People's Garment Public Company Limited
Report and financial statements
31 December 2019

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Independent Auditor's Report

To the Shareholders of People's Garment Public Company Limited

Opinion

I have audited the accompanying financial statements of People's Garment Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People's Garment Public Company Limited as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are describe below.

Revenue recognition

The Company has a large number of commercial transactions with customers and some sales are export sales with delivery conditions that should be considered when recording the transactions, including some consignment sales. As a result, the Company's sales transactions are subject to numerous conditions relevant to revenue recognition. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by:

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue, whether revenue recognition was consistent with conditions, and whether it was in compliance with the Company's policy.
- Reviewing credit notes that the Company issued after the period end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Allowance for diminution in value of inventories

Estimating the net realisable value of inventories, as disclosed in Note 10 to the financial statements, is an area requiring significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle and demands of the market. There is thus a risk with respect to the amount of allowance set aside for diminution in the value of inventories.

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I assessed and tested the internal controls of the Company relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the allowance for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowance.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventories for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during year with the allowance for diminution in value of inventories recorded at the preceding year-end.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fairly presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Chayapol Suppasedtanon
Certified Public Accountant (Thailand) No. 3972

EY Office Limited
Bangkok: 24 February 2020

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People's Garment Public Company Limited

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	2019	2018
Assets			
Current assets			
Cash and cash equivalents	*7*	30,102,908	19,342,127
Current investments	*8*	337,642,665	200,084,982
Current portion of other long-term investments	*12*	15,000,000	65,000,000
Trade and other receivables	*6, 9*	122,795,949	139,686,156
Inventories	*10*	308,329,025	288,059,350
Other current assets		4,906,695	5,016,382
Total current assets		818,777,242	717,188,997
Non-current assets			
Investments in available-for-sale securities	*11*	491,763,477	674,596,698
Other long-term investments	*12*	201,787,131	141,058,431
Investments property	*13*	387,013	387,013
Property, plant and equipment	*14*	134,155,954	131,972,223
Intangible assets	*15*	1,774,420	3,043,434
Other non-current assets		1,680,455	2,150,397
Total non-current assets		831,548,450	953,208,196
Total assets		1,650,325,692	1,670,397,193

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

People's Garment Public Company Limited

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	2019	2018
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	*6, 16*	65,562,277	76,212,596
Other current liabilities	*6*	6,935,893	8,098,372
Total current liabilities		72,498,170	84,310,968
Non-current liabilities			
Deferred tax liabilities	*22*	41,386,167	33,455,568
Provision for long-term employee benefits	*17*	67,940,579	67,400,117
Total non-current liabilities		109,326,746	100,855,685
Total liabilities		181,824,916	185,166,653
Shareholders' equity			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
Issued and fully paid			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
Premium on share capital		325,200,000	325,200,000
Retained earnings			
Appropriated - statutory reserve	*18*	9,600,000	9,600,000
Appropriated - general reserve	*19*	2,500,000	2,500,000
Unappropriated		773,192,058	794,176,014
Other components of shareholders' equity		262,008,718	257,754,526
Total shareholders' equity		1,468,500,776	1,485,230,540
Total liabilities and shareholders' equity		1,650,325,692	1,670,397,193

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

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Directors

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People's Garment Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	2019	2018
Profit or loss:			
Revenues			
Sales income		696,635,094	693,630,064
Other income	*20*	52,049,568	203,544,131
Total revenues		748,684,662	897,174,195
Expenses			
Cost of sales		538,293,804	594,151,815
Selling expenses		20,980,082	18,088,341
Administrative expenses		179,506,382	187,158,873
Loss on devaluation of other long-term investment		21,300	224,900
Total expenses		738,801,568	799,623,929
Profit before tax expense		9,883,094	97,550,266
Tax expense	*22*	(6,867,050)	(1,493,218)
Profit for the year		3,016,044	96,057,048
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Gain (loss) on changes in value of investments in available-for-sale securities - net of income tax	*22*	4,254,192	(138,115,831)
Gain on increase in fair value of investment resulting from reclassification of convertible debenture to available-for-sale investment - net of income tax	*12, 22*	-	6,760,710
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial gain - net of income tax	*22*	-	4,928,071
Total comprehensive income for the year		7,270,236	(30,370,002)
Earnings per share	*23*		
Basic earnings per share			
Profit for the year		0.03	1.00

