

People's Garment Public Company Limited  
Review report and interim financial information  
For the three-month periods ended 31 March 2020



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of People's Garment Public Company Limited

I have reviewed the accompanying statement of financial position of People's Garment Public Company Limited as at 31 March 2020, the related comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

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

### **Conclusion**

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

### **Emphasis of matters**

My conclusion is not modified in respect of these matters. I draw attention to the following notes to the interim financial statements.

1. As described in Note 2 to the interim financial statements, regarding the change in accounting policies as a result of the adoption of financial reporting standards related to financial instruments and TFRS 16 with no effect to the retained earnings as at 1 January 2020, and the comparative information was not restated.
2. As described in Note 1.4 to the interim financial statements, due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month period ended 31 March 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic issued by the Federation of Accounting Professions.

### **Other Matter**

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Company for the accounting period of 2020 yet. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Company for the accounting period of 2020. I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated 27 March 2020.



Chayapol Suppasedtanon  
Certified Public Accountant (Thailand) No. 3972

EY Office Limited  
Bangkok: 11 May 2020

**People's Garment Public Company Limited**

**Statement of financial position**

**As at 31 March 2020**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2020</u> (Unaudited but reviewed)	<u>31 December 2019</u> (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		18,700	30,103
Current investments	4	-	337,643
Current portion of other long-term investments	9	-	15,000
Trade and other receivables	3, 5	105,569	122,796
Inventories	6	329,218	308,329
Current portion of other non-current financial assets	10	35,000	-
Other current financial assets	7	291,829	-
Other current assets		8,536	4,907
<b>Total current assets</b>		<u>788,852</u>	<u>818,778</u>
<b>Non-current assets</b>			
Investments in available-for-sale securities	8	-	491,764
Other long-term investments, net of current portion	9	-	201,787
Other non-current financial assets, net of current portion	10	647,187	-
Investments property	11	387	387
Property, plant and equipment	12	144,595	134,156
Right-of-use assets	13	28,056	-
Intangible assets	14	1,510	1,774
Other non-current assets		1,564	1,680
<b>Total non-current assets</b>		<u>823,299</u>	<u>831,548</u>
<b>Total assets</b>		<u>1,612,151</u>	<u>1,650,326</u>

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

**People's Garment Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 March 2020**

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2020</u> (Unaudited but reviewed)	<u>31 December 2019</u> (Audited)
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institution		5,000	-
Trade and other payables	3, 15	74,363	65,562
Current portion of lease liabilities		5,601	-
Other current liabilities		4,988	6,936
<b>Total current liabilities</b>		<u>89,952</u>	<u>72,498</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		30,811	41,386
Lease liabilities, net of current portion		22,633	-
Provision for long-term employee benefits		62,698	67,941
<b>Total non-current liabilities</b>		<u>116,142</u>	<u>109,327</u>
<b>Total liabilities</b>		<u>206,094</u>	<u>181,825</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		96,000	96,000
Issued and fully paid			
96,000,000 ordinary shares of Baht 1 each		96,000	96,000
Premium on share capital		325,200	325,200
Retained earnings			
Appropriated - statutory reserve		9,600	9,600
Appropriated - general reserve		2,500	2,500
Unappropriated		746,567	773,192
Other components of shareholders' equity		226,190	262,009
<b>Total shareholders' equity</b>		<u>1,406,057</u>	<u>1,468,501</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,612,151</u>	<u>1,650,326</u>

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

Directors

(Unaudited but reviewed)

**People's Garment Public Company Limited**  
**Statement of comprehensive income**  
**For the three-month periods ended 31 March 2020**

(Unit: Thousand Baht)

For the three-month  
period ended 31 March

	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales income		137,498	184,237
Other income		9,828	11,279
<b>Total revenues</b>		147,326	195,516
<b>Expenses</b>			
Cost of sales		107,164	145,711
Selling and distribution expenses		5,103	3,978
Administrative expenses		43,917	44,500
Loss on diminution in value of investments		19,282	-
<b>Total expenses</b>		175,466	194,189
<b>Profit (loss) before income tax</b>		(28,140)	1,327
Tax income (expense)	16	1,515	(2,833)
<b>Loss for the period</b>		(26,625)	(1,506)
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Loss on measure in value of available-for-sale investments - net of income tax		-	(2,862)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Gain on sale of investments in equity designated at fair value through other comprehensive income		420	-
Loss on investments in equity designated at fair value through other comprehensive income - net of income tax		(48,698)	-
<b>Other comprehensive income for the period</b>		(48,278)	(2,862)
<b>Total comprehensive income for the period</b>		(74,903)	(4,368)
<b>Earnings per share</b>			
<b>Basic loss per share</b>			
Loss for the period		(0.28)	(0.02)

