

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
AND INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the shareholders of Boutique Newcity Public Company Limited

Opinion

I have audited the financial statements in which the equity method is applied and separate financial statements of Boutique Newcity Public Company Limited (the "Company"), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at December 31, 2019, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 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 in which the Equity Method is Applied and Separate Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements in which the equity method is applied and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the financial statements in which the equity method is applied and separate financial statements of the current period. These matters were addressed in the context of my audit of the financial statements in which the equity method is applied and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Contingent liabilities and allowance for impairment on intangible assets	
Refers to Note 32 to the financial statements in which the equity method is applied and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>At present, there is lawsuit case in the Civil Court proceeding. The Company as a plaintiff claimed for damage of Baht 35.2 million, plus interest 7.5% from Baht 33.1 million. Defendants, later, counterclaimed the Company and claimed for Baht 48.7 million, plus 7.5% of the entire amount. This lawsuit case is resulted from the software system is unable to implement as per implementation and integrating programs development service agreements.. Accordingly, the Company fully provided impairment on computer software and recognised as expense of Baht 12.2 million in 2019 financial statements. This matter required the judgement in estimation by management and significant in value, I consider that this is a significant matter.</p>	<p>My audit procedures were designed to assess the appropriateness of contingent liabilities and allowance for impairment on intangible assets included:</p> <ul style="list-style-type: none"> - Understanding the policies and procedures that the Company’s management applied for setting up allowance for allowance for impairment on intangible assets and contingent liabilities. - Examine the letter from Civil Court. - Examine the confirmation letter from lawyer. - Considering of the adequacy of the Company’s disclosures in accordance with the related Thai Financial Reporting Standards.

Valuation of inventories	
Refer to Notes 3,5 and 8 to the financial statements in which the equity method is applied and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Company's inventories are material to the financial statements where are measured at the lower of cost or net realisable value. Owing to the fashionable products with high market competition and the rapid change of popularity of products. Therefore, there is a risk that inventories may be presented at cost higher than net realisable value regarding the decline in value and the inventory obsolescence. The Company considers the allowance for decline in value and obsolescence which requires the judgement in estimation by management. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures were designed to assess the appropriateness of the allowance for decline in value of inventories and obsolescence included:</p> <ul style="list-style-type: none"> - Understanding the policies and procedures that the Company's management applied for setting up allowance for decline in value of inventories. - Performing test on a sample basis of net realisable value of inventories by investigating with the sale data whether there were any sales at price lower than cost to assess management's estimates and decision whether the allowance for decline in value of inventories was appropriate and adequate. - Considering the historical accuracy of the allowance for decline in value of inventories for evaluating the appropriateness of the assumptions made in the current year and assessing the reasonableness of assumptions made by management on the extent of long-outstanding inventories and sales at price lower than cost including related selling expenses to consider the appropriateness of the allowance for decline in value of inventories. - Considering of the adequacy of the Company's disclosures in accordance with the related Thai Financial Reporting Standards.

Other matter

The financial statements in which the equity method is applied and separate financial statements of Boutique Newcity Public Company Limited, which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at December 31, 2018, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, which are included as comparative information, were audited by another auditor in the same office who expressed an unqualified opinion, thereon in his report dated February 26, 2019.

Other Information

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

My opinion on the financial statements in which the equity method is applied and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements in which the equity method is applied and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements in which the equity method is applied and separate 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements in which the equity method is applied and separate 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 in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied and separate 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.

- 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 in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

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 in which the equity method is applied and separate 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.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Kannika Wipanurat.

(Ms. Kannika Wipanurat)
Certified Public Accountant
Registration No. 7305

Karin Audit Company Limited
Bangkok
February 25, 2020

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

Assets	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	7,679,002	3,404,912	7,679,002	3,404,912
Trade accounts receivable	6	65,860,588	80,034,897	65,860,588	80,034,897
Other receivables	7	7,451,667	5,662,871	7,451,667	5,662,871
Inventories	8	286,363,487	290,632,986	286,363,487	290,632,986
Other current assets	9	9,802,559	9,339,075	9,802,559	9,339,075
Total current assets		377,157,303	389,074,741	377,157,303	389,074,741
Non-current assets					
Investment in associate	10	21,270,103	35,277,398	20,267,223	33,722,378
Other long-term investments	11	57,233,996	57,498,495	60,308,590	60,573,090
Investment properties	12	72,295,480	72,295,480	72,295,480	72,295,480
Property, plant and equipment	13	64,558,427	70,687,523	64,558,427	70,687,523
Leasehold rights	14	6,634,379	9,139,735	6,634,379	9,139,735
Intangible assets		969,918	12,873,172	969,918	12,873,172
Deferred tax assets	15	14,552,505	14,089,723	14,552,505	14,089,723
Other non-current assets	16	56,053,098	68,050,624	56,053,098	68,050,624
Total non-current assets		293,567,906	339,912,150	295,639,620	341,431,725
Total assets		670,725,209	728,986,891	672,796,923	730,506,466

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

Liabilities and equity	<i>Note</i>	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	124,925,087	172,141,550	124,925,087	172,141,550
Trade accounts payable	18	16,526,914	53,444,468	16,526,914	53,444,468
Other payables	19	18,207,790	25,272,170	18,207,790	25,272,170
Short-term loans from related parties	4, 17	39,000,000	-	39,000,000	-
Current portion of finance lease liabilities	17	245,167	1,065,391	245,167	1,065,391
Other current liabilities	20	5,931,290	9,268,207	5,931,290	9,268,207
Total current liabilities		204,836,248	261,191,786	204,836,248	261,191,786
Non-current liabilities					
Finance lease liabilities	17	1,955,254	-	1,955,254	-
Non-current provisions for employee benefits	21	7,947,699	6,692,182	7,947,699	6,692,182
Long-term provisions		1,450,190	1,892,670	1,450,190	1,892,670
Total non-current liabilities		11,353,143	8,584,852	11,353,143	8,584,852
Total liabilities		216,189,391	269,776,638	216,189,391	269,776,638
Equity					
Share capital:	22				
Authorised share capital					
25,000,000 common shares, Baht 10 par value		250,000,000	250,000,000	250,000,000	250,000,000
Issued and paid-up share capital					
12,000,000 common shares, Baht 10 par value		120,000,000	120,000,000	120,000,000	120,000,000
Premium on ordinary shares	22	279,255,971	279,255,971	279,255,971	279,255,971
Surplus on change of shareholding					
in investment under common control		11,018,736	11,018,736	-	-
Retained earnings					
Appropriated					
Legal reserve	23	8,060,010	7,883,112	8,060,010	7,883,112
Unappropriated		41,117,460	45,850,016	54,207,910	58,388,327
Other component of equity		(4,916,359)	(4,797,582)	(4,916,359)	(4,797,582)
Total equity		454,535,818	459,210,253	456,607,532	460,729,828
Total liabilities and equity		670,725,209	728,986,891	672,796,923	730,506,466