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

People's Garment Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

						Other component of shareholders' equity				
						Other comprehensive income				
	Issud and fully paid share capital	Premium on share capital	Retained earnings			Surplus on changes in value of investments in available-for-sale securities	Gain on increase in fair value of investment resulting from reclassification of convertible debenture to available-for-sale investment	Actuarial gain	Total other component of shareholder's equity	Total
			Statutory reserve	General reserve	Unappropriated					
Balance as at 1 January 2018	96,000,000	325,200,000	9,600,000	2,500,000	720,198,966	355,396,877	-	28,784,699	384,181,576	1,537,680,542
Profit for the year	-	-	-	-	96,057,048	-	-	-	-	96,057,048
Dividends paid (Note 24)	-	-	-	-	(22,080,000)	-	-	-	-	(22,080,000)
Other comprehensive income for the year	-	-	-	-	-	(138,115,831)	6,760,710	4,928,071	(126,427,050)	(126,427,050)
Total comprehensive income for the year	-	-	-	-	73,977,048	(138,115,831)	6,760,710	4,928,071	(126,427,050)	(52,450,002)
Balance as at 31 December 2018	96,000,000	325,200,000	9,600,000	2,500,000	794,176,014	217,281,046	6,760,710	33,712,770	257,754,526	1,485,230,540
Balance as at 1 January 2019	96,000,000	325,200,000	9,600,000	2,500,000	794,176,014	217,281,046	6,760,710	33,712,770	257,754,526	1,485,230,540
Profit for the year	-	-	-	-	3,016,044	-	-	-	-	3,016,044
Dividends paid (Note 24)	-	-	-	-	(24,000,000)	-	-	-	-	(24,000,000)
Other comprehensive income for the year	-	-	-	-	-	4,254,192	-	-	4,254,192	4,254,192
Total comprehensive income for the year	-	-	-	-	(20,983,956)	4,254,192	-	-	4,254,192	(16,729,764)
Balance as at 31 December 2019	96,000,000	325,200,000	9,600,000	2,500,000	773,192,058	221,535,238	6,760,710	33,712,770	262,008,718	1,468,500,776

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

People's Garment Public Company Limited

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Cash flows from operating activities		
Profit before tax	9,883,094	97,550,266
Adjustments to reconcile profit before tax to net cash		
provided by (paid from) operating activities:		
Depreciation and amortisation	12,817,874	17,059,985
Doubtful accounts (reversal)	(10,287,177)	(347,351)
Goods returned (reversal)	-	(340,000)
Reduction of inventories to net realisable value (reversal)	(27,563,466)	10,267,040
Unrealised gain on current investments	(606,310)	(188,005)
Gains on sales of current investments	(1,261,218)	(811,190)
Loss from reclassification of investments from available-for-sale to trading securities	2,029,685	-
Gain on sale of investments in available-for-sale securities	(1,842,687)	(151,327,628)
Gain on sale of other long-term investments	-	(982,080)
Devaluation of other long-term investments	21,300	224,900
Interest income	(12,256,946)	(10,833,346)
Dividends income	(16,167,019)	(17,240,284)
Gain on disposals of equipment	(709,791)	(642,796)
Unrealised loss on exchange	41,111	155,085
Long-term employee benefits expenses	9,174,881	5,346,361
Loss from operating activities before changes		
in operating assets and liabilities	(36,726,669)	(52,109,043)
Operating assets (increase) decrease		
Trade and other receivables	25,043,517	24,499,371
Inventories	7,293,791	37,202,273
Other current assets	717,497	5,641,208
Other non-current assets	-	232,919
Operating liabilities increase (decrease)		
Trade and other payables	(8,653,773)	(6,322,694)
Other current liabilities	(1,162,478)	3,315,426
Provision for long-term employee benefits	(8,634,419)	(23,078,485)
Cash flows used in operating activities	(22,122,534)	(10,619,025)
Cash paid for income tax	(607,809)	-
Net cash used in operating activities	(22,730,343)	(10,619,025)