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

People's Garment Public Company Limited  
Statement of changes in shareholders' equity  
For the three-month period ended 31 March 2020

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Other component of shareholders' equity										Total	
	Other comprehensive income											
	Issued and fully paid share capital	Premium on share capital	Statutory reserve	Retained earnings General reserve	Unappropriated	Surplus on changes in value of available-for-sale investments	Gain (loss) on investments in equity designated at fair value through other comprehensive income	Gain on increase in fair value of investment from reclassification of convertible debenture to available-for-sale investment	Gain on increase in fair value of investment resulting from reclassification of convertible debenture to investments in equity designated at fair value through other comprehensive income	Actual gain		Total other component of shareholder's equity
Balance as at 1 January 2019	96,000	325,200	9,600	2,500	794,176	217,281	-	6,761	-	33,713	257,755	1,485,231
Loss for the period	-	-	-	-	(1,506)	-	-	-	-	-	-	(1,506)
Other comprehensive income for the period	-	-	-	-	(1,506)	(2,862)	-	-	-	-	(2,862)	(2,862)
Total comprehensive income for the period	-	-	-	-	(1,506)	(2,862)	-	-	-	-	(2,862)	(4,368)
Balance as at 31 March 2019	96,000	325,200	9,600	2,500	792,670	214,419	-	6,761	-	33,713	254,893	1,480,863
Balance as at 1 January 2020	96,000	325,200	9,600	2,500	773,192	221,535	-	6,761	-	33,713	262,009	1,468,501
Cumulative effects of changes in accounting policies (Note 2)	-	-	-	-	-	(221,535)	-	(6,761)	6,761	-	-	-
Balance as at 1 January 2020 - as restated	96,000	325,200	9,600	2,500	773,192	-	-	-	6,761	-	12,459	12,459
Loss for the period	-	-	-	-	(26,625)	-	-	-	6,761	-	274,468	1,480,980
Other comprehensive income for the period	-	-	-	-	(26,625)	-	-	-	-	-	(48,278)	(26,625)
Total comprehensive income for the period	-	-	-	-	(26,625)	-	-	-	-	-	(48,278)	(48,278)
Balance as at 31 March 2020	96,000	325,200	9,600	2,500	746,567	185,716	-	-	6,761	33,713	226,190	1,406,057

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

(Unaudited but reviewed)

People's Garment Public Company Limited

Cash flow statement

For the three-month period ended 31 March 2020

	(Unit: Thousand Baht)	
	2020	2019
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	(28,140)	1,327
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	4,580	3,239
Doubtful accounts (reversal)	433	(200)
Reversal of reduction of inventories to net realisable value	(1,494)	(10,028)
Unrealised gain on current investments	-	(243)
Unrealised loss on other current financial assets	16,095	-
Loss on sales of other current financial assets	3,187	-
Gain on sale of investment in available-for-sale securities	-	(479)
Interest income	(1,856)	(3,159)
Interest expense	387	-
Dividends income	(1,469)	(1,010)
Gain on sales of equipment	(32)	(564)
Unrealised loss on exchange	828	198
Long-term employee benefits expenses	132	1,371
Loss from operating activities before changes in operating assets and liabilities	(7,349)	(9,548)
Operating assets (increase) decrease		
Trade and other receivables	20,080	(10,065)
Inventories	(19,395)	13,628
Other current assets	(3,393)	(2,693)
Operating liabilities increase (decrease)		
Trade and other payables	8,872	2,424
Other current liabilities	(1,948)	(1,523)
Cash paid for long-term employee benefits	(5,375)	(3,495)
Cash flows used in operating activities	(8,508)	(11,272)
Cash paid for income tax	(237)	(186)
<b>Net cash used in operating activities</b>	<b>(8,745)</b>	<b>(11,458)</b>

