

People's Garment Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2021



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ไป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

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 2021, 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*.

Chayapol Suppasdtanon
Certified Public Accountant (Thailand) No. 3972

EY Office Limited
Bangkok: 10 May 2021

People's Garment Public Company Limited

Statement of financial position

As at 31 March 2021

(Unit: Thousand Baht)

	Note	31 March 2021	31 December 2020
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		62,237	31,184
Trade and other receivables	2,3	133,484	123,636
Inventories	4	299,532	301,267
Current portion of other non-current financial assets	6	50,000	60,000
Other current financial assets	5	318,315	307,084
Other current assets		5,904	5,983
Total current assets		869,472	829,154
Non-current assets			
Other non-current financial assets, net of current portion	6	560,023	582,516
Investments property	7	387	387
Property, plant and equipment	8	139,150	141,932
Right-of-use assets	9	21,923	23,456
Intangible assets		549	720
Other non-current assets		948	1,073
Total non-current assets		722,980	750,084
Total assets		1,592,452	1,579,238

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 2021

(Unit: Thousand Baht)

	Note	31 March 2021 (Unaudited but reviewed)	31 December 2020 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	2,10	75,746	64,074
Current portion of lease liabilities		5,854	5,828
Other current liabilities		4,270	7,520
Total current liabilities		85,870	77,422
Non-current liabilities			
Deferred tax liabilities		36,117	34,858
Lease liabilities, net of current portion		16,780	18,234
Provision for long-term employee benefits		67,687	70,187
Total non-current liabilities		120,584	123,279
Total liabilities		206,454	200,701
Shareholders' equity			
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		745,961	736,481
Other components of shareholders' equity		206,737	208,756
Total shareholders' equity		1,385,998	1,378,537
Total liabilities and shareholders' equity		1,592,452	1,579,238

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 period ended 31 March 2021

(Unit: Thousand Baht)

For the three-month
period ended 31 March

Note	2021	2020
Profit or loss:		
Revenues		
Sales income	171,232	137,498
Other income	9,579	9,828
Gains on measurements of fair value of investments	6,325	-
Total revenues	187,136	147,326
Expenses		
Cost of sales	139,899	107,164
Selling and distribution expenses	3,030	5,103
Administrative expenses	32,745	43,917
Loss on measurements of fair value of investments	-	19,282
Total expenses	175,674	175,466
Profit (loss) before finance cost and income tax	11,462	(28,140)
Finance cost	314	-
Profit (loss) before income tax	11,148	(28,140)
Tax income (expense)	11 (1,764)	1,515
Profit (loss) for the period	9,384	(26,625)

Other comprehensive income:

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	(1,923)	(48,698)
Other comprehensive income for the period	(1,923)	(48,278)
Total comprehensive income for the period	7,461	(74,903)

(Unit: Baht)

Earnings per share

Basic earnings (loss) per share

Profit (loss) for the period	0.10	(0.28)
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

People's Garment Public Company Limited
Statement of changes in shareholders' equity
For the three-month period ended 31 March 2021

	Other component of shareholders' equity										Total
	Issued and fully paid share capital	Premium on share capital	Statutory reserve	Retained earnings	Unappropriated	Gain (loss) on investments in equity designated at fair value through other comprehensive income	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	Actuarial gain	Total other component of shareholder's equity	Total	
Balance as at 1 January 2020	96,000	325,200	9,600	2,500	773,192	233,994	6,761	33,713	274,468	1,480,960	
Loss for the period	-	-	-	-	(26,625)	-	-	-	-	(26,625)	
Other comprehensive income for the period	-	-	-	-	-	(48,278)	-	-	(48,278)	(48,278)	
Total comprehensive income for the period	-	-	-	-	(26,625)	(48,278)	-	-	(48,278)	(74,903)	
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	
Balance as at 1 January 2021	96,000	325,200	9,600	2,500	736,481	201,995	6,761	-	208,756	1,378,537	
Profit for the period	-	-	-	-	9,384	-	-	-	-	9,384	
Other comprehensive income for the period	-	-	-	-	-	(1,923)	-	-	(1,923)	(1,923)	
Total comprehensive income for the period	-	-	-	-	9,384	(1,923)	-	-	(1,923)	7,461	
Transfer gain or loss of investment in equity designated at fair value through other comprehensive income (Note 6)	-	-	-	-	96	(96)	-	-	(96)	-	
Balance as at 31 March 2021	96,000	325,200	9,600	2,500	745,961	199,976	6,761	-	206,737	1,385,998	

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 2021

(Unit: Thousand Baht)