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

People's Garment Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Cash flows from investing activities		
Current investment (increase) decrease	141,577,545	(90,500,029)
Cash paid for acquisitions of available-for-sale securities	(414,127,141)	(228,766,747)
Cash received from sales of available-for-sale securities	304,978,600	268,510,438
Cash paid for acquisitions of other long-term investment	(750,000)	-
Cash received from sales of other long-term investments	-	1,428,480
Cash received from shares reduction of other long-term investments	-	139,400
Cash paid for acquisitions of held-to-maturity securities	(55,000,000)	(35,000,000)
Cash received from redemptions of held-to-maturity securities	65,000,000	75,000,000
Interest income	12,279,660	10,612,279
Dividends income	16,085,319	17,219,494
Cash paid for acquisitions of building and equipment	(13,393,759)	(6,633,615)
Cash received from proceeds from sales of equipment	853,000	895,859
Cash paid fro acquisitions of intangible assets	(12,100)	-
Net cash from investing activities	57,491,124	12,905,559
Cash flows from financing activities		
Dividends paid	(24,000,000)	(22,080,000)
Net cash used in financing activities	(24,000,000)	(22,080,000)
Net increase (decrease) in cash and cash equivalents	10,760,781	(19,793,466)
Cash and cash equivalents at beginning of year	19,342,127	39,135,593
Cash and cash equivalents at end of year	30,102,908	19,342,127
Supplemental cash flows information:		
Non-cash transactions		
Unrealised gain (loss) on changes in value of investments in available-for-sale securities - net of income tax	4,254,192	(138,115,831)
Gain on increase in fair value of investment resulting from reclassification of convertible debenture to available-for-sale investment - net of income tax	-	6,760,710
Conversion of convertible debenture to available-for-sale investment	-	(28,101,888)
Payables from acquisitions of investment in available-for-sale securities	50,980	2,044,846
Receivables from sale of investment in available-for-sale securities	407,130	1,556,845

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

People's Garment Public Company Limited
Notes to financial statements
For the year ended 31 December 2019

1. General information

People's Garment Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company's principal activities are manufacturing and distributing ready-made cloths. The registered office of the Company and factory is located at No. 666 Rama 3 Road, Bangpongpang, Yannawa, Bangkok. The Company has three plants as follow:

- No. 77 Moo 6, Lampang-Chiengmai Road, Baanklang, Muang Lamphun, Lamphun,
- No. 216 Moo 5, Suwannasorn Road, Nonthri, Kabinburi, Prachinburi,
- No. 114 Moo 5, Wellgrow Industrial Estate, Bangna-Trad Road, Bangsamak, Bangpakong, Chachoengsao

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. 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 summarised below:

TFRS 15 Revenue from Contracts with Customers

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

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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 recognised 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 this financial reporting standard without any material effecting to the Company, except the effect in the statements of comprehensive income in relation to the adjustment of marketing support expense that the Company has been charged by department stores for consignment sales. It should be treated as selling expense rather than recognised as discount and netted against sales revenue. However, the comparative statements of comprehensive income was not restated.

The amounts of adjustments affecting the statements of comprehensive income for the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Previous accounting policy	Reclassify	TFRS 15
Profit or loss:			
Sales income	693,900	2,735	696,635
Selling expenses	18,245	2,735	20,980

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised 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:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

The management expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Company is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.

The management is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

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 from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable 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 experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	-	20 and 50 years
Machinery and equipment	-	5, 10, 15 and 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

4.8 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets in respect of computer software is amortised over the useful lives of 5 years.

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases of building and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.11 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of property, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

4.14 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with 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:

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.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories requires the management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business, minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventories.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

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.

Deferred tax assets

Deferred tax assets are recognised 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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is 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.

6. Related party transactions

The relationships between the Company and its related parties which had significant business transactions during the year 2019 and 2018 are summarised below.

Name of related parties	Relationship
Boutique New City Plc.	Common shareholder
Saha Pathanapibul Plc.	Common shareholder
Thai Wacoal Plc.	Common shareholder
President Bakery Plc.	Common shareholder
S.T.G.C. Co., Ltd.	Common shareholder
Waseda Education (Thailand) Co., Ltd.	Common shareholder
Thai Takaya Co., Ltd.	Common shareholder
Cosmo Express Trading Co., Ltd.	Common shareholder
Sriracha Aviation Co., Ltd.	Common shareholder
Sahapat Properties Co., Ltd.	Common shareholder
Thai Staflex Co., Ltd.	Common shareholder
Sahapat Real Estate Co., Ltd.	Common shareholder
Thai Naxis Co., Ltd.	Common shareholder
Erawan Textile Co., Ltd.	Common shareholder
Bangkok Tokyo Socks Co., Ltd.	Common shareholder
Lion (Thailand) Co., Ltd.	Common shareholder
Thai President Foods Plc.	Common shareholder
Torfun Property Co., Ltd.	Common director
Saha Pathana Inter-Holding Plc.	Common director and shareholder
I.C.C. International Plc.	Common director and shareholder
Far East DDB Plc.	Common director and shareholder
Bangkok Rubber Plc.	Common director and shareholder
Sahacogen (Chonburi) Plc.	Common director and shareholder
Thai Sports Garment Co., Ltd.	Common director and shareholder
Champ Ace Co., Ltd.	Common director and shareholder
SSDC (Tigertext) Co., Ltd.	Common director and shareholder
Treasure Hill Co., Ltd.	Common director and shareholder
Pan Land Co., Ltd.	Common director and shareholder
Five Star Plus Co., Ltd.	Common director and shareholder
Thai Bunka Fashion Co., Ltd.	Common director and shareholder
Champ Kabin Co., Ltd.	Common director and shareholder
Bangkok Athletic Co., Ltd.	Common director and shareholder
Mr. Boonsithi Chokwatana	Brother of the Company's Director