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

(Unaudited but reviewed)

**People's Garment Public Company Limited**  
**Cash flow statement (continued)**  
**For the three-month period ended 31 March 2020**

(Unit: Thousand Baht)

	2020	2019
<b>Cash flows from investing activities</b>		
Decrease in current investment	-	46,398
Decrease in other current financial assets	24,847	-
Cash paid for acquisitions of available-for sale securities	-	(77,609)
Cash received from sales of available-for-sale securities	-	78,955
Cash paid for acquisitions of held-to-maturity securities	-	(50,000)
Cash received from redemptions of held-to-maturity securities	-	20,000
Cash paid for acquisitions of other non-current financial assets	(19,938)	-
Cash received from sales of other non-current financial assets	1,422	-
Dividends income	298	92
Interest income	527	2,809
Cash paid for acquisitions of equipment	(13,337)	(1,300)
Cash received from proceeds from sales of equipment	265	568
Cash paid for acquisitions of intangible assets	-	(12)
<b>Net cash from (used in) investing activities</b>	<b>(5,916)</b>	<b>19,901</b>
<b>Cash flows from financing activities</b>		
Cash received from loans from financial institution	5,000	-
Cash paid for lease liabilities	(1,355)	-
Cash paid for interest on lease liabilities	(387)	-
<b>Net cash from financing activities</b>	<b>3,258</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	(11,403)	8,443
Cash and cash equivalents at beginning of period	30,103	19,342
<b>Cash and cash equivalents at end of period</b>	<b>18,700</b>	<b>27,785</b>

**Supplemental cash flows information:**

## Non-cash transactions

Unrealised loss on changes in value of investment in equity designated at fair value through other comprehensive income/ available-for-sale investments - net of income tax	48,278	(2,862)
Decrease in payables from acquisitions of investment in equity designated at fair value through other comprehensive income/ available-for-sale investment	117	345
Decrease in receivables from sale of investment in equity designated at fair value through other comprehensive income/ available-for-sale investment	1,212	-

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

**People's Garment Public Company Limited**

**Notes to interim financial statements**

**For the three-month periods ended 31 March 2020**

**1. General information**

**1.1 Corporate information**

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

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

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**1.3 Basis for the preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Financial Reporting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

#### **1.4 New financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves 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
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Financial Reporting Standard Interpretations:

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

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

The impact of the adoption of these standards on the Company's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.
- Recognition of credit losses - The Company recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company applies the simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Company initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The Company adopted these financial reporting standards with no effect to the retained earnings as at 1 January 2020 but effect to other component of shareholder's equity as at 1 January 2020 and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

#### **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.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to right-of-use assets and lease liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

### **Accounting Treatment Guidance on “Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic”**

The Federation of Accounting Professions announced “Accounting Treatment Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Company uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.

#### **1.5 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

##### **1.5.1 Financial instruments**

###### **Classification and measurement**

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Company makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit of loss.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss

### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

### **1.5.2 Leases**

#### ***Right-of-use assets***

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

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

#### ***Lease liabilities***

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

#### ***Short-term leases and Leases of low-value assets***

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

## 2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.4 to the financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments and TFRS 16 with no effect to the retained earnings as at 1 January 2020, and the comparative information was not restarted.

The Company applies the cumulative effect of initially applying financial reporting standards related to financial instruments as an adjustment to other component of shareholder's equity as at 1 January 2020 and recognised as rights-of-use assets and lease liabilities as at 1 January 2020 for the cumulative effect of initially applying TFRS 16.