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Financial statements			
		in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
		<i>(in Baht)</i>			
Revenue					
Revenue from sale of goods	4	600,827,549	673,593,555	600,827,549	673,593,555
Revenue from rendering of services		129,779,573	142,055,181	129,779,573	142,055,181
Other income	4, 25	34,484,578	40,095,914	35,136,521	40,438,086
Total revenue		765,091,700	855,744,650	765,743,643	856,086,822
Expenses					
Cost of sales of goods	4	315,524,533	383,545,282	315,524,533	383,545,282
Cost of rendering of services		85,979,215	96,753,278	85,979,215	96,753,278
Distribution costs	4	282,051,596	300,979,852	282,051,596	300,979,852
Administrative expenses	4	60,208,176	53,854,044	60,208,176	53,854,044
Impairment losses on computer software	32	12,235,360	-	12,235,360	-
Finance costs	5	6,256,136	7,684,270	6,256,136	7,684,270
Total expenses		762,255,016	842,816,726	762,255,016	842,816,726
Share of profit (loss) from investment in associate	10	99,804	46,558	-	-
Profit before income tax expense		2,936,488	12,974,482	3,488,627	13,270,096
Tax expense	27	(49,317)	1,975,769	(49,317)	1,975,769
Profit for the year		2,985,805	10,998,713	3,537,944	11,294,327
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Loss on remeasurement available-for-sale investments		(148,471)	(752,254)	(148,471)	(752,254)
Income tax relating to items that will be reclassified	27	29,694	150,450	29,694	150,450
Total items that will be reclassified subsequently to profit or loss		(118,777)	(601,804)	(118,777)	(601,804)
Item that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans	21	1,073,171	-	1,073,171	-
Income tax relating to items that will not be reclassified	27	(214,634)	-	(214,634)	-
Total items that will not be reclassified to profit or loss		858,537	-	858,537	-
Other comprehensive income for the year - net of tax		739,760	(601,804)	739,760	(601,804)
Total comprehensive income for the year		3,725,565	10,396,909	4,277,704	10,692,523
Basic earnings per share	28	0.25	0.92	0.29	0.94

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Financial statements in which the equity method is applied								
	Note	Issued and paid-up share capital	Share premium	Surplus on change of shareholding in investment under common control	Retained earnings		Other component of equity Investments held as available for sale	Total equity
					Legal reserve	Unappropriated		
					<i>(in Baht)</i>			
Balance at January 1, 2018		120,000,000	279,255,971	11,018,736	7,318,396	41,416,019	(4,195,778)	454,813,344
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	29	-	-	-	-	(6,000,000)	-	(6,000,000)
Total distributions to owners of the parent		-	-	-	-	(6,000,000)	-	(6,000,000)
Comprehensive income for the period								
Profit or loss		-	-	-	-	10,998,713	-	10,998,713
Other comprehensive income		-	-	-	-	-	(601,804)	(601,804)
Total comprehensive income for the period		-	-	-	-	10,998,713	(601,804)	10,396,909
Transfer to retained earnings	23	-	-	-	564,716	(564,716)	-	-
Balance at December 31, 2018		120,000,000	279,255,971	11,018,736	7,883,112	45,850,016	(4,797,582)	459,210,253
Transactions with owners, recorded directly in equity								
Dividends to owners of the Company	29	-	-	-	-	(8,400,000)	-	(8,400,000)
Total distributions to owners of the parent		-	-	-	-	(8,400,000)	-	(8,400,000)
Comprehensive income for the period								
Profit or loss		-	-	-	-	2,985,805	-	2,985,805
Other comprehensive income		-	-	-	-	858,537	(118,777)	739,760
Total comprehensive income for the period		-	-	-	-	3,844,342	(118,777)	3,725,565
Transfer to retained earnings	23	-	-	-	176,898	(176,898)	-	-
Balance at December 31, 2019		120,000,000	279,255,971	11,018,736	8,060,010	41,117,460	(4,916,359)	454,535,818

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Separate financial statements				Other component of equity Investments held as available for sale	Total equity
		Issued and paid-up share capital	Share premium	Retained earnings			
				Legal reserve	Unappropriated		
				<i>(in Baht)</i>			
Balance at January 1, 2018		120,000,000	279,255,971	7,318,396	53,658,716	(4,195,778)	456,037,305
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	29	-	-	-	(6,000,000)	-	(6,000,000)
Total distributions to owners of the parent		-	-	-	(6,000,000)	-	(6,000,000)
Comprehensive income for the period							
Profit or loss		-	-	-	11,294,327	-	11,294,327
Other comprehensive income		-	-	-	-	(601,804)	(601,804)
Total comprehensive income for the period		-	-	-	11,294,327	(601,804)	10,692,523
Transfer to retained earnings	23	-	-	564,716	(564,716)	-	-
Balance at December 31, 2018		120,000,000	279,255,971	7,883,112	58,388,327	(4,797,582)	460,729,828
Transactions with owners, recorded directly in equity							
Dividends to owners of the Company	29	-	-	-	(8,400,000)	-	(8,400,000)
Total distributions to owners of the parent		-	-	-	(8,400,000)	-	(8,400,000)
Comprehensive income for the period							
Profit or loss		-	-	-	3,537,944	-	3,537,944
Other comprehensive income		-	-	-	858,537	(118,777)	739,760
Total comprehensive income for the period		-	-	-	4,396,481	(118,777)	4,277,704
Transfer to retained earnings	23	-	-	176,898	(176,898)	-	-
Balance at December 31, 2019		120,000,000	279,255,971	8,060,010	54,207,910	(4,916,359)	456,607,532