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The transactions are summarised as follow:

(Unit: Thousand Baht)

	2019	2018	Pricing policies
Transactions with related companies			
Sales of goods	424,546	462,703	Cost plus margin
Other income	10,170	10,101	Actual incurred
Dividend income	10,871	14,271	As declared
Rental income	4,588	4,569	Contract price
Hire of work - income	-	1,475	Contract price
Hire of work - expenses	47,296	13,836	Contract price
Sales of investment in available-for-sale securities	-	152,900	Agreed price, close to fair value
Purchase of other long-term investment	750	-	Agreed price
Sales of other long-term investment	-	1,428	Book value of the investee company
Purchase of raw materials	8,665	6,612	Cost plus margin
Purchase of goods	17,190	74,732	Cost plus margin
Purchase of machinery and equipment	-	10	Price close to market
Rental expenses	6,450	6,968	Contract price
Royalty fee	19	77	Contract price
Other expenses	3,492	3,480	Actual incurred

The balances of the accounts as at 31 December 2019 and 2018 between the Company and those related parties are as follows.

(Unit: Thousand Baht)

	2019	2018
Trade accounts receivable - related parties (Note 9)		
Related companies	57,958	73,786
Other receivables - related parties (Note 9)		
Related companies	538	624
Trade accounts payable - related parties (Note 16)		
Related companies	5,879	7,342
Other payables - related parties (Note 16)		
Related companies	65	40
Provision for goods returned - related parties (presented under other current liabilities)		
Related companies	3,583	2,130

Directors and management compensation

During years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	2019	2018
Short-term employee benefits	12,886	12,050
Termination benefits	995	743
Total	13,881	12,793

7. Cash and cash equivalents

(Unit: Thousand Baht)

	2019	2018
Cash	346	374
Bank deposits	29,757	18,968
Total	30,103	19,342

As at 31 December 2019, bank deposits in savings accounts carried interest between 0.1% and 1.0% per annum (2018: between 0.1% and 1.0% per annum).

8. Current investments

(Unit: Thousand Baht)

	2019	2018
Investments in trading securities		
Investments in Open-end Fund	20,385	159,893
Add: Unrealised gain (loss) on change in fair value	(436)	188
Total	19,949	160,081
Fixed deposits at financial institutions	4	20,004
Bills of exchange	20,000	20,000
Investments in other companies - at cost		
Reclassification of investments from available-for-sale to trading securities	136,314	-
Changes in value of investments		
Less: Unrealised loss	(310)	-
Total	136,004	-
Investments in debt securities - at cost		
Reclassification of investments from available-for-sale to trading securities	161,033	-
Changes in value of investments		
Add: Unrealised gain	1,353	-
Total	161,686	-
Total current investments	337,643	200,085

During the year 2019, the Company sold trading securities totaling Baht 312.2 million (2018: Baht 167.5 million) with gains on sales recorded in profit or loss, amounting to Baht 1.3 million (2018: Baht 0.8 million).

As at 31 December 2019, fixed deposits at financial institutions and bills of exchange carried interest between 1.1% and 3.4% per annum (2018: between 1.1% and 3.0% per annum).

As at 23 February 2020, total fair value of current investments was Baht 336.6 million.

9. Trade and other receivables

(Unit: Thousand Baht)

	2019	2018
Trade accounts receivable - unrelated parties		
Not yet due	20,695	29,735
Over due:		
Not over 3 months	39,815	28,534
3 - 6 months	633	1,375
Over 6 months	3,126	13,701
Total	64,269	73,345
Less: Allowance for doubtful accounts	(2,992)	(13,279)
Trade accounts receivable - unrelated parties	61,277	60,066
Trade accounts receivable - related parties		
Not yet due	57,466	68,841
Over due:		
Not over 3 months	492	4,945
3 - 6 months	-	-
Over 6 months	-	-
Trade accounts receivable - related parties	57,958	73,786
Other receivables		
Other receivables - unrelated parties	3,023	5,210
Other receivables - related party	538	624
Total other receivables	3,561	5,834
Total trade and other receivables	122,796	139,686

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	217,892	226,951	(10,738)	(30,490)	207,154	196,461
Work in process	16,425	19,649	-	-	16,425	19,649
Raw materials	86,167	82,662	(6,648)	(14,460)	79,519	68,202
Factory supplies	3,646	3,515	-	-	3,646	3,515
Inventories in transit	1,585	232	-	-	1,585	232
Total	325,715	333,009	(17,386)	(44,950)	308,329	288,059

During the current year, the Company reversed the write-down of cost of inventories by Baht 27.56 million, and reduce the amount of inventories recognised as expenses during the year (2018: the Company reduced cost of inventories by Bath 10.27 million. This was included in cost of sales).