The impacts on the beginning balance as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	337,643	(337,643)	-	-
Current portion of other long-term investments	15,000	(15,000)	-	-
Current portion of other non-current financial assets	-	15,000	-	15,000
Other current financial assets	-	337,643	-	337,643
<b>Non-current assets</b>				
Investments in available-for-sale securities	491,764	(491,764)	-	-
Other long-term investments, net of current portion	201,787	(201,787)	-	-
Other non-current financial assets, net of current portion	-	709,124	-	709,124
Right-of-use assets	-	-	2,378	2,378

(Unaudited but reviewed)

(Unit: Thousand Baht)

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	647	647
<b>Non-current liabilities</b>				
Deferred tax liabilities	41,386	3,114	-	44,500
Lease liabilities, net of current portion	-	-	1,731	1,732
<b>Shareholders' equity</b>				
Other components of shareholders' equity	262,009	12,459	-	274,468

## 2.1 Financial instruments

Details of the impact on other components of shareholders' equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)
Gain on measurement of investments in equity instruments of non-listed companies	15,573
Less: Income tax effect	(3,114)
Impacts on other components of shareholders' equity due to the adoption of financial reporting standards related to financial instruments	12,459

(Unaudited but reviewed)

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Current portion of other non-current financial assets	-	-	15,000	15,000
Other current financial assets	337,643	-	-	337,643
Other non-current financial assets, net of current portion	-	554,124	155,000	709,124
<b>Total financial assets</b>	<b>337,643</b>	<b>554,124</b>	<b>170,000</b>	<b>1,061,767</b>

\* Other non-current financial assets consist of investments in equity designated at fair value through other comprehensive income - net of income tax and investments in debt measured at amortised cost.

\*\* As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

## 2.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	10,847
Less: Short-term leases and leases of low-value assets	(152)
Add: Option to extend lease term	1,080
Less: Contracts reassessed as service agreements	(3,494)
Less: Others	(5,646)
Less: Deferred interest expenses	(257)
Increase in lease liabilities due to TFRS 16 adoption	<u>2,378</u>
Lease liabilities as at 1 January 2020	<u>2,378</u>

Comprise of:

Current lease liabilities	647
Non-current lease liabilities	1,731

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

	(Unit: Thousand Baht)
Buildings and building improvements	1,870
Office equipment	508
<b>Total right-of-use assets</b>	<u><u>2,378</u></u>

### 3. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month period		Pricing policies
	ended 31 March		
	2020	2019	
<u>Transactions with related companies</u>			
Sales of goods	93,730	128,368	Cost plus margin
Other income	2,939	2,752	Actual incurred
Rental income	1,196	1,122	Contract price
Service income	174	-	Contract price
Service expenses	9,501	8,172	Contract price
Purchase of raw materials	1,739	6,295	Cost plus margin
Purchase of goods	469	12,226	Cost plus margin
Rental expenses	1,612	1,576	Contract price
Royalty fee	1	3	Contract price
Other expenses	408	893	Actual incurred

The balances of the accounts as at 31 March 2020 and 31 December 2019 between the Company and those related parties were as follows.

(Unit: Thousand Baht)

	31 March 2020	31 December 2019
<b><u>Trade accounts receivable - related parties (Note 5)</u></b>		
Related companies	65,274	57,958
<b><u>Other receivables - related parties (Note 5)</u></b>		
Related companies	478	538
<b><u>Trade accounts payable - related parties (Note 15)</u></b>		
Related companies	5,236	5,879
<b><u>Other payables - related parties (Note 15)</u></b>		
Related companies	82	65
<b><u>Provision for goods returned - related parties</u></b>		
<b>(presented under other current liabilities)</b>		
Related companies	2,419	3,583

(Unaudited but reviewed)

Directors and management compensation

During three-month periods ended 31 March 2020 and 2019, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

For the three-month period  
ended 31 March

	2020	2019
Short-term employee benefits	3,415	3,450
Termination benefits	255	249
Total	3,670	3,699

**4. Current investments**

As at 31 December 2019, current investments were summarised as follow:

(Unit: Thousand Baht)

Investments in trading securities	
Investments in Open-end Fund	20,385
Less: Unrealised loss	(436)
Total	19,949
Fixed deposits at financial institutions	4
Bills of exchange	20,000
Investments in other companies - at cost	136,314
Less: Unrealised loss	(310)
Total	136,004
Investments in debt securities - at cost	160,333
Add: Unrealised gain	1,353
Total	161,686
Total current investments	337,643

As at 31 December 2019, fixed deposits at financial institutions and bills of exchange carried interests between 1.1% and 3.4% per annum.

