amount	Selling amount	Forward rate		Due date
			Purchase amount	Selling amount	
(Baht : Unit of Foreign Currency)					
USD	100,000.00	5,016,513.62	30.13	30.01-30.31	28 January 2020 - 26 June 2020

2018					
Currency	Purchase amount	Selling amount	Forward rate		Due date
			Purchase amount	Selling amount	
(Baht : Unit of Foreign Currency)					
USD	200,000.00	374,853.37	32.56	32.39-32.78	8 March 2019 - 20 June 2019

29.2 Fair value of financial instruments

Most of the Company's financial assets and liabilities are classified as short-term, and the rates of loan interest are based on the market value. The book value of financial assets and liabilities shown in statements of financial position are close to their fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

30. CAPITAL MANAGEMENT

The objective of capital management of the Company is to appropriate properly financial structure and to preserve the ability to continue its operation as a going concern.

As at December 31, 2019 and 2018, the Company has debt to equity ratio equal to 0.22 and 0.31 fold respectively.

31. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors' meeting No. 2/2020 held on February 25, 2020, passed the resolution as follows:

Propose to the shareholders' general meeting for payment the dividend from the 2019 results of operations to the shareholders for 2,994 million shares at Baht 0.071 each, amounting to Baht 213 million. The Company has already paid interim dividend in 2019 at Baht 0.035 per share amounting to Baht 105 million, the remaining dividend to be paid of Baht 0.036 per share amounting to 108 million.

32. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 25, 2020.