11. Investments in available-for-sale securities

(Unit: Thousand Baht)

	2019	2018
Investments in marketable securities		
Investments in related companies - at cost		
Balance at beginning of year	128,126	107,524
Conversion of convertible debenture to ordinary shares	-	28,102
Sales of investments	-	(7,500)
Balance at end of year	128,126	128,126
Changes in value of investments		
Add: Unrealised gain	292,964	285,238
Less: Unrealised loss	(89)	(87)
Total	421,001	413,277
Investments in other companies - at cost		
Balance at beginning of year	117,454	125,499
Purchases of investments	163,574	39,594
Sales of investments	(57,991)	(47,639)
Reclassification of investments from available-for-sale to trading securities	(136,314)	-
Balance at end of year	86,723	117,454
Changes in value of investments		
Add: Unrealised gain	2,769	45,178
Less: Unrealised loss	(18,729)	(59,063)
Total	70,763	103,569
Investments in debt securities		
Balance at beginning of year	157,431	-
Purchases of investments	249,555	191,217
Sales of investments	(246,653)	(33,786)
Reclassification of investments from available-for-sale to trading securities	(160,333)	-
Balance at end of year	-	157,431
Changes in value of investments		
Add: Unrealised gain	-	320
Total	-	157,751
Total fair value of investments in available-for-sale securities	491,764	674,597
Cash received from sales of investments for the year	306,516	240,253

As at 23 February 2020, total fair value of investments in available-for-sale was Baht 461.0 million.

During the year 2019, the Company sold investments totaling Baht 8.8 million (2018: Baht 240.3 million) with total gain on sales of Baht 0.3 million (2018: Baht 151.3 million).

During the years 2019 and 2018, the Company recognised gains or losses arising from revaluation, sale, reclassification of investment, and dividend income as included in "Other income" in statement of comprehensive income as follow:

(Unit: Thousand Baht)

	2019	2018
Realised loss from reclassification of investments from available-for-sale to trading securities	(2,030)	-
Gain from sale of investments in:		
Trading securities	1,261	811
Available-for-sale securities	1,843	151,328
Unrealised gain on current investments	606	188
Total	1,680	152,327
Dividends income	13,837	14,862

The available-for-sale securities represented investments in 21 companies (2018: 20 companies) with investment holding of 0.0005% to 0.5980% (2018: from 0.0004% to 0.5980%) of registered capital of the investee companies.

12. Other long-term investments

(Unit: Thousand Baht)

	Interest rates (percent per annum)		2019		2018	
	2019	2018	Cost	Fair value	Cost	Fair value
Investments in debt securities						
Mature within 1 year	3.00 - 4.75	4.17 - 5.10	15,000	15,279	65,000	65,604
Mature within 2 to 5 years	3.00 - 4.50	3.00 - 4.75	130,000	132,268	95,000	97,411
Mature more than 5 years	4.00 - 4.40	-	25,000	27,809	-	-
Total			170,000	175,356	160,000	163,015
Less: Amount mature within 1 year			(15,000)	(15,279)	(65,000)	(65,604)
Total investments in debt securities			155,000	160,077	95,000	97,411
Investments in equity securities						
Investments in related companies			51,806		51,806	
Less: Allowance for diminution in investment value			(5,019)		(5,748)	
Total investments in equity securities			46,787		46,058	
Total other long-term investments			201,787		141,058	
Dividends income			2,330		2,378	
Cash received from sales of investments for the year			-		1,428	

On 1 October 2018, the Company has exercised the right to convert all convertible debentures invested in 2017 to ordinary shares resulting in gain on an increase in fair value of such security held for available-for-sale of Baht 6.76 million (net of income tax) which was presented in other comprehensive income for the year 2018.

Disclosure of the fair value of investments in equity securities described in the related note.

Investments in equity securities represented investments in ordinary shares in 16 related companies (2018: 16 companies) in which the Company's holdings range from 0.67% to 19.00% (2018: from 0.67% to 19.00%) of registered capital of the investee companies.