(Unaudited but reviewed)

## 5. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2020	31 December 2019
<u>Trade accounts receivable - unrelated parties</u>		
Not yet due	16,796	20,695
Overdue:		
Not over 3 months	11,939	39,815
3 - 6 months	8,959	633
Over 6 months	652	3,126
Total	38,346	64,269
Less: Allowance for doubtful accounts	(3,425)	(2,992)
Trade accounts receivable - unrelated parties	34,921	61,277
<u>Trade accounts receivable - related parties</u>		
Not yet due	65,062	57,466
Overdue:		
Not over 3 months	212	492
Trade accounts receivable - related parties	65,274	57,958
<u>Other receivables</u>		
Other receivables - unrelated parties	4,890	3,023
Other receivables - related party	484	538
Total other receivables	5,374	3,561
Total trade and other receivables	105,569	122,796

## 6. Inventories

### Allowance for diminution in values of inventories

Movements in allowance for diminution in values of inventories account during the three-month period ended 31 March 2020 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	17,386
Less: Reversal on allowance for diminution in values of inventories during the period	(1,493)
Balance as at 31 March 2020	15,893

**7. Other current financial assets**

As at 31 March 2020, other current financial assets were summarised as follow:

	(Unit: Thousand Baht)
Investments designated at fair value through profit or loss	
Investments in Open-end Fund	14,925
Less: Unrealised loss	(1,582)
Total	<u>13,343</u>
Fixed deposits at financial institutions	4
Investments in other companies - at cost	122,547
Less: Unrealised loss	(14,592)
Total	<u>107,955</u>
Investments in debt securities - at cost	168,867
Add: Unrealised gain	1,121
Total	<u>169,988</u>
Total investments designated at fair value through profit or loss	<u>291,290</u>
Derivative asset	539
Total other current financial assets	<u>291,829</u>
Cash received from sales of investments designated at fair value through profit or loss for the period	<u>139,747</u>

As at 11 May 2020, total fair value of investments designated at fair value through profit or loss was Baht 296 million.

**8. Investments in available-for-sale securities**

As at 31 December 2019, investments in available-for-sale securities were summarised as follow:

	(Unit: Thousand Baht)
Investments in marketable securities	
Investments in related companies - at cost	128,126
Add: Unrealised gain	292,964
Less: Unrealised loss	(89)
Total	<u>421,001</u>
Investments in other companies - at cost	86,723
Add: Unrealised gain	2,769
Less: Unrealised loss	(18,729)
Total	<u>70,763</u>
Total fair value of investments in available-for-sale securities	<u>491,764</u>
Cash received from sales of investments in available-for-sale securities for the year	<u>306,516</u>

**9. Other long-term investments**

As at 31 December 2019, other long-term investments were summarised as follow:

(Unit: Thousand Baht)

Investments in debt securities	
Mature within 1 year	15,000
Mature within 2 to 5 years	130,000
Mature over 5 years	25,000
Total	<u>170,000</u>
Less: Mature within 1 year	(15,000)
Total investments in debt securities	<u>155,000</u>
Investments in equity securities	
Investments in related companies	51,806
Less: Allowance for diminution in investment value	(5,019)
Total investment in equity securities	<u>46,787</u>
Total other long-term investments	<u>201,787</u>
Dividends income	<u>2,330</u>
Cash received from sale of investment for the year	<u>-</u>

**10. Other non-current financial assets**

As at 31 March 2020, other non-current financial assets were summarised as follow:

(Unit: Thousand Baht)

Investments designated at fair value through other comprehensive income	
Investments in related companies - at cost	178,932
Add: Unrealised gain	270,218
Total	<u>449,150</u>
Investments in other companies - at cost	106,655
Less: Unrealised loss	(43,618)
Total	<u>63,037</u>
Total investments designated at fair value through other comprehensive income	<u>512,187</u>
Investment measured at amortised cost	
Investments in debt securities - at cost	170,000
Less: Mature within 1 year	(35,000)
Total investments in debt securities, net of current portion	<u>135,000</u>
Total other non-current financial assets, net of current portion	<u>647,187</u>
Cash received from sales of investments designated at fair value through other comprehensive income for the period	<u>1,422</u>

(Unaudited but reviewed)

As at 11 May 2020, total fair value of investments designated at fair value through other comprehensive income was Baht 509 million.

