

People's Garment Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2022

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 2022, the related statements of 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*.



Orawan Techawatanasirikul
Certified Public Accountant (Thailand) No. 4807

EY Office Limited
Bangkok: 9 May 2022

People's Garment Public Company Limited

Statement of financial position

As at 31 March 2022

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		38,733	35,580
Trade and other receivables	2,3	162,814	137,715
Inventories	4	315,043	328,250
Current portion of other non-current financial assets	6	15,000	25,000
Other current financial assets	5	350,608	325,359
Other current assets		6,458	5,555
Total current assets		<u>888,656</u>	<u>857,459</u>
Non-current assets			
Other non-current financial assets, net of current portion	6	592,766	610,027
Investments property		387	387
Property, plant and equipment		143,257	144,298
Right-of-use assets		15,790	17,323
Intangible assets		101	188
Other non-current assets		2,541	2,020
Total non-current assets		<u>754,842</u>	<u>774,243</u>
Total assets		<u><u>1,643,498</u></u>	<u><u>1,631,702</u></u>

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

People's Garment Public Company Limited
Statement of financial position (continued)
As at 31 March 2022

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2022</u> (Unaudited but reviewed)	<u>31 December 2021</u> (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	2,7	100,918	98,109
Current portion of lease liabilities		5,878	5,893
Other current liabilities		5,913	3,939
Total current liabilities		<u>112,709</u>	<u>107,941</u>
Non-current liabilities			
Deferred tax liabilities		39,313	41,377
Lease liabilities, net of current portion		10,849	12,341
Provision for long-term employee benefits		63,345	64,076
Total non-current liabilities		<u>113,507</u>	<u>117,794</u>
Total liabilities		<u>226,216</u>	<u>225,735</u>
Shareholders' equity			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		<u>96,000</u>	<u>96,000</u>
Issued and fully paid			
96,000,000 ordinary shares of Baht 1 each		96,000	96,000
Premium on ordinary shares		325,200	325,200
Retained earnings			
Appropriated - statutory reserve		9,600	9,600
Appropriated - general reserve		2,500	2,500
Unappropriated		763,493	744,633
Other components of shareholders' equity		220,489	228,034
Total shareholders' equity		<u>1,417,282</u>	<u>1,405,967</u>
Total liabilities and shareholders' equity		<u>1,643,498</u>	<u>1,631,702</u>

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

Directors

(Unaudited but reviewed)

People's Garment Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Note	2022	2021
Profit or loss:			
Revenues			
Sales income		220,836	171,232
Other income		11,844	9,579
Gains on measurements of fair value of investments		604	6,325
Total revenues		<u>233,284</u>	<u>187,136</u>
Expenses			
Cost of sales		175,117	139,899
Selling and distribution expenses		2,988	3,030
Administrative expenses		34,383	32,745
Total expenses		<u>212,488</u>	<u>175,674</u>
Operating profit		20,796	11,462
Finance cost		202	314
Profit before income tax		20,594	11,148
Tax income (expense)	8	178	(1,764)
Profit for the period		<u>20,772</u>	<u>9,384</u>
Other comprehensive income:			
Loss on investments in equity designated at fair value through other comprehensive income - net of income tax		(9,457)	(1,923)
Other comprehensive income for the period		<u>(9,457)</u>	<u>(1,923)</u>
Total comprehensive income for the period		<u><u>11,315</u></u>	<u><u>7,461</u></u>
			(Unit: Baht)
Earnings per share			
Basic earnings per share			
Profit for the period		<u>0.22</u>	<u>0.10</u>

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

People's Garment Public Company Limited
Statement of changes in shareholders' equity
For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	Other component of shareholders' equity									
	Issued and fully paid share capital	Premium on ordinary shares	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	Total other component of shareholder's equity	Total	
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	-	-	-	-	-	(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	
Balance as at 1 January 2022	96,000	325,200	9,600	2,500	744,633	221,273	6,761	228,034	1,405,967	
Profit for the period	-	-	-	-	20,772	-	-	-	20,772	
Other comprehensive income for the period	-	-	-	-	-	(9,457)	-	(9,457)	(9,457)	
Total comprehensive income for the period	-	-	-	-	20,772	(9,457)	-	(9,457)	11,315	
Transfer gain or loss of investment in equity designated at fair value through other comprehensive income (Note 6)	-	-	-	-	(1,912)	1,912	-	1,912	-	
Balance as at 31 March 2022	96,000	325,200	9,600	2,500	763,493	213,728	6,761	220,489	1,417,282	

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

(Unaudited but reviewed)