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Financial statements		Separate	
	in which the equity method		financial statements	
	is applied			
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) before income tax expense	2,936,488	12,974,482	3,488,627	13,270,096
Adjustments to reconcile profit (loss) to cash provided (used in) :				
Trade accounts receivable (increase) decrease	10,719,119	14,351,335	10,719,119	14,351,335
Other receivables (increase) decrease	(1,788,797)	6,039,911	(1,788,797)	6,039,911
Inventories (increase) decrease	7,896,717	47,403,077	7,896,717	47,403,077
Other current assets (increase) decrease	1,471,400	(384,913)	1,471,400	(384,913)
Other non-current assets (increase) decrease	11,997,526	3,811,199	11,997,526	3,811,199
Trade accounts payable increase (decrease)	(36,917,555)	(45,618,916)	(36,917,555)	(45,618,917)
Other payables increase (decrease)	(7,724,380)	(7,158,943)	(7,724,380)	(7,158,943)
Other current liabilities increase (decrease)	(3,336,917)	(1,502,970)	(3,336,917)	(1,502,970)
Employee benefits	1,224,176	1,038,073	1,224,176	1,038,073
Other non-current provisions (reversal)	(442,480)	302,000	(442,480)	302,000
Depreciation	16,400,683	16,385,327	16,400,683	16,385,327
Amortisation of leasehold rights	2,505,356	2,510,069	2,505,356	2,510,069
Amortisation of intangible assets	327,894	829,439	327,894	829,439
Impairment losses on investments	116,029	-	116,029	-
Share of (profit) loss from investment in associate	(99,804)	(46,558)	-	-
Impairment losses on computer software	12,235,360	-	12,235,360	-
Bad debts and doubtful accounts (reversal)	3,455,190	1,523,778	3,455,190	1,523,778
Loss from decline in value of inventories (reversal)	(3,627,217)	3,317,173	(3,627,217)	3,317,174
Gain on disposal of investment properties	-	(11,413,431)	-	(11,413,431)
Gain on sale of investment in associate	(11,592,902)	(9,828,827)	(12,244,845)	(10,171,000)
(Gain) loss on disposal of equipment and vehicles	(1,991,006)	(99,999)	(1,991,006)	(99,999)
Dividend income	(859,000)	(823,000)	(859,000)	(823,000)
Interest income	(3)	(169)	(3)	(169)
Interest expenses	6,256,136	7,684,270	6,256,136	7,684,270
Total adjustment of profit (loss)	<u>9,162,013</u>	<u>41,292,407</u>	<u>9,162,013</u>	<u>41,292,406</u>
Net cash flows provided by (used in) operating activities				
Non-current employee benefit paid	(134,550)	(1,328,500)	(134,550)	(1,328,500)
Proceeds from employee benefit	1,239,062	-	1,239,062	-
Tax paid	(2,533,289)	(2,985,810)	(2,533,289)	(2,985,809)
Net cash from (used in) operating activities	<u>7,733,236</u>	<u>36,978,097</u>	<u>7,733,236</u>	<u>36,978,097</u>

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Financial statements		Separate	
	in which the equity method		financial statements	
	is applied			
	2019	2018	2019	2018
	<i>(in Baht)</i>			
<i>Cash flows from investing activities</i>				
Proceeds from sale of investment in associate	25,700,000	17,500,000	25,700,000	17,500,000
Proceeds from sale of investment properties	-	14,300,000	-	14,300,000
Proceeds from disposal of equipment and vehicles	3,401,869	100,000	3,401,869	100,000
Acquisitions of equipment	(8,883,449)	(32,334,951)	(8,883,449)	(32,334,951)
Dividends received	859,000	823,000	859,000	823,000
Interest received	3	169,000	3	169,000
Net cash from (used in) investing activities	21,077,423	388,218	21,077,423	388,218
<i>Cash flows from financing activities</i>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(47,216,463)	62,719,884	(47,216,463)	62,719,884
Payment by a lessee for reduction of the outstanding liability relating to finance lease	(1,663,970)	(432,336)	(1,663,970)	(432,336)
Proceeds from short-term loans from related parties	-	7,550,000	-	7,550,000
Repayments to short-term loans from related parties	-	(94,441,000)	-	(94,441,000)
Proceeds from short-term loans from other parties	65,000,000	1,000,000	65,000,000	1,000,000
Repayments to short-term loans from other parties	(26,000,000)	(6,000,000)	(26,000,000)	(6,000,000)
Dividends paid to owners of the Company	(8,400,000)	(6,000,000)	(8,400,000)	(6,000,000)
Interest paid	(6,256,136)	(7,684,270)	(6,256,136)	(7,684,270)
Net cash from (used in) financing activities	(24,536,569)	(43,287,722)	(24,536,569)	(43,287,722)
Net increase (decrease) in cash and cash equivalents	4,274,090	(5,921,407)	4,274,090	(5,921,407)
Cash and cash equivalents at beginning of year	3,404,912	9,326,319	3,404,912	9,326,319
Cash and cash equivalents at ending of year	7,679,002	3,404,912	7,679,002	3,404,912

Non-cash transactions

For the year 2019

- The Company purchased intangible assets at price of Baht 0.7 million, but has not been paid.
- The Company entered into finance lease contracts for purchasing assets of Baht 2.8 million.

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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1 General information

Boutique Newcity Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1112/53-75 Soi Sukhumvit 48 (Piyavat), Sukhumvit Road, Phra Khanong, Khlong Toei, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand in November 1987.

The Company’s major shareholders during the financial year was Pavarolavidya Group 55% shareholding.

The principal activities of the Company are engaged in garments retail business. Details of the associate as at December 31, 2019 and 2018 are given in note 10.

2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission.