#### 11. Investment property

	(Unit: Thousand Baht)	
	31 March 2020	31 December 2019
Investment property - net	387	387
Fair value	18,619	18,619

During the three-month periods ended 31 March 2020, the rental income arising from investment property, charged to a related party, was Baht 1.0 million (2019: Baht 1.0 million).

#### 12. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2020 were summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	134,156
Acquisitions during period - at cost	13,337
Disposals during period - net book value as at disposal date	(233)
Depreciation for period	(2,665)
Net book value as at 31 March 2020	<u>144,595</u>

#### 13. Right-of-use assets

Movements of right-of-use assets account during the three-month period ended 31 March 2020 were summarised below.

	(Unit: Thousand Baht)
Adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020	2,378
Additions during the period	27,211
Depreciation for the period	(1,533)
Net book value as at 31 March 2020	<u>28,056</u>

**14. Intangible assets**

Movements of intangible assets, computer software, during the three-month period ended 31 March 2020 were summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2020	1,774
Amortisation for period	<u>(264)</u>
Net book value as at 31 March 2020	<u>1,510</u>

**15. Trade and other payables**

	(Unit: Thousand Baht)	
	31 March 2020	31 December 2019
Trade accounts payable - related parties	5,236	5,879
Trade accounts payable - unrelated parties	57,654	43,324
Other payables - related parties	82	65
Other payables - unrelated parties	11,391	16,294
Total trade and other payables	<u>74,363</u>	<u>65,562</u>

**16. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax for the three-month periods ended 31 March 2020 and 2019 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March	
	2020	2019
<b>Current income tax:</b>		
Interim income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<u>(1,515)</u>	2,833
<b>Tax expense (income) reported in the statement of comprehensive income</b>	<u>(1,515)</u>	<u>2,833</u>

(Unaudited but reviewed)

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2020 and 2019 were as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended	
	31 March	
	2020	2019
Deferred tax relating to loss on investment designated at fair value through other comprehensive income/available-for-sale investments	(12,175)	(715)

## 17. Segment information

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

Major customer information

For the three-month periods ended 31 March 2020, the sale revenue of Baht 92 million (2019: Baht 120 million) was from a major customer which is related company.

## 18. Commitments and contingent liabilities

### 18.1 Operating lease commitments

The Company has commitments with regard to service agreements (2019: service agreements and rent of retail shops), consulting and others under the non-cancellable agreements with the term of 1 - 5 years. The Company had obligations to pay service and rental fees as follows:

	(Unit: Thousand Baht)	
	31 March	31 December
	2020	2019
Payable:		
Up to 1 year	6,707	10,047
In over 1 and up to 5 years	-	800

**18.2 Use of trademarks commitments**

The Company has entered into an agreement with the holder of rights in a trademark (2019: a trademark) related to the manufacture and distribute ready-made garment. Under the conditions of the agreement, the Company commits to pay royalty fee at rate of 3.5% based on sales revenue (2019: 3.5% based on sales revenue).

**18.3 Bank guarantees**

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

	(Unit: Million Baht)	
	31 March 2020	31 December 2019
<u>Bank guarantees for</u>		
Electricity use	2.2	2.2
Payment due to creditors	0.4	0.4
Total	<u>2.6</u>	<u>2.6</u>

**19. Fair values of financial instruments**

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavors to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

The Company had assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 March 2020

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Other current financial assets				
Investments in Open-end Fund	-	13.3	-	13.3
Investments in debt securities	-	170.0	-	170.0
Investments in marketable securities	41.7	66.3	-	108.0
Derivative asset *	-	0.5	-	0.5
Other non-current financial assets				
Investments in marketable securities	450.8	-	-	450.8
Investments in non-marketable securities	-	-	61.4	61.4

(Unit: Million Baht)

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Investments in Open-end Fund	-	19.9	-	19.9
Investments in debt securities	-	161.7	-	161.7
Investments in marketable securities	52.9	83.1	-	136.0
Investments in available-for-sale securities				
Investments in marketable securities	491.8	-	-	491.8

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

## 20. Event after the reporting period

On 8 April 2020, the Board of Directors Meeting No.3/2020 of the Company passed a resolution approving interim dividend payment of Baht 19.2 million (Baht 0.20 per share). The payments will be made on 7 May 2020.

## 21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 May 2020.