People's Garment Public Company Limited

Cash flows statement

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	2022	2021
Cash flows from operating activities		
Profit before tax	20,594	11,148
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	3,805	4,977
Expected credit losses	13	25
Reduction of inventories to net realisable value (reversal)	1,638	(295)
Unrealised gain on other current financial assets	(604)	(6,324)
Gain on sales of other current financial assets	(3,095)	(2,063)
Interest income	(1,402)	(1,711)
Interest expense	202	314
Dividends income	(2,809)	(1,238)
Gain on sales of equipment	(261)	(66)
Unrealised loss (gain) on exchange	301	(297)
Long-term employee benefits expenses	1,026	983
Gain from operating activities before changes in operating assets and liabilities	19,408	5,453
Operating assets (increase) decrease		
Trade and other receivables	(25,320)	2,428
Inventories	11,569	2,030
Other current assets	(729)	204
Other non-current assets	(521)	11
Operating liabilities increase (decrease)		
Trade and other payables	2,601	204
Other current liabilities	1,974	(3,250)
Cash paid for long-term employee benefits	(1,757)	(3,483)
Cash flows from operating activities	7,225	3,597
Cash paid for income tax	(124)	(125)
Net cash from operating activities	7,101	3,472

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

(Unaudited but reviewed)

People's Garment Public Company Limited

Cash flows statement (continued)

For the three-month period ended 31 March 2022

(Unit: Thousand Baht)

	2022	2021
Cash flows from investing activities		
Cash paid for acquisitions of other current financial assets	(202,184)	(99,586)
Cash received from sales of other current financial assets	181,957	96,770
Cash paid for acquisitions of held-to-maturity securities	(5,500)	-
Cash received from sales of other non-current financial assets	11,418	10,066
Cash received from redemptions of held-to-maturity securities	10,000	20,000
Dividends income	1,451	542
Interest income	1,737	1,843
Cash paid for acquisitions of equipment	(1,349)	(889)
Cash received from proceeds from sales of equipment	262	577
Net cash from (used in) investing activities	(2,208)	29,323
Cash flows from financing activities		
Cash paid for lease liabilities	(1,538)	(1,428)
Cash paid for interest on lease liabilities	(202)	(314)
Net cash used in financing activities	(1,740)	(1,742)
Net increase in cash and cash equivalents	3,153	31,053
Cash and cash equivalents at beginning of period	35,580	31,184
Cash and cash equivalents at end of period	38,733	62,237

Supplemental cash flows information:

Non-cash transactions

Unrealised loss on changes in value of investments in equity designated at fair value through other comprehensive income - net of income tax	9,457	2,018
Increase in payables from acquisitions of investments in equity designated at fair value through profit or loss	222	11,817
Increase (decrease) in receivables from sale of investments in equity designated at fair value through profit or loss	(1,100)	11,395

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

People's Garment Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2022

1. General information

1.1 Basis for the preparation of the interim financial information

These interim financial information are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial information. 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 information 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 information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory interim financial information of the Company. The interim financial information in English language has been translated from the Thai language interim financial information.

1.2 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Company's financial information.

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. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month period		Pricing policies
	ended 31 March		
	2022	2021	
<u>Transactions with related companies</u>			
Sales of goods	140,931	86,057	Cost plus margin
Other income	2,189	2,093	Actual incurred
Rental income	1,340	1,196	Contract price
Service expenses	7,217	8,308	Contract price
Purchase of raw materials	-	1,433	Cost plus margin
Purchase of goods	3,722	1,672	Cost plus margin
Rental expenses	1,544	1,425	Contract price
Royalty fee	1	2	Contract price
Other expenses	2,669	619	Actual incurred

The balances of the accounts as at 31 March 2022 and 31 December 2021 between the Company and those related parties were as follows.

(Unit: Thousand Baht)

	31 March	31 December
	2022	2021
<u>Trade accounts receivable - related parties (Note 3)</u>		
Related companies	106,507	98,992
<u>Other receivables - related parties (Note 3)</u>		
Related companies	512	549
<u>Trade accounts payable - related parties (Note 7)</u>		
Related companies	5,175	6,813
<u>Other payables - related parties (Note 7)</u>		
Related companies	1,553	132
<u>Provision for goods returned - related parties</u> <u>(presented under other current liabilities)</u>		
Related companies	4,002	2,686

(Unaudited but reviewed)

Directors and management compensation

During three-month periods ended 31 March 2022 and 2021, 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	
	2022	2021
Short-term employee benefits	2,530	2,323
Post-employment benefits	19	19
Total	2,549	2,342