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 January 1, 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

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

FRIC 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.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 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 January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards 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 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 on the financial statements in the year when they are adopted.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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DECEMBER 31, 2019

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 Company plans to adopt TFRS 16 by using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to increase the Company assets approximately Baht 590.8 million, and the Company liabilities approximately Baht 590.8 million.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligations as explained in note 3.14

2.3 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. They rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

2.4 Use of judgements and estimate

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2.5 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 the chief financial officer.

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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorised 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 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 categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of preparation of the financial statements in which the equity method is applied

The financial statements in which the equity method is applied relate to the Company and the Company's interests in associates.

Interests in equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on translation are generally recognised in profit or loss.

3.3 Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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3.4 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the specific cost principle, and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

3.6 Investments

Investments in associates

Investments in associates in the separate financial statements of the Company are accounted for using the cost method.

Investments in associates in the financial statements in which the equity method is applied is accounted for using the equity method.

Investments in equity securities

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.7 Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful life is as follows:

Condominium	20	years
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3.8 Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Vehicles acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property plant and equipment. The estimated useful lives are as follows:

Buildings and structures	20	years
Furniture, fixtures and equipment	5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3.9 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3	years
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Amortisation methods and useful lives are reviewed at each financial year-end and adjusted if appropriate.

3.10 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Leasehold rights are charged to profit or loss on a straight-line basis over the term of lease period from 3 years to 30 years.

3.11 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

3.12 Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

3.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.14 Employee benefits

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.15 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.16 Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time based on stage as the services are provided. The stage of completion is assessed based on cost-to-cost method. The related costs are recognized in profit or loss when they are incurred.

Investments

Revenue from investments comprises rental income from investment properties, dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Service income is recognised as services are provided.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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Investments

Revenue from investments comprises rental income from investment properties, dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

3.17 Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

3.18 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

3.19 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, 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 years 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.

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 realised simultaneously.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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 realised.

3.20 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.21 Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with associate are described in note 10. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company
Mrs. Sirina Pavarolavidya	Thai	Major shareholder up to May 13, 2019 and director of related companies

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mr. Panitarn Pavarolavidya	Thai	Major shareholder and director
Mrs. Pravara Ekaraphanich	Thai	Major shareholder and director
Sirathan Co., Ltd.	Thailand	Major shareholder since May 10, 2019 and common shareholders and directors
Sahasin Co., Ltd.	Thailand	Major shareholder since May 13, 2019 and common shareholders and directors
Miss Sunee Thipudomluk	Thai	Director up to April 30, 2019
Poomkajana Co., Ltd.	Thailand	Common shareholders and directors
Varathan Co., Ltd.	Thailand	Common shareholders and directors
Phuphet Co., Ltd.	Thailand	Common shareholders and directors
Chokthani Co., Ltd.	Thailand	Common shareholders and directors
Ban-Prajuab Co., Ltd.	Thailand	Common shareholders and directors
Sirichaikiat Co., Ltd.	Thailand	Common shareholders and directors
BTFA Co., Ltd.	Thailand	Common shareholders and directors
Panivara Co., Ltd.	Thailand	Common shareholders and directors
Saha Pathana Inter-Holding PCL.	Thailand	Common shareholders
I.C.C. International PCL.	Thailand	Common shareholders
Sirinapavarolavidya Foundation	Thailand	Common directors
Love Mom Association	Thailand	Common directors

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods	Mutually agreed price
Other income	Cost plus margin
Purchases of goods	Cost plus margin
Interest expense	6 month fixed deposit rate of certain local financial institution plus 2% per annum
Key management personnel compensation	As defined by the nomination and remuneration committee
Distribution costs and administrative expenses	Mutually agreed price
Sale of investment properties	Contractual agreed price

Significant transactions for the years ended December 31, 2019 and 2018 with related parties were as follows:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Related parties		
Revenue from sale of goods	-	178
Sales - land and building (Note 12)	-	14,300
Sales - vehicles	530	-
Sales - investments (Note 10)	19,700	17,500
Other income	2,255	2,568
Purchases of goods	357,231	416,199
Distribution costs	13,542	11,077
Administrative expenses	12,316	10,114
Interest expense	1,012	1,053

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Key management personnel		
Key management personnel compensation		
Short-term benefits	5,915	7,198
Post-employment benefits	280	287
Total key management personnel compensation	<u>6,195</u>	<u>7,485</u>

Balances as at December 31, 2019 and 2018 with related parties were as follows:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Trade accounts receivable		
Related parties	<u>-</u>	<u>191</u>
Trade accounts receivable		
Related parties	<u>530</u>	<u>-</u>
Trade accounts payable		
Related parties	<u>13,761</u>	<u>52,980</u>
Other payables		
Related parties	<u>3,946</u>	<u>3,289</u>

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

	Financial statements in which the equity method is applied / separate financial statements			
	Interest rate		2019	2018
	2019	2018	(in thousand Baht)	(in thousand Baht)
	(% per annum)			
Short-term loans from related parties				
Mrs. Sirina Pavarolavidya	3.60	-	39,000	-
Total			39,000	-

Movements during the years ended December 31 of short-term loans from related parties were as follows:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Short-term loans from related parties		
At 1 January	-	86,891
Increase	65,000	7,550
Decrease	(26,000)	(94,441)
At 31 December	39,000	-

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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5 Cash and cash equivalents

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Cash on hand	1,200	977
Cash at banks - current accounts	6,478	2,427
Cash at banks - savings accounts	1	1
Total	7,679	3,405

6 Trade accounts receivable

		Financial statements in which the equity method is applied / separate financial statements	
	Note	2019	2018
		(in thousand Baht)	
Related parties	4	-	191
Other parties		71,051	81,579
Total		71,051	81,770
Less allowance for doubtful accounts		(5,190)	(1,735)
Net		65,861	80,035
Bad and doubtful debt expense for the year		3,455	1,232

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
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Aging analyses for trade accounts receivable were as follows:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Within credit terms	59,101	71,236
Overdue:		
Less than 3 months	4,100	4,368
3-6 months	1,139	1,239
6-12 months	1,521	2,999
Over 12 months	5,190	1,928
	<u>71,051</u>	<u>81,770</u>
Less allowance for doubtful accounts	(5,190)	(1,735)
Net	<u>65,861</u>	<u>80,035</u>

The normal credit term granted by the Company ranges from 30 days to 180 days.