In 2019, a company reduced the capital to offset the deficit for which the Company received no return of capital of Baht 0.8 million from such capital reduction, and the Company additionally invested Baht 0.8 million in that company.

In 2018, the Company received a return of capital of Baht 0.1 million from a capital reduction of a company and sold an investment in a company of Baht 1.4 million with gain on sale of Baht 1.0 million.

The Company treats investments in related companies (with common directors and/or common shareholders) as other long-term investments, since the Company's benefit is derived in form of dividends and the Company does not participate in setting policy or exercise influence over those companies.

13. Investment properties

(Unit: Thousand Baht)

	Land	Factory buildings	Total
Cost:			
1 January 2018	387	4,835	5,222
31 December 2018	387	4,835	5,222
31 December 2019	387	4,835	5,222
Accumulated depreciation:			
1 January 2018	-	4,835	4,835
31 December 2018	-	4,835	4,835
31 December 2019	-	4,835	4,835
Net book value:			
31 December 2018	387	-	387
31 December 2019	387	-	387

The fair value of these investment properties as at 31 December 2019 and 2018 were stated below:

(Unit: Million Baht)

	2019	2018
Land	17.1	11.8
Factory building	1.5	3.5
Total	18.6	15.3
Rental income for the year	4.0	4.0

The fair value of investment properties appraised by an independent appraiser in 2019, using market price for land and replacement cost for factory building.

Investment properties represented land and a fully depreciated factory building.

The Company rents this plant under agreements with a related company. The term of agreements is 1 year.

Future minimum rental income to be generated under these investment properties amounting to Baht 4.0 million in up to 1 year.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Cost:							
1 January 2018	43,222	130,847	349,431	248,803	20,794	363	793,460
Additions	-	1,707	1,586	1,898	1,443	-	6,634
Disposals	-	-	(13,896)	(1,796)	(1,715)	-	(17,407)
Transfers in (out)	-	-	-	363	-	(363)	-
31 December 2018	43,222	132,554	337,121	249,268	20,522	-	782,687
Additions	-	295	1,996	2,012	1,698	7,393	13,394
Disposals	-	-	(19,928)	(158)	(355)	-	(20,441)
Transfers in (out)	-	-	-	-	-	-	-
31 December 2019	43,222	132,849	319,189	251,122	21,865	7,393	775,640

(Unit: Thousand Baht)

	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
Accumulated depreciation:							
1 January 2018	-	78,929	321,499	236,615	16,599	-	653,642
Depreciation for the year	-	2,178	5,457	5,035	1,557	-	14,227
Depreciation on disposals	-	-	(13,896)	(1,788)	(1,470)	-	(17,154)
31 December 2018	-	81,107	313,060	239,862	16,686	-	650,715
Depreciation for the year	-	2,116	3,783	3,963	1,205	-	11,067
Depreciation on disposals	-	-	(19,924)	(148)	(226)	-	(20,298)
31 December 2019	-	83,223	296,919	243,677	17,665	-	641,484
Net book value:							
31 December 2018	43,222	51,447	24,061	9,406	3,836	-	131,972
31 December 2019	43,222	49,626	22,270	7,445	4,200	7,393	134,156

Depreciation for the year	
2018 (Baht 7.5 million included in manufacturing cost, and the balance in selling and administrative expenses)	14,227
2019 (Baht 5.0 million included in manufacturing cost, and the balance in selling and administrative expenses)	11,067

As at 31 December 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 652.8 million (2018: Baht 606.2 million).

In 2019, the Company sold machinery, equipment and motor vehicles with a gain of Baht 0.7 million (2018: Baht 0.6 million), which is included in "Other income" in statement of comprehensive income.

15. Intangible assets

(Unit: Thousand Baht)

	Computer software
Cost:	
1 January 2018	34,475
31 December 2018	34,475
Additions	12
31 December 2019	34,487
Accumulated depreciation:	
31 December 2018	29,069
Amortisation	2,363
31 December 2018	31,432
Amortisation	1,281
31 December 2019	32,713
Net book value:	
31 December 2018	3,043
31 December 2019	1,774

16. Trade and other payables

(Unit: Thousand Baht)

	2019	2018
Trade accounts payable - related parties	5,879	7,342
Trade accounts payable - unrelated parties	43,324	49,050
Other payables - related parties	65	40
Other payables - unrelated parties	16,294	19,780
Total trade and other payables	65,562	76,212

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	2019	2018
Provision for long-term employee benefits at beginning of year	67,400	91,235
Included in profit or loss:		
Current service cost	6,714	4,077
Interest cost	1,434	1,269
Past service costs and losses (gain) on settlement	1,027	(57)
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	-	(34)
Financial assumptions changes	-	47
Experience adjustments	-	(6,116)
Benefits paid during the year	(8,634)	(23,021)
Provision for long-term employee benefits at end of year	67,941	67,400

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 0.92 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current period.