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2022	31 December 2021
<u>Trade accounts receivable - unrelated parties</u>		
Not yet due	48,182	30,627
Overdue:		
Not over 3 months	5,016	4,746
3 - 6 months	-	63
Total	53,198	35,436
Less: Allowance for expected credit losses	(77)	(64)
Trade accounts receivable - unrelated parties	53,121	35,372
<u>Trade accounts receivable - related parties</u>		
Not yet due	102,955	98,695
Overdue:		
Not over 3 months	3,552	297
Trade accounts receivable - related parties	106,507	98,992
<u>Other receivables</u>		
Other receivables - unrelated parties	2,674	2,802
Other receivables - related party	512	549
Total other receivables	3,186	3,351
Total trade and other receivables	162,814	137,715

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 2022 were summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2022	26,599
Add: Allowance for diminution in values of inventories during the period	<u>1,638</u>
Balance as at 31 March 2022	<u><u>28,237</u></u>

5. Other current financial assets

(Unit: Thousand Baht)

	31 March 2022	31 December 2021
Investments designated at fair value through profit or loss		
Unit trusts	108,563	76,714
Fixed deposits at banks	2	3
Investments in other companies	146,360	118,222
Investments in debt securities	<u>95,632</u>	<u>130,403</u>
Total investments designated at fair value through profit or loss	350,557	325,342
Derivative assets	<u>51</u>	<u>17</u>
Total other current financial assets	<u><u>350,608</u></u>	<u><u>325,359</u></u>
Cash received from sales of investments designated at fair value through profit or loss for the period	<u>181,957</u>	<u>604,025</u>

As at 6 May 2022, total fair value of investments designated at fair value through profit or loss was Baht 349 million.

6. Other non-current financial assets

	(Unit: Thousand Baht)	
	31 March 2022	31 December 2021
Investments designated at fair value through other comprehensive income		
Unit trusts	1,883	1,906
Investments in related companies	451,628	465,851
Investments in other companies	41,755	50,270
Total investments designated at fair value through other comprehensive income	<u>495,266</u>	<u>518,027</u>
Investment measured at amortised cost		
Investments in debt securities - at cost	112,500	117,000
Less: Mature within 1 year	(15,000)	(25,000)
Total investments in debt securities, net of current portion	<u>97,500</u>	<u>92,000</u>
Total other non-current financial assets, net of current portion	<u>592,766</u>	<u>610,027</u>
Cash received from sales of investments designated at fair value through other comprehensive income for the period	<u>11,418</u>	<u>42,039</u>

As at 6 May 2022, total fair value of investments designated at fair value through other comprehensive income was Baht 493 million.

During the three-month period ended 31 March 2022, the Company disposed investments designated at fair value through other comprehensive income. The fair value on the date of sale was Baht 11.4 million. Loss on disposals of these investments of Baht 1.9 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity. (2021: Baht 10 million and gain on disposals of these investments of Baht 0.1 million, respectively).

(Unaudited but reviewed)

7. Trade and other payables

	(Unit: Thousand Baht)	
	31 March	31 December
	2022	2021
Trade accounts payable - related parties	5,175	6,813
Trade accounts payable - unrelated parties	80,849	76,465
Other payables - related parties	1,553	132
Other payables - unrelated parties	13,341	14,699
Total trade and other payables	100,918	98,109

8. 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 2022 and 2021 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended	
	31 March	
	2022	2021
Current income tax:		
Interim income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(178)	1,764
Tax expense (income) reported in the statement of comprehensive income	(178)	1,764

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2022 and 2021 were as follows:

	(Unit: Thousand Baht)	
	For the three-month period ended 31 March	
	2022	2021
Deferred tax relating to loss on investment designated at fair value through other comprehensive income	(1,886)	(505)

9. 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 period ended 31 March 2022, the revenue from sales of Baht 136 million (2021: Baht 82 million) was from a major customer which is a related company.

10. Commitments and contingent liabilities**10.1 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 has obligations to pay service and rental fees as follows:

	(Unit: Thousand Baht)	
	31 March 2022	31 December 2021
Payable in 1 year	5,380	913

10.2 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.

10.3 Bank guarantees

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

	(Unit: Million Baht)	
Bank guarantees for	31 March 2022	31 December 2021
Electricity use	2.2	2.2
Payment due to creditors	-	0.1
Total	2.2	2.3

11. Financial instruments

11.1 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.

11.2 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 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Unit trusts	29.2	79.4	-	108.6
Investments in debt securities	-	95.6	-	95.6
Investments in marketable securities	146.4	-	-	146.4
Other non-current financial assets				
Unit trusts	1.9	-	-	1.9
Investments in marketable securities	418.5	-	-	418.5
Investments in non-marketable securities	-	-	74.9	74.9

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.

12. Event after the reporting period

On 26 April 2022, the Annual General Meeting of Shareholders passed a resolution to approve dividend payment of Baht 9.6 million (Baht 0.10 per share). The dividend payment will be made on 25 May 2022.

13. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 May 2022