7 Other receivables

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Other receivables	3,516	4,325
Guarantee and deposit	10	-
Accrued income	2,916	930
Prepaid expenses	491	69
Others	519	339
Total	<u>7,452</u>	<u>5,663</u>

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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8 Inventories

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Finished goods	288,883	296,780
Less allowance for decline in value of inventories	(2,519)	(6,147)
Net	286,364	290,633

9 Other current assets

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Withholding tax	4,636	2,701
Value added tax receivable	951	1,384
Others	4,216	5,254
Total	9,803	9,339

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****10 Investment in associate**

	Financial statements			
	in which the equity method		Separate	
	is applied		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
At 1 January	35,277	42,902	33,722	41,051
Disposals	(14,107)	(7,671)	(13,455)	(7,329)
Share of profits (losses) from investment	100	46	-	-
At 31 December	21,270	35,277	20,267	33,722

In March 2019, the Company sold 8.49% of its 27.76% interest of the issued and paid-up capital of an associate (Choksamakkhee Co., Ltd.) to a shareholder of the Company at the selling price of Baht 19.7 million. This cost accounted for using the equity method of Baht 10.8 million for the financial statements in which the equity method is applied, and accounted for using the cost method of Baht 10.3 million for the separate financial statements (Note 4).

In September 2019, the Company sold 2.59% of its 19.27% interest of the issued and paid-up capital of an associate (Choksamakkhee Co., Ltd.) to other party at the selling price of Baht 6.0 million. This cost accounted for using the equity method of Baht 3.3 million for the financial statements in which the equity method is applied, and accounted for using the cost method of Baht 3.1 million for the separate financial statements.

The Company recognised gain from these two sales totaling Baht 11.6 million and Baht 12.2 million in the statement of comprehensive income in which the equity method is applied and separate financial statements for the year ended December 31, 2019, respectively.

In March 2018, the Company sold 6.03% of its 33.79 percent interest of the issued and paid-up capital of an associate (Choksamakkhee Co., Ltd.) to a shareholder of the Company at the selling price of Baht 17.5 million. This cost accounted for using the equity method of Baht 7.7 million for the financial statements in which the equity method is applied, and accounted for using the cost method of Baht 7.3 million for the separate financial statements. The Company recognised gain on sale of investment in associate in other income of Baht 9.8 million and Baht 10.2 million in the statement of comprehensive income in which the equity method is applied and separate financial statements for the year ended December 31, 2018, respectively (Note 4).

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Investment in associate as at December 31, 2019 and 2018 was as follows:

Financial statements in which the equity method is applied														
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Equity		Impairment		At equity - net		
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
		(%)						(in thousand Baht)						
<i>Associate</i>														
Choksamukkhee Co., Ltd.	Construction	Thailand	16.68	27.76	116,000	116,000	<u>20,267</u>	<u>33,722</u>	<u>21,270</u>	<u>35,277</u>	<u>-</u>	<u>-</u>	<u>21,270</u>	<u>35,277</u>

Separate financial statements												
Type of business	Country of incorporation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
		(%)						(in thousand Baht)				
<i>Associate</i>												
Choksamukkhee Co., Ltd.	Construction	Thailand	16.68	27.76	116,000	116,000	<u>20,267</u>	<u>33,722</u>	<u>-</u>	<u>-</u>	<u>20,267</u>	<u>33,722</u>

Company's associate is not publicly listed and consequently does not have published price quotations.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

The following table summarises the financial information of the associate as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

The table also reconciles the summarised financial information to the carrying amount of the Company's interest in this associate.

	Choksamakhee Co.,Ltd.	
	(in thousand Baht)	
	2019	2018
Revenue	907	754
Total comprehensive income (100%)	421	141
Percentage of shareholding	16.68	27.76
Total comprehensive income of the Company's interest	100	47
Current assets	9,014	8,424
Non-current assets	123,422	123,467
Current liabilities	(467)	(405)
Non-current liabilities	(1,648)	(1,589)
Net assets (100%)	130,321	129,897
Percentage of shareholding	16.68	27.76
Book value of investment in associate	21,270	35,277

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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11 Other long-term investments

	Financial statements			
	in which the equity method		Separate	
	is applied		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Other long-term investments				
Equity securities available for sale	614	762	614	762
Other non-marketable equity securities				
Related party	47,211	47,211	50,286	50,286
Other parties	9,409	9,525	9,409	9,525
	56,620	56,736	59,695	59,811
Total	57,234	57,498	60,309	60,573

Movements during the year ended December 31, of equity securities were as follows:

	Financial statements in which	
	the equity method is applied /	
	separate financial statements	
	2019	2018
	(in thousand Baht)	
Available-for-sale securities		
At 1 January	762	1,515
Valuation adjustment	(148)	(753)
At 31 December	614	762

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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	Financial statements			
	in which the equity method		Separate	
	is applied		financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Other non-marketable equity securities				
At 1 January	57,370	57,370	60,445	60,445
Acquisitions	(750)	-	(750)	-
Allowance for impairment	-	(634)	-	(634)
At 31 December	56,620	56,736	59,695	59,811

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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Other non-marketable equity securities recorded by the cost method as at 31 December, and dividend income for the years then ended, were as follows:

Financial statements in which the equity method is applied													
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)								(in thousand Baht)			
<i>Related party</i>													
Panivara Co., Ltd.	Real estate	18.66	18.66	284,000	284,000	47,211	47,211	-	-	47,211	47,211	-	-
<i>Other parties</i>													
Thai Staflex Co., Ltd.	Produce and sell parts to garments manufacturer	2.00	2.00	60,000	60,000	1,200	1,200	-	-	1,200	1,200	72	36
Janome (Thailand) Co., Ltd.	Produce machine for garments	2.00	2.00	97,400	97,400	2,759	2,759	-	-	2,759	2,759	487	487
Thai Samsung Electronics Co., Ltd.	Produce and sell electronic equipment	0.08	0.08	1,200,000	1,200,000	1,000	1,000	-	-	1,000	1,000	300	300
Thai Bunka Fashion Co., Ltd.	Fashion academy	4.00	4.00	6,250	25,000	250	1,000	-	(634)	250	366	-	-
American Food Co., Ltd.	Producer ice cream products	3.00	3.00	140,000	140,000	4,200	4,200	-	-	4,200	4,200	-	-
Total						56,620	57,370	-	(634)	56,620	56,736	859	823

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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		Separate financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)						(in thousand Baht)					
Related party													
Panivara Co., Ltd.	Real estate	18.66	18.66	284,000	284,000	50,286	50,286	-	-	50,286	50,286	-	-
Other parties													
Thai Staflex Co., Ltd.	Produce and sell parts to garments manufacturer	2.00	2.00	60,000	60,000	1,200	1,200	-	-	1,200	1,200	72	36
Janome (Thailand) Co., Ltd.	Produce machine for garments	2.00	2.00	97,400	97,400	2,759	2,759	-	-	2,759	2,759	487	487
Thai Samsung Electronics Co., Ltd.	Produce and sell electronic equipment	0.08	0.08	1,200,000	1,200,000	1,000	1,000	-	-	1,000	1,000	300	300
Thai Bunka Fashion Co., Ltd.	Fashion academy	4.00	4.00	6,250	25,000	250	1,000	-	(634)	250	366	-	-
American Food Co., Ltd.	Producer ice cream products	3.00	3.00	140,000	140,000	4,200	4,200	-	-	4,200	4,200	-	-
Total						59,695	60,445	-	(634)	59,695	59,811	859	823

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NOTES TO FINANCIAL STATEMENTS
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12 Investment properties

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Cost		
At 1 January	72,295	87,728
Disposals	-	(15,433)
At 31 December	<u>72,295</u>	<u>72,295</u>
Accumulated depreciation		
At 1 January	-	12,043
Depreciation charge for the year	-	503
Disposals	-	(12,546)
At 31 December	<u>-</u>	<u>-</u>
Net book value		
At December 31,	<u>72,295</u>	<u>72,295</u>

Investment properties as at December 31, 2019 comprise land at appraised value totaling Baht 306.9 million (2018: Baht 306.9 million). The appraised value of land was got from Government agency, which is categorized into level 2 of fair value.

In September 2018, the Company sold condominium to a related party amounting to Baht 14.3 million (Note 4) and recognised gain from sale of condominium amounting to Baht 11.4 million as other income in the statement of comprehensive income for the year ended December 31, 2018.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

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13 Property, plant and equipment

	Financial statements in which the equity method is applied/ Separate financial statements					
	Land	Buildings and structures	Furniture, fixture and equipment (in thousand Baht)	Vehicles	Assets under construction	Total
Cost						
At January 1, 2018	7,480	24,675	207,351	15,827	11,276	266,609
Additions	-	-	8,066	-	24,268	32,334
Disposals	-	-	-	(640)	-	(640)
Transfer	-	-	5,800	-	(5,800)	-
At December 31, 2018	7,480	24,675	221,217	15,187	29,744	298,303
Additions	-	-	6,153	2,799	2,730	11,682
Disposals	-	-	(1,121)	(7,966)	-	(9,087)
Transfer	-	22,290	8,731	-	(31,021)	-
At December 31, 2019	7,480	46,965	234,980	10,020	1,453	300,898
Accumulated depreciation						
At January 1, 2018	-	24,675	173,779	13,920	-	212,374
Depreciation charge for the year	-	-	15,032	850	-	15,882
Disposals	-	-	-	(640)	-	(640)
At December 31, 2018	-	24,675	188,811	14,130	-	227,616
Depreciation charge for the year	-	281	15,451	668	-	16,400
Disposals	-	-	(205)	(7,471)	-	(7,676)
At December 31, 2019	-	24,956	204,057	7,327	-	236,340

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****14 Leasehold rights**

Movements during the years ended December 31, of leasehold rights are as follows:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
At 1 January	9,140	11,650
Amortisation for the year	(2,506)	(2,510)
At 31 December	6,634	9,140

The Company entered into lease and leasehold right agreements for its store's space for periods of 3 years to 30 years. The longest agreement will expire in May 2022. The Company paid for the leasehold rights approximately Baht 46.5 million (2018: Baht 48.6 million).

15 Deferred tax

Deferred tax assets and liabilities as at December 31, 2019 and 2018 were as follows:

	Financial statements in which the equity method is applied / separate financial statements			
	Assets		Liabilities	
	2019	2018	2019	2018
	(in thousand Baht)			
Total	14,651	14,090	(98)	-
Set off of tax	(98)	-	98	-
Net deferred tax assets	14,553	14,090	-	-

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

Movements in deferred tax assets and liabilities during the year 2019 were as follows:

	Financial statements in which the equity method is applied / separate financial statements			
	(Charged) / Credited to:			
	At January 1, 2019	Profit or loss	Other comprehensive income	At December 31, 2019
	(in thousand Baht)			
Deferred tax assets				
Trade accounts receivable				
(allowance for doubtful accounts)	347	697	-	1,038
Inventories (allowance for decline in value)	1,229	(725)	-	504
Computer software (allowance for impairment)	-	2,447	-	2,447
Other long-term investments (allowance for impairment and valuation adjustment)	1,326	(97)	-	1,342
Provision for employee benefit obligations	1,339	3	-	8,091
Difference from recognition of revenue and cost of sales	9,809	(1,718)	-	8,091
Total	14,050	601	-	14,651
Deferred tax liabilities				
Finance lease liabilities	40	(138)	-	(98)
Total	40	(138)	-	(98)
Net	14,090	463	-	14,553

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
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16 Other non-current assets

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Deposits	56,053	68,051
Total	56,053	68,051