The Company expects to pay Baht 8.1 million of long-term employee benefits during the next year (2018: Baht 7.6 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 6.4 years (2018: 6.4 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	2019	2018
Discount rate	2.11	2.11
Salary increase rates	3.00	3.00
Turnover rates for monthly staff	11 - 33	11 - 33
Turnover rates for daily staff	19 - 61	19 - 61

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

	As at 31 December 2019			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(1,400)	0.5	1,458
Salary increase rate	0.5	1,584	0.5	(1,534)
Turnover rate	0.5	(1,834)	0.5	2,014

	As at 31 December 2018			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(1,573)	0.5	1,642
Salary increase rate	0.5	1,437	0.5	(1,391)
Turnover rate	0.5	(1,655)	0.5	1,813

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

19. General reserve

The Company allocated portion of profit as general reserve without specific objective.

20. Other income

(Unit: Thousand Baht)

	2019	2018
Interest income	12,257	10,833
Consulting income	4,171	4,244
Rental income	6,559	6,360
Dividend income	16,167	17,240
Gain on sale of investments	3,104	153,121
Other	9,792	11,746
Total	52,050	203,544

21. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2019	2018
Salaries and wages and other employee benefits	194,270	202,694
Depreciation and amortisation expenses	12,818	17,060
Rental expenses from operating lease agreements	7,901	8,461
Raw materials and consumables used	263,981	212,932
Changes in inventories of finished goods and work in progress	15,258	59,466

22. Deferred tax liabilities/Income tax expense

Tax expense for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	2019	2018
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	6,867	1,493
Tax expense reported in the statement of comprehensive income	6,867	1,493

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	2019	2018
Gain (loss) from the change in value of investments in available-for-sale securities	1,064	(34,529)
Gain on increase in fair value of investment resulting from reclassification of convertible debenture to available-for-sale investment	-	1,690
Provision for long-term employee benefits	-	1,232
	1,064	(31,607)

The reconciliation between accounting profit and tax expense is shown below.

(Unit: Thousand Baht)

	2019	2018
Accounting gain before tax	9,883	97,550
Applicable tax rates	20%	20%
Accounting profit before tax multiplied by income tax rate	1,977	19,510
Effects of:		
Non-deductible expenses	8,151	738
Additional expense deductions allowed	(281)	(2,701)
Dividends income	(2,980)	(3,448)
Tax loss carry forward utilisation	-	(12,606)
Total	4,890	(18,017)
Tax expense reported in the statement of comprehensive income	6,867	1,493

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	2019	2018
Deferred tax assets		
Provision for goods returned	717	426
Allowance for diminution in value of inventories	2,882	8,990
Allowance for investments in related companies	1,081	1,227
Transfer of investments in available-for-sale securities	2,551	2,551
Provision for long-term employee benefits	8,359	8,251
Reversal of gain on consignment goods	98	1,110
Total	15,688	22,555
Deferred tax liabilities		
Unrealised gain on re-measuring investments	57,074	56,010
Total	57,074	56,010
Deferred tax liabilities - net	41,386	33,455

As at 31 December 2019, the Company has an unused tax loss of Baht 92 million (2018: Baht 52 million), on which deferred tax asset has not been recognised as the Company opines that there is uncertainty whether there will be sufficient future taxable profits to be utilised. The unused tax loss will expire by 2022.

23. Earnings per share

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

24. Dividends paid

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
2019			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 23 April 2019	24.00	0.25
2018			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 24 April 2018	22.08	0.23

25. Financial information by segment

The Company is principally engaged in the manufacturing and distributing ready-made cloths. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customer information

For 2019, the sale revenue of Baht 404.2 million (2018: Baht 428.6 million) was from a major customer which is related company.

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. In 2019, the Company contributed Baht 3.1 million (2018: Baht 3.7 million) to the fund.

27. Commitments and contingent liabilities

27.1 Operating lease commitments

The Company has commitments with regard to the rent of retail shops under the non-cancellable rental agreements with the term of 1 - 5 years. The Company had obligations to pay rental fees through the rent period as follows:

(Unit: Thousand Baht)

	2019	2018
Payable:		
Up to 1 year	10,047	3,553
In over 1 and up to 5 years	800	152

27.2 Use of trademarks commitments

The Company has entered into an agreement with the holder of rights in two trademarks related to the manufacture and distribute ready-made garment. The agreement is automatically renewed unless terminated by either of the counterparties. Under the conditions of these agreements, the Company commits to pay a royalty fees at rates of 0.5% - 3.5% based on sales income.