	2021	2020
Cash flows from operating activities		
Profit (loss) before tax	11,148	(28,140)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	4,977	4,580
Expected credit losses	25	433
Reversal of reduction of inventories to net realisable value	(295)	(1,494)
Unrealised loss (gain) on other current financial assets	(6,324)	16,095
Loss (gain) on sales of other current financial assets	(2,063)	3,187
Interest income	(1,711)	(1,856)
Interest expense	314	387
Dividends income	(1,238)	(1,469)
Gain on sales of equipment	(66)	(32)
Unrealised loss (gain) on exchange	(297)	828
Long-term employee benefits expenses	983	132
Profit (loss) from operating activities before changes in operating assets and liabilities	5,453	(7,349)
Operating assets (increase) decrease		
Trade and other receivables	2,428	20,080
Inventories	2,030	(19,395)
Other current assets	204	(3,393)
Other non-current assets	11	-
Operating liabilities increase (decrease)		
Trade and other payables	204	8,872
Other current liabilities	(3,250)	(1,948)
Cash paid for long-term employee benefits	(3,483)	(5,375)
Cash flows from (used in) operating activities	3,597	(8,508)
Cash paid for income tax	(125)	(237)
Net cash from (used in) operating activities	3,472	(8,745)

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 2021

	(Unit: Thousand Baht)	
	2021	2020
Cash flows from investing activities		
Cash paid for acquisitions of other current financial assets	(99,586)	(114,900)
Cash received from sales of other current financial assets	96,770	139,747
Cash paid for acquisitions of other non-current financial assets	-	(19,938)
Cash received from sales of other non-current financial assets	10,066	1,422
Cash received from redemptions of held-to-maturity securities	20,000	-
Dividends income	542	298
Interest income	1,843	527
Cash paid for acquisitions of equipment	(889)	(13,337)
Cash received from proceeds from sales of equipment	577	265
Net cash from (used in) investing activities	29,323	(5,916)
Cash flows from financing activities		
Cash received from loans from financial institution	-	5,000
Cash paid for lease liabilities	(1,428)	(1,355)
Cash paid for interest on lease liabilities	(314)	(387)
Net cash from (used in) financing activities	(1,742)	3,258
Net increase (decrease) in cash and cash equivalents	31,053	(11,403)
Cash and cash equivalents at beginning of period	31,184	30,103
Cash and cash equivalents at end of period	62,237	18,700

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 - net of income tax	2,018	48,278
Decrease in payables from acquisitions of investment in equity designated at fair value through other comprehensive income	11,817	117
Decrease in receivables from sale of investment in equity designated at fair value through other comprehensive income	11,395	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 period ended 31 March 2021

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 in Lamphun, Prachinburi and Chachoengsoa.

1.2 Coronavirus disease 2019 Pandemic

Since 2020, the Coronavirus disease 2019 pandemic has been resulting in an economic slowdown and adversely impacting most businesses and industries. This situation still affects the Company's business in sales income and fair values of investments. However, the management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets and will record the impact when it is possible to do so.

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

a) Financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met. The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

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 2020.

2. 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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month period		Pricing policies
	ended 31 March		
	2021	2020	
<u>Transactions with related companies</u>			
Sales of goods	86,057	93,730	Cost plus margin
Other income	2,093	2,939	Actual incurred
Rental income	1,196	1,196	Contract price
Service income	-	174	Contract price
Service expenses	8,308	9,501	Contract price
Purchase of raw materials	1,433	1,739	Cost plus margin
Purchase of goods	1,672	469	Cost plus margin
Rental expenses	1,425	1,612	Contract price
Royalty fee	2	1	Contract price
Other expenses	619	408	Actual incurred

The balances of the accounts as at 31 March 2021 and 31 December 2020 between the Company and those related parties were as follows.

(Unit: Thousand Baht)

	31 March	31 December
	2021	2020
<u>Trade accounts receivable - related parties (Note 3)</u>		
Related companies	74,695	75,425
<u>Other receivables - related parties (Note 3)</u>		
Related companies	453	606
<u>Trade accounts payable - related parties (Note 10)</u>		
Related companies	4,901	4,136
<u>Other payables - related parties (Note 10)</u>		
Related companies	26	106
<u>Provision for goods returned - related parties</u> <u>(presented under other current liabilities)</u>		
Related companies	2,961	2,961

(Unaudited but reviewed)

Directors and management compensation

During three-month periods ended 31 March 2021 and 2020, 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

	2021	2020
Short-term employee benefits	2,323	3,415
Termination benefits	19	255
Total	2,342	3,670

3. Trade and other receivables

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
<u>Trade accounts receivable - unrelated parties</u>		
Not yet due	38,168	35,539
Overdue:		
Not over 3 months	6,076	9,900
Over 6 months	22	22
Total	44,266	45,461
Less: Allowance for expected credit losses	(135)	(110)
Trade accounts receivable - unrelated parties	44,131	45,351
<u>Trade accounts receivable - related parties</u>		
Not yet due	71,145	74,836
Overdue:		
Not over 3 months	3,550	589
Trade accounts receivable - related parties	74,695	75,425
<u>Other receivables</u>		
Other receivables - unrelated parties	14,205	2,254
Other receivables - related party	453	606
Total other receivables	14,658	2,860
Total trade and other receivables	133,484	123,636

(Unaudited but reviewed)

4. 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 2021 were summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2021	20,066
Less: Reversal on allowance for diminution in values of inventories during the period	(295)
Balance as at 31 March 2021	<u>19,771</u>

5. Other current financial assets

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Investments designated at fair value through profit or loss		
Investments in Open-end Funds	74,224	73,917
Fixed deposits at financial institutions	4	4
Investments in other companies	58,127	53,670
Investments in debt securities	185,960	179,489
Total investments designated at fair value through profit or loss	318,315	307,080
Derivative asset	-	3
Total other current financial assets	<u>318,315</u>	<u>307,083</u>
Cash received from sales of investments designated at fair value through profit or loss for the period	<u>96,770</u>	<u>281,552</u>

As at 7 May 2021, total fair value of investments designated at fair value through profit or loss was Baht 318 million.