17 Interest-bearing liabilities

		Financial statements in which the equity method is applied / separate financial statements	
	Note	2019	2018
		(in thousand Baht)	
Current			
Bank overdrafts			
Unsecured		33,587	20,247
Short-term loans from financial institutions			
Unsecured		90,000	150,000
Liabilities under trust receipts		1,338	1,895
Bank overdrafts and short-term loans from financial institutions		124,925	172,142
Short-term loans from related parties			
Unsecured	4	39,000	-
Current portion of finance lease liabilities		245	1,065
Total current interest-bearing liabilities		164,170	173,207

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

		Financial statements in which the equity method is applied / separate financial statements	
	Note	2019	2018
		(in thousand Baht)	
Non-current			
Finance lease liabilities		1,955	-
Total non-current interest-bearing liabilities		1,955	-
Total interest-bearing liabilities		166,125	173,207

As at December 31, 2019, bank overdrafts bear interest at rates ranging from 6.87% to 7.67% per annum (2018: ranging from 6.87% to 7.67% per annum). Liabilities under trust receipts bear interest at the rate of 2.50% per annum (2018: 2.50% per annum). Loans from financial institutions as at December 31, 2019 bear interest at rates ranging from 3.50% to 5.50% per annum (2018: ranging from 3.50% to 5.50% per annum).

Under the terms of the agreements covering the Company's liabilities under trust receipts, certain imported inventories have been released to the Company in trust for the banks. The Company was accountable to the banks for the trusted inventories or its sales proceeds.

As at December 31, 2019 the Company had unutilised credit facilities totaling Baht 422.0 million (2018: Baht 277.5 million).

18 Trade accounts payable

		Financial statements in which the equity method is applied / separate financial statements	
	Note	2019	2018
		(in thousand Baht)	
Related parties	4	13,761	52,980
Other parties		2,766	464
Total		16,527	53,444

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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19 Other payables

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Accrued operating expenses	15,666	23,137
Others	2,542	2,135
Total	18,208	25,272

20 Other current liabilities

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Advance received from customers	4,004	7,263
Withholding tax payable	650	674
Others	1,277	1,331
Total	5,931	9,268

21 Non-current provisions for employee benefits

The Company operates defined benefit plan based on the requirement of Thai Labor Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plan exposes the Company to actuarial risks, such as longevity risk and interest rate risk.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

Movement in the present value of the defined benefit obligations:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
At 1 January	6,692	6,983
Included in profit or loss:		
Current service cost and Interest on obligations	1,224	1,038
	1,224	1,038
Recognised in other comprehensive income:		
Actuarial losses (gains)	(1,073)	-
Other		
Receipt transferring	1,239	-
Benefits paid	(134)	(1,329)
At December 31,	7,948	6,692

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

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Demographic assumptions	(911)	-
Financial assumptions	(162)	-
Total	(1,073)	-

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

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Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(%)	
Discount rate	1.47	2.25
Future salary growth	-	1.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Financial statements in which the equity method is applied / separate financial statements	
	Increase	Decrease
	(in thousand Baht)	
At December 31, 2019		
Discount rate (1% movement)	(626)	709
Future salary growth (1% movement)	705	-
At December 31, 2018		
Discount rate (1% movement)	(738)	833
Future salary growth (1% movement)	940	(757)

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019**

On April 5, 2019, the Labor Protection Act (Issue 7) 2019, which stipulates additional compensation rates in the case of employers terminating employment for employees who have worked for 20 consecutive years or more, they are entitled to compensation of not less than the final rate of 400 days that has already been announced in the Government Gazette. The said law is effective from May 5, 2019 onwards, which will be considered as a revision of the project for post-employment benefits. The Company recorded the effect of such change by recognizing the past service cost as an immediate expense in the profit (loss) for the year of Baht 2.3 million.

22 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
(thousand shares / thousand Baht)					
Authorised					
At 1 January					
- ordinary shares	10	25,000	250,000	25,000	250,000
At 31 December					
- ordinary shares	10	25,000	250,000	25,000	250,000
Issued and paid-up					
At 1 January					
- ordinary shares	10	12,000	120,000	12,000	120,000
At 31 December					
- ordinary shares	10	12,000	120,000	12,000	120,000

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

23 Reserves

Reserves comprise appropriations of profit and/or retained earnings.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

During the years 2019 and 2018, the Company set up legal reserve in amounting to Baht 0.2 million and Baht 0.6 million, respectively.

Other component of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

24 Segment information

The Company has four reportable segments, as described below, which are the Company’s strategic divisions. The chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company’s reportable segments.

- Segment 1 Lady Apparel
- Segment 2 Men’s Clothing
- Segment 3 Accessories
- Segment 4 Uniforms

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2019****25 Other income**

	Note	Financial statements		Separate	
		in which the equity		financial statements	
		method is applied			
		2019	2018	2019	2018
		(in thousand Baht)			
Rental income		8,559	7,462	8,559	7,462
Compensation from insurance policy		3,947	3,209	3,947	3,209
Gain on sale of investment in associate	10	11,593	9,829	12,245	10,171
Gain on disposal of equipment		1,991	100	1,991	100
Gain on exchange rate		1,477	872	1,477	872
Dividend income		859	823	859	823
Compensation income		346	1,182	346	1,182
Tuition fee income		102	127	102	127
Gain on disposal of investment properties	12	-	11,413	-	11,413
Others		5,611	5,079	5,611	5,079
Total		34,485	40,096	35,137	40,438

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26 Expenses by nature

	Financial statements in which the equity method is applied/ separate financial statements	
	2019	2018
	(in thousand Baht)	
Purchases of finished goods	401,504	480,299
Rental expense	155,084	181,490
Employee benefit expenses	82,982	65,573
Sales supporting expenses	45,830	45,461
Sales promotion expenses	7,157	9,671
Depreciation	16,401	16,385
Utility expenses	7,384	8,868
Credit card fee	7,090	7,882
Property tax expenses	6,848	5,648
Supply expenses	4,497	5,009
Others	8,987	8,846
Total	743,764	835,132

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27 Income tax expense (income)