27.3 Bank guarantees

The Company has outstanding bank guarantees issued by the banks on behalf of the Company as required in the normal course of business for guarantee as follows:

(Unit: Million Baht)

Bank guarantees for	2019	2018
Electricity use	2.2	2.4
Payment due to crediters	0.4	0.1
Total	2.6	2.5

28. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets that was measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investments in Open-end Fund	-	19.9	-	19.9
Investments in debt securities	-	161.7	-	161.7
Investments in marketable securities	52.9	83.1	-	136.0
Investments in available-for-sale securities				
Investments in marketable securities	491.8	-	-	491.8
Assets for which fair value are disclosed				
Other long-term investments				
Investments in debt securities	-	175.4	-	175.4
Investments in equity securities	-	-	72.7	72.7
Investment properties	-	17.1	1.5	18.6

(Unit: Million Baht)

	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments				
Investments in Open-end Fund	-	160.0	-	160.0
Investments in available-for-sale securities				
Investments in debt securities	-	157.8	-	157.8
Investments in marketable securities	506.0	10.8	-	516.8
Assets for which fair value are disclosed				
Other long-term investments				
Investments in debt securities	-	163.0	-	163.0
Investments in equity securities	-	-	73.7	73.7
Investment properties	-	11.8	3.5	15.3

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payable, investments in available-for-sale securities and other long-term investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, which are mainly related companies and include a limited number of other customers. However, due to creditworthiness of most of those customers, the Company does not anticipate material losses to arise from debt collection. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, and bank overdrafts. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	2019					
	Fixed interest rates					
	Within 1 year	More than 1 to 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Effective interest rates
						(% per annum)
Financial assets						
Cash and cash equivalent	145	-	-	29,612	346	0.1 - 1.0
Current investments	54,396	120,326	6,968	-	155,952	1.1 - 3.4
Trade and other receivables	-	-	-	-	122,796	-
Investments in available-for-sale securities	-	-	-	-	491,763	-
Other long-term investments	15,000	130,000	25,000	-	46,787	3.0 - 4.75
Financial liabilities						
Trade and other payables	-	-	-	-	65,562	-

(Unit: Thousand Baht)

	2018					
	Fixed interest rates					
	Within 1 year	More than 1 to 5 years	More than 5 years	Floating interest rate	Non-interest bearing	Effective interest rate
						(% per annum)
Financial assets						
Cash and cash equivalent	3	-	-	18,965	374	0.1 - 1.0
Current investments	40,004	-	-	-	160,081	1.10 - 3.00
Trade and other receivables	-	-	-	-	139,686	-
Investments in available-for-sale securities	54,093	103,568	-	-	516,846	1.71 - 3.03
Other long-term investments	65,000	95,000	-	-	46,058	3.0 - 5.1
Financial liabilities						
Trade and other payables	-	-	-	-	76,213	-

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	664	877	60	20	29.89 - 30.33	32.19 - 32.61

As at 31 December 2019 and 2018, foreign exchange contracts outstanding are summarised below.

	2019				
			Contractual exchange rate		Contractual
Foreign currency	Bought amount	Sold amount	Bought	Sold	maturity date
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)		
US dollar	-	103	-	30.11 - 30.25	May 2020 - July 2020

2018					
			Contractual exchange rate		Contractual
Foreign currency	Bought amount	Sold amount	Bought	Sold	maturity date
	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)		
US dollar	-	168	-	32.15 - 32.83	May 2019 - July 2019

29.2 Fair values of financial instruments

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalent, current investments, trade and other receivable and trade and other payable, their carrying amounts in the statement of financial position approximate their fair value.

b) For equity securities and debt securities, their fair value is generally derived from quoted market prices.

The fair values of the Company' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)

	As at 31 December 2019		As at 31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Current portion of other long-term investments	15.0	15.3	65.0	65.6
Other long-term investments				
Investments in debt securities	155.0	160.1	95.0	97.4
Investments in equity securities	46.8	72.7	46.1	73.5

During the current year, there were no transfers within the fair value hierarchy.

30. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Company's debt-to-equity ratio was 0.12:1 (2018: 0.12:1).

31. Event after the reporting period

On 24 February 2020, the Board of Directors Meeting No.1/2020 of the Company resolve to propose to the 2020 Annual General Meeting of Shareholders to approve dividend payment from retained earnings of Baht 19.20 million (Baht 0.20 per share). The payments will be made on 20 May 2020.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.