(Unaudited but reviewed)

6. Other non-current financial assets

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
Investments designated at fair value through other comprehensive income		
Investments in related companies	448,911	459,592
Investments in other companies	61,112	62,924
Total investments designated at fair value through other comprehensive income	510,023	522,516
Investment measured at amortised cost		
Investments in debt securities - at cost	100,000	120,000
Less: Mature within 1 year	(50,000)	(60,000)
Total investments in debt securities, net of current portion	50,000	60,000
Total other non-current financial assets, net of current portion	560,023	582,516
Cash received from sales of investments designated at fair value through other comprehensive income for the period	10,066	74,818

As at 7 May 2021, total fair value of investments designated at fair value through other comprehensive income was Baht 505 million.

During the three-month period ended 31 March 2021, the Company disposed investments designated at fair value through other comprehensive income with book value totaling Baht 10.0 million. Gain on disposals of these investments of Baht 0.1 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity.

7. Investment property

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
Investment property - net	387	387
Fair value	18,619	18,619

During the three-month period ended 31 March 2021, the rental income arising from investment property, charged to a related party, was Baht 1.0 million (2020: Baht 1.0 million).

(Unaudited but reviewed)

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2021 were summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2021	141,932
Acquisitions during period - at cost	889
Disposals during period - net book value as at disposal date	(511)
Depreciation for period	<u>(3,160)</u>
Net book value as at 31 March 2021	<u>139,150</u>

9. Right-of-use assets

Movements of right-of-use assets account during the three-month period ended 31 March 2021 were summarised below.

(Unit: Thousand Baht)

Net book value as at 1 January 2021	23,456
Depreciation for the period	<u>(1,533)</u>
Net book value as at 31 March 2021	<u>21,923</u>

10. Trade and other payables

(Unit: Thousand Baht)

	31 March 2021	31 December 2020
Trade accounts payable - related parties	4,901	4,136
Trade accounts payable - unrelated parties	51,229	51,062
Other payables - related parties	26	106
Other payables - unrelated parties	19,590	8,770
Total trade and other payables	<u>75,746</u>	<u>64,074</u>

(Unaudited but reviewed)

11. 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 2021 and 2020 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended	
	31 March	
	2021	2020
Current income tax:		
Interim income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,764	(1,515)
Tax expense (income) reported in the statement of comprehensive income	1,764	(1,515)

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2021 and 2020 were as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March	
	2021	2020
Deferred tax relating to loss on investment designated at fair value through other comprehensive income	(505)	(12,175)

12. 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.

(Unaudited but reviewed)

Major customer information

For the three-month period ended 31 March 2021, the sale revenue of Baht 82 million (2020: Baht 92 million) was from a major customer which is related company.

13. Commitments and contingent liabilities

13.1 Operating lease commitments

The Company has commitments with regard to service agreements, and others under the non-cancellable agreements with the term of 1 year. The Company had obligations to pay service and rental fees as follows:

	(Unit: Thousand Baht)	
	31 March 2021	31 December 2020
Payable in 1 year	5,073	1,187

13.2 Use of trademark commitment

The Company has entered into an agreement with the holder of right in a trademark related to the manufacture and distribute ready-made garment. Under the conditions of the agreement, the Company commits to pay royalty fee based on sales income.

13.3 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 2021	31 December 2020
<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>

14. Financial instruments

14.1 Fair value of financial instrument

Most of the Company's financial instruments have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments are estimated to approximate their fair value.

14.2 Fair value hierarchy

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

(Unit: Million Baht)

As at 31 March 2021

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Investments in Open-end Funds	8.7	65.5	-	74.2
Investments in debt securities	-	186.0	-	186.0
Investments in marketable securities	58.1	-	-	58.1
Other non-current financial assets				
Investments in marketable securities	444.6	-	-	444.6
Investments in non-marketable securities	-	-	65.4	65.4

(Unit: Million Baht)

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Investments in Open-end Funds	8.6	65.3	-	73.9
Investments in debt securities	-	179.5	-	179.5
Investments in marketable securities	53.7	-	-	53.7
Other non-current financial assets				
Investments in marketable securities	457.1	-	-	457.1
Investments in non-marketable securities	-	-	65.4	65.4

During the current period, method and assumptions used in estimating the fair value of the financial instruments were unchanged and there were no transfers within the fair value hierarchy.

15. Event after the reporting period

On 27 April 2021, the Annual General Meeting of Shareholders passed a resolution approving dividend payment of Baht 9.6 million (Baht 0.10 per share). The payment will be made on 25 May 2021.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 May 2021.