	Financial statements in which the equity method is applied/ separate financial statements	
	2019	2018
	(in thousand Baht)	
Income tax recognised in profit or loss		
Current tax expense		
Current year	598	2,426
Deferred tax expense		
Movements in temporary differences	(647)	(450)
Total	(49)	1,976
Income tax recognised in other comprehensive income		
Fair value changes in available-for-sale investments	(30)	(150)
Defined benefit plan actuarial gains (losses)	215	-
Total	185	(150)

Reconciliation of effective tax rate

	Financial statements in which the equity method is applied			
		2019		2018
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		2,936		12,974
Income tax using the Thai corporation tax rate	20	587	20	2,595
Dividend income not subject to tax		(172)		(165)
Additional expenses for tax purposes		(1,079)		(1,009)
Expenses not deductible for tax purposes		29		114
Others		586		441
Total	1.7	(49)	15.2	1,976

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	Separate financial statements			
		2019		2018
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		3,489		13,270
Income tax using the Thai corporation tax rate	20	698	20	2,654
Dividend income not subject to tax		(172)		(165)
Additional expenses for tax purposes		(1,079)		(1,009)
Expenses not deductible for tax purposes		29		114
Others		475		382
Total	1.4	(49)	14.9	1,976

28 Earnings per share

The calculations of basic earnings per share for the years ended December 31, 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Financial statements in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht / thousand shares)			
Profit for the year attributable to ordinary shareholders of the Company (basic)	2,986	10,999	3,538	11,294
Number of ordinary shares outstanding	12,000	12,000	12,000	12,000
Earnings per share (basic) (in Baht)	0.25	0.92	0.29	0.94

29 Dividends

At the annual general meeting of the shareholders of the Company held on April 22, 2019, the shareholders approved the appropriation of dividend of Baht 0.70 per share, amounting to Baht 8.4 million. The dividend was paid to shareholders in May 2019.

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At the annual general meeting of the shareholders of the Company held on April 23, 2018, the shareholders approved the appropriation of dividend of Baht 0.50 per share, amounting to Baht 6.0 million. The dividend was paid to shareholders in May 2018.

30 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings. The Company does not use derivative financial instruments to hedge such risk.

The effective interest rates of interest-bearing financial liabilities as at December 31, and the periods in which those liabilities mature were as follows:

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		Financial statements in which the equity method is applied / separate financial statements		
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	Total
		(in thousand Baht)		
2019				
Bank overdrafts	6.87 - 7.17	33,587	-	33,587
Short-term loans from financial institutions	3.20 - 5.50	90,000	-	90,000
Short-term loans from related parties	3.60	39,000	-	39,000
Liabilities under trust receipts	2.50	1,338	-	1,338
Finance lease liabilities	8.94	245	1,955	2,200
Total		164,170	1,955	166,125
2018				
Bank overdrafts	6.87 - 7.67	20,247	-	20,247
Short-term loans from financial institutions	3.50 - 5.50	150,000	-	150,000
Liabilities under trust receipts	2.50	1,895	-	1,895
Finance lease liabilities	8.66	1,065	-	1,065
Total		173,207	-	173,207

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Company does not use derivative financial instruments to hedge such risk.

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At December 31, the Company was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Ringgit Malaysia		
Trade accounts receivable	244	1,792
Gross exposure	244	1,792
Euro		
Trade accounts payable	66	35
Gross exposure	66	35
Total exposure	310	1,827

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

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Carrying amounts and fair values

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

	Carrying amount	Financial statements in which the equity method is applied / Separate financial statements			Total
		Fair value			
		Level 1	Level 2	Level 3	
(in thousand Baht)					
December 31, 2019					
Financial assets measured at fair value					
Equity securities available for sale	614	614	-	-	614
December 31, 2018					
Financial assets measured at fair value					
Equity securities available for sale	762	762	-	-	762

Fair values of short-term loans approximate to the carrying amounts due to interest rates referencing to market interest rates and these financial instruments have short-term maturity.

Fair values of finance lease liabilities approximate to the carrying amounts due to interest rates approximate to market rates.

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31 Commitments with non-related parties

	Financial statements in which the equity method is applied / separate financial statements	
	2019	2018
	(in thousand Baht)	
Future minimum lease payments under non-cancellable operating leases		
Within one year	93,419	93,622
After one year but within five years	120,948	90,574
Total	214,367	184,196

The Company has lease agreements covering rental and service with certain local companies. These agreements are for the periods until 2022 at the rental fee as indicated in the agreements.

As at December 31, 2019, the Company has guarantee for overdraft lines to two local financial institutions for several related companies amounting to totaling Baht 36.0 million (2018: Baht 36.0 million).

32 Contingent liabilities

32.1 As at December 31, 2019, the Company has contingent liabilities for letters of guarantee with several financial institutions, principally guarantee for lease agreement with a company, performing in compliance with the agreements with customers and repayment occurred from credit card for oil usage totaling Baht 12.1 million (2018: Baht 12.7 million).

32.2 On July 9, 2015, the Company has entered into the service agreement with a local company in order to get provision of consulting services on implementation and integrating programs development, total fee of this agreement is Baht 13.1 million. Presently, the Company paid up fee and other service together of Baht 12.2 million. This amount was recorded under intangible assets.

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On August 31, 2018, the Company as a plaintiff sued a counterparty and another company as defendants, the allegation about service provider has breached of contract. The Company claimed for return all paid up amount and recover damages totaling of Baht 35.2 million, plus interest 7.5% of Baht 33.1 million since prosecution date till the claim amount is fully paid.

On January 29, 2019, defendants entered a plea and counterclaimed the Company, the allegation about plaintiff intended to do infringement. Defendants requested plaintiff to withdraw the prosecution and claimed for Baht 48.7 million plus interest 7.5% of this amount since prosecution date till the claim amount is fully paid.

On April 2, 2019, the Company submitted the requisitions to the Civil Court to withdraw the counterclaim from defendants.

At present, the case is in the Civil Court proceeding.

According to the mentioned lawsuit, the Company fully provided impairment on the computer software and recognized as expense of Baht 12.2 million in the financial statements for the year ended December 31, 2019.

33 Financial statements approval

Board of Directors of the Company has approved these financial statements on February 25